DOLPHIN INTERNATIONAL BERHAD

(Company No. 1001521-X)

ANNUAL REPORT

2015

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Incorporated in Malaysia, Dolphin is an international leader in oil palm milling automation with a significant presence in all of the key oil palm regions namely, Malaysia, Indonesia, Thailand and Latin America. Established in 1992 primarily to provide hydraulic motion and motion control solutions to Malaysian palm oil mills, it has evolved and expanded into broad based automation systems and mechanical integrator for the international oil palm industry encompassing software design, application engineering, motion and motion control systems, mechanical design and machine building.

As a stakeholder, Dolphin assumes a responsible position by embracing new science and technology to harmonise an endless research and development programme with commitment to the environment and the communities serving the international oil palm industry.

To be the choice supplier in palm oil milling machineries in the world, leading and surfing the waves of innovation.

At Dolphin, our Code of Professional and Business Practices describe professional and business values as we strive to do the right thing by all our stakeholders. We incorporate into every project:-

- Professional and business integrity
- A positive attitude
- A creative approach
- Collaboration with all stakeholders to produce the best results
- Personal growth by enhancing our knowledge and skills
- Win-win outcomes for mutual gain

From Dolphin, we reach globally to bring the benefits of mill automation through collaborative forums.

At Dolphin, we believe in acquiring, developing and harnessing knowledge together with the global oil palm industry for win-win outcomes.

Our Commitment to Sustainability

- Leave a lighter footprint on the planet
- Respect the safety and social well being of employees and communities serving the oil palm industry
- To be, and to encourage our stakeholders to be responsible members of the oil palm industry supply chain
- Through our Research and Development effort bring state-of-the-art technologies to improve oil palm mill productivity
- Act responsibly in pursuit of our Global Market objectives
- Harmonise the evolution of state-of-the-art technologies with the strategic objectives of our stakeholders to reduce negative environmental impacts associated with oil palm milling
- Encourage the use of Information Technology to achieve sustainable best mill practices

The implementation of new technologies require traditional mill labour to acquire new skills. The acquisition of new skills enable mill workers to focus on quality and preventative maintenance and in the process shift the control and heavy lifting functions to mechanisation and automation.

Our Commitment to Technology

We fully understand and appreciate the need to integrate evolving science and technologies to drive business sustainability. We actively encourage oil palm millers to adopt evolving process technologies to reduce the stress on precious and limited natural resources.

Research and Development

Our research and development programme selects evolving science to develop and deliver new process technologies. Evolving science and technologies facilitate a broader set of critical milling inputs including: increasing oil extraction rate (OER) by reducing oil losses, shifting labour to human capital, creating equal employment opportunities, creating a safer working environment, attaining a more productive use of land and reducing pollution to deliver simultaneous financial and sustainability outcomes.

Automation is creating new opportunities for women and improving equality in the workplace

Productivity

Smarter, faster and reliable electronic components, sub-components and assemblies are shifting the drivers of productivity from human dependence to systems resulting in more positive occupational health in the oil palm milling workplace.

Information Technology

Information Technology is poised to play an increasing role in modern milling as pressures mount on the oil palm supply chain to deliver more sustainable outcomes. At Dolphin, we recognise the importance in delivering accurate and timely information to enhance the decision making process.

Dolphin's iPADAS mill management system and SCADA interface facilities Manual Data Inputs ("MDI") from a multitude of locations across the milling operations including weighbridge, loading ramp, laboratory and maintenance operations. SCADA data including running time, pressure, temperature, mass, flow and power are collected from remote devices and fed to the central database. Both MDI and SCADA data provide inputs to enable complex calculations in real time so management can correct adverse trends occuring in OER, inventory and prevent machine failure. Different milling centres can be linked via a local area network and/or across the internet to provide real time mill performance information, crop yield comparisons and possible shifts in traditional peak seasons across regions.

Our mission is to help our clients achieve the greatest results by embracing and harmonising science and technology, with a commitment to the environment and the communities serving the international palm oil industry.

Corporate **Information**

Board of Directors

Datuk Zaiton Binti Mohd Hassan
Chairman
(Senior Independent Non-Executive Chairperson)

Low Teck Yin
Group Managing Director

Hoh Yeong Cherng
Group Executive Director

Dr. Abdul Azis Bin Ariffin
(Independent Non-Executive Director)

Kamaruddin Bin Osman
(Independent Non-Executive Director)

Lee Yow Fui
(Independent Non-Executive Director)

Audit and Risk Committee

Lee Yow Fui *(Chairman)*
Dr. Abdul Azis Bin Ariffin
Kamaruddin Bin Osman

Remuneration Committee

Kamaruddin Bin Osman *(Chairman)*
Low Teck Yin
Dr. Abdul Azis Bin Ariffin

Nomination Committee

Datuk Zaiton Binti Mohd Hassan *(Chairperson)*
Dr. Abdul Azis Bin Ariffin
Kamaruddin Bin Osman

Company Secretary

Wong Youn Kim (MAICSA 7018778)

Registered Office

Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel: +603-2241 5800
Fax: +603-2282 5022

Head Office/Principal Place of Business

No. 17 & 19, Jalan Puteri 5/20
Bandar Puteri
47100 Puchong
Selangor Darul Ehsan
Tel: +603-8062 2289
Fax: +603-8060 8613
Website: www.dolphinbhd.com
Email: dolphin@dolphineng.com

Auditors

Baker Tilly Monteiro Heng (AF 0117)
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel: +603-2297 1000
Fax: +603-2282 9980

Principal Banker

Export-Import Bank of Malaysia Berhad
United Overseas Bank (M) Berhad

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: +603-7841 8000
Fax: +603-7841 8151/8152

Stock Exchange Listing

Bursa Malaysia Securities Berhad
Main Market
DOLPHIN (5265)

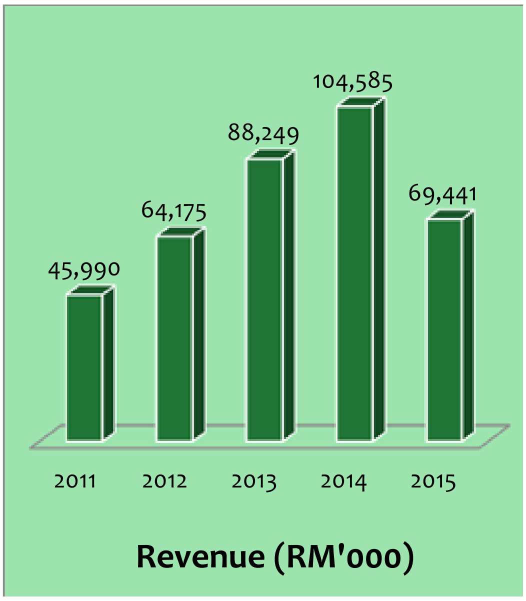
Dolphin International Berhad

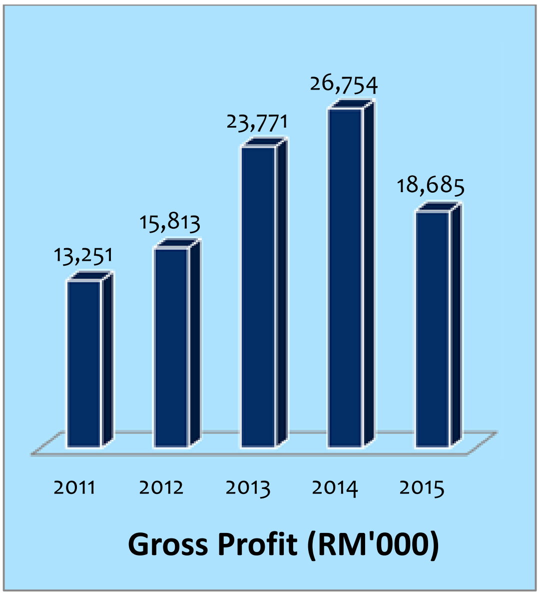
- Dolphin Applications Sdn Bhd (100%)
  - Dolphin Robotic Systems Sdn Bhd (100%)
  - PT Dolphin Indonesia (90%)
  - PT Emas Hijau Sejahtera Kapuas (30%)
- Dolphin Engineering (M) Sdn Bhd (100%)
- Dolphin Systems Sdn Bhd (100%)
- Dolphin Components Sdn Bhd (75%)

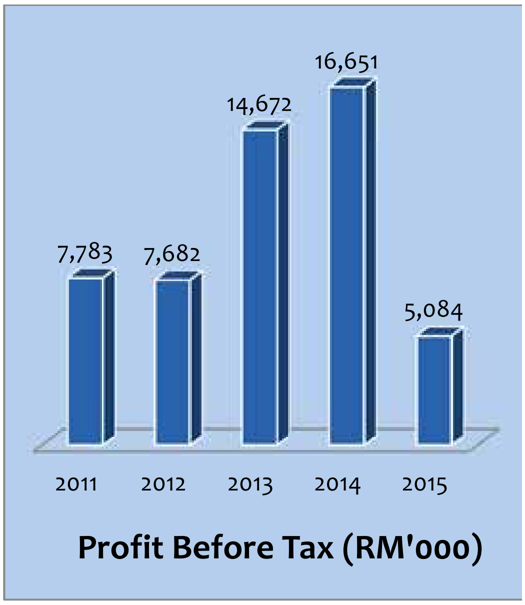
Group **Financial** Highlights

Year ended 31 December	← Proforma Group 2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000 →	Audited 2015 RM'000
Revenue	45,990	64,175	88,249	104,585	69,441
Gross profit	13,251	15,813	23,771	26,754	18,685
Profit before tax	7,783	7,682	14,672	16,651	5,084
Profit attributable to owners of Dolphin	7,290	7,195	10,911	12,129	2,860

Note: The financial results for the FYE 2011 to FYE 2014 are based on proforma results as per the Company's IPO Prospectus dated 20 May 2015.







Board of Directors

Sitting (From left)
Low Teck Yin, Datuk Zaiton Binti Mohd Hassan and Hoh Yeong Cherng

Standing (From left)
Kamaruddin Bin Osman, Lee Yow Fui and Dr Abdul Azis Bin Ariffin

DATUK ZAITON BINTI MOHD HASSAN
Aged 59, Malaysian
Senior Independent Non-Executive Chairperson

Datuk Zaiton Binti Mohd Hassan was appointed to the Board on 28 May 2014. She is currently the Chairperson of the Nomination Committee. She became a member of the Association of Chartered Certified Accountants, United Kingdom (ACCA) in 1980 and became a Fellow of ACCA in 1985. She is also the Vice President of the Malaysian Institute of Accountants (MIA) and a member of the Malaysian Institute of Certified Public Accountants (MICPA).

Datuk Zaiton brings with her a wealth of knowledge and experience in the financial and capital markets industry, professional bodies and corporations. She started her career in PricewaterhouseCoopers. Thereafter, she joined Bank Pembangunan as a Project Officer. She served as an Investment Manager of Bapema Corporation Sdn Bhd. She subsequently continued her career with Maybank. Throughout her tenure of 12 years in Maybank, she moved through the ranks and held various senior positions. In 1996, she left Maybank as its General Manager, Group Strategic Planning and was appointed as the President/Executive Director of Malaysian Rating Corporation Berhad (MARC) wherein she was instrumental in the setting-up and operation of the second rating agency in Malaysia. Datuk Zaiton served MARC for 8 years before leaving in 2004 to set up her own financial advisory firm, Capital Intelligence Advisors Sdn Bhd.

She is currently the Chairman of the Private Pension Administrator Malaysia. She is also the Senior Independent Director of Sime Darby Berhad as well as an Independent Non-Executive Director of Bank Islam Malaysia Berhad and BIMB Holdings Berhad. She also holds directorships in several other private companies.

Datuk Zaiton does not have any family relationship with other Directors and /or major shareholders of Dolphin. She has no conflict of interest and her shareholdings in Dolphin are as disclosed on page 126 of this Annual Report. She has no convictions of any offences within the past ten (10) years.

LOW TECK YIN
Aged 48, Malaysian
Group Managing Director

Low Teck Yin was appointed to the Board on 14 May 2012. He is currently a Member of the Remuneration Committee. He is the co-founder of the Group and is currently heading the Group's operations. He is responsible for ensuring the Group's efficient operations, effective cost management, consistent quality control, business growth and exploration of new markets.

Mr. Low started his career in 1986 as a store clerk at Jemco Sdn Bhd, a supplier of machinery spare parts. In 1987, Mr. Low established his first company, called Gentrade Company, which focused on the trading and distributing of machinery spare parts, focusing on pneumatic valves, cylinders and fittings. Gentrade Company ceased operations in 1991.

In 1992, Mr. Low, together with Hoh Yeong Cherng, established the first company within the Dolphin Group, namely Dolphin Engineering, which began with the provision of customised automation systems and services to assembly plants of various industries, including the automotive and consumer electronics industry. Since then, Mr. Low has played the leading role in the growth of the Group by having the visionary foresight to embrace the niche opportunities in the palm oil milling machineries sector which presented itself in 1995. With his training in hydraulics, hydro pneumatic and total pneumatic automation, he has managed to establish the Group as a major player in providing integrated solutions for the automation of Palm Oil Mills (POMs). Presently, Mr. Low continues to drive the vision of the Group to be the premier provider of sustainable solutions in the global palm oil milling machineries sector as well as formulates the overall business direction and strategies of the Group.

He does not hold any directorships in any other public companies. Save and except for disclosures in this Annual Report, Mr. Low does not have any family relationship with other Directors and/or major shareholders of Dolphin. Other than the disclosures in related party transactions on pages 100 and 101 of this Annual Report, he has no conflict of interest and his shareholdings in Dolphin are as disclosed on page 126 of this Annual Report. He has no convictions of any offences within the past ten (10) years.

HOH YEONG CHERNG
Aged 49, Malaysian
Group Executive Director

Hoh Yeong Cherng was appointed to the Board on 14 May 2012. He is the co-founder of the Group. His current responsibilities include monitoring the Group's overall operations, effective cost management and timely delivery of finished products to the customers.

Mr. Hoh has over 30 years of experience in sales, marketing and customer relationship management. He began his career in 1988 as a sales executive with EPA Sdn Bhd (EPA), a company trading in pneumatic products, where he accumulated the technical knowledge in relation to such products. He left EPA in 1990 and joined Gentrade Company as a sales executive. Gentrade Company ceased operations in 1991.

In 1992, he co-founded Dolphin Engineering with Low Teck Yin. He has since played an instrumental role in the development of the various operations within the Group. With his extensive experience, expertise and knowledge in the technical nature of pneumatic products and industrial automation field, he has managed to constantly introduce new initiatives for the Group to conduct research and development in order to keep abreast with the current trends of the palm oil milling machineries sector. This positions the group favourably to be able to potentially capitalise and cater to the automation needs and demands of the palm oil milling machineries sector. Presently, Mr. Hoh oversees the day-to-day operations and special projects of the Group.

He does not hold any directorships in any other public companies. Save and except for disclosures in this Annual Report, Mr. Hoh does not have any family relationship with other Directors and/or major shareholders of Dolphin. Other than the disclosures in related party transactions on pages 100 and 101 of this Annual Report, he has no conflict of interest and his shareholdings in Dolphin are as disclosed on page 126 of this Annual Report. He has no convictions of any offences within the past ten (10) years.

DR. ABDUL AZIS BIN ARIFFIN
Aged 69, Malaysian
Independent Non-Executive Director

Dr. Abdul Azis Bin Ariffin was appointed to the Board on 28 May 2014. He is currently a Member of the Audit and Risk Committee, Remuneration Committee and Nomination Committee. He holds a Bachelor of Science in Botany from University of Malaya which he obtained in 1973. In 1977, he obtained a doctorate in Biochemistry from the University of Newcastle-upon-Tyne, United Kingdom.

Dr. Abdul Azis has since accumulated over 31 years of experience in the palm oil industry. Upon obtaining his doctorate, he started his career in 1978 as a research expatriate at Malaysian Rubber Producers' Research Association (Brickendonbury) in Hertford, United Kingdom, where he focused on polymer chemistry of rubber. In 1980, he returned to Malaysia to work as a senior research officer on the synthesis of rubber at the Rubber Research Institute of Malaysia. In 1982, he left the Rubber Research Institute of Malaysia to join Palm Oil Research Institute of Malaysia as a senior research officer on palm oil plantation and processing. In 1992, he joined Sime Darby Plantations Sdn Bhd as a senior executive where he oversaw the palm oil milling and refinery.

In 2002, he left Sime Darby Plantations to join Universiti Putra Malaysia (UPM) as an Associate Professor, focusing on Food Act Regulations, Food Manufacturing, Chemistry and Technology of Oils and Fats up till December 2014. He is currently attached with the Institute of Advanced Technology, UPM as a research fellow where his main focus of research is on the milling activities in the palm oil industry. While predominantly dedicating his time to teaching and researching on palm oil related activities, he still offers consultation to numerous other private and public entities.

He does not hold any directorships in any other public companies. Dr. Abdul Azis does not have any family relationship with other Directors and/or major shareholders of Dolphin. He has no conflict of interest and his shareholdings in Dolphin are as disclosed on page 126 of this Annual Report. He has no convictions of any offences within the past ten (10) years.

KAMARUDDIN BIN OSMAN
Aged 71, Malaysian
Independent Non-Executive Director

Kamaruddin Bin Osman was appointed to the Board on 28 May 2014. He is currently a Member of the Audit and Risk Committee, and Nomination Committee and also the Chairman of the Remuneration Committee. He holds a Bachelor of Arts in Geography and Economics from University of Malaya which he obtained in 1968.

En. Kamaruddin brings with him over 41 years of experience in corporate management and operations in both the private and public sectors, of which 20 years was spent in the palm oil industry. Upon his graduation in 1968, he joined Pineapple Cannery of Malaya Sdn Bhd (PCM) as an Assistant Production Manager. Within 3 years, he was appointed as Factory Manager of Malaysian Can Company Sdn Bhd, a subsidiary of PCM. There, he was responsible for the overall fabrication and production of tin cans.

In 1973, he left Malaysian Can Company Sdn Bhd and joined the Development Authority for Pahang Tenggara (DARA) as Assistant Director in the Regional Planning Division. DARA was responsible for the development of 2.5 million acres of land in accordance to a master plan which included the construction of road systems, townships and the opening of plantations by both the public and private sectors. During his 10 year service with DARA, he was appointed the Director of Planning and Infrastructure in 1978, where he was responsible for planning, coordination of all infrastructure, social and township development. In 1980, he was then appointed as the Director of Investment and Promotion, responsible for attracting investment projects and monitoring companies in which DARA had interests.

In 1984, En. Kamaruddin joined Sawira Sdn Bhd, an oil palm plantation and milling company as its Executive Director, and served until his retirement in 2000. From 1995 to 2000, he was also appointed Director of PT Ganda Prima, a company established to develop an oil palm plantation in West Kalimantan, Indonesia. From 1992 to 2000, he was also a very active committee member of the Palm Oil Millers Association of Malaysia.

After taking a sabbatical during 2001, En. Kamaruddin has since 2002, kept busy as a shareholder and Director of C.T. Golf Landscaping Sdn Bhd, a company dealing in construction and upgrading of golf courses, landscaping of commercial areas and related activities. Until recently, he had served as Director and advisor in a few private companies. En. Kamaruddin continues to be interested and keeps abreast of the development of the oil palm industry.

En. Kamaruddin does not have any family relationship with other Directors and /or major shareholders of Dolphin. He has no conflict of interest and his shareholdings in Dolphin are as disclosed on page 126 of this Annual Report. He has no convictions of any offences within the past ten (10) years.

LEE YOW FUI
Aged 45, Malaysian
Independent Non-Executive Director

He was appointed to the Board on 28 May 2014. He is currently the Chairman of the Audit and Risk Committee. He holds a Bachelor's Degree of Business (Accounting) from Monash University, Melbourne which he obtained in 1995. He was admitted as a member of Certified Practicing Accountant (CPA) Australia in 1998 and as a Public Accountant by the Malaysian Institute of Accountants in 1999. In 2008, he obtained his Master of Business Administration majoring in Finance from University of Malaya.

