HANDAL

Annual Report 2014

Accelerating Our **Pace**

Expert
Expert

Global
Global

Care
Care

Lead
Lead

Strategy
Strategy

ACCELERATING OUR PACE

The combined experience and expertise of our leadership and human capital form the cornerstone of our exceptional track record. Armed with the right capabilities and capacities, we have positioned ourselves to compete effectively for growth and expansion of our businesses. These are instrumental in our march towards being a world-class organisation.

As we constantly look for opportunities to expand, it requires integrity, receptiveness to change and, resilience in prevailing conditions. We are on the right path towards accelerating our pace to continuously grow our businesses in the regional upstream and downstream oil and gas sector.

Our niche integrated services:

- Crane Fabrication
- Maintenance and Overhaul
- Lifting Solutions and Crane Rentals
- Provision of Skilled Manpower
- Project Engineering and Services

TABLE OF CONTENTS

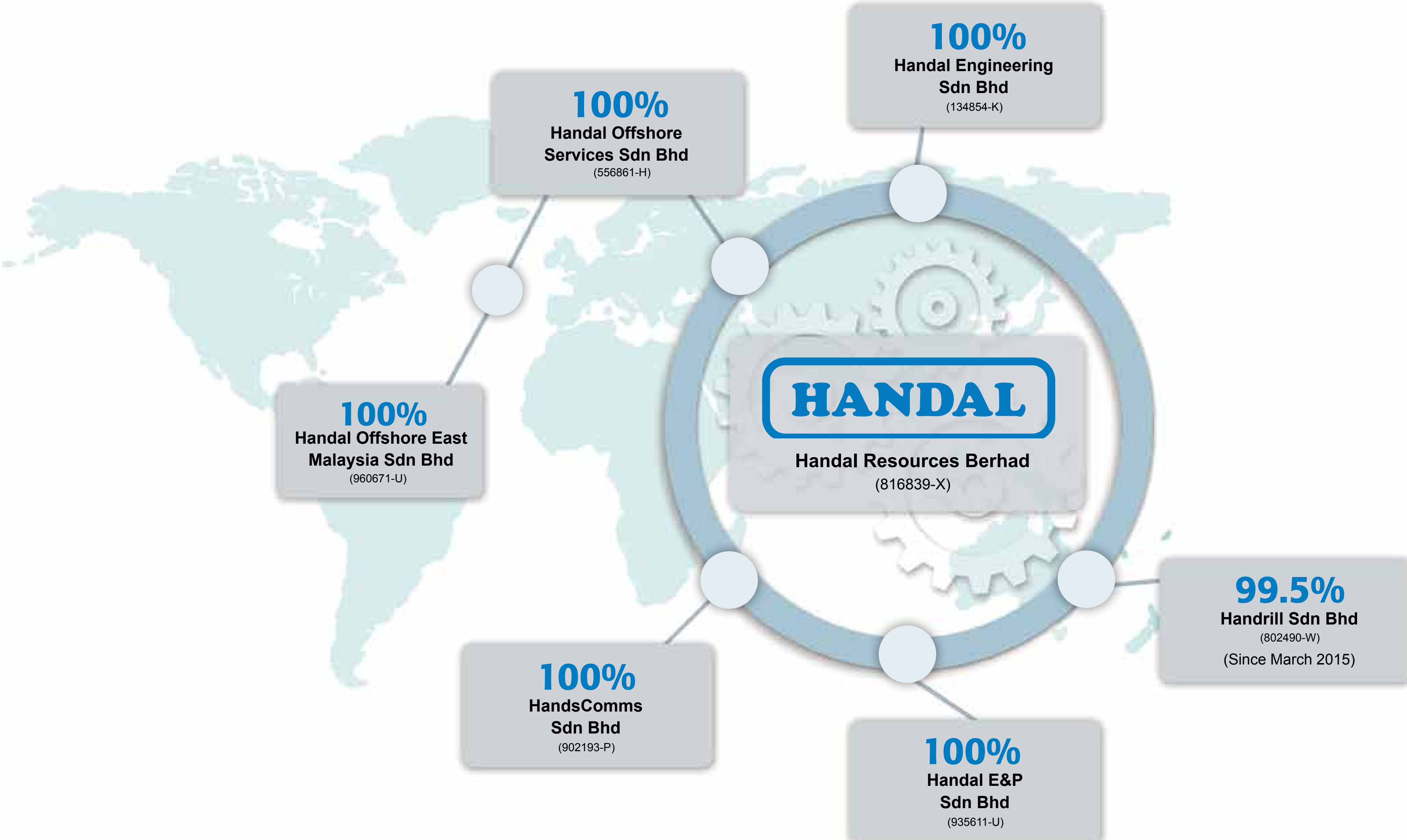
7th ANNUAL GENERAL MEETING

DATE 15 June 2015, Monday

TIME 10.00 a.m.

VENUE Grand Ballroom, Resorts World Kijal,
KM 28, Jalan Kemaman-Dungun
24100 Kijal, Kemaman,
Terengganu Darul Iman

CORPORATE STRUCTURE



BOARD OF DIRECTORS

DATO' MOHSIN ABDUL HALIM
(Executive Chairman)

MALLEK RIZAL BIN MOHSIN
(Group Managing Director and Chief Executive Officer)

JOEL EMANUEL HEANEY
(Group Advisor and Deputy Managing Director)

ZAHARI BIN HAMZAH
(Chief Operating Officer and Executive Director)

MUHAMMAD 'ASRI BIN MOHD RAFA'I
(Senior Independent Non-Executive Director)

CHAU SIK CHEONG
(Independent Non-Executive Director)

LOKMAN RAZANI BIN ABDUL RAZAK
(Independent Non-Executive Director)

AUDIT COMMITTEE

CHAU SIK CHEONG
(Chairman)
LOKMAN RAZANI BIN ABDUL RAZAK
MUHAMMAD 'ASRI BIN MOHD RAFA'I

NOMINATION COMMITTEE

LOKMAN RAZANI BIN ABDUL RAZAK
(Chairman)
CHAU SIK CHEONG
MUHAMMAD 'ASRI BIN MOHD RAFA'I

REMUNERATION COMMITTEE

CHAU SIK CHEONG
(Chairman)
MUHAMMAD 'ASRI BIN MOHD RAFA'I
LOKMAN RAZANI BIN ABDUL RAZAK
MALLEK RIZAL BIN MOHSIN
JOEL EMANUEL HEANEY

RISK MANAGEMENT COMMITTEE

DATO' MOHSIN ABDUL HALIM
(Chairman)
MALLEK RIZAL BIN MOHSIN
JOEL EMANUEL HEANEY
ZAHARI BIN HAMZAH
MUHAMMAD 'ASRI BIN MOHD RAFA'I
RAZMI YAACOB

COMPANY SECRETARIES

LEONG OI WAH
(MAICSA 7023802)

PAULINE LYE YOKE YING
(MAICSA 0798723)

REGISTERED OFFICE

25-6, Jalan PJU 1/42A
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7803 8216 / 8185
Fax : 03-7803 3502

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7841 8000
Fax : 03-7841 8151 / 8152

CORPORATE OFFICE

No. 16C, Jalan 51A/225
46100 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7875 0139 / 0150
Fax : 03-7876 6394

AUDITORS

MESSRS SEKHAR & TAN
(Firm No. AF 0926)
Suite 16-8, Level 16, Lobby B
Wisma UOA II
No. 21, Jalan Pinang
50450 Kuala Lumpur

ADVOCATES & SOLICITORS

Tay & Partners
Ainul Azam & Co

PRINCIPAL BANKERS

AmBank (M) Berhad
RHB Bank Berhad
Hong Leong Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market

BOARD OF DIRECTORS

Left to right:

Mallek Rizal bin Mohsin
Group Managing Director and Chief Executive Officer

Joel Emanuel Heaney
Group Advisor and Deputy Managing Director

Zahari bin Hamzah
Chief Operating Officer and Executive Director

Left to right:

Muhammad 'Asri bin Mohd Rafa'i
Senior Independent Non-Executive Director

Chau Sik Cheong
Independent Non-Executive Director

Lokman Razani bin Abdul Razak
Independent Non-Executive Director

Dato' Mohsin Abdul Halim
Executive Chairman

DATO' MOHSIN ABDUL HALIM

Executive Chairman, aged 72, Malaysian

Dato' Mohsin Abdul Halim is the founder and Executive Chairman of the Group. He was appointed to the Board on 7 May 2009.

Dato' Mohsin is the Director of Handal Offshore Services Sdn Bhd, Handal Engineering Sdn Bhd, Handrill Sdn Bhd, Handal E & P Sdn Bhd and HandsComms Sdn Bhd and also the Chairman of Risk Management Committee of Handal Resources Berhad.

He holds a Teaching Diploma and started his career as a teacher before joining the Kelantan Civil Service in 1966. During his tenure as a civil servant, he had assumed several positions; as an Assistant District Officer, Assistant State Secretary and finally as Private Secretary to Duli Yang Maha Mulia the Sultan of Kelantan cum Comptroller of the Kelantan Royal Household. Subsequently, he was seconded to the Malaysian Civil Service and served as the Personal Secretary to the Sixth Duli Yang Maha Mulia Seri Paduka Baginda Yang Dipertuan Agong.

Encik Mallek Rizal bin Mohsin was appointed to the Board on 7 May 2009.

He is also the Director of Handal Offshore Services Sdn Bhd, Handal Engineering Sdn Bhd, Handrill Sdn Bhd, Handal E & P Sdn Bhd and HandsComms Sdn Bhd and a member of Remuneration Committee and Risk Management Committee of Handal Resources Berhad.

An astute Chartered Accountant, he is a member of the Malaysian Institute of Accountants (MIA) and the Institute of Chartered Accountants New Zealand (ICANZ). Also, he holds a Bachelor of Management Studies Degree from the University of Waikato, New Zealand. His extensive working experience at major corporations prior to joining Handal include being an Auditor for PricewaterhouseCoopers (formerly known as Price Waterhouse), Assistant Manager of Corporate Finance at Amanah Merchant Bank Berhad, Corporate Services Manager for MTD ACPI Engineering Berhad (formerly known as ACP Industries Berhad), Special Assistant Corporate Finance of the President's Office for Malaysian Resources Corporation Berhad and Chief Financial Officer for Putera Capital Berhad.

MALLEK RIZAL BIN MOHSIN

Group Managing Director and Chief Executive Officer, aged 49, Malaysian

JOEL EMANUEL HEANEY

Group Advisor and Deputy Managing Director,
aged 52, American

Mr Joel Emanuel Heaney was appointed to the Board on 7 May 2009. He is also the Director of Handal Offshore Services Sdn Bhd, Handal Engineering Sdn Bhd, Handrill Sdn Bhd, Handal E & P Sdn Bhd and HandsComms Sdn Bhd and a member of Remuneration Committee and Risk Management Committee of Handal Resources Berhad.

He completed his education in Marrero, Louisiana in 1981. In 1984, he created Kennedy services, a business related to synthetic materials. At the same time he completed his courses and obtained certification in live design and Dale Carnegie's Business Dynamics. In 1986 he sold Kennedy Services and moved into offshore crane in the oil and gas industry. Subsequently, he joined Applied Hydraulic Systems Inc, the manufacturer of Nautilus Offshore Crane product line. In 1994, he joined Weatherford International Ltd, the manufacturer of American Aero Crane product line, spearheading the international operations. Later in 1995, he joined Handal Engineering and successfully guided the company into the offshore crane manufacturing and service industry.

To date, he has more than 22 years of experience in the offshore crane industry and a successful track record in company building. With a strong entrepreneurial background, he plays an important role in spearheading Handal Group's operations and performance.

ZAHARI BIN HAMZAH

Chief Operating Officer and Executive Director,
aged 53, Malaysian

Encik Zahari bin Hamzah was appointed to the Board on 7 May 2009. He is also the Director of Handal Offshore Services Sdn Bhd, Handal Engineering Sdn Bhd, Handrill Sdn Bhd, Handal E & P Sdn Bhd and HandsComms Sdn Bhd. He is also a member of the Risk Management Committee of Handal Resources Berhad,

He graduated with a Diploma in Mechanical Engineering from Universiti Teknologi Mara in 1984. He began his career at Matsushita Electric Company (M) Sdn Bhd as one of the pioneer batch of Technical Management Executives. Subsequently, he was employed by George Kent (M) Bhd, as Technical/Sales Executive where his responsibilities included tendering, executing and managing, commissioning and servicing of various oil and gas, petrochemical, oleo and water supply projects. In 1988, he joined Handal as Sales Manager and progressed to become General Sales Manager of the Oil and Gas Division. His duties, amongst others, included managing projects/tenders of offshore cranes, watermakers, heaters, pigging system, tankage system, heat exchangers, flares, process system and material handling activities of Handal Engineering Sdn Bhd. Subsequently, in 2001, he was promoted to the General Manager of the company and was offered equity stake in Handal.

He was responsible for the restructuring of the Crane Division into an integrated crane services company under Handal Offshore Services Sdn Bhd, as well as managing its overall business and operations of the company as a one-stop crane manufacturing and service centre.

MUHAMMAD 'ASRI BIN MOHD RAFA'I

Senior Independent Non-Executive Director,
aged 49, Malaysian

Encik Muhammad 'Asri bin Mohd Rafa'i was appointed to the Board on 24 August 2010 as Senior Independent Non-Executive Director. He is a member of the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee of Handal Resources Berhad.

He is a Chartered Accountant and a member of the Malaysian Institute of Accountant (MIA), The Chartered Institute of Management Accountants (CIMA) and Chartered Global Management Accountant (CGMA). He holds a BSc (Hons) in Finance and Accounting from University of Salford, United Kingdom. His working experience is in various industries including hospitality, IT, defence, manufacturing and pharmaceuticals and bio fertiliser.

CHAU SIK CHEONG

Independent Non-Executive Director,
aged 62, Malaysian

Mr Chau Sik Cheong was appointed to the Board on 11 May 2009 as Independent Non-Executive Director. He is the Chairman of the Audit Committee and the Remuneration Committee of Handal Resources Berhad and also a member of the Nomination Committee of the Company.

He is a Chartered Accountant and a member of the Malaysian Institute of Certified Public Accountant and the Malaysian Institute of Accountants (MICPA). He began his career with Coopers & Lybrand (now known as PricewaterhouseCoopers) in April 1974 and subsequently joined SCM Perunding Sdn Bhd as Finance Manager in October 1980. In June 1982, he joined Cycle and Carriage Bintang Bhd as Senior Accountant and subsequently promoted to Finance Director. He retired from Cycle and Carriage Bintang Bhd in 2004.

LOKMAN RAZANI BIN ABDUL RAZAK

Independent Non-Executive Director,
aged 49, Malaysian

Encik Lokman Razani bin Abdul Razak was appointed to the Board on 11 May 2009 as Independent Non-Executive Director. He is the Chairman of the Nomination Committee of Handal Resources Berhad and also a member of the Audit Committee and Remuneration Committee of the Company.

He graduated with a degree in Law (LL.B (Hons)) from the University of Sheffield, United Kingdom in 1990. He started his career in the financial industry as a Legal Counsel to a leading merchant bank in Malaysia. He has more than twenty (20) years experience in the area of management, strategic planning and mergers and acquisitions. His current involvement includes the area of information & communications technology with the provision of telecommunication services to a major telecommunications group, the marine and property sectors.

Notes:

(i) Dato' Mohsin Abdul Halim is the father of Encik Mallek Rizal bin Mohsin. Other than the above, none of the Directors has any family relationship with each other and with any substantial shareholders of the Company.

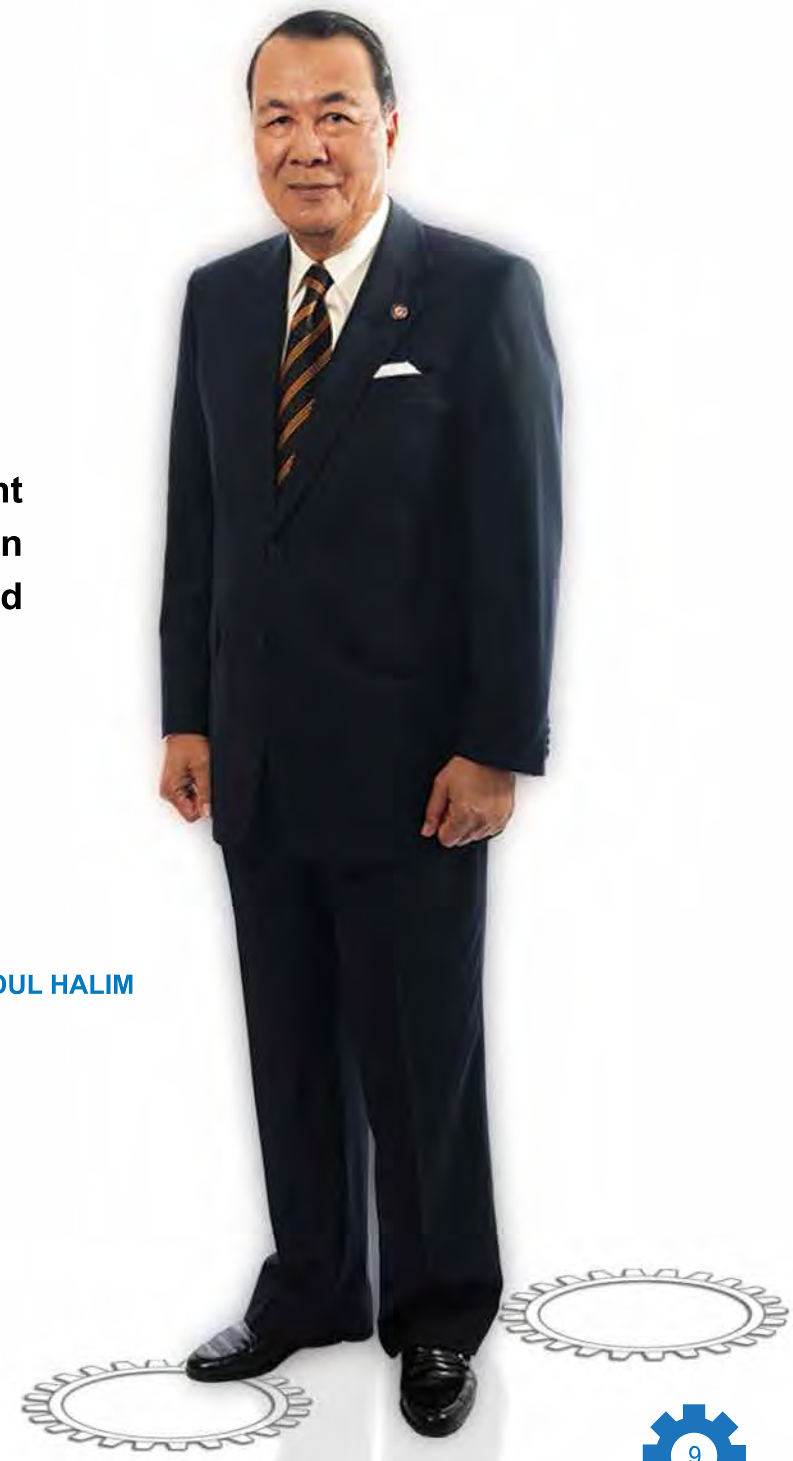
(ii) None of the Directors has any conviction for offences, other than traffic offences, within the past 10 years.

(iii) Other than the related party transactions disclosed in Note 25 of the Financial Statements and the Circular to Shareholders dated 20 May 2015, none of the Directors has conflict of interest with the Company.

