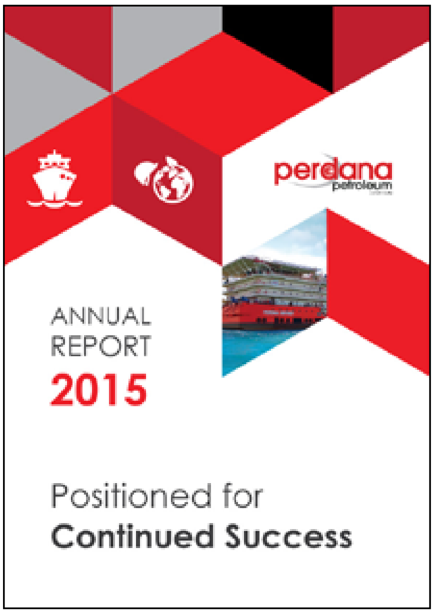
perdana petroleum
(372113-A)

ANNUAL REPORT 2015

Positioned for **Continued Success**

COVER TAGLINE



Positioned for **Continued Success**

VISION

TO BE THE LEADING AND PREFERRED OFFSHORE MARINE OPERATOR FOR THE UPSTREAM OIL & GAS INDUSTRY IN THE REGION

OUR BUSINESS & OPERATIONS

Perdana Petroleum Berhad's ("Perdana" or the "Company") core businesses encompass the provision of offshore marine support services for the upstream oil and gas industry in the domestic and regional markets.

The Company owns and operates a fleet of new-build vessels to support an array of offshore activities from exploration, development, facilities installation, Hook-Up & Commissioning, production, operation and maintenance. Perdana Group's vessels are designed and fitted with modern and reliable international-standard equipment to meet the challenging requirements of the offshore oil and gas industry.

Perdana Group has built a reputation for excellent service in its core activities of providing offshore support to a host of clients. The services rendered include:

(a) workbarges and workboats for on-board accommodation and work facilities for offshore personnel;

(b) towing, mooring and anchoring of non-self-propelled barges and rigs; and

(c) transportation of drilling, production and project materials and chemicals.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Ling Suk Kiong
Executive Chairman

Bailey Kho Chung Siang
Executive Director

Alias Bin Mat Lazin
Non-Independent
Non-Executive Director

Chin Chee Kong
Non-Independent
Non-Executive Director

Wong Ping Eng
Non-Independent
Non-Executive Director

Datuk Dr Abd Hapiz Abdullah
Independent
Non-Executive Director

Datuk Mohd Jafni Bin Mohd Alias
Independent
Non-Executive Director

Dato' Gerald Hans Isaac
Independent
Non-Executive Director

Dato' Selva Kumar A/L Mookiah
Independent
Non-Executive Director

Baharudin Bin Bahari
Independent
Non-Executive Director

Nor Azman Bin Abdullah
Independent
Non-Executive Director

COMPANY SECRETARY

Leong Oi Wah
(MAICSA 7023802)

AUDIT & RISK MANAGEMENT COMMITTEE

Datuk Dr Abd Hapiz Abdullah
Chairman

Datuk Mohd Jafni Bin Mohd Alias
Member

Dato' Selva Kumar A/L Mookiah
Member

Chin Chee Kong
Member

REMUNERATION COMMITTEE

Chin Chee Kong
Chairman

Datuk Ling Suk Kiong
Member

Baharudin Bin Bahari
Member

Nor Azman Bin Abdullah
Member

NOMINATION COMMITTEE

Datuk Mohd Jafni Bin Mohd Alias
Chairman

Chin Chee Kong
Member

Baharudin Bin Bahari
Member

Nor Azman Bin Abdullah
Member

REGISTERED OFFICE & HEADQUARTERS

Unit 2-18-02, Tower 2
VSQ @ PJCC, Jalan Utara
46200 Petaling Jaya
Selangor
Tel : +603 - 7931 8524/ 8424/8324
Fax : +603 - 7931 8624
E-mail : ppb.corporate@perdana.my
Web : www.perdana.my

AUDITORS

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Chartered Accountants
Level 6, Westmoore House
Twin Tower Centre Rock Road
93200 Kuching
Sarawak

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Tel : 03-2783 9299
Fax : 03-2783 9222

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
(127776-V)
CIMB Bank Berhad
(13491-P)
OCBC Bank (Malaysia) Berhad
(295400-W)
Malayan Banking Berhad
(3813-K)
United Overseas Bank
(Malaysia) Bhd
(271809-K)

PRINCIPAL SOLICITORS

Messrs Chris Lim Su Heng
T109, 3rd Floor
Centrepoint Bandar Utama
No. 3, Lebuh Bandar Utama
47800 Petaling Jaya
Selangor