In 1996, he joined Moores Rowland as an Audit Junior. In 1997, he moved to Deloitte & Touche and was subsequently promoted as an Audit Senior responsible for leading teams in audits in amongst others civil engineering, construction and semi-conductor manufacturing industries. He subsequently left the professional services industry in 2000 and joined Richard's Lighting Sdn Bhd as Finance and Administration Manager whereby he was in charge of managing the group accounts and supervising of the finance and administrative departments. He subsequently moved to Newspage (Malaysia) Sdn Bhd as their Finance and Administration Manager in 2001.

Since leaving Newspage (Malaysia) Sdn Bhd in 2002, he established Y.F. Lee & Associates which provides audit and taxation services as well as assists businesses in developing accounting systems and internal controls. He is presently a Partner in Y.F. Lee & Associates and a Finance Director in Brightstar Distribution Sdn Bhd, a company distributing mobile phones, since 2009. He is also an Independent Non-Executive Director of Ire-Tex Corp Berhad.

Mr. Lee does not have any family relationship with other Directors and /or major shareholders of Dolphin. He has no conflict of interest and his shareholdings in Dolphin are as disclosed on page 126 of this Annual Report. He has no convictions of any offences within the past ten (10) years.

As the Chairperson of Dolphin International Berhad ("Dolphin" or "our Group"), it gives me pleasure to present to you the Annual Report and Financial Statements of Dolphin for the financial year ended 31 December 2015 ("FYE 2015").

SUMMARY AND OUTLOOK

FYE 2015 was a year filled with multiple challenges that has affected the global economy. We have witnessed a slowdown in economic growth as well as a volatile Malaysian Ringgit ("MYR") against other major global currencies. The economic growth for 2015 was reported at 4.8% (slightly lower than the expected 5.0%), and the MYR experienced a decline of up to 30.9% against the USD (November 2014 to November 2015), hitting a 17 year low of RM4.46 per USD in September 2015.

The rapid slump in Brent crude oil prices has also negatively impacted crude palm oil ("CPO") prices. Despite the mild El Nino weather phenomenon, CPO prices continue to remain sluggish as production continues to exceed demand.

Vis a vis the reduction in exports as well as the narrowing price differential against competing vegetable oils, CPO prices continue to significantly decline, reaching a low of RM1,834 per metric tonne during the financial year.

These challenging factors have led to a reassessment of the timing and deployment of capital expenditure pertaining to any upgrades or construction of new palm oil mills.

Despite these factors, the Board remains confident in our growth strategies and will continue to focus on driving the Group to greater heights.

FINANCIAL PERFORMANCE

Under the leadership of our Group Managing Director, Low Teck Yin, together with the support of an experienced and professional management team at Dolphin, last year marked a significant milestone for the Group, as Dolphin was successfully listed on the Main Market of Bursa Securities on June 9th, 2015.

In our first year as a listed entity and following the completion of the acquisitions of our core operations in March 2015, our Group has recorded lower revenue of RM69.44 million (excluding the pre-acquisition revenue of RM18.07 million) as compared to our proforma revenue of RM104.59 million for FYE 2014.

Accordingly, our profit before tax ("PBT") decreased to RM5.08 million (excluding pre-acquisition PBT of RM4.59 million), after netting off the listing expenses of RM3.59 million, gain on bargain purchase arising from the acquisitions of subsidiaries of RM2.48 million and the amortisation of intangible assets arising from acquisition of a subsidiary of RM2.46 million.

While acknowledging that external factors are not entirely within our control, we, as a Group, will continue with our best efforts to streamline operations, improve efficiency and broaden our customer base.

In line with the Group's prudent financial policy, operations were kept lean and efficient throughout the year with strong emphasis on cost reduction and continuous operational improvement activities.

ACKNOWLEDGEMENTS

The Group's achievements remain a testament of the dedication and efforts of its employees and its successes are attributable to the support and commitment of the Board, our customers, business associates, suppliers, financiers and the various regulatory authorities. I would like to express my sincere appreciation to all of them. With their continued support, I am confident that Dolphin will continue to move forward to achieve sustainable success.

To our valued Shareholders, I thank you for your endless support, confidence and trust in us. We will continue to work diligently in the creation and preservation of shareholders value of the Group.

Datuk Zaiton Binti Mohd Hassan
Chairperson
28 April 2016

The Board of Directors of Dolphin International Berhad ("Dolphin" or "the Company") is committed towards adhering to the requirements and guidelines as per the Malaysian Code of Corporate Governance 2012 ("the Code") as well as the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad and strives to adopt the substance behind the corporate governance prescriptions.

Set out below is the manner in which Dolphin and its subsidiaries ("the Group") have applied the principles of good governance and the extent to which it has complied with the Code.

BOARD RESPONSIBILITIES

The Board is responsible for the corporate governance practices of the Group. It guides and monitors the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group.

The key responsibilities include the primary responsibilities prescribed under the Code. These cover a review of the strategic direction for the Group, overseeing and evaluating the business operations of the Group, reviewing adequacy of the internal control, identifying principal risks and ensuring that the risks are properly managed, establishing a succession plan and developing and implementing an investor relations programme. The responsibility for matters material to the Group is in the hands of the Board, with no individuals having unfettered powers to make decisions.

The Board has retained for itself decisions in respect of matters significant to the Group's business operations which include the approval of key corporate plans, major business transactions involving either the acquisitions or disposal of business, interests and/or assets, consideration of significant financial matters and announcements of financial results, appointments to the Board and control structure within the Group.

The Board has adopted a charter to provide Directors and Officers with greater clarity regarding the roles of the Board, the requirements of Directors in carrying out their roles and discharging their duties, and to serve as the Board's operating practices. The charter will be reviewed from time to time and updated in accordance with the needs of the Board and any new regulations that may have an impact on the roles and responsibilities of the Board.

The Board has also formalised a Code of Ethics for its Directors which is incorporated in the Board Charter. The Board will periodically review the said Code of Ethics.

The Board has also delegated certain of its responsibilities to the Audit and Risk Committee, Nomination Committee and Remuneration Committee, which operate under approved terms of reference. The Chairman of the relevant Board Committees report to the Board on key issues deliberated by the Board Committees at their respective meetings.

In performing their duties, all Directors have access to the advice and services of the Company Secretary, and if necessary, may seek independent professional advice about the affairs of the Group. The Company Secretary attends all Board meetings and advises the Board on regulatory procedure, the requirement of the Company's Memorandum and Articles of Association, the Companies Act, 1965 and the MMLR. The Company Secretary also ensures that there is good information flow within the Board and between the Board, Board Committees and senior management. Board members are provided with Board papers in advance before each Board meeting for decision, including the overall Group's strategy and direction, acquisitions and divestments, approval of major capital expenditure projects and significant financial matters.

Where a potential conflict arises in the Group's investment, projects or any transactions involving Director's interest, such Director is required to declare his interest and abstain from further discussion and the decision making process.

Where necessary, members of senior management and external advisers are invited to attend Board meetings to furnish additional insights and professional views on specific items to be tabled for the Board's consideration.

Minutes of the Board and Board Committee meetings are circulated to Directors for their perusal prior to confirmation of the Minutes at the following Board and Board Committee meetings. The Directors may request for further clarification or raise comments on the minutes prior to confirmation of minutes to be tabled at the respective Board/Board Committee meetings as the correct records of the proceedings.

BOARD RESPONSIBILITIES (Cont'd)

The Group is also committed towards sustainable development, employees' welfare, the environment as well as community responsibilities as integral to the way in which the Group conducts its business. A Report on the activities pertaining to corporate social responsibilities is set out in pages 29 to 30 of this Annual Report.

COMPOSITION OF THE BOARD

The Board currently has six (6) members, comprising one (1) Senior Independent Non-Executive Chairperson, two (2) Executive Directors and three (3) Independent Non-Executive Directors. Four (4) of the Directors are Independent Directors, which is more than the one third MMLR requirement. Together, the Directors bring characteristics which allow a mix of qualifications, skills and experience which are necessary for the successful direction of the Group.

A brief profile of each Director is presented on pages 9 to 11 of this Annual Report.

The Group practises the division of responsibility between the Chairperson and Group Managing Director ("GMD") and there is a balance of Executive, Non-Executive and Independent Non-Executive Directors. The roles of the Chairperson and GMD are separate and clearly defined, and are held individually by two (2) persons. The GMD is primarily responsible for the overall management and the day-to-day operations of the business of the Group whereas the Chairperson, who is a Senior Independent Non-Executive Director of the Board, is primarily responsible for the overall oversight role of the Board.

The Board believes that the current size, gender diversification and composition are appropriate for its purpose.

BOARD MEETINGS

Board meetings are held at quarterly intervals with additional meetings convened for particular matters, when necessary. The Board records its deliberations, in terms of issues discussed, and the conclusions in discharging its duties and responsibilities. The Board may, whenever required, set up committees delegated with specified powers and responsibilities.

The Board has established the following Committees to assist the Board in the execution of its duties:
- Audit and Risk Committee
- Remuneration Committee
- Nomination Committee

The number of meetings of the Board and Board Committees held during the financial year ended 31 December 2015 were:

Board of Directors	5 meetings
Audit and Risk Committee	3 meetings
Nomination Committee	1 meeting
Remuneration Committee	1 meeting

The composition of the Board and the attendance of each Director at the Board meetings held during the year are as follows:-

Name of Director	Designation	Status of Directorship	Attendance of Meetings
Datuk Zaiton Binti Mohd Hassan	Senior Independent Non-Executive Chairperson	Independent and Non-Executive	5/5
Low Teck Yin	Group Managing Director	Executive Director	5/5
Hoh Yeong Cherng	Group Executive Director	Executive Director	5/5
Dr. Abdul Azis Bin Ariffin	Independent Non-Executive Director	Independent and Non-Executive	5/5
Kamaruddin Bin Osman	Independent Non-Executive Director	Independent and Non-Executive	3/5
Lee Yow Fui	Independent Non-Executive Director	Independent and Non-Executive	5/5

INFORMATION FOR THE BOARD

The Directors are provided with adequate Board reports in a timely manner prior to the Board meeting to enable the Directors to obtain further explanations, where necessary. These reports provide information on the Group's performance and major operational, financial and corporate issues. Minutes of the Board Committee meetings are tabled at the Board meetings for the Board's information and deliberation. The Directors have access to the advice and services of the Company Secretary.

RE-APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, all newly appointed Directors shall retire from office but shall be eligible for re-election at the next Annual General Meeting subsequent to their appointment. The Articles further provide that at least one third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting.

BOARD INDEPENDENCE

Independent Non-Executive Directors play a leading role in Board Committees. The management and third parties attend the Committee meetings by invitation as and when required. The Code recommends that the tenure of Independent Directors should not exceed a cumulative term of nine (9) years. At the moment, the present composition is in compliance with the Code.

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director in the MMLR. The MMLR's definition of independence includes a series of objective tests such as Director is not an employee of the Company and is not engaged in any type of business dealings with the Company. Hitherto, none of the Independent Directors engage in the day-to-day management of the Company, participate in any business dealings or are involved in any other relationship with the Company (other than in situations permitted by the applicable regulations). During the financial year, none of the Independent Directors had any relationship that could materially interfere with his unfettered and independent judgement.

BOARD COMMITTEES

The Board appoints the following Board Committees with specific terms of reference:-
- Audit and Risk Committee
- Remuneration Committee
- Nomination Committee

The Board has also approved and adopted a formal terms of reference that outlines the functions, duties and responsibilities of the Board Committees in line with the Board's objective in pursuing good governance practice.

Audit and Risk Committee

The Board has an Audit and Risk Committee whose composition meets the MMLR, where Independent Directors form the majority. The Chairman of the Audit and Risk Committee, an Independent Director, is a member of the Malaysian Institute of Accountants. The Audit and Risk Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with external auditors.

The Audit and Risk Committee has full access to both the internal and external auditors who in turn, have access at all times to the Chairman of the Audit and Risk Committee. The role of the Audit and Risk Committee and the numbers of meetings held during the financial year as well as the attendance record of each member are set out in the Audit and Risk Committee Report in this Annual Report.

BOARD COMMITTEES (Cont'd)

Nomination Committee

The Board has established a Nomination Committee comprising entirely Non-Executive Directors, a majority of whom are independent and chaired by an Independent Director. The composition of the Nomination Committee is as follows:

Datuk Zaiton Binti Mohd Hassan (Chairperson)
Dr. Abdul Azis Bin Ariffin
Kamaruddin Bin Osman

The Nomination Committee is responsible for proposing new nominees to the Board and Board Committees, for assessing on an annual basis, the contribution of each individual Director and the overall effectiveness of the Board. The final decision as to who shall be appointed as Director remains the responsibility of the full Board, after considering the recommendation of the Nomination Committee.

The terms of reference of the Nomination Committee are as follows:

a. Recommend to the Board, candidates for all directorships to be filled by the Board. In making its recommendations, the Nomination Committee considers the candidates' skills, knowledge, expertise and experience, professionalism, integrity and in the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

b. Recommend to the Board, Directors to fill the Board Committees.

c. Assess the effectiveness of the Board as a whole.

d. Assess the effectiveness of the Committees of the Board.

e. Assess the contribution of each individual Director.

f. Review and recommend to the Board the required mix of skills and experience and other qualities the Board requires in order to function competently and efficiently.

g. Assess the performance and contribution of Directors who stand for re-election whether they meet established performance evaluation criteria.

h. To develop criteria to assess independence of Directors.

i. To review Board's succession plan.

j. To facilitate Board induction and training for newly appointed Directors.

k. To review training programs for the Board.

l. To facilitate achievement of Board diversity policies and targets.

Meetings of the Nomination Committee are held as and when necessary, and at least once a year. The Nomination Committee met one (1) time during the financial year and all members registered full attendance. During the year, the Nomination Committee, upon its recent annual review carried out, is satisfied that the size of the Board is optimum and comprising a good mix of experiences and expertise.

The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointment of new Directors are properly executed.

BOARD COMMITTEES (Cont'd)

Remuneration Committee

The Board has established a Remuneration Committee consisting of the following Directors, majority of whom are Independent Directors:

Kamaruddin Bin Osman (Chairman)
Low Teck Yin
Dr. Abdul Azis Bin Ariffin

The Remuneration Committee reviews the remuneration packages, reward structure and fringe benefits applicable to the Executive Directors on an annual basis and makes recommendations to the Board. The Board as a whole determines the remuneration of the Executive Directors with each individual Director abstaining from decision in respect of his own remuneration.

In establishing the level of remuneration for the Group Executive Directors, the Remuneration Committee has regard to packages offered by comparable companies and may also obtain independent advice if deemed necessary.

The remuneration of the Executive Directors comprise a fixed salary and allowances, and a bonus approved by the Board. The remuneration for Non-Executive Directors comprise annual fees, meeting allowance and reimbursement of expenses for their services in connection with the Board and Board Committee activities.

The terms of reference of the Remuneration Committee with regard to its role are as follows:

- To review and recommend the remuneration packages of the Executive Directors, drawing from outside advice whenever necessary prior to making the relevant recommendations to the Board such that the levels of remuneration are sufficient to attract and retain the Directors needed to run the Company successfully;
- The determination of remuneration package of Non-Executive Directors should be a matter of the Board as a whole; and
- review any major changes in remuneration policy and employee benefit structures throughout the Company or Group, and if thought fit, recommend them to the Board for adoption.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. The Remuneration Committee met once during the financial year and all the members registered full attendance.

Directors' Remuneration

The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved. The level of remuneration for the Executive Director is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies. A formal review of the Directors' remuneration is undertaken on a periodic basis as determined by the Board.

BOARD COMMITTEES (Cont'd)

Directors' Remuneration (Cont'd)

The details of the aggregate remuneration of Directors for the financial year ended 31 December 2015 are as follows:

	Non-Executive Directors RM	Executive Directors RM	Total RM
Fees	173,000	-	173,000
Salaries and other emoluments	18,000	965,550	983,550
Total	**191,000**	**965,550**	**1,156,550**

Remuneration paid to Directors during the year analysed into bands of RM50,000, which complies with the disclosure requirements under the MMLR is as follows:

	Non-Executive Directors	Executive Directors
RM100,000 and below	4	-
RM400,001 to RM450,000	-	1
RM500,001 to RM550,000	-	1
RM550,001 and above	-	-

BOARD ASSESSMENT

The Board of Directors including the Group Managing Director and Group Executive Director are subject to the process of self and peer assessment annually. The Directors are provided with a survey form to carry out the assessment with absolute anonymity.

The results are then tabulated by the Secretary and presented to the Nomination Committee for its review and recommendation to the Board. A full set of the results plus summarized version are also provided to each Director for their information. The criteria that are used in the assessment of the Board include the adequacy of the Board structure, the efficiency and integrity of the Board's operations and the effectiveness of the Board in the discharge of its duties and responsibilities.

The individual Directors are assessed based on their competence, capability, commitment, objectivity, participation in Board deliberations and their contribution to the objectives of the Board and the Board Committees on which they serve. The assessment of the Group Managing Director and Group Executive Director are co-related to the execution of the Group's strategic plans by management and the achievement of performance targets set by the Board.

DIRECTORS' TRAINING

The Company has engaged educational/training programs to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and / or the Company.

In addition to the Mandatory Accreditation Programme, Board members are also encouraged to attend training programmes conducted by highly competent professionals that are relevant to the Company's operations and business. All Directors have successfully completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. The Directors will continue to attend other relevant training programmes to keep abreast with developments on a continuous basis in compliance with the MMLR.

DIRECTORS' TRAINING (Cont'd)

The Board has assessed the training needs of the Directors and that the courses that had been attended by the Directors are as follows:-

Name of Director	Topics of Courses Attended
Datuk Zaiton Binti Mohd Hassan	• A Dialogue with Tan Sri Lin See Yan – Financial Services in Turbulent Times • Focus Group Discussion in Preparation for Dialogue with Governor, BNM Banking Sector • BNM-FIDE Forum Dialogue with Governor, BNM • 2015 Non-Executive Directors' Remuneration Study • Impact of the New Accounting Standard on Banks – What Directors should be aware of by Mr. Darrel Scott • 4th Distinguished Board Leadership Series: "Board Leading Change: Organisational Transformation Strategy as Key to Sustainable Growth in Challenging Times" by Prof William J. Rothwell • 6th Distinguished Board Leadership Series: "Digital Transformation and Its Impact on Financial Services – Role of the Board in Maximising Potential" by Mr. Joydeep Sengupta • Launch and Briefing on Directors' Remuneration Report 2015
Low Teck Yin	• Mandatory Accreditation Programme for directors of Public Listed Companies
Hoh Yeong Cherng	• Mandatory Accreditation Programme for directors of Public Listed Companies
Dr. Abdul Azis Bin Ariffin	• Mandatory Accreditation Programme for directors of Public Listed Companies
Kamaruddin Bin Osman	• Mandatory Accreditation Programme for directors of Public Listed Companies
Lee Yow Fui	• 2016 Budget Seminar • Tax Planning, Tax Issues and GST Accounting for Property Developers

ACCOUNTABILITY AND AUDIT

The Company has established an Audit and Risk Committee to review the integrity of the financial reporting and to oversee the independence of the external auditors.

Transparency and Financial Reporting

In presenting the annual financial statements and quarterly announcements of results to the shareholders, the Board aims to present a balanced assessment of the Group's position and prospects. Before the financial statements were drawn up, the Directors have taken the necessary steps to ensure all the applicable policies are applied consistently, and that the policies are supported by reasonable and prudent judgement and estimates while adhering to all applicable accounting standards. The role of the Audit and Risk Committee in the review and reporting of the financial information of the Group is outlined in the Audit and Risk Committee Report on pages 22 to 26.

Related Party Transactions

Directors recognise that they have to declare their respective interest in transactions with the Company and the Group, and abstain from deliberation and voting on the relevant resolution in respect of such transactions at the Board or at any general meetings convened to consider the matter. All related party transactions are reviewed as part of the annual internal audit plan, and the Audit & Risk Committee reviews any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that causes questions of management integrity to arise. Details of related party transactions are set out in Note 33 to these financial statements.

ACCOUNTABILITY AND AUDIT (Cont'd)

Internal Control

The information on the Group's internal control is presented in the Statement on Internal Control and Risk Management.

