ANNUAL REPORT 2017

Dolphin International Bhd

DOLPHIN INTERNATIONAL BERHAD

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Corporate Profile

The Dolphin group of companies ("Group"), founded in 1992, is currently operating in the palm oil milling machineries sector. The Group caters for the growing demand for process integration and automation solutions and services seeking to enhance productivity, safety and efficiency in palm oil mills. The product offerings of the Group include milling systems and software as well as the supply of parts and maintenance services. With the award of the Main Contractor Certification by the Ministry of Finance and Construction Industry Development Board in 1997, the Group also has the ability to undertake the provision of turnkey and mechanical and electrical solutions.

The Group's core competency and competitive edge is in having the technology and know-how to provide palm oil mills with products to form wholly integrated automation and control systems that offer improved efficiency, productivity and safety.

We design, develop, integrate and support technological products, services and solutions based on the needs and technical requirements of our customers in the palm oil industry. Our product development focuses on key themes that improve palm oil yield, improve mill safety and overall customer economics. Currently, the palm oil milling machineries sector is generally less automated with minimal sophisticated process controls compared to many other industries.

Our Products, Solutions and Services

We continuously seek to create innovative opportunities. The 5 key principals which the Group focuses on when designing and developing our products are as follows:

a) automate key functions for enhanced safety and efficiency;
b) reduce unplanned maintenance and operation down-time;
c) optimise palm oil recovery and reduce wastage;
d) real-time online monitoring and troubleshooting to identify and rectify process issues quickly; and
e) inception and adoption of evolving technology.

Our future plans and strategies to improve our financial performance are:

a) continuous research & development as driver for future growth;
b) introduction of our Dolphin-branded consumable parts;
c) continuous efforts to expand customer base; and
d) construction and establishment of our own palm oil mill to showcase our products.

Our mission is to help our clients achieve the best results by embracing and harmonising science and technology, with a commitment to the environment and the communities serving the 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

United Overseas Bank (M) Berhad
Alliance Bank Malaysia Berhad

Share Registrar

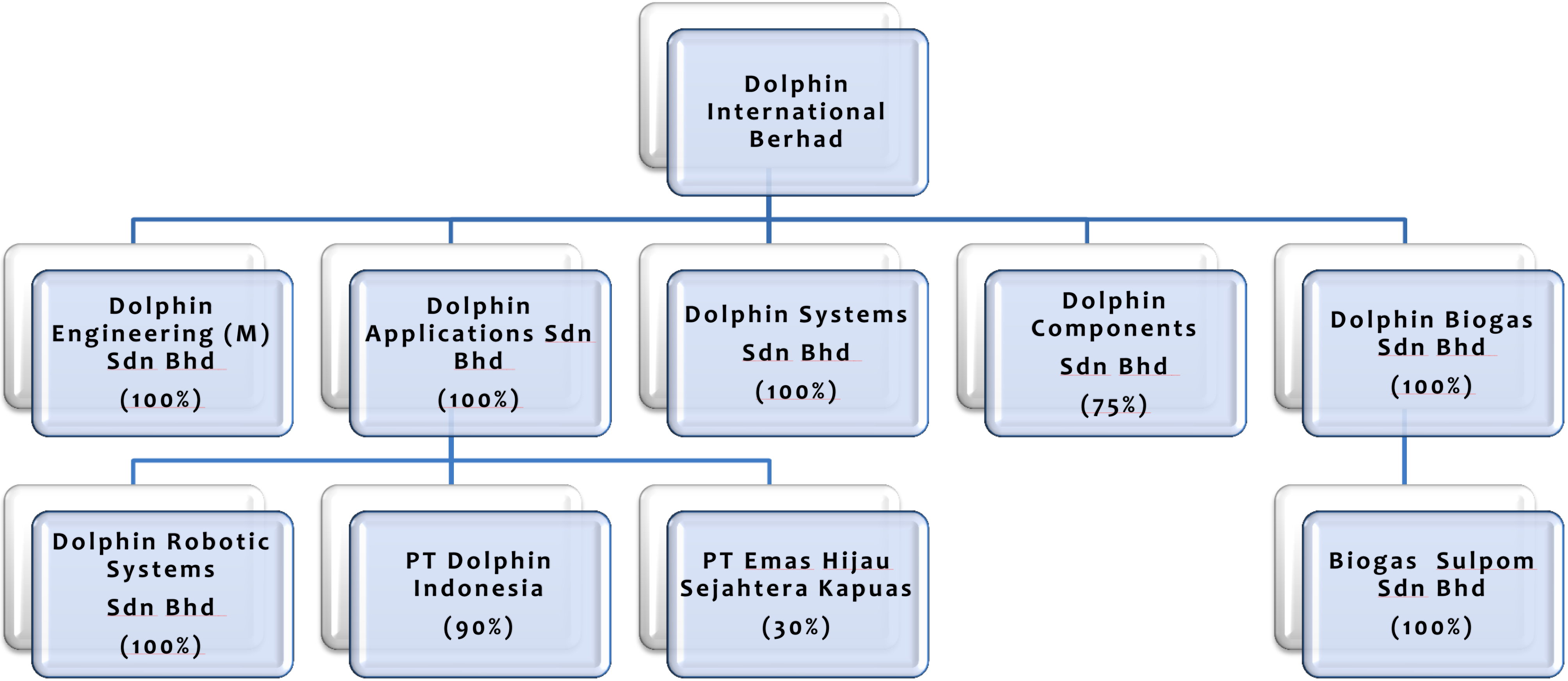
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: +603-7841 8000
Fax: +603-7841 8151/8152

Stock Exchange Listing

Bursa Malaysia Securities Berhad
Main Market
DOLPHIN (5265)

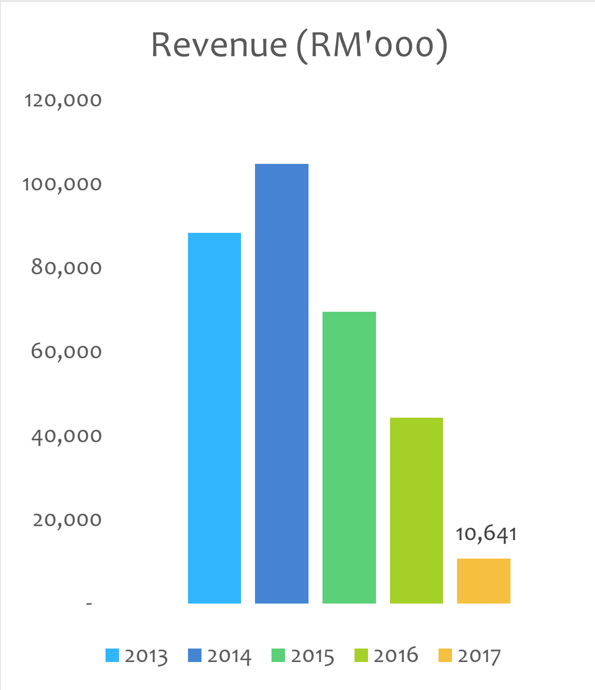
Corporate Structure

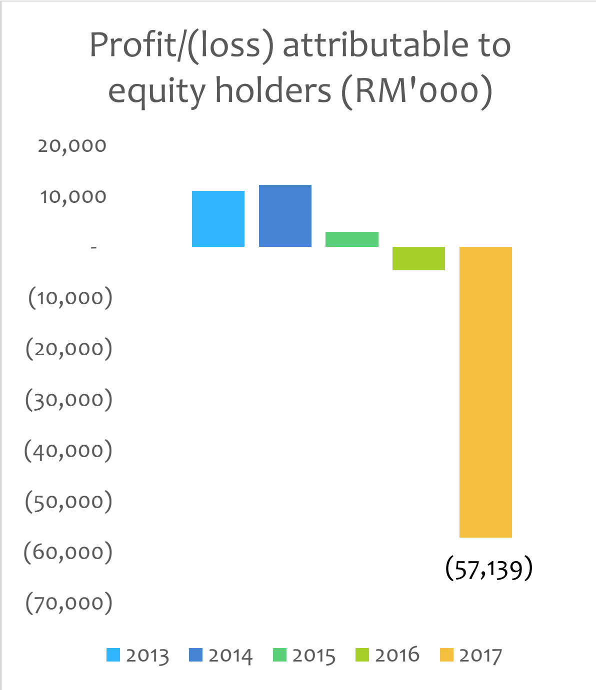
As At 27 April 2018



Group Financial Highlights

Financial Highlights





Five Years Group Financial Summary

Year ended 31 December	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Revenue	88,249	104,585	69,441	44,136	10,641
Profit/(loss) before taxation	14,672	16,651	5,084	(4,519)	(57,941)
Profit/(loss) attributable to equity holders	10,911	12,129	2,860	(4,626)	(57,139)

Chairman's Statement

Valued Shareholders

It is my customary duty during this time of the year to present to you the Financial Statements for the year ended 31 December 2017 and the Annual Report of Dolphin International Berhad.

Overview

The year 2017 was an extremely challenging year for the Group as changes in the Group's business strategies were put into motion. It was a year of critical decision-making, implementation and execution of strategies in order for the Group to grow in ensuing years.

The palm oil milling market continued its bearish momentum wherein capital expenditure for new or increased capacities and refurbishments were not forthcoming. As a result of the El-Nino weather phenomenon, palm oil millers had experienced low capacity utilisation due to the acute decrease in crop availability. They in turn, focused on increasing production targets in order to maintain profitability. As a result, available financial resources were re-allocated to increase production instead with a continued deferment of new or expansionary projects.

Based on statistics from the Malaysian Palm Oil Board (MPOB), the net number of palm oil mills operating in Malaysia increased by only 1 from 453 palm oil mills in 2016 to 454 palm oil mills in 2017 while total net milling capacity had increased by a meagre 1.69% from 110,326,200 metric tonnes in 2016 to 112,187,800 metric tonnes in 2017.

As a result, the Group continued to report a consolidated loss after tax for the FYE 2017.

Financial Performance

The Group reported a loss after tax of RM57.0 million for the FYE 2017 mainly attributable to higher provisions and the significant decrease in order book, which was the result of the bearish momentum for new or increased capacities and refurbishments as mentioned above. As a result, the Group's revenue decreased to RM10.6 million in FYE 2017.

Outlook and Update on Business Strategies

Going forward, innovation, productivity and efficiency will be the key ingredients for growth in the palm oil milling sector.

The oil extraction rate (OER) of palm oil mills in Malaysia over the last decade had remained very much stagnant underlining the dire need for new technologies.

Moving forward, the palm oil milling sector is expected to focus on productivity and efficiency of its milling process. This is an area in which our Group has spent years of research and financial resources to differentiate itself. In 2017, the Group secured its first palm oil mill enhancement and optimisation project under its new revenue sharing business strategy.

Upon successful completion this project is expected to showcase the Group's solution to improve productivity and efficiency of palm oil mills through innovation. Apart from this and as previously reported, the Group's foray into the Biogas segment is another area under the Group's new business strategies to generate a more consistent and recurring income.

Despite the challenges faced by the Group, both projects are ongoing and are expected to be completed towards the end of 2018 and the first half of 2019.

For 2018 and beyond, the Group expects shifts in capital expenditures from the palm oil milling sector as palm oil millers prepare themselves to be environmentally compliant by the year 2020. The Group's foray into the Biogas segment and the introduction of the Group's new emission control system provides a good positioning for the Group to capitalise on this window of opportunity.

In addition to the above, the Group had in April 2018, joint-ventured with Saudagar Handal Sdn Bhd, a Sabah based engineering company. The joint venture is intended to improve the Group's marketing penetration and presence in the state of Sabah.

Notwithstanding the aforementioned, the Group is continuously exploring with its existing clients and also new opportunities with the objective of improving the Group's financial performance and the Board and management are cautiously optimistic that the financial performance for the Group will turn around in 2018.

Appreciation

On behalf of the Board, we would like to express our sincere gratitude to the regulators, our shareholders, business partners, bankers and staff for their continued support in 2017. We trust that your support to the Group will continue in 2018, as we are already implementing the necessary strategic changes.

DATUK ZAITON BINTI MOHD HASSAN
Chairman

27 April 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

DESCRIPTION OF OUR GROUP'S BUSINESS

Dolphin International Berhad ("DIB" or "the Company") is a public listed Company listed on the Main Market of Bursa Malaysia Securities Berhad. The principal activity of the Company is investment holding while its subsidiaries are involved in the sale, design, engineering, development and integration of electro-automation, pneumatic, hydraulic, hardware and software systems and related proprietary products for the palm oil milling sector.

The operational activities of DIB and its subsidiaries ("Group") are in turn broadly segmented into provision of milling systems and solutions and supply of parts and maintenance services.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased from RM44.1 million (FYE2016) to RM10.6 million (FYE2017). The spillover effect from the El-Nino weather phenomenon continued its course into 2017. The palm oil milling market continued its bearish momentum wherein capital expenditures for new or increased capacities and refurbishments were not forthcoming. In turn, palm oil millers were focused on increasing production targets in order to maintain profitability. As a result, available financial resources were re-allocated to increase production with a continued deferment of new or expansionary projects. Notwithstanding the aforesaid, the Group's new business strategies are already in motion. The Group has secured build, own, operate and transfer ("BOOT") and build, own, operate ("BOO") projects.

Gross Profit

The Group's financial performance deteriorated from RM7.5 million gross profit (FYE2016) to a gross loss of RM2.2 million due to the lower revenue registered in the FYE2017.

Other Income

Other income decreased by 10% from RM0.63 million (FYE2016) to RM0.57 million (FYE2017) mainly due to lower fixed deposit interest earned.

Administrative Expenses

Administrative expenses increased by 547% from RM8.3 million (FYE2016) to RM53.7 million (FYE2017) mainly due to a one-off provision for foreseeable loss and impairment loss on trade receivables.

Loss Before Interest and Tax ("LBIT")

The Group's LBIT include the effects of one-off and non-recurring items such as provision for foreseeable loss, provision for penalty for delayed completion of project, impairment loss on trade receivables, incidental costs for disposal of premises and one-off expenses due to corporate exercises.

If we were to exclude the above one off and non-recurring expenses, the Group's adjusted LBITDA for 2017 would be RM10.2 million. This compares with the previous year's corresponding adjusted EBITDA of RM1.0 million.

Finance Cost

Finance cost decreased by 28% from RM3.5 million (FYE2016) to RM2.5 million (FYE2017) due to lower utilisation of banking facilities for projects in the financial year 2017.

Gearing

The gearing ratio of the Group as at 31 December 2017 was 124.7% compared with 55.5% as at 31 December 2016 due to lower retained earnings for the financial year 2017.

Prospects

For the year 2018 onwards, the Group will be focusing on its new business strategies with a view to supplement its traditional contracting business. The Group has already secured two (2) projects upon completion of which, the Group would be able to generate a more consistent and longer term recurring income. Notwithstanding the aforesaid, the Group expects an increase in demand for its products that are based on environmental standards. Palm oil mills have to comply with the environmental standards by the year 2020.

Palm Oil Milling

The Group's proposed diversification into palm oil milling is in line with its business strategy to enable it to showcase its products and services while at the same time being able to generate additional income.

The development of the palm oil mill will take approximately eighteen months to complete and is expected to contribute positively to the Group thereafter.

Biogas

The Group's foray into the Biogas segment for palm oil mills is an extension of its existing products and services, which will enable the Group to generate new income streams from the sale of renewable energy under the Sustainable Energy Development Authority ("SEDA") initiatives.

Summary

The Group is confident that these initiatives will contribute positively to the Group's financial performance in the medium to longer term.

Board of Directors

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

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

Datuk Zaiton Binti Mohd Hassan
Malaysian, Female, Aged 61
Senior Independent Non-Executive Chairperson
Date of Appointment: 28 May 2014

Areas of Expertise
Banking and Finance

Working Experience:
- Pricewaterhouse Coopers
- Bank Pembangunan (M) Bhd
- Malayan Banking Berhad
- Malaysian Rating Corporation Berhad

Present:
- Chairman of the Private Pension Administrator Malaysia
- Senior Independent Non-Executive Director of Sime Darby Plantation Berhad
- Non Independent Non-Executive Director of Bank Islam Malaysia Berhad
- Chief Executive Officer of Malaysia Professional Accountancy Centre (MyPAC)
- Fellow and Council Member of the Association of Chartered Certified Accountants, UK
- Member of International Federation of Accountants (IFAC) Professional Accountants in Business (PAIB) Committee

Directorship of other Listed Issuers/Public Companies:
- Listed Issuer: Sime Darby Plantation Berhad
- Public Company: Bank Islam Malaysia Berhad

Others
- No family relationship with other directors and/or major shareholders of Dolphin
- No convictions of any offences within the past five (5) years
- No conflict of interest.
- Her shareholdings in Dolphin are disclosed on page 130 of this Annual Report

She attended 5 out of 5 meetings held during the financial year ended 31 December 2017.

Low Teck Yin
Malaysian, Male, Aged 50
Group Managing Director
Date of Appointment: 14 May 2012

Areas of Expertise
Palm oil milling machineries

Working Experience:
- Jemco Sdn Bhd
- Gentrade Company

Present:
- Group Managing Director
- Member of the Remuneration Committee

Directorship of other Listed Issuers/Public Companies:
- Does not hold any directorships in any other listed issuers/public companies

Others
- Save and except the disclosures in this Annual Report, he has no family relationship with other directors and/or major shareholders of Dolphin
- No convictions of any offences within the past five (5) years
- No conflict of interest
- His shareholdings in Dolphin are disclosed on page 130 of this Annual Report

He attended 5 out of 5 meetings held during the financial year ended 31 December 2017.

Hoh Yeong Cherng
Malaysian, Male, Aged 51
Group Executive Director
Date of Appointment: 14 May 2012

Areas of Expertise
Palm oil milling machineries and research

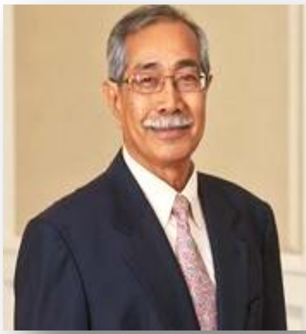
Working Experience:
- EPA Sdn Bhd
- Gentrade Company

Present:
- Group Executive Director

Directorship of other Listed Issuers/Public Companies:
- Does not hold any directorships in any other listed issuers/public companies

Others
- Save and except the disclosures in this Annual Report, he has no family relationship with other directors and/or major shareholders of Dolphin
- No convictions of any offences within the past five (5) years
- No conflict of interest
- His shareholdings in Dolphin are disclosed on page 130 of this Annual Report

He attended 5 out of 5 meetings held during the financial year ended 31 December 2017.



Kamaruddin Bin Osman
Malaysian, Male, Aged 73
Independent Non-Executive Director
Date of Appointment: 28 May 2014

Areas of Expertise
Palm oil industry

Working Experience:
- Pineapple Cannery of Malaya Sdn Bhd (PCM);
- Malaysian Can Company Sdn Bhd
- The Development Authority for Pahang Tenggara (DARA)
- Sawira Sdn Bhd
- PT Ganda Prima
- Committee Member of the Palm Oil Millers Association of Malaysia
- Shareholder and Director of C.T. Golf Landscaping Sdn Bhd

Present:
- Independent Non-Executive Director
- Member of the Audit and Risk Committee
- Member of the Nomination Committee
- Chairman of the Remuneration Committee

Directorship of other Listed Issuers/Public Companies:
- Does not hold any directorships in any other listed issuers/public companies

Others
- No family relationship with other directors and/or major shareholders of Dolphin
- No convictions of any offences within the past five (5) years
- No conflict of interest
- His shareholdings in Dolphin are disclosed on page 130 of this Annual Report

He attended 5 out of 5 meetings held during the financial year ended 31 December 2017.