Messrs Adnan Sundra & Low
Level 11, Menara Olympia
No. 8 Jalan Raja Chulan
50200 Kuala Lumpur

Messrs Ranjit Ooi & Robert Low
No. 53, Jalan Maarof
Bangsar
59000 Kuala Lumpur

Messrs. Sidek Teoh Wong & Dennis
Level 32, Menara TH Perdana
1001, Jalan Sultan Ismail
50250 Kuala Lumpur

Messrs Lee Hishammuddin Allen & Gledhill
Level 16, Menara Tokio Marine Life
189, Jalan Tun Razak
50400 Kuala Lumpur

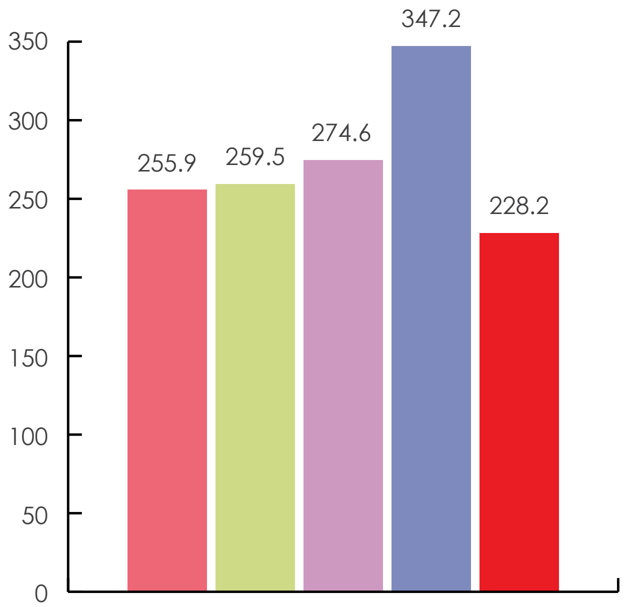
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Sector : Trading/Services
Stock Code : 7108
Stock Name : PERDANA

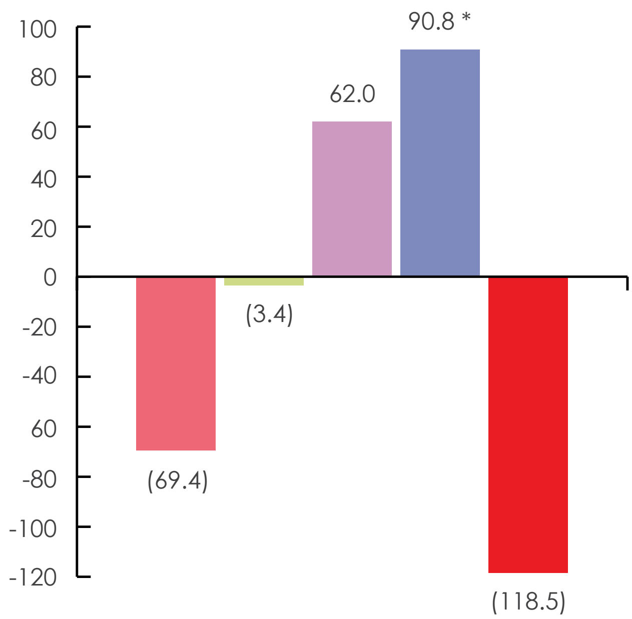
We Think
Regionally

FINANCIAL HIGHLIGHTS

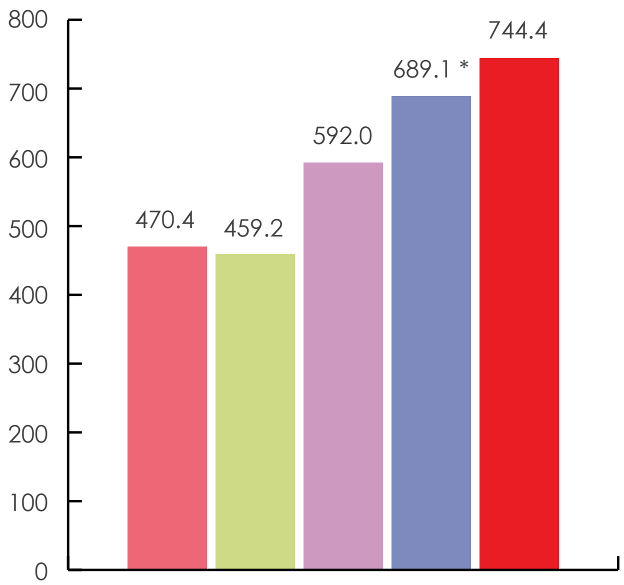
Turnover
(RM' Million)