(iv) The Directors' holdings in shares of the Company are disclosed in the Analysis of Shareholdings section of the Annual Report.

FINANCIAL HIGHLIGHTS	2012 RM	2013 RM	2014 RM
Revenue	97,580,097	100,747,091	**123,837,114**
Net profit for the year	2,933,414	1,939,690	**6,220,125**
Basic earnings per share (sen)	1.89	1.23	**3.93**
Total equity	98,586,270	100,629,322	**106,849,447**
Total assets	166,237,504	162,053,111	**170,474,285**

EXECUTIVE CHAIRMAN'S STATEMENT



DATO' MOHSIN ABDUL HALIM
Executive Chairman

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report and Audited Financial Statements on Handal Resources Berhad (Handal) for the financial year ended 31 December 2014 (FY2014).

REVIEW OF FINANCIAL PERFORMANCE

The year in 2014 presented new challenges for the oil and gas (O&G) sector, with crude oil price declining about 50% from mid-2014 to reach its lowest levels since 2009.

Despite the lackluster industry sentiment, Handal ended the year with higher revenue of RM123.8 million, up 22.9% from RM100.7 million a year ago. Revenue growth was primarily driven by increased sales in the segments of integrated crane services, fabrication of cranes, as well as the supply, fabrication, and servicing of industrial equipment and tank systems.

Handal also delivered stronger profit before tax of RM12.0 million, up 81.8% from RM6.6 million previously. This was attributed mainly to the higher revenue, as well as enhanced operating margins in the integrated crane services and crane fabrication segments.

Correspondingly, Handal posted net profit of RM6.2 million, significantly higher from RM1.9 million previously.

Group earnings per share grew to 3.93 sen per share versus 1.23 sen previously.

As at 31 December 2014, Handal recorded a strong balance sheet with shareholders' equity growing to RM106.9 million, from RM100.6 million previously on higher retained profits.

Group borrowings amounted to RM32.8 million, pared down from RM40.1 million previously; while cash and cash equivalents declined to RM19.8 million from RM23.7 million previously. Net earing improved to 0.31 time from 0.40 time a year ago.

Overall, our balance sheet remains well poised to mitigate potential financial risks, with adequate room for additional funding for future investments.

REVIEW OF OPERATIONS

Handal Offshore Services Sdn Bhd (HOSSB)

A wholly owned subsidiary of the Group, HOSSB is engaged in the design and fabrication of API ("American Petroleum Institute") 2C-monogrammed offshore pedestal cranes under the "Seacrane" brand. HOSSB possesses extensive experience in the servicing, overhaul and maintenance of all models of API 2C-monogrammed cranes in the domestic O&G industry.

HOSSB also maintains and leases a fleet of 19 API 2C-monogrammed offshore pedestal cranes, deployed at various oil rigs owned by multinational O&G players.

Other activities include the supply of specialist manpower services and workover lifting solutions.

During the year, HOSSB secured an RM16 million contract from UMW Petrodril (Malaysia) Sdn Bhd to provide portable platform and crane-related accessories over a 24-month period which commenced in the second quarter of 2014. In effect, HOSSB serves as a subcontractor to UMW Petrodril to serve Petronas' requirements.

HOSSB also made significant headway in the crane fabrication segment business in FY2014 by securing new crane fabrication contracts to the tune of approximately RM16.6 million.

These contracts were awarded by various prominent O&G players, including Sarawak Shell Berhad.

Up to 31 March 2015, HOSSB delivered 4 offshore pedestal cranes worth a total of RM19.7 million to various O&G players, while an additional 4 units are currently in various stages of completion.

Additionally in 2014, we received the API certification for our fabrication yard in Teluk Kalong, Terengganu. Together with our existing API-certified yard in Kemaman Supply Base, Terengganu, our fabrication facilities are fully certified via independent third-party audit to meet industry standards of excellence in product quality and safety.

In the Group's business segment of lifting solutions for drilling workover (DWO) projects, we recorded lower revenue contribution from the previous year due to the resumption of a major contract in the first quarter of 2014, thus prompting a shorter recognition period. We expect the segment's contribution to stabilize in the subsequent reporting periods.

Handrill Sdn Bhd (Handrill)

Handrill is a 99.5%-owned subsidiary of Handal, and is involved in the design, fabrication, certification, and operation of offshore and onshore drilling rigs. Established in 2008, Handrill holds a Petronas license for rig ownership and operations, and represents the Group's effort to diversify its existing business into the rig chartering sector.

Handrill's maiden modular offshore drilling rig, Handal 1, is highly suitable for shallow-to medium-depth and marginal oil field explorations. We are engaging in active discussions with several O&G players whom have demonstrated keen interest, and are optimistic of securing a lease contract in the near term.

Handal Engineering Sdn Bhd (HESB)

HESB, another wholly-owned subsidiary of the Group, is mainly involved in the provision of O&G engineering services and voice conference solutions.

In December 2014, HESB entered into an addendum agreement worth RM4.5 million from Petronas Lubricants International Sdn Bhd (PLISB). This is as extension to the Group's earlier contract with PLISB awarded earlier in 2010, comprising the engineering, procurement, construction, and commissioning contract of 22 units of new storage tanks at the Petronas Melaka Lube Blending Plant.

Scheduled works under the addendum agreement will be delivered in the current financial year ending 31 December 2015 (FY2015).

ANNUAL BUSINESS SUMMIT 2014

Handal is committed towards the highest level of performance in our business operations. We strive to ensure that all Group personnel are aligned towards clearly defined vision and business strategies.

To this end, the Group organises the Annual Business Summit (ABS), a yearly programme attended by the Board of Directors, key management, and head of divisions across the Group's business units.

The two-day programme facilitates the review of the Group's performance to date, at the same time enabling all participants to establish common goals and strategic milestones for the coming financial year.

The ABS has proven to be an effective avenue that promotes the exchange of information, spanning areas such as corporate strategy, finance, human resource, technical operations, and other business functions. This allows each participant to take on a bird's eye view of the Group, and be equipped with the latest information central to the decision-making process.

The Group is confident that our efforts to date would go a long way towards fostering greater coherence and productivity among all business units of the Group, which are crucial elements in reinforcing our competitive edge in the O&G industry.

"Furthermore, in January 2014, Handal entered into a Memorandum of Agreement (MOA) with Scomi Oiltools Sdn Bhd (Scomi) to market our products and services to Scomi's existing O&G clientele based in oilfield in Africa and the Middle East."

GROWTH STRATEGIES

To enhance the long-term prospects of the Group as well as to ensure business sustainability, we continue to strive for a steady growth pace in new and existing markets.

Going forward, we intend to adhere to the following strategies:

- ***Enlarging our integrated crane services and crane fabrication business***

  We are optimistic of charting further growth in the integrated crane maintenance services market. This is in light of growing demand by O&G majors for outsourced specialist providers, in order to maintain lean operations and lower operating costs.

  Handal has demonstrated a consistent track record in areas desired by O&G majors, namely superior technical capabilities as well as an impeccable on-site safety record for all jobs rendered. This is coupled with our reliability for timely and efficient delivery of contracts.

  Leveraging on these strengths, we intend to bid for more service contracts from existing as well as new clients.

  In the crane fabrication segment, HOSSB continued to clinch new business in 2015, comprising the award of an RM14.6 million contract from SapuraKencana Petroleum for the fabrication of several offshore pedestal cranes.

  As at 31 March 2015, HOSSB's total outstanding order book amounted to RM194 million, which will last the Group for 3 years until 2017.

  Of the total ongoing order book, crane maintenance service contracts represent RM136 million, with remaining contract fulfilment period ranging between 2015 to 2017.

  Offshore pedestal crane fabrication orders stood at RM42 million with delivery targeted until 2015, while orders for lifting solutions for DWO programs made up the remaining contribution with RM16 million.

- ***Diversifying into international markets***

In order to strengthen our revenue base, we actively seeks to diversify our income stream beyond domestic markets, to tap into opportunities in the international O&G sector.

Since 2013, we delivered 3 units of offshore pedestal cranes to the West Madura Offshore Block in Indonesia. We currently have an additional unit in the pipeline to be delivered to the country in 2015, and look forward to securing more orders in the future.

"Handal is committed towards the highest level of performance in our business operations. We strive to ensure that all Group personnel are aligned towards clearly defined vision and business strategies."

Furthermore, in January 2014, Handal entered into a Memorandum of Agreement (MOA) with Scomi Oiltools Sdn Bhd (Scomi) to market our products and services to Scomi's existing O&G clientele based in oilfield in Africa and the Middle East. The MOA effectively expands our reach beyond South East Asia to include more global O&G players, and complements our initiatives to enlarge our customer base.

- ***Modular oil rig fabrication and commissioning***

While the outlook for the rig chartering sector in 2015 is dampened due to the anticipated slowdown in E&P activity globally, we opine that long term demand in shallow to medium depth oilfields remain intact due to the lower exploration and production costs involved; albeit on a selective basis.

Our maiden modular oil rig – Handal 1 – is designed for performance in these environments. We therefore remain optimistic of securing a long-term charter contract for Handal 1 in the near to medium term, following potential new developments from ongoing discussions with several O&G companies.

Overall, the Group recorded a commendable performance in FY2014, effectively overcoming ongoing challenges in the external environment. The Group is positive that our ongoing strategies would play an integral role towards strengthening our footing in the O&G industry, underpinning sustainable business growth in the year ahead.

FUTURE OUTLOOK

The outlook for the global O&G industry in 2015 remains challenging as crude oil price is forecasted to hover at dampened levels, based on surplus stock estimates by the U.S. Energy Information Administration. This may cast a negative impact not only on upstream producers, but also on downstream services providers due to slower capital investments in the industry.

Domestically, the situation tracked global sentiments, with Petroliam Nasional Berhad (Petronas) announcing its intention to reduce both capital and operating expenditure, as well as indicating a potential slowdown in new contract awards in 2015.

The Group is well-aware of uncertainties in the O&G industry in 2015. That said, we opine that Handal remains well-positioned to weather potential headwinds, as the Group is anchored with several long term contracts and a significantly-sized orderbook of RM194 million as at 31 March 2015 which are slated to be fulfilled until 2017.

Also, the Group's products and services cater primarily to the regular operations and maintenance programmes of major O&G players, which are generally deemed as crucial business functions. This focus grants us the benefit of added business resilience amidst a challenging business environment.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Handal strives to be a good corporate citizen, and regularly reviews the Group's plans and methodologies to implement best practices in the areas of corporate social responsibility, employee development, and Safety, Health and Environment ("SHE").

Handal's dedicated charity fund, the Tabung Kabajikan Handal (Handal Charity Fund) donated cash and various supplies to victims of the floods in Northern Peninsula. The Group disbursed about of RM80,000 for these initiatives in FY2014.

We also emphasise on continued skilled development of our employees by keeping them abreast of the latest industry practices to maintain a profesional and effective team. This is achieved via the provision of regular in-house and external training programmes for our employees, in line with their technical background and learning requirements.

Additionally, Handal maintains stringent SHE practices in all facets of our operations, in order to create a sustainable and safe environment for all stakeholders.

ENGAGEMENT WITH STAKEHOLDERS

The Company is mindful that meeting stakeholders' expectations across financial, environmental and social dimensions is important. Key stakeholders are regulators, customers, suppliers and business partners. Stakeholders can have a significant impact on a companys' market value and a robust stakeholders engagement approach helps a company to communicate openly which in turn, makes it easier to build trust between a company and its stakeholders. Apart from setting up a dedicated investor relation team for the purpose of engaging their stakeholders, shareholders and investors, the Board of Directors of HRB communicates with shareholders through

- the Companys' Annual General Meeting (AGM) - which shareholders are encouraged to attend;
- the Annual Report and Annual Financial Report - which HRB makes available in hard copy or on its website;
- communications from the Executive Chairman and Group Managing Director and Chief Executive Officer, together with Group Advisor and Deputy Managing Director to specifically inform shareholders of key matters of interest; and
- announcement to Bursa Malaysia Securities Berhad ('Bursa Securities') and disclosures to the Securities Commission.

APPRECIATION

I would like to express my appreciation to my fellow Directors, key management and employees, for your invaluable contributions to Handal's successes.

Furthermore, I would also like to express our gratitude to the Group's shareholders, clients, business associates, and the Government bodies for their support.

DATO' MOHSIN ABDUL HALIM
Executive Chairman

The Group believes that serving the community is part of our responsibility as a corporate citizen. It is our commitment to consistently pay close attention towards our business activities and the impact on our stakeholders, the society and environment. To this effect, the Group regularly review its Group Corporate Social Responsibility ("CSR") strategy which encompasses three key aspects: Employee Wellbeing, Community Initiatives and Safety, Health and Environment ("SHE"). Within these aspects, we plan our corporate CSR activities as follows:-

WORKPLACE

The Group is committed to upholding the human rights of its employees and treating all of them with dignity and respect. Operating under an agreed set of values which include an expectation that employees act with honesty, integrity, loyalty, accountability, knowledge and teamwork, the Group aims to ensure that the safety, health and welfare of employees are well taken care of.

The organisation is guided by ethical standards formalized in the Company's Code of Conduct which aims to provide a safe working environment. The key focus is the commitment towards achieving high standards in SHE which is of utmost priority in the nature of our business.

The Group acknowledges responsibility towards employees who may be affected by its operational activities. In this regard, the Group has implemented systems and conducted various awareness programmes that promote safety in the workplace and have contributed to reductions in lost time injury rates. Proper support is also provided for employees who are injured or become ill at work to enable them to return to work safely and confidently.

The Group identifies and hires local talent to meet its business requirements and activities. In developing the talent, skill and ability of its employees, the necessary training and development programmes are provided at all levels, internally and externally. Being the skilled manpower provider to oil operators, we have established various technical training specifically for crane technicians, inspectors and operators in helping them to further enhance and develop their skills, knowledge and competency level to stay competitive in the industry.

The Group understands that continuity of employment is important to its employees, and therefore provides a dedicated career transition support programme to assist employees to effectively manage their careers. Integral to this, the Group implements policies and processes to cover various range of topics including recruitment and selection, education assistance, training supports, performance feedback and review, code of conduct and confidentiality. A whistle blowing policy has been set in place as a communication channel and protects employees who report, in good faith, any breach of the law or improper practice within the organisation. The Company's Whistle-blowing Policy is available on the Company's website, **www.handalresources.com.**

COMMUNITY

The Group is committed towards integrating CSR practice into its day to day operations and recognises that its core business operations have social, economic and environmental impacts and therefore, are readily committed to engaging with the local community and economy. Through the dedicated Tabung Kebajikan Handal, the Group has extended assistance and provided contributions to various charitable bodies, schools and non-profit organisations, in support of their philanthropic campaigns as well as address their predicaments.

As knowledge development is of priority to the Group, we continue to award scholarships to nine (9) poor students of a secondary school in Malaysia to support their secondary education from Secondary One to Secondary Five and may consider increasing the number of recipients in the future.

The Group also actively participates in its CSR practice in the local and economic welfare of the Kemaman area through the employment of local talent and provides support to the local business and community groups. These have become a testament of our commitment towards the community.

ENVIRONMENT

The Group is committed to providing a safe, fair and stimulating work environment that empowers employees to make a meaningful contribution to the organisation's performance and development. We offer challenging and rewarding opportunities for personal and professional growth and recognise the importance of attracting and retaining the best staff.

Being environment friendly is also central to the Group's culture with its policies on good facility and operations management to avoid inefficiencies and wastages in resources. The Group has embarked in electronic archival of documents to reduce paper usage and at the same time ensure effective data and information storage system as recommended by the Group's Internal Auditors. Teleconferencing, which is also a feature of the Group's communications tool, effectively minimises commuting and thus, helping to reduce carbon emission.

SAFETY, HEALTH AND ENVIRONMENT (SHE)

SHE is always taken seriously and is constantly maintained as one of our highest priorities. Our slogan "Safety First" is the endorsement of our commitment towards SHE. This is in line with our main business operations and activities which are directly related to the oil and gas industry which is heavily regulated and therefore require constant dictation and strict compliance of SHE.

The Group is dedicated to achieve excellence in the safety, health and environment aspects of its operations, products and services. It is our policy to conduct all operations in a manner which promotes safety and avoids undue risk to our employees, customers, contractors, neighbours and the environment.

We actively promote responsible behaviours towards the environment, occupational health and safety at all levels within our organisation through Safety Stand Down, a collaboration programme with clients, and also through other various in-house trainings. Our goal is that no one should suffer an injury or illness as a result of an accident. Since our establishment to date, we have achieved zero Loss Time Injury (LTI) / Loss Time Accident (LTA) on all our offshore activities.

CALENDAR OF EVENTS 2014


5 FEBRUARY 2014


12 JUNE 2014


14 JULY 2014

**6 – 8 JANUARY AND
13 – 16 JANUARY 2014**
Basic Hydraulic Training – an in-house programme, organised for Crane Technicians.

27 JANUARY 2014
Safety Walkabout at our KSB yard conducted by the senior management, SHE and yard personnel.

5 FEBRUARY 2014
Safety Stand Down 2014 for all offshore crew members.Visit to our KSB yard by clients after the Stand Down programme.

19 – 20 FEBRUARY 2014
In-house training on Basic Wire Rope and Usage, a programme organised for all Technical personnel.

26 – 28 FEBRUARY 2014
Basic Hydraulic Training for Crane Technicians.

29 APRIL 2014
Safety Walkabout at our KSB yard conducted by the senior management, SHE and yard personnel.

12 JUNE 2014
6th Company Annual General Meeting held at Resorts World Kijal.

Presentation of Safety Awards to the qualified and deserving employees of Handal Group of Gompanies.

14 JULY 2014
Majlis Berbuka Puasa with the orphans from the Rumah Anak Yatim in the area of Kemaman held at Impiana Resort Cherating.

23 JULY 2014
Majlis Berbuka Puasa with clients, guests and employees of Handal Resources Berhad held at Kuala Lumpur Convention Centre.

30 JULY 2014
Safety Walkabout at our KSB yard conducted by the senior management, SHE and yard personnel.

18 – 20 AUGUST 2014
In-house training programme on Load Sytems International (LSI) Robway for Crane Technicians and Electricians.

24 AUGUST 2014
In-house LSI Training for Crane Operators.

**26 – 27 AUGUST AND
21 – 22 SEPTEMBER 2014**
In-house training on Caterpillar Engine – Operation and Maintenance for all Crane Technicians.

22 - 23 SEPTEMBER 2014
Annual Business Summit, held at Dorsett Grand Subang Hotel, Subang Jaya, Selangor – participation of members of the Board, top and middle management staff as well as head of departments of Handal Group of Companies.

29 OCTOBER 2014
Safety Walkabout at our KSB yard conducted by the senior management, SHE and workshop personnel.


26 – 27 AUGUST 2014


21 – 22 SEPTEMBER 2014

In line with the principles and best practices as recommended by the Malaysian Code of Corporate Governance 2012 ("MCCG 2012" or "the Code") the Board of Directors ("the Board") of Handal Resources Berhad supports the principles of good corporate governance and is committed to the establishment and implementation of a proper framework and controls to protect and enhance shareholders' and stakeholders' value and financial performance of the Group.

Pursuant to Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board reports herein the manner in which the Company has applied the Principles and Recommendations under the MCCG 2012 during the financial year ended 31 December 2014 and any non-observation of the recommendations of MCCG 2012, including the reasons thereof, in discharging its regulatory role and commitment in building a long-term sustainable business.