Relationship with External Auditors

The Board has established a transparent and appropriate relationship with the external auditors through the Audit and Risk Committee. The role of the Audit and Risk Committee in relation to the external auditors is described in the Audit Committee Report.

RECOGNISE AND MANAGE RISKS

Sound Framework to Manage Material Business Risks

The Board acknowledges that risk management is an integral part of good management practice. Risk is inherent in all business activities. It is not however the Group's objective to eliminate risk totally. Instead, it is to provide structural means to identify, prioritize and manage the risks involved in all the Group's activities and to balance between the cost of managing and treating risks, and the anticipated benefits that will be derived.

Further details of the Group's system of risk management and internal control are reported in the Statement of Risk Management and Internal Control on pages 27 to 28 of this Annual Report.

Internal Audit Function

In a desire to maintain total independence in the management of the internal control environment and remain in compliance with the MMLR, the internal audit function of the Group has been outsourced to an independent party, Sterling Business Alignment Consulting Sdn Bhd ("SBAC"). The representative from SBAC is invited to table their reports at every Audit and Risk Committee Meeting. Details the Group's internal control system and framework are set out in the Directors' Statement on Risk Management and Internal Control and, the Audit and Risk Committee Report respectively.

The internal auditors report independently and directly to the Audit and Risk Committee in respect of the internal audit function. The Audit and Risk Committee together with the internal auditors agree on the scope and plan of internal audit activities annually and all audit findings arising therefrom are reported to the Audit and Risk Committee on a quarterly basis.

Further details of the activities of the risk management and internal audit function are set out in the Statement on Risk Management and Internal Control.

TIMELY DISCLOSURE AND INVESTOR RELATIONS

The Company is fully committed in maintaining a high standard for the dissemination of relevant and material information on the development of the Group. The Company also places strong emphasis on the importance of timely and equitable dissemination of information to shareholders. The Company uses a number of formal channels for effective dissemination of information to the shareholders and stakeholders particularly through the annual report, announcements to Bursa Securities, media releases, quarterly results, analyst briefings, Company websites and investor relation activities.

TIMELY DISCLOSURE AND INVESTOR RELATIONS (Cont'd)

The annual report has comprehensive information pertaining to the Group, while various disclosures on quarterly and annual results provide investors with financial information. Apart from the mandatory public announcements through Bursa Malaysia, the Group's website at www.dolphinbhd.com provides corporate, financial and non-financial information. Through the website, shareholders are able to direct queries to the Company. The Group's investor relation activities are aimed at developing and maintaining a positive relationship with all the stakeholders through active two-way communication, and to promote and demonstrate a high standard of integrity and transparency through timely, accurate and full disclosure and to enhance the stakeholders' understanding of the Group, its core businesses and operations, thereby enabling investors to make informed decision in valuing the Company's shares.

The Board is committed under its corporate governance obligations to have an effective channel of communication with shareholders and the investing public. It affirms that the primary channel to engage and communicate with its shareholders is during the general meeting.

EFFECTIVE COMMUNICATION AND ENGAGEMENT WITH SHAREHOLDERS

The Company is of the view that the Annual General Meeting and other general meetings are important opportunities for meeting investors and addressing their concerns. The Board, senior management and external auditors attend all such meetings. Registered shareholders are invited to attend and participate actively in such meetings, including clarifying and questioning the Company's strategic direction, business operations, performance and proposed resolutions.

Each shareholder can vote in person or by appointing a proxy to attend and vote on his/her behalf. Separate issues are tabled in separate resolutions at general meetings, voting is carried out systematically and resolutions are properly recorded. Generally, resolutions will be carried out by show of hands except for substantive resolutions or as mandated by the authorities, the resolutions will be voted through polling session.

The Board of Directors of Dolphin International Berhad ("the Company") is pleased to present the report on the Audit and Risk Committee of the Board for the year ended 31 December 2015.

OBJECTIVE

The Audit and Risk Committee ("ARC") was established to act as a Committee for the Board of Directors to fulfill its fiduciary responsibilities in accordance with the Terms of Reference of the ARC of the Company and to assist the Board in reviewing the adequacy and integrity of the Group's financial administration, reporting and internal control.

MEMBERS OF THE ARC

The ARC comprises the following members:

Chairman
Lee Yow Fui (Independent Non-Executive Director)

Members
Dr. Abdul Azis Bin Ariffin (Independent Non-Executive Director)
Kamaruddin Bin Osman (Independent Non-Executive Director)

TERMS OF REFERENCE

The terms of reference of the ARC are as follows:

Membership

1. The ARC shall be appointed by the Board from amongst their members and shall consist of at least three (3) members, all of whom must be Non-Executive Directors, with a majority of them being Independent Directors.

2. At least one (1) member of the ARC:
   a. must be a member of the Malaysian Institute of Accountants; or
   b. if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' of working experience and
      - must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
      - must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
      - fulfill such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

3. The members of the ARC shall elect a Chairman from amongst their members who shall be an Independent Non-Executive Director.

4. No alternate Director shall be appointed as a member of the ARC.

5. The term of office and performance of the ARC and each of its members shall be reviewed by the Board at least once every three years.

TERMS OF REFERENCE (Cont'd)

Membership (Cont'd)

6. The Company Secretary or such other person(s) authorised by the Board of Directors shall act as the Secretary to the Committee.

7. If a member of the Committee resigns, dies or for any other reason ceases to be a member resulting in the number of members being reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new member(s) as may be required to make up the minimum number of three (3) members.

AUTHORITY

The ARC is authorised by the Board:

a) To investigate any activity within its terms of reference;

b) To have the resources required to perform its duties;

c) To have full and unrestricted access to information about the Company and its subsidiaries ("the Group");

d) To have unrestricted access to both the internal and external auditors and to all employees of the Group;

e) To have director communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);

f) To obtain external legal or other independent professional advice as necessary;

g) To be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees, whenever deemed necessary;

h) Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Main Market Listing Requirements ("MMLR"), the Committee shall promptly report such matters to the authorities; and

i) The attendance at any particular ARC meeting by other Directors and employees of the Company shall be at the Committee's invitation and discretion, and specific to that relevant meeting only.

FUNCTIONS

In fulfilling its primary objectives, the ARC undertakes, amongst others, the following responsibilities and duties:-

External Audit

a) To consider the nomination and appointment of External Auditors; and to consider the adequacy of experience and resources of the External Auditors and determine the audit fee;

b) To review any letter of resignation from the External Auditors and any questions of resignation or dismissal;

c) To discuss with the External Auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit;

FUNCTIONS (Cont'd)

External Audit (Cont'd)

d) To review major audit findings arising from the interim and final external audits, the audit report and the assistance given by the Group's officers to the External Auditors;

e) To review with the External Auditors, their evaluation of the system of internal controls, their management letter and management's responses;

f) To review whether there is reason (supported by grounds) to believe that the External Auditors are not suitable for re-appointment; and

g) Discuss the contracts for the provision of non-audit services which can be entered into and procedures that must be followed by the External Auditors. The contracts which cannot be entered into include management consulting, policy and standard operating procedures documentation and internal audit.

Internal Audit

To review the following in respect of internal audit:-

- adequacy of scope, functions and resources of the firm of internal auditors (that was engaged to undertake the internal audit function) and that it has the necessary authority to carry out its work;
- the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function; and
- review and approve any appointment, termination or resignation of the firm of internal auditors.

Risk Management

a) Review the adequacy of Group's risk management framework and assess the resources and knowledge of the management and employees involved in the risk management process;

b) Review the effectiveness of internal control systems deployed by the management to address those risks;

c) Review and recommend corrective measures undertaken to remedy failings and/or weaknesses;

d) Review and further monitor principal risks that may affect the Group directly or indirectly and, if deemed necessary, recommend additional course of action to mitigate such risks;

e) Communication and monitoring of risk assessment results to the Board; and

f) Actual and potential impact of any failing or weakness, particularly those related to financial performance or conditions affecting the Group.

FUNCTIONS (Cont'd)

Others

a) To review the quarterly reporting to the Bursa Malaysia Securities Berhad and year end annual financial statements of the Group before submission to the Board, focusing on:-

- compliance with accounting standards and regulatory requirements;
- any major changes in accounting policies and practices; and
- significant and unusual items and events as well as significant adjustments arising from the audit.

b) To review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

c) Review the statement with regard to the state of risk management and internal controls of the Group for inclusion in the Annual Report and report the same to the Board;

d) Oversee the Company's internal control structure to ensure operational effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect the Company's assets from misappropriation and encourage legal and regulatory compliance;

e) To promptly report to Bursa Malaysia Securities Berhad if it is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR; and

f) To consider any other functions as may be agreed between the AC and the Board.

MEETINGS

a) The Committee shall hold at least four (4) regular meetings per year, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities. Additional meetings may be called at any time, at the discretion of the Chairman of the Committee.

b) The quorum for a meeting shall be two (2) members of the Committee, who must both be Independent Directors.

c) The senior management and other appropriate officer(s) may be invited to attend where their presence are considered appropriate as determined by the Committee Chairman. Other Board members, employees of the Company and representatives of the External Auditors may attend meetings upon the invitation of the Committee.

d) The Internal Auditors have the right to appear and be heard at any meeting of the Committee and are recommended to attend each Committee meeting. The Committee shall meet at least twice a year with the External and Internal Auditors without the presence of executive Board members and the senior management. Upon the request of the Internal Auditors and/or External Auditors, the Committee Chairman shall also convene a meeting of the Committee to consider any matter the auditor(s) believes should be brought to the attention of the Board or the shareholders.

e) Subject to paragraph (a) above, in appropriate circumstances, the Committee may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing signed by all members in lieu of convening a formal meeting shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.

MEETINGS (Cont'd)

During the financial year, there were three (3) ARC Meetings held and the attendance by the members are as shown below:-

Audit Committee Member	Attendance
Lee Yow Fui	3/3
Dr. Abdul Azis Bin Ariffin	3/3
Kamaruddin Bin Osman	3/3

SUMMARY OF ACTIVITIES

The Committee met three (3) times during the financial year to review the Company's and its subsidiaries' quarterly and audited financial statements prior to their approval by the Board. The Committee also acts as a forum for discussion on internal control issues and contributes to the Board's review of the Group's internal control and risk management systems.

The summary of the activities of the ARC in the discharge of its duties and responsibilities for the financial year ended 31 December 2015 includes the following:-

i) reviewed and recommended the quarterly results of the Group and its subsidiaries for approval by the Board of Directors prior to its release to Bursa Malaysia Securities Berhad;

ii) met with the External Auditors for private sessions without the presence of the executive Board members and the management;

iii) discussed the scope of the statutory audit and to review the Audit Planning Memorandum prior to the commencement of the audit of the Group's financial statements for the financial year ended 31 December 2015;

iv) reviewed the internal audit plan, scope of work and its finding at every quarter, and briefed the Board of Directors on the work done and reports from the Internal Auditors;

v) considered the findings of internal audit and management's responses thereon and where relevant, recommended appropriate actions or further follow-up actions to be taken by either the Internal Auditors or the management; and

vi) reviewed recurrent related party transactions for compliance with both in-house procedures and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

INTRODUCTION

The Board of Directors ("the Board") of Dolphin International Berhad ("the Company") is pleased to present the following Statement on Risk Management and Internal Control of the Company and its subsidiaries ("the Group") for the financial year ended 31 December 2015 in accordance with the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

BOARD'S RESPONSIBILITIES

The Board affirms its overall responsibility for maintaining the Group's system of internal control, risk management and reviewing the adequacy and integrity of these systems. In view of the limitations that are inherent in any system of internal control, the system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

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

RISK MANAGEMENT

There is an ongoing process of identifying, evaluating, managing and responding to risks to achieve the objectives of the Group for the financial year under review. The Board reviews the process as and when new emerging risks are identified as risk management forms an integral part of the Group's business operations and is embedded in the various work processes and procedures of the respective operational functions and management team. Any significant issues and controls implemented were discussed at the operations and monthly management meetings for further evaluation and strategic decision making.

INTERNAL AUDIT FUNCTION

In accordance with the Malaysian Code on Corporate Governance, the Group in its efforts to provide adequate and effective internal control system had in October 2015 appointed Sterling Business Alignment Consulting Sdn Bhd ("Sterling"), an independent consulting firm to review the adequacy and integrity of its system of internal control. Sterling acts as the internal auditor reporting directly to the Audit and Risk Committee on quarterly basis.

The internal auditor reviewed and addressed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the Group and recommended possible improvements to internal control processes. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group.

An Internal Audit Plan was officially presented and approved by the Audit and Risk Committee in October 2015. Periodic audit reports were tabled to the Audit and Risk Committee during its quarterly meetings. For the financial year ended 31 December 2015, the total costs incurred for the outsourced internal audit function is RM10,350. Follow up visits shall be conducted in the May 2016 reporting to ensure weaknesses identified have been or are being addressed.

INTERNAL AUDIT FUNCTIONS (Cont'd)

For the financial year ended 31 December 2015, the following subsidiaries were audited by Sterling:-

Audit Period Covered	Reporting Month	Name of Entity Audited	Audited Areas
July – September 2015	November 2015	Dolphin Systems Sdn Bhd Dolphin Applications Sdn Bhd Dolphin Engineering (M) Sdn Bhd	Review Sales & Marketing and Revenue.
October – December 2015	February 2016	Dolphin Applications Sdn Bhd Dolphin Engineering (M) Sdn Bhd	Review Project Management and Procurement.

KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL SYSTEM

1. Control Environment and Control Activities

- The Group maintains an organisation structure and hierarchical reporting with defined lines of responsibility and accountability.
- Designated staff are placed in areas of responsibility to support and continuously monitor the effectiveness of the Group's system of internal control.
- Authorisation limits at appropriate levels are set out for controlling and approving capital expenditure and expenses.
- Policies and procedures for key business processes are formalised and documented for implementation and continuous improvements. These policy manuals are the subject of regular reviews to meet new operational and statutory requirements.

2. Monitoring and Communication

- Regular Board and Management meetings to assess performance and controls.
- Regular visits to operating units by members of the Board and senior management whenever appropriate.
- Regular review of business processes to assess the effectiveness of internal controls by the independent consulting firm. Reports on findings of the internal audit and status report on follow up actions are presented to the Audit and Risk Committee of the Board for consideration.
- Management reports are prepared regularly for monitoring of actual performance.

REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

The external auditors have reviewed this Statement of Risk Management and Internal Control for inclusion in this Annual Report and had reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

CONCLUSION

For the financial year under review and up to the date of approval of this statement, the Board is of the opinion that the risk management and internal control system currently in place is as far as practicable, adequate and effective to safeguard the Group's interests and assets. For the coming year, the Board will continually assess the adequacy and effectiveness of the Group's system of internal control and to strengthen it, as and when necessary.

Dolphin recognises that its business has direct and indirect impact on the communities in which it operates. We hold a special responsibility to use our knowledge and experience to further develop and initiate improvements for the betterment of the society. Some of our initiatives in contributing towards being a responsible corporate citizen include activities and sponsorships that were carried out benefitting community, environment and the workplace, all of which are highlighted in this section of the Annual Report.

The corporate social responsibility contributions of the Group are as follows:

EDUCATION EXCELLENCE

Dolphin International Berhad sponsors Best Student Award in UPM

Dolphin International Berhad (DIB) Group Managing Director Mr. Eric Low Teck Yin (center) presenting the Best Overall Student award to Mr. Bernard Ho Chon Han (right) from the Faculty of Engineering at Universiti Putra Malaysia (UPM) on 30th October 2015. Mr. Low was accompanied by Dr. Mohamad Amran Bin Mohd Salleh (left), Head of Department of Chemical and Environmental Engineering, UPM.

As part of the company's corporate social responsibility initiative, Dolphin participated as the sponsor of the best student award for five recipients this year. Mr Low and his team also joined a get-to-know you session with the recipients before the ceremony, with Dolphin's Technical Consultant, Mr. Gregory Foster sharing his knowledge and experience. The sharing session was fruitful as Dolphin was interested to have further engagements with a couple of the students as part of their active talent recruitment exercise.

ENVIRONMENT

The Group respects and values the environment, and we are committed to strive for a greener future. Over the years, the Group has taken preventive measures to reduce environmental impact and carbon footprint from various initiatives such as:-

- Minimising the usage of paper; and
- Minimising energy and fuel consumption.

We reinforce our environmental policy by consistent communication and education to all levels of employees, ensuring that everyone is working towards the same goal for a greener and environmentally friendly future.

WORKPLACE

The Group recognises that its employees are its asset and it is imperative to provide a conducive workplace and to reinforce its core values towards achieving the goals of the organisation. Dolphin continues to provide opportunities to enhance the employees' capacity and capability while ensuring job satisfaction, as well as safety and health in the workplace.

As part of the employees' welfare, Dolphin provides subsidised education for employees who are interested in pursuing further education. In addition, Dolphin encourages social and leisure interaction among the employees in order for them to attain a balanced life.

To enhance knowledge and skills, employees are encouraged to attend regular trainings to equip themselves in preparation for the increasingly challenging work requirements, besides improving their personal well-being and intellectual capability.

HEALTH AND SAFETY

The Group takes responsibility to provide the highest health and safety standards to ensure a safe and healthy working environment for our employees. It is our policy to ensure that this is one of the highest priority of internal controls which cannot be compromised. Therefore, the Group consistently takes all reasonably practicable safety measures to prevent any mishaps at the workplace.

COMMUNITY

The Group believes that contributing to the local community is not just something out of choice but is actually a vital part of our corporate existence. The Group plays an active role in contributing to the community and society through direct financial support, gifts in kind and voluntary work. We strongly believe in giving back and improving the well being of our society through impactful initiatives.

Statement of **Responsibility by Directors**

In respect to the preparation of the annual audited financial statements (Pursuant to Paragraph 15.26 (a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The Directors are responsible for ensuring that the annual audited financial statements of the Group and the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia and the MMLR of Bursa Malaysia Securities Berhad.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and the Company are prepared with reasonable accuracy from the accounting records of the Group and the Company so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2015, and of the results of their operations and cash flows for the year ended on that date.

In preparing the annual audited financial statements, the Directors have applied the appropriate and relevant accounting policies on a consistent basis; made judgements and estimates that are reasonable and prudent; and pre pared the annual audited financial statements on a going concern basis.

The Directors are also responsible for taking reasonable steps based on best effort basis to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

UTILISATION OF PROCEEDS

The utilisation of the proceeds raised from the issuance of 46,000,000 Dolphin Shares, in conjunction with the listing of Dolphin on the Main Market of Bursa Malaysia Securities Berhad on 9 June 2015 is as follows:-

Purpose	Time frame for utilisation from the date of Listing	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Deviation %
Renovation and extension of factory (which includes the purchase of additional machineries)	24 months	11,000	-	11,000	-
Working Capital	24 months	6,080	6,080	-	-
Set-up of a research and development facility	24 months	4,000	-	4,000	-
Repayment of bank borrowings	6 months	6,000	6,000	-	-
Estimated listing expenses	1 month	4,200	4,200	-	-
Total		**31,280**	**16,280**	**15,000**	**-**

NON-AUDIT FEES

The amount of non-audit fees paid to the external auditors by Dolphin for the year ended 31 December 2015 was RM58,200.

REVALUATION OF LANDED PROPERTY

The Company does not have a policy of regular revaluation of landed properties.

SHARE BUY-BACKS

The Company does not have a scheme to buy back its own shares.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No options, warrants or convertible securities were issued by the Company during the financial year ended 31 December 2015.

SANCTIONS AND/OR PENALTIES

In the financial year ended 31 December 2015, there were no sanctions and/or penalties imposed on Dolphin and its subsidiaries, Directors or management by any regulatory body.

VARIATION OF RESULTS, PROFIT ESTIMATES, FORECASTS OR PROJECTIONS

There were no profit forecast issued by the Company for the financial year ended 31 December 2015.

PROFIT GUARANTEES

There were no profit guarantee issued by the Company for the financial year ended 31 December 2015.

MATERIAL CONTRACTS INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Dolphin and its subsidiary companies have not entered into any material contracts outside the ordinary course of business, involving Directors and substantial shareholders for the financial year ended 31 December 2015.

DEPOSITORY RECEIPT PROGRAMME

There were no Depository Receipt Programme sponsored by the Company during the financial year ended 31 December 2015.