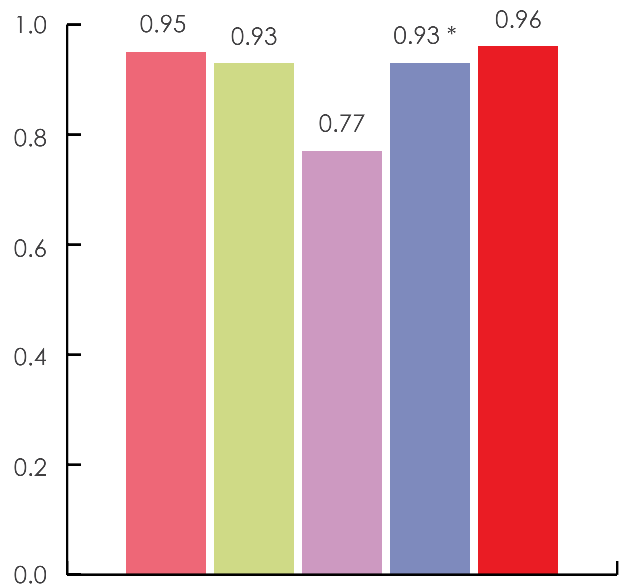
Net Profit/(Loss)
(RM' Million)



Shareholders' Fund
(RM' Million)



Net Assets Per Share
(RM)



2011 2012 2013 2014 2015

* Restated due to prior year adjustments by a subsidiary

Navigating without Barriers

DIRECTORS' PROFILE

DATUK LING SUK KIONG
Executive Chairman

Datuk Ling Suk Kiong, a Malaysian, aged 70, was appointed as a Non-Independent Non-Executive Director of Perdana Petroleum Berhad ("PPB") on 12 December 2012 and subsequently became the Executive Chairman of PPB on 24 August 2015 following the controlling stake obtained via the mandatory general offer by Dayang Enterprise Holdings Berhad ("DEHB" or "Dayang Group").

He is the founder of Dayang Group. He established Dayang Enterprise Sdn Bhd in 1980 and has been instrumental in the growth and development of Dayang Group. He brings with him more than thirty (30) years of experience in the oil and gas industry and is mainly responsible for the overall strategic business direction of Dayang Group.

His career started in 1968 when he joined Kong Thai Sawmill (M) Sdn Bhd as Officer in Charge of the Miri office. He was subsequently promoted to Assistant Manager in 1969 and in 1977, he was again promoted to Manager at Kong Thai Sawmill (M) Sdn Bhd. He subsequently went on to establish Dayang Group in 1980 and is presently the Executive Deputy Chairman of DEHB.

He does not have any family relationships with any member of the Board or major shareholder of PPB. He does not have any conflict of interest with PPB and neither has he been convicted of any offence within the past 10 years.

DIRECTORS' PROFILE
(cont'd)

BAILEY KHO CHUNG SIANG
Executive Director

Bailey Kho Chung Siang, a Malaysian, aged 55, was appointed as a Non-Independent Non-Executive Director of Perdana Petroleum Berhad ("PPB") on 12 December 2012. On 24 August 2015 he was re-designated as the Executive Director of PPB following the mandatory general offer by Dayang Enterprise Holdings Berhad ("DEHB" or "Dayang Group").

He graduated in 1984 from the University of Canterbury, New Zealand with a Bachelor of Commerce degree. He began his career in 1985 when he joined Hanafiah Raslan Mohammad as an Audit Semi-Senior Officer. Subsequently in 1986, he took up the position as manager with Tan Jin Kok & Co. (now known as Crowe Horwath) and was appointed as Director with TJK Taxation and Management Services Sdn Bhd in 1989.

In 1991, he joined Bumi Armada Navigation Sdn Bhd as Finance Manager and as Company Secretary of Bumi Armada Berhad. In 1997, he left and joined Oleander Enterprise Sdn Bhd as Personal Assistant to the Chairman. In 1999, he left and took up the position as Associate Consultant with TJK Taxation and Management Services Sdn Bhd before joining Dayang Enterprise Sdn Bhd as the Financial Controller in 2000.

He brings with him many years of experience in the field of finance and accounting. He is currently the Head of Corporate Affairs and Joint Company Secretary of DEHB and its subsidiaries, having assumed this position in 2008 and is responsible for overseeing the financial and secretarial aspects of Dayang Group.

He does not have any family relationships with any member of the Board or major shareholder of PPB. He does not have any conflict of interest with PPB and neither has he been convicted of any offence within the past 10 years.