Dr. Abdul Azis Bin Ariffin
Malaysian, Male, Aged 71
Independent Non-Executive Director
Date of Appointment: 28 May 2014

Areas of Expertise
Research on milling activities in palm oil industry

Working Experience:
- Malaysian Rubber Producers' Research Association (Brickendonbury) in Hertford, UK
- Senior Research Officer of Rubber Research Institute of Malaysia
- Senior Research Officer Palm Oil Research Institute of Malaysia
- Senior Executive of Sime Darby Plantations Sdn Bhd
- Associate Professor at Universiti Putra Malaysia (UPM)
- Research fellow at Institute of Advanced Technology, UPM

Present:
- Independent Non-Executive Director
- Member of the Audit and Risk Committee
- Member of the Nomination Committee
- Member of the Remuneration Committee

Directorship of other Listed Issuers/Public Companies:
- Does not hold any directorships in any other listed issuers/public companies

Others
- No family relationship with other directors and/or major shareholders of Dolphin
- No convictions of any offences within the past five (5) years
- No conflict of interest
- His shareholdings in Dolphin are disclosed on page 130 of this Annual Report

He attended 5 out of 5 meetings held during the financial year ended 31 December 2017.

Lee Yow Fui
Malaysian, Male, Aged 47
Independent Non-Executive Director
Date of Appointment: 28 May 2014

Areas of Expertise
Accounting and Finance

Working Experience:
- Moores Rowland
- Deloitte & Touche
- Richard's Lighting Sdn Bhd
- Newspage (Malaysia) Sdn Bhd

Present:
- Independent Non-Executive Director
- Chairman of the Audit and Risk Committee
- Member of Certified Practising Accountant (CPA) Australia
- Chartered Accountant by the Malaysian Institute of Accountants
- Partner of Y.F. Lee & Associates

Directorship of other Listed Issuers/Public Companies:
- Does not hold any directorships in any other listed issuers/public companies

Others
- No family relationship with other directors and/or major shareholders of Dolphin
- No convictions of any offences within the past five (5) years
- No conflict of interest
- His shareholdings in Dolphin are disclosed on page 130 of this Annual Report

He attended 5 out of 5 meetings held during the financial year ended 31 December 2017.

Profile of Key Management Team

Name	Nationality	Designation
Foo Phui Foong	Malaysian	Chief Financial Officer
Woo Wai Heng	Malaysian	Research & Development Director
Gunandawadu Akalangka Susantha De Zoysa	Sri Lankan	Business Director (Indonesia)
Teoh Kah Lean	Malaysian	Head of Process Automation and Control Division
Afif Hadabi Bin Wahab	Malaysian	Head of Electro Pneumatic and Hydraulic Engineering Division

FOO PHUI FOONG
MALAYSIAN, FEMALE, AGED 40
CHIEF FINANCIAL OFFICER

Ms Foo has more than 15 years of experience in finance and accounting with companies involved in various fields such as advertising and production, stockbroking, education and retail. She joined Dolphin Group in 2015 as Chief Financial Officer.

She started her career as an accounts assistant with PRS Productions Sdn Bhd. She then left and joined TA Enterprise Sdn Bhd in 2000 as a Junior Officer in the finance department before joining Limkokwing University College Sdn Bhd ("Limkokwing University") in 2003 as a Finance Manager of the Education Division. She then moved up the ranks and held positions such as Senior Finance Manager of the Retail Division, Senior Finance Manager of the International Division and Associate Finance Director of Limkokwing University's African operations. In 2011, she joined SMR HR Group Sdn Bhd, a wholly owned subsidiary of SMRT Holdings Berhad ("SMRT"), as an Assistant Manager, Finance & Administration. Her last position held at SMRT was Group Finance Manager.

Ms Foo is a member of the Malaysian Institute of Accountants (MIA).

She does not have any family relationship with any directors and/or major shareholders of the Group and has no conflict of interest with the Group.

WOO WAI HENG
MALAYSIAN, MALE, AGED 55
RESEARCH & DEVELOPMENT DIRECTOR

Mr. Woo Wai Heng has more than 35 years of experience in process engineering involving information technology and automation systems. He joined Dolphin Group in 2003 and now he is our Group Director, responsible for all research and development of our Group's products and services.

Mr Woo has vast experience holding positions in various companies involved in manufacturing and information technology, including Tamco Cutter Hammer Sdn Bhd, Ingeback Sdn Bhd, Precast Micro Injection Pile Sdn Bhd, Zenbes Sdn Bhd, BI-PLC Sdn Bhd and Econ Pile Sdn Bhd.

Mr Woo was from Sekolah Menengah Teknik, Ipoh, Perak.

He does not have any family relationship with any directors and/or major shareholders of the Group and has no conflict of interest with the Group.

SRI LANKAN, MALE, AGED 43
BUSINESS DIRECTOR (INDONESIA)

Mr. De Zoysa has more than 10 years of experience in both technical and financial issues related to developing and completing palm oil milling projects. He joined Dolphin Group in 2013 as Business Director for the Indonesian market, responsible for overseeing the Group's business operations in Indonesia. His career started as a Coordinating Engineer in 2000 with John Sheritt Developments in Colombo, Sri Lanka, working on project and resource planning/ coordination activities at worksites. He then joined Hatton National Bank, Ltd. ("HNB") in 2001, in Colombo, Sri Lanka as a Project Analyst.

In 2008, Mr. De Zoysa returned to engineering as Project Coordinator, Implementations for PT Agro Indomas ("PTAI"), an Indonesian approved foreign investment company engaged in the business of oil palm production in the Kalimantan Region. At PTAI, Mr. De Zoysa had successfully executed major projects, involved throughout the idea development stage through to its actual implementation. He left PTAI and joined PT Dolphin in 2013 as our Business Director for the Indonesian market.

Mr. De Zoysa holds a Bachelor of Science in Civil Engineering from the University of Moratuwa, Sri Lanka in 2000. He is also an Associate Member of the Chartered Institute of Management Accountants (CIMA) and the Institute of Engineers of Sri Lanka (IESL).

He does not have any family relationship with any directors and/or major shareholders of the Group and has no conflict of interest with the Group.

TEOH KAH LEAN
MALAYSIAN, MALE, AGED 40
HEAD OF PROCESS AUTOMATION AND CONTROL DIVISION

Mr. Teoh Kah Lean has more than 15 years working experience in planning, developing and implementing state-of-the-art electro-automated solutions and software systems. In 2001, he started his career as a System Engineer at Opensys (M) Sdn Bhd. Later in the same year, he moved to MY Information Centre Sdn Bhd as a Systems Administrator. In 2002, he joined Business Flex Solutions Sdn Bhd as the Senior Software Engineer. He then resigned from Business Flex Solutions Sdn Bhd and joined Dolphin Group in 2004 as Group Technical Manager. He was responsible for ensuring the seamless integration of electro-automation, hydraulic and software systems. Mr. Teoh holds a Bachelor of Information Technology (Hons) in Management Information Systems from University Malaysia Sabah in 2001 and he is also a certified PROFIBUS Engineer.

He does not have any family relationship with any directors and/or major shareholders of the Group and has no conflict of interest with the Group.

AFIF HADAFI BIN WAHAB
MALAYSIAN, MALE, AGED 36
HEAD OF ELECTRO PNEUMATIC AND HYDRAULIC ENGINEERING DIVISION

Afif Hadafi Bin Wahab has more than 10 years working experience in the engineering field. He graduated from Universiti Teknologi Malaysia in 2005 with a Degree in Mechanical Engineering, majoring in Automotive Engineering. Upon graduation in 2005, he joined the Group as a Mechanical Engineer to provide technical assistance on hydraulic and pneumatic systems work concerning design, as well as overseeing work orders preparation, fabrication and system implementation. In 2009, En. Afif Hadafi was promoted to Head of Hydraulic and Pneumatic Division, responsible for overseeing departmental engineering and technical work as well as project planning, coordination and implementation. He is responsible for leading and supervising the design and fabrication of all Dolphin's products related to mechanical and hydraulic systems.

He does not have any family relationship with any directors and/or major shareholders of the Group and has no conflict of interest with the Group.

Corporate Governance Overview Statement

The Board of Directors ("Board") of Dolphin International Berhad ("DOLPHIN" or "the Company") is committed to uphold high standards of corporate governance throughout the Group's operations with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders. This Corporate Governance Overview Statement sets out the extent to which the Company has applied the practices encapsulated in the Principles of the Malaysian Code on Corporate Governance ("MCCG") except where stated otherwise.

Details of the Group's application of each practices set out in the MCCG are disclosed in the Corporate Governance Report, which is available on the Group's website at www.dolphinbhd.com.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Board Charter and Board Committees

The Board is responsible and is accountable to shareholders for managing the business of the Group. The Board retains full and effective control of the Group and is committed to take full responsibility for the overall corporate governance of the Group, including its strategic business direction and overall wellbeing.

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 acquisition or disposal of businesses, interests and/or assets, consideration of significant financial matters and announcements of financial results, appointments to the Board and control structure within the Group.

In performing its duties, the Board is guided by the Board Charter that sets out amongst others its roles, composition, responsibilities, powers, board committees and board meeting procedures. The key elements of governance principles embedded in the Board Charter regulate the Board's conduct and guide the strategic initiatives of the Group. The Board Charter was reviewed and updated during the financial year and is available on the Company's website at www.dolphinbhd.com.

The Board has established three (3) Board Committees, namely Audit and Risk Committee, Nomination Committee and Remuneration Committee that are delegated with specific responsibilities and authorities to assist the Board in carrying out its duties. The delegation of authority to the Committees enables the Board to achieve operational efficiency, by empowering each Committee to review, report and make recommendations to the Board on matters relevant to their roles and responsibilities. Each Committee is governed by its own Terms of Reference which sets out its functions and duties, composition, rights and meeting procedures. These Terms of Reference are reviewed annually in accordance with the needs of the Company and taking into account the changes in the business, governance and legal environment that may have an impact on the discharge of the Committees' duties and responsibilities.

The Chairmen of the various committees will report to the Board the outcome of the Committee meetings which will be recorded in the minutes of the Board meeting. The ultimate responsibility for decision making, however, lies with the Board.

Company Secretary

The Board is supported by a qualified and competent Company Secretary who provides advice and regularly updates the Board on good governance, board policies and procedures, administrative and compliance matters. All Directors have unhindered access to the advice and services of the Company Secretary, whose appointment and removal is a matter to be decided by the Board as a whole.

The Company Secretary also ensures that the Board is kept well informed on any regulatory requirements and developments in the area of corporate governance that affect the duties and responsibilities of the Directors as well as the Company being a public listed company. In this respect, the Company Secretary has attended training and seminars conducted by relevant regulators to keep abreast with the relevant updates on statutory and regulatory requirements and the Main Market Listing Requirements ("MMLR") of Bursa Securities.

Company Secretary (Continued)

The Company Secretary also serves notice to the Directors and Principal Officers regarding the closed periods for trading in the Company's shares, in accordance with Chapter 14 of the MMLR of Bursa Securities. Deliberations during the Board and Board Committee meetings were properly minuted and documented by the Company Secretary.

Information and support for Directors

In order to manage the Group's business effectively, the Board meets on a quarterly basis to review the Group's financial and operational results, major investments, report from various Board Committees, related party transactions, strategic decisions and the overall direction of the Group. Additional meetings may be convened when urgent and important decisions need to be taken in between the scheduled meetings. All the Directors had committed their time to the board meetings held during the financial year. Prior to the meetings, notice of agenda together with previous minutes and other relevant information were circulated to all directors on a timely basis.

Besides board meetings, the Board also decides on matters which require its approval through Circular Resolutions.

All the Directors have full and free access to all relevant information of the Group, access to management and may obtain independent professional advice at the Company's expense that are deemed necessary to carry out their duties.

The External Auditors also briefed the Board members on the latest Malaysian Financial Reporting Standards that may have an impact on the Group's financial statements during the year.

Code of Conduct and Ethics

Good governance at all levels is essential for sustainable development. The Board is committed to embrace the highest standards of corporate governance practices and ethical standards throughout the Group.

In this respect, the Group has established a Code of Ethics and Code of Conduct to provide direction and guidance to all Directors, Senior Management, employees and external parties in the discharge of their duties and responsibilities that will be in the best interest of the Group. The Code of Ethics and Conduct had been uploaded on the Company's website at www.dolphinbhd.com.

Whistle-blowing Policy

The Board is committed to achieve and maintain high standards of corporate governance practices across the Group. A Whistle-blowing policy has been implemented to provide a channel to enable Directors, Employees, Shareholders, Vendors or any parties with a business relationship with the Group with an avenue to report suspected wrongdoings that may adversely impact the Group. The Company treats all reports in a confidential manner and at the same time provides protection to anyone who reports such concerns in good faith.

Further details pertaining to the Whistle-blowing Policy can be found at the Company's website.

II. Board Composition

The Board recognises the importance of having a diverse Board in terms of age, ethnicity and gender to provide the necessary range of perspectives, experience and expertise in bringing value to the Company.

The present Board comprises six (6) Directors i.e. one (1) Senior Independent Non-Executive Chairperson, a Group Managing Director, a Group Executive Director and three (3) Independent Non-Executive Directors.

II.Board Composition (Continued)

The Group Managing Director and the Executive Director are responsible for making the day-to-day business and operational decisions and implementation of Board policies. There is a clear division of duties and responsibilities between them in order to maintain a balance of control, power and authority within the Management.

The Independent Non-Executive Directors are responsible for exercising independent judgement and to act in the best interests of the Group in ensuring that decisions made by the Board are deliberated fully and objectively having regard to the long-term interest of all stakeholders. They have declared themselves to be independent from management and free of any relationship which could interfere with the exercise of their independent judgement and objective participation and decision making process of the Board.

The Board is confident that its current size and composition reflects an appropriate balance of Executive and Non-Executive Directors which is adequate for the scope and nature of the Group's business and operations.

The Company currently does not have a policy to limit the tenure of its independent directors to nine (9) years. At this juncture, none of the independent directors of the Group has exceeded a cumulative term of nine (9) years. The Board believes that the length of service on the Board has not impaired the objectivity of these Independent Directors. Moreover, the Independent Directors had made significant contributions to the Board in view of their wide experience as well as breadth of understanding of the Group's activities and corporate history.

Diversity on Board and Senior Management

The Board and the Nomination Committee take into account the need for diversity in the skills, experience, age, race/ethnicity (cultural background) and nationality of the existing Board in seeking potential candidate(s). The Nomination Committee has the responsibility to ensure that the Board comprises suitably qualified members who demonstrate appropriate qualities and experience to contribute to the effective oversight and stewardship of the Group.

During the financial year, no new Director was appointed. The Board decided to maintain the optimum Board size at 6 based on the review of the Board composition in 2017. The optimal size would enable effective oversight, delegation of responsibilities and productive discussion amongst members of the Board.

Gender Diversity

The Board is committed to maintain an appropriate balance in terms of diversity in experience, skills, competence, caliber and gender as an enabler for balanced, comprehensive and thorough decision making. The Board consists of members with a broad range of skills, well-rounded experience and knowledge in different fields necessary to oversee the business. The Board ensures that each member has a proper understanding of the Group's business and competence to deal with current and emerging issues of the Group.

The Board has no specific policy on gender, age or ethnicity for candidates to be appointed to the Board. The evaluation of the suitability of candidates is based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company. The Nomination Committee, will however continue to take steps to ensure that gender, age and ethnicity of the candidates will be taken into consideration as part of its recruitment exercise.

Nomination Committee

The Board has established a Nomination Committee to provide advice and assistance to the Board in matters relating to appointment of new Directors, board composition, training program and performance evaluation on effectiveness of the Board, Board Committees and individual directors. Full details of the Nomination Committee's duties and responsibilities are stated in its Term of Reference which is available on the Company's website.

Nomination Committee (Continued)

The Nomination Committee comprises exclusively of Independent Non-Executive Directors and is chaired by the Senior Independent Director. The Committee meets as and when required, at least once a year. During the financial year, one (1) meeting was carried out, with attendance as follows:

Name of Director	Designation	No. of Meetings Attended
Datuk Zaiton Binti Mohd Hassan (Senior Independent Non-Executive Chairperson)	Chairperson	1/1
Dr. Abdul Azis Bin Ariffin (Independent Non-Executive Director)	Member	1/1
Kamaruddin Bin Osman (Independent Non-Executive Director)	Member	1/1

During the financial year, the Nomination Committee had carried out the following activities:

(a) assessed the performance of the Board, Board Committees and individual Directors, including the term of office and performance of the Audit and Risk Committee and each of its members;
(b) assessed the independence of all three (3) Independent Directors;
(c) reviewed the performance of retiring Directors and recommended them to the Board for re-election at the forthcoming Annual General Meeting ("AGM");
(d) reviewed the size of the Board against the size of the Group and the complexity of the business to assess the impact of the Board's size on its effectiveness;
(e) ensure all Directors receive appropriate continuous training programmes;

Evaluation of Board, Board Committees and Individual Directors

The Nomination Committee annually performs board self-evaluation to evaluate the performance of the Board, Board Committees and individual Directors, in order to verify that the Board is operating effectively and efficiently as a whole. Each Director completed a detailed questionnaire on the Directors' Performance Evaluation which covered matters relevant to the Board performance, among other things, contribution to interaction, quality of input, understanding of role and personal developments. An evaluation of each Board Committee was done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its Term of Reference. The assessment was internally facilitated, whereby results of the assessments had been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.

Based on the assessment carried out during the financial year, the Nomination Committee had concluded the following:-

(a) The Board was found to be competent and had a dynamic and balanced mix of skills and experience wherein the Directors were able to contribute effectively to the Board's decision-making process.
(b) The current structure, size and composition of the Board, which comprises people who possess a wide range of expertise and experience in various fields with diverse backgrounds and specialisations, would enable the Board to lead and manage the Company effectively.
(c) The Directors had discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.
(d) The Board and Board Committees had contributed positively to the Company and its subsidiaries and were operating in an effective manner.
(e) The Board Chairman had provided the leadership as well as contributed to the Board.
(f) The performances of the Board Committees were found to be effective.

Evaluation of Board, Board Committees and Individual Directors (Continued)

The Board recognises the importance of continuous training to remain abreast of the latest developments in related industries and changes to the regulatory environment. The assessment on individual directors also provided the Board with valuable insights into training and development needs of each Director, to ensure that each Board member's contribution to the Board remains informed and relevant.