FINANCIAL STATEMENTS

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 8 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) for the financial year, net of tax	2,859,845	(3,784,370)
Attributable to:		
Owners of the Company	2,859,611	(3,784,370)
Non-controlling interests	234	-
	2,859,845	(3,784,370)

DIVIDENDS

No dividend has been paid or declared by the Company since the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2015.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that 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 the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

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

CURRENT ASSETS (Cont'd)

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 method 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:

(a) 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

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

In the opinion of the directors, no contingent 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 will or may 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 misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors,

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

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company:

(a) increased its authorised share capital from RM5,000,000 divided into 25,000,000 shares of RM0.20 each to RM100,000,000 divided into 500,000,000 shares of RM0.20 each by creation of additional 475,000,000 ordinary shares of RM0.20 each;

(b) issued 140,500,000 new ordinary shares of RM0.20 each for the acquisition of a subsidiary as disclosed in Note 8(i) to the financial statements;

ISSUE OF SHARES AND DEBENTURES (Cont'd)

(c) issued 25,500,000 new ordinary shares of RM0.20 each for the acquisition of a subsidiary as disclosed in Note 8(ii) to the financial statements. For the purpose of accounting for the shares consideration, the fair value of RM0.68 per ordinary shares as at the date of completion was recorded instead of the issue price of RM0.20 per ordinary shares; and

(d) issued 46,000,000 new ordinary shares of RM0.20 each at an issue price of RM0.68 per ordinary share pursuant to the initial public offering in conjunction with the listing and quotation of the Company on the Main Market of Bursa Malaysia Securities Berhad.

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

During the financial year, no new issue of debentures were made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year.

DIRECTORS

The directors in office since the date of the last report are:

Low Teck Yin
Hoh Yeong Cherng
Datuk Zaiton Binti Mohd Hassan
Dr. Abdul Azis Bin Ariffin
Kamaruddin Bin Osman
Lee Yow Fui

DIRECTORS' INTERESTS

According to the register of directors' shareholdings required to be kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporation during the financial year were as follows:

	Number of ordinary shares of RM0.20 each				
	At 1.1.2015	**Via acquisitions of subsidiaries**	**Bought**	**Sold**	**At 31.12.2015**
The Company					
Dolphin International Berhad					
Direct interests:					
Low Teck Yin	5	63,312,509	-	-	63,312,514
Hoh Yeong Cherng	5	63,312,522	-	-	63,312,527
Datuk Zaiton Binti Mohd Hassan	-	-	2,700,000	-	2,700,000
Dr. Abdul Azis Bin Ariffin	-	-	100,000	-	100,000
Kamaruddin Bin Osman	-	-	100,000	-	100,000
Lee Yow Fui	-	-	100,000	-	100,000

DIRECTORS' INTERESTS (Cont'd)

	Number of ordinary shares of RM0.20 each				
	At 1.1.2015	Via acquisitions of subsidiaries	Bought	Sold	At 31.12.2015
<u>The Company</u>					
Dolphin International Berhad					
Indirect Interests:					
Hoh Yeong Cherng *	-	-	532,500	48,000	484,500

* *Deemed interested in the direct shareholdings in the Company of his sibling, Hoh Yeong Jian, and father, Hoh Kok Wah.*

	Number of ordinary shares of USD1.00 each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
<u>Subsidiary</u>				
PT Dolphin Indonesia				
Direct interests:				
Hoh Yeong Cherng	175,000	-	-	175,000

By virtue of their interests in the ordinary shares of the Company, Low Teck Yin and Hoh Yeong Cherng are also deemed interested in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors 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 where the 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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR END

Details of the significant events during the financial year end are disclosed in Note 37 to the financial statements.

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

…………………………………………..........
LOW TECK YIN
Director

…………………………………………..........
HOH YEONG CHERNG
Director

Selangor Darul Ehsan

Date: 28 April 2016

Statements of Financial Position as at 31 December 2015

	Note	Group 2015 RM	Group 2014 RM (Note 38)	Company 2015 RM	Company 2014 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	18,327,872	13,485,364	-	-
Investment property	6	196,952	-	-	-
Intangible assets	7	9,440,635	8,733,623	-	-
Investments in subsidiaries	8	-	-	45,570,000	-
Investments in an associate	9	186,265	201,833	-	-
Total non-current assets		28,151,724	22,420,820	45,570,000	-
Current assets					
Inventories	10	562,761	608,740	-	-
Trade and other receivables	11	17,934,675	8,497,858	12,255,060	1,313,589
Amount due from customers for contract works	12	80,934,941	36,393,517	-	-
Current tax assets		8,782	-	-	-
Fixed deposits placed with licensed banks	13	22,192,573	3,126,032	14,742,998	-
Cash and bank balances	14	3,068,011	12,359,595	628,355	283,231
Total current assets		124,701,743	60,985,742	27,626,413	1,596,820
TOTAL ASSETS		152,853,467	83,406,562	73,196,413	1,596,820
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	15	44,400,002	2,000,002	44,400,002	2,000,002
Share premium	16	32,775,321	-	32,775,321	-
Other reserve	17	(23,144,715)	3,749,998	-	-
Foreign currency translation reserve	18	720,847	586,220	-	-
Retained earnings/(Accumulated losses)		29,079,933	26,220,322	(4,558,539)	(774,169)
		83,831,388	32,556,542	72,616,784	1,225,833
Non-controlling interests		62,010	(21,872)	-	-
Total equity		83,893,398	32,534,670	72,616,784	1,225,833
Non-current liabilities					
Hire purchase payables	19	999,048	573,764	-	-
Bank borrowings	20	3,358,333	3,188,793	-	-
Provision for retirement benefits	21	21,604	14,136	-	-
Deferred tax liabilities	22	755,543	30,782	-	-
Total non-current liabilities		5,134,528	3,807,475	-	-
Current liabilities					
Hire purchase payables	19	618,274	194,352	-	-
Bank borrowings	20	31,201,869	15,666,652	-	-
Current tax liabilities		4,746,375	2,047,593	-	-
Trade and other payables	23	26,111,109	28,781,137	579,629	370,987
Amount due to customers for contract works	12	1,147,914	374,683	-	-
Total current liabilities		63,825,541	47,064,417	579,629	370,987
TOTAL LIABILITIES		68,960,069	50,871,892	579,629	370,987
TOTAL EQUITY AND LIABILITIES		152,853,467	83,406,562	73,196,413	1,596,820

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

Statements of Comprehensive Income
for the financial year ended 31 December 2015

	Note	Group 2015 RM	Group 2014 RM (Note 38)	Company 2015 RM	Company 2014 RM
Revenue	24	69,441,348	56,790,033	-	-
Cost of sales	25	(50,756,098)	(42,281,668)	-	-
Gross profit		18,685,250	14,508,365	-	-
Other income		3,995,898	209,339	378,743	-
Administrative expenses		(14,261,401)	(4,432,779)	(4,163,113)	(492,583)
Sales and marketing expenses		(651,207)	(1,265,973)	-	-
Operating profit/(loss)		7,768,540	9,018,952	(3,784,370)	(492,583)
Finance costs	26	(2,669,021)	(1,380,890)	-	-
Share of results in an associate, net of tax		(15,568)	(5,917)	-	-
Profit/(Loss) before tax	27	5,083,951	7,632,145	(3,784,370)	(492,583)
Income tax expense	29	(2,224,106)	(1,908,672)	-	-
Profit/(Loss) for the financial year		2,859,845	5,723,473	(3,784,370)	(492,583)
Other comprehensive income/(loss)					
Foreign currency translation		203,295	(5,077)	-	-
Total comprehensive income/(loss) for the financial year		3,063,140	5,718,396	(3,784,370)	(492,583)
Profit/(Loss) attributable to:					
Owners of the Company		2,859,611	5,772,040	(3,784,370)	(492,583)
Non-controlling interests		234	(48,567)	-	-
		2,859,845	5,723,473	(3,784,370)	(492,583)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		2,994,238	5,766,963	(3,784,370)	(492,583)
Non-controlling interests		68,902	(48,567)	-	-
		3,063,140	5,718,396	(3,784,370)	(492,583)
Earnings per ordinary share attributable to the owners of the Company:					
Basic (sen)	30	1.77	4.11		
Diluted (sen)	30	1.77	4.11		

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

Statements of Changes in Equity
for the financial year ended 31 December 2015

	Attributable to owners of the Company							
		Non-distributable			Distributable			
	Share capital RM	Share premium RM	Other reserve RM	Foreign currency translation reserve RM	Retained earnings/ (Accumulated Losses) RM	Total RM	Non-controlling interests RM	Total equity RM
Group								
At 1 January 2014	1,500,002	-	3,749,998	591,297	20,448,282	26,289,579	26,695	26,316,274
Total comprehensive (loss)/income for the financial year	-	-	-	(5,077)	5,772,040	5,766,963	(48,567)	5,718,396
Transaction with owners								
Issue of ordinary shares	500,000	-	-	-	-	500,000	-	500,000
At 31 December 2014	2,000,002	-	3,749,998	586,220	26,220,322	32,556,542	(21,872)	32,534,670
Total comprehensive income for the financial year	-	-	-	134,627	2,859,611	2,994,238	68,902	3,063,140
Non-controlling interests arising from acquisition of a new subsidiary	-	-	-	-	-	-	14,980	14,980
Transaction with owners								
Shares issued for acquisition of subsidiaries	33,200,000	12,240,000	(26,894,713)	-	-	18,545,287	-	18,545,287
Shares issued for initial public offerings	9,200,000	22,080,000	-	-	-	31,280,000	-	31,280,000
Transaction costs of shares issued	-	(1,544,679)	-	-	-	(1,544,679)	-	(1,544,679)
At 31 December 2015	44,400,002	32,775,321	(23,144,715)	720,847	29,079,933	83,831,388	62,010	83,893,398

Statements of Changes in Equity

for the financial year ended 31 December 2015 (Cont'd)

	Share capital RM	Attributable to owners of the Company Non-Distributable Share premium RM	Distributable Accumulated Losses RM	Total equity RM
Company				
At 1 January 2014	1,500,002	-	(281,586)	1,218,416
Total comprehensive loss for the financial year	-	-	(492,583)	(492,583)
Transaction with owners				
Issue of ordinary shares	500,000	-	-	500,000
At 31 December 2014	2,000,002	-	(774,169)	1,225,833
Total comprehensive loss for the financial year	-	-	(3,784,370)	(3,784,370)
Transaction with owners				
Shares issued for acquisition of subsidiaries	33,200,000	12,240,000	-	45,440,000
Shares issued for initial public offerings	9,200,000	22,080,000	-	31,280,000
Transaction costs of shares issued	-	(1,544,679)	-	(1,544,679)
At 31 December 2015	44,400,002	32,775,321	(4,558,539)	72,616,784

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

Statements of Cash Flows
for the financial year ended 31 December 2015

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
		(Note 38)		
Cash flows from operating activities				
Profit/(Loss) before tax	5,083,951	7,632,145	(3,784,370)	(492,583)
Adjustments for:				
Depreciation of property, plant and equipment	963,559	529,007	-	-
Depreciation of investment property	1,872	-	-	-
Amortisation of intangible assets	2,462,998	-	-	-
Interest income	(562,684)	(47,619)	(362,210)	-
Interest expense	2,669,021	1,380,890	-	-
Gain on disposal of property, plant and equipment	(80,600)	-	-	-
Gain on bargain purchase arising from business combinations	(2,480,747)	-	-	-
Net unrealised gain on foreign exchange	(412,993)	101,677	-	-
Property, plant and equipment written off	-	4,507	-	-
Share of loss of equity, accounted associate, net of tax	15,568	5,917	-	-
Provision for retirement benefits	5,958	216	-	-
Operating profit/(loss) before changes in working capital	7,665,903	9,606,740	(4,146,580)	(492,583)
Changes in working capital:				
Inventories	69,427	(240,372)	-	-
Trade and other receivables	10,469,551	3,242,331	(10,941,471)	-
Trade and other payables	(3,437,927)	1,048,030	208,642	346,578
Amount due from contract customers	(17,282,492)	(2,006,276)	-	-
Cash (used in)/generated from operations	(2,515,538)	11,650,453	(14,879,409)	(146,005)
Interests received	562,684	47,619	362,210	-
Interests paid	(2,358,502)	(1,111,269)	-	-
Income tax paid	(3,321,488)	(1,919,520)	-	-
Net cash flows (used in)/generated from operating activities	(7,632,844)	8,667,283	(14,517,199)	(146,005)
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired	(1,697,408)	-	(130,000)	-
Purchase of property, plant and equipment (Note (a))	(602,152)	(251,270)	-	-
Proceeds from disposal of property, plant and equipment	232,245	-	-	-
Investments in an associate	-	(207,750)	-	-
Development costs	(522,645)	(3,866,847)	-	-
Net cash flows used in investing activities	(2,589,960)	(4,325,867)	(130,000)	-

Statements of Cash Flows
for the financial year ended 31 December 2015 (Cont'd)

	Group		Company	
	2015 RM	2014 RM (Note 38)	2015 RM	2014 RM
Cash flows from financing activities				
Interests paid	(310,519)	(269,621)	-	-
Net changes in amount due from/to a director	-	117,658	-	-
Net changes in amount due from/to companies in which the directors have interest	-	(188,436)	-	(71,913)
Net change in amounts due from/to a company in which a director has interest	-	(364,458)	-	-
Increase in deposits pledged	(4,323,542)	(1,798,801)	-	-
Proceeds from issuance of shares	-	-	-	500,000
Repayment of finance lease payable	-	(22,825)	-	-
Repayment of hire purchase payables	(470,976)	(191,658)	-	-
(Repayment)/drawdown of bank borrowings	(17,130,716)	5,402,731	-	-
Other acquisition	22,007	-	-	-
Proceeds from issuance of shares arising from initial public offering	29,735,321	-	29,735,321	-
Net cash flows from financing activities	7,521,575	2,684,590	29,735,321	428,087
Net (decrease)/increase in cash and cash equivalents	(2,701,229)	7,026,006	15,088,122	282,082
Cash and cash equivalents as at beginning of the financial year	10,649,563	4,289,357	283,231	1,149
Effects of exchange rate changes on cash and cash equivalents	170,006	(665,800)	-	-
Cash and cash equivalents as at end of the financial year	8,118,340	10,649,563	15,371,353	283,231
Analysis of cash and cash equivalents:				
Fixed deposits placed with licensed banks	22,192,573	3,126,032	14,742,998	-
Cash and bank balances (Note 14)	3,068,011	12,359,595	628,355	283,231
Bank overdrafts	(9,692,670)	(1,710,032)	-	-
	15,567,914	13,775,595	15,371,353	283,231
Less: Fixed deposits held as security values (Note 13)	(7,449,574)	(3,126,032)	-	-
	8,118,340	10,649,563	15,371,353	283,231

Note (a): Purchase of property, plant and equipment

	Group		Company	
	2015 RM	2014 RM (Note 38)	2015 RM	2014 RM
Purchase of property, plant and equipment	602,152	513,108	-	-
Financed by way of hire purchase arrangements	-	(261,838)	-	-
Cash payments on purchase of property, plant and equipment	602,152	251,270	-	-

1. **CORPORATE INFORMATION**

Dolphin International Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur. The principal place of business of the Company is located at No. 17 & 19, Jalan Puteri 5/20, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 8.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 April 2016.

2. **BASIS OF PREPARATION**

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 8	Operating Segments
MFRS 13	Fair Value Measurement
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 124	Related Party Disclosures
MFRS 138	Intangible Assets
MFRS 140	Investment Property

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below:

Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

Amendments to MFRS 1 relate to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

2. **BASIS OF PREPARATION (Cont'd)**

2.2 Adoption of amendments/improvements to MFRSs (Cont'd)

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarify that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132. They also clarify that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendments to MFRS 3 clarify that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11) in the financial statements of the joint arrangement itself.

Amendments to MFRS 8 Operating Segments

Amendments to MFRS 8 require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

Amendments to MFRS 13 Fair Value Measurement

Amendments to MFRS 13 relate to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments also clarify that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 or MFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 clarify the accounting treatment for the accumulated depreciation when an asset is revalued. They clarify that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

2. BASIS OF PREPARATION (Cont'd)

2.2 Adoption of amendments/improvements to MFRSs (Cont'd)

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 provide a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

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

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

Amendments to MFRS 124 Related Party Disclosures

Amendments to MFRS 124 clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 clarify the accounting treatment for the accumulated amortisation when an asset is revalued. They clarify that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 require the separate application of both Standards independently of each other.

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments/Improvements to MFRSs		
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	Deferred/ 1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interest in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016

2. BASIS OF PREPARATION (Cont'd)

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (Cont'd)

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (Cont'd)		
MFRS 107	Statements of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2016
MFRS 138	Intangible Assets	1 January 2016
MFRS 141	Agriculture	1 January 2016

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below. Due to the complexity of these new MFRSs and amendments/improvements to MFRSs, the financial effects of their adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

2. BASIS OF PREPARATION (Cont'd)

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (Cont'd)

MFRS 15 Revenue from Contracts with Customers

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

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to MFRS 5 introduce specific guidance on when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution is discontinued.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purpose of applying the disclosure requirements of MFRS 7.

The amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

2. BASIS OF PREPARATION (Cont'd)

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (Cont'd)

Amendments to MFRS 11 Joint Arrangements

Amendments to MFRS 11 clarify that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets/liabilities and recognition of acquisition-related costs as expenses. The amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improve the effectiveness of disclosures. The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more that their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to MFRS 127 Separate Financial Statements

Amendments to MFRS 127 allow a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

2. **BASIS OF PREPARATION (Cont'd)**

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (Cont'd)

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduce a rebuttable presumption that the revenue-based amortisation method is inappropriate. This presumption can be overcome only in the following limited circumstances:

- when the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures

These amendments address the following issues that have arisen in the application of the consolidation exception for investment entities:

- Exemption from presenting consolidated financial statements: the amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities: the amendments clarify that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures: the amendments allow a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture

With the amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

2. BASIS OF PREPARATION (Cont'd)

2.4 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 they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimate and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries, associates, and joint ventures used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Reorganisation

Acquisition of entities under a reorganisation scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company is a continuation of the acquired entity and is accounted for as follows:

- the assets and liabilities of the acquired entity is recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;
- the retained earnings and other equity balances of acquired entity immediately before the business combination are those of the Group;
- the equity structure, however, reflects the equity structure of the Company and the differences arising from the change in equity structure of the Group will be accounted for in other reserves; and
- the comparative information presented in these consolidated financial statements is that of acquired entity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Basis of consolidation (Cont'd)

(b) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its control over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group losses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any 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 (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.8(a).

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

Transaction costs, 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.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Basis of consolidation (Cont'd)

(b) Subsidiaries and business combination (Cont'd)

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(c) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(d) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investments in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Basis of consolidation (Cont'd)

(e) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.12(b).

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Foreign currency transactions and operations (Cont'd)

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3.4 Financial instruments

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

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows (continued):

(i) Financial assets (Cont'd)

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 the initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a). Gains and losses are recognised in profit or loss through the amortisation process.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturites are classified as held-to-maturity when the Group and the Company have the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a). Gains and losses are recognised in profit or loss through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in any of the three preceeding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gain or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial assets are derecognised. Interest income calculated using effective interest method is recognised in profit or loss.

Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's rights to receive payment is established.

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement (continued)

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gain and losses are recognised in profit or loss through the amortisation process.

(b) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to the 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.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company themselves purchase or sell an asset). Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Financial instruments (Cont'd)

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting of financial instruments

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

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.5 Property, plant and equipment (Cont'd)

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Leasehold land	99 years
Leasehold buildings	50 years
Freehold buildings	50 years
Furniture and fittings	10 years
Motor vehicles	5 years
Office equipment	10 years
Renovation	10 years
Software	5 – 10 years

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Leases (Cont'd)

Lessee accounting (Cont'd)

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

3.7 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

The Group uses the cost model to measure its investment properties after initial recognition. Accordingly investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition of impairment losses is in accordance with Note 3.12(b).

3.8 Goodwill and other intangible assets

(a) Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b).