DIRECTORS' PROFILE
(cont'd)

ALIAS BIN MAT LAZIN
Non-Independent Non-Executive Director

Alias bin Mat Lazin, a Malaysian, aged 47, was appointed as a Non-Independent Non-Executive Director of Perdana Petroleum Berhad ("PPB") on 10 September 2015.

He graduated in 1994 from the Hanyang University of South Korea with a Bachelor Degree of Mechanical Engineering. In 2014, he obtained his Master in Project Management from the University of Technology Malaysia and became a Graduate Member of Board of Engineers Malaysia.

He began his career with Hyundai Engineering & Construction Co. Ltd in Kerteh and was responsible for the company's business development of the plant division project. In 1996, he joined Projass Enecorp Sdn Bhd as Project Engineer. He was later re-designated as Quantity Surveyor cum Project Coordinator. In 2001, he joined OGP Technical Services Sdn Bhd as Project/Field Engineer and in 2002, he joined Haven Engineering Sdn Bhd as Work Pack Team Leader cum Assistant Project Manager. He later joined Ramunia Fabricators Sdn Bhd as Project Manager from 2004 to 2008. He is currently the Senior Project Manager of Dayang Enterprise Sdn Bhd overseeing all operational activities in the upstream and downstream contracts for Peninsular Malaysia operations.

He does not have any family relationships with any member of the Board or major shareholder of PPB. He does not have any conflict of interest with PPB and neither has she been convicted of any offence within the past 10 years.

DIRECTORS' PROFILE
(cont'd)

CHIN CHEE KONG
Non-Independent Non-Executive Director

Chin Chee Kong, a Malaysian, aged 58, was appointed as a Non-Independent Non-Executive Director of Perdana Petroleum Berhad ("PPB") on 1 October 2015.

He joined Peat Marwick Mitchell & Co (now known as KPMG) in Kuala Lumpur, Malaysia on 2 February 1979 as an audit junior. KPMG registered him as an articled student with The Malaysian Association of Certified Public Accountants (now known as The Malaysian Institute of Certified Public Accountants or "MICPA") in the second half of 1979. After having passed the Foundation and Professional examinations set by MICPA and in the process won all the five (5) gold medals on offer for the Professional I and Professional II examinations, he was seconded to the tax division of KPMG Melbourne, Australia from October 1984 to March 1985. In August 1985, he was transferred to take charge of the Kuching Office of the firm and on 1 October 1990, he was promoted to be a partner of KPMG Malaysia. During his tenure with the firm, he was principally involved in the provision of audit, taxation, financial advisory and corporate advisory services to corporate clients, both public listed and privately held. He retired from KPMG on 31 December 2013. He is also a director of Naim Holdings Berhad and Kebajikan Dayang Fatimah Berhad.

He does not have any family relationships with any member of the Board or major shareholder of PPB. He does not have any conflict of interest with PPB and neither has he been convicted of any offence within the past 10 years.

DIRECTORS' PROFILE
(cont'd)

WONG PING ENG
Non-Independent Non-Executive Director

Wong Ping Eng, a Malaysian, aged 42, was appointed as a Non-Independent Non-Executive Director of Perdana Petroleum Berhad ("PPB") on 10 September 2015.

She holds a Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College, Kuala Lumpur. She is a Certified Accountant with the Malaysian Institute of Accountants ("MIA") and Association of Chartered and Certified Accountants ("ACCA"). She has more than fifteen (15) years of experience in the financial and accounting field. She started her career as an Audit Assistant at KPMG Kuching from September 1997 until December 2000.

Later, she joined Naim Holdings Berhad ("Naim") as an Accountant overseeing the Accounts Department in Miri until June 2004. In July 2004 to July 2008, she was appointed as the Operations Manager for Naim's Bandar Baru Permyjaya project in Miri where she was responsible for managing the entire Miri operations. In July 2008, she was promoted to Vice President - Finance and Accounts to oversee Naim's Finance and Accounts Division. She was subsequently promoted to Deputy Director, Finance and IT Division, and in August 2012, she was again promoted, to Senior Director for the Group Support Division comprising of Finance & Accounts, Administration, Human Resource and Information Technology. She was appointed as Executive Director of Naim on 29 November 2012 and on 9 January 2013, she was re-designated to Deputy Managing Director.

She does not have any family relationships with any member of the Board or major shareholder of PPB. She does not have any conflict of interest with PPB and neither has he been convicted of any offence within the past 10 years.

DATUK DR ABD HAPIZ BIN ABDULLAH

Independent Non-Executive Director

Datuk Dr Abd Hapiz Abdullah, a Malaysian, aged 58, was appointed as a Independent Non-Executive Director of Perdana Petroleum Berhad ("PPB") on 10 September 2015.