During the financial year, all the Directors had participated in various training programs. Particulars of the seminars and courses attended are as follows:

Name of Directors	Date	Seminar / Training Course Title
Datuk Zaiton Binti Mohd Hassan	1 March 2017	Chaired Focus Group Discussion in Preparation for Dialogue with BNM's Senior Management
	4 April 2017	The new Companies Act 2016 : A New Playbook for Directors
Lee Yow Fui	10 April 2017	MIA's 50th Anniversary Commemorative Lecture
	11 April 2017	Development Financial Institution Programme
	8 June 2017	Risk & Reward: What Must Boards Know about a Sustainable FI Remuneration System for Senior Management and Material Risk Takers?
	5 June 2017	Malaysian Property Tax and Income Tax Issues
	7 June 2017	GST – Practical Issues & Recent Developments
	10 October 2017	Audit Evidence – Revised ISA 500, 501 & 560
	9 November 2017	2018 Budget Seminar
	11 December 2017	Professional skepticism for audit engagement leaders program
	13&14 December 2017	GST – Ensure Maximum Recovery of Output Tax & Reduce the Risk of Penalties

III. Remuneration

Remuneration Policy

The Board has recognised the need to establish a fair and transparent Remuneration Policy with the objective to guide the Group in attracting, retaining and motivating highly qualified individuals to serve on the Board and key senior management. On a yearly basis, the Remuneration Committee reviewed and recommended to the Board the remuneration packages of the Executive Directors, while the remuneration for the Non-Executive Directors was determined by the Board as a whole. Fees and benefits payable to the Directors are subject to approval by the shareholders at the Company's AGM. The affected Directors had abstained from participation in deliberations and decisions regarding their individual remuneration.

In making its recommendation, the Remuneration Committee considered the principles set out in the Remuneration Policy. The remuneration was structured to align rewards to corporate and individual performances besides adequately compensating the Directors for risks and complexities of the duties and responsibilities they assumed. The Remuneration Committee also obtained data for similar roles of other public listed companies in the same industry for comparison.

All Executive Directors and key Senior Management are subject to an annual performance rating which serves as a basis to determine their variable compensation payments. The Remuneration Policy also covers bonus framework for the Executive Directors and key Senior Management, which link their appraisal process to specific reward and incentive outcomes. The appraisal process will assess the individual performance against the Key Performance Indicator targets and competency and capability in living up to the Group's core values and Leadership and Management Expectations.

Remuneration Committee

The Remuneration Committee was established to assist the Board in developing remuneration policies and procedures that enable the Group to attract, motivate and retain qualified Directors and Key Senior Management personnel. Full details of the functions and duties of the Remuneration Committee are stated in its Term of Reference which is available on the Company's website.

The Remuneration Committee comprises mainly of Independent Non-Executive Directors. During the financial year, one (1) meeting was carried out with attendance as follows:

Name of Director	Designation	No. of Meetings Attended
Kamaruddin Bin Osman	Chairman	1/1
Low Teck Yin	Member	1/1
Dr. Abdul Azis Bin Ariffin	Member	1/1

The responsibilities of the Remuneration Committee are as follows: -

(a) reviewed and assessed the performance and the remuneration package of the Executive Directors and Key Senior Management;
(b) reviewed and assessed the Directors' fees and benefits payable for the financial year ended 2017;
(c) reviewed and updated its Term of Reference;
(d) reviewed the Board Remuneration Policy; and
(e) provide clarification to shareholders during general meetings on matters pertaining to remuneration of directors and senior management.

Remuneration of Directors

Pursuant to the respective service contracts with the Company and its subsidiaries, the remuneration packages of the Executive Directors shall include a compensation payment amounting up to six (6) months of that Director's last drawn salary, in the event of loss of office.

The details of individual Directors' remuneration are as follows:-

Group Level

Name of Directors	Salaries and Other Emoluments/Fees (RM'000)	Bonus (RM'000)	EPF and SOCSO (RM'000)	Benefits in Kind (RM'000)	Total (RM'000)
Non-Executive Directors					
Datuk Zaiton Binti Mohd Hassan	78	-	-	-	78
Dr. Abdul Azis Bin Ariffin	66	-	-	-	66
Kamaruddin Bin Osman	66	-	-	-	66
Lee Yow Fui	68	-	-	-	68
Executive Directors					
Low Teck Yin	-	-	-	-	-
Hoh Yeong Cherng	-	-	-	-	-

Company Level

Name of Directors	Salaries and Other Emoluments/Fees (RM'000)	Bonus (RM'000)	EPF and SOCSO (RM'000)	Benefits in Kind (RM'000)	Total (RM'000)
Executive Directors					
Low Teck Yin	420	-	81	11	512
Hoh Yeong Cherng	331	-	64	17	412

Remuneration of Senior Management

The remuneration of the Senior Management are set out as follows:-

Range of Remuneration (RM)	Number of Senior Management
RM100,000 to RM150,000	2
RM200,000 to RM250,000	1
RM250,000 to RM300,000	1
RM300,000 to RM350,000	1
RM400,000 to RM450,000	1

(The details of senior management's remuneration are not shown, as the Board considers the information of the said remuneration to be sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's efforts in retaining executive talent. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to senior management's remuneration are appropriately served by disclosure in RM50,000 bands.)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Committee

The Audit and Risk Committee consists of the following members:

1) Lee Yow Fui *(Chairman)*
2) Dr. Abdul Azis Bin Ariffin *(Member)*
3) Kamaruddin Bin Osman *(Member)*

The Chairman of the Audit and Risk Committee is not the Chairman of the Board. In addition, the Audit and Risk Committee comprises wholly of Independent Non- Executive Directors. The Audit and Risk Committee Report is set out separately in this Annual Report. Full details of the Audit and Risk Committee's duties and responsibilities are stated in its Terms of Reference which is available on the Company's website.

Oversight of External Auditors

The Group has always recognised the need to uphold independence. None of the members of the Board were former key audit partners within the cooling-off period of two (2) years. Hence, there is no such person being appointed as a member of the Audit and Risk Committee.

The Board, through its Audit and Risk Committee maintains a formal and transparent relationship with its External Auditors. The Board had delegated the responsibility to the Audit and Risk Committee for making recommendations on the appointment, re-appointment or removal of the External Auditors as well as their remuneration. The Audit and Risk Committee ensured that the External Auditors work closely with the Internal Auditors to enhance the effectiveness of the overall audit process. The Audit and Risk Committee assessed the performance and effectiveness of the External Auditors annually, considering amongst others, their qualifications, effectiveness of the audit process, quality of service and their independence.

Oversight of External Auditors (Continued)

In the course of their audit, the External Auditors presented to the Audit and Risk Committee its 2017 Audit Plan which outlined its engagement team, audit timeline, the areas of audit emphasis, and their focus on key audit matters. The External Auditors also highlighted to the Audit and Risk Committee matters pertaining to financial reporting. During the financial year, the private meetings between them were held twice without the presence of the Management and Executive Directors, to discuss any issues that may require the attention of the Audit and Risk Committee.

The full details of the role of the Audit and Risk Committee in relation to the External Auditors is set out in the Audit and Risk Committee Report of this Annual Report.

II. Risk Management and Internal Control Framework

The Board is of the view that the system of internal control and risk management of the Group is sound and sufficient to maintain effective governance. Supported by the Management and internal audit function, the Group complies with all applicable provisions of law and regulations and appropriate risk management systems are in place.

Currently, the Board is assisted by the Audit and Risk Committee in fulfilling the oversight responsibilities of reviewing the control systems in general and assessing the adequacy and effectiveness of the risk management and internal control practices conducted by the Management. The Audit and Risk Committee and the management are responsible to identify, evaluate and manage significant risks facing the organization in its businesses and operations. To facilitate effective monitoring, the Board regularly receives reports from the Management on any business risks related to its business activities that have impacted or likely to impact the Company from achieving its objectives and strategies.

Compliance relating to risk recognition and management is presented in the Group's Statement on Risk Management and Internal Control as set out separately in this Annual Report.

Internal Audit function

The Group outsources its internal audit function to an independent professional firm, Sterling Business Alignment Consulting Sdn Bhd The Head of the Internal Auditor is a member of the Institute of Internal Auditors Malaysia and possesses the skills, experience and competency to carry out the internal audit work effectively. The Internal Auditors provide an independent evaluation on the effectiveness of the risk management, control and governance processes in the Group. In addition, the Internal Auditors carry out a follow-up review on the issues raised in the previous internal audit report and to ensure that the proposed action plan has been implemented by the Management to mitigate the risk exposure of the Group.

The independent internal audit function is reporting directly to the Audit and Risk Committee. To ensure that the responsibilities of internal auditors are fully discharged, the Audit and Risk Committee reviews the adequacy of the scope, functions and resources of the Internal Audit function as well as the competency of the Internal Auditors.

The scope of work covered by the internal audit function during the financial year, summary of activities carried out, including its observations and recommendations, are provided in the Statement on Risk Management and Internal Control and Audit and Risk Committee Report of this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

The Group is committed to ensure that its communication with the shareholders and various stakeholders is transparent, timely and with quality disclosure as each group of stakeholders expect a varying level of interaction from the Board based on their differing levels of interest in the Company. They expect the Company to communicate in a timely and open manner, adopt good corporate governance practices, prompt feedback and to engage stakeholders when making significant decisions.

In this respect, the Group has designed an Investor Relations Website and an Investor Relations Privacy Policy which provides guidance to the Management and employees on the Company's disclosure requirements, handling of material information, and in dealing with investors, analysts, media and the investing public. The Group also maintains comprehensive control of all important corporate information and prohibits any insider trading by any director or principal officer when he or she is in possession of price sensitive information.

Apart from that, the Group has in place the following initiatives to facilitate effective communication with its shareholders:

a. ensure the Annual Report consist of important information such as Management Discussion and Analysis, financial statements, and information on the Audit and Risk Committee, Corporate Governance, Sustainability and Corporate Social Responsibility, and Risk Management and Internal Control;
b. timely announcements made to Bursa Securities via Bursa LINK, which include the release of financial results on a quarterly basis, changes in substantial shareholder's interest, changes in Boardroom and any other matters. Concurrent with the release of financial results, all the announcements will be uploaded on the Company's website, and press releases forwarded to major newspapers and public media;
c. attending to shareholders' and investors' emails and phone enquiries; and
d. the Company's website at www.dolphinbhd.com under Investor Relations section, which houses Board Charter, annual reports, quarterly report announcements, press releases, analyst briefings, analyst coverage and other corporate information.

Timely release of quarterly announcements and full year financial reports reflects the Board's accountability to its shareholders.

Integrated Reporting

The nature and pace of change in businesses today have evolved over time and stakeholders are now placing greater emphasis on the future performance and non-financial information of a company. In tandem with the growing demand, the Company would consider adopting integrated reporting based on a globally recognised framework in the near future.

II. Conduct of General Meetings

Notice of General Meetings

General meetings are the important platform for the shareholders to exercise their rights in the Company, either in AGM or Extraordinary General Meetings.

Given the significance of general meetings, the notice of meeting together with the annual report is sent to the shareholders at least 28 days prior to the AGM, so as to maximise their attendance and to provide sufficient time to consider the resolutions that will be discussed and decided at the general meeting. Concurrently, the notice of AGM is advertised in a nationally circulated English daily newspaper. In order to facilitate informed decision making by the shareholders, notice of meeting is also accompanied by explanatory notes on the items of business to further explain the nature of business of the meeting.

Attendance of Directors at General Meetings

DOLPHIN's AGM is an important means of communicating with its shareholders. It enables the shareholders to interact directly with the Board and gain insights on the Company's business and financial position. It serves as a platform for shareholders to have a full understanding of the Company and of the Group.

During the AGM, the Chairman ensures that shareholders are given the opportunity to comment or raise issues and questions whether pertaining to issues on the agenda, the annual report, Group's strategy or developments in the Group.

The Chairperson plays a vital role in fostering constructive dialogue between the Board and the shareholders. All the members of the Board and the respective chairman of the Board Committees are present at the meetings to address queries raised by the shareholders which are relevant to their areas of responsibility. The Company's External Auditors also attend the AGM and are available to answer questions from the shareholders pertaining to the audit matters and the auditor's report.

Voting

In the event that shareholders are unable to attend the AGM in person, they are encouraged to appoint one (1) or up to two (2) proxies to attend and vote in his/her stead. The outcome of the meeting is announced to Bursa Securities on the same day, which is also accessible on the Company's website.

The Company conducts a poll voting on each resolution tabled during the general meetings to support shareholders participation. As the number of shareholders of the Company is not large, the Company currently conducts manual poll voting instead of electronic poll voting. With the poll voting, each shareholder present in person or represented by proxy at the general meeting will be entitled to vote on a one-share, one-vote basis. At least one (1) scrutineer is appointed to validate the votes cast at the meeting.

ADDITIONAL COMPLIANCE INFORMATION

Statement of Directors' Responsibility in respect of the Financial Statements

The Board is committed to prepare the financial statements for each financial year which give a true and fair view of the state of affairs, and of the results of the operations of the Group and of the Company for the financial year then ended. As required by the Companies Act 2016 and the Main Market Listing Requirements ("MMLR"), the financial statements have been prepared in accordance with applicable approved financial accounting standards. The Board has applied appropriate accounting policies on a consistent basis and made judgements that are reasonable and prudent.

COMPLIANCE STATEMENT

The Board is satisfied that the Group has substantially complied with the majority of the practices of the Malaysian Code on Corporate Governance ("MCCG") throughout the financial year. In pursuit of safeguarding the interest of the shareholders and other stakeholders, the Board is committed and will continue to strengthen its application of the best practices in corporate governance.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 27 April 2018

Audit and Risk Committee Report

The Board of Directors of Dolphin International Berhad ("the Board") is pleased to present the Audit and Risk Committee Report for the financial year ended 31 December 2017.

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.

COMPOSITION AND MEETINGS

As at the date of this Annual Report, the Audit and Risk Committee ("ARC") comprises three (3) Directors as follows:

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)

The ARC met five (5) times during the financial year ended 31 December 2017 and the details of their attendance are as follows:

Audit Committee Member	Attendance
Lee Yow Fui	5/5
Dr. Abdul Azis Bin Ariffin	5/5
Kamaruddin Bin Osman	5/5

Our ARC Chairman, Lee Yow Fui, is a member of Certified Practicing Accountant (CPA) Australia and a Chartered Accountant by the Malaysian Institute of Accountants. Accordingly, the Company complies with Paragraph 15.09(1)(c)(ii) (bb) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") on the composition of Audit and Risk Committee.

Details of the members of the ARC are contained in the Profile of Board of Directors as set out on pages 11 to 13 of this Annual Report.

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.

TERMS OF REFERENCE (Continued)

Membership (Continued)

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' 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.

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.

The Board of Directors is satisfied that the ARC and its members have discharged their responsibilities during the financial year in accordance with the terms of reference of the ARC.

SUMMARY OF WORK OF THE AUDIT AND RISK COMMITTEE

The Committee met five (5) 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.

During the financial year ended 31 December 2017, the work carried out by ARC in discharging their functions and duties are summarised as follow:

i) Reviewed the financial position, unaudited quarterly interim financial reports and announcements for the respective financial quarters prior to submission to the Board for consideration and approval. The review is to ensure that the Company's unaudited quarterly financial reporting and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with the Malaysian Financial Reporting Standards 134 – Interim Financial Reporting Standards in Malaysia and International Accounting Standards 34 – Interim Financial Reporting as well as applicable disclosure provisions of the MMLR;

ii) Met the External Auditors without the presence of executive board members and management personnel to further discuss matters arising from audit;

iii) Before the commencement of audit for current financial year, the Audit Committee had also reviewed the External Auditors' Audit Planning Memorandum. The Committee noted the external auditors' key considerations, audit emphasis and approach;

SUMMARY OF WORK OF THE AUDIT AND RISK COMMITTEE (Continued)

iv) Reviewed the audit plan of the External Auditors in terms of their scope of audit, methodology and timetable, audit materiality, areas of focus prior to the commencement of their annual audit;

v) Reviewed and discussed the internal audit reports which outlined the recommendations towards correcting areas of weaknesses and ensured that there were management action plans established for the implementation of the Internal Auditors' recommendations. The responsible member of management was invited to attend the ARC meeting to provide clarification on specific issues raised in the internal auditor reports. Summary of internal audit reports presented to the ARC provided status updates for management action plans to address the findings reported in the previous audit cycles; and

vi) Reviewed the related party transactions for compliance with both in-house procedures and the MMLR.

Statement on Risk Management and Internal Control

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 2017. This has been prepared in accordance to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**MMLR**"), Malaysian Code on Corporate Governance ("**MCCG**") and "*Statement on Internal Control and Risk Management: 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 Group 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

The Board confirms that 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 annually as well as 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.

During the financial year under review, the Group has adopted a Risk Management Plan and Policy and a set of Detailed Risk Management Procedure for Project Management. The improved Risk Management Plan and Policy includes Commitment to the Risk Management Framework, Risk Governance, Linking Risk Management and Strategy, Risks Registers, Risk Reporting, Risk Management Continuous Improvement and Crisis Management. The Risk Management Procedure for Project Management will be implemented in conjunction with the ISO 9001/2015 upgrading exercise in the financial year ended 31 December 2017.

INTERNAL AUDIT FUNCTION

The Group in its efforts to provide adequate and effective internal control system had appointed an independent firm to undertake its internal audit function. 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.

The Internal Auditors use the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control systems. Each quarterly audit is performed by approximately 3 to 5 audit personnel depending to the areas of audit. The Internal Auditors report directly to the Audit Committee on improvement measures pertaining to internal control, including subsequent follow-up to determine the extent of their recommendations that have been implemented by the Management. Periodic audit reports are submitted to the Audit Committee, who reviews the findings with Management at its quarterly meetings. Follow up visits were conducted to ensure weaknesses identified have been or are being addressed.

INTERNAL AUDIT FUNCTION (Continued)

For the function of internal audit, the Group had outsourced its internal audit role to an independent professional firm, i.e. Sterling Business Alignment Consulting who is a corporate member of The Institute of Internal Auditors Malaysia (IIAM), to provide the Board with the assurance it requires regarding the adequacy and integrity of the system of internal control.

With the engagement, the internal auditors have disclosed that there are no relationships or conflict of interest in the discharge
of its responsibilities and that they remained independent and have no direct operational responsibility or authority over any of
the activities audited.

The Management is responsible for ensuring that corrective actions to control weaknesses are implemented within a defined time frame. The Internal Auditors are free from any relationships or conflict of interest, which could impair their objectivity and independence of the internal audit function. The Internal Auditors do not have any direct operational responsibility or authority over any of the activities audited. The Audit Committee is of the opinion that the internal audit function is effective and able to function independently.

For the financial year ended 31 December 2017, two (2) follow up review and four (4) internal audit reviews had been carried out by Internal Auditor:

Audit Period	Reporting Month	Name of Entity Audited	Audit Areas
January - March 2017	May 2017	Dolphin Applications Sdn Bhd and Dolphin Engineering (M) Sdn Bhd	Maintenance Service (for External Customers)
			Follow-up actions on previously reported audited findings:-
		Dolphin International Berhad and Group of Companies	• IA reported in February 2017 on Human Resources function.
		Dolphin Applications Sdn Bhd and Dolphin Engineering (M) Sdn Bhd.	• IA reported in November 2016 on Sales & Marketing Department and Project Management.
		Dolphin Applications Sdn Bhd and Dolphin Engineering (M) Sdn Bhd.	• IA reported in August 2016 on Technical Department.
		Dolphin Applications Sdn Bhd and Dolphin Engineering (M) Sdn Bhd.	• IA reported in February 2016 on Project Management and Procurement functions.
		Dolphin Systems Sdn Bhd, Dolphin Applications Sdn Bhd and Dolphin Engineering (M) Sdn Bhd	• IA reported in November 2015 on Sales & Marketing and Revenue functions.