In respect of equity-accounted associates, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.8 Goodwill and other intangible assets (Cont'd)

(b) Research and development costs

Research costs are recognised in profit or loss as incurred.

An intangible asset arising from development is recognised when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the intangible asset will generate future economic benefits;
- adequate resources to complete the development and to use or sell the intangible asset are available; and
- the expenditures attributable to the intangible asset during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. The policy for the recognition and measurement of impairment loss is in accordance with Note 3.12(b).

(c) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

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.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.8 Goodwill and other intangible assets (Cont'd)

(d) Amortisation

The amortisation methods used and the estimated useful lives are as follows:

	Method	Useful lives (years)
Other intangible assets	Revenue-based	2

The residual values, useful lives and amortisation methods are reviewed at the end of each reporting period.

3.9 Inventories

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

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on a first-in first-out basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

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

3.10 Construction contracts

Construction works are stated at cost plus attributable profit less progress billings. Cost comprises direct labour, material costs, sub-contractor sum and an allocated proportion of directly related overheads. Administrative and general expenses are charged to the profit or loss as and when incurred.

When the outcome of a construction contract can be reliably estimated, contract revenue and contract cost are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Costs incurred in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable. Contract cost is recognised as expense in the period which it is incurred.

Irrespective of whether the outcome of a construction contract can be estimated reliably, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Provision is made for all anticipated losses on construction work. Provision for warranties is made for expected/estimated repair costs for making good certain defects and damages during the warranty periods.

When costs incurred on construction contracts plus recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount due from customers for contract works. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers for contract works.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 Cash and cash equivalents

For the purpose of statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3.12 Impairment of assets

(a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries, associates and joint ventures) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables and held-to-maturity investments

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.12 Impairment of assets (Cont'd)

(a) Impairment and uncollectibility of financial assets (Cont'd)

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

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

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories and amount due from customers for contract work) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.12 Impairment of assets (Cont'd)

(b) Impairment of non-financial assets (Cont'd)

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of asset is reduced 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.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, 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. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had 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 a revaluation increase.

3.13 Share capital

Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.14 Employee benefits

(a) Short term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.14 Employee benefits (Cont'd)

(c) Defined benefit plans

The Group operates defined benefit pension plans (funded) and provides a post-employment healthcare benefit (unfunded) plan to employees as provided in the employment agreements between the companies in the Group and their employees.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) and the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods.

The net interest is calculated by applying the discount to the net balance of the defined benefit obligation and fair value of plan assets.

The Group recognises the following costs in profit or loss:
- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

(d) Other long-term employee benefits

The Group's and the Company's other long-term employee benefits include long term paid absences, long term disability benefits and other long service benefits.

Liability recognised in respect of other long term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group and the Company in respect of services provided by employees up to the reporting date. The net total of the following amounts should be recognised in profit or loss, except to the extent that another MFRS requires or permits their inclusion in the cost of an asset:
- service cost;
- net interest on the net defined benefit liability or asset; and
- remeasurements of the net defined benefit liability or asset.

3.15 Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, returns and taxes.

Sales of goods
Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.15 Revenue and other income (Cont'd)

Construction contracts
Revenue from construction contracts is accounted for by the stage of completion method. The stage of completion method is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Interest income
Interest income is recognised using the effective interest method.

Rental income
Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integra; part of the total rental income, over the term of the lease.

3.16 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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

3.17 Income tax

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

(a) Current tax

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.17 Income tax (Cont'd)

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is 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 the benefit of part or all of that deferred tax asset 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 is measured at the tax rates that are expected to apply in the period 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.

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

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 either in other comprehensive income or directly in equity.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.18 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Grroup Managing Director of the Group that makes strategic decisions.

3.19 Fair value measurements

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 measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.20 Contingencies

A contingent liability or asset is a possible obligation or asset 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 the control of the Group and the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

4.1 Determining the functional currency

Some subsidiaries of the Group operate in overseas jurisdictions but conduct sales, purchases and other transactions in multiple currencies. Judgement is applied in determining the functional currency wherever the indications are mixed. The Group uses, in a hierarchy, sale indicators as the primary basis, followed by purchase and operating expense indicators, and in the event that those indicators are not conclusive, the currency in which borrowings and other funds are raised for financing the operations.

4.2 Classification between investment properties and property, plant and equipment

Certain property comprises a portion that is held to earn rental income or capital appreciation, or for both, whilst the remaining portion is held for use in the production or supply of goods and services or for administrative purposes. If the portion held for rental and/or capital appreciation could be sold separately (or leased out separately as a finance lease), the Group and the Company account for that portion as an investment property. If the portion held for rental and/or capital appreciation could not be sold or leased out separately, it is classified as an investment property only if an insignificant portion of the property is held for use in the production or supply of goods and services or for administrative purposes. Management uses judgement to determine whether any ancillary services are of such significance that a property does not qualify as an investment property.

4.3 Classification of finance and operating leases

The Group and the Company classify a lease as a finance lease or an operating lease based on the criterion of the extent to which significant risks and rewards incident to ownership of the underlying asset lie. As a lessee, the Group and the Company recognise a lease as a finance lease if it is exposed to significant risks and rewards incidental to ownership of the underlying asset. In applying judgements, the Group and the Company consider whether there is significant economic incentive to exercise a purchase option and any optional renewal periods. A lease is classified as a finance lease if the lease term is for at least 75% the remaining economic life of the underlying asset, the present value of lease payments is at least 90% of the fair value of the underlying asset, or the identified asset in the lease is a specialised asset which can only be used by the leasee without major modifications. All other leases that do not result in a significant transfer of risks and rewards are classified as operating leases.

4.4 Construction contracts

Significant judgement is used in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue (for contracts other than fixed price contracts) and costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the work that are recoverable from the customers. In making judgements, the Group and the Company evaluate based on the past experience and work of specialists.

The carrying amounts of amount owing by contract customers and amount owing to contract customers are disclosed in Note 12.

4.5 Depreciation and useful lives of property, plant and equipment

As disclosed in Note 3.5, the Group and the Company review the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised. The carrying amounts of the Group's and the Company's property, plant and equipment are disclosed in Note 5.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Cont'd)

4.6 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be measured based on quoted prices in active markets, their fair value are measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The information on the fair value measurements of financial assets and liabilities are disclosed in Note 34.

4.7 Impairment of goodwill

The Group assesses at each reporting date whether there is any indication that goodwill may be impaired. For the purpose of assessing impairment, assets (including goodwill) are grouped at the lowest level where there are separately identifiable cash flows (cash-generating units). In determining the value-in-use of a cash-generating unit, management estimates the discounted cash flows using reasonable and supportable inputs about sales, costs of sales and other expenses based on past experience, current events and reasonably possible future developments. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount for different cash-generating units, including sensitivity analysis, are disclosed in Note 7.

4.8 Impairment of financial assets

For impairment test of held-to-maturity investments, the Group and the Company use estimates of future cash flows of the held-to-maturity investments and discounts the future cash flows using the original effective interest rate of an instrument. As the projected cash flows are based on estimates, the actual cash flows may differ from those estimates and these may affect the carrying amounts of the held-to-maturity investments.

The Group and the Company recognise impairment losses for loans and receivables using the incurred loss model. At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that loans and receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

For available-for-sale unquoted equity investments, the Group uses estimates of future cash flows of the unquoted equity investments and discounts the future cash flows using a current market rate of return of similar risk-class instrument. For quoted available-for-sale equity investments, the Group and the Company recognise an impairment loss when there has been a significant or prolonged decline in the market price of a quoted equity investment. The Group and the Company use its judgement to decide when an impairment loss shall be recognised using past experience of similar investments, historical volatility of the share prices and current market conditions. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

The carrying amounts of the Group's and the Company's financial assets are disclosed in Note 34(a).

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Cont'd)

4.9 Measurement of income taxes

The Group and the Company operate in various jurisdictions and are subject to income taxes in each jurisdiction. Significant judgement is required in determining the Group's and the Company's estimation for current and deferred taxes because the ultimate tax liability for the Group as a whole is uncertain. When the final outcome of the tax payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group and the Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise. The income tax expense of the Group and the Company are disclosed in Note 29.

4.10 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future performance of the subsidiaries. The carrying amount of the Group's recognised deferred tax assets is disclosed in Note 22.

4.11 Defined benefit liabilities

The Group has defined benefit plans for their employees. The measurement of the present value of defined benefit obligations is based on a number of assumptions and factors that are determined on an actuarial basis. The assumptions used in the measurement of the defined benefit costs and the related liabilities or assets include projected employee salaries, employee turnover, inflation, interest cost and an appropriate discount rate using yields of high qualify corporate bonds in each jurisdiction. Any changes in these assumptions will have an impact on the carrying amount of the defined benefit obligations. The carrying amount of the Group's employee benefits and the details of these actuarial assumptions and the sensitivity of the changes in key assumptions are disclosed Note 21.

4.12 Write-down of obsolete or slow moving inventories

The Group and the Company write down their obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories. The carrying amounts of the Group's and the Company's inventories are disclosed in Note 10.

4.13 Useful lives of other intangible assets

The Group and the Company estimate the useful lives to amortise other intangible assets based on the future performance of the assets acquired and management's judgement of the period over which economic benefits will be derived from the assets. The estimated useful lives of other intangible assets are reviewed periodically, taking into consideration factors such as changes in technology. The amount and timing of recorded expenses for any period would be affected by changes in the estimates. A reduction in the estimated useful lives of the other intangible assets would increase the recorded expenses and decrease the non-current assets. The carrying amounts of the other intangible assets are disclosed Note 7.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Cont'd)

4.14 Impairment of non-financial assets

The Group and the Company assess impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may be irrecoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's and the Company's estimates, taking into consideration factors such as historical and industry trends, general market and economic conditions and other available information. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land RM	Leasehold building RM	Freehold land RM	Freehold building RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Computer hardware and software RM	Total RM
Cost										
At 1 January 2015	4,006,991	445,221	3,106,114	4,659,172	21,540	1,458,554	131,161	84,164	649,448	14,562,365
Acquisition of subsidiaries	-	-	1,615,502	2,061,268	17,920	1,526,713	64,401	40,444	12,252	5,338,500
Additions	-	-	-	-	45,360	-	116,544	268,196	172,052	602,152
Disposals	-	-	-	-	-	(358,020)	-	-	-	(358,020)
Foreign exchange translation adjustment	-	-	-	-	1,093	38,069	1,559	2,048	-	42,769
At 31 December 2015	4,006,991	445,221	4,721,616	6,720,440	85,913	2,665,316	313,665	394,852	833,752	20,187,766
Accumulated depreciation										
At 1 January 2015	65,406	14,099	-	232,960	5,836	480,774	41,433	6,656	229,837	1,077,001
Depreciation charge for the financial year	41,309	8,904	-	129,533	9,408	581,054	36,354	35,606	121,391	963,559
Disposals	-	-	-	-	-	(206,375)	-	-	-	(206,375)
Foreign exchange translation adjustment	-	-	-	-	225	24,410	571	503	-	25,709
At 31 December 2015	106,715	23,003	-	362,493	15,469	879,863	78,358	42,765	351,228	1,859,894
Net carrying amount										
At 31 December 2015	3,900,276	422,218	4,721,616	6,357,947	70,444	1,785,453	235,307	352,087	482,524	18,327,872

5. **PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

Group	Leasehold land RM	Leasehold building RM	Freehold land RM	Freehold building RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Computer hardware and software RM	Total RM
Cost										
At 1 January 2014	4,006,991	445,221	3,106,114	4,659,172	17,765	1,138,381	119,278	20,045	524,695	14,037,662
Additions	-	-	-	-	3,429	304,986	11,368	63,372	129,953	513,108
Write off	-	-	-	-	-	-	-	-	(5,200)	(5,200)
Foreign exchange translation adjustment	-	-	-	-	346	15,187	515	747	-	16,795
At 31 December 2014	4,006,991	445,221	3,106,114	4,659,172	21,540	1,458,554	131,161	84,164	649,448	14,562,365
Accumulated depreciation										
At 1 January 2014	24,097	5,194	-	139,776	3,842	204,586	28,202	3,686	133,044	542,427
Depreciation charge for the financial year	41,309	8,905	-	93,184	1,954	270,176	13,122	2,871	97,486	529,007
Write off	-	-	-	-	-	-	-	-	(693)	(693)
Foreign exchange translation adjustment	-	-	-	-	40	6,012	109	99	-	6,260
At 31 December 2014	65,406	14,099	-	232,960	5,836	480,774	41,433	6,656	229,837	1,077,001
Net carrying amount										
At 31 December 2014	3,941,585	431,122	3,106,114	4,426,212	15,704	977,780	89,728	77,508	419,611	13,485,364

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Assets under finance leases

The carrying amounts of assets under finance lease arrangements are as follows:

	Group	
	2015	2014
	RM	RM
Motor vehicles	1,785,453	805,578

(b) Assets pledged as security

Freehold and leasehold lands and buildings with net carrying amounts of RM15,402,057 (2014: RM11,905,033) have been pledged as security to secure credit facilities granted to two of its subsidiaries as disclosed in Note 20.

(c) Lease period for leasehold land

Leasehold land has a lease period of 99 years expiring 1 June 2109.

6. INVESTMENT PROPERTY

	Group	
	2015	2014
	RM	RM
At cost		
At 1 January	-	-
Acquisition of a subsidiary	198,824	-
At 31 December	198,824	-
Accumulated depreciation		
At 1 January	-	-
Depreciation charge for the financial year	1,872	-
At 31 December	1,872	-
Net carrying amount	196,952	-

The following are recognised in profit or loss in respect of investment property:

	Group	
	2015	2014
	RM	RM
Rental income	6,792	-
Direct operating expenses:-		
Amortisation	1,873	-
Building maintenance	1,232	-
Quit rent and assessment	855	-

6. INVESTMENT PROPERTY (Cont'd)

The Group's investment property is held under leasehold interests, comprising one commercial property which is leased to third parties. The said investment property has a lease period of 99 years expiring on 17 July 2091.

Fair value information

	Group Level 3 RM
2015	
Commercial property	244,925
2014	
Commercial property	-

Level 3 fair value

The following shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to
Commercial property	Sales comparison approach	Price per square foot RM390.63 (627 square foot)	The higher the price per square foot, the higher the fair value

7. INTANGIBLE ASSETS

	Goodwill RM	Development costs RM	Other RM	Total RM
Group				
Cost				
At 1 January 2014	-	4,866,776	-	4,866,776
Additions	-	3,866,847	-	3,866,847
At 31 December 2014	-	8,733,623	-	8,733,623
Acquisition of subsidiaries (Note 8)	20,046	-	2,627,319	2,647,365
Additions	-	522,645	-	522,645
At 31 December 2015	20,046	9,256,268	2,627,319	11,903,633
Accumulated amortisation				
At 1 January 2014	-	-	-	-
Amortisation charge during the financial year	-	-	-	-
At 31 December 2014	-	-	-	-
Amortisation charge during the financial year	-	-	2,462,998	2,462,998
At 31 December 2015	-	-	2,462,998	2,462,998

7. INTANGIBLE ASSETS (Cont'd)

	Goodwill RM	Development costs RM	Other RM	Total RM
Group				
Net carrying amount				
At 31 December 2015	20,046	9,256,268	164,321	9,440,635
At 31 December 2014	-	8,733,623	-	8,733,623

Goodwill

The carrying amount of goodwill allocated to the Group's cash generating unit ("CGU") is based on the CGU's excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets and liabilities. The goodwill was allocated to the Group's construction and project management cash generating unit.

The recoverable amount of a CGU is determined based on value-in-use calculations using 5 years of cash flow projections from financial budgets and projections approved by management. Cash flows beyond the five-year period are extrapolated using the growth rates stated below.

Key assumptions used for value-in-use calculations:

	Group	
	2015	2014
Budgeted gross profit margin	20%	0%
Growth rate	5%	0%
Discount rate	11%	0%

These assumptions have been used for analysis of the CGU. Management determined budgeted gross profit margin and the budgeted growth rate based on its expectations of market development. The discount rate used is pre-tax and reflect specific risks relating to the relevant segments.

No impairment loss was required for the goodwill assessed as its recoverable amount was in excess of its carrying amount.

In assessing the value-in-use, management does not foresee any possible changes in the above key assumptions that would cause the carrying amounts of goodwill to materially exceed its recoverable amount.

Development costs

The development expenditures incurred were in relation to the development of automated sterilisation system for palm oil extraction and yet to be commercialised.

Included in the additions of the development costs for the financial year are as follows:

	Group	
	2015 RM	2014 RM
Staff costs	522,645	518,048

The directors have assessed the recoverable amount of the assets based on its value-in-use and are of the view that there is no impact resulting from the impairment review by the management.

7. INTANGIBLE ASSETS (Cont'd)

Other

Other is the intangible asset represents the identifiable asset arising from the purchase price allocation exercise performed by the Company in connection with the acquisition of DESB based on the DESB's secured contracts as at the date of business combination.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2015	**2014**
	RM	**RM**
Unquoted shares - at cost	45,570,000	-

Details of the subsidiaries are as follows:

Name of company	Effective ownership interest 2015 %	2014 %	Principal activities
Direct subsidiaries			
Dolphin Applications Sdn. Bhd. ("DASB")	100	-	Involved in the sale, design, engineering, development and integration of electro-automation and related proprietary systems and products for the palm oil milling sector.
Dolphin Engineering (M) Sdn. Bhd. ("DESB")	100	-	Involved in the sale, design, engineering, development and integration of pneumatic, hydraulic and related proprietary systems and products for the palm oil milling sector.
Dolphin Systems Sdn. Bhd. ("DSSB")	100	-	Involved in the sale, design, programming and development of propriety system hardware and software application solutions for the palm oil milling sector.
Dolphin Components Sdn. Bhd. ("DCSB")	75	-	Sale and trading of components and consumable parts for the palm oil milling machineries sector.
Indirect Subsidiaries held via DASB			
PT Dolphin Indonesia ("PTDI") *	90	-	Sales, marketing, installation, after-sales and maintenance of the Group's customised electro-automation, pneumatic and hydraulic systems in Indonesia.
Dolphin Robotic Systems Sdn. Bhd. ("DRSSB")	100	-	Design, engineering and development of palm Fresh Fruit Bunches ("FFB") sterilisation and related system, components and parts.

** Audited by an independent member firm of Baker Tilly International.*

8. INVESTMENT IN SUBSIDIARIES (Cont'd)

Acquisition of Subsidiaries

(i) Acquisition of DASB

On 30 May 2014, the Company had entered into a conditional sale and purchase agreement to acquire the entire equity interests in DASB of RM2,666,666 comprising 2,666,666 ordinary shares of RM1.00 each for a total purchase consideration of RM28,100,000 which was wholly satisfied by the issuance of 140,500,000 ordinary shares at an issue price of RM0.20 each. The said acquisition was completed on 31 March 2015 and DASB become a wholly-owned subsidiary of the Company.

In substance, DASB, is the accounting acquirer although legally the Company is regarded as the legal parent and DASB is regarded as the legal subsidiary as DASB has the power to govern the financial and operating policies of the Company so as to obtain benefits from its activities.

Accordingly, the consolidated financial statements of the Group prepared following a reverse acquisition represent a continuation of the financial statements of DASB (the legal subsidiary and the acquirer for accounting purposes). Under the reverse acquisition accounting:-

(i) the assets and liabilities of the accounting acquirer, DASB, is recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;

(ii) the retained earnings and other equity balances of DASB immediately before the business combination are those of the Group;

(iii) the equity structure, however, reflects the equity structure of the Company and the differences arising from the change in equity structure of the Group will be accounted for in other reserves; and

(iv) the comparative information presented in these consolidated financial statements is that of DASB.

8. INVESTMENT IN SUBSIDIARIES (Cont'd)

Acquisition of Subsidiaries (Cont'd)

(ii) Acquisition of DESB, DSSB and DCSB

(a) On 30 May 2014, the Company had entered into a conditional sale and purchase agreement to acquire the entire equity interest in DESB of RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM5,100,000 which was wholly satisfied by the issuance of 25,500,000 ordinary shares at an issue price of RM0.20 each. The said acquisition was completed on 31 March 2015 and DESB become a wholly-owned subsidiary of the Company.