He graduated with a Doctor of Philosophy in Organic Chemistry from Utah State University, USA Bachelor of Science in Chemistry from University of Nevada, USA. He also obtained the Associate Fellow Engineers by the Institution of Chemical Engineers in March 2012.

He had more than thirty (30) years of technical, marketing, business development and management in the chemical manufacturing industry. In 1985, he joined Dow Chemical Malaysia and held several positions including Regional Asia Pacific Technical Manager and Regional Asia Pacific Marketing Manager for Dow Chemical Polyolefin Asia Pacific. From 1995 to March 2011, he was with Dupont Malaysia Sdn Bhd ("Dupont"). During that period, he held several senior positions including General Manager for Malaysia, and in 1999, he was the Managing Director of Dupont and Regional Manager, Asia Pacific Packaging & Industrial Polymer. His last position in Dupont was as Managing Director and Regional Director, Asia Pacific Glass Laminating Solution, a position he held since 2007. He joined Petronas Chemicals Group Berhad ("PCG") as President/CEO in May 2011. He was a member of the Board of Directors of several companies within PCG's group of companies. He retired in May 2014, however, he continues to sit on the board of PCG's subsidiary companies. He also sits on the board of BiotechCorp Malaysia and is the Chairman of the Chemical Industry Council of Malaysia.

He does not have any family relationships with any member of the Board or major shareholder of PPB. He does not have any conflict of interest with PPB and neither has he been convicted of any offence within the past 10 years.

DIRECTORS' PROFILE
(cont'd)

DATUK MOHD JAFNI BIN MOHD ALIAS
Independent Non-Executive Director

Datuk Mohd Jafni bin Mohd Alias, a Malaysian, aged 50, was appointed as an Independent Non-Executive Director of Perdana Petroleum Berhad ("PPB") on 1 October 2015.

He is a graduate of the Chartered Institute of Management Accountants ("CIMA").

He is the shareholder and co-founder of Vida Partners Sdn Bhd ("Vida Partners"). Vida Partners is a private equity and venture capital management company registered with the Securities Commission Vida Partners currently manages funds for institutions, corporations and high net worth individuals. He was previously the Director of Commerce Asset Ventures Sdn Bhd ("Commerce-Ventures") and a senior member of its Management Committee during which he served as Director for numerous portfolio companies under Commerce-Ventures and has twenty-three (23) years of experience in investment, capital market, corporate finance and portfolio management. Before joining Commerce-Ventures, he worked with Commerce International Merchant Bankers Berhad (now known as CIMB Group).

He does not have any family relationships with any member of the Board or major shareholder of PPB. He does not have any conflict of interest with PPB and neither has he been convicted of any offence within the past 10 years.

DIRECTORS' PROFILE
(cont'd)

DATO' GERALD HANS ISAAC
Independent Non-Executive Director

Dato' Gerald Hans Isaac, a Malaysian, aged 44, was appointed as an Independent Non-Executive Director of Perdana Petroleum Berhad ("PPB") on 1 October 2015.

He graduated with a Bachelor of Business Management in Singapore from the Institute of Commerce. He also obtained a Bachelor of Hotel Management from Stamford College.

He is the founder and Managing Director of Tall Order Sdn Bhd (formerly known as Tall Order Productions Sdn Bhd), a company currently providing funding for creative projects and mentorship programs. He is also a Managing Director of Social 360 Sdn Bhd, a company involved in security and insurance for both social media and telecommunication companies, and a Director of HIP Intergrasi Sdn Bhd, a property management company.

He does not have any family relationships with any member of the Board or major shareholder of PPB. He does not have any conflict of interest with PPB and neither has he been convicted of any offence within the past 10 years.

DIRECTORS' PROFILE
(cont'd)

DATO' SELVA KUMAR A/L MOOKIAH
Independent Non-Executive Director

Dato' Selva Kumar a/l Mookiah, a Malaysian, aged 48, was appointed as an Independent Non-Executive Director of Perdana Petroleum Berhad ("PPB") on 1 October 2015.

He graduated with a Bachelor of Law from the University of London.

He has twenty (20) years of experience in providing a comprehensive range of legal services and solutions to domestic and international clients. International and cross-border work forms an important part of his practice.

His clients are private and public listed companies from Malaysia and non-government organisations in all sectors of the economy. He advises on cross border corporate and commercial transactions, civil and corporate litigation, legal forensic audit and due diligence services, international joint ventures, corporate restructuring, conveyancing, banking practices, company regulatory compliance, company secretarial requirements and listing requirements of Bursa Malaysia. He represents clients in litigation and provides dispute resolution advice in all these areas.