Audit Period	Reporting Month	Name of Entity Audited	Audit Areas
April - June 2017	August 2017	Dolphin International Berhad	Review of the Risk Register, Risk Matrix, Risk Management Plan and Policy of Dolphin International Berhad.
July - September 2017	November 2017	Dolphin Applications Sdn Bhd and Dolphin Engineering (M) Sdn Bhd	GST Compliance functions. Follow-up actions on previously reported audited findings:-
		Dolphin Applications Sdn Bhd and Dolphin Engineering (M) Sdn Bhd.	• IA reported in May 2017 on Maintenance Service (for External Customers) functions.
		Dolphin International Berhad and Group of Companies	• IA reported in February 2017 on Human Resources function.
		Dolphin Applications Sdn Bhd and Dolphin Engineering (M) Sdn Bhd.	• IA reported in November 2016 on Sales & Marketing Department and Project Management.
July - September 2017	November 2017	Dolphin Applications Sdn Bhd and Dolphin Engineering (M) Sdn Bhd.	• IA reported in August 2016 on Technical Department.
		Dolphin Applications Sdn Bhd and Dolphin Engineering (M) Sdn Bhd.	• IA reported in February 2016 on Project Management and Procurement functions.
		Dolphin Systems Sdn Bhd, Dolphin Applications Sdn Bhd and Dolphin Engineering (M) Sdn Bhd	• IA reported in November 2015 on Sales & Marketing and Revenue functions.
October - December 2017	February 2018	Dolphin Applications Sdn Bhd Dolphin Engineering (M) Sdn Bhd	Business Strategy Review

The Audit and Risk Committee keeps track and addresses any issues that relates to these matters. Audit Committee meeting and its members are constantly being updated on any activities that relates to the above. For the financial year ended 31 December 2017, the total internal audit fees incurred for the outsourced internal audit function is RM40,000.00.

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 firm. Reports on findings of the internal audit and status report on follow up actions are presented to the Audit Committee of the Board for consideration.
- Management Accounts and reports are prepared regularly for monitoring of actual performance.
- An internal audit function carries out quarterly internal audit to ascertain the adequacy of and to monitor the effectiveness of operational and financial procedures. The internal audit also reviews and assesses risks faced by the Group and reports directly to the Audit Committee;
- Reporting of financials, operations and legal issues to the Board on a quarterly basis. Budgets are also reviewed on a yearly basis and major variances are followed up and remedial actions are taken where necessary;
- Regular internal audit visits to monitor compliance with policies and procedures to assess the integrity of both financial and non-financial information provided; and
- Follow-up visits are then subsequently conducted by the internal auditor to ensure proper implementation of agreed action plans by the respective process owners.

REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

The external auditors have reviewed this Statement on 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.

The Group recognises the values of Sustainability is an integral part to short and long term values for the Group and its stakeholders.

Our Sustainability framework consists of the following activities.

EDUCATION EXCELLENCE

Dolphin sponsored Best Student Awards in Universiti Putra Malaysia ("UPM")

As part of the Group's corporate social responsibility initiative, Dolphin participated as the sponsor of the best student award for five recipients this year.

ENVIRONMENT

The Group is mindful of the environmental impact of our work and address them in business decision-making. Employees and business partners must demonstrate a commitment to comply with environmental legislation, regulations as well as the Group's Policy. 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.

The Group, in support of the local government's drive towards green buildings and technology, contributes to Malaysia's Green Objectives to reduce carbon footprint and one of its efforts include the adoption of green practices and solutions for the construction of the Ministry of International Trade and Industry building in Kuala Lumpur.

EMPLOYEES

- Insurance

\- All our full-time employees are provided at the Group's costs, with Group Personal Accident insurance cover. Besides that, we also provided Business Travel Insurance for employees who are required to travel. The purpose of these insurance covers is to ensure that a reasonably-sized financial cushion is made available to the affected employee to help reduce the trauma from unforeseen situations.

- Training and Development

\- The Group organises various trainings, seminars and workshops to upgrade and enhance the skills and knowledge of our employees. The training programmes range from job-related technical to soft skills, management and administrative courses.

HEALTH AND SAFETY

The Group is committed to the highest standards of the Health, Safety and Environmental ("HSE") protection. It is the Group's policy to take all precautions and safety measures to ensure our employees are working in a safe and healthy environment.

MARKETPLACE

The Group continuously promotes the conduct of business through transparency, accountability, integrity, and ethics in building long term relationships with our stakeholders.

The Group continuously initiates and manages various channels to engage with our stakeholders with the objective to foster good communication and relations by providing timely information.

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.

Dolphin has taken initiatives to engage with the community and with charities on our journey of sustainability. We donated our electronic appliances, furniture, working and recyclable computers for a charity association in Pekan Meru, Klang.

Statement of Responsibility by Directors

The Directors are required by the Companies Act 2016 ("Act") to prepare the financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company and the financial performance and cash flows for the year ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act in Malaysia.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and of the Company to enable them to ensure that the financial statements are drawn up in accordance with the provisions of the Act.

In preparing the financial statements for the year ended 31 December 2017, the Directors have:

- adopted suitable accounting policies and then applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed, subject to any material departure being explained in the financial statements; and
- prepared the financial statements on a going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of 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
Renovation and extension of factory (which includes the purchase of additional machineries)	Extended to 8 June 2018	11,000	7,172	3,828
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**	**27,452**	**3,828**

AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2017, the amounts of audit and non-audit fees paid to the external auditors of the Group and of the Company are as tabulated below:

	Group	Company
	RM	RM
Audit Fees		
- Current year	185,964	64,000
- Prior year	5,000	9,000
Non-audit fees	49,600	49,600
Tax consultant (Baker Tilly Monteiro Heng Tax Services Sdn Bhd) fees	15,700	1,200
Total	**256,264**	**123,800**

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

During the financial year, the Company issued 22,200,000 ordinary shares of RM0.20 each via private placement.

Other than the above, there were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

SANCTIONS AND/OR PENALTIES

In the financial year ended 31 December 2017, 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, FORECAST OR PROJECTIONS

There were no profit forecast issued by the Company for the financial year ended 31 December 2017.

PROFIT GUARANTEE

There were no profit guarantee issued by the Company for the financial year ended 31 December 2017.

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 2017.

DEPOSITORY RECEIPT PROGRAMME

There were no Depository Receipt Programme sponsored by the Company during the financial year ended 31 December 2017.

Directors' Report

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 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed 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 RM	Company RM
Loss for the financial year, net of tax	(57,291,456)	(48,616,874)
Attributable to:		
Owners of the Company	(57,139,388)	(48,616,874)
Non-controlling interests	(152,068)	-
	(57,291,456)	(48,616,874)

DIVIDENDS

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

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2017.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, 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 financial statements of the Group and of the Company were prepared, 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 so to realise.

CURRENT ASSETS (Continued)

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 or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(b) any contingent liabilities in respect of the Group or 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 or 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 or 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 MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than provision of foreseeable loss as disclosed in Note 29 to the financial statements; and

(ii) 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:

(i) issued 11,100,000 new ordinary shares at a price of RM0.195 per ordinary share pursuant to private placement for working capital purpose; and

(ii) issued 11,100,000 new ordinary shares at a price of RM0.200 per ordinary share pursuant to private placement for working capital purpose.

ISSUE OF SHARES AND DEBENTURES (Continued)

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 was made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the 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 of the Company and certain subsidiaries.

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Brian Lim Eu Kheng
Teoh Kah Lean
Linggarsih
Lee Kim Teck
Yap Hai San
Gunandawadu Akalangka Susantha De Zoysa

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Interest in the Company

	Number of ordinary shares			
	At 1.1.2017	Bought	Sold	At 31.12.2017
Direct interests:				
Low Teck Yin	67,312,514	-	(20,680,000)	46,632,514
Hoh Yeong Cherng	67,312,527	-	(20,500,000)	46,812,527
Datuk Zaiton Binti Mohd Hassan	5,200,000	-	-	5,200,000
Dr. Abdul Azis Bin Ariffin	100,000	-	-	100,000
Kamaruddin Bin Osman	100,000	-	-	100,000
Lee Yow Fui	100,000	-	-	100,000
Indirect interests:				
Hoh Yeong Cherng*	484,500	-	-	484,500

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

	Number of warrants of RM0.80 each			
	At 1.1.2017	Bought	Sold	At 31.12.2017
Direct interests:				
Low Teck Yin	9,470,628	-	(9,470,600)	28
Hoh Yeong Cherng	13,448,131	-	(13,448,100)	31
Datuk Zaiton Binti Mohd Hassan	1,300,000	-	-	1,300,000
Dr. Abdul Azis Bin Ariffin	25,000	-	-	25,000
Kamaruddin Bin Osman	25,000	-	-	25,000
Lee Yow Fui	25,000	-	-	25,000
Indirect interests:				
Hoh Yeong Cherng*	75	-	-	75

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

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

Interest in the subsidiary

	Number of ordinary shares of USD1.00 each			
	At 1.1.2017	Bought	Sold	At 31.12.2017
The subsidiary				
PT Dolphin Indonesia				
Direct interests:				
Hoh Yeong Cherng	175,000	-	-	175,000

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

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 Note 30 to 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.

WARRANTS 2016/2021

On 5 April 2016, the Company issued 55,500,002 warrants pursuant to the Bonus Issue of Warrants. The terms of the warrants are as follows:

a) Exercise rights
Subject to the terms of the Deed Poll, each Warrant will entitle its registrated holder to subscribe to one (1) new ordinary share at the exercise price (as defined below)

b) Exercise price
The Warrant is fixed at RM0.80 represents a premium of RM0.0688 or approximately 9.41% to the five (5) days VWAMP of the Dolphin Shares of up to and including 7 March 2016 of RM0.7312 per Dolphin Share.

c) Exercise period
The period commencing on and including the day of issuance of the Warrants and expiring on the fifth anniversary of the issue date. Warrant not exercised during the exercise period thereafter lapse and cease to be valid for any purpose.

d) Transferability
The Warrants will be transferable in any manner provided under the Central Depositories Act and the Rules.

e) Ranking
The 55,500,002 new ordinary shares to be issued pursuant to the exercise of the Warrants will, on allotment and issue, rank pari passu in all respects with the then existing ordinary shares except that such new ordinary shares shall not be entitled for any dividends, that may be declared prior to the date of allotment and issue of new ordinary shares, nor shall it be entitled to any distributions or entitlements where the record date is prior to the date of exercise of Warrants.

As at the end of the current financial year, no exercise of warrants had taken place and the outstanding warrants in the Company remains at 55,500,002.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, there were no indemnity given to or insurance effected for, any director and officer of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

The available auditors' reports on the accounts of the remaining subsidiaries did not contain any qualification.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 39 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR

Details of significant event subsequent to the financial year are disclosed in Note 40 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 29 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

AUDITORS

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

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

……………………………………...........

LOW TECK YIN
Director

……………………………………...........

HOH YEONG CHERNG
Director

Date: 27 April 2018

Statements of Financial Position as at 31 December 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	43,380,542	24,072,494	-	-
Investment property	6	191,958	194,455	-	-
Intangible assets	7	17,507,738	16,962,860	-	-
Investment in subsidiaries	8	-	-	18,740,002	45,570,002
Investment in an associate	9	-	113,815	-	-
Total non-current assets		61,080,238	41,343,624	18,740,002	45,570,002
Current assets					
Inventories	10	356,812	794,364	-	-
Trade and other receivables	11	13,653,680	18,766,098	5,325,789	18,855,451
Amount due from customers for contract works	12	2,009,046	58,207,832	-	-
Current tax assets		808,196	5,310	-	-
Fixed deposits placed with licensed banks	13	5,152,499	11,234,045	-	2,029,166
Cash and bank balances	14	4,233,265	5,583,373	3,903,882	5,188,398
		26,213,498	94,591,022	9,229,671	26,073,015
Non-current asset classified as held for sale	15	-	7,250,000	-	-
Total current assets		26,213,498	101,841,022	9,229,671	26,073,015
TOTAL ASSETS		87,293,736	143,184,646	27,969,673	71,643,017
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	81,559,823	44,400,002	81,559,823	44,400,002
Share premium	17	-	32,775,321	-	32,775,321
Other reserve	18	(23,144,715)	(23,144,715)	-	-
Foreign currency translation reserve	19	504,481	583,055	-	-
(Accumulated losses)/ Retained earnings		(32,685,557)	24,453,831	(54,892,167)	(6,275,293)
		26,234,032	79,067,494	26,667,656	70,900,030
Non-controlling interests		(84,276)	67,792	-	-
TOTAL EQUITY		26,149,756	79,135,286	26,667,656	70,900,030

Statements of Financial Position as at 31 December 2017 (Continued)

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Non-current liabilities					
Hire purchase payables	20	266,296	697,951	-	-
Bank borrowings	21	10,366,351	12,948,500	-	-
Provision for retirement benefits	22	21,984	19,983	-	-
Deferred tax liabilities	23	230,454	797,546	-	-
Trade and other payables	24	4,000,000	-	-	-
Total non-current liabilities		14,885,085	14,463,980	-	-
Current liabilities					
Hire purchase payables	20	379,502	509,464	-	-
Bank borrowings	21	21,890,994	29,737,535	-	-
Current tax liabilities		18,764	1,062,870	-	-
Trade and other payables	24	23,680,538	17,837,812	1,302,017	742,987
Amount due to customers for contract works	12	289,097	437,699	-	-
Total current liabilities		46,258,895	49,585,380	1,302,017	742,987
TOTAL LIABILITIES		61,143,980	64,049,360	1,302,017	742,987
TOTAL EQUITY AND LIABILITIES		87,293,736	143,184,646	27,969,673	71,643,017

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

Statements of Comprehensive Income for the Financial Year Ended 31 December 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Revenue	25	10,641,265	44,136,219	40,000	-
Cost of sales	26	(12,856,747)	(36,593,386)	-	-
Gross (loss)/profit		(2,215,482)	7,542,833	40,000	-
Other income	27	563,943	633,718	86,367	311,623
Administrative expenses		(14,277,020)	(8,324,629)	(2,013,241)	(2,028,377)
Sales and marketing expenses		(315,501)	(860,038)	-	-
Other expenses		(39,208,654)	-	(46,730,000)	-
Operating loss		(55,452,714)	(1,008,116)	(48,616,874)	(1,716,754)
Finance costs	28	(2,524,746)	(3,495,884)	-	-
Share of results of an associate, net of tax		36,485	(15,000)	-	-
Loss before tax	29	(57,940,975)	(4,519,000)	(48,616,874)	(1,716,754)
Income tax expense	31	649,519	(103,375)	-	-
Loss for the financial year		(57,291,456)	(4,622,375)	(48,616,874)	(1,716,754)
Other comprehensive (loss)/income					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation		(78,574)	(135,737)	-	-
Total comprehensive loss for the financial year		(57,370,030)	(4,758,112)	(48,616,874)	(1,716,754)
(Loss)/Profit attributable to:					
Owners of the Company		(57,139,388)	(4,626,102)	(48,616,874)	(1,716,754)
Non-controlling interests		(152,068)	3,727	-	-
		(57,291,456)	(4,622,375)	(48,616,874)	(1,716,754)
Total comprehensive (loss)/ income attributable to:					
Owners of the Company		(57,214,501)	(4,763,894)	(48,616,874)	(1,716,754)
Non-controlling interests		(155,529)	5,782	-	-
		(57,370,030)	(4,758,112)	(48,616,874)	(1,716,754)
Loss per ordinary share attributable to the owners of the Company:					
Basic (sen)	32 (a)	(25.08)	(2.08)		
Diluted (sen)	32 (b)	(25.08)	(2.08)		

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

Statements of Changes in Equity for the Financial Year Ended 31 December 2017

	← Attributable to Owners of the Company →							
	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 2016	44,400,002	32,775,321	(23,144,715)	720,847	29,079,933	83,831,388	62,010	83,893,398
Total comprehensive (loss)/ income for the financial year	-	-	-	(137,792)	(4,626,102)	(4,763,894)	5,782	(4,758,112)
At 31 December 2016	44,400,002	32,775,321	(23,144,715)	583,055	24,453,831	79,067,494	67,792	79,135,286
Total comprehensive loss for the financial year	-	-	-	(78,574)	(57,139,388)	(57,217,962)	(152,068)	(57,370,030)
Transaction with owners:								
Shares issued for Private Placement (Note 16)	4,384,500	-	-	-	-	4,384,500	-	4,384,500
Transition to no par value regime	32,775,321	(32,775,321)	-	-	-	-	-	-
At 31 December 2017	81,559,823	-	(23,144,715)	504,481	(32,685,557)	26,234,032	(84,276)	26,149,756

Statements of Changes in Equity for the Financial Year Ended 31 December 2017 (Continued)

	Attributable to owners of the Company			
	Share capital RM	Share premium RM	Accumulated losses RM	Total equity RM
Company				
At 1 January 2016	44,400,002	32,775,321	(4,558,539)	72,616,784
Total comprehensive loss for the financial year	-	-	(1,716,754)	(1,716,754)
At 31 December 2016	44,400,002	32,775,321	(6,275,293)	70,900,030
Total comprehensive loss for the financial year	-	-	(48,616,874)	(48,616,874)
Transaction with owners:				
Shares issued for Private Placement (Note 16)	4,384,500	-	-	4,384,500
Transition to no par value regime	32,775,321	(32,775,321)	-	-
At 31 December 2017	81,559,823	-	(54,892,167)	26,667,656

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

Statements of Cash Flows for the Financial Year Ended 31 December 2017

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash flows from operating activities				
Loss before tax	(57,940,975)	(4,519,000)	(48,616,874)	(1,716,754)
Adjustments for:				
Amortisation of intangible assets	-	164,321	-	-
Bad debts written off	54,828	-	-	-
Depreciation of property, plant and equipment	1,033,001	1,089,966	-	-
Depreciation of investment property	2,497	2,497	-	-
Deposit written off	12,796	-	-	-
Gain on disposal of property, plant and equipment	(222,170)	(459)	-	-
Impairment loss on goodwill	20,046	-	-	-
Impairment loss on intangible asset	208,913	-	-	-
Impairment loss on investment in an associate	-	57,450	-	-
Impairment loss on investment in subsidiaries	-	-	46,730,000	-
Impairment loss on property, plant and equipment	-	103,726	-	-
Impairment loss on trade receivables	1,573,490	294,375	-	-
Interest income	(317,431)	(507,740)	(86,367)	(311,623)
Interest expenses	2,524,746	3,495,884	-	-
Property, plant and equipment written off	13,469	104,312	-	-
Provision for foreseeable losses	35,642,447	-	-	-
Provision for liquidated and ascertained damages	3,337,248	-	-	-
Provision for retirement benefits	4,316	(3,218)	-	-
Reversal of impairment loss on investment in an associate	(54,483)	-	-	-
Share of result of an associate, net of tax	(36,485)	15,000	-	-
Unrealised loss on foreign exchange	373,414	299,642	-	-
Written down of inventories	117,597	-	-	-
Operating (loss)/profit before changes in working capital	(13,652,736)	596,756	(1,973,241)	(2,028,377)
Changes in working capital:				
Inventories	299,317	(231,603)	-	-
Trade and other receivables	3,033,907	(120,476)	(8,657)	(6,825)
Trade and other payables	8,641,661	(12,643,152)	564,506	157,882
Amount due from contract customers	17,070,489	22,016,894	-	-
Net cash flows from/(used in) operations	15,392,638	9,618,419	(1,417,392)	(1,877,320)
Interests received	317,431	507,740	86,367	311,623
Interests paid	(1,829,299)	(2,775,770)	-	-
Income tax refunded	-	37,174	-	-
Income tax paid	(1,763,921)	(3,778,579)	-	-
Net cash flows from/(used in) operating activities	12,116,849	3,608,984	(1,331,025)	(1,565,697)