(b) On 30 May 2014, the Company had entered into a conditional sale and purchase agreement to acquire the entire equity interest in DSSB of RM500,000 comprising 500,000 ordinary shares of RM1.00 each for a total cash purchase consideration of RM65,000. The said acquisition was completed on 31 March 2015 and DSSB become a wholly-owned subsidiary of the Company.

(c) On 30 May 2014, the Company had entered into a conditional sale and purchase agreement to acquire 75% equity interest in DCSB of RM100,000 comprising 100,000 ordinary shares of RM1.00 each for a total cash purchase consideration of RM65,000. The said acquisition was completed on 31 March 2015 and DCSB become 75% owned subsidiary of the Company.

The following summarises the consideration transferred and recognised amount of assets acquired and liabilities assumed of DESB, DSSB and DCSB at acquisition date:

Fair value of consideration transferred

	DESB RM	DSSB RM	DCSB RM	Total RM
Cash consideration	-	65,000	65,000	130,000
Issuance of ordinary shares *	17,340,000	-	-	17,340,000
	17,340,000	65,000	65,000	17,470,000

* Professional consultant has been appointed by the Company to assist the directors in determining the fair value of the 25,500,000 ordinary shares issued as the consideration paid for the acquisition of DESB. The fair value of the said shares of RM0.68 per ordinary share is the issue price for the initial public offering in conjunction with its listing and quotation on the Main Market of Bursa Malaysia Securities Berhad.

8. INVESTMENT IN SUBSIDIARIES (Cont'd)

Acquisition of Subsidiaries (Cont'd)

(ii) Acquisition of DESB, DSSB and DCSB (Cont'd)

Effects of acquisitions of subsidiaries, net of cash acquired

The fair values of the assets acquired and the liabilities assumed at the effective date of acquisitions of DESB, DSSB and DCSB are as follows:

	DESB * RM	DSSB RM	DCSB RM	Total RM
Assets				
Property, plant and equipment	5,327,598	10,902	-	5,338,500
Investment property	198,824	-	-	198,824
Intangible assets	2,627,319	-	-	2,627,319
Inventories	23,448	-	-	23,448
Trade and other receivables	18,021,180	615,544	62,864	18,699,588
Amount due from customers for contract works	37,024,034	-	-	37,024,034
Fixed deposits with licensed banks	2,726,902	-	-	2,726,902
Cash and bank balances	61,454	58,316	70	119,840
Total assets	66,010,759	684,762	62,934	66,758,455
Liabilities				
Trade and other payables	611,951	559,048	3,000	1,173,999
Amount due to customers for contract works	10,538,333	-	-	10,538,333
Bank borrowings	29,266,985	-	-	29,266,985
Hire purchase payables	1,320,182	-	-	1,320,182
Current tax liabilities	3,760,052	2,468	-	3,762,520
Deferred tax liabilities	750,755	-	-	750,755
Total liabilities	46,248,258	561,516	3,000	46,812,774
Net identifiable assets and liabilities acquired	19,762,501	123,246	59,934	19,945,681
Non-controlling interests	-	-	(14,980)	(14,980)
Goodwill on consolidation	-	-	20,046	20,046
Gain on bargain purchase	(2,422,501)	(58,246)	-	(2,480,747)
Fair value of the consideration transferred	17,340,000	65,000	65,000	17,470,000

* A professional consultant has been appointed by the Company to assist the directors to review the fair value of the identifiable assets and liabilities of DESB acquired.

8. INVESTMENT IN SUBSIDIARIES (Cont'd)

Acquisition of Subsidiaries (Cont'd)

(ii) Acquisition of DESB, DSSB and DCSB (Cont'd)

Effects of acquisitions of subsidiaries, net of cash acquired (Continued)

	DESB RM	DSSB RM	DCSB RM	Total RM
Fair value of the consideration transferred	17,340,000	65,000	65,000	17,470,000
Cash and cash equivalent of subsidiaries acquired	1,625,794	(58,316)	(70)	1,567,408
Shares consideration	(17,340,000)	-	-	(17,340,000)
Net cash flows on acquisitions of subsidiaries	1,625,794	6,684	64,930	1,697,408

The acquisition-related costs have been included as part of the listing expenses and charged to administrative expenses in the consolidated statement of comprehensive income for the financial year ended 31 December 2015.

Goodwill comprises the non-identifiable intangible assets which are not separately recognised.

Effects of acquisition in statements of comprehensive income

From the date of acquisition, the accounting acquiree's contributed revenue and loss net of tax are as follows:

	DESB RM	DSSB RM	DCSB RM	Total RM
Revenue	43,248,722	76,606	-	43,325,328
Profit/(Loss) for the financial year	4,871,333	(260,664)	(8,590)	4,602,079

If the acquisition had occurred on 1 January 2015, the consolidated results for the financial year ended 31 December 2015 would have been as follows:

	Total RM
Revenue	61,391,758
Profit for the financial year	7,907,850

Non-controlling interests in subsidiaries

The financial information of the material non-controlling interests were not disclosed as the Group does not have any material non-controlling interests.

9. INVESTMENT IN ASSOCIATE

	Group 2015 RM	Group 2014 RM
Unquoted shares, at cost	207,750	207,750
Shares of post-acquisition reserves	(21,485)	(5,917)
	186,265	201,833

Details of the associate are as follows:

Name of company	Effective ownership interest 2015	Effective ownership interest 2014	Principal activities
PT Emas Hijau Sejahtera Kapuas Indonesia ("PT Emas Hijau") (Established on 20 November 2014 in Indonesia)	30%	30%	Currently dormant. Intended principal activity is that of the management and operation of palm oil mills in Indonesia.

In the previous financial year, DASB subscribed for 30% of the equity interests in PT Emas Hijau comprising 750,000 ordinary shares of IDR1,000 each in PT Emas Hijau for cash.

The summarised financial information of the associate are as follows:

	Group 2015 RM	Group 2014 RM
Results		
Loss for the financial year	(51,893)	(19,724)
Assets and liabilities		
Current assets	725,291	702,450
Current liabilities	447	19,593

Reconciliation of net assets to carrying amount:	Group 2015 RM	Group 2014 RM
Share of net assets at 31 December	217,453	204,857
Foreign exchange differences	(31,188)	(3,024)
Carrying amount in the statements of financial position	186,265	201,833

10. INVENTORIES

	Group 2015 RM	Group 2014 RM
At lower of cost and net realisable value:		
Trading parts and materials	562,761	608,740

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM5,013,975 (2014: RM2,728,168).

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade				
Trade receivables	11,236,243	7,348,795	-	-
Retention sum	1,873,407	490,545	-	-
Less : Allowance for impairment loss	(30,914)	(30,914)	-	-
	13,078,736	7,808,426	-	-
Non-trade				
Other receivables	2,971,723	457,343	-	1,313,589
Deposits	1,406,213	38,698	1,000	-
Prepayments	478,003	193,391	-	-
Amount owing by subsidiaries	-	-	12,254,060	-
	4,855,939	689,432	12,255,060	1,313,589
Total trade and other receivables	17,934,675	8,497,858	12,255,060	1,313,589

(a) Amount owing by subsidiaries are unsecured, non-interest bearing and repayable on demand.

(b) Trade receivables
Trade receivables are non-interest bearing and normal credit terms offered by the Group and the Company ranging from 30 days to 90 days (2014: 30 days to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

11. TRADE AND OTHER RECEIVABLES (Cont'd)

(b) Trade receivables (Cont'd)

The Group and the Company maintain an aging analysis in respect of trade receivables only. The aging analysis of the Group's and the Company's trade receivables are as follows:

	Group	
	2015 RM	2014 RM
Neither past due nor impaired	2,066,961	1,953,197
Past due but not impaired:		
1 to 30 days past due not impaired	331,786	2,561,384
31 to 60 days past due not impaired	296,875	798,417
61 to 90 days past due not impaired	918,514	626,954
More than 90 days past due not impaired	7,591,193	1,377,929
	9,138,368	5,364,684
Impaired	30,914	30,914
	11,236,243	7,348,795

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables is as follows:

	Group	
	2015 RM	2014 RM
At 1 January	30,914	-
Charge for the financial year	-	30,914
At 31 December	30,914	30,914

(c) Deposit

Included in deposit of the Group is an amount of RM1,290,000 (2014: Nil) paid as a deposit for the acquisition of a property for a total purchase consideration of RM12,900,000. The balance of the purchase consideration is disclosed as capital commitment in Note 32 to the financial statements. The said acquisition was completed subsequent to the end of the reporting period.

12. AMOUNT DUE FROM/ (TO) CUSTOMERS FOR CONTRACT WORKS

	Group	
	2015 RM	2014 RM
Aggregate costs incurred to date	171,370,929	98,911,905
Attributable profit recognised to date	56,897,899	26,734,524
	228,268,828	125,646,429
Less: Progress billings	(148,481,801)	(89,627,595)
	79,787,027	36,018,834

12. AMOUNT DUE FROM/ (TO) CUSTOMERS FOR CONTRACT WORKS (Cont'd)

	Group	
	2015 RM	2014 RM
Analysed as follows:		
Amount due from customers for contract works included under current assets	80,934,941	36,393,517
Amount due to customers for contract works included under current liabilities	(1,147,914)	(374,683)
	79,787,027	36,018,834

13. FIXED DEPOSITS PLACED WITH LICENSED BANKS

Group

The fixed deposits placed with licensed banks totalling RM7,449,574 (2014: RM3,126,032) have been pledged to licensed banks to secure credit facilities granted to its subsidiaries as disclosed in Note 20 to the financial statements.

14. CASH AND BANK BALANCES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash at bank	3,039,784	12,333,975	628,353	283,229
Cash in hand	28,227	25,620	2	2
	3,068,011	12,359,595	628,355	283,231

15. SHARE CAPITAL

	Group and Company			
	2015		2014	
	Number of shares Unit	RM	Number of shares Unit	RM
Authorised:				
At 1 January				
- ordinary shares of RM0.10 each	25,000,000	5,000,000	50,000,000	5,000,000
Created during the financial year	475,000,000	95,000,000	-	-
Consolidation of shares - ordinary shares of RM0.20 each	-	-	(25,000,000)	-
At 31 December - ordinary shares of RM0.20 / RM0.10 each	500,000,000	100,000,000	25,000,000	5,000,000

15. SHARE CAPITAL (Cont'd)

	Group and Company			
	2015		2014	
	Number of Shares Unit	RM	Number of Shares Unit	RM
Issued and fully paid:				
At 1 January				
- ordinary shares of RM0.10 each	10,000,010	2,000,002	15,000,020	1,500,002
Consolidation of shares - ordinary shares of RM0.20 each	-	-	(7,500,010)	-
Issued during the financial year	212,000,000	42,400,000	2,500,000	500,000
At 31 December - ordinary shares of RM0.20 / RM0.10 each	222,000,010	44,400,002	10,000,010	2,000,002

During the financial year, the Company:

(a) increased its authorised share capital of the Company from RM5,000,000 divided into 25,000,000 ordinary shares of RM0.20 each to RM100,000,000 divided into 500,000,000 ordinary shares of RM0.20 each by way of creation of additional 475,000,000 new ordinary shares of RM0.20 each;

(b) issued 140,500,000 new ordinary shares of RM0.20 each for the acquisition of a subsidiary as disclosed in Note 8(i) to the financial statements;

(c) issued 25,500,000 new ordinary shares of RM0.20 each for the acquisition of a subsidiary as disclosed in Note 8(ii) to the financial statements. For the purpose of accounting for the shares consideration, the fair value of RM0.68 per ordinary shares as at the date of completion was recorded instead of the issue price of RM0.20 per ordinary shares; and

(d) issued 46,000,000 new ordinary shares of RM0.20 each at an issue price of RM0.68 per ordinary share pursuant to the initial public offering in conjunction with the listing and quotation of the Company on the Main Market of Bursa Malaysia Securities Berhad.

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

16. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company above the par value of the shares. The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

17. OTHER RESERVE

Non-distributable
The other reserve is arising from the acquisition of DASB as disclosed in Note 8(i) to the financial statements.

18. FOREIGN CURRENCY TRANSLATION RESERVE

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

19. HIRE PURCHASE PAYABLES

	Group 2015 RM	Group 2014 RM
Future minimum hire purchase payables		
- not later than one year	684,805	225,972
- later than one year but not later than five years	1,051,587	612,495
	1,736,392	838,467
Less: Future finance charges	(119,070)	(70,351)
Present value of hire purchase payables	1,617,322	768,116
Analysis of present value of hire purchase payables:		
Not later than one year (included under current liabilities)	618,274	194,352
Later than one year but not later than five years (included under non-current liabilities)	999,048	573,764
	1,617,322	768,116

The hire purchase payables bear interest rates ranging from 3.62% to 4.56% (2014: 2.35% to 4.41%) per annum.

20. BANK BORROWINGS

	Group 2015 RM	Group 2014 RM
Short term borrowings - secured		
Bank overdrafts	9,692,670	1,710,032
Invoice financing	13,465,250	9,722,181
Term loans	667,450	264,169
Trust receipts	3,555,107	3,970,270
Promissory note	3,821,392	-
	31,201,869	15,666,652
Long term borrowings - secured		
Term loans	3,358,333	3,188,793
Total borrowings	34,560,202	18,855,445
Comprising portion repayable:		
Within the next twelve months	31,201,869	15,666,652
After the next twelve months:		
- later than one year but not later than two years	703,701	269,724
- later than two years but not later than five years	941,150	906,830
- more than five years	1,713,482	2,012,239
	3,358,333	3,188,793
	34,560,202	18,855,445

20. BANK BORROWINGS (Cont'd)

The borrowings bear interests at rates which are on a floating rate basis are as follows:

	Group	
	2015 % per annum	2014 % per annum
Term loans	5.03 to 7.60	4.85 to 6.60
Invoice financing	8.10	4.85 to 8.10
Bank overdrafts	8.10 to 8.35	8.35
Promissory notes	8.10	-
Trust receipts	8.10	8.10

The bank borrowings are secured by the following:

(i) A fixed charged over all cash deposits deposited by its subsidiaries together with a cash deposit agreement;
(ii) Corporate guarantee by the Company;
(iii) Jointly and severally guarantee by certain directors of the Company;
(iv) Deed of assignment of contract proceeds;
(v) A facility agreement between its subsidiaries and financial institutions; and
(vi) First and second legal charges created over the freehold and leasehold lands and buildings of its subsidiaries.

The respective term loans are repayable in the following manner:-

(i) 84 equal monthly instalments commencing January 2013;
(ii) 120 equal monthly instalments commencing July 2013;
(iii) 120 equal monthly instalments commencing Aug 2007; and
(iv) 120 equal monthly instalments commencing Aug 2008.

Invoice financing, promissory notes and trust receipts have maturity periods ranging from 106 days to 270 days (2014: 144 days to 150 days).

21. PROVISION FOR RETIREMENT BENEFITS

The Group operates unfunded defined retirement benefits plan for its employees.

The total amount recognised in the statements of financial position are as follow:

	Group	
	2015 RM	2014 RM
Present value of unfunded defined benefits obligations	21,604	14,136

21. PROVISION FOR RETIREMENT BENEFITS (Cont'd)

The following table shown reconciliation from the opening balance to the closing balance for the retirement benefit plan:

	Group	
	2015 RM	2014 RM
At the beginning of the financial year	14,136	13,323
Included in the profit or loss:		
- current service costs	6,374	6,008
- interest income	1,322	652
- effect of curtailment for resigned staff	(1,738)	(6,444)
	5,958	216
Foreign exchange translation adjustment	1,510	597
	21,604	14,136

The principal assumptions used are as follow:

	Group	
	2015 RM	2014 RM
Discount rate	9.10	9.00
Expected rate of salary increase	6.00	7.00

Sensitivity analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumption, holding assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Increased Defined benefit obligations		Decreased Defined benefit obligations	
	2015 RM	2014 RM	2015 RM	2014 RM
Increased/Decreased of:				
- 1% discount rate	(822)	(979)	1,036	1,233
- 1% expected rate of salary increase	1,195	1,319	(989)	(1,077)

22. DEFFERED TAX (LIABILITIES)/ASSETS

	Group 2015 RM	Group 2014 RM
Deferred Tax Asset		
At 1 January	-	-
Recognised in statements of comprehensive income		
- current year	17,688	-
Difference in foreign exchange	1,132	-
At 31 December	18,820	-

	Group 2015 RM	Group 2014 RM
Defered Tax Liabilities		
At 1 January	30,782	30,782
Acquisition of subsidiaries	750,755	-
Recognised in statements of comprehensive income		
- current year	33,105	-
- under accrual in prior year	(40,279)	-
At 31 December	774,363	30,782

	Group 2015 RM	Group 2014 RM
Presented after appropriate offsetting as follows:		
Deferred tax assets	18,820	-
Deferred tax liabilities	(774,363)	(30,782)
	(755,543)	(30,782)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group 2015 RM	Group 2014 RM
Taxable temporary differences	447,685	568,439
Unutilised tax losses	300,626	64,301
	748,311	632,740
Potential deferred tax assets at 24% (2014: 24%)	179,595	151,858

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade				
Trade payables	17,999,149	21,700,400	-	-
Other payables				
Other payables	773,088	5,151,472	139,800	366,387
Amount owing to a director	28,000	-	-	-
Deposits	700	-	-	-
Accruals	7,310,172	1,929,265	439,829	4,600
	8,111,960	7,080,737	579,629	370,987
Total trade and other payables	26,111,109	28,781,137	579,629	370,987

(a) Trade payables are non-interest bearing and are normally settled on 30 days to 90 days (2014: 30 days to 90 days).

(b) Other payables are non-interest bearing are normally settled on 30 days to 90 days (2014: 30 days to 90 days).

(c) Amount owing to director and subsidiaries are unsecured, non-interest bearing and repayable upon demand.

24. REVENUE

	Group	
	2015 RM	2014 RM
Sale of goods	9,868,460	4,862,592
Revenue from contract works	59,572,888	51,927,441
	69,441,348	56,790,033

25. COST OF SALES

	Group	
	2015 RM	2014 RM
Cost of goods sold	7,055,761	3,330,584
Project costs related to contract works	43,700,337	38,951,084
	50,756,098	42,281,668

26. FINANCE COSTS

-

	Group	
	2015	2014
	RM	RM
Interest expenses		
- bank guarantee charges	8,593	-
- bank overdrafts	489,890	185,826
- commitment fees	22,352	22,046
- finance lease payable	-	374
- hire purchase	72,095	35,140
- invoice financing	1,200,227	603,191
- promissory notes	142,192	-
- term loans	238,424	234,107
- trust receipts	490,955	254,861
- others	4,293	45,345
	2,669,021	1,380,890

27. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Auditors' remuneration:-				
current year:				
- statutory	215,292	88,788	50,000	3,000
- others	58,200	-	40,000	-
- (over)/under accrual in prior financial year	(11,000)	6,000	(3,000)	-
Depreciation of property, plant and equipment	963,559	529,007	-	-
Depreciation of investment property	1,872	-	-	-
Amortisation of intangible asset	2,462,998	-	-	-

27. PROFIT/(LOSS) BEFORE TAX (Cont'd)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax: (Continued)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Directors' remuneration				
- fees and allowances	191,000	-	191,000	-
- salaries and other emoluments	968,115	987,490	521,348	-
Property, plant and equipment written off	-	4,507	-	-
Provision for retirement benefits	5,958	216	-	-
Net foreign currency loss				
- realised	5,124	433,969	-	-
- unrealised	-	101,677	-	-
Rental of premises	217,120	460,884	-	-
Rental of motor vehicles	8,824	20,592	-	-
Rental of office equipment	52,037	15,220	-	-
Staff costs	4,648,380	2,543,939	116,039	-
Bank interests	(119,212)	(3,328)	-	-
Fixed deposit interests	(443,472)	(44,291)	(362,210)	-
Gain on bargain purchase arising from business combinations	(2,480,747)	-	-	-
Gain on disposal of property, plant and equipment	(80,600)	-	-	-
Net foreign currency gain				
- unrealised	(412,993)	-	-	-
Rental income	(4,547)	-	-	-

28. STAFF COSTS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Salaries, wages, allowances and bonuses	4,160,648	2,309,067	103,269	-
Employees' Provident Funds	441,179	203,728	12,408	-
Other staff related benefits	40,595	30,928	362	-
Provision for retirement benefits (Note 21)	5,958	216	-	-
	4,648,380	2,543,939	116,039	-

28. STAFF COSTS (Cont'd)

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Director's remuneration:				
Salaries, wages, allowances				
and bonuses	812,500	843,750	437,500	-
Employees' Provident Funds	154,375	142,500	83,125	-
Other staff related benefits	1,240	1,240	723	-
	968,115	987,490	521,348	-

29. INCOME TAX EXPENSE

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Income tax				
- current financial year	2,498,489	2,454,538	-	-
- over accrual in prior financial years	(249,521)	(545,866)	-	-
	2,248,968	1,908,672	-	-
Deferred tax liabilities (Note 22)				
- current financial year	15,417	-	-	-
- under accrual in prior				
financial years	(40,279)	-	-	-
	(24,862)	-	-	-
	2,224,106	1,908,672	-	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 25% of the estimated assessable profit for the financial year. In the Budget Speech 2014, the Government announced that the domestic corporate tax rate would be reduced to 24% from the current year's rate of 25% with effect from the year of assessment 2016.