He also represents his clients in their dealings with the government regulatory authorities, such as the Attorney General's Chambers, the Malaysian Anti-Corruption Agency, the Malaysian Communications and Multimedia Commission, the Company Commission of Malaysia, the SC, Bursa Malaysia, and the Commercial Crime Police Department.

In addition, he is also an appointed notary public.

He does not have any family relationships with any member of the Board or major shareholder of PPB. He does not have any conflict of interest with PPB and neither has he been convicted of any offence within the past 10 years.

DIRECTORS' PROFILE
(cont'd)

BAHARUDIN BIN BAHARI
Independent Non-Executive Director

Baharudin bin Bahari, a Malaysian, aged 43, was appointed as an Independent Non-Executive Director of Perdana Petroleum Berhad ("PPB")on 1 October 2015.

He graduated with a Bachelor of Science in Chemistry from University of Dundee, Scotland, United Kingdom.

He started his career as an Analytical Chemist with Consolidated Laboratory Sdn Bhd in year 1997. He then joined Nalco Chemical (Malaysia) Sdn Bhd with the last position held as Senior Manager in year 2003. He joined Sure Plus Technology Sdn Bhd as the Chief Executive Officer ("CEO") from 2003 to 2007. He is currently the CEO of Doite Malaysia Sdn Bhd.

He does not have any family relationships with any member of the Board or major shareholder of PPB. He does not have any conflict of interest with PPB and neither has he been convicted of any offence within the past 10 years.

DIRECTORS' PROFILE
(cont'd)

NOR AZMAN BIN ABDULLAH
Independent Non-Executive Director

Nor Azman bin Abdullah, a Malaysian, aged 50, was appointed as an Independent Non-Executive Director of Perdana Petroleum Berhad ("PPB")on 1 October 2015.

He graduated with a Bachelor (Hons) Computer Science from Universiti Kebangsaan Malaysia.

He is the co-founder/owner of IT Capital Resources Sdn Bhd, an information technology infrastructure services company. As the Director since 2000, En Azman is responsible for all business strategies, directions and performances of all subsidiaries. Prior to setting up the company, he was a General Manager at Dataprep Malaysia Berhad for more than ten (10) years.

He does not have any family relationships with any member of the Board or major shareholder of PPB. He does not have any conflict of interest with PPB and neither has he been convicted of any offence within the past 10 years.


perdana
PERDANA ODYSSEY

Moving Forward

Focused Growth

EXECUTIVE CHAIRMAN'S MESSAGE

DEAR VALUED SHAREHOLDERS,

I took over the role as Chairman together with a substantially new Board of Directors in October 2015 after Dayang Enterprise Holdings Berhad ("Dayang" or "Dayang Group") became a controlling shareholder of Perdana Petroleum Berhad ("Perdana" or "Perdana Group" or "Group"). As a player who has been in the oil and gas industry for more than three decades, this is probably the worst timing to be sitting in this Chair and having to present to you Perdana's Annual Report for a dismal financial year ended 31 December 2015.

DATUK LING SUK KIONG
Executive Chairman

EXECUTIVE CHAIRMAN'S MESSAGE
(cont'd)

Last year presented a difficult trading environment for the Offshore Supply Vessel ("OSV") market as we saw the continued plunge of the crude oil price from US$100 per barrel in January 2014 to only around US$33 per barrel as at 3 March 2016. Consequently, Exploration & Production companies responded by slashing their capital expenditure ("CAPEX") and operating expenditure ("OPEX") budgets, thereby reducing the demand for OSV in the near future. The South East Asian market in particular is currently facing an oversupply of OSVs due to this reduced demand leading to weak utilisation levels and discounted charter rates across the industry.

Business Review

In May 2015, our major shareholder, Dayang initiated a Mandatory General Offer ("MGO") which resulted in Dayang acquiring a 94.8% stake in Perdana upon completion of the takeover in August 2015. Subsequently, a right-sizing and restructuring of management was carried out which led to a reduction in the number of onshore office based staff down from 139 to 49 personnel. This right-sizing was a necessary optimisation in order to ensure that we will be able to manage our overhead costs to sustain through the current downturn.

The strategic alliance between Dayang Group and Perdana Group is envisaged to contribute positively to the performance of both companies going forward, as the merger of Perdana's business with Dayang Group has placed Perdana Group in a better position in terms of ensuring that the vessels owned by Perdana will be chartered and qualified to bid for more offshore maintenance works and to permit both groups of companies to control their operating

EXECUTIVE CHAIRMAN'S MESSAGE

(cont'd)

costs in a more efficient way. This consolidation would invariably generate a more competitive edge over our competitors and ensure our sustainability in this sector of the industry in the near and long term.