Statements of Cash Flows for the Financial Year Ended 31 December 2017
(Continued)

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired (Note 8 (a))	(291,532)	-	-	(2)
Acquisition of property, plant and equipment (Note (a))	(20,656,295)	(3,108,210)	-	-
Proceeds from disposal of property, plant and equipment	500,132	3,108	-	-
Proceeds from disposal of asset held for sale	7,250,000	-	-	-
Net change in amounts due from subsidiaries	-	-	(6,367,157)	(6,588,090)
Return on investment in an associate	204,783	-	-	-
Deposits paid for acquisition of property, plant and equipment	-	(1,402,188)	-	-
Development costs	(478,605)	(7,686,546)	-	-
Net cash flows used in investing activities	(13,471,517)	(12,193,836)	(6,367,157)	(6,588,092)
Cash flows from financing activities				
Interests paid	(695,447)	(720,114)	-	-
Net changes in amount due to a director	1,248,741	4,510,400	-	-
Decrease/(Increase) in deposits pledged	4,052,380	(1,755,305)	-	-
Payment of hire purchase payables	(555,841)	(627,208)	-	-
Drawdown of bank borrowing	-	10,965,000	-	-
Repayment of bank borrowings	(14,064,064)	(13,687,832)	-	-
Drawdown of term loans	(2,758,014)	-	-	-
Proceeds from issuance of shares	4,384,500	-	4,384,500	-
Net cash flows (used in)/from financing activities	(8,387,745)	(1,315,059)	4,384,500	-
Net decrease in cash and cash equivalents	(9,742,413)	(9,899,911)	(3,313,682)	(8,153,789)
Cash and cash equivalents as at beginning of the financial year	(1,963,796)	8,118,340	7,217,564	15,371,353
Effects of exchange rate changes on cash and cash equivalents	(30,249)	(182,225)	-	-
Cash and cash equivalents as at end of the financial year	(11,736,458)	(1,963,796)	3,903,882	7,217,564

Statements of Cash Flows for the Financial Year Ended 31 December 2017
(Continued)

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Analysis of cash and cash equivalents:				
Fixed deposits placed with licensed banks (Note 13)	5,152,499	11,234,045	-	2,029,166
Cash and bank balances (Note 14)	4,233,265	5,583,373	3,903,882	5,188,398
Bank overdrafts	(15,969,723)	(9,576,335)	-	-
	(6,583,959)	7,241,083	3,903,882	7,217,564
Less: Fixed deposits held as security values (Note 13)	(5,152,499)	(9,204,879)	-	-
	(11,736,458)	(1,963,796)	3,903,882	7,217,564

Note:

(a) Acquisition of property, plant and equipment

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Acquisition of property, plant and equipment	20,656,295	14,290,511	-	-
Financed by hire purchase arrangements	-	(217,301)	-	-
Financed by term loan arrangements	-	(10,965,000)	-	-
Cash payments on acquisition of property, plant and equipment	20,656,295	3,108,210	-	-

(b) Reconciliation of liabilities arising from financing activities

	1.1.2017	Cash flows	Non - cash Foreign exchange movement	31.12.2017
	RM	RM	RM	RM
Term loans	13,972,859	(2,758,014)	-	11,214,845
Finance lease liabilities	1,207,415	(555,841)	(5,776)	645,798
Other borrowings	19,136,841	(14,064,064)	-	5,072,777
	34,317,115	(17,377,919)	(5,776)	16,933,420

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

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 to the financial statements.

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 27 April 2018.

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 the Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards and the requirements of the Companies Act 2016 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 12	Disclosure of Interests in Other Entities
MFRS 107	Statement of Cash Flows
MFRS 112	Income Taxes

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 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.

The Group and the Company have applied the amendments prospectively and accordingly, have disclosed the reconciliation in the Statements of Cash Flows.

2. BASIS OF PREPARATION (Continued)

2.2 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int 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
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018
MFRS 3	Business Combinations	1 January 2019
MFRS 4	Insurance Contracts	1 January 2018
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 112	Income Taxes	1 January 2019
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ 1 January 2019/ Deferred
MFRS 140	Investment Property	1 January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019

2. BASIS OF PREPARATION (Continued)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Continued)

The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs and new IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs and new IC Int are summarised below.

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.

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.

2. BASIS OF PREPARATION (Continued)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Continued)

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.

MFRS 17 Insurance Contracts

MFRS 17 introduces consistent accounting for all insurance contracts. MFRS 17 requires entities that issue insurance contracts to recognise and measure a group of insurance contracts at: (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus (ii) an amount representing the unearned profit in the group of contracts. Profits from the group of insurance contracts are recognised over the insurance coverage period. In addition, insurance revenue is presented separately from insurance finance income or expenses.

For insurance contracts with coverage period of one year or less, MFRS 17 allows an entity to measure the amount relating to remaining service by allocating the premium over the coverage period.

Amendments to MFRS 1 First-time Adoption of MFRSs

Amendments to MFRS 1 deleted the short-term exemptions that relate to MFRS 7 *Financial Instruments: Disclosure*, MFRS 119 *Employee Benefits* and MFRS 10 *Consolidated Financial Statements* because they are no longer applicable.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 provide specific guidance on the accounting for:
(a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
(b) share-based payment transactions with a net settlement feature for withholding tax obligations; and
(c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

2. BASIS OF PREPARATION (Continued)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Continued)

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business

Amendments to MFRS 4 Insurance Contracts

Amendments to MFRS 4 introduce two additional voluntary options, namely an overlay approach and a deferral approach to be applied subject to certain criteria being met, which help to address temporary volatility in reported results of entities dealing with insurance contracts. The overlay approach involves option to recognise the possible volatility in other comprehensive income, instead of profit or loss, whilst the deferral approach provides temporary exemption from applying the Standard on Financial Instruments for entities whose activities are predominantly connected with insurance.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

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 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

2. BASIS OF PREPARATION (Continued)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Continued)

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

Amendments to MFRS 128 Investments in Associates and Joint Ventures (Continued)

The amendments also clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.

(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

The Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs and new IC Int.

2. BASIS OF PREPARATION (Continued)

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.

2.5 Basis of measurement

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

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 that are significant to the financial statements are disclosed in Note 4 to the financial statements.

2.7 Fundamental accounting principle

During the financial year ended 31 December 2017, the Group incurred a net loss of RM57,291,456 and, as of that date, the Group's current liabilities exceeded its current assets by RM20,045,397.

The directors of the Company are of the opinion that the preparation of the financial statements of the Group on a going concern basis remains appropriate after considering the cash flows generated from the operations of the Group and of the available financing facilities supporting the assessment of the Group's ability to continue as a going concern of at least 12 months from the end of the financial year.

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, and associates 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of consolidation (Continued)

(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.

(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 loses 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) to the financial statements.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of consolidation (Continued)

(b) Subsidiaries and business combination

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of consolidation (Continued)

(d) Associates (Continued)

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.

(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) to the financial statements.

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 transaction dates.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Foreign currency transactions and operations (continued)

(a) Translation of foreign currency transactions (Continued)

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).

(b) Translation of foreign operation)

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.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 instruments.

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

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

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) to the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

(a) Subsequent measurement (Continued)

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

(i) Financial assets (Continued)

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities 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) to the financial statements. 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 preceding 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) to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

(a) Subsequent measurement (Continued)

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

3.4 Financial instruments (Continued)

(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) to the financial statements.

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 (Continued)

3.5 Property, plant and equipment (Continued)

(c) Depreciation

Freehold lands 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 building	50 years
Freehold buildings	50 years
Furniture and fittings	10 years
Motor vehicles	5 years
Office equipment	10 years
Renovation	10 years
Plant and machinery	16 years
Computer hardware	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.

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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 assets.

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.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Leases (Continued)

Lessee accounting (Continued)

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 3.17 to the financial statements.

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) to the financial statements.

3.8 Goodwill and other intangible assets

(a) Goodwill and other intangible assets

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) to the financial statements.

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.

(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;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Goodwill and other intangible assets (Continued)

(b) Research and development costs (Continued)

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

- 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) to the financial statements.

(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.

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Inventories

Inventories are carried 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.

3.11 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 month 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, investment in subsidiaries and associates) 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.

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.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3.12 Impairment of assets (Continued)

(a) Impairment and uncollectibility of financial assets (Continued)

Available-for-sale financial assets (Continued)

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 (Continued)

3.12 Impairment of assets (Continued)

(b) Impairment of non-financial assets (Continued)

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 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 (Continued)

3.14 Employee benefits (Continued)

(c) Retirement benefits plan

A foreign subsidiary of the Group provides retirement benefits plan to its employees in conformity with the requirements of the law.

The calculation of estimated liabilities for the retirement benefits plan is determined using management's calculation. The assumptions used are discount rate, annual salary increment rate and pension age.

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

3.15 Provisions

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

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.16 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.

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 integral part of the total rental income, over the term of the lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 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 the 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.

3.18 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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Income tax (Continued)

(b) Deferred tax (Continued)

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.

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (“GST”) except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.19 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 Group Managing Director of the Group that makes strategic decisions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.20 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.

3.21 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.

3.22 Discontinued operation

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statements of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

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:

a. Impairment of development cost

The Group determines whether the development cost, not yet available for use, is impaired, at least on an annual basis. Development costs have finite useful lifes and are assessed for impairment whenever there is an indication of impairment.

This requires an estimation of the value-in-use of the assets. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the assets and also to choose a suitable discount rate in order to calculate the present value of the cash flows.

The carrying amounts of the Group's development cost are disclosed in Note 7 to the financial statements.

b. 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 Group measures the provision of foreseeable loss based on historical experience, other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances.

The carrying amounts of amount owing by contract customers, amount owing to contract customers and provision of foreseeable loss are disclosed in Note 12 to the financial statements.

c. Impairment of receivables

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

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

The carrying amounts of the Group's receivables are disclosed in Note 11 to the financial statements.

d. Impairment of investment in subsidiaries and amount owing by subsidiaries

The Company tests investments in subsidiaries for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The assessment of the net tangible assets of the subsidiaries affects the results of the impairment test.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Company's tests for impairment of investment in subsidiaries.

The carrying amounts of the Company's investment in subsidiary and amount owing by subsidiaries are disclosed in Note 8 and Note 11 to the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land RM	Leasehold building RM	Freehold lands RM	Freehold buildings RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Computer hardware RM	Plant and machinery RM	Capital Work In Progress RM	Total RM
											Note 35	
Cost												
At 1 January 2017	4,006,991	445,221	11,615,502	5,382,968	88,042	3,102,108	319,835	575,377	900,120	115,957	-	26,552,121
Additions	-	-	-	13,212	866	-	2,100	5,899,792	31,341	-	14,708,984	20,656,295
Disposals	-	-	-	-	-	(928,735)	-	-	(6,131)	-	-	(934,866)
Written off	-	-	-	-	-	-	(22,475)	-	(2,150)	-	-	(24,625)
Reclassification	-	-	-	-	-	(350,000)	-	-	-	350,000	-	-
Foreign exchange translation adjustment	-	-	-	-	(1,294)	(23,493)	(2,406)	(2,320)	-	(11,804)	-	(41,317)
At 31 December 2017	4,006,991	445,221	11,615,502	5,396,180	87,614	1,799,880	297,054	6,472,849	923,180	454,153	14,708,984	46,207,608
Accumulated depreciation and impairment loss												
At 1 January 2017	148,024	31,907	-	145,468	28,281	1,415,075	117,874	85,584	503,790	3,624	-	2,479,627
Depreciation charge for the financial year	41,310	8,904	-	115,163	12,737	537,535	37,520	57,956	137,951	83,925	-	1,033,001
Disposals	-	-	-	-	-	(655,882)	-	-	(1,022)	-	-	(656,904)
Written off	-	-	-	-	-	-	(9,794)	-	(1,362)	-	-	(11,156)
Reclassification	-	-	-	-	-	(5,833)	-	-	-	5,833	-	-
Foreign exchange translation adjustment	-	-	-	-	(504)	(13,332)	(1,361)	(1,030)	-	(1,275)	-	(17,502)
At 31 December 2017	189,334	40,811	-	260,631	40,514	1,277,563	144,239	142,510	639,357	92,107	-	2,827,066
Net carrying amount												
At 31 December 2017	3,817,657	404,410	11,615,502	5,135,549	47,100	522,317	152,815	6,330,339	283,823	362,046	14,708,984	43,380,542

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group	Leasehold land RM	Leasehold building RM	Freehold lands RM	Freehold buildings RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Computer hardware RM	Plant and machinery RM	Total RM
Cost											
At 1 January 2016	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
Additions	-	-	10,000,000	3,321,700	1,940	587,302	7,350	181,981	74,281	115,957	14,290,511
Disposals	-	-	-	-	-	-	(1,228)	-	(3,578)	-	(4,806)
Written off	-	-	-	-	(648)	(179,674)	(1,488)	(3,024)	(4,335)	-	(189,169)
Transfer to asset held for sale (Note 15)	-	-	(3,106,114)	(4,659,172)	-	-	-	-	-	-	(7,765,286)
Foreign exchange translation adjustment	-	-	-	-	837	29,164	1,536	1,568	-	-	33,105
At 31 December 2016	4,006,991	445,221	11,615,502	5,382,968	88,042	3,102,108	319,835	575,377	900,120	115,957	26,552,121
Accumulated depreciation and impairment loss											
At 1 January 2016	106,715	23,003	-	362,493	15,469	879,863	78,358	42,765	351,228	-	1,859,894
Depreciation charge for the financial year	41,309	8,904	-	194,535	12,755	589,425	39,945	43,550	155,946	3,597	1,089,966
Disposals	-	-	-	-	-	-	(568)	-	(1,589)	-	(2,157)
Written off	-	-	-	-	(231)	(80,853)	(642)	(1,336)	(1,795)		(84,857)
Impairment loss	-	-	43,812	59,914	-	-	-	-	-	-	103,726
Transfer to asset held for sale (Note 15)	-	-	(43,812)	(471,474)	-	-	-	-	-	-	(515,286)
Foreign exchange translation adjustment	-	-	-	-	288	26,640	781	605	-	27	28,341
At 31 December 2016	148,024	31,907	-	145,468	28,281	1,415,075	117,874	85,584	503,790	3,624	2,479,627
Net carrying amount											
At 31 December 2016	3,858,967	413,314	11,615,502	5,237,500	59,761	1,687,033	201,961	489,793	396,330	112,333	24,072,494

5. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Assets under finance leases

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

	Group	
	2017	2016
	RM	RM
Motor vehicles	522,314	1,342,865

(b) Assets pledged as security

Freehold and leasehold lands and buildings with net carrying amounts of RM20,973,118 (2016: RM21,125,283) have been pledged as security to secure credit facilities granted to two of its subsidiaries as disclosed in Note 21 to the financial statements.

(c) Lease period for leasehold land

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

6. INVESTMENT PROPERTY

	Group	
	2017	2016
	RM	RM
At cost		
At 1 January / 31 December	198,824	198,824
Accumulated depreciation		
At 1 January	4,369	1,872
Depreciation charge for the financial year	2,497	2,497
At 31 December	6,866	4,369
Net carrying amount	191,958	194,455
Estimated fair value of investment properties by directors	241,157	232,836

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

	Group	
	2017	2016
	RM	RM
Rental income	9,057	9,057
Direct operating expenses:		
Depreciation	2,497	2,497
Building maintenance	1,642	1,642
Quit rent and assessment	855	1,465

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

6. INVESTMENT PROPERTY (Continued)

Fair value information

Fair value of investment property is categorised as follows:

	Group Level 2 RM
2017	
Commercial property	241,157
2016	
Commercial property	232,836

Level 2 fair value

The fair value on the investment property is determined based on sales comparison approach and cost approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is price per square foot. The most significant input in cost approach is cost per square foot.

7. INTANGIBLE ASSETS

	Goodwill RM	Development costs RM	Other RM	Total RM
Group				
Cost				
At 1 January 2016	20,046	9,256,268	2,627,319	11,903,633
Additions	-	7,686,546	-	7,686,546
At 31 December 2016	20,046	16,942,814	2,627,319	19,590,179
Additions	295,232	478,605	-	773,837
Impairment loss	(20,046)	(208,913)	-	(228,959)
At 31 December 2017	295,232	17,212,506	2,627,319	20,135,057
Accumulated amortisation				
At 1 January 2016	-	-	2,462,998	2,462,998
Amortisation charge during the financial year	-	-	164,321	164,321
At 31 December 2016	-	-	2,627,319	2,627,319
Amortisation charge during the financial year	-	-	-	-
At 31 December 2017	-	-	2,627,319	2,627,319
Net carrying amount				
At 31 December 2017	295,232	17,212,506	-	17,507,738
At 31 December 2016	20,046	16,942,814	-	16,962,860

7 INTANGIBLE ASSETS (Continued)

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 16 years of cash flows projections from financial budgets and projections approved by management.

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	
	2017	**2016**
	RM	**RM**
Staff costs	498,827	1,162,834

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 directors.

Other

Other intangible asset represents the identifiable asset arising from the purchase price allocation exercise performed by the Company in connection with the acquisition of Dolphin Engineering (M) Sdn. Bhd. ("DESB") based on the DESB's secured contracts as at the date of business combination.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2017	**2016**
	RM	**RM**
Unquoted shares - at cost	65,470,002	45,570,002
Less : Impairment loss	(46,730,000)	-
	18,740,002	45,570,002

Movements in impairment loss are as follows:

	RM	**RM**
At beginning of the financial year	-	-
Impairment during the financial year	46,730,000	-
	46,730,000	-

The recoverable amount of investment in subsidiaries has been determined based on value in use calculations using cash flows projection from financial budgets and forecasts approved by management.

8. INVESTMENT IN SUBSIDIARIES (Continued)

During the financial year, an impairment loss of RM46,730,000 was recognised in profit or loss as other expenses. The recoverable amount of RM18,740,002 as at 31 December 2017 was based on value in use and the cash flows were discounted at a range of 11% to 14%.

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ country of incorporation	Effective ownership interest 2017 %	2016 %	Principal activities
Direct subsidiaries				
Dolphin Applications Sdn. Bhd. ("DASB")	Malaysia	100	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")	Malaysia	100	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")	Malaysia	100	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")	Malaysia	75	75	Sale and trading of components and consumable parts for the palm oil milling machineries sector.
Dolphin Biogas Sdn. Bhd. ("DBSB")	Malaysia	100	100	Investment holding.
Indirect Subsidiaries held via DASB				
PT Dolphin Indonesia ("PTDI") *	Indonesia	90	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")	Malaysia	100	100	Design, engineering and development of palm Fresh Fruit Bunches ("FFB") sterilisation and related system, components and parts.
Indirect Subsidiaries held via DBSB				
Biogas Sulpom Sdn. Bhd. ("BSSB")	Malaysia	100	-	Business of manufacturer, processors and supplier of biogas.

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

8. INVESTMENT IN SUBSIDIARIES (Continued)

Acquisition of subsidiaries

2017

(a) Acquisition of BSSB

On 16 May 2017, DBSB, a wholly owned subsidiary of the Company had acquired 205,000 ordinary shares of RM 1.00 each representing 100% equity interest in BSSB, a company incorporated in Malaysia, which principally engaged in business of manufacturer, processors and supplier of biogas, for a total consideration of RM300,000 cash consideration.