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

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Profit/(Loss) before tax	5,083,951	7,632,145	(3,784,370)	(492,583)
Tax at applicable tax rate of 25%				
(2014: 25%)	1,270,988	1,908,036	(946,093)	(123,146)
Different tax rates in other countries	-	(188,845)	-	-
Adjustments:				
- non-deductible expenses	1,463,673	957,397	1,040,778	123,146
- non-taxable income	(248,492)	(280,777)	(94,685)	-
- over accrual in prior financial year	(289,800)	(545,866)	-	-
- deferred tax not recognised on tax				
losses and temporary differences	27,737	58,727	-	-
Income tax expense for the financial year	2,224,106	1,908,672	-	-

30. EARNINGS PER ORDINARY SHARE

(a) Basic Earnings Per Ordinary Share

	Group	
	2015	**2014**
	RM	**RM**
Net profit attributable to the owners of the Company	2,859,611	5,772,040
Weighted average number of ordinary shares in issue	161,989,050	140,500,000
Basic earnings per ordinary share (sen)	1.77	4.11

In 2014, the net profit attributable to owners of the Company are net profit of DASB while the weighted average number of ordinary shares in issue is the number of ordinary shares issued as the consideration for the purchase of DASB.

(b) Diluted Earnings Per Ordinary Share

The diluted earnings per ordinary share of the Group for the financial year ended 31 December 2015 is equivalent to the basic earnings per ordinary share of the Group as the Company has no dilutive potential ordinary shares.

31. FINANCIAL GUARANTEES

(a) Corporate Guarantee

	Company	
	2015	**2014**
	RM	**RM**
At the end of the reporting period		
Corporate guarantee granted to a licensed bank for credit facilities granted to subsidiaries	15,871,110	-

In 2014, DASB provided corporate guarantee to a licensed bank for credit facilities granted to DESB amounting RM13,708,105.

(b) Bank Guarantee

	Group	
	2015	**2014**
	RM	**RM**
At the end of the reporting period		
Bank guarantees issued for contract customers for performance of contracts	5,545,844	463,329

The bank guarantees are secured by the following:-

(i) A fixed charged over all cash deposits deposited by two of its subsidiaries together with a cash deposit agreement;
(ii) Jointly and severally guarantee by certain directors of the Company;
(iii) A facility agreement between the said subsidiaries and financial institutions; and
(iv) First and second legal charges created over the freehold and leasehold lands and buildings of its subsidiaries.

32. CAPITAL COMMITMENT

	Group 2015 RM	Group 2014 RM
As at 31 December		
Approved and contracted for but not provided for in the financial statements		
Property, plant and equipments (Note 11(c))	11,610,000	-

33. RELATED PARTIES

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

(a) Identify of related parties

The nature of the relationship with the related parties is as follows:

Name of Related Parties	Nature of Relationship
DASB	A company previously in which certain directors have interests. It becomes the subsidiary following the completion of the acquisition by the Company on 31 March 2015.
DESB	A company previously in which certain directors have interests. It becomes the subsidiary following the completion of the acquisition by the Company on 31 March 2015.
DRSSB	A company previously in which certain directors have interests. It becomes the subsidiary following the completion of the acquisition by the Company on 31 March 2015.
DSSB	A company previously in which certain directors have interests. It becomes the subsidiary following the completion of the acquisition by the Company on 31 March 2015.
PT Dolphin Indonesia	A company previously in which certain directors have interests. It becomes the subsidiary following the completion of the acquisition by the Company on 31 March 2015.
DCSB	A company previously in which certain directors have interests. It becomes the subsidiary following the completion of the acquisition by the Company on 31 March 2015.

33. RELATED PARTIES (Cont'd)

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:-

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
DESB				
- sale of goods	-	34,435	-	-
- purchase of goods	-	881,062	-	-
- rental expenses	-	360,000	-	-
DSSB				
- sale of goods	-	39,456	-	-
- purchase of goods	-	506,034	-	-

(c) Compensation of key management personnel

	Group	
	2015	2014
	RM	RM
Salaries, allowances and bonuses	1,998,581	649,469
Employees' Provident Funds	280,217	69,716
	2,278,798	719,185

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Loans and receivables ("L&R")
(ii) Other financial liabilities ("FL")

34. FINANCIAL INSTRUMENTS (Cont'd)

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

	Carrying amount RM	L&R RM	FL RM
At 31 December 2015			
Financial assets			
Group			
Trade and other receivables (excluding non-refundable deposits and prepayments)	16,050,459	16,050,459	-
Amount due from customers for contract works	80,934,941	80,934,941	-
Fixed deposit placed with licensed banks	22,192,573	22,192,573	-
Cash and cash equivalents	3,068,011	3,068,011	-
	122,245,984	122,245,984	-
Company			
Trade and other receivables (excluding non-refundable deposits and prepayments)	12,254,060	12,254,060	-
Fixed deposit placed with licensed banks	14,742,998	14,742,998	-
Cash and cash equivalents	628,355	628,355	-
	27,625,413	27,625,413	-
Financial liabilities			
Group			
Hire purchase payables	(1,617,322)	-	(1,617,322)
Bank borrowings	(34,560,202)	-	(34,560,202)
Trade and other payables (excluding non-refundable deposits)	(26,110,409)	-	(26,110,409)
Amount due to customers for contract works	(1,147,914)	-	(1,147,914)
	(63,435,847)	-	(63,435,847)
Company			
Trade and other payables (excluding non-refundable deposits)	(579,629)	-	(579,629)
	(579,629)	-	(579,629)

34. FINANCIAL INSTRUMENTS (Cont'd)

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

	Carrying amount RM	L&R RM	FL RM
At 31 December 2014			
Financial assets			
Group			
Trade and other receivables (excluding non-refundable deposits and prepayments)	8,265,769	8,265,769	-
Amount due from customers for contract works	36,393,517	36,393,517	-
Fixed deposit placed with licensed banks	3,126,032	3,126,032	-
Cash and cash equivalents	12,359,595	12,359,595	-
	60,144,913	60,144,913	-
Company			
Trade and other receivables (excluding non-refundable deposits and prepayments)	1,313,589	1,313,589	-
Cash and cash equivalents	283,231	283,231	-
	1,596,820	1,596,820	-
Financial liabilities			
Group			
Hire purchase payables	(768,116)	-	(768,116)
Bank borrowings	(18,855,445)	-	(18,855,445)
Trade and other payables (excluding non-refundable deposits)	(28,781,137)	-	(28,781,137)
Amount due to customers for contract works	(374,683)	-	(374,683)
	(48,779,381)	-	(48,779,381)
Company			
Trade and other payables (excluding non-refundable deposits)	(370,987)	-	(370,987)
	(370,987)	-	(370,987)

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk, interest rate risk and market price risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company use derivative financial instruments, such as, foreign exchange contracts to hedge certain exposures. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

34. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk

Trade and other receivables

Credit risk is the risk of financial loss to the Group and the Company 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 primarily from trade and other receivables. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade and other receivables is represented by their carrying amounts in the statements of financial position.

The carrying amount of trade and other receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group and the Company use aging analysis to monitor the credit quality of the trade receivables. The aging of trade receivables as at the end of the financial year is disclosed in Note 11. Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. A significant portion of these trade receivables are regular customers that have been transacting with the Group and the Company. Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. Impairment are made on specific receivables when there is objective evidence that the Group and the Company will not be able to collect all amounts due.

The Group and the Company monitor the results of the immediate holding company, subsidiaries and related companies in determining the recoverability of these intercompany balances.

<u>Credit risk concentration profile</u>

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

	Group	
	2015	**2014**
	RM	**RM**
Customer A	2,840,714	2,687,247
Customer B	2,235,725	1,200,000
Customer C	1,601,900	536,629

34. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Other financial assets

For other financial assets (including investment securities, cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM15,871,110 (2014: RM13,708,105) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 31. As at the reporting date, there was no indication that the subsidiary would default on repayment.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

34. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

	Carrying amount RM	← Contractual undiscounted cash flows → On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM
2015				
Group				
Trade and other payables	26,111,109	26,111,109	-	-
Hire purchase payables	1,617,322	618,274	999,048	-
Bank borrowings	34,560,202	31,201,869	1,644,851	1,713,482
	62,288,633	57,931,252	2,643,899	1,713,482
Company				
Corporate guarantee	-	15,871,110	-	-
Trade and other payables	579,629	579,629	-	-
	579,629	16,450,739	-	-
2014				
Group				
Trade and other payables	28,781,137	28,781,137	-	-
Hire purchase payables	768,116	194,352	573,764	-
Bank borrowings	18,855,445	15,666,652	1,176,554	2,012,239
Corporate guarantee	-	13,708,105	-	-
	48,404,698	58,350,246	1,750,318	2,012,239
Company				
Trade and other payables	370,987	370,987	-	-

34. **FINANCIAL INSTRUMENTS (Cont'd)**

(b) **Financial risk management (Cont'd)**

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales, purchases and borrowings that are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Management has set up a policy that requires all companies within the Group and the Company to manage their treasury activities and exposures. The Group's and the Company's policy is to hedge all material foreign currency exposures arising from its transactions and balances using derivative instruments that have maturity periods that match the corresponding maturity periods of the hedged items. In addition, the Group and the Company also takes advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.

The Group's and the Company's unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

	Group	Company
	Functional currencies	
	RM	RM
2015		
Financial assets and liabilities not held in functional currencies:		
Trade receivables		
United States Dollar	4,350,406	-
Indonesian Rupiah	2,419,633	-
	6,770,039	-
Cash and cash equivalents		
United States Dollar	1,837,058	-
Indonesia Rupiah	69,714	-
Others	4,471	-
	1,911,243	-
Trade payables		
United States Dollar	790,522	-
Indonesian Rupiah	477,770	-
	1,268,292	-
Bank borrowings		
United States Dollar	412,014	-

34. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk (Cont'd)

	Group	Company
	Functional currencies	
	RM	RM
2014		
Financial assets and liabilities not held in functional currencies:		
Trade receivables		
United States Dollar	1,640,363	-
Indonesian Rupiah	2,326,774	-
	3,967,137	-
Cash and cash equivalents		
United States Dollar	1,419,547	-
Indonesia Rupiah	2,599,753	-
Others	2,292	-
	4,021,592	-
Trade payables		
Indonesian Rupiah	425,575	-
	425,575	-
Bank borrowings		
United States Dollar	8,685,701	-

Sensitivity analysis for foreign currency risk

The Group's and the Company's principal foreign currency exposure relates mainly to United States Dollar ('USD') and Indonesia Rupiah ('IDR').

34. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk (Cont'd)

The following table demonstrates the sensitivity to a reasonably possible change in the USD and IDR, with all other variables held constant on the Group's and the Company's total equity and profit for the financial year.

	Change in rate	Effect on profit for the financial year RM
2015		
- USD	+ 15%	747,739
	- 15%	(747,739)
- IDR	+ 15%	301,737
	- 15%	(301,737)
2014		
- USD	+ 15%	(203,314)
	- 15%	203,314
- IDR	+ 15%	159,387
	- 15%	(159,387)

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates. The Group's and the Company's policy to manage their interest rate risk is to hedge all material floating rate borrowings using interest rate swaps.

<u>Sensitivity analysis for interest rate risk</u>

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's and the Company's total equity and profit for the financial year.

34. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management (Cont'd)

(iv) Interest rate risk (Cont'd)

	Change in basis points	Effect on profit for the financial year RM
Group		
2015	+ 50	(46,379)
	- 50	46,379
2014	+ 50	(58,985)
	- 50	58,985
Company		
2015	+ 50	55,286
	- 50	(55,286)
2014	+ 50	-
	- 50	-

There was no interest rate risk sensitivity analysis for the Company in respect of the financial year ended 31 December 2014.

(c) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

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

There have been no transfers between Level 1, 2 and 3 during the financial year (2014: no transfer in either directions).

34. FINANCIAL INSTRUMENTS (Cont'd)

(c) Fair value measurement (Cont'd)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

	Carrying amount RM	Fair value of financial instruments carried at fair value Level 3 RM
Group		
2015		
Financial liabilities		
Term loans	4,025,783	4,280,011
Hire purchase liabilities	1,617,322	1,683,470
2014		
Financial liabilities		
Term loans	3,452,962	3,650,644
Hire purchase liabilities	768,116	794,078

There were no financial instruments carried at fair value under Company level as at 31 December 2015 that are required to be disclosed.

Level 3 fair value

Fair value of financial instruments not carried at fair value
The fair value of amount owing by subsidiaries, bank borrowings, hire purchase liabilities and amount owing to subsidiaries are determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowings rate as at the end of the reporting period.

35. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2015 and 31 December 2014.

35. CAPITAL MANAGEMENT (Cont'd)

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as total debts divided by total equity. The Group's and the Company's policy is to keep the gearing ratio between 30% and 60%. The gearing ratio at 31 December 2015 and 31 December 2014 are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total liabilities	68,960,069	50,871,892	579,629	370,987
Equity attributable to owners of the Company	83,831,388	32,556,542	72,616,784	1,225,833
Debt-to-equity ratio	82.3%	156.3%	0.8%	30.3%

The Company is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

36. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Managing Director for the purpose of making decisions about resource allocation and performance assessment. Therefore, the Group's reportable segments under MFRS 8 are as follows:-

(a) Provision of milling system and solutions;
(b) Supply of parts and maintenance services; and
(c) Investment holding and management services

Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment profit

Segment performance is used to measure performance as Group Managing Director believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets and liabilities

The total of segment assets and liabilities is measured based on all assets and liabilities (excluding investment in associates) of a segment, as included in the internal reports that are reviewed by the Group Managing Director.

36. SEGMENTAL REPORTING (Continued)

(a) Operating Segment

	Provision of Milling Systems and Solutions RM	Supply of Parts and Maintenance Services RM	Investment Holdings and Management Services RM	Adjustments and Eliminations RM	Consolidation RM
2015					
Revenue					
Segment revenue	67,866,053	1,822,845	-	(247,550)	69,441,348
Results					
Segment profit/(loss)	8,971,292	417,134	(3,796,171)	(508,304)	5,083,951
Net assets					
Total segment assets	128,511,745	8,796,377	15,545,345	-	152,853,467
Total segment liabilities	(64,520,576)	(3,849,682)	(589,811)	-	(68,960,069)
Total segment net assets	63,991,169	4,946,695	14,955,534	-	83,893,398
Other information					
Included in the measure of segment profit:					
Depreciation for property, plant and equipment	747,838	215,721	-	-	963,559
Depreciation for investment property	1,872	-	-	-	1,872
Amortisation of intangible assets	-	-	2,462,998	-	2,462,998
Interest income	198,228	2,246	362,210	-	562,684
Interest expenses	2,669,021	-	-	-	2,669,021
Unrealised gain/(loss) on foreign exchange	426,008	(13,015)	-	-	412,993
Capital expenditures (including additions arising from business combinations)	5,643,619	297,033	-	-	5,940,652
Not included in the measure of segment profit but provided to the management:					
Tax expenses	2,130,765	93,341	-	-	2,224,106

36. SEGMENTAL REPORTING (Cont'd)

Segment assets and liabilities (Cont'd)

	Provision of Milling Systems and Solutions RM	Supply of parts and Maintenance Services RM	Investment Holdings and Management Services RM	Adjustments and Eliminations RM	Consolidation RM
2014					
Revenue					
Segment revenue	55,629,753	1,903,020	-	(742,740)	56,790,033
Results					
Segment profit/(loss)	7,086,382	1,294,420	(5,917)	(742,740)	7,632,145
Net assets					
Total segment assets	79,236,234	4,170,328	-	-	83,406,562
Total segment liabilities	(48,328,297)	(2,543,595)	-	-	(50,871,892)
Total segment net assets	30,907,937	1,626,733	-	-	32,534,670
Other information					
Included in the measure of segment profit:					
Depreciation for property, plant and equipment	502,557	26,450	-	-	529,007
Interest income	45,238	2,381	-	-	47,619
Interest expenses	1,311,845	69,045	-	-	1,380,890
Unrealised gain/(loss) on foreign exchange	(96,593)	(5,084)	-	-	(101,677)
Capital expenditures	513,108	-	-	-	513,108
Not included in the measure of segment profit but provided to the management:					
Tax expenses	1,813,238	95,434	-	-	1,908,672

Information about major customers

For provision of milling systems and solutions segment revenue from three customers represented RM51,596,965 (2014: RM40,816,082) for the Group's total revenue.

37. EVENTS DURING AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(i) On 31 March 2015, the authorised share capital of the Company increased from RM5,000,000 to RM100,000,000 by way of creation of 475,000,000 new ordinary shares of RM0.20 each.

(ii) The Company had on 30 May 2014 entered into a conditional sale and purchase agreement to acquire the equity interests in DASB as disclosed in Note 8(i) to the financial statements. Following the completion of these acquisitions on 31 March 2015, DASB becomes the subsidiaries of the Company. Following the completion of the share acquisition, the issued and paid-up share capital of the Company increased from RM2,000,002 comprising 10,000,010 ordinary shares of RM0.20 each to RM30,100,002 comprising 150,500,010 ordinary shares of RM0.20 each.

(iii) The Company had on 30 May 2014 entered into various conditional sale and purchase agreements to acquire the equity interests in DESB, DSSB and DCSB as disclosed in Note 8(ii) to the financial statements. Following the completion of these acquisitions on 31 March 2015, DESB, DSSB and DCSB become the subsidiaries of the Company. Following the completion of the share acquisition, the issued and paid-up share capital of the Company increased from RM30,100,002 comprising 150,500,010 ordinary shares of RM0.20 each to RM35,200,002 comprising 176,000,010 ordinary shares of RM0.20 each.

(iv) On 5 June 2015, the Company increased its issued and paid-up ordinary share capital from RM35,200,002 to RM44,400,002 by way of issuance of 46,000,000 of ordinary shares of RM0.20 each at an issue price of RM0.68 per ordinary share pursuant to the Initial Public Offering in conjunction with the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad on 9 June 2015.

(v) On 11 November 2015, on behalf of the board of directors of the Company, Hong Leong Investment Bank Berhad announced that the Company has proposed to undertake a bonus issue of 55,500,002 warrants in the Company ("Warrant(s)") on the basis of one (1) warrant for every four (4) existing ordinary shares held in the Company on an entitlement date to be determined later ("Proposed Bonus Issue of Warrants"). The Proposed Bonus Issue of Warrants was completed on 5 April 2016.

(vi) On 19 November 2015, DASB, a wholly-owned subsidiary of the Company, had entered into a sale and purchase agreement with Nicron Industries Sdn Bhd for the acquisition of a factory cum office building for a total purchase consideration of RM12,900,000 ("Proposed Acquisition"). The Proposed Acquisition was completed on 19 February 2016.

38. COMPARATIVE FIGURES

Group

The acquisition of the entire issued and paid up shares of DASB by the Company is a reorganisation and does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company is a continuation of DASB and is accounted for as follows:

- the assets and liabilities of DASB is recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;
- the retained earnings and other equity balances of acquired entity immediately before the business combination are those of the Group;
- the equity structure, however, reflects the equity structure of the Company and the differences arising from the change in equity structure of the Group will be accounted for in other reserves; and
- the comparative information presented in these consolidated financial statements is that of DASB.