Operational Review

Operationally, Perdana owns and operates the same fleet of seventeen (17) vessels in 2015, consisting of eight (8) Anchor Handling Tug Supply Vessels ("AHTS"), seven (7) Accommodation Work Barges ("AWB") and two (2) Workboats ("WB"). Due to the aforementioned decrease in OSV demand, vessels' average utilisation rates have fallen from 92% in 2014 to 63% in 2015. We aim to increase our vessel average utilisation rate in 2016 to a better level.

Two additional 500-men capacity AWBs were ordered in June 2014 and were supposed to be added to our fleet in 2016. However, accepting the delivery of these vessels will incur additional operating costs and finance costs for servicing the loan, putting unnecessary strain on the company's balance sheet and cash flows especially if these new vessels remain idle for a prolonged period. In view of the current market conditions, the Group decided to write off the 20% down payment (worth US$8.4mil) for one of the AWBs in 2015.

Although we are aiming to reduce operating costs, we have not cut any corners where Health, Safety and Environment ("HSE") is concerned. Perdana Group has maintained its stellar HSE record of 5,858,220 man-hours without lost time incident ("LTI") since the last LTI in November 2012. We remain fully committed in achieving zero LTI in all of the Group's operations.

Financial Review

For the financial year ended 31 December 2015, the Group registered a net loss of RM118.5 million due to several underlying factors. Firstly, the significant drop in our vessels' utilisation rate coupled with a drop in charter rates across the industry meant that we only generated revenue of RM228.2 million in 2015 compared to RM347.2 million the year before. This year, aside from increasing our utilisation rate, we will also be trying to streamline our operations in order to contain costs.

In 2015, we were also negatively affected by foreign exchange losses on an unhedged United States Dollar ("US$") loans. We intend to convert these conventional loans to Shariah compliant financings. Approximately up to US$152 million of these conventional loans are intended to be refinanced from the proceeds of the first issuance of Sukuk

Murabahah of up to RM635 million with tenure of up to 12 years. The Sukuk Murabahah will be issued under a Sukuk Murabahah programme which has been lodged by the principal adviser/lead arranger United Overseas Bank (Malaysia) Bhd on 1 April 2016 and we have 60 business days from the date of the said lodgement to make the first issuance of the Sukuk Murabahah under the Sukuk Murabahah Programme.

As mentioned, for the financial year ended 31 December 2015, we had written off US$8.4 million (which is equivalent to RM36.1 million) of the deposit for one of the 500-men capacity AWBs and we have also recognised an impairment loss of RM28.1 million on Property Plant and Equipment. Lastly, there was a one-off cost in October and November for payment of mutual separation schemes due to the right-sizing exercise. No dividends were declared by the Group for 2015. Presently, Perdana Group needs to conserve our cash flows and also to build up our cash reserve so that we can stay afloat better in navigating through the difficult times.

Prospects

Over the last year, the prices of crude oil have been the most volatile since 2008. Such volatilities mean

EXECUTIVE CHAIRMAN'S MESSAGE
(cont'd)

more uncertainties for most economies and more so for the oil and gas operators and service providers, including the OSV players. However, we are confident that the major decisions which we have adopted towards the end of 2015 such as the restructuring of management, the loans refinancing and also restructuring have better prepared us to weather further stormy seas and sustain us through during this prolonged down-cycle.

The Group is looking positively towards attaining better average fleet utilisation rate in 2016 as we are currently exploring other possibilities of tapping into the regional and international markets. We are hopeful that the Group may improve its results to a better position in 2016 through improved efficiencies via continued operational streamlining and newly established synergies with Dayang who are involved in the Hook-Up & Commissioning ("HUC") and Topside Structural Maintenance ("TSM") of the Brownfields market which have been less adversely affected by the downturn.

Moving forward, Perdana Group expects to see oil prices stabilising or even increasing and envisages a pickup in activities in the oil and gas industry from the second half of 2016 onwards as a result of increased offshore marine activities for maintenance work and the strategic synergy with its holding company, Dayang Group. Perdana expects continuous improvements in the number of charter enquiries and higher charter rates both from domestic and regional markets in the coming years. We are confident that our young and versatile fleet will continue to provide the Group with longer term charter opportunities and with better earnings prospects.

EXECUTIVE CHAIRMAN'S MESSAGE
(cont'd)

Corporate Proposal and Listing Status

On 14 May 2015, Perdana received a notice on the proposed MGO from Maybank Investment Bank Berhad on behalf of Dayang. On the close of the Offer on 13 August 2015, Dayang owned a 94.8% controlling stake of Perdana.