(i) Fair value of consideration transferred:

	RM
Purchase consideration	
Cash consideration	300,000

(ii) Fair value of the identifiable assets acquired and liabilities recognised:

	RM
Assets	
Cash and cash equivalents	8,468
Total asset	8,468
Liabilities	
Accrual	3,700
Total liability	3,700
Total identifiable net assets acquired	4,768
Goodwill arising on acquisition (Note 7)	295,232
Fair value of consideration transfer	300,000

(iii) Effect of acquisition on cash flows:

	RM
Consideration paid in cash	300,000
Less: Cash and cash equivalents of a subsidiary acquired	(8,468)
	291,532

(iv) Effects of acquisition in statements of comprehensive income

From the date of acquisition, the subsidiary's contributed revenue and profit net of tax are as follows:

	RM
Loss for the financial year	1,400

(b) Increased Investment in DASB

On 30 December 2017, the Company acquired additional ordinary shares in Dolphin Applications Sdn. Bhd. for a cash consideration of RM19,900,000. The acquisition does not change the effective equity interest held by the Company. The acquisition has also no impact on the Group's revenue and profit for the financial year ended 31 December 2017.

8. INVESTMENT IN SUBSIDIARIES (Continued)

2016

(a) Acquisition of DBSB

On 18 November 2016, the Company acquired 2 ordinary shares of RM1.00 each in Dolphin Biogas Sdn. Bhd. ("DBSB"), representing the entire issued and paid-up share capital for a total cash purchase consideration of RM2.00. DBSB is now a wholly-owned subsidiary of the Company.

Non-controlling interests in subsidiaries

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

9. INVESTMENT IN AN ASSOCIATE

	Group	
	2017	2016
	RM	RM
Unquoted shares, at cost	2,967	207,750
Shares of post-acquisition reserves	-	(36,485)
Less: Impairment loss	(2,967)	-
	-	171,265

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

	Group	
	2017	2016
	RM	RM
At the beginning of the financial year	57,450	-
Less: Impairment loss	-	57,450
Less: Reversal of impairment loss	(54,483)	-
At the end of the financial year	2,967	57,450

During the financial year, the Group received RM204,783 being the return of the cost of investment, thus resulting in reversal of impairment loss previously provided.

Details of the associate are as follows:

Name of company	Principal place of business/ country of incorporation	Effective ownership interest 2017	Effective ownership interest 2016	Principal activities
PT Emas Hijau Sejahtera Kapuas Indonesia ("PT Emas Hijau") #	Indonesia	30%	30%	Currently dormant. Intended principal activity is that of the management and operation of palm oil mills in Indonesia.

 # Equity accounting was done based on the management financial statements as the audited financial statements of this company are not available.

10. INVENTORIES

	Group 2017 RM	Group 2016 RM
At cost:		
Trading parts and materials	356,812	794,364

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM2,290,541 (2016: RM1,654,204).

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year in respect of write-down of inventories to net realisable value was RM117,597 (2016: RM Nil).

11. TRADE AND OTHER RECEIVABLES

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Trade					
Trade receivables		14,318,263	14,370,162	-	-
Retention sum		69,810	171,121	-	-
Less: Allowance for impairment loss	(a)	(1,604,404)	(325,289)	-	-
Less: Bad debts written off		(54,828)	-	-	-
		12,728,841	14,215,994	-	-

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Non-trade					
Other receivables		100,994	277,681	1,000	6,825
GST refundable		198,296	643,558	15,482	-
Prepayments		567,464	793,441	-	-
Non-refundable deposits	(b)	-	2,692,188	-	-
Refundable deposits		58,085	143,236	-	1,000
Amount owing by subsidiaries	(c)	-	-	5,309,307	18,847,626
		924,839	4,550,104	5,325,789	18,855,451
Total trade and other receivables		13,653,680	18,766,098	5,325,789	18,855,451

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 30 to 90 days (2016: 30 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 (Continued)

(a) Trade receivables (Continued)

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

	Group	
	2017	2016
	RM	RM
Neither past due nor impaired	2,707,590	9,372,271
Past due but not impaired:		
1 to 30 days past due not impaired	193,585	21,708
31 to 60 days past due not impaired	172,673	156,846
61 to 90 days past due not impaired	18,321	-
More than 90 days past due not impaired	9,566,862	4,494,048
	9,951,441	4,672,602
Impaired	1,604,404	325,289
	14,263,435	14,370,162

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	
	2017	2016
	RM	RM
At 1 January	325,289	30,914
Charge for the financial year	1,573,490	294,375
Write off	(294,375)	-
At 31 December	1,604,404	325,289

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

(b) Non-refundable deposits

Included in non-refundable deposits of the Group as follow:

In previous financial year, an amount of RM2,692,188 paid as a deposit for the renovation expenses of the new factory for a total cost of RM6,730,471. The balance of the renovation expenses is disclosed as in Note 35 to the financial statements.

(c) Amount owing by subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand in cash.

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

	Group	
	2017	2016
	RM	RM
Aggregate costs incurred to date	174,189,855	204,767,750
Attributable profits less foreseeable loss	45,288,324	61,531,393
	219,478,179	266,299,143
Less: Progress billings	(217,758,230)	(208,529,010)
	1,719,949	57,770,133

	Group	
	2017	2016
	RM	RM
Analysed as follows:		
Amount due from customers for contract works included under current assets	2,009,046	58,207,832
Amount due to customers for contract works included under current liabilities	(289,097)	(437,699)
	1,719,949	57,770,133

Included in the amount due from customers for contract works is provision for foreseeable loss sum amounted to RM35,642,447 (2016: Nil)

13. FIXED DEPOSITS PLACED WITH LICENSED BANKS

Group

Fixed deposits place with licensed banks earn effective interest rate ranging from 2.55% to 3.30% (2016: 2.55% to 3.85%). The maturity period is ranging from 1 month to 12 months.

The fixed deposits placed with licensed banks totalling RM5,152,499 (2016: RM9,204,879) have been pledged to licensed banks to secure credit facilities granted to its subsidiaries as disclosed in Note 21 to the financial statements.

14. CASH AND BANK BALANCES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash at bank	4,222,223	5,566,126	3,903,882	5,188,398
Cash in hand	11,042	17,247	-	-
	4,233,265	5,583,373	3,903,882	5,188,398

15. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

Group

Included in non-current asset classified as held for sale is a freehold land and building with carrying amount of RM Nil (2016: RM7,250,000) (previously classified as property, plant and equipment). The disposal was completed on 17 May 2017.

16.SHARE CAPITAL

	Group and Company			
	2017		2016	
	Number of shares Unit	RM	Number of shares Unit	RM
Authorised:				
At 1 January / 31 December	-	100,000,000	-	100,000,000
Issued and fully paid:				
At 1 January	222,000,010	44,400,002	222,000,010	44,400,002
Issued during the year	22,200,000	4,384,500	-	-
Transition to no-par value:				
- share premium	-	32,775,321	-	-
At 31 December	244,200,010	81,559,823	222,000,010	44,400,002

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account of RM32,775,321 becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM32,775,321 for purposes as set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the financial year, the Company:

(i) Issued 11,100,000 new ordinary shares at a price of RM0.195 per ordinary share pursuant to private placement.

(ii) Issued 11,100,000 new ordinary shares at a price of RM0.20 per ordinary share pursuant to private placement.

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

The Company did not issue any debentures during the financial year.

WARRANTS 2016/2021

On 5 April 2016, the Company issued 55,500,002 warrants pursuant to the Bonus Issue of Warrants. The terms of the warrants are as follows:

a) Exercise rights

   Subject to the terms of the Deed Poll, each Warrant will entitle its registrated holder to subscribe to one (1) new ordinary share at the exercise price (as defined below).

b) Exercise price

   The Warrant is fixed at RM0.80 represents a premium of RM0.0688 or approximately 9.41% to the five (5) days VWAMP of the Dolphin Shares of up to and including 7 March 2016 of RM0.7312 per Dolphin Share.

16.SHARE CAPITAL (Continued)

WARRANTS 2016/2021 (Continued)

c) Exercise period
The period commencing on and including the day of issuance of the Warrants and expiring on the fifth anniversary of the issue date. Warrant not exercised during the exercise period thereafter lapse and cease to be valid for any purpose.

d) Transferability
The Warrants will be transferable in any manner provided under the Central Depositories Act and the Rules.

e) Ranking
The 55,500,002 new ordinary shares to be issued pursuant to the exercise of the Warrants will, on allotment and issue, rank pari passu in all respects with the then existing ordinary shares except that such new ordinary shares shall not be entitled for any dividends, that may be declared prior to the date of allotment and issue of new ordinary shares, nor shall it be entitled to any distributions or entitlements where the record date is prior to the date of exercise of Warrants.

As at the end of the current financial year, no exercise of warrants had taken place and the outstanding warrants in the Company remains at 55,500,002.

17. SHARE PREMIUM

Share premium comprises of the premium paid on subscription of shares in the Company over and above the par value of the shares. Pursuant to Section 618(2) of the Act, the sum of RM32,775,321 standing to the credit of the Company's share premium account has been transferred and become part of the Company's share capital as disclosed in Note 16 to the financial statements.

18. OTHER RESERVE

Non-distributable

The other reserve is arising from the acquisition of DASB which was completed on 31 March 2015, being difference between the purchase consideration to acquire DASB and the share capital of DASB as at that date.

19. 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.

20. HIRE PURCHASE PAYABLES

	Group 2017 RM	Group 2016 RM
Future minimum hire purchase payables		
- not later than one year	414,556	561,068
- later than one year but not later than five years	276,940	748,868
	691,496	1,309,936
Less: Future finance charges	(45,698)	(102,521)
Present value of hire purchase payables	645,798	1,207,415
Analysis of present value of hire purchase payables:		
Not later than one year (included under current liabilities)	379,502	509,464
Later than one year but not later than five years (included under non-current liabilities)	266,296	697,951
	645,798	1,207,415

The hire purchase payables bear interest rates ranging from 2.44% to 4.76% (2016: 2.44% to 4.76%) per annum.

21. BANK BORROWINGS

	Group 2017 RM	Group 2016 RM
Short term borrowings - secured		
Bank overdrafts	15,969,723	9,576,335
Bankers' acceptances	-	396,000
Invoice financing	1,582,204	15,148,850
Promissory notes	-	1,935,143
Term loans	848,494	1,024,359
Trust receipts	3,490,573	1,656,848
	21,890,994	29,737,535
Long term borrowings - secured		
Term loans	10,366,351	12,948,500
Total loan borrowings	32,257,345	42,686,035

	Group 2017 RM	Group 2016 RM
Comprising portion repayable:		
Within the next twelve months	21,890,994	29,737,535
After the next twelve months:		
- later than one year but not later than two years	708,330	1,009,550
- later than two years but not later than five years	2,513,190	2,782,267
- more than five years	7,144,831	9,156,683
	10,366,351	12,948,500
	32,257,345	42,686,035

21. BANK BORROWINGS (Continued)

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

	Group	
	2017	**2016**
	% per annum	**% per annum**
Term loans	5.37 to 6.70	5.37 to 8.02
Invoice financing	7.96	8.05 to 9.06
Bank overdrafts	7.92 to 8.17	7.92 to 8.20
Promissory notes	7.92	7.92 to 8.07
Trust receipts	8.05 to 9.06	8.05 to 9.06

The bank borrowings are secured and supported 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 and a subsidiary;
(iii) Deed of assignment of contract proceeds; and
(iv) First and second legal charges created over the freehold and leasehold lands and buildings of its subsidiaries as per disclosed in Note 5(b) to the financial statements.

Invoice financing, promissory notes and trust receipts have maturity periods ranging from 98 days to 150 days (2016: 14 days to 150 days).

22. 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	
	2017	**2016**
	RM	**RM**
Present value of unfunded defined benefits obligations	21,984	19,983

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

	Group	
	2017	**2016**
	RM	**RM**
At the beginning of the financial year	19,983	21,604
Included in the profit or loss:		
- current service costs	16,147	10,753
- interest income	1,382	1,926
- effect of curtailment for resigned staff	(13,213)	(15,897)
	4,316	(3,218)
Foreign exchange translation adjustment	(2,315)	1,597
	21,984	19,983

22. PROVISION FOR RETIREMENT BENEFITS (Continued)

The principal assumptions used are as follow:

	Group 2017 RM	Group 2016 RM
Discount rate	7.20	8.30
Expected rate of salary increase	7.20	6.00

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	
	2017 RM	2016 RM	2017 RM	2016 RM
Increased/Decreased of:				
- 1% discount rate	(1,797)	(1,217)	2,344	1,573
- 1% expected rate of salary increase	2,456	1,715	(1,919)	(1,374)

23. DEFERRED TAX (LIABILITIES)/ASSETS

	Group 2017 RM	Group 2016 RM
Deferred tax assets		
At 1 January	-	18,820
Recognised in statements of comprehensive income (Note 31)		
- current year	-	(20,060)
Difference in forex exchange	-	1,240
At 31 December	-	-

	Group 2017 RM	Group 2016 RM
Deferred tax liabilities		
At 1 January	797,546	774,363
Recognised in statements of comprehensive income (Note 31)		
- current year	78,060	12,746
- (over)/under accrual in prior year	(645,152)	10,437
At 31 December	230,454	797,546

Deferred tax assets mainly derived from retirement benefits plan, property, plant and equipment and provision of impairment for trade receivables. Deferred tax liabilities mainly derived from intangible asset and property, plant and equipment.

23. DEFERRED TAX (LIABILITIES)/ASSETS (Continued)

Unrecognised deferred tax assets

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

	Group	
	2017	2016
	RM	RM
Taxable temporary differences	390,415	455,802
Unutilised tax losses	11,016,479	561,796
	11,406,894	1,017,598
Potential deferred tax assets at 24% (2016: 24%)	2,737,655	244,224

24. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2017	2016	2017	2016
		RM	RM	RM	RM
Non-current:					
Non-trade					
Amount owing to directors	(c)	4,000,000	-	-	-
		4,000,000	-	-	-
Current:					
Trade					
Trade payables	(a)	6,267,132	7,106,495	-	-
Retention sum		165,293	-		
Accruals		4,799,461	2,113,216	-	-
		11,231,886	9,219,711	-	-
Non-trade					
Other payables	(b)	4,057,346	1,239,576	66,666	95,669
GST payable		12,522	121,388	-	-
Non-refundable deposits		-	725,000	-	-
Refundable deposits		500,000	-	-	-
Accruals		2,727,364	1,993,737	1,235,351	641,842
Deferred income		40,600	-	-	-
Amount owing to directors	(c)	1,773,572	4,538,400	-	-
Amount owing to a subsidiary	(c)	-	-	-	5,476
		9,111,404	8,618,101	1,302,017	742,987
Total trade and other payables		**24,343,290**	**17,837,812**	**1,302,017**	**742,987**
Provision	(d)	3,337,248	-	-	-
		27,680,538	17,837,812	1,302,017	742,987

(a) Trade payables are non-interest bearing and are normally settled within 30 days to 90 days (2016: 30 days to 90 days).

(b) Other payables are non-interest bearing and are normally settled within 30 days to 90 days (2016: 30 days to 90 days).

(c) Amount owing to a director and subsidiary are non-trade in nature, unsecured, non-interest bearing and repayable upon demand in cash.

(d) This represents provision for liquidated and ascertained damages for a project which is based on the best estimate of future obligation that will be required.

25 REVENUE

	Group	
	2017	2016
	RM	RM
Sale of goods	6,673,581	6,399,744
Revenue from contract works	3,967,684	37,736,475
	10,641,265	44,136,219

26. COST OF SALES

	Group	
	2017	2016
	RM	RM
Cost of goods sold	2,702,267	2,627,311
Project costs related to contract works	10,154,480	33,966,075
	12,856,747	36,593,386

27. OTHER INCOME

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Bank interests	54,337	52,427	52,590	48,689
Fixed deposit interests	263,094	455,313	33,777	262,934
Gain on disposal of property, plant and equipment	222,170	459	-	-
Rental income	9,057	9,058	-	-
Miscellaneous income	15,285	116,461	-	-
	563,943	633,718	86,367	311,623

28. FINANCE COSTS

	Group	
	2017	2016
	RM	RM
Interest expenses		
- bankers' acceptances	-	9,435
- bank guarantee charges	37,960	14,914
- bank overdrafts	899,721	787,377
- commitment fees	3,598	7,057
- forex currency trust receipt	-	861
- hire purchase	54,011	58,389
- invoice financing	727,646	1,433,568
- promissory notes	83,744	296,396
- term loans	641,436	661,725
- trust receipts	76,630	226,162
	2,524,746	3,495,884

29. LOSS BEFORE TAX

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

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Auditors' remuneration:					
Statutory audit fees:					
- Malaysian operations					
- current year		142,500	129,000	44,000	39,000
- prior year		11,000	(49,333)	15,000	(1,000)
- Overseas operations					
- current year		23,464	51,199	-	-
Non statutory audit fees:					
- Malaysian operations		15,000	11,000	15,000	11,000
- prior year		(1,000)	-	(1,000)	-
Amortisation of intangible asset		-	164,321	-	-
Bad debts written off		54,828	-	-	-
Deposit written off		12,796	-	-	-
Depreciation of property, plant and equipment		1,033,001	1,089,966	-	-
Depreciation of investment property		2,497	2,497	-	-
Directors' remuneration					
- fees and allowances		277,000	275,000	277,000	275,000
- salaries and other emoluments (Note 30)		895,504	905,858	895,504	905,858
Impairment loss on investment in an associate		-	57,450	-	-
Impairment loss on investment in subsidiaries		-	-	46,730,000	-
Impairment loss on property, plant and equipment		-	103,726	-	-
Impairment loss on trade receivable		1,573,490	294,375	-	-
Impairment loss on goodwill		20,046	-	-	-
Impairment loss on intangible asset		208,913	-	-	-
Impairment loss on investment in subsidiaries		-	-	6,730,000	-
Inventories written down		117,597	-	-	-
Net foreign currency loss/(gain)					
- realised		152,524	(833,173)	-	-
- unrealised		373,414	299,642	-	-
Provision for foreseeable loss (Note 12)		35,642,447	-	-	-
Provision for liquidated and ascertained damages (Note 24)		3,337,248	-	-	-
Provision for retirement benefits (Note 22)		4,316	(3,218)	-	-
Property, plant and equipment written off		13,469	104,312	-	-
Rental of premises		191,462	253,454	-	-
Rental of motor vehicles		2,158	10,295	-	-
Rental of office equipment		164,138	34,403	-	-
Reversal of impairment loss on investment					-
					323,527

30. STAFF COSTS

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Salaries, wages, allowances commissions and bonuses	4,398,381	3,902,977	282,348	275,155
Employees' Provident Funds	495,886	499,750	53,647	47,630
Other staff related benefits	178,877	59,954	2,848	742
Provision for retirement benefits (Note 22)	18,435	(3,218)	-	-
	5,091,579	4,459,463	338,843	323,527
Directors' remuneration:				
Salaries and bonuses	751,125	750,000	751,125	750,000
Employees' Provident Funds	142,722	154,375	142,722	154,375
Other staff related benefits	1,657	1,483	1,657	1,483
	895,504	905,858	895,504	905,858

The estimated monetary value of benefit-in-kind is as follow:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Key management personnel	32,627	60,482	-	-
Directors	28,500	28,500	28,500	28,500
	61,127	88,982	28,500	28,500

31. INCOME TAX EXPENSE

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Income tax				
- current financial year	19,409	103,615	-	-
- over accrual in prior financial years	(101,836)	(43,483)	-	-
	(82,427)	60,132	-	-
Deferred tax liabilities (Note 23)				
- current financial year	78,060	32,806	-	-
- (over)/under accrual in prior financial years	(645,152)	10,437	-	-
	(567,092)	43,243	-	-
	(649,519)	103,375	-	-

31. INCOME TAX EXPENSE (Continued)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2016: 24%) of the estimated taxable profit for the fiscal year.