The comparatives are not audited as the combined group was not in existence in the previous financial year.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFIT OR LOSS

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

The following analysis of realised and unrealised profits or losses included in the retained earnings of the Group and the Company as at 31 December 2015 and 31 December 2014 is presented in accordance with the directive of Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:				
- Realised	27,566,187	26,441,884	(4,558,539)	(774,169)
- Unrealised	(337,406)	(132,459)	-	-
	27,228,781	26,309,425	(4,558,539)	(774,169)
An associate:				
- Realised	(21,485)	(5,917)	-	-
	27,207,296	26,303,508	(4,558,539)	(774,169)
Less: Consolidation adjustments	1,872,637	(83,186)	-	-
Total retained earnings	29,079,933	26,220,322	(4,558,539)	(774,169)

We, **LOW TECK YIN** and **HOH YEONG CHERNG,** being two of the directors of **DOLPHIN INTERNATIONAL BERHAD**, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 40 to 115 are properly drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

The supplementary information set out on page 116 have been compiled 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 Requirement*, issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

……………………………………………………….
LOW TECK YIN
Director

……………………………………………………….
HOH YEONG CHERNG
Director

Selangor Darul Ehsan

Date: 28 April 2016

Statutory **Declaration**

I, **FOO PHUI FOONG**, being the officer primarily responsible for the financial management of **DOLPHIN INTERNATIONAL BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements pages 40 to 115 and the supplementary information set out on page 116 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

………………………………………………

FOO PHUI FOONG

Subscribed and solemnly declared by the above named at Selangor Darul Ehsan on 28 April 2016.

Before me,

Khor Han Ghee (No. B476)
Commissioner for Oaths

Independent Auditors' Report to the Members of Dolphin International Berhad

Report on the Financial Statements

We have audited the financial statements of **DOLPHIN INTERNATIONAL BERHAD**, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 40 to 115.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the 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 controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company'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 Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with the 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 Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have been acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

(b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 8 to the financial statements.

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

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out in page 116 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 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 ("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 contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Ng Boon Hiang
No. 2916/03/18 (J)
Chartered Accountant

Kuala Lumpur

Date: 28 April 2016

List of Properties Owned by the Group

Location	Date of Acquisition	Tenure	Built-up Area (Square metres)	Description of Property / Existing Use	Net Carrying Amount as at 31 Dec 2015 (RM'000)
Dolphin Engineering (M) Sdn Bhd					
17 & 19, Jalan Puteri 5/20, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan.	13 Apr 2007	Freehold	919.74	2 units of 3 storey intermediate shop office used as our Group's office, workshop for the production and assembly of our products and store	1,698
845, Block A, Leisure Commerce Square, No. 9, Jalan PJS 8/9, 47300 Petaling Jaya, Selangor Darul Ehsan.	20 Jan 1996	Leasehold, 99 years expiring on 17 July 2091	58.25	Office unit located on the 8th floor of a 12 storey office block rented to third party	197
32, Jalan Serindit 2, Bandar Puchong Jaya, 47100 Puchong, Selangor Darul Ehsan.	26 Mar 2008	Freehold	805.84	1 ½ storey semi-detached factory. The ground floor of the property is used as workshop for the production and assembly of our products for our Group while the first floor of the property is currently used as an office for the Electrical & Automation Department.	1,942
Dolphin Applications Sdn Bhd					
16, Jalan Serindit 2, Bandar Puchong Jaya, 47100 Puchong, Selangor Darul Ehsan.	15 Jun 2012	Leasehold, 99 years expiring on 1 June 2109	374.585	1 ½ storey semi-detached factory (corner unit). The ground floor of the property is used as corporate office while the first floor of the property is currently used as training room.	4,323
22, Jalan Sepadu 25/123, Taman Perindustrian Axis, Seksyen 25, 40400 Shah Alam, Selangor Darul Ehsan.	4 Jun 2012	Freehold	1,111.2	Single storey detached factory cum office buildings, erected on all that piece of industrial land. Currently vacant.	7,439

ANALYSIS OF SHAREHOLDINGS AS AT 5 APRIL 2016

Authorised share capital	:	RM100,000,000.00
Issued and fully paid-up share capital	:	RM44,400,002
Class of share	:	Ordinary shares of RM0.20 each fully paid
Voting rights	:	On show of hands one vote for every shareholder or on a poll one vote for every ordinary share held
Number of shareholders	:	993

DISTRIBUTION OF SHAREHOLDINGS AS AT 5 APRIL 2016

Size of Shareholdings	No. of Shareholders	Holdings	Total Holdings %
Less than 100 shares	3	15	0.00
100 to 1,000 shares	77	53,580	0.02
1,001 to 10,000 shares	464	2,938,700	1.32
10,001 to 100,000 shares	330	12,174,600	5.49
100,001 to less than 5% of issued shares	117	80,208,074	36.13
5% and above of issued shares	2	126,625,041	57.04
Total	**993**	**222,000,010**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS AT 5 APRIL 2016
(In accordance with the Register maintained pursuant to Section 69L of the Companies Act, 1965)

Name of Shareholder		Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1	Low Teck Yin	63,312,514	28.52	-	-
2	Hoh Yeong Cherng	63,312,527	28.52	(1)484,500	0.22
3	Hoh Kok Wah	25,000	0.01	(2)63,772,027	28.73
4	Hoh Yeong Jian	459,500	0.21	(3)63,337,527	28.53

Notes:
(1) Deemed interested in the direct shareholdings in Dolphin of his sibling, Hoh Yeong Jian, and father, Hoh Kok Wah.
(2) Deemed interested in the direct shareholdings in Dolphin of his sons, Hoh Yeong Cherng and Hoh Yeong Jian.
(3) Deemed interested in the direct shareholdings in Dolphin of his sibling, Hoh Yeong Cherng, and father, Hoh Kok Wah.

THIRTY (30) LARGEST SHAREHOLDERS AS AT 5 APRIL 2016 (Cont'd)
(Without aggregating securities from different securities accounts belonging to the same person)

No	Shareholders	No. of Shares Held	% of Total Issued Shares
1.	Hoh Yeong Cherng	57,312,527	25.82
2.	Low Teck Yin	48,132,514	21.68
3.	Maybank Securities Nominees (Tempatan) Sdn Bhd – Pledged securities account for Low Teck Yin	9,180,000	4.14
4.	Tan Hwe Chin	6,710,200	3.02
5.	Zaiton Binti Mohd Hassan	5,200,000	2.34
6.	CIMSEC Nominees (Tempatan) Sdn Bhd – CIMB Bank for Low Teck Yin	4,000,000	1.80
7.	CIMSEC Nominees (Tempatan) Sdn Bhd – CIMB Bank for Hoh Yeong Cherng	4,000,000	1.80
8.	Amsec Nominees (Tempatan) Sdn Bhd – Amtrustee Berhad for Pacific Pearl Fund	3,639,400	1.64
9.	Affin Hwang Nominees (Tempatan) Sdn Bhd – Phillip Securities Pte Ltd for Lim Kwee Gee	3,020,300	1.36
10.	Alliancegroup Nominees (Tempatan) Sdn Bhd – Pledged securities account for Chew Siow Geok	2,904,000	1.31
11.	RHB Nominees (Tempatan) Sdn Bhd - Pledged securities account for Fong Kok Leong	2,900,000	1.31
12.	Amanahraya Trustee Berhad - Public Islamic Treasures Growth Fund	2,554,500	1.15
13.	Amsec Nominees (Tempatan) Sdn Bhd – Pledged securities account for Chew Siow Geok	2,452,000	1.10
14.	Tan Cheu Khea	2,447,500	1.10
15.	Lim Thou Tun	2,103,750	0.95
16.	Alliancegroup Nominees (Tempatan) Sdn Bhd – Pledged securities account for Low Teck Yin	2,000,000	0.90
17.	Alliancegroup Nominees (Tempatan) Sdn Bhd – Pledged securities account for Hoh Yeong Cherng	2,000,000	0.90
18.	Lim Zhi Hui	1,951,250	0.88
19.	Lim Kwee Theng	1,880,002	0.85
20.	HSBC Nominees (Tempatan) Sdn Bhd – HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Social	1,873,000	0.84
21.	Fong Kok Leong	1,740,000	0.78
22.	Alliancegroup Nominees (Tempatan) Sdn Bhd – Pledged securities account for Low Wee Kiat	1,572,000	0.71
23.	Lau Meng Hong	1,450,000	0.65
24.	Grandworth Group Ltd	1,200,000	0.54
25.	Chen Lai Li	1,191,300	0.54
26.	Seow Lan Thye	1,027,400	0.46
27.	Lee Kah Leong	1,017,000	0.46
28.	Vasco Sabat Anak Singkang	1,000,000	0.45
29.	Tan Ken Chyang	948,750	0.43
30.	Tan Eng Eng	923,500	0.42
Total		**178,330,893**	**80.33**

Analysis of **Warrant Holdings**

ANALYSIS OF WARRANTHOLDINGS AS AT 5 APRIL 2016

Number of Warrants in Issue	:	55,500,002	
Exercise Price of Warrants	:	RM0.80 per ordinary share	
Voting rights	:	One (1) vote per warrant holder on show of hands or one (1) vote per warrant on a poll	In the meeting of warrant holders
Number of Warrant Holders	:	1,003	

ANALYSIS BY SIZE OF WARRANT HOLDINGS (WARRANTS 2016/2021) AS AT 5 APRIL 2016

Size of Warrant holdings	No. of Warrant Holders	Holdings	Total Holdings %
Less than 100 warrants	27	973	0.00
100 to 1,000 warrants	205	115,854	0.21
1,001 to 10,000 warrants	542	1,843,625	3.32
10,001 to 100,000 warrants	181	5,507,775	9.92
100,001 to less than 5% of issued warrants	46	16,375,516	29.51
5% and above of issued warrants	2	31,656,259	57.04
Total	**1,003**	**55,500,002**	**100.00**

THIRTY (30) LARGEST WARRANT HOLDERS AS AT 5 APRIL 2016
(Without aggregating securities from different securities accounts belonging to the same person)

No	Warrant holders	No. of Warrants Held	% of Total Issued Shares
1.	Hoh Yeong Cherng	14,328,131	25.82
2.	Low Teck Yin	13,215,628	23.81
3.	Tan Hwe Chin	1,836,250	3.31
4.	Zaiton Binti Mohd Hassan	1,300,000	2.34
5.	Maybank Securities Nominees (Tempatan) Sdn Bhd – Pledged securities account for Low Teck Yin	1,112,500	2.00
6.	CIMSEC Nominees (Tempatan) Sdn Bhd – CIMB Bank for Low Teck Yin	1,000,000	1.80
7.	CIMSEC Nominees (Tempatan) Sdn Bhd – CIMB Bank for Hoh Yeong Cherng	1,000,000	1.80
8.	Amsec Nominees (Tempatan) Sdn Bhd – Amtrustee Berhad for Pacific Pearl Fund	909,850	1.64
9.	Affin Hwang Nominees (Tempatan) Sdn Bhd – Phillip Securities Pte Ltd for Lim Kwee Gee	805,075	1.45
10.	Alliancegroup Nominees (Tempatan) Sdn Bhd – Pledged securities account for Chew Siow Geok	726,000	1.31
11.	RHB Nominees (Tempatan) Sdn Bhd - Pledged securities account for Fong Kok Leong	725,000	1.31

THIRTY (30) LARGEST WARRANT HOLDERS AS AT 5 APRIL 2016 (Cont'd)
(Without aggregating securities from different securities accounts belonging to the same person)

No	Warrant holders	No. of Warrants Held	% of Total Issued Warrants
12.	Amsec Nominees (Tempatan) Sdn Bhd – Pledged securities account for Chew Siow Geok	613,000	1.10
13.	Tan Cheu Khea	611,875	1.10
14.	Lim Thou Tun	525,937	0.95
15.	Alliancegroup Nominees (Tempatan) Sdn Bhd – Pledged securities account for Low Teck Yin	500,000	0.90
16.	Alliancegroup Nominees (Tempatan) Sdn Bhd – Pledged securities account for Hoh Yeong Cherng	500,000	0.90
17.	Fong Kok Leong	492,525	0.89
18.	Lim Zhi Hui	487,812	0.88
19.	Lim Kwee Theng	470,000	0.85
20.	HSBC Nominees (Tempatan) Sdn Bhd – HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Social	468,250	0.84
21.	Alliancegroup Nominees (Tempatan) Sdn Bhd – Pledged securities account for Low Wee Kiat	393,000	0.71
22.	Lau Meng Hong	362,500	0.65
23.	Grandworth Group Ltd	300,000	0.54
24.	Chen Lai Li	297,825	0.54
25.	Amanahraya Trustee Berhad - Public Islamic Treasures Growth Fund	275,875	0.50
26.	Seow Lan Thye	256,850	0.46
27.	Lee Kah Leong	254,250	0.46
28.	Vasco Sabat Anak Singkang	250,000	0.45
29.	CIMSEC Nominees (Tempatan) Sdn Bhd – CIMB Bank for Tay Hock Soon	237,500	0.43
30.	Tan Ken Chyang	237,187	0.43
Total		**44,492,820**	**80.17**

DIRECTORS' SHAREHOLDINGS AS AT 5 APRIL 2016

(In accordance with the Register maintained pursuant to Section 134 of the Companies Act, 1965)

Name of Director		Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1	Low Teck Yin	63,312,514	28.52	-	-
2	Hoh Yeong Cherng	63,312,527	28.52	(1)484,500	0.22
3	Datuk Zaiton Binti Mohd Hassan	5,200,000	2.34	-	-
4	Dr Abdul Azis Bin Ariffin	100,000	0.05	-	-
5	Kamaruddin Bin Osman	100,000	0.05	-	-
6	Lee Yow Fui	100,000	0.05	-	-

(1) Deemed interested in the direct shareholdings in Dolphin of his sibling, Hoh Yeong Jian, and father, Hoh Kok Wah.

DIRECTORS' WARRANT HOLDINGS AS AT 5 APRIL 2016

(In accordance with the Register maintained pursuant to Section 134 of the Companies Act, 1965)

Name of Director		Direct Interest		Indirect Interest	
		No. of Warrants	%	No. of Warrants	%
1	Low Teck Yin	15,828,128	28.52	-	-
2	Hoh Yeong Cherng	15,828,131	28.52	(1)121,125	0.22
3	Datuk Zaiton Binti Mohd Hassan	1,300,000	2.34	-	-
4	Dr Abdul Azis Bin Ariffin	25,000	0.05	-	-
5	Kamaruddin Bin Osman	25,000	0.05	-	-
6	Lee Yow Fui	25,000	0.05	-	-

(1) Deemed interested in the direct warrant holdings in Dolphin of his sibling, Hoh Yeong Jian, and father, Hoh Kok Wah.

DOLPHIN INTERNATIONAL BERHAD
(Company No: 1001521-X)
(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourth Annual General Meeting of Dolphin International Berhad ("**Dolphin**" or "**Company**") will be held at Cempaka Room, Level 3, Hotel Bangi-Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan, Malaysia on Monday, 27 June 2016 at 9.30 a.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolution with or without modifications:

ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon. ***Please refer to Note 1***

2. To approve the payment of Directors' fees for the financial year ended 31 December 2015. *Resolution 1*

3. To re-elect Mr. Hoh Yeong Cherng who retires by rotation pursuant to Article 99 of the Company's Articles of Association. *Resolution 2*

4. To consider and, if thought fit, pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965: *Resolution 3*

   "THAT, pursuant to Section 129(6) of the Companies Act, 1965, Encik Kamaruddin Bin Osman be re-appointed as a Director of the Company and to hold office until the conclusion of the Next Annual General Meeting."

5. To re-appoint Messrs. Baker Tilly Monteiro Heng as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *Resolution 4*

SPECIAL BUSINESS:-

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

6. **ORDINARY RESOLUTION** *Resolution 5*
   - **Authority for Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965**

   "THAT pursuant to Section 132D of the Companies Act, 1965 and subject always to the approvals of the relevant authorities, the Directors be and are hereby authorised to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

ANY OTHER BUSINESS:-

7. To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

BY ORDER OF THE BOARD

WONG YOUN KIM (MAICSA 7018778)
Company Secretary

Dated: 3 June 2016
Kuala Lumpur

NOTES:

1. *Item 1 of the Notice is meant for discussion only as the provision of Section 169 (1) of the Companies Act, 1965 does not require a formal approval of shareholders for the Audited Financial Statements and hence, is not put forward for voting.*
2. *A member (other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991) entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.*
3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
4. *Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *The Proxy Form shall be signed by the appointer or his attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.*
6. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited by hand at the Registered Office of the Company not less than 48 hours before the time set for the Meeting or any adjournment thereof.*
7. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 22 June 2016 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

8. ***Explanatory Notes on Special Business***

Resolution 5 pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 5 is intended to renew the authority granted to the Directors of the Company at the Third Annual General Meeting of the Company held on 1 June 2015 to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being. This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting.

The Company did not issue any share pursuant to a mandate granted to the Directors at the last Annual General Meeting held on 1 June 2015.

The general mandate for the issue of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for purpose of funding future investment, working capital and/or acquisition(s).

STATEMENT ACCOMPANYING NOTICE OF THE FOURTH ANNUAL GENERAL MEETING

1. The Directors seeking for re-election/re-appointment at the Fourth Annual General Meeting of Dolphin International Berhad are as follows:

   1.1 Mr. Hoh Yeong Cherng [Article 99]

   1.2 Encik Kamaruddin Bin Osman [Section 129(6)]

   The profiles of the Directors who are standing for re-election is set out on pages 10 and 11 of this Annual Report respectively.

2. The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial year ended 31 December 2015 are disclosed in the Corporate Governance Statement set out on page 14 of this Annual Report.

3. The details of the Fourth Annual General Meeting are as follows:

Date of Meeting	Time of Meeting	Place of Meeting
Monday, 27 June 2016	9.30 a.m.	Cempaka Room, Level 3, Hotel Bangi-Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan, Malaysia

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DOLPHIN INTERNATIONAL BERHAD
(Company No: 1001521-X)

FORM OF PROXY

I/We ____ (name of shareholder as per NRIC, in capital letters)

NRIC No./Passport No./Company No. ________________________________ (New) ____________________(Old)

of ____ (full address)

being a Member/Members of Dolphin International Berhad hereby appoint _________________________________

____ NRIC No. _____________________________ (New)

(name of proxy as per NRIC, in capital letters) ______________________________ (Old) of ________________

____ (full address)

or failing him/her the Chairman of the meeting as my/our proxy to vote on my/our behalf at the Extraordinary General Meeting of the Company to be held at Cempaka Room, Level 3, Hotel Bangi-Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan, Malaysia on Monday, 27 June 2016 at 9.30 a.m..

I/We direct my/our proxy to vote for or against the resolution to be proposed at the meeting as hereunder indicated.

		For	**Against**
Ordinary Resolution 1	To approve the payment of Directors' fee for the financial year ended 31 December 2015		
Ordinary Resolution 2	Re-election of Director – Mr. Hoh Yeong Cherng		
Ordinary Resolution 3	Re-appointment of Director – Encik Kamaruddin Bin Osman		
Ordinary Resolution 4	To re-appoint Messrs. Baker Tilly Monteiro Heng as the Auditors of the Company and to authorise the Board of Directors to fix their remuneration		
Ordinary Resolution 5	Authority to Issue Shares Pursuant to Section 132D of the Companies Ac, 1965		

Dated this ______________ day ___________________ 2016

CDS ACCOUNT NO.	NUMBER OF SHARES HELD

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

____
Signature/Common Seal

Fold This Flap For Sealing

NOTES:

1. *A member (other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991) entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.*
2. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *The Proxy Form shall be signed by the appointer or his attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.*
5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited by hand at the Registered Office of the Company not less than 48 hours before the time set for the Meeting or any adjournment thereof.*
6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 22 June 2016 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

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AFFIX
STAMP

The Company Secretary
Dolphin International Berhad
Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Malaysia

1st Fold Here

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Fax: +603-8060 8613
Website: www.dolphinbhd.com