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Functions of the Board and Management

The Board is responsible for implementing the policies and decisions of the Board, overseeing the operations and performance of the Management and developing the business strategies and corporate objectives of the Group.

In the normal course of events, day to day management of the Company are in the hands of Management and under the stewardship of the Group Managing Director (GMD) & Chief Executive Officer (CEO). The Board will link the Company's governance and management functions through the GMD & CEO.

All Board authority conferred on Management is delegated through the GMD & CEO so that the authority and accountability of Management is considered to be the authority and accountability of the GMD & CEO insofar as the Board is concerned.

Only decisions of the Board acting as a body are binding on the GMD & CEO. Decisions or instructions of individual Directors, officers or committees are not binding except in those instances where specific authorization is given by the Board.

1.2 Clear Roles and Responsibilities

Reviewing and adopting a strategic plan for the Company

The role of the Board is to effectively represent and promote the interests of the shareholders with a view to add long-term value to the Company's shares by ensuring that strategies are in place for achieving Company's Goals and promoting sustainability.

Overseeing the conduct of the Company's business

Having regard to its role, the Board will provide its leadership in enhancing its effectiveness through strengthening its composition and reinforcing independence. It will direct and supervise the management of the business and affairs of the Company. The GMD & CEO is responsible for the implementation of the Board's decisions and overall responsibilities on the day to day management of the Company.

Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures

Risk management, as a continuous process, plays an essential role in the group's business operations. The Board recognizes that risk management is an integral part of the Group's business operations and as such, has in place the tools for identifying, evaluating and managing the significant risks faced by the Group on an ongoing basis through the Risk Management Committee. Details of the Group's implementation of risk management are set out in the Group's Statement on Risk Management and Internal Control on pages 38 to 41.

Succession planning

The Board recognizes the importance of succession planning in maintaining long-term sustainable performance excellence and ensuring an appropriate succession plan is in place for members of the Board and to identify and groom senior management to maintain continuity of key positions in day to day management of the Company.

The Board (through the Nomination Committee) is responsible for establishing a clear and orderly succession plan for all senior management positions, and ensuring that candidates appointed to these positions are of sufficient calibre.

In the succession planning program, the Nomination Committee will take into consideration the skills and depth of experience required for the Board to continue to function effectively by identifying critical position vacancies, identifying high calibre internal candidates and assisting with leadership transition and development.

Overseeing the development and implementation of Shareholder Communication Policy

The Group recognizes the importance of effective communication and proactive engagement with its shareholders and investors to keep them informed of the performance, corporate governance, business and corporate developments and other matters affecting their interests. The Board has therefore, within the legal and regulatory framework governing the release of material and price sensitive information, provided easy access to corporate and financial information of the Group, as guided by the Group's Shareholder Communication Policy established in 2014 to promote effective communication with shareholders and stakeholders, through the following channels:-

- Annual Report;
- Circulars to shareholders;
- Various disclosures and announcement to Bursa Securities; and
- Company's website at www.handalresources.com

Reviewing the adequacy and the integrity of the management information and internal control systems of the company

The Board also monitors the performance of the Group and ensures that a proper internal control system is in place. The Group's Statement on Risk Management and Internal Control is set out on pages 38 to 41 which is in compliance with Paragraph 15.26(b) of the MMLR of Bursa Securities.

1.3 Formalized Ethical Standards through Code of Conduct

The Board is guided by ethical standards formalized in the Company's Code of Conduct in discharging its oversight role effectively. The Code of Conduct requires the Board to observe and display high ethical business standards and corporate behaviour and to apply these values to all aspects of the Group's business and professional practice. The conduct of Directors will be consistent with their duties and responsibilities to the Company and, indirectly, to Shareholders and Stakeholders. The Board will be disciplined in carrying out its role, with emphasis on strategic issues and policy. Directors will always act within any limitations imposed by the Board on its activities and decision-making process. The abridged version of the Company's Code of Conduct is available on the Company's website, www.handalresources.com.

1.4 Company's Strategies Promoting Sustainability

With the objective of achieving greater efficiency and better performance for the Group, the Board takes into consideration the environment, social and governance aspects of the Company's business activities when implementing business policies and sustainable strategies.

Through the Company's corporate social responsibility (CSR) programmes the Board as given attention to three key aspects: Employee Wellbeing, Community Initiatives and Safety, Health and Environment. Details on the Company's CSR activities can be found on pages 16 to 17.

1.5 Access to Information and Advice

The Board recognizes that the decision making process is highly dependent on the quality of information furnished. The Board members have full and unrestricted access to Management and all information concerning the Group's affairs. They also have access to the senior management and advice and services of the external auditors. Directors may also seek external independent professional advice at the Company's expense, on a case to case basis, to be agreed by the Chairman and/or Board as a whole.

The Board meets on a quarterly basis and additionally as and when required. Prior to the Board meetings, all Board members are provided with the notice and agenda of the meetings. Board papers containing information relevant to the business of the meeting are circulated to them in a timely manner to enable them to obtain further explanations, where necessary, from the Management, or seek consultation from the Company Secretary or independent advisors, in order to be properly briefed before the meetings to enable constructive and effective deliberation during meetings. The Board papers include information on major financial, operational and corporate matters of the Group.

1.6 Qualified and Competent Company Secretary

The Board is regularly updated by the Company Secretary, who is qualified to advise on the requirements to be observed by the Company and the Directors arising from new statutes and guidelines issued by the regulatory authorities. The Company Secretary briefs the Board on the proposed contents and timing of material announcements to be made to Bursa Securities. The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods for trading in Handal shares, in accordance with the black-out periods for dealing in the Company's securities pursuant to Chapter 14 of the MMLR of Bursa Securities.

The Company Secretary attends and ensures that all Board and Committee meetings are properly convened. Records of the deliberation, issues discussed and conclusion were recorded by the Company Secretaries who attended all the meetings. The minutes will then be circulated to all Directors for their confirmation before it is signed by the Chairman of the meeting and kept at the Company's registered office. In ensuring adherence to board policies and procedures, the company secretary advises the board on procedural requirements in relation to their duties, responsibilities and the regulatory requirements and their implications on the Company.

1.7 Board Charter

The Board Charter which establishes the role and responsibilities of the Board and those functions delegated to Management continues to assist the Board and Management to discharge their respective roles, authority and duties and functions effectively and efficiently. The abridged version of the Company's Board Charter is currently available on the Company's website, www.handalresources.com.

PRINCIPLE 2 – STRENGTHEN COMPOSITION

The Board of Directors consist of seven (7) members comprising four (4) Executive Directors, and three (3) Independent Non-Executive Directors. The Board has complied with Paragraph 15.02 of the MMLR of Bursa Securities that at least two or one-third of the Board, whichever is the higher are independent directors. All Independent Non-Executive Directors discharge the duties required of them independently of the Board and Management. They are not involved in any other relationship with the Group that may impair their independent judgment and decision-making.

Board Committees are established to assist the Board in discharging its duties and responsibilities. The Board delegates specific responsibilities to four committees, namely the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee. Each committee operates within its respective written terms of references governing the discharge of their responsibilities and the Board receives reports on their activities, proceedings and deliberations periodically from the Chairman of the respective Committees, which are minuted and recorded accordingly by the Company Secretary.

The Board considers its current size, mix of skills, knowledge and experience are adequate given the existing scope and nature of the Group's business operations and represents fairly the interest of the long term shareholders and stakeholders.

2.1 Nomination Committee should comprise exclusively of Non-Executive Directors, a majority of whom must be Independent

The Nomination Committee comprises of three (3) members, all of whom are Independent Non-Executive Directors are as follows:-

Member	Designation
LOKMAN RAZANI BIN ABDUL RAZAK (Chairman of Nomination Committee)	Independent Non-Executive Director
MUHAMMAD 'ASRI BIN MOHD RAFA'I	Senior Independent Non-Executive Director
CHAU SIK CHEONG	Independent Non-Executive Director

The Board has identified En. Muhammad 'Asri Bin Mohd Rafa'i as the Senior Independent Non-Executive Director to whom concerns of shareholders and other stakeholders may be conveyed in accordance with the Shareholder Communication Policy.

The Chairman of the Nomination Committee is not the Senior Independent Non-Executive Director as the Board is of the view that the current Chairman has the necessary skills and experience to lead the Nomination Committee to carry out the functions effectively.

2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

The Nomination Committee meets at least once a year and as and when required. During 2014, the Committee met on 27 February 2014.

The Nomination Committee is responsible for reviewing the Board composition and balance as well as considering the Board's succession planning and recommending new nominees for appointment to the Board through proper selection process meeting criteria such as the relevant skills, qualities and experience of potential candidates which will enhance the Board composition. The decision on new appointments shall be the prerogative of the Board after considering the recommendation of the Nomination Committee. The Board is supported by a suitably qualified and competent Company Secretary who would ensure that all appointments are properly carried out in accordance to the Companies Act 1965 and MMLR of Bursa Securities upon obtaining all necessary information from the Directors.

The Nomination Committee carries out annual assessments and performance evaluations on the following areas:-

(i) The Board's effectiveness as a whole;

(ii) The performance of the Board Committees;

(iii) The performance assessment of each individual Director;

(iv) The performance assessment of each Key Officer;

The performance of Nomination Committee itself, however, was evaluated by the Chairman of the Board. All the assessments and performance evaluations are summarized and tabled at the Nomination Committee meeting. The Nomination Committee Chairman will then report to the Board on the findings of the assessment and evaluation to assist the Board in identifying gaps (if any) and to help the Board to effectively discharge its duties and functions.

The annual assessments and performance evaluations carried out by the Nomination Committee are aligned with the recommendations of MCCG 2012 and the Corporate Governance Guide 2nd Edition issued by Bursa Malaysia Securities Berhad. The assessments and evaluations are based on key areas including but not limited to, the board composition, character, experience, integrity, competence and performance of each Director and Key Officer. These assessments and evaluations are properly documented by the Company Secretary, as recommended by MCCG 2012.

Through the annual assessments of each Director, the Nomination Committee identifies the appropriate training needs and continuing education programmes, together with the Human Resources Department for its board members to assist them in discharging their fiduciary and leadership functions more effectively.

Following the annual assessments and evaluation carried out for financial year ended 2014, the Nomination Committee considers that the overall performance of the Board and the Board Committees, current mix of skills, relevant qualities and experience of its members are adequate for the discharge of its duties and responsibilities effectively.

Re-election of Directors

In accordance with Article 63(2) of the Company's Articles of Association, at least one-third of the Directors for the time being shall retire from office and be subject to retirement by rotation at each Annual General Meeting ("AGM"). Article 64(1) also provides that all Directors shall retire once in every three (3) years. Directors who are appointed before the next AGM will retire and be subject to re-election by shareholders at the next AGM.

The Nomination Committee had on 4 February 2015 conducted its meeting and has made their recommendation to the Board for re-electing the directors who are retiring by rotation; namely Encik Zahari bin Hamzah and En Lokman Razani bin Abdul Razak. Being eligible, these directors have offered themselves for re-election; for approval of the Shareholders at the forthcoming AGM set on 15 June 2015.

The Nomination Committee also recommended the re-election of Dato' Mohsin Abdul Halim who will retire pursuant to Section 129(2) of the Companies Act, 1965 and being eligible has offered himself for re-election; for Shareholders' approval at the forthcoming AGM.

The profiles of the Directors who are due for re-election are set out on pages 5 to 7 of this Annual Report. The Board has considered the assessment of the Directors standing for re-election and collectively agrees that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective responsibilities as Directors.

Boardroom Diversity Policy

The Board considers that diversity includes differences that relate to gender, age, ethnicity and cultural background. It also includes differences in background and life experience, communication styles, interpersonal skills, education, functional expertise and problem solving skills. As part of the Board's routine considerations regarding Board renewal, it will continue its focus on diversity as it has in recent years, to ensure that there is an appropriate mix of diversity, skills, experience and expertise represented on the Board.

The Board acknowledges the recommendation of the MCCG 2012 on gender diversity. It was advocated that the Board should ensure participation of women on the Board to reach 30% by year 2016. Whilst there is no immediate plans to implement a gender diversity policy or target, the Nomination Committee is mindful of its responsibilities to conduct all Board appointment processes in a manner that promotes gender diversity while taking into consideration that the suitability of candidates is dependent on each candidate's competency, skills, experience, character, time commitment and integrity in order to enhance the composition of the Board. The Board does not practice gender discrimination and will give equal opportunity to suitably qualified persons to be appointed to the board irrespective of their gender. The Nomination Committee will consider suitably qualified candidates when such potential candidates have been identified.

The Nomination Committee is cognizant and will put in place policies that will support potential women candidates in senior management to achieve professional and career development for directorship positions by providing relevant training opportunities and building business networks.

2.3 Establish Formal and Transparent Remuneration Policies and Procedures to attract and retain Directors

The Board is assisted by the Remuneration Committee in implementation of remuneration policies and procedures of the Company.

The members of Remuneration Committee are as follows:-

Member	Designation
CHAU SIK CHEONG (Chairman of Remuneration Committee)	Independent Non-Executive Director
LOKMAN RAZANI BIN ABDUL RAZAK	Independent Non-Executive Director
MUHAMMAD 'ASRI BIN MOHD RAFA'I	Senior Independent Non-Executive Director
MALLEK RIZAL BIN MOHSIN	Group Managing Director and Chief Executive Officer
JOEL EMANUEL HEANEY	Group Advisor and Deputy Managing Director

The Remuneration Committee meets at least once a year and as and when required. During 2014, the Committee met on 26 February 2014.

The Remuneration Committee shall ensure that the remuneration policies are sufficient to attract and retain Directors. The Remuneration Committee recommends to the Board the framework of Executive Directors' remuneration and the remuneration package for each Executive Director and any performance related pay schemes for Executive Directors and annually reviews Executive Directors' scope of service contracts. The Board as a whole determines the fees and allowances of the Non-Executive Directors after considering the recommendation of Remuneration Committee and the Non-Executive Directors abstain in the discussion of their own remuneration.

The determination of remuneration packages of the Directors are matters for the Board as a whole. The remuneration of the Directors is structured to attract, retain and motivate them in order to run the Group successfully.

The aggregate remuneration of the Directors for the financial year ended ("FYE") 31st December 2014 is as follows:-

	Executive Directors	Non-Executive Directors	Total(RM)
Directors' Remuneration	6,371,520	44,500	6,416,020
Employees' Provident Fund	214,920	-	214,920
Fees	-	162,000	162,000
Total	6,586,440	206,500	6,792,940

Remuneration Band (RM)	Executive Directors	Non-Executive Directors
50,000 and below	-	-
50,001-100,000	-	3
1,500,001 – 1,550,000	2	-
1,550,001 – 1,600,000	1	-
1,900,001 – 1,950,000	-	-
1,950,001 – 2,000,000	1	-

PRINCIPLE 3 – REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independent Directors

The presence of Independent Non-Executive Directors is to provide independent and unbiased views of financial and business inputs for the interest of the Group and Shareholders. The Board recognizes that Independent Directors bring independent and objective judgment to the Board and has undertaken an assessment of the independence of its Independent Directors as guided by the Company's Policy on Independence of Directors and will continue as part of the policy adopted to do this on an annual basis.

The Nomination Committee and the Board have upon their annual assessment which was based on the criteria as prescribed by the MMLR and the Code, concluded that each of the three Independent Non-Executive Directors continues to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them continues to fulfill the definition of independence as set out in the MMLR of Bursa Securities.

Based on the assessment, the Nomination Committee and the Board are of the unanimous opinion that the independence of Mr. Chau Sik Cheong, En. Lokman Razani Bin Abdul Razak and En. Muhammad 'Asri Bin Mohd Rafa'i has not been compromised or impaired in any way.

Each of the three Independent Non-Executive Directors has provided their annual declaration of their independence to the Nomination Committee and the Board.

3.2 Tenure of Independent Directors

The Code recommends that the tenure of an independent director should not exceed a cumulative term of nine years. and as of now, the Nomination Committee and the Board does not believe that it should impose a fixed term limit but will continuously review and evaluate such recommendation.

3.3 Justification and Shareholders' Approval to retain an Independent Director who has served more than nine years

The tenure of our Independent Directors is below nine years and justification is not required as of now.

3.4 Separation of Position of the Chairman and Group Managing Director & Chief Executive Officer (GMD & CEO)

The positions of Chairman and GMD & CEO are separately held by Dato' Mohsin Abdul Halim as the Executive Chairman and En Mallek Rizal Mohsin as the GMD & CEO to ensure appropriate balance of power and authority with accountability and clear division of roles and responsibilities.

Whilst the Code recommends that the Chairman must be a non-executive member of the Board, the Executive Chairman's position has been perceived as appropriate and of benefit to the Group and the Board given his extensive experience, knowledge, leadership and familiarity with the Group's business, industry and products. The Chairman also consults with the Independent Non-Executive Directors for their independent advice, opinion and views.

The Chairman in overseeing and executing his executive functions ensures that the Company achieves the financial performance for each financial year, and more importantly delivers long-term and sustainable value to stakeholders.

The Chairman also maintains an informal link between the Board and the GMD & CEO and is available to provide counsel and advice where appropriate. The GMD & CEO is expected to keep the Chairman and the Board informed on important matters.

3.5 The Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director

Whilst the Code also recommends that the Board must comprise a majority of independent directors where the Chairman of the Board is not an Independent Director, the Board considers its current size adequate given the existing scope and nature of the Group's business operations and represents fairly the interest of the shareholders. Furthermore, the Independent Non- Executive Directors voice their concerns whenever necessary to ensure proper checks and balance are in place in the Board's decision-making process and implementation of policies.

PRINCIPLE 4 – FOSTER COMMITMENT

4.1 Board Meetings and Time Commitment

During the financial year review, five (5) Board Meetings were held and the Directors' attendances at the Board Meetings were as follows:-

	Attendance
DATO' MOHSIN ABDUL HALIM	5/5
MALLEK RIZAL BIN MOHSIN	5/5
JOEL EMANUEL HEANEY	5/5
ZAHARI BIN HAMZAH	5/5
LOKMAN RAZANI BIN ABDUL RAZAK	5/5
CHAU SIK CHEONG	5/5
MUHAMMAD 'ASRI BIN MOHD RAFA'I	4/5

The Directors' commitment in carrying out their duties and responsibilities is affirmed by their attendance at the Board meetings held during the financial year ended 31 December 2014.

All Directors have thus adequately complied with the minimum requirements on attendance at Board meetings as stipulated in the MMLR of Bursa Securities.

The Board of Directors note the Code's recommendation to notify the Chairman before any of the Directors accept any new directorship, including the indication of time that will be spent on new appointment. This requirement has been incorporated into the Board Charter to serve as reference for the Board.

4.2 Access to Continuing Education Programmes

All Directors have attended various training programmes, conferences, seminars and briefings during the financial year 2014 as recommended by the Nomination Committee and Human Resources Department, to keep abreast of the dynamic environment in which the Group operates, enhance their knowledge with the latest development in the industry and better themselves to fulfil their responsibilities.

The Directors are also being updated on a continuous basis by the Company Secretaries on new and amended MMLR by Bursa Securities as and when the same are advised by Bursa Securities.

The Directors will continue to undergo relevant training programmes and seminars to further enhance their skills and knowledge as well as awareness of the industry and market place practices in order to contribute effectively to the Group.