The reconciliation of income tax expense applicable to loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Loss before tax	(57,940,975)	(4,519,000)	(48,616,874)	(1,716,754)
Tax at applicable tax rate of 24% (2016: 24%)	(13,905,834)	(1,084,560)	(11,668,050)	(412,021)
Adjustments:				
- different tax rate in other countries	(14,310)	(2,235)	-	-
- non-deductible expenses	11,534,087	1,172,997	11,668,050	486,810
- non-taxable income	(9,905)	(128,654)	-	(74,789)
- over provision in prior financial year	(746,988)	(33,046)	-	-
- deferred tax not recognised on tax losses and temporary differences	2,493,431	178,873	-	-
Income tax expense for the financial year	(649,519)	103,375	-	-

32. LOSS PER ORDINARY SHARE

(a) Basic loss per ordinary share

	Group	
	2017	**2016**
	RM	**RM**
Net loss attributable to the owners of the Company	(57,139,388)	(4,626,102)
Weighted average number of ordinary shares in issue	227,859,522	222,000,010
Basic loss per ordinary share (sen)	(25.08)	(2.08)

	Group	
	2017	**2016**
	RM	**RM**
Weighted average number of ordinary shares for basic loss per share		
- At beginning of the financial year	222,000,010	222,000,010
- Private placement	5,859,512	-
- At end of the financial year	227,859,522	222,000,010

Notes to the Financial Statements (Continued)

The diluted loss per ordinary share is equal to the basic loss per ordinary share as the outstanding warrants are anti-dilutive.

33. CORPORATE GUARANTEE

	Company	
	2017	**2016**
	RM	**RM**
Corporate guarantee granted to a licensed bank for credit facilities granted to subsidiaries	32,257,345	42,686,035

34. BANK GUARANTEE

	Group	
	2017	**2016**
	RM	**RM**
Bank guarantees issued for contract customers for performance of contracts	-	5,867,366

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; and

(ii) Legal charges created over the freehold and leasehold lands and buildings of its subsidiaries.

35. CAPITAL COMMITMENT

	Group	
	2017	**2016**
	RM	**RM**
As at 31 December		
Approved and contracted for but not provided for in the financial statements		
Property, plant and equipment - Renovation (Note 11(b))	-	4,038,283
Property, plant and equipment - Capital Work in Progress (Note 5)	27,084,507	-

36. RELATED PARTIES

(a) Identify of 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.

Related parties also include members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence for which significant voting power in the Group and the Company resides with, directly or indirectly.

The Company has a related party relationship with:

(i) Its subsidiaries as disclosed in Note 8 to the financial statements;

(ii) Its associate as disclosed in Note 9 to the financial statements;

(v) Key management personnel of the Group's and the Company's comprises persons (including directors) having the authority and responsibility for planning, diversifying and controlling the activities directly or indirectly.

36. RELATED PARTIES (Continued)

(b) Significant related party transactions

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

	Company	
	2017	2016
	RM	RM
Management fee charged		
(to) / from subsidiaries	(40,000)	100,000

(c) Compensation of key management personnel

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Salaries, allowances and bonuses	2,054,833	2,389,718	1,033,473	1,099,578
Employees' Provident Funds	320,953	391,321	196,369	202,005
Other staff related benefits	8,441	7,951	4,505	2,225
	2,384,227	2,788,990	1,234,347	1,303,808

The estimated monetary value of benefit-in-kind of the Group and of the Company is RM61,127 (2016: RM88,982) and RM28,500 (2016: RM 28,500) respectively.

37. 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")

	Carrying amount RM	L&R RM	FL RM
At 31 December 2017			
Financial assets			
Group			
Trade and other receivables (excluding GST refundable, non-refundable deposits and prepayments)	12,887,920	12,887,920	-
Fixed deposits placed with licensed banks	5,152,499	5,152,499	-
Cash and bank balances	4,233,265	4,233,265	-
	22,273,684	22,273,684	-
Company			
Trade and other receivables	5,310,307	5,310,307	-
Cash and bank balances	3,903,882	3,903,882	-
	9,214,189	9,214,189	-

37. FINANCIAL INSTRUMENTS (Continued)

(a) Categories of financial instruments (Continued)

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

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

	Carrying amount RM	L&R RM	FL RM
At 31 December 2017			
Financial liabilities			
Group			
Hire purchase payables	(645,798)	-	(645,798)
Bank borrowings	(32,257,345)	-	(32,257,345)
non-refundable deposits and deferred income)	(27,627,416)	-	(27,627,416)
	(60,530,559)	-	(60,530,559)
Financial liabilities			
Company			
Trade and other payables	(1,302,017)	-	(1,302,017)
At 31 December 2016			
Financial assets			
Group			
Trade and other receivables (excluding GST refundable, non-refundable deposits and prepayments)	14,636,911	14,636,911	-
Fixed deposits placed with licensed banks	11,234,045	11,234,045	-
Cash and bank balances	5,583,373	5,583,373	-
	31,454,329	31,454,329	-
Company			
Trade and other receivables	18,855,451	18,855,451	-
Fixed deposits placed with licensed banks	2,029,166	2,029,166	-
Cash and bank balances	5,188,398	5,188,398	-
	26,073,015	26,073,015	-

37. FINANCIAL INSTRUMENTS (Continued)

(a) Categories of financial instruments (Continued)

	Carrying amount RM	L&R RM	FL RM
At 31 December 2016			
Financial liabilities			
Group			
Hire purchase payables	(1,207,415)	-	(1,207,415)
Bank borrowings	(42,686,035)	-	(42,686,035)
Trade and other payables (excluding GST payable and non-refundable deposits)	(16,991,424)	-	(16,991,424)
	(60,884,874)	-	(60,884,874)
Company			
Trade and other payables	(742,987)	-	(742,987)

(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 and interest rate 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 and risk committee provides independent oversight to the effectiveness of the risk management process.

(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 to the financial statements. 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.

37. FINANCIAL INSTRUMENTS (Continued)

(iii) Financial risk management (Continued)

(i) Credit risk (continued)

Trade and other receivables (Continued)

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 subsidiaries in determining the recoverability of the amount owing by subsidiaries.

Credit risk concentration profile
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	
	2017	**2016**
	RM	**RM**
Palm Oil Milling Systems and Solutions		
Customer A	9,289,049	1,901,094
Customer B	-	6,863,678

Other financial assets

For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by placement with licensed financial institutions with a healthy credit rating. 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 RM32,257,345 (2016: RM42,686,035) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 33 to the financial statements. As at the reporting date, there was no indication that the subsidiaries would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(ii) Liquidity risk

Notes to the Financial Statements (Continued)

ing financial
imarily 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.

37. FINANCIAL INSTRUMENTS (Continued)

(b) **Financial risk management (Continued)**

(ii) **Liquidity risk (continued)**

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.

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 as follows:

		Contractual undiscounted cash flows			
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	Total RM
At 31 December 2017					
Group					
Trade and other payables	27,627,416	27,627,416	-	-	27,627,416
Hire purchase payables	645,798	414,556	276,940	-	691,496
Bank borrowings	32,257,345	22,492,268	5,060,947	15,076,967	42,630,182
	60,530,559	50,534,240	5,337,887	15,076,967	70,949,094
Company					
Financial guarantee	-	32,257,345	-	-	32,257,345
Trade and other payables	1,302,017	1,302,017	-	-	1,302,017
	1,302,017	65,816,707	-	-	65,816,707
At 31 December 2016					
Group					
Trade and other payables	16,991,424	16,991,424	-	-	16,991,424
Hire purchase payables	1,207,415	561,068	748,868	-	1,309,936
Bank borrowings	42,686,035	30,474,046	7,710,049	9,856,298	48,040,393
	60,884,874	48,026,538	8,458,917	9,856,298	66,341,753
Company					
Financial guarantee	-	42,686,035	-	-	42,686,035
Trade and other payables	742,987	742,987	-	-	742,987
	742,987	43,429,022	-	-	43,429,022

37. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management (Continued)

(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 and purchases that are denominated in a foreign currency) and the Group's net investments in a foreign subsidiary.

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 Functional currencies RM
2017	
Financial assets and liabilities not held in functional currencies:	
Trade receivables	
United States Dollar	1,019,185
Indonesian Rupiah	4,880,109
	5,899,294
Cash and cash equivalents	
United States Dollar	81,109
Indonesian Rupiah	207,777
	288,886

37. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management (Continued)

(iii) Foreign currency risk (Continued)

	Group Functional currencies RM
2016	
Financial assets and liabilities not held in functional currencies:	
Trade receivables	
United States Dollar	1,832,548
Indonesian Rupiah	1,746,616
	3,579,164
Cash and cash equivalents	
United States Dollar	86,306
Indonesian Rupiah	13,825
Others	2,803
	102,934
Trade payables	
Indonesian Rupiah	10,831
	10,831

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 Indonesian Rupiah ("IDR").

37. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management (Continued)

(iii) Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk (Continued)

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
2017		
- USD	+ 15%	165,044
	- 15%	(165,044)
- IDR	+ 15%	763,183
	- 15%	(763,183)
2016		
- USD	+ 15%	287,828
	- 15%	(287,828)
- IDR	+ 15%	262,442
	- 15%	(262,442)

(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 long-term loans and borrowings with floating interest rates. The Group's and the Company's policy to manage interest rate risk is to hedge all material floating rate borrowings using interest rate swaps.

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.

	Change in basis points	Effect on profit or loss for the financial year RM
Group		
2017	+ 50	(122,578)
	- 50	122,578
2016	+ 50	(162,207)
	- 50	162,207

37. FINANCIAL INSTRUMENTS (Continued)

(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.

The carrying amounts of long term floating rate term loan is reasonable approximate of fair values as the loan will be repriced to market interest rate on or near reporting date.

The fair value of the hire purchase payables is determined using the discounted cash flows method based on the discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

There has been no transfer between Level 1 and Level 2 during the financial year (2016: no transfer in either directions).

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

	Carrying amount RM	Fair value of financial instruments not carried at fair value Level 3 RM
Group		
2017		
Financial liabilities		
Hire purchase payables	645,798	598,162
2016		
Financial liabilities		
Hire purchase payables	1,207,415	1,128,790

There were no financial instruments carried at fair value under Company level as at 31 December 2017 that are required to be disclosed.

38. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to maintain healthy capital ratio, ensure sufficient funds to manage day-to-day business operation and to fund their expansion and growth.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as total bank borrowings and hire purchase payables divided by total equity. The gearing ratio at 31 December 2017 and 31 December 2016 are as follows:

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Bank borrowings	32,257,345	42,686,035	-	-
Hire purchase payables	645,798	1,207,415	-	-
Total bank borrowings and hire purchase payables	32,903,143	43,893,450	-	-
Equity attributable to owners of the Company	26,234,032	79,067,494	26,667,656	70,900,030
				ot applicable

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) On 16 May 2017, a wholly-owned subsidiary of the Company, DBSB acquired 205,000 ordinary share of RM1.00 each in Biogas Sulpom Sdn. Bhd. (“BSSB”), representing the entire issued and paid-up share capital for a total cash purchase consideration of RM300,000 (“Acquisition of BSSB”). BSSB is now an indirect subsidiary of the Company.

(ii) During the financial year, the Company issued 22,200,000 new ordinary shares at a price of RM0.195 and RM0.20 per ordinary share pursuant to private placement.

40. SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR

(i) A subsidiary, Dolphin Robotic Systems Sdn. Bhd. had on 6 February 2018 entered into subscription agreement with Genesis Corp Pte Ltd for the issuance and subscription of the preference shares at a subscription price of RM10,000/- per preference share.

(ii) The Company and Saudagar Handal Sdn Bhd (“SHSB”) had on 30 March 2018 entered into a Joint Venture and Shareholders’ Agreement (“JVSA”) to enter into a joint venture through Dolphin SH Sdn Bhd (“DSHSB”) and to put into effect and regulate their respective relationship as shareholders of DSHSB.

41. 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 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 systems 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 the 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

The total of segments assets are measured based on all assets of a segment other than current tax assets and investment in an associate, as included in the internal reports that are reviewed by the Group Managing Director.

Segment liabilities

The total of segment liabilities are measured based on all liabilities of a segment other than provision of retirement benefits, current and deferred tax liabilities as included in the internal reports that are reviewed by the Group Managing Director.

41. SEGMENT INFORMATION (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	Note	Consolidation RM
2017						
Revenue						
Segment revenue	3,967,684	6,673,581	-	-	(a)	10,641,265
Inter-segment revenue	15,763,212	1,105,810	40,000	(16,909,022)		-
	19,730,896	7,779,391	40,000	(16,909,022)		10,641,265
Results						
Segment (loss)/profit	(54,859,711)	(2,577,363)	(8,691,815)	8,187,914	(b)	(57,940,975)
Net assets						
Current tax assets	599,608	208,587	-	-		808,195
Segment assets	86,880,182	18,425,897	73,074,938	(91,895,476)		86,485,541
Total segment assets	87,479,790	18,634,484	73,074,938	(91,895,476)	(c)	87,293,736
Current tax liabilities	-	(18,764)	-	-		(18,764)
Deferred tax liabilities	(173,017)	(57,438)	-	-		(230,455)
Provision for retirement benefits	-	(21,984)	-	-		(21,984)
Segment liabilities	(61,350,760)	(20,095,706)	(6,598,917)	27,172,606		(60,872,777)
Total segment liabilities	(61,523,777)	(20,193,892)	(6,598,917)	27,172,606	(c)	(61,143,980)
Total segment net assets	25,956,013	(1,559,408)	66,476,021	(64,722,870)		26,149,756

41. SEGMENT INFORMATION (Continued)

(a) **Operating segment (Continued)**

	Provision of milling systems and solutions RM	Supply of parts and maintenance services RM	Investment holdings and management services RM	Adjustments and eliminations RM	Note	Consolidation RM
2017						
Other information (continued)						
Deposit written off	9,583	3,213	-	-		12,796
Depreciation for property, plant and equipment	747,519	285,482	-	-		1,033,001
Depreciation of investment property	-	-	2,497	-		2,497
Gain on disposal of property, plant and equipment	(110,076)	(112,094)	-	-		(222,170)
Impairment of intangible assets	-	208,913	-	-		208,913
Impairment of Goodwill	-	-	-	20,046		20,046
Interest expenses	1,883,351	641,395	-	-		2,524,746
Interest income	(171,714)	(59,349)	(86,368)	-		(317,431)
Income tax expenses	(9,083)	16,394	-	(656,830)		(649,519)
Inventories written down	-	117,597	-	-		117,597
Provision for doubtful debts	1,420,344	153,146	-	-		1,573,490
Provision for foreseeable loss on receivables	35,642,447	-	-	-		35,642,447
Provision for liquidated and ascertained damages	3,337,248	-	-	-		3,337,248
Provision for retirement benefits	-	4,316	-	-		4,316
Property, plant and equipment written off	10,076	3,393	-	-		13,469
Reversal on impairment loss on investment in an associate	-	-	(54,483)	-		(54,483)
Share of results of an associate, net of tax	-	-	-	(36,485)		(36,485)
Unrealised loss on foreign exchange	278,795	94,619	-	-		373,414

41. SEGMENT INFORMATION (Continued)

(a) Operating segment (Continued)

	Provision of milling systems and solutions RM	Supply of parts and maintenance services RM	Investment holdings and management services RM	Adjustments and eliminations RM	Note	Consolidation RM
2016						
Revenue						
Segment revenue	37,736,476	6,399,743	-	-	(a)	44,136,219
Inter-segment revenue	-	656,393	-	(656,393)		-
Results						
Segment (loss)/profit	(4,419,293)	1,397,866	(1,797,573)	300,000	(b)	(4,519,000)
Net assets						
Current tax assets	-	5,310	-	-		5,310
Investment in an associate	-	-	150,300	(36,485)		113,815
Segment assets	151,458,746	14,316,110	71,837,474	(94,546,809)		143,065,521
Total segment assets	151,458,746	14,321,420	71,987,774	(94,583,294)	(c)	143,184,646
Current tax liabilities	(995,194)	(67,676)	-	-		(1,062,870)
Deferred tax liabilities	(114,782)	(25,934)	-	(656,830)		(797,546)
Provision for retirement benefits	-	(19,983)	-	-		(19,983)
Segment liabilities	(91,240,662)	(16,628,419)	(748,860)	46,448,980		(62,168,961)
Total segment liabilities	(92,350,638)	(16,742,012)	(748,860)	45,792,150	(c)	(64,049,360)
Total segment net assets	59,108,108	(2,420,592)	71,238,914	(48,791,144)		79,135,286

41. SEGMENT INFORMATION (Continued)

(a) Operating segment (Continued)

	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
2016					
Other information					
Amortisation of intangible asset	-	-	-	164,321	164,321
Capital expenditures	11,505,414	2,785,095	-	-	14,290,511
Depreciation for property, plant and equipment	931,730	158,236	-	-	1,089,966
Depreciation of investment property	-	-	2,497	-	2,497
Gain on disposal of property, plant and equipment	(374)	(85)	-	-	(459)
Impairment loss on investment in an associate	-	-	57,450	-	57,450
Impairment loss on property, plant and equipment	84,609	19,117	-	-	103,726
Impairment loss on trade receivable	-	294,375	-	-	294,375
Interest expenses	3,144,498	351,386	-	-	3,495,884
Interest income	(169,734)	(26,887)	(311,623)	-	(508,244)
Income tax expenses	370,881	72,485	-	(339,991)	103,375
Property, plant and equipment written off	-	104,312	-	-	104,312
Provision for retirement benefits	-	(3,218)	-	-	(3,218)
Share of results of an associate, net of tax	-	-	-	15,000	15,000
Unrealised loss/(gain) on foreign exchange	302,142	(2,500)	-	-	299,642

41. SEGMENT INFORMATION (Continued)

(a) **Operating segment (Continued)**

Note:
Nature of elimination to arrive at amounts reported in the consolidated financial statements:

(a) Inter-segment revenue is eliminated in consolidated statements;
(b) Inter-segment expenses are eliminated on consolidation; and
(c) Inter-segment assets and liabilities are eliminated on consolidation.

Geographical information

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

2017	**Revenue RM**	**Non-current assets (exclude financial assets, investment in an associate and deferred tax assets) RM**
Malaysia	9,462,417	60,917,673
Indonesia	1,178,848	162,565
	10,641,265	**61,080,238**

2016	**Revenue RM**	**Non-current assets (exclude financial assets, investment in an associate and deferred tax assets) RM**
Malaysia	42,823,346	40,911,604
Indonesia	1,312,873	318,205
Others	-	-
	44,136,219	**41,229,809**

Information about major customers
For provision of milling systems and solutions segment revenue from three major customers represented RM2,463,642 (2016: RM31,827,201) of the Group total revenue.

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

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 45 to 116 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2017 and of their financial performance and cash flows for the financial year then ended.