All the Directors had completed the Mandatory Accreditation Programme as specified by Bursa Securities. During the financial year, the training programmes, seminars and briefing attended by the Directors are as follows:

DATO' MOHSIN ABDUL HALIM	1. Handal Group Business Summit (in-house programme) 2. GST Training - organised by GEP Associates
MALLEK RIZAL BIN MOHSIN	1. Audit Committee Workshop Series 1 & 2 - organised by Malaysian Institute of Accountants 2. Audit Committee Workshop Series 3 & 4 - organised by Malaysian Institute of Accountants 3. Overview of ESG Index & ICB - organised by Bursa Malaysia 4. Handal Group Business Summit (in-house programme) 5. Taklimat Program Pembangunan Vendor (VDP) kolaborasi Teraju & MITI - organised by Teraju 6. GST Training - organised by GEP Associates
JOEL EMANUEL HEANEY	1. Handal Group Business Summit (in-house programme) 2. GST Training - organised by GEP Associates
ZAHARI BIN HAMZAH	1. Handal Group Business Summit (in-house programme) 2. GST Training - organised by GEP Associates

CHAU SIK CHEONG	1. Audit Committee Workshop Series 1 & 2 - organised by Malaysian Institute of Accountants 2. Audit Committee Workshop Series 3 & 4 - organised by Malaysian Institute of Accountants 3. Handal Group Business Summit (in-house programme) 4. Annual ASEAN Corporate Governance Summit - organised by Malaysian Institute of Corporate Governance
LOKMAN RAZANI BIN ABDUL RAZAK	1. Handal Group Business Summit (in- house programme) 2. GST Training - organised by GEP Associates
MUHAMMAD 'ASRI BIN MOHD RAFA'I	1. Audit Committee Workshop Series 1 & 2 - organised by Malaysian Institute of Accountants 2. Audit Committee Workshop Series 3 & 4 - organised by Malaysian Institute of Accountants 3. Handal Group Business Summit (in-house programme) 4. GST Training - organised by GEP Associates

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board is responsible for presenting a balanced, clear and comprehensive assessment of the Group's financial performance and prospects through the quarterly and annual financial statements to shareholders. The Board has to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

Statement of Directors' Responsibility in Relation to the Financial Statements

In compliance with the Companies Act, 1965, the Directors are responsible for the preparation of the financial statements for each financial year, which gives a true and fair view of the state of affairs of the Group and the Company and of the results and cash flow of the Group and the Company for the financial year then ended.

In preparing the financial statements for the FYE 2014, the Directors have:-

- adopted the appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured applicable approved accounting standards have been followed, and any material departures have been disclosed and explained in the financial statements; and
- ensured the financial statements have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records of the Group and Company, which disclose with reasonable accuracy the financial position of the Group and the Company. This will enable them to ensure the financial statements have complied with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

5.1 Audit Committee Should Ensure Financial Statements Comply With Applicable Financial Reporting Standards

In presenting the financial statements, the Board has reviewed and ensured that appropriate accounting policies have been used, consistently applied and supported by reasonable judgments and estimates. The Board is assisted by the Audit Committee in reviewing these financial statements with Management and the External Auditors.

Further elaboration on the composition and activities of the Audit Committee is stated in the Audit Committee Report on pages 35 to 37.

5.2 Assessment of Suitability and Independence of External Auditors

The Board, via the Audit Committee, has established a formal and transparent arrangement for maintaining an appropriate relationship with its auditors, both external and internal.

The External Auditor Appointment & Independence Policy has been developed and adopted by the Board. The annual assessment on the suitability and independence of the External Auditors is carried out by the Audit Committee. The Audit Committee Chairman will then report to the Board on the performance and their independent evaluation of the External Auditors. The re-appointment of the External Auditors is subject to Board deliberation.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS

6.1 Sound Framework to Manage Risk

The Board recognizes the importance of maintaining the effectiveness of the Group's system of risk management processes and internal control within the Group. The Risk Management Committee was established to assist the Board's functions in identifying principal risks, ensuring the policy put in place is adequate and procedures and recommendations with regards to the management of risks and internal control are being followed through by the various business/operating units.

The Risk Management Committee has been established to assist the Board in recognizing and managing risks and the members are:-

Member	Designation
DATO' MOHSIN ABDUL HALIM (Chairman of Risk Management Committee)	Executive Chairman
MALLEK RIZAL BIN MOHSIN	Group Managing Director and Chief Executive Officer
JOEL EMANUEL HEANEY	Group Advisor and Deputy Managing Director
ZAHARI BIN HAMZAH	Chief Operating Officer and Executive Director
MUHAMMAD 'ASRI BIN MOHD RAFA'I	Senior Independent Non-Executive Director
RAZMI YAACOB	Chief Risk Officer

The Statement on Risk Management and Internal Control as set out in pages 38 to 41 provides an overview of the management of risks and state of internal controls within the Group.

6.2 Internal Audit Function

The Board of Directors had outsourced the Internal Audit function to a professional firm of consultants, which is independent of the activities it reviews. The Internal Audit function reviews the auditable areas based on the internal audit plan approved by the Audit Committee and Board of Directors and provides an independent assessment of the adequacy and effectiveness of the Group's internal control system. The Head of Internal Audit reports directly to the Audit Committee, which receives reports of audit findings and recommendations arising from each audit review. The Management is responsible for ensuring that corrective actions are taken on reported weaknesses and recommendations are adhered to in ensuring proper internal control systems are in place.

The Group had incurred RM 56,182.00 during the financial year for its outsourced Internal Audit function.

Details of the Group's internal control processes are set out in the Statement on Risk Management and Internal Control in pages 38 to 41 of this Annual Report

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy and Procedures

The Board is guided by the Company's Corporate Disclosure Policy in ensuring the disclosure of material information pertaining to the Group's performance and operations to the public is in accordance with the disclosure requirements under the MMLR of Bursa Securities and other applicable laws.

7.2 Leverage on Information Technology for Effective Dissemination of Information

The Board has established dedicated sections for corporate information on the Company's website to encourage effective communication with its shareholders and stakeholders. Information on the Company's announcements, financial information, corporate governance, Company's policies, share prices and analysts' reports can be accessed at www.handalresources.com.

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage Shareholder Participation at General Meeting

The main forum for dialogue with shareholders remains at the Annual General Meeting ("AGM") which encourages the shareholders to raise questions pertaining to the operations and financials of the Group. Whilst the Company endeavours to provide as much information as possible to its shareholders, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information, and adherence to the Company's Corporate Disclosure Policy.

8.2 Encourage Poll Voting

At the AGM, all resolutions to be tabled at General Meetings shall in the first instance be decided on a show of hands unless a poll is demanded. The shareholders will be informed by the Chairman of their right to demand a poll vote for all resolutions. All resolutions put forth to the shareholders' for approval at the Sixth AGM held on 12 June 2014 were duly passed by a show of hands.

8.3 Effective Communication and Proactive Engagement

In upholding its commitment to effective communication with shareholders, the Group adopts the practice of timely and continuing disclosure of information to its shareholders as well as the general investing public. The Group believes that such practice is vital in allowing the shareholders and investors in making informed investment decisions.

The Board has established a Shareholder Section on the Company's website where information on the Shareholder Communication Policy can be assessed at www.handalresources.com.

COMPLIANCE WITH THE CODE

The Board of Directors consider the Group is substantially in compliance with the Principles and Recommendations of the MCCG 2012 throughout the financial year ended 31 December 2014. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial period under review, the non-compliance has been explained in this Statement.

The Board is committed and will continue to enhance compliance with the Malaysian Code of Corporate Governance 2012 within the Company and the Group.

This Statement on Corporate Governance is made in accordance with the resolution passed at the Board of Directors' meeting held on 15 April 2015.

1. **Utilisation Of Proceeds**

   During the financial year ended 31 December 2014, the Company did not raise funds through any corporate proposals.

2. **Share Buy Back**

   During the financial year ended 31 December 2014, there were no share buybacks by the Company.

3. **Options, Warrant Or Convertible Securities**

   During the financial year ended 31 December 2014, the Company did not issue any options, warrant or convertible securities.

4. **American Depository Receipt (ADR) Or Global Depository Receipt (GDR) Programme**

   The company did not sponsor any ADR or GDR programme.

5. **Imposition of Sanctions/Penalties**

   There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by any regulatory bodies during the financial year ended 31 December 2014.

6. **Non-Audit Fees**

   There are no non-audit services rendered by the external auditors to the Group for the financial year ended 31 December 2014.

7. **Variation in Results**

   There was no material variances between the results of the financial year and the unaudited results previously announced. The Company did not make any release on the profit estimate, forecast or projections for the financial year.

8. **Material Contracts with related parties**

   There were no material contracts involving Directors' or Major Shareholders' interests entered by Handal Resources Berhad with related parties for the financial year ended 31 December 2014.

9. Profit guarantees

During the financial year ended 31 December 2014, there were no profit guarantees given by the Company.

10. Recurrent Related Party Transactions ("RRPT")

The breakdown of the aggregate value of transactions conducted during the financial year ended 31 December 2014 is as follows:

Subsidiary Company of HRB	Name of Related Party	Relationship	Nature of Transaction	Amount of Transaction (RM'000)	Amount of Transactions refered to circular to shareholders in relation to Proposed Shareholders ratification for RRPT (RM) From 12 June 2014 to 30 June 2015 (RM'000)
Handal Offshore Services Sdn Bhd ("HOSSB")	Excell Crane & Hydraulics Inc ("ECHI")	Joel Emanuel Heaney is a director and shareholder of ECHI	Material and spare parts supply	10,335[Note]	20,000

Note: Actual Value from 12 June 2014 (the date on which the Existing Mandate was obtained) up to 30 April 2015 (the last practicable date before the printing of the circular)

COMPOSITION OF MEMBERS

Chau Sik Cheong	-	Chairman, Independent Non-Executive Director
Lokman Razani Bin Abdul Razak	-	Member, Independent Non-Executive Director
Muhammad 'Asri Bin Mohd Rafa'i	-	Member, Senior Independent Non-Executive Director

AUDIT COMMITTEE DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee include the following:

- To consider the appointment of the External Auditors, the audit fee, assess the performance of the External Auditors and make recommendations to the Board of Directors on their appointment and removal and any questions of resignation;

- To discuss and review with the External Auditors before the audit commences, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved;

    - To meet with the External Auditors at least twice a year without the presence of the Executive Directors and Management staff.
    - To review the independence and objectivity of the External Auditors and their services, including non-audit services.

- To review the quarterly and year-end financial statements of the Company and the Group, focusing particularly on:-

    - Any changes in accounting policies and practices;
    - Significant adjustments arising from the audit;
    - The going concern assumption;
    - Compliance with accounting standards and other legal requirements;

- To discuss problems and reservations arising from the interim and final audits, and any matter the External Auditors may wish to discuss (in the absence of Management where necessary);

    - To review the External Auditors' management letter and Management's response.
    - To consider any related party transactions that may arise within the Company or Group.
    - To consider the major findings of internal investigations and management's response.
    - Review the adequacy of the scope, functions, competency and resources of the internal audit function, and the necessary authority to carry out its work;

- To do the following in relation to the internal audit function:

    - Review the results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
    - Review the performance of members of the internal audit function.
    - To consider other topics as defined by the Board.
    - To review the the adequacy and effectiveness of risk management, internal control and governance systems.

- To monitor and review any related party transactions that may arise within the Group.

- To consider such other matters as the Committee considers appropriate or as authorised by the Board of Directors..

AUDIT COMMITTEE MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2014, five (5) Audit Committee meetings were held and the details of attendance of each member are as follows:-

Members	No. of meetings Attended
CHAU SIK CHEONG	5/5
LOKMAN RAZANI BIN ABDUL RAZAK	4/5
MUHAMMAD ‘ASRI BIN MOHD RAFA’I	5/5

ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2014, the activities of the Audit Committee included the following:-

a) Reviewed with the External Auditors’ on their scope of work and audit plan.

b) Reviewed with the External Auditors on the results of their audit, the audit report and internal control recommendations in respect of improvements in internal control procedures noted in the course of their audit.

c) Reviewed and approved the internal audit plans presented by the Internal Auditors.

d) Reviewed the independence and objectivity of the External Auditors during the year. The Committee also received written confirmation from the External Auditors regarding their independence.

e) Reviewed the annual audit plan to ensure adequate scope and comprehensive coverage over the activities of the Group and the effectiveness of the audit process.

f) Reviewed the internal audit reports which were tabled during the year, the audit recommendations made and Management's response to these recommendations. Where appropriate, the Committee has directed Management to rectify and improve control procedures and workflow processes based on the Internal Auditors' recommendations and suggestions for improvement.

g) Monitored the corrective actions taken on the outstanding audit issues to ensure all the key risks and control lapses have been addressed.

h) Reviewed the annual report and the audited financial statements of the Company and the Group prior to submission to the Board of Directors for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965, the Main Market Listing Requirements ("MMLR") of the Bursa Malaysia Securities Berhad ("Bursa Securities") and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board ("MASB").

i) Reviewed the Group's compliance with the MMLR of the Bursa Securities and the applicable approved accounting standards issued by MASB.

j) Reviewed the quarterly unaudited financial statements and its explanatory notes thereon and recommending to the Board of Directors for approval.

k) Reviewed the Group's status of compliance with the Malaysian Code on Corporate Governance 2012 for the purpose of issuing a Statement of Corporate Governance pursuant to the requirement of paragraph 15.26 of the MMLR of Bursa Securities.

l) Reviewed the Group's key operational and business risks area and the policies in place to address and minimize such risks.

m) Reviewed all recurrent related party transactions entered into by the Group.

Internal Audit Function

The Audit Committee is aware of the importance of independent and adequately resourced internal audit function for the effectiveness of internal control system. The Company has outsourced its internal audit function to an independent professional firm entrusted with the role of providing independent and systematic review on the systems of internal control of the Group. The Head of the Internal Audit reports to the Audit Committee periodically.

Details on the internal audit function are set out in the Statement of Risk Management and Internal Control on pages 38 to 41.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board acknowledges the importance of, and remains committed to maintaining a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets.

In compliance with Paragraph 15.26 (b) of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board is pleased to present the Statement on Risk Management and Internal Control (the "Statement") which outlines the nature and scope of risk management and internal control of the Group during the financial period under review and up to the date of this statement for inclusion in the annual report.

BOARD RESPONSIBILITY

The Board affirms its overall responsibility for the Group's system of risk management and internal control, and for reviewing the adequacy and integrity of these systems. However, in view of the inherent limitations in any system, such system of risk management and internal control is designed to manage rather than to eliminate risks that may impede the achievement of the Group's objectives. The system can therefore only provide reasonable and not absolute assurance against material misstatements, frauds or losses. The system of risk management and internal control covers risk management, financial, organisational, operational and compliance controls.

The Board confirms that there is an on-going process of identifying, evaluating and managing significant risks by the management. The process has been put in place and is reviewed as and when required by the Board during board meetings.

The Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management model and structure established by the Group.

RISK MANAGEMENT

A company's business activities and the strategies employed involve risks. With the increasingly dynamic economic environment, proactive management of overall business risk is imperative in ensuring the company achieves its strategic objectives. The Board has implemented explicit processes for the management of risk and for ensuring that any decision-making takes risk information into consideration.

The management of risks is aimed at achieving an appropriate balance between realising opportunities for profits whilst at the same time avoiding or at least minimizing the impact of risks to the Company.

ROLES OF THE MANAGEMENT TEAM

The implementation of the risk management process for the Group is the responsibility of the Group Managing Director and the Business/Operations Heads of the Group's operating units. The Group's Risk Management Committee ("RMC"), which is chaired by the Executive Chairman, comprises all the Executive Directors, a representative of the Independent Non-Executive Directors and Chief Risk Officer, is formed and is tasked to undertake:-

- The implementation and maintenance of the risk management process.
- To ensure the effectiveness of the risk management process and the implementation of risk management policies.
- The identification of risks relevant to the Group that may impede the achievement of its objectives.
- To identify significant changes to risk or emerging risks, take actions as appropriate to communicate to the Audit Committee and the Board.

Acknowledging the differences in the operational set up of the Group's principal subsidiary companies, the RMC has taken into account the representations made by its principal subsidiary companies in respect of their state of risk management process.

THE RISK MANAGEMENT PROCESS

The Group employs the Control Self-Assessment ("CSA") on an ongoing basis to formalise the risk management process for all the business units. With the CSA, subsidiaries and operating units within the Group are required to identify risks and evaluate controls within key functions/activities of their business processes. The risks relating to the strategic objectives of the Group are assessed at both the Group and subsidiaries/operating unit levels. The Board recognises the need to formalise a structured risk management framework to be adopted and deployed across the Group for consistency in its risk management initiatives and activities.

The key aspects of the risk management process are:-

- Subsidiaries/Operating Units Heads are required to update their risk profiles on at least a yearly basis and at the end of each review periods.
- Confirm that they have reviewed the risk profiles, risk reports and related business processes and are also monitoring the implementation of action plans.
- Reviews of the risk profiles, the control procedures and status of the action plans are carried out on a regular basis by the Business/Operations Heads and the Head of Risk Management.
- Management of the respective companies are provided with reports to enable them to review, discuss and monitor the risk profiles and implementation of action plans.
- On a half-yearly basis, a risk report detailing significant risk issues and control measures implemented or to be implemented to deal with the risks will be reviewed by the RMC prior to being tabled to the Board.
- The reports from the principal subsidiaries are consolidated for review by the Board.
- On a half-yearly basis, a risk management report summarising the significant risks and/or the status of action plans are presented to the Board for review, deliberation, endorsement and approval.

RISK MANAGEMENT ACTIVITIES

During the year under review and up to the date of this Statement, the Group has been proactive in its management of risks and control issues as demonstrated by the existence of policies, procedures and strategies as illustrated below:

(i) The Group has established an organisational structure with clear operating and reporting procedures, lines of responsibility and delegated authority;

(ii) Relevant Executive Directors and senior management have been delegated with specific accountability for monitoring the performance of designated business operating units;

(iii) Annual business plans and budgets of the Group are reviewed and approved by the Board. The Group senior management meet at least on a half-yearly basis with operating company management to review their business and financial performance against the business plans and approved budgets. Significant business risks relevant to each operating company are reviewed in these meetings;

(iv) Explanations on significant variances from budgets are provided to the Board at least on a half-yearly basis. This helps the Board and senior management monitor the Group's business operations and plans on a timely basis;

(v) Each operating company's management is responsible for its own identification and evaluation of key business risks applicable to their parts of business and for managing how these risks are reduced, transferred to third parties or insured;

(vi) Each operating company maintains internal controls and procedures appropriate to its structure and business environment whilst complying with Group's policies, standards and guidelines;

(vii) The internal audit function conducts a systematic review of financial and business processes in order to provide independent assurance to management on the adequacy and effectiveness of internal controls. Where weaknesses are identified in the Group's system of internal controls, management will take necessary measures to ensure that improvements are implemented;

(viii) The Group maintains an appropriate insurance programme in order to provide sufficient insurance coverage on major assets and libel suits that could result in material loss. The insurance brokers assist management in conducting a risk assessment on a yearly basis on the Group's operations, which helps the Group in assessing the adequacy of intended cover;

(ix) Human Resource Department is developing a system and is committed to talent development in order to groom and retain capable and high potential employees in all business units;

(x) The Board reviews all areas of significant financial risk and approves all significant capital projects and investments after careful corporate review;

(xi) The Group has established an IT services continuity plan primarily aimed at ensuring continuity of business operations. It has recovery procedures and backup systems in place to handle potential service interruptions;

INTERNAL AUDIT FUNCTION

The Board of Directors had outsourced the Internal Audit function to a professional firm of consultants, which is independent of the activities it reviews. The Internal Audit function reviews the auditable areas based on the internal audit plan approved by the Audit Committee and Board of Directors; and provides an independent assessment of the adequacy and effectiveness of the Group's internal control system. The Internal Audit function reports directly to the Audit Committee, which receives reports of audit findings and recommendations arising from each audit review on a quarterly basis. The Management is responsible for ensuring that corrective actions are taken on reported weaknesses. During the financial year ended 31 December 2014, the Internal Audit function had performed the following internal audit review:-

(i) Handal Offshore Services Sdn Bhd – Purchasing Cycle and Inventory Management;

(ii) Handal Offshore Services Sdn Bhd – Project Management, Billing and Credit Control;

(iii) Handal Group - Human Resource Management and Payroll Function;

(iv) Handal Offshore Services Sdn Bhd – Work Order and Billing Processes for crane overhaul and maintenance works; and

(v) Handal Group – review of recurrent related party transactions of the Group for the period from January 2014 to December 2014.

The Group had incurred RM56,182.00 during the financial year for its outsourced Internal Audit function..

REVIEW OF ADEQUACY AND EFFECTIVENESS

The Board has reviewed the adequacy and effectiveness of the Group's risk management activities and internal control framework and ensured that necessary actions have been or are being taken to rectify weaknesses identified during the year.

The Board had received a Letter of Assurance from the Group Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects during the financial year and up to the date of this Statement as per the guideline in the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers (the "Guidelines").

In this connection, the Board concludes that an effective system of risk management and internal control is in place to safeguard the shareholders' investment and the Group's assets.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement for inclusion in the Group's Annual Report for the financial year ended 31 December 2014. Their review was carried out in accordance with the Recommended Practice Guide 5 ("RPG 5") (Revised) issued by the Malaysian Institute of Accountants. The external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

This Statement was made in accordance with the resolution of Board dated on 15 April 2015.

LIST OF PROPERTIES as at 31 December 2014

The following property is held by HANDAL OFFSHORE SERVICES SDN. BHD.

Location	PT 7358, Mukim Telok Kalong District of Kemaman Terengganu Darul Iman
Tenure	Leasehold for 60 Years expiring on 15.10.2066
Land/Built-Up Area	Land – 40,000 square metres/10 acres Building/Workshop – 5,955.75 square metres
Description/Existing Use	Industrial Lot/Fabrication yard/Workshop
Net Book Value at 31.12.2014	Land – RM2,295,516 Building – RM14,358,750 Total – RM16,654,266

FINANCIAL STATEMENTS

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are disclosed 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	Company
	RM	RM
Profit/(loss) after taxation	6,220,125	(2,965,056)
Attributable to:		
Owners of the Company	6,288,391	(2,965,056)
Non-controlling interest	(68,266)	-
	6,220,125	(2,965,056)

DIVIDENDS

No dividends have been paid, declared or proposed by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps 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 are satisfied that there were no known bad debts and adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off bad debts or render the amount of the allowance for doubtful debts, in the financial statements of the Group and of the Company, inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Company were written down to an amount that they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

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

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, 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 of the Group and of the Company misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:

(i) the results of the operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

DIRECTORS

The directors who served since the date of the last report are:

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

The directors holding office at the end of the financial year and their interests in shares in the Company and its related companies, as recorded in the register of directors' shareholdings were as follows:

	Number of ordinary shares of RM0.50 each							
	Shareholdings registered in the name of the directors				Other shareholdings in which directors are deemed to have an interest			
The Company	**At 1.1.2014**	**Bought**	**Sold**	**At 31.12.2014**	**At 1.1.2014**	**Bought**	**Sold**	**At 31.12.2014**
Dato' Mohsin Abdul Halim	25,288,887	-	**-**	25,288,887	11,133,696	918,200	2,973,500	**9,078,396**
Zahari Bin Hamzah	15,097,166	188,300	**300,000**	14,985,466	-	-	-	**-**
Joel Emanuel Heaney	11,259,700	-	**867,500**	10,392,200	-	-	-	**-**
Mallek Rizal Bin Mohsin	11,133,696	918,200	**2,973,500**	9,078,396	25,288,887	-	-	**25,288,887**
Lokman Razani Bin Abdul Razak	124,166	-	**-**	124,166	-	-	-	**-**

	Number of warrants with an exercise price of RM0.86 per ordinary share							
	Registered in the name of the directors				Others in which directors are deemed to have an interest			
The Company	**At 1.1.2014**	**Bought**	**Sold**	**At 31.12.2014**	**At 1.1.2014**	**Bought**	**Sold**	**At 31.12.2014**
Dato' Mohsin Abdul Halim	9,133,332	-	4,292,100	**4,841,232**	-	-	-	**-**
Zahari Bin Hamzah	4,282,200	-	1,000,000	**3,282,200**	-	-	-	**-**
Mallek Rizal Bin Mohsin	-	-	-	**-**	9,133,332	-	4,292,100	**4,841,232**
Lokman Razani Bin Abdul Razak	26,200	-	-	**26,200**	-	-	-	**-**

By virtue of their substantial interests in the shares of the Company, Dato' Mohsin Abdul Halim and Encik Mallek Rizal Bin Mohsin are also deemed to have interests in the shares of its subsidiaries to the extent the Company has an interest during the financial year.

None of the other directors holding office at the end of the financial year had any interest in shares and warrants in the Company and 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 benefit (other than as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

The registered office of the Company is located at 25-6, Jalan PJU 1/42A, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The principal place of business of the Company is located at Lot PT 7358, Kawasan Perindustrian Teluk Kalong, Mukim Teluk Kalong, 24007 Kemaman, Terengganu Darul Iman, Malaysia.

AUDITORS

The auditors, Sekhar & Tan, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the directors,

Joel Emanuel Heaney **Zahari Bin Hamzah**

Kuala Lumpur
Date: 15 April 2015

STATEMENT BY DIRECTORS

We, **Joel Emanuel Heaney** and **Zahari Bin Hamzah**, being the directors of **HANDAL RESOURCES BERHAD**, do hereby state that in the opinion of the directors, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the financial year ended on that date and are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The information set out in Note 32 to the financial statements have been prepared in accordance with the 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.

Signed in accordance with a resolution of the directors,

Joel Emanuel Heaney **Zahari Bin Hamzah**

Kuala Lumpur
Date: 15 April 2015

STATUTORY DECLARATION

I, **Mallek Rizal Bin Mohsin**, the director primarily responsible for the financial management of **HANDAL RESOURCES BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are in my opinion 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 Wilayah Persekutuan on)
15 April 2015

Mallek Rizal Bin Mohsin

Before me,

Commissioner for Oaths

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 2014 of the Group and of the Company, and 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 51 to 117.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of the 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 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 of 31 December 2014 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 have been properly kept in accordance with the provisions of the Act;

(b) We are satisfied that the financial statements of the subsidiary companies 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; and

(c) Our 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 32 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

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.

Sekhar & Tan
No. AF 0926
Chartered Accountants

Siew Kah Toong
No. 1045/03/16 (J)
Chartered Accountant

Kuala Lumpur
Date:15 April 2015

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	**64,670,341**	68,063,175	**78,918**	95,658
Intangible assets	5	**12,033,870**	12,332,536	**-**	-
Investment in subsidiary companies	6	**-**	-	**57,667,804**	54,398,016
Investment in a jointly controlled entity	7	**-**	747	**-**	-
Deferred tax assets	8	**-**	200,453	**-**	-
		76,704,211	80,596,911	**57,746,722**	54,493,674
Current assets					
Inventories	9	**9,536,102**	9,559,949	**-**	-
Work-in-progress		**8,100,336**	11,662,911	**-**	-
Trade and other receivables	10	**51,675,768**	34,493,470	**24,442,506**	24,396,928
Other current assets	11	**4,605,958**	1,320,844	**6,838**	-
Tax recoverable		**37,943**	719,937	**37,943**	12,338
Cash and cash equivalents	12	**19,813,967**	23,699,089	**166,747**	6,113,195
		93,770,074	81,456,200	**24,654,034**	30,522,461
TOTAL ASSETS		**170,474,285**	162,053,111	**82,400,756**	85,016,135

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	13	**80,000,000**	80,000,000	**80,000,000**	80,000,000
Reserves	14	**26,912,827**	20,624,436	**1,803,645**	4,768,701
		106,912,827	100,624,436	**81,803,645**	84,768,701
Non-controlling interest		**(63,380)**	4,886	**-**	-
Total equity		**106,849,447**	100,629,322	**81,803,645**	84,768,701
Non-current liabilities					
Loans and borrowings	15	**9,283,949**	17,391,968	**-**	-
Deferred tax liabilities	8	**3,370,366**	3,127,866	**20,966**	20,966
		12,654,315	20,519,834	**20,966**	20,966
Current liabilities					
Trade and other payables	16	**20,245,148**	15,616,945	**576,145**	226,468
Other current liabilities	17	**4,246,297**	2,620,485	**-**	-
Loans and borrowings	15	**23,487,684**	22,666,525	**-**	-
Taxation		**2,991,394**	-	**-**	-
		50,970,523	40,903,955	**576,145**	226,468
Total liabilities		**63,624,838**	61,423,789	**597,111**	247,434
TOTAL EQUITY AND LIABILITIES		**170,474,285**	162,053,111	**82,400,756**	85,016,135

The notes on pages 58 to 117 form an integral part of these financial statements Auditors' report on pages 49 and 50

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year Ended 31 December 2014

	Note	Group 2014	Group 2013	Company 2014	Company 2013
		RM	RM	RM	RM
Revenue	18	**123,837,114**	100,747,091	**-**	1,598,300
Cost of sales	19	**(76,689,365)**	(64,845,728)	**-**	-
Gross profit		**47,147,749**	35,901,363	**-**	1,598,300
Other income		**1,506,354**	1,054,550	**34,084**	664,467
Administrative expenses		**(28,474,331)**	(25,362,727)	**(3,020,075)**	(2,403,155)
Selling and distribution expenses		**(189,729)**	(128,343)	**-**	-
Other expenses		**(5,455,881)**	(2,333,783)	**-**	-
Finance costs		**(2,503,536)**	(2,532,160)	**-**	-
Share of loss of a jointly controlled entity		**-**	(687)	**-**	-
Profit/(loss) before taxation	20	**12,030,626**	6,598,213	**(2,985,991)**	(140,388)
Taxation	21	**(5,810,501)**	(4,658,523)	**20,935**	(15,585)
Profit/(loss) after taxation and total comprehensive income/(loss)		**6,220,125**	1,939,690	**(2,965,056)**	(155,973)
Profit/(loss) after taxation and total comprehensive income/(loss) attributable to:					
Owners of the Company		**6,288,391**	1,974,162		
Non-controlling interest		**(68,266)**	(34,472)		
		6,220,125	1,939,690		
Earnings per share attributable to Owners of the Company (sen):					
Basic	22	**3.93**	1.23		
Diluted	22	**N/A**	N/A		

The notes on pages 58 to 117 form an integral part of these financial statements Auditors' report on pages 49 and 50

STATEMENTS OF CHANGES IN EQUITY
Year Ended 31 December 2014

		← Attributable to owners of the Company →							
		← Non-distributable →			← Distributable →				
Group	Note	Share capital	Share premium	Warrant reserve	Treasury shares	Retained profits	Total	Non-controlling interests	Total equity
		RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2013		80,000,000	-	2,660,465	(74,370)	15,986,671	98,572,766	13,504	98,586,270
Total comprehensive income for the year		-	-	-	-	1,974,162	1,974,162	(34,472)	1,939,690
Transactions with owners:									
Dilution arising from change in stake	6	-	-	-	-	(25,854)	(25,854)	25,854	-
Share repurchased	13	-	-	-	(32,185)	-	(32,185)	-	(32,185)
Shares reissued	13	-	28,992	-	106,555	-	135,547	-	135,547
		-	28,992	-	74,370	(25,854)	77,508	25,854	103,362
At 31 December 2013 / 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		**-**	**-**	**-**	**-**	**6,288,391**	**6,288,391**	**(68,266)**	**6,220,125**
At 31 December 2014		**80,000,000**	**28,992**	**2,660,465**	**-**	**24,223,370**	**106,912,827**	**(63,380)**	**106,849,447**

Company	Note	Share capital	Share premium	Warrant reserve	Treasury shares	Retained profits/ (accumulated losses)	Total
		← Attributable to owners of the Company					→
			← Non-distributable	→	← Distributable	→	
		RM	RM	RM	RM	RM	RM
At 1 January 2013		80,000,000	-	2,660,465	(74,370)	2,235,217	84,821,312
Total comprehensive loss for the year						(155,973)	(155,973)
Transactions with owners:							-
Shares repurchased	13	-	-	-	(32,185)	-	(32,185)
Disposal of treasury shares	13	-	28,992	-	106,555	-	135,547
		-	28,992	-	74,370	-	103,362
At 31 December 2013 / 1 January 2014		**80,000,000**	**28,992**	**2,660,465**	**-**	**2,079,244**	**84,768,701**
Total comprehensive 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 notes on pages 58 to 117 form an integral part of these financial statements Auditors' report on pages 49 and 50

STATEMENTS OF CASH FLOWS
Year Ended 31 December 2014

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	**12,030,626**	6,598,213	**(2,985,991)**	(140,388)
Adjustments for:				
Depreciation	**3,579,100**	3,085,973	**26,088**	24,883
Dividend income	**(3,960)**	(19,970)	**(3,960)**	(19,970)
Gain on disposal of quoted non-equity investments	**(5,212)**	(8,159)	**(5,212)**	(8,159)
Interest income	**(476,695)**	(396,607)	**-**	(443,307)
Interest expenses	**2,503,536**	2,532,160	**-**	-
Impairment losses on:				
Goodwill on consolidation	**298,666**	-	**-**	-
Investment in subsidiaries	**-**	-	**498,212**	-
Property, plant and equipment	**3,400,000**	-	**-**	-
Trade receivables	**347,305**	-	**-**	-
Loss on disposal of property, plant and equipment	**-**	17	**-**	-
Written off:				
Investment in jointly controlled entity	**747**	-	**-**	-
Property, plant and equipment	**3,542**	5,288	**-**	-
Work-in-progress	**314,855**	-	**-**	-
Net unrealised (gain)/loss on foreign exchange	**(11,631)**	71,445	**-**	-
Share of loss of jointly controlled entity	**-**	687	**-**	-
Income from short term investment	**(4,843)**	(125,737)	**(4,843)**	(125,737)
Operating profit/(loss) before working capital changes	**21,976,036**	11,743,310	**(2,475,706)**	(712,678)
Decrease/(increase) in inventories	**23,847**	(1,209,345)	**-**	-
Decrease/(increase) in work-in-progress	**9,084,451**	(285,684)	**-**	-
Increase in receivables	**(17,432,611)**	(6,916,375)	**(3,820,416)**	(6,803,735)
(Increase)/decrease in amount due from customers for contract work	**(3,276,727)**	5,853,090	**-**	-
Increase/(decrease) in payables	**4,628,203**	(468,572)	**349,677**	68,160
Increase in amount due to customers for contract work	**1,625,812**	2,620,485	**-**	-
Cash generated from/(absorbed by) operations	**16,629,011**	11,336,909	**(5,946,445)**	(7,448,253)
Interest received	**116,459**	-	**-**	-
Interest paid	**(575,215)**	(531,167)	**-**	-
Tax paid	**(2,175,007)**	(1,716,360)	**(25,288)**	(44,638)
Tax refunded	**480,847**	19,968	**20,618**	19,968
Net cash from/(used in) operating activities	**14,476,095**	9,109,350	**(5,951,115)**	(7,472,923)

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Short term investment income received	**4,843**	125,737	**-**	125,737
Interest received	**360,236**	396,607	**4,843**	-
Dividend received	**3,960**	19,970	**3,960**	19,970
Net proceed from disposal of quoted non-equity investments	**5,212**	8,159	**5,212**	8,159
Withdrawal of fixed deposits	**2,347,112**	756,084	**-**	-
Proceed from disposal of property, plant and equipment	**-**	400	**-**	-
Purchase of property, plant and equipment (Note 4)	**(9,531,918)**	(8,301,594)	**(9,348)**	(7,174)
Net cash (used in)/from investing activities	**(6,810,555)**	(6,994,637)	**4,667**	146,692
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	**(1,928,321)**	(1,902,852)	**-**	-
Dividends paid	**-**	(1,598,300)	**-**	(1,598,300)
Net drawdown of bankers' acceptances and other banking facility	**1,884,650**	713,000	**-**	-
Proceed from disposal of treasury shares	**-**	135,547	**-**	135,547
Repayment of hire purchase payables	**(131,927)**	(133,338)	**-**	-
Repayment of term loan	**(7,789,209)**	(7,091,189)	**-**	-
Purchase of treasury shares	**-**	(32,185)	**-**	(32,185)
Net cash used in financing activities	**(7,964,807)**	(9,909,317)	**-**	(1,494,938)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(299,267)**	(7,794,604)	**(5,946,448)**	(8,821,169)
CURRENCY TRANSLATION DIFFERENCE	**11,631**	(8,632)	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**3,358,656**	11,161,892	**6,113,195**	14,934,364
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 12)	**3,071,020**	3,358,656	**166,747**	6,113,195

The notes on pages 58 to 117 form an integral part of these financial statements Auditors' report on pages 49 and 50

1. CORPORATE INFORMATION

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the year.

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

The consolidated financial statements of the Company as at reporting date and for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in a joint venture.

The financial statements of the Group and of the Company were authorised for issue in accordance with a resolution of the directors on 15 April 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise disclosed in the accounting policies below, and in accordance with Malaysian Financial Reporting Standards ["MFRSs"], International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The preparation of the financial statements in conformity with MFRSs requires management to exercise its judgement in the process of applying the Group's and the Company's accounting policies. 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 reported amounts of revenues and expenses during the year. Although these estimates are based on the management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement or complexity, are disclosed in Note 3 to the financial statements.

As at the date of authorisation of these financial statements, the following Standards and Amendments have been issued by the Malaysian Accounting Standards Board ["MASB"] but are not yet effective and have not been adopted by the Group and the Company:

Effective for annual financial periods beginning on or after 1 July 2014:

Amendments to MFRS 2	*Share-based Payment*
Amendments to MFRS 3	*Business Combinations*
Amendments to MFRS 8	*Operating Segments*
Amendments to MFRS 13	*Fair Value Measurement*
Amendments to MFRS 116	*Property, Plant and Equipment*
Amendments to MFRS 119	*Defined Benefit Plans: Employee Contributions*
Amendments to MFRS 124	*Related Party Disclosures*
Amendments to MFRS 138	*Intangible Assets*
Amendments to MFRS 140	*Investment Property*
Annual improvements to MFRSs 2010 – 2012 cycle	
Annual improvements to MFRSs 2011 – 2013 cycle	

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of Accounting (continued)

Effective for annual financial periods beginning on or after 1 January 2016:

MFRS 14	*Regulatory Deferral Accounts*
Amendments to MFRS 5	*Non-current Assets Held for Sales and Discontinued Operations*
Amendments to MFRS 7	*Financial Instruments: Disclosures*
Amendments to MFRS 10	*Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to MFRS 10	*Investment Entities: Applying the Consolidation Exception*
Amendments to MFRS 11	*Accounting for Acquisitions of Interest in Joint Operations*
Amendments to MFRS 12	*Investment Entities: Applying the Consolidation Exception*
Amendments to MFRS 101	*Disclosure Initiative*
Amendments to MFRS 116	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to MFRS 116	*Agriculture: Bearer Plants*
Amendments to MFRS 119	*Employee Benefits*
Amendments to MFRS 127	*Equity Method in Separate Financial Statements*
Amendments to MFRS 128	*Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to MFRS 128	*Investment Entities: Applying the Consolidation Exception*
Amendments to MFRS 134	*Interim Financial Reporting*
Amendments to MFRS 138	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to MFRS 141	*Agriculture: Bearer Plants*

Annual improvements to MFRSs 2012 – 2014 cycle

Effective for annual financial periods beginning on or after 1 January 2017:

MFRS 15	*Revenue from Contract with Customers*

Effective for annual financial periods beginning on or after 1 January 2018:

MFRS 9	*Financial Instruments (2014)*

MFRS 14, Amendments to MFRS 140 and 141 will not have any financial impact to the Group and to the Company as it is not relevant to the Group's and the Company's operations.