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

…………………………………………………………

LOW TECK YIN
Director

…………………………………………………………

HOH YEONG CHERNG
Director

Kuala Lumpur

Date: 27 April 2018

Statutory Declaration

Pursuant to Section 251(1) of the Companies Act 2016

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 financial statements set out on pages 45 to 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
MIA Membership No: 39028

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 27 April 2018.

Before me,

………………………………………………

Commissioner for Oaths

Independent Auditors' Report to the Members of Dolphin International Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dolphin International Berhad, which comprise the statements of financial position as at 31 December 2017 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 45 to 116.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their 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 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

Development costs (Note 4(a) and Note 7 to the financial statements)

The Group has significant balance of development expenditure in relation to the development of automated sterilisation system for palm oil extraction which is yet to be commercialised as at 31 December 2017. There is a risk that the future performance of the assets may not lead to its carrying value being recoverable in full. Our focus has been on the estimated value-in-use from the commercialisation of the automated sterilisation system. Significant judgements arise over the discount rate, gross profit margin and forecast growth rates used in the projection.

Our response:
Our audit procedures included, among others:

- reviewing the cash flows projection in accordance to MFRS 136 Impairment of Assets;
- comparing the Group's assumptions as well as our assessments in relation to key inputs;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions.

Key Audit Matters (Continued)

Revenue and cost of sales recognition from contract works (Note 4(b), Note 25 and Note 26 to the financial statements)

The Group recognises revenue based on the stage of completion for each project contract at the reporting date. Significant judgement is required in the estimation of total project costs. Where the actual total project costs are different from the estimated total project costs, such difference will impact the profit or loss recognised. The amount of revenue and corresponding cost of sales recognised in a financial year on the contract works are dependent on the appropriate assessment and judgement of the directors on the estimated total project revenue and costs to completion.

Our response:
Our audit procedures on the samples of major projects, in particular those material by size which included, among others,

- reviewing directors' assumptions by referring to evidence including historical accuracy of the Group's estimates in previous periods, identification and analysis of changes in assumptions from prior periods, and discussing project progress with project manager; and
- checking the computation of the revenue, cost of sales and foreseeable loss for selected project and considering the implications of identified errors and changes in estimates.

Going concern (Note 2.7 to the financial statements)

The directors have adopted the going concern basis in preparing the financial statements after having prepared a cash flows projection supporting the assertion that the Group will have sufficient resources to continue for a period of at least 12 months from the end of the financial year.

The directors' assessment on the Group's ability to continue as a going concern was an area of focus as the assessment requires the exercise of significant judgment by the directors on assumption supporting the cash flow projection, including the revenue, profit margin and these are fundamental to the appropriateness of the going concern which was adopted for the preparation of the financial statements.

Our response:
Our audit procedures included, among others:

- comparing the Group's assumptions to our assessments in relation to key assumptions to assess their reasonableness and achievability of the forecast;
- testing the mathematical accuracy of the cash flow forecast calculation;
- performing stress test on cash flows forecast; and
- assessing the appropriateness of disclosures in the financial statements.

Key Audit Matters (Continued)

Trade receivables (Note 4 (c) and Note 11 to the financial statements)

We focused on this area because the directors made significant judgements over both the events or changes in circumstances indicating that trade receivables are impaired and the estimation of the size of any such impairment. The trade receivables are monitored individually by management and therefore the impairment is assessed based on knowledge of each individual receivables.

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Our response:

Our audit procedures included, among others:

- understanding significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection reports prepared by the Group;
- obtaining confirmation of balances from selected samples of receivables;
- reviewing subsequent receipts, customer correspondences, and considering explanation on recoverability with significantly past due balances; and
- assessing the reasonableness of impairment charges for identified credit exposures.

The Company

Investment in subsidiaries and amount owing by subsidiaries (Note 4(d) and Note 8 to the financial statements)

The Company determines whether there is any indication or objective evidence of impairment for investment in subsidiaries and amount owing by subsidiaries. The recoverable amount of investment in certain subsidiaries and amount owing by certain subsidiaries were determined based on value-in-use which involves exercise of significant judgement of the directors on the discount rates applied and the assumptions supporting the underlying cash flows projections which include future sales, gross profit margin and operating expenses.

Our response:

Our audit procedures included, among others:

- comparing the actual results with previous budget to assess the performance of the business and historical accuracy of the projections;
- comparing the Group's assumptions as well as our assessments in relation to key inputs;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that 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 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

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Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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. 02916/03/2020 (J)
Chartered Accountant

Kuala Lumpur

Date: 27 April 2018

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 2017 (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	1,653
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	192
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.	1,891
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.	4,222
20, Jalan Industri PBP 8, Taman Industri Pusat Bandar Puchong, 47100 Puchong, Selangor Darul Ehsan.	19 Nov 2015	Freehold	2,462.77	2 storey factory cum 3 storey office building erected thereon all that piece of industrial land. Currently vacant.	13,207

Analysis of Shareholdings

ANALYSIS OF SHAREHOLDINGS AS AT 12 APRIL 2018

Issued and fully paid-up share capital	:	RM48,784,502
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	:	1,745

DISTRIBUTION OF SHAREHOLDINGS AS AT 12 APRIL 2018

Size of Shareholdings	No. of Shareholders	Holdings	Total Holdings %
Less than 100 shares	6	190	0.00
100 to 1,000 shares	117	69,579	0.03
1,001 to 10,000 shares	601	3,971,400	1.63
10,001 to 100,000 shares	787	32,677,600	13.38
100,001 to less than 5% of issued shares	232	114,036,200	46.70
5% and above of issued shares	2	93,445,041	38.27
Total	**1,745**	**244,200,010**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS AT 12 APRIL 2018
(In accordance with the Register maintained pursuant to Section 144 of the Companies Act, 2016)

Name of Shareholder		Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1	Low Teck Yin	46,632,514	19.10	-	-
2	Hoh Yeong Cherng	46,812,527	19.17	(1)484,500	0.20
3	Hoh Kok Wah	25,000	0.01	(2)47,272,027	19.36
4	Hoh Yeong Jian	459,500	0.19	(3)46,837,527	19.18

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 12 APRIL 2018 (Continued)
(Without aggregating securities from different securities accounts belonging to the same person)

No	Shareholders	No. of Shares Held	% of Total Issued Shares
1.	Maybank Securities Nominees (Tempatan) Sdn Bhd – Pledged securities account for Hoh Yeong Cherng	19,260,000	7.89
2.	Maybank Securities Nominees (Tempatan) Sdn Bhd – Pledged securities account for Low Teck Yin	18,680,000	7.65
3.	Amsec Nominees (Tempatan) Sdn Bhd – Pledged securities account for Hoh Yeong Cherng	11,900,000	4.87
4.	Amsec Nominees (Tempatan) Sdn Bhd – Pledged securities account for Low Teck Yin	11,900,000	4.87
5.	Amsec Nominees (Tempatan) Sdn Bhd – Pledged securities account – Ambank (M) Berhad for Low Teck Yin	6,400,000	2.62
6.	Amsec Nominees (Tempatan) Sdn Bhd – Pledged securities account – Ambank (M) Berhad for Hoh Yeong Cherng	6,400,000	2.62
7.	Zaiton Binti Mohd Hassan	5,200,000	2.13
8.	Low Teck Yin	5,152,514	2.11
9.	Amsec Nominees (Tempatan) Sdn Bhd – MTrustee Berhad for Pacific Pearl Fund	4,924,000	2.02
10.	Public Nominees (Tempatan) Sdn Bhd – Pledged securities account for Chong Yong Fatt	4,864,400	1.99
11.	Hoh Yeong Cherng	4,702,527	1.93
12.	Alliancegroup Nominees (Tempatan) Sdn Bhd – Pledged securities account for Hoh Yeong Cherng	4,550,000	1.86
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd – Pledged securities account for Low Teck Yin	4,500,000	1.84
14.	Maybank Nominees (Tempatan) Sdn Bhd – Pledged securities account for Ang He Yam	3,650,000	1.49
15.	SJ Sec Nominees (Tempatan) Sdn Bhd – Pledged securities account for Francis Ho Ik Sing	3,296,300	1.35
16.	Public Nominees (Tempatan) Sdn Bhd – Pledged securities account for Tan Hock Chai	2,855,000	1.17
17.	Tan Cheu Khea	2,675,500	1.10
18.	Lim Thou Tun	2,244,950	0.92
19.	Lim Zhi Hui	2,090,950	0.86
20.	Sim Mui Khee	1,938,000	0.79
21.	TA Nominees (Tempatan) Sdn Bhd – Pledged securities account for Lee Swee Huat	1,894,600	0.78
22.	Public Nominees (Tempatan) Sdn Bhd – Pledged securities account for Tee Kim Hew	1,831,700	0.75
23.	Ang Yin Keong	1,480,000	0.61
24.	Seow Lan Thye	1,457,000	0.60
25.	RHB Nominees (Tempatan) Sdn Bhd – Pledged securities account for Ooi Gim Eng	1,345,500	0.55
26.	Anthony Abang	1,270,000	0.52
27.	Ang Yee Hock	1,260,000	0.52
28.	Chen Lai Li	1,191,300	0.49
29.	Maybank Nominees (Tempatan) Sdn Bhd – Pledged securities account for Yeoh Hock Hwa	1,165,100	0.48
30.	Dolly Ung Suan Sim	1,097,000	0.45
Total		**141,176,341**	**57.81**

Analysis of Warrant Holdings

ANALYSIS OF WARRANTHOLDINGS AS AT 12 APRIL 2018

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	:	988	

ANALYSIS BY SIZE OF WARRANT HOLDINGS (WARRANTS 2016/2021) AS AT 12 APRIL 2018

Size of Warrant holdings	No. of Warrant Holders	Holdings	Total Holdings %
Less than 100 warrants	80	3,397	0.01
100 to 1,000 warrants	164	87,480	0.16
1,001 to 10,000 warrants	372	1,426,525	2.57
10,001 to 100,000 warrants	264	11,069,700	19.95
100,001 to less than 5% of issued warrants	107	38,412,900	69.21
5% and above of issued warrants	1	4,500,000	8.11
Total	**988**	**55,500,002**	**100.00**

Analysis of Warrant Holdings (Continued)

THIRTY (30) LARGEST WARRANT HOLDERS AS AT 12 APRIL 2018
(Without aggregating securities from different securities accounts belonging to the same person)

No	Warrant holders	No. of Warrants Held	% of Total Issued Warrants
1.	Alliancegroup Nominees (Tempatan) Sdn Bhd – Pledged Securities account for Kong Kok Choy	4,500,000	8.11
2.	Lim Kwan Joo	1,372,700	2.47
3.	Ong Weng Hoong	1,321,300	2.38
4.	Zaiton Binti Mohd Hassan	1,300,000	2.34
5.	Ang Yee Hock	1,200,000	2.16
6.	Tan Hwe Chin	1,128,250	2.03
7.	Lina Yek	1,064,100	1.92
8.	Chiang Saw Chaw	1,000,000	1.80
9.	AMSEC Nominees (Tempatan) Sdn Bhd – MTrustee Berhad for Pacific Pearl Fund	909,850	1.64
10.	Lim Keng Jin	906,200	1.63
11.	Ang Yin Keong	850,000	1.53
12.	Tan Meng Hooi	820,000	1.48
13.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Siang Ping	800,000	1.44
14.	Public Nominees (Tempatan) Sdn Bhd – Pledged securities account for Chong Yong Fatt	729,900	1.32
15.	Alliancegroup Nominees (Tempatan) Sdn Bhd – Pledged securities account for Chua Boon Yong	700,000	1.26
16.	Ang Yee Sing	700,000	1.26
17.	Ching Ai Tiang	667,000	1.20
18.	HLIB Nominees (Tempatan) Sdn Bhd – Pledged securities account for Boon Kim Yu	624,300	1.12
19.	Maybank Nominees (Tempatan) Sdn Bhd –Chu Moon Yew	591,025	1.06
20.	Alliancegroup Nominees (Tempatan) Sdn Bhd – Pledged securities account for Goh Kim Choon	582,300	1.05
21.	Loh Yoon Shya	578,000	1.04
22.	Goh Hong Hwa	567,000	1.02
23.	Lim Si Xian	549,500	0.99
24.	Tan Kok Hwa	519,300	0.94
25.	Lee Chee Kiat	500,000	0.90
26.	Liew Sin Woh	500,000	0.90
27.	Teh Boon Thong	500,000	0.90
28.	Public Nominees (Tempatan) Sdn Bhd – Pledged securities account for Gan Chen Liam	480,000	0.86
29.	Chong Yong Fatt	449,425	0.81
30.	Lim Kang Pow	431,250	0.78
Total		**26,841,400**	**48.36**

Statement of Directors' Shareholdings and Warrant Holdings

DIRECTORS' SHAREHOLDINGS AS AT 12 APRIL 2018

(In accordance with the Register maintained pursuant to Section 144 of the Companies Act 2016)

Name of Director		Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1	Low Teck Yin	46,632,514	19.10	-	-
2	Hoh Yeong Cherng	46,812,527	19.17	(1)484,500	0.20
3	Datuk Zaiton Binti Mohd Hassan	5,200,000	2.13	-	-
4	Dr Abdul Azis Bin Ariffin	100,000	0.04	-	-
5	Kamaruddin Bin Osman	100,000	0.04	-	-
6	Lee Yow Fui	100,000	0.04	-	-

(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 12 APRIL 2018

(In accordance with the Register maintained pursuant to Section 144 of the Companies Act, 2016)

Name of Director		Direct Interest		Indirect Interest	
		No. of Warrants	%	No. of Warrants	%
1	Low Teck Yin	28	00.00	-	-
2	Hoh Yeong Cherng	31	00.00	(1) 75	0.00
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.

DOLPHIN INTERNATIONAL BERHAD
(Company No. 1001521-X)
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of **DOLPHIN INTERNATIONAL BERHAD** (Company No.: 1001521-X) will be held at Lily I, Level 01, Hotel Bangi Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Friday, 8 June 2018 at 10.00 a.m. for the following purposes: -

ORDINARY BUSINESS:-

1.	To receive the Audited Financial Statements for the year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon.	**Please refer to Note 1**
2.	To approve the payment of Directors' fees and benefits for Non-Executive Directors amounting to RM277,000 for the financial year ended 31 December 2017.	*Resolution 1*
3.	To approve the payment of Directors' fees and benefits of up to RM416,500 for the Non-Executive Directors for the period from 1 January 2018 until the conclusion of the next Annual General Meeting.	*Resolution 2*
4.	To re-elect the following Directors who retire by rotation pursuant to Article 99 of the Company's Constitution:-	
	a) Datuk Zaiton Binti Mohd Hassan	*Resolution 3*
	b) Mr. Low Teck Yin	*Resolution 4*
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 5*

SPECIAL BUSINESS:-

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

6. **ORDINARY RESOLUTION** *Resolution 6*
   - **Authority for Directors to allot and issue shares pursuant to Section 76 of the Companies Act, 2016**

   "THAT pursuant to Section 76 of the Companies Act, 2016 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 Constitution and the Companies Act, 2016.

BY ORDER OF THE BOARD

WONG YOUN KIM (MAICSA 7018778)
Company Secretary

Kuala Lumpur
Date: 30 April 2018

Notes:-

1. *This Agenda item is meant for discussion only as the provision of Section 248(2) of the Companies Act, 2016 does not require a formal approval of the shareholders and hence, is not put forward for voting.*

2. *A member of the Company shall not be entitled to appoint more than two (2) proxies to attend, participate, speak and vote at the same meeting and where the member appoints two (2) proxies to attend, participate, speak and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his/her holdings to be represented by each proxy.*

3. *The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or executed must be deposited at the Company's Registered Office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

4. *Where a member of the Company is an exempt authorized nominee which holds ordinary 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 authorized nominee may appoint in respect of each omnibus account it holds.*

5. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 4 June 2018 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.*

6. ***Explanatory Notes on Special Business***

   Resolution 6 pursuant to Section 76 of the Companies Act, 2016

   The proposed Ordinary Resolution 6 is intended to renew the authority granted to the Directors of the Company at the Fifth Annual General Meeting of the Company held on 20 June 2017 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 shares pursuant to Section 76 of the Companies Act, 2016 under the general authority which was approved at the Fifth Annual General Meeting held on 20 June 2017 and which will lapse at the conclusion of the Sixth Annual General Meeting to be held on 8 June 2018.

   A renewal of this authority is being sought at the Sixth Annual General Meeting to provide flexibility to the Company to undertake future possible fund raising activities, including but not limited to further placement of shares for purpose of funding future investments, working capital and/or acquisitions without having to convene another general meeting.

DOLPHIN INTERNATIONAL BERHAD
(Company No. 1001521-X)
(Incorporated in Malaysia)

FORM OF PROXY

*I/We, ____
(FULL NAME IN BLOCK LETTERS)
of ____
(ADDRESS)
being a member(s) of DOLPHIN INTERNATIONAL BERHAD, hereby appoint ____________________
(FULL NAME)
of ____
(ADDRESS)
or failing him/her, ____
(FULL NAME)
of ____
(ADDRESS)

or failing him/her, the Chairman of the Meeting as *my/our proxy(ies) to vote for *me/us on *my/our behalf at the Sixth Annual General Meeting of the Company to be held at Lily I, Level 01, Hotel Bangi Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Friday, 8 June 2018 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below:
*(*Strike out whichever is not desired)*

(Should you desire to direct your Proxy as to how to vote on the Resolution set out in the Notice of Meeting, please indicate an "X" in the appropriate space. Unless otherwise instructed, the proxy may vote or abstain from voting at his discretion.)

Resolutions		FOR	AGAINST
ORDINARY BUSINESS			
1.	To approve the payment of Directors' fees and benefits for Non-Executive Directors amounting to RM277,000 for the financial year ended 31 December 2017.		
2.	To approve the payment of Directors' fees and benefits of up to RM416,500 for the Non-Executive Directors for the period from 1 January 2018 until the conclusion of the next Annual General Meeting.		
3.	Re-election of Director – Datuk Zaiton Binti Mohd Hassan		
4.	Re-election of Director – Mr. Low Teck Yin		
5.	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		
	SPECIAL BUSINESS		
6.	Authority to Issue Shares Pursuant to Section 76 of the Companies Act, 2016		

Dated this ____________________ day of _______________________2018

No of Ordinary Shares Held:	
CDS Account No.:	
Tel No. (during office hours):	

____

Signature/Common Seal of Shareholder
[* Delete if not applicable]

For appointment of two proxies, percentage of shareholding to be represented by the proxies:-		
	No. of Shares	**Percentage**
Proxy 1		%
Proxy 2		%
Total		100%

Notes:-

1. *A member of the Company shall not be entitled to appoint more than two (2) proxies to attend, participate, speak and vote at the same meeting and where the member appoints two (2) proxies to attend, participate, speak and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his/her holdings to be represented by each proxy.*

2. *The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or executed must be deposited at the Company's Registered Office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

3. *Where a member of the Company is an exempt authorized nominee which holds ordinary 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 authorized nominee may appoint in respect of each omnibus account it holds.*

4. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 4 June 2018 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

DOLPHIN INTERNATIONAL BERHAD
(1001521-X)
LEVEL 2, TOWER 1
AVENUE 5, BANGSAR SOUTH CITY
59200 KUALA LUMPUR

1st fold here

Fold this flap for sealing

Then fold here

AFFIX STAMP

The Company Secretary
Dolphin International Berhad
Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Malaysia

1st fold here

Dolphin International Berhad
(1001521-X)

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