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material impact to the financial statements of the Group and the Company upon their initial application, except as described below:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of Accounting (continued)

MFRS 9 *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement. MFRS 9 includes revised guidance on the reclassification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from MFRS 139.

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including MFRS 118 Revenue, MFRS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

In the Company's separate financial statements, investments in subsidiary companies are measured at cost less any impairment losses, unless the investment is classified as held for sale or distribution. Impairment losses are charged to profit and loss. The cost of investment includes transaction costs.

On disposal, the difference between the net disposal proceeds and the carrying amount of the subsidiary company disposed off is taken to profit and loss.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

(ii) Business combinations (continued)

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction cost, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Accounting for acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Joint ventures - Jointly controlled entities

Investments in joint ventures are accounted for in the consolidated financial statements using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date.

The consolidated income statements reflect the Group's share of the results of operations of the joint venture. Any change in other comprehensive income ["OCI"] of these investees is presented as part of the Group's OCI. In addition, where there has been a change recognised directly in the equity of a joint venture, the Group recognised its share of such change, when applicable, in the consolidated statement of changes in equity. Unrealised gains or losses on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. When the Group's share of losses exceeds its interest in a joint venture, the Group does not recognise further losses except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

On disposal of such investments, the difference between net disposal proceeds and their carrying amount is charged or credited to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the other comprehensive income for the year between the non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(c) 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 Company 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 and the Company recognise 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 term leasehold land	1.67%
Building	2%
Crane and machineries	20%
Motor vehicles	20%
Furniture, fittings and office equipment	10% to 25%
Workshop equipment	10%
Renovation	15%

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment and depreciation (continued)

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

The residual values, 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.

(d) 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(e).

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.

(e) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

For property, plant and equipment that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. cash-generating units ["CGUs"]).

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Impairment of non-financial assets (continued)

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss for an asset other than goodwill is reversed 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. If that is the case, the carrying amount of the asset is increased to its revised recoverable amount. That increase cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(f) Financial assets

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

The Group and the Company do not have any held-to-maturity investments and available-for-sale financial assets at the current and previous reporting date.

(i) Financial assets at fair value through profit or loss ["FVTPL"]

Financial assets are classified as financial assets at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets are classified as held for trading if they are acquired principally for the purpose of selling in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives).

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at FVTPL do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at FVTPL are recognised separately in profit or loss as part of other losses or other income.

Financial assets at FVTPL could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial assets (continued)

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

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

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the year end which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. 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.

(g) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

<u>Trade and other receivables and other financial assets carried at amortised cost</u>

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group’s and the Company’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss 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. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Cost of raw materials, consumables and crane components comprises all costs of purchase plus incidentals in bringing these inventories to their present location and condition.

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

(i) Work-in-progress

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

(j) Amount due from/(to) contract customers

Amount due from contract customers represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billing and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Amount due from contract customers is presented as part of total current assets in the statement of financial position. Where progress billings exceed the cost incurred plus recognised profits (less recognised losses), the net credit balance on all such contracts is shown as amount due to contract customers as part of the total current liabilities in the statement of financial position.

(k) Financial liabilities

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

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The Group and the Company do not have any financial liabilities at fair value through profit or loss at the current and previous reporting date.

Other financial liabilities

Other financial liabilities include trade and other payables, and borrowings.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial liabilities (continued)

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

Gains and losses are recognised in profit or loss when the other financial liabilities are derecognised, and through the amortisation process.

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

(l) 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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

The fair value of financial guarantee contracts is the estimated amount that would be payable to the holder for assuming the obligations.

(m) Leases

(i) Finance lease

Assets acquired under finance leases which transfer substantially all the risks and rewards of ownership to the Group and the Company are recognised initially at amounts equal to the fair value of the leased assets 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 and the Company's incremental borrowing rate is used. Any initial direct costs incurred by the Group and the Company 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(c). 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 to produce a constant periodic rate of charge on the remaining balance of the obligations for each period.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Leases (continued)

(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

Leases 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 (p)(iii).

(n) Equity instruments

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

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 the statement of changes in equity.

When 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 net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

(o) 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 it is probable that the economic benefits associated with the transaction will flow to the Group and the Company, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured. The Group and the Company 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 and the Company's activities before revenue is recognise:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue recognition (continued)

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

Revenue associated with performance milestones are recognised based on achievement 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue recognition (continued)

(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.

(p) 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 employees have rendered the associated services.

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.

The Group and the Company 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.

(q) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Foreign currency (continued)

(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 directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(r) 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.

(s) Taxation

The tax expense in the statement of profit or loss and other comprehensive income comprises current and deferred tax.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Taxation (continued)

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except for the deferred tax liability that arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and carry forward of unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and carry forward of unused tax credits can be utilised except where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

(t) 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 and the Company in the management of its short term funding requirements. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) 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 net of treasury shares. 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.

(v) 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.

(w) 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 and the Company.

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

(x) 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 the 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.

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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with MFRSs requires the use of certain accounting estimates and exercise of judgement. Estimates and judgements are continually evaluated by the management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Key sources of estimation uncertainty

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

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.

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.

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 2014 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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(a) Key sources of estimation uncertainty (continued)

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.

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.

Impairment of Loans and Receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the assets or cash-generating units and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(a) Key sources of estimation uncertainty (continued)

Impairment of capital work-in-progress

The impairment loss of RM3,400,000 recognised during the year in respect of the oil rig under the capital work-in-progress referred to in Note 4, was computed using a discounted cash flow projection. The projection was premised on the Group securing a contract to hire out the said asset at an estimated daily charter rate in the second quarter of 2017. Any deviation in any of the assumptions made in preparing the projection will have an impact on the carrying value of the oil rig.

(b) Critical judgements in applying 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 and the Company's accounting policies:

Accrued Revenue

As disclosed in the Note 10 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 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.

4. PROPERTY, PLANT AND EQUIPMENT

Group	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:									
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 work-in-progress	-	-	-	-	-	-	-	(5,836,731)	(5,836,731)
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:									
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)
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
At 31 December 2014	-	-	-	-	-	-	-	3,400,000	3,400,000
Net carrying amount 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)

Group	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:									
At 1 January 2013	2,659,290	15,749,761	17,409,139	1,410,653	2,531,938	611,969	445,073	38,751,447	79,569,270
Additions	-	-	515,697	-	264,165	38,984	461,891	7,088,857	8,369,594
Written off	-	-	-	-	(2,227)	-	-	-	(2,227)
Reclassification	-	-	1,378,216	-	-	135,705	41,075	(1,554,996)	-
Disposals	-	-	-	-	(35,743)	-	-	-	(35,743)
Transfer to work-in-progress	-	-	-	-	-	-	-	(412,328)	(412,328)
At 31 December 2013	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
Accumulated depreciation:									
At 1 January 2013	275,132	761,019	13,111,775	976,933	977,350	135,595	133,879	-	16,371,683
Charge for the year	44,322	314,996	1,896,458	174,988	438,206	95,760	121,243	-	3,085,973
Written off	-	-	-	-	(1,810)	-	-	-	(1,810)
Disposals	-	-	-	-	(30,455)	-	-	-	(30,455)
At 31 December 2013	319,454	1,076,015	15,008,233	1,151,921	1,383,291	231,355	255,122	-	19,425,391
Net carrying amount at 31 December 2013	2,339,836	14,673,746	4,294,819	258,732	1,374,842	555,303	692,917	43,872,980	68,063,175

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Furniture, fittings and office equipment	Renovation	Total
	RM	RM	RM
Cost:			
At 1 January 2014	145,321	31,548	176,869
Additions	9,348	-	9,348
At 31 December 2014	154,669	31,548	186,217
Accumulated depreciation:			
At 1 January 2014	64,390	16,821	81,211
Charge for the year	21,955	4,133	26,088
At 31 December 2014	86,345	20,954	107,299
Net carrying amount at 31 December 2014	68,324	10,594	78,918

	Furniture, fittings and office equipment	Renovation	Total
	RM	RM	RM
Cost:			
At 1 January 2013	138,147	31,548	169,695
Additions	7,174	-	7,174
At 31 December 2013	145,321	31,548	176,869
Accumulated depreciation:			
At 1 January 2013	43,640	12,688	56,328
Charge for the year	20,750	4,133	24,883
At 31 December 2013	64,390	16,821	81,211
Net carrying amount at 31 December 2013	80,931	14,727	95,658

4. PROPERTY, PLANT AND EQUIPMENT (continued)

At the reporting date:

(a) the long term leasehold land and building of the Group have been pledged to a licensed financial institution for banking facilities granted to the Group referred to in Notes 15 and 24 to the financial statements.

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

	2014 RM	2013 RM
Equipment rental	**25,090**	-
Term loan interest	**-**	319,315
Staff costs:		
Employees' provident fund	**4,867**	444,933
Salaries and other benefits	**368**	16,047
	30,325	780,295

(c) included in the capital work-in-progress is an asset with the carrying amount of RM30,841,235 (2013: RM34,241,235) which has been pledged to a licensed financial institution for banking facilities granted to the Group referred to in Note 15 to the financial statements.

(d) the carrying amount of the Group's property, plant and equipment held under hire purchase (Note 24) in respect of which instalments are outstanding are as follows:

	2014 RM	2013 RM
Machinery	**159,475**	210,375
Motor vehicles	**30,910**	123,993
	190,385	334,368

(e) Purchase of property, plant and equipment:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Aggregate cost	**9,531,918**	8,369,594	**9,348**	7,174
Financed by:				
Finance lease liabilities	**-**	(68,000)	**-**	-
Cash consideration	**9,531,918**	8,301,594	**9,348**	7,174

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

Impairment assessment for capital work-in-progress

In response to the significant drop in crude oil prices recently, an impairment assessment was undertaken in the current year for the Group's capital work-in-progress costing RM34,241,235 which represents oil rig under construction.

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

(i) Expected crude oil price in 2017 is between USD70 to USD80 per barrel;
(ii) Expected to secure contract for the oil rig in 2017 and start generating revenue in second quarter of 2017;
(iii) Expected daily charter rate is at USD39,460 per day; and
(iv) The discounted rate of 8.35% is the expected cost of borrowings to finance the operation of the Company.

Based on the impairment assessment, the directors have provided for impairment loss of RM3.4 million on the oil rig after taken into consideration of the recoverable amount of the said asset.

Any deviation of the above assumptions made in preparing the projection will have an impact on the carrying value of the oil rig.

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

The impairment loss incurred during the year is disclosed under other expenses in the statements of profit or loss and other comprehensive income.

5. INTANGIBLE ASSETS

Group	Goodwill on consolidation RM	Intellectual property RM	Total RM
Cost:			
At 1 January 2014/31 December 2014	373,969	11,958,567	12,332,536
Accumulated impairment losses:			
At 1 January 2014	-	-	-
Charge for the year	298,666	-	298,666
At 31 December 2014	298,666	-	298,666
Carrying amount at 31 December 2014	75,303	11,958,567	12,033,870
Cost/Carrying amount:			
At 1 January 2013/31 December 2013	373,969	11,958,567	12,332,536

(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 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, based on financial budgets approved by management, discounted at rates which reflects risks relating to the relevant CGU.

The discount rate applied to the cash flows projections is based on the expected cost of borrowings of the Group throughout the calculation period. The growth rate used is consistent with the projected growth rate of the CGU's industry and economy.

The management carried out an annual review of recoverable amounts of its goodwill each financial year. The impairment loss provided was attributable to the subsidiary company that owns the capital work-in-progress that was 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.

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

(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 indefinite period.

5. INTANGIBLE ASSETS (continued)

(b) Intellectual property (continued)

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 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 8.35% per annum which is the Company's expected cost of capital.

The Group believes that any reasonable possible change 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

	2014 RM	2013 RM
Unquoted equity shares, at cost	**42,878,016**	41,698,016
Unquoted irredeemable convertible preference share	**15,288,000**	12,700,000
	58,166,016	54,398,016
Less: Impairment losses	**(498,212)**	-
	57,667,804	54,398,016

6. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

The details of the subsidiary companies are as follows:

Name of company	Principal place of business/ country of incorporation	Principal activities	Effective interest 2014 %	Effective interest 2013 %
Direct subsidiary companies of the Company				
Handal Offshore Services Sdn. Bhd. ["HOSSB"]	Malaysia	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.	**100**	100
Handal Engineering Sdn. Bhd. ["HESB"]	Malaysia	Selling of industrial plant and equipment and telecommunication equipment.	**100**	100
Handrill Sdn. Bhd. ["HSB"]	Malaysia	Consultants in engineering project support services.	**98.88**	98.88
Handscomms Sdn. Bhd. ["HCSB"]	Malaysia	Providing all kinds of telecommunication hardwares and softwares in relation to video conferencing systems, broadcasting systems and system maintaining for call centres.	**100**	100
Handal E&P Sdn. Bhd. ["HEPSB"]	Malaysia	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.	**100**	100
Subsidiary company of Handal Offshore Services Sdn. Bhd.				
Handal Offshore East Malaysia Sdn. Bhd. ["HOEM"]	Malaysia	Consultant in engineering project support services relating to the manufacturing, construction and oil and gas industries; however, it has not commenced operations.	**100**	100

All the subsidiary companies are audited by Sekhar & Tan.

6. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Additional investment in subsidiary companies

During the 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.

Subsequent to the year ended, the Company subscribed an additional of 5,089,192 ordinary shares of RM1 each for HSB for a total consideration of RM5,089,192, thereby increasing its equity interest from 98.88% to 99.48%.

In the previous year, the Company subscribed for an additional of 2,340,016 ordinary shares of RM1 each of HSB for a total consideration of RM2,340,016, thereby increasing its equity interest from 97.64% to 98.88%.

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. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

Group

	2014 RM	2013 RM
Unquoted equity shares, at cost	-	1,697
Share of post-acquisition loss	-	(950)
	-	747

7. INVESTMENT IN A JOINTLY CONTROLLED ENTITY (continued)

The details of the jointly controlled entity are as follows:

Name of company	Principal place of business/ country of incorporation	Principal activities	Effective interest 2014 %	Effective interest 2013 %
PT Handal Intidaya Energy	Indonesia	Providing technical services for crane and lifting equipment operations and maintenance services; however, it has not commenced operations.	**-**	50

The investment was written off during the year.

8. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
At 1 January	**(2,927,413)**	(828,400)	**(20,966)**	(27,200)
Recognised in profit or loss (Note 21)	**(442,953)**	(2,099,013)	**-**	6,234
At 31 December	**(3,370,366)**	(2,927,413)	**(20,966)**	(20,966)

Presented after appropriate offsetting as follows:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Deferred tax assets	**83,353**	200,453	**-**	-
Deferred tax liabilities	**(3,453,719)**	(3,127,866)	**(20,966)**	(20,966)
	(3,370,366)	(2,927,413)	**(20,966)**	(20,966)

8. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

The components and movements of deferred tax assets and deferred tax liabilities during the year prior to offsetting are as follows:

Group

	Property, plant and equipment	Unabsorbed tax losses and unutilised capital allowances	Unrealised foreign exchange loss	Others	Total
Deferred tax assets	**RM**	**RM**	**RM**	**RM**	**RM**
At 1 January 2013	(48,100)	302,500	2,200	453,000	709,600
Recognised in profit or loss	1,774	(53,769)	(2,200)	(522,200)	(576,395)
Tax set off	1,804	-	(3,756)	69,200	67,248
At 31 December 2013/ 1 January 2014	(44,522)	248,731	(3,756)	-	200,453
Recognised in profit or loss	44,522	(248,731)	3,756	83,353	(117,100)
Tax set off	-	-	-	(83,353)	(83,353)
At 31 December 2014	**-**	**-**	**-**	**-**	**-**

	Property, plant and equipment	Unrealised foreign exchange (gain)/loss	Intangible asset	Others	Total
Deferred tax liabilities	**RM**	**RM**	**RM**	**RM**	**RM**
At 1 January 2013	(1,605,900)	(1,300)	69,200	-	(1,538,000)
Recognised in profit or loss	273,623	(2,456)	(1,793,785)	-	(1,522,618)
Tax set off	(1,804)	3,756	(69,200)	-	(67,248)
At 31 December 2013/ 1 January 2014	(1,334,081)	-	(1,793,785)	-	(3,127,866)
Recognised in profit or loss	175,351	1,056	(502,260)	-	(325,853)
Tax set off	-	-	-	83,353	83,353
At 31 December 2014	**(1,158,730)**	**1,056**	**(2,296,045)**	**83,353**	**(3,370,366)**

8. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Company

	Property, plant and equipment
Deferred tax liabilities	**RM**
At 1 January 2013	(27,200)
Recognised in profit or loss	6,234
At 31 December 2013/1 January 2014	(20,966)
Recognised in profit or loss	-
At 31 December 2014	**(20,966)**

The amount of temporary differences for which no deferred tax assets have been recognised in the statement of financial position is as follows (stated at gross):

Group

	2014 RM	2013 RM
Unabsorbed capital allowances and tax losses available for set off against future taxable profits	**8,009,000**	4,091,400
Temporary difference on the excess of capital allowances over the corresponding depreciation	**(115,900)**	(132,500)
	7,893,100	3,958,900

In 2014, management had further revised its estimates for unrecognised tax losses and capital allowances for its subsidiaries during the year. As a result, a decrease of approximately RM250,000 of previously unrecognised tax losses and capital allowances were recognised in 2014.

In 2013, management had utilised the foreseeable loss and further revised its estimates for unrecognised tax losses and capital allowances for a subsidiary based on potential projects. As a result, a decrease of approximately RM509,000 of previously foreseeable loss and unrecognised tax losses and capital allowances were recognised in 2013.

9. INVENTORIES

Group

	2014 RM	2013 RM
At cost:		
Raw materials, consumables and crane components	**9,536,102**	9,559,949

10. TRADE AND OTHER RECEIVABLES

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Trade receivables	**30,665,531**	20,955,125	**-**	-
Accrued revenue	**20,886,089**	13,016,524	**-**	-
Less: Impairment losses	**(347,305)**	-	**-**	-
	51,204,315	33,971,649	**-**	-
Other receivables:				
Third parties	**34,141**	135,755	**465**	5,500
Deposits	**231,165**	256,444	**15,085**	2,600
Advances	**136,843**	129,622	-	-
Lease rental receivable	**69,304**	-	-	-
Unsecured cash advances which are payable on demand owing by subsidiary companies:				
Interest bearing at 4% (2013: 4%) per annum	**-**	-	-	9,364,353
Interest-free	**-**	-	**24,426,956**	15,024,475
	471,453	521,821	**24,442,506**	24,396,928
	51,675,768	34,493,470	**24,442,506**	24,396,928

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

Trade receivables

Trade receivables are non-interest bearing. The Group's normal credit term ranges from 30 days to 60 days (2013: 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.

10. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables (continued)

Ageing analysis of trade receivables

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

Group

	2014 RM	2013 RM
Neither past due nor impaired	**40,960,774**	22,800,854
1 to 30 days past due not impaired	**2,892,072**	3,679,494
31 to 60 days past due not impaired	**3,228,090**	1,469,448
61 to 90 days past due not impaired	**906,521**	999,703
More than 90 days past due not impaired	**3,216,858**	5,022,150
	10,243,541	11,170,795
Past due and impaired	**347,305**	-
	51,551,620	33,971,649
Less: Impairment losses	**(347,305)**	-
	51,204,315	33,971,649

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 RM10,243,541 (2013: RM11,170,795) that are past due at the reporting date but not impaired. These are unsecured in nature.

10. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables (continued)

Receivables that are impaired

Movement in allowance accounts:

	2014 RM	2013 RM
Individually impaired:		
At 1 January	**-**	-
Charge for the year	**347,305**	-
At 31 December	**347,305**	-

11. OTHER CURRENT ASSETS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Prepayments	**407,659**	399,273	**6,838**	-
Due from customers for contract work (Note 23)	**4,198,299**	921,571	**-**	-
	4,605,958	1,320,844	**6,838**	-

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Deposits with licensed banks	**11,754,235**	14,215,232	**-**	-
Deposits with a fund management corporation	**31,087**	176,244	**31,087**	176,244
Quoted non-equity investments	**47,339**	5,483,898	**47,339**	5,483,898
Cash and bank balances	**7,981,306**	3,823,715	**88,321**	453,053
Cash and cash equivalents as presented in the statement of financial position	**19,813,967**	23,699,089	**166,747**	6,113,195
Bank overdrafts (Note 15)	**(4,988,712)**	(6,239,086)	**-**	-
Deposits pledged as collateral*	**(11,754,235)**	(14,101,347)	**-**	-
Cash and cash equivalents as presented in the statements of cash flows	**3,071,020**	3,358,656	**166,747**	6,113,195
Market value of quoted non-equity investments	**47,339**	5,483,898	**47,339**	5,483,898

* The deposits have been pledged to licensed banks as continuing security for banking facilities granted to certain subsidiary companies as referred to Notes 15 to the financial statements.

Information on financial risks of cash and cash equivalents are disclosed in Note 28 to the financial statements.

13. SHARE CAPITAL

Group and Company	Number of shares		Amount	
	2014	2013	2014 RM	2013 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

During the previous year, the Company repurchased 80,000 of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.40 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

13. SHARE CAPITAL (continued)

In August 2013, the Company had disposed of 250,000 treasury shares for a total net consideration of RM135,547 in the open market, resulting in a surplus of RM28,992 which has been credited to the share premium account as disclosed in Note 14 to the financial statements.

At the previous reporting date, the number of outstanding ordinary shares in issue after setting off the treasury shares of Nil against its equity of 160,000,000 is160,000,000.

The details relating to the repurchase during the year are as follows:

	Number of shares		Amount	
	2014	2013	2014	2013
			RM	RM
At 1 January	-	170,000	-	74,370
Shares repurchased during the year	-	80,000	-	32,185
Shares disposed during the year	-	(250,000)	-	(106,555)
At 31 December	-	-	-	-

14. RESERVES

	Group		Company	
	2014	2013	2014	2013
	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)	**24,223,370**	17,934,979	**(885,812)**	2,079,244
	26,912,827	20,624,436	**1,803,645**	4,768,701

(a) Share premium

Group and Company	2014	2013
	RM	RM
At 1 January	**28,992**	-
Disposal of treasury shares	**-**	28,992
At 31 December	**28,992**	28,992

14. RESERVES (continued)

(b) Warrant reserve

The warrants were admitted, listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 8 April 2011.

The number of outstanding warrants as at the reporting date is 60,000,000 (2013: 60,000,000). The warrants can be converted to ordinary shares of RM0.50 each at an exercise price of RM0.86 each by 8 April 2016.

15. LOANS AND BORROWINGS

Group

	Note	2014	2013
	RM	RM	
Current liabilities			
Secured:			
Hire purchase payables	24	**98,194**	131,927
Bank overdrafts		**4,988,712**	6,239,086
Bankers' acceptances		**9,531,000**	8,482,000
Term loan I		**4,424,335**	4,447,078
Term loan II		**3,609,793**	3,366,434
Other banking facility		**835,650**	-
		23,487,684	22,666,525
Non-current liabilities			
Secured:			
Hire purchase payables	24	**20,778**	118,972
Term loan I		**-**	4,400,032
Term loan II		**9,263,171**	12,872,964
		9,283,949	17,391,968
Total borrowings			
Secured:			
Hire purchase payables	24	**118,972**	250,899
Bank overdrafts		**4,988,712**	6,239,086
Bankers' acceptances		**9,531,000**	8,482,000
Term loan I		**4,424,335**	8,847,110
Term loan II		**12,872,964**	16,239,398
Other banking facility		**835,650**	-
		32,771,633	40,058,493

15. LOANS AND BORROWINGS (continued)

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 12 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;

(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 will be repayable by 59 equal monthly principal instalments of RM366,666 each and a final instalment of RM366,706 commenced in January 2011.

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 a subsidiary company; and

(iv) corporate guarantee by the Company.

Term loan II will be repayable by 60 monthly instalments of RM366,323 commencing in April 2013.

Information on financial risks of loans and borrowings are disclosed in Note 28 to the financial statements.

Bank overdrafts, bankers' acceptances and other banking facility

The bank overdrafts, bankers' acceptances and other banking facility are secured by the following:

(i) facilities agreement;

(ii) pledge of fixed deposits on lien of a subsidiary company as disclosed in Note 12 to the financial statements;

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

15. LOANS AND BORROWINGS (continued)

Bank overdrafts, bankers' acceptances and other banking facility (continued)

(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;

(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.

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Trade payables:				
Third parties	**10,996,000**	11,609,567	**-**	-
Company in which a director of the Group has financial interest	**1,213,718**	761,834	**-**	-
Retention sum	**829,263**	-	**-**	-
	13,038,981	12,371,401	**-**	-
Other payables:				
Third parties	**2,340,704**	1,985,173	**62,963**	103,638
Accruals	**4,865,463**	1,260,371	**212,333**	122,830
Unsecured and interest-free cash advances which are payable on demand owing to a subsidiary company	**-**	-	**300,849**	-
	7,206,167	3,245,544	**576,145**	226,468
	20,245,148	15,616,945	**576,145**	226,468

Trade payables are non-interest bearing and normal credit terms range from 30 days to 90 days (2013: 30 days to 90 days).

17. OTHER CURRENT LIABILITIES

Group	2014 RM	2013 RM
Due to customers for contract work (Note 23)	**4,246,297**	2,583,690
Progress billing	**-**	36,795
	4,246,297	2,620,485

18. REVENUE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Fabrication of cranes	**16,713,702**	7,235,556	**-**	-
Integrated crane services	**77,670,506**	70,278,821	**-**	-
Workover projects lifting solutions	**6,980,603**	8,120,195	**-**	-
Trading and projects services	**22,472,303**	15,112,519	**-**	-
Dividend income from a subsidiary company	**-**	-	**-**	1,598,300
	123,837,114	100,747,091	**-**	1,598,300

19. COST OF SALES

Group

	2014 RM	2013 RM
Cost of fabrication of cranes	**11,364,996**	7,533,759
Cost of integrated crane services rendered	**43,898,249**	43,130,505
Cost of workover projects lifting solutions	**1,881,991**	1,931,287
Cost of trading and projects services rendered	**19,544,129**	12,250,177
	76,689,365	64,845,728
Recognised in profit or loss:		
Inventories and work-in-progress recognised as cost of sales	**51,343,286**	50,088,759
Work-in-progress written off recognised as administrative expenses	**314,855**	-

20. PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
This has been arrived at:				
after charging:				
Auditors' remuneration:				
Statutory audit	**106,670**	82,900	**33,000**	25,000
Other services	**3,380**	3,180	**3,180**	3,180
Underprovision of prior year's audit fee	**25,160**	2,120	**-**	-
Depreciation	**3,579,100**	3,085,973	**26,088**	24,883
Impairment losses on:				
Goodwill on consolidation	**298,666**	-	**-**	-
Investment in subsidiary companies	**-**	-	**498,212**	-
Property, plant and equipment	**3,400,000**	-	**-**	-
Trade receivables	**347,305**	-	**-**	-
Interest expenses on financial liabilities that are not at fair value through profit or loss:				
Bank overdrafts	**575,215**	531,167	**-**	-
Bankers' acceptances	**477,237**	369,801	**-**	-
Hire purchase	**18,055**	20,843	**-**	-
Term loans	**1,433,029**	1,610,349	**-**	-
Loss on disposal of property, plant and equipment	**-**	17	**-**	-
Loss on foreign exchange:				
Realised	**172,205**	5,477	**-**	-
Unrealised	**-**	87,269	**-**	-
Investment in jointly controlled entity written off	**747**	-	**-**	-
Property, plant and equipment written off	**3,542**	5,288	**-**	-
Work-in-progress written off	**314,855**	-	**-**	-
Rental expenses:				
Land	**409,680**	409,680	**-**	-
Premises	**304,125**	359,562	**89,039**	60,062
Equipment	**116,462**	81,820	**1,690**	1,430
Motor vehicles	**56,636**	66,558	**-**	-
Staff costs:				
Directors' remuneration:				
Directors of the Company:				
Employees' provident fund	**214,920**	214,920	**-**	-
Fees	**162,000**	162,000	**162,000**	162,000
Salaries and other benefits	**6,416,020**	4,912,638	**44,500**	46,000

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Directors of the subsidiary companies:				
Employees' provident fund	**15,528**	13,680	**-**	-
Fees	**66,000**	66,000	**-**	-
Salaries and other benefits	**146,900**	131,658	**-**	-
Other staff costs:				
Employees' provident fund	**1,916,523**	1,912,765	**100,877**	78,009
Salaries and other benefits	**29,013,503**	29,264,664	**1,154,942**	964,139
and crediting:				
Interest income of financial asset that is not at fair value through profit or loss:				
Short term deposits	**360,236**	396,607	**-**	-
Advances to subsidiary companies	**-**	-	**-**	443,307
Lease finance income	**116,459**	-	**-**	-
Gain on foreign exchange:				
Realised	**192,280**	102,354	**-**	-
Unrealised	**11,631**	15,824	**-**	-
Rental income on:				
Premises	**69,000**	108,072	**-**	
Equipment	**-**	152,534	**-**	-
Motor vehicle	**32,400**	7,000	**-**	-
Commission received	**169,809**	26,340	**-**	-
Dividend income from quoted non-equity investments	**3,960**	19,970	**3,960**	19,970
Gain on disposal of quoted non-equity investments	**5,212**	8,159	**5,212**	8,159
Income from short term investment	**4,843**	125,737	**4,843**	125,737
Net fair value gain on financial assets held for trading	**20,069**	65,594	**20,069**	65,594

21. TAXATION

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Malaysian income tax:				
Current year provision	**5,355,209**	2,680,677	**-**	32,300
Under/(over) provision in respect of prior years	**12,339**	(121,167)	**(20,935)**	(10,481)
	5,367,548	2,559,510	**(20,935)**	21,819
Deferred taxation (Note 8):				
Relating to origination and reversal of temporary differences	**466,500**	578,091	**-**	(5,289)
(Over)/ under provision in respect of prior years	**(23,547)**	1,520,922	**-**	(945)
	442,953	2,099,013	**-**	(6,234)
	5,810,501	4,658,523	**(20,935)**	15,585

Malaysian income tax is calculated at the statutory rate of 25% (2013: 25%) on the estimated taxable profit for the year.

The Malaysian statutory tax rate will be reduced to 24% from the current year's rate of 25% effective year of assessment 2016.

The numerical reconciliation between the tax expense 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	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Profit/(loss) before taxation	**12,030,626**	6,598,213	**(2,985,991)**	(140,388)
Tax at the Malaysian statutory rates of 25% (2013: 25%)	**3,007,657**	1,649,554	**(746,498)**	(35,097)
Tax effects of:				
Expenses not deductible for tax purposes	**2,243,281**	1,334,343	**750,142**	516,548
Income not subject to tax	**(94,256)**	(341,354)	**(8,521)**	(454,440)
Change in tax rate	**(15,847)**	-	**-**	-
Deferred tax assets not recognised	**680,874**	616,225	**4,877**	-
Under/(over) provision of taxation in respect of prior years:				
Malaysian income tax	**12,339**	(121,167)	**(20,935)**	(10,481)
Deferred taxation	**(23,547)**	1,520,922	**-**	(945)
Tax expense recognised in profit or loss	**5,810,501**	4,658,523	**(20,935)**	15,585

22. EARNINGS PER SHARE

Group

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:

	2014 RM	2013 RM
Profit attributable to ordinary shareholders	**6,288,391**	1,974,162
	Number of shares	
Issued ordinary shares at 1 January	**160,000,000**	159,830,000
Effects of:		
Shares repurchased	**-**	(67,068)
Shares reissued	**-**	96,791
Weighted average number of ordinary shares at 31 December for basic earnings per share computation	**160,000,000**	159,859,723
Effects of dilution - warrants	**-**	-
Weighted average number of ordinary shares at 31 December for diluted earnings per share computation	**160,000,000**	159,859,723
Earnings per ordinary share attributable to owners of the Company (sen):		
- Basic	**3.93**	1.23
- Diluted	**N/A**	N/A

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.

23. DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

Group

	2014 RM	2013 RM
Contract costs incurred to date	**38,350,021**	42,576,640
Recognised profits	**4,397,068**	1,204,650
Recognised losses	**(395,546)**	(2,162,241)
	42,351,543	41,619,049
Less: Progress billings	**(42,399,541)**	(43,281,168)
	(47,998)	(1,662,119)
Represented by:		
Due from customers for contract work (Note 11)	**4,198,299**	921,571
Due to customers for contract work (Note 17)	**(4,246,297)**	(2,583,690)
	(47,998)	(1,662,119)

24. HIRE PURCHASE PAYABLES

Group

	2014 RM	2013 RM
Analysis of hire purchase commitments:		
Due within one year	**112,238**	150,355
Due between one to five years	**22,968**	135,206
Minimum hire purchase payments	**135,206**	285,561
Future finance charges	**(16,234)**	(34,662)
Present value of hire purchase liabilities	**118,972**	250,899
Repayable as follows:		
Current liabilities (Note 15)	**98,194**	131,927
Non-current liabilities (Note 15)	**20,778**	118,972
	118,972	250,899

25. 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:

	2014 RM	2013 RM
Company		
Subsidiary companies		
Interest income	-	443,307
IT service charges	-	3,435

	2014 RM	2013 RM
Group		
Company in which a director of the Group has financial interest		
Excell Crane & Hydraulic		
Supply of raw material	**10,681,845**	6,429,329

(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.

26. 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 item 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 Group's Chief Executive Officer. 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 Group's Chief Executive Officer.

(a) Business segments

The main business segments of the Group comprise the following:

2014	Investment holding	Integrated crane services	Fabrication of crane	Workover projects lifting solutions	Supply, fabrication and servicing industrial equipment and tank systems	Supply of telecommunication and broadcasting system	Consultants in engineering project support services	Others	Elimination	Consolidated
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Revenue										
Revenue from external parties	-	77,670,506	16,713,702	6,980,603	21,662,913	809,390	-	-	-	123,837,114
Inter-segment revenue	-	-	-	-	-	-	67,800	-	(67,800)	-
Total revenue	-	77,670,506	16,713,702	6,980,603	21,662,913	809,390	67,800	-	(67,800)	123,837,114
Results										
Segment result	(2,985,991)	12,110,260	5,348,706	3,798,690	1,064,468	69,720	(5,065,695)	(6,492)	200,496	14,534,162
Interest expenses										(2,503,536)
Profit before taxation										12,030,626
Income tax expense										(5,810,501)
Net profit after taxation										6,220,125
Non-controlling interest										68,266
Profit attributable to equity holders of the Company										6,288,391

26. SEGMENTAL INFORMATION (continued)

(a) Business segments (continued)

2014	Investment holding	Integrated crane services	Fabrication of crane	Workover projects lifting solutions	Supply, fabrication and servicing industrial equipment and tank systems	Supply of telecommunication and broadcasting system	Consultants in engineering project support services	Others	Elimination	Consolidated
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Assets										
Segment assets	381,298	101,024,311	21,739,143	9,079,515	6,261,232	507,616	31,481,169	1	-	170,474,285
Liabilities										
Segment liabilities	296,261	35,722,625	7,687,053	3,210,555	2,893,581	291,035	13,521,728	2,000	-	63,624,838
Other information										
Interest income	-	336,376	-	-	23,860	116,459	-	-	-	476,695
Interest expenses	-	1,469,908	-	-	4,186	-	1,029,442	-	-	2,503,536
Depreciation	26,088	3,366,626	-	-	131,669	6,359	48,358	-	-	3,579,100
Impairment losses on:										
Property, plant and equipment	-	-	-	-	-	-	3,400,000	-	-	3,400,000
Trade receivables	-	347,305	-	-	-	-	-	-	-	347,305
Goodwill on consolidation	-	-	-	-	-	-	298,666	-	-	298,666
Work-in-progress written off	-	314,855	-	-	-	-	-	-	-	314,855

26. SEGMENTAL INFORMATION (continued)

(a) Business segments (continued)

2013	Investment holding	Integrated crane services	Fabrication of crane	Workover projects lifting solutions	Supply, fabrication and servicing industrial equipment and tank systems	Supply of telecommunication and broadcasting system	Consultants in engineering project support services	Others	Elimination	Consolidated
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Revenue										
Revenue from external parties	-	70,278,821	7,235,556	8,120,195	14,924,574	187,945	-	-	-	100,747,091
Inter-segment revenue	1,598,300	-	-	-	-	-	71,558	-	(1,669,858)	-
Total revenue	1,598,300	70,278,821	7,235,556	8,120,195	14,924,574	187,945	71,558	-	(1,669,858)	100,747,091
Results										
Segment result	(140,388)	9,519,758	(2,113,151)	4,152,058	799,276	116,431	(1,551,947)	(5,978)	(2,041,607)	8,734,453
Interest income										396,607
Interest expenses										(2,532,160)
Share of loss of a jointly controlled entity										(687)
Profit before taxation										6,598,213
Income tax expense										(4,658,523)
Net profit after taxation										1,939,690
Non-controlling interests										34,472
Profit attributable to equity holders of the Company										1,974,162
Assets										
Segment assets	6,603,260	93,426,543	9,618,729	10,794,741	6,249,626	354,979	35,005,232	1	-	162,053,111
Liabilities										
Segment liabilities	247,434	33,705,325	3,470,132	3,894,400	3,208,812	7,420	16,888,417	1,849	-	61,423,789
Other information										
Interest income	443,307	380,793	-	-	15,814	-	-	-	(443,307)	396,607
Interest expenses	-	1,962,936	-	-	86,212	-	926,319	-	(443,307)	2,532,160
Depreciation	24,883	2,780,480	-	-	191,127	42,204	47,279	-	-	3,085,973

26. SEGMENTAL INFORMATION (continued)

(b) Geographical segments

The Group operates principally in Malaysia and Indonesia.

In presenting information on the basis of geographical segments, segment revenue is based on geographical locations of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investment in a jointly controlled entity) and deferred tax assets.

Group	Revenue		Non-current assets	
	2014	2013	2014	2013
	RM	RM	RM	RM
Malaysia	**123,837,114**	99,629,529	**76,704,211**	80,395,711
Indonesia	**-**	1,117,562	**-**	-
	123,837,114	100,747,091	**76,704,211**	75,530,123

Revenue from two major customers amount to RM61,017,722 (2013: RM58,118,141), arising from sales by the integrated crane services segment.

27. CONTINGENT LIABILITY

Company

	2014	2013
	RM	RM
Unsecured:		
Corporate guarantee issued for credit facilities granted to subsidiary companies:		
Limit	**86,500,000**	90,489,197
Utilised as at reporting date	**41,709,510**	56,170,225

There was indication the subsidiary companies would default on repayment. Accordingly, the fair value of the above corporate guarantee is nil or negligible.

28. 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 is 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 tables 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	1 - 5 years	Total
		(%)	RM	RM	RM
At 31 December 2014					
Financial assets					
Fixed rate					
Fixed deposits with licensed banks	12	**3.17**	**11,754,235**	**-**	**11,754,235**
Floating rate					
Deposits with a fund management corporation	12	**2.77**	**31,087**	**-**	**31,087**
Financial liabilities					
Fixed rate					
Hire purchase payables	15	**6.33**	**98,194**	**20,778**	**118,972**
Bankers' acceptances	15	**5.19**	**9,531,000**	**-**	**9,531,000**
Other banking facility	15	**5.54**	**835,650**	**-**	**835,650**
Term loan I	15	**6.85**	**4,424,335**	**-**	**4,424,335**
Term loan II	15	**7.00**	**3,609,793**	**9,263,171**	**12,872,964**
Floating rate					
Bank overdrafts	15	**8.10**	**4,988,712**	**-**	**4,988,712**

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Interest rate risk (continued)

Group	Note	WAEIR	Within 1 year	1 - 5 years	Total
		(%)	RM	RM	RM
At 31 December 2013					
Financial assets					
Fixed rate					
Fixed deposits with licensed banks	12	3.07	14,215,232	-	14,215,232
Floating rate					
Deposits with a fund management corporation	12	2.74	176,244	-	176,244
Financial liabilities					
Fixed rate					
Hire purchase payables	15	6.38	131,927	118,972	250,899
Bankers' acceptances	15	4.78	8,482,000	-	8,482,000
Term loan I	15	6.30	4,447,078	4,400,032	8,847,110
Term loan III	15	7.00	3,366,434	12,872,964	16,239,398
Floating rate					
Bank overdrafts	15	7.85	6,239,086	-	6,239,086
Company					
At 31 December 2014					
Financial assets					
Floating rate					
Deposits with a fund management corporation	**12**	**2.77%**	**31,087**	**-**	**31,087**
At 31 December 2013					
Financial assets					
Floating rate					
Deposits with a fund management corporation	12	2.74%	176,244	-	176,244

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Interest rate risk (continued)

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 a 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 reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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

	Note	Within 1 year	1 - 5 years	Total
Group		**RM**	**RM**	**RM**
At 31 December 2014:				
Trade and other payables	16	**20,245,148**	**-**	**20,245,148**
Loans and borrowings	15	**23,487,684**	**9,283,949**	**32,771,633**
At 31 December 2013:				
Trade and other payables	16	15,616,945	-	15,616,945
Loans and borrowings	15	22,666,525	17,391,968	40,058,493
Company				
At 31 December 2014:				
Trade and other payables	16	**576,145**	**-**	**576,145**
At 31 December 2013:				
Trade and other payables	16	226,468	-	226,468

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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.

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:

	2014 RM	% of total	2013 RM	% of total
By industry sector:				
Integrated crane services	**35,299,260**	69	25,534,977	75
Fabrication of cranes	**6,110,030**	12	1,958,727	6
Workover projects lifting solutions	**7,268,498**	14	3,076,361	9
Supply, fabrication and servicing industrial equipments and tank systems	**2,219,972**	4	3,401,584	10
Supply of telecommunication and broadcasting system	**306,555**	1	-	-
	51,204,315	100	33,971,649	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.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk (continued)

(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 27 to the financial statements, representing the outstanding banking facilities of the subsidiary companies as at the reporting date.

(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"], Indonesian Rupiah ["IDR"], Euro ["EUR"] and Australian Dollar ["AUD"].

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

During the year, the Group entered into foreign currency forward contracts to help to reduce the risk of exposure to fluctuations of foreign currency trade payables. These foreign currency forward contracts were recognised in the financial statements as financial derivatives. There were no outstanding foreign currency forward contracts as at the reporting date.

Exposure to foreign currency risk

The currency exposure profile of the Group is as follows:

Group

	2014 RM	2013 RM
Trade and other receivables		
USD	**83,817**	849,146
Other current assets		
IDR	**-**	379,689
Cash and cash equivalents		
USD	**72,311**	309,903
SGD	**244,566**	-
Trade and other payables		
USD	**1,289,584**	2,243,499
SGD	**350,744**	237,759
EUR	**-**	7,600
AUD	**188,186**	130,127

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Foreign currency risk (continued)

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, IDR, EUR 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:

Group

	Change in currency rate	2014	2013
	%	RM	RM
USD	5	**42,504**	40,667
SGD	5	**3,982**	8,916
IDR	5	**-**	14,238
EUR	5	**-**	285
AUD	5	**7,057**	4,880

29. CATEGORIES OF FINANCIAL INSTRUMENTS

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Financial assets					
Fair value through profit or loss - Held for trading:					
Quoted non-equity investments	12	**47,339**	5,483,898	**47,339**	5,483,898
Loans and receivables:					
Trade and other receivables	10	**51,675,768**	34,493,470	**24,442,506**	24,396,928
Cash and cash equivalents	12	**19,766,628**	18,215,191	**119,408**	629,297
		71,489,735	58,192,559	**24,609,253**	30,510,123

29. CATEGORIES OF FINANCIAL INSTRUMENTS (continued)

		Group		Company	
	2014	**2013**	**2014**	**2013**	
	Note	**RM**	**RM**	**RM**	**RM**
Financial liabilities					
Amortised cost:					
Trade and other payables	16	**20,245,148**	15,616,945	**576,145**	226,468
Loans and borrowings	15	**32,771,633**	40,058,493	**-**	-
		53,016,781	55,675,438	**576,145**	226,468

30. 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 2014 are as follows:

(i) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) 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).

(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 2014.

Determination of fair value

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

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

Fair value hierarchy

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

	Level 1	Level 2	Level 3	Total
Group and Company	**RM**	**RM**	**RM**	**RM**
At 31 December 2014:				
Financial assets				
Fair value through profit or loss				
- Held for trading:				
Quoted non-equity investments	**47,339**	**-**	**-**	**47,339**
At 31 December 2013:				
Financial assets				
Fair value through profit or loss				
- Held for trading:				
Quoted non-equity investments	5,483,898	-	-	5,483,898

(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	**2014**		**2013**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	RM	**RM**	**RM**	**RM**
Financial liabilities:				
Term loan (non-current)	**9,263,171**	**8,409,133**	17,272,996	15,724,816

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(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 (continued)

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.

31. CAPITAL MANAGEMENT

The Group's 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

	2014 RM	2013 RM
Net debt	**37,449,111**	34,596,834
Total capital	**106,912,827**	100,624,436
Net debt against equity ratio	**35%**	34%

32. REALISED AND UNREALISED PROFITS

The following analysis of realised and unrealised retained profits at the legal entity level is prepared 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"] whilst the disclosure at the group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Total retained profits of the Company and its subsidiaries:				
- Realised	**58,798,727**	52,438,598	**(1,419,327)**	1,565,798
- Unrealised	**(2,804,254)**	(2,464,446)	**533,515**	513,446
	55,994,473	49,974,152	**(885,812)**	2,079,244
Less: Consolidation adjustments	**(31,771,103)**	(32,039,173)	**-**	-
Total retained profits as at 31 December	**24,223,370**	17,934,979	**(885,812)**	2,079,244

The disclosure of realised and unrealised of profits above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

ANALYSIS OF SHAREHOLDINGS as at 30 April 2015

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 30 April 2015

Category	Shareholders	%	Shareholdings	%
Less than 100	199	7.95	7,883	0.00
100 - 1,000	146	5.83	93,403	0.06
1,001 - 10,000	1,012	40.43	6,444,823	4.03
10,001 - 100,000	1,003	40.07	31,882,323	19.93
100,001 to less than 5% of issued shares	140	5.59	81,240,748	50.78
5% and above of issued shares	3	0.12	40,330,820	25.21
TOTAL	**2,256**	**100.00**	**160,000,000**	**100.00**

List of Directors' Shareholdings as at 30 April 2015

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 2,752,696 shares held through Cimsec Nominees (Tempatan) Sdn Bhd 4,800,000 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 *5,963,833 shares held through own name* *6,333,333 shares held through Citigroup Nominees (Tempatan) Sdn Bhd* *188,300 shares held through Alliancegroup Nominees (Tempatan) Sdn Bhd* *2,500,000 shares held through Alliancegroup Nominees (Tempatan) Sdn Bhd*	14,985,466	9.37
5	MUHAMMAD 'ASRI BIN MOHD RAFA'I	0	0.00
6	CHAU SIK CHEONG	0	0.00
7	LOKMAN RAZANI BIN ABDUL RAZAK 124,166 shares held through own name	124,166	0.08
	TOTAL	**58,243,415**	**36.40**

Notes: 1. Total Paid-Up Capital as at 30.04.2015 160,000,000

List of Thirty Largest Shareholders as at 30 April 2015

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	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	8,749,733	5.47
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ZAHARI BIN HAMZAH (001565267)	6,333,333	3.96
5	ZAHARI BIN HAMZAH	5,963,833	3.73
6	DAVID LEE BAIR EN	5,691,400	3.56
7	OSK CAPITAL PARTNERS SDN. BHD.	5,020,983	3.14
8	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR MALLEK RIZAL BIN MOHSIN (PBCL-OG0038)	4,800,000	3.00
9	MOHSIN ABDUL HALIM	4,000,000	2.50
10	HOW CHENG KONG	3,026,600	1.89
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	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR MALLEK RIZAL BIN MOHSIN (PB)	2,752,696	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	1,482,000	0.93

List of Thirty Largest Shareholders as at 30 April 2015 (continued)

No.	Name	No. of Shares	%
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN CHEU LEONG	1,163,800	0.73
18	PUBLIC INVEST NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	1,132,549	0.71
19	ENG NAM HENG	1,110,000	0.69
20	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL PARTNERS SDN. BHD.	802,800	0.50
21	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG SIU CHUNG	730,400	0.46
22	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG AH CHIEW	721,586	0.45
23	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIONG YEU MING (KUCHING-CL)	661,555	0.41
24	TAN GIM HOE	636,000	0.40
25	NOORAIHAN BINTI MOHD RADZUAN	625,683	0.39
26	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAMLEE BIN MOHD SHARIF (8124826)	560,000	0.35
27	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM AH KOW (M07)	544,500	0.34
28	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JULUNG PRESTASI SDN BHD (M0015)	533,333	0.33
29	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TIONG YEU MING (MK0132)	479,977	0.30
30	MOHD RADZUAN BIN AB HALIM	446,816	0.28

List of Substantial Shareholders as at 30 April 2015

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 *5,963,833 shares held through own name* *6,333,333 shares held through Citigroup Nominees (Tempatan) Sdn Bhd* *188,300 shares held through Alliancegroup Nominees (Tempatan) Sdn Bhd* *2,500,000 shares held through Alliancegroup Nominees (Tempatan) Sdn Bhd*	14,985,466	9.37
3	JOEL EMANUEL HEANEY *10,292,200 shares held through own name*	10,292,200	6.43
4	HSBC NOMINEES (ASING) SDN BHD *Exempt AN for Credit Suisse (SG BR-TST-ASING)*	8,749,733	5.47
	TOTAL	**59,316,286**	**37.07**

Total Paid-up as at 30.04.2015 *160,000,000*

ANALYSIS OF WARRANT HOLDINGS as at 30 April 2015

No. of Warrants in issue	:	60,000,000
Exercise Price of Warrants	:	RM0.86
Expiry Date of Warrants	:	2016
Voting Rights	:	One vote for each warrant held for voting at the meeting of the warrant holders only.

Analysis by Size Warrant Holdings as at 30 April 2015

Category	Warrant Holders	%	Warrant Holdings	%
Less than 100	68	5.92	2,879	0.00
100 - 1,000	92	8.01	46,596	0.08
1,001 - 10,000	403	35.10	2,052,370	3.42
10,001 - 100,000	474	41.29	19,064,957	31.77
100,001 to less than 5% of issued warrant	108	9.41	26,766,866	44.61
5% and above of issued warrant	3	0.26	12,066,332	20.11
TOTAL	**1,148**	**100.00**	**60,000,000**	**100.00**

List of Directors' Warrant Holdings as at 30 April 2015

No.	Name	No. of Warrants	%
1	DATO' MOHSIN ABDUL HALIM *4,841,232 warrants held through RHB Nominees (Tempatan) Sdn Bhd*	4,841,232	8.07
2	MALLEK RIZAL BIN MOHSIN	0	0.00
3	JOEL EMANUEL HEANEY	0	0.00
4	ZAHARI BIN HAMZAH *3,282,200 warrants held through own name*	3,282,200	5.47
5	MUHAMMAD 'ASRI BIN MOHD RAFA'I	0	0.00
6	CHAU SIK CHEONG	0	0.00
7	LOKMAN RAZANI BIN ABDUL RAZAK *26,200 warrants held through own name*	26,200	0.04
	TOTAL	**8,149,632**	**13.58**

Notes: 1. Total Paid-Up Capital as at 30.04.2015 60,000,000

List of Thirty Largest Warrant Holders as at 30 April 2015

No.	Name	No. of Warrants	%
1	RHB NOMINEES (TEMPATAN) SDN BHD MOHSIN ABDUL HALIM	4,841,232	8.07
2	PUBLIC INVEST NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	3,942,900	6.57
3	ZAHARI BIN HAMZAH	3,282,200	5.47
4	AMSEC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG VINCENT SIU CHUN	1,000,000	1.67
5	CHIN CHEE CHEONG	802,100	1.34
6	WAN ZULKIFLI BIN WAN ABDULLAH	700,000	1.17
7	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD SAPARI BIN ALI	583,800	0.97
8	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING HING CHOOI (011)	570,000	0.95
9	SIVA KUMAR A/L M JEYAPALAN	556,800	0.93
10	MIZATUL ATIKAH BINTI KALLBI	503,000	0.84
11	FAKRUR RADZI BIN MOHD OMAR	500,000	0.83
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD LEONG CHUEI LING	460,000	0.77
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AZIF BIN AHMAD SHEIS	440,000	0.73
14	OOI KEAN TEONG	432,400	0.72
15	KIK AH KHEOK	430,000	0.72

List of Thirty Largest Warrant Holders as at 30 April 2015 (continued)

No.	Name	No. of Warrants	%
16	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD SUNDARI BINTI MATNOR	410,000	0.68
17	WONG SIU CHUNG	401,000	0.67
18	AIMI BIN MOHD ZIN	400,000	0.67
19	LIEW MOI FAH	400,000	0.67
20	PUBLIC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH SHIN LUU (E-KPG)	400,000	0.67
21	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG OI LING (027)	387,500	0.65
22	FOO KEAT SEONG	380,000	0.63
23	GOH SAU MING	358,300	0.60
24	HOO WAN FATT	340,000	0.57
25	TAN LEE SIA	335,000	0.56
26	TAN SENG HONG	316,000	0.53
27	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIM CHIZE YIH	308,600	0.51
28	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG MOI FONG (J-DEDAP-CL)	307,100	0.51
29	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIAM TECK SING	300,000	0.50
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACOOUNT FOR MOHD SHAHZAN BIN IBRAHIM	300,000	0.50

List of Substantial Warrant Holders as at 30 April 2015

No.	Name	No. of Warrants	%
1	DATO' MOHSIN ABDUL HALIM *4,841,232 warrants held through RHB Nominees (Tempatan) Sdn Bhd*	4,841,232	8.07
2	PUBLIC INVEST NOMINEES (ASING) SDN BHD *Exempt AN for Philip Securities Pte Ltd (Clients)*	3,942,900	6.57
3	ZAHARI BIN HAMZAH *3,282,200 warrants held through own name*	3,282,200	5.74
	TOTAL	**12,066,332**	**20.11**

Total Issued Warrants as at 30.04.2015 *60,000,000*

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting of the Company will be held at the Grand Ballroom, Resorts World Kijal, KM 28, Jalan Kemaman-Dungun, 24100 Kijal, Kemaman, Terengganu Darul Iman on Monday, 15 June 2015 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 2014 and the Reports of Directors and Auditors thereon. **[Please refer Explanary Notes]**

2. To re-elect En. Zahari Bin Hamzah who retires by rotation pursuant to Article 63 of the Company's Articles of Association. **(Resolution 1)**

3. To re-elect En. Lokman Razani Bin Abdul Razak 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. That Messrs Folks DFK & Co be hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Sekhar & Tan and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors. **(Resolution 5)**

   Notice of Nomination from a shareholder pursuant to Section 172(11) of the Companies Act 1965, a copy of which is annexed hereto and marked as "Appendix 1" in the Annual Report 2014 has been received by the Company for the nomination of Messrs Folks DFK & Co, who have given their consent to act for appointment as Auditors of the Company.

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 RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("Proposed Renewal of Shareholders' Mandate")** **(Resolution 7) [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 20th May 2015, 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 authorised 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"

9. 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

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

Kuala Lumpur
20 May 2015

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 9 June 2015 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 utilised earlier.

Resolution 7

Please refer to the Circular on the Proposed Renewal of Shareholders' Mandate dated 20 May 2015 for further information.

Joel Emanuel Heaney
SUITE #707,
G-0-10, PLAZA DAMAS,
SRI HARTAMAS,
50480 KUALA LUMPUR.

Date: 13th May 2015

The Board of Directors
HANDAL RESOURCES BERHAD
25-6 Jalan PJU 1/42A
Dataran Prima
47301 Petaling Jaya
Selangor

Dear Sirs

NOTICE OF NOMINATION OF AUDITORS

Pursuant to section 172 (11) of Companies Act, 1965, I, being a shareholder of Handal Resources Berhad (the "Company"), hereby give notice of my intention to nominate Messrs **Folks DFK & Co** as Auditors of Company in place of the retiring Auditors, Sekhar & Tan, and of my intention to propose the following resolution as an ordinary resolution to be tabled at the forthcoming Seventh Annual General Meeting of the Company:-

"THAT Messrs **Folks DFK & Co** be hereby appointed as Auditors of the Company in place of the retiring auditors, Messrs Sekhar & Tan and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully,

………………………….

Joel Emanuel Heaney

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.

HANDAL

(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 Seventh Annual General Meeting of the Company to be held at the Grand Ballroom, Resorts World Kijal, KM 28, Jalan Kemaman-Dungun, 24100 Kijal, Kemaman, Terengganu Darul Iman, on Monday, 15 June 2015 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 Seventh Annual General Meeting of the Company to be held at the Grand Ballroom, Resorts World Kijal, KM 28, Jalan Kemaman-Dungun, 24100 Kijal, Kemaman, Terengganu Darul Iman, on Monday, 15 June 2015 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		

Signed this ________________ day of ________________ 2015

____
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 authorised nominee may appoint in respect of each omnibus account it holds.

(6) Depositors who appear in the Record of Depositors as at 9 June 2015 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