Currently, as the shareholding spread of Perdana was less than 10% of the Voting Shares on 14 August 2015, we announced that the trading in all the securities of Perdana would be suspended by Bursa Malaysia Securities Berhad ("Bursa") on 30 September 2015 pursuant to Paragraph 16.02(02) of the Main Market Listing Requirements ("MMLR"). Accordingly, trading in the structured warrants relating to Perdana was also suspended at the same date and time. The suspension would only be lifted by Bursa upon Perdana's full compliance with the public shareholding spread requirements under paragraph 8.02(1) of the MMLR or as may be determined by Bursa.

So far, three (3) extensions of time have been granted by Bursa for Perdana to comply with the public shareholding spread requirement up to 12 August 2016. The trading of our shares continues to remain suspended as the 25% public spread requirements under the listing rules have not been met. We would like to appeal to all shareholders to be patient with us in resolving this issue as Dayang is continuously working on various options to address this matter.

Acknowledgements

On behalf of the Board of Directors, I would like to acknowledge our heartfelt appreciation for the contributions, dedications and commitments of all the remaining management and staff of Perdana Group who choose to continue the journey with us and for displaying strong tenacity and patience no matter how difficult things are under the current business environment. To all our clients, business partners, vendors, suppliers, and financiers, we would like to express our sincere thanks you for your continuous support, cooperation and understanding. We look forward to more of your support going into 2016 and we hope to achieve more by working together.

I would also like to express my sincere appreciation to our new Board members for their perseverance in what have been a truly strenuous year for Perdana Group and the industry as a whole.

Last but not least, thank to you, our valued shareholders, for your loyalty in these challenging times.

Thank you.

DATUK LING SUK KIONG
Executive Chairman


On the Dot. On Course.
On the Move


PERDANA EMERALD

CORPORATE SOCIAL RESPONSIBILITY

The Group firmly believes responsible corporate practices are essential to the sustainability and long-term growth of its business. We remain committed to undertaking exemplary corporate conduct in the creation of sustainable value for all our stakeholders. Our Framework for Sustainability, covering the dimensions of the Workplace, Environment, Community and Marketplace, is subsumed in our corporate culture, as an integral part of our organizational strategy. Priorities in our corporate responsibility ("CR") initiatives are guided by exigencies that are bound by the sustainability framework and available resources.

Health, Safety & Environmental ("HSE") practices

In financial year ended 31 December ("FY2015"), our CR efforts have primarily been to actively promote and prioritise safe working practices and initiatives onboard vessels and office premises. Health, Safety & Environmental ("HSE") practices were placed with utmost importance given the high-risk and hazardous work environment in which we operate. We worked to strengthen the skill set and expertise of our workforce so that they in turn could help us deliver on our CR commitment to our stakeholders. Being the Malaysian leader in our segment of the offshore support vessel business and a respected brand name in our regional market, we have the added responsibility of ensuring we maintain stringent compliance with international HSE standards.

Some of the HSE activities of the Group in FY2015 included:

- Training on permit to work, risk assessment, job safety/hazard analysis coaching and incident investigation for crews;
- Safety induction, introduction and familiarisation on International Safety Management ("ISM") and International Ship and Port Facility Security ("ISPS") for marine crews prior to mobilisation;
- Onshore safety familiarisation for pre-joining crew;
- Conducting a Charterer's Assessment for Top 4;
- Conducting a Ship to Shore drill (table top drill);
- Conducting an emergency drill;
- Safety campaign on Dropped Object and Monsoon for crews onboard vessels and employees;
- Organised Top Management & Management visits to vessels;
- Join Client's Management HSE visit to vessel;
- Conducting ISM & ISPS Internal Audits on vessels;
- Audit by clients;
- Quarterly random drug and alcohol test on crew;
- Continuous updating of the Group's Safety Management Manual and HSE procedures; and
- Risk Management Survey by Hull & Machinery Assurance.

Our emphasis on safety and the environment will not only help strengthen the Perdana Petroleum brand but also Malaysia's international standing in the oil and gas industry. All these will remain priority areas for us as we work towards turning around and moving up to the next level of growth.

COMMUNITY

WORKPLACE

CORPORATE SOCIAL RESPONSIBILITY
(cont'd)

Community

Although the HSE practices have been our emphasis, the Group has not neglected its social responsibility towards the community.

During the FY2015, the Group had contributed philanthropically towards the community in support of the cause to assist women in legal distress.

Workplace

The Group appreciates and recognizes its employees who form the backbone and the pillar of success in the Group. Believing in the strength of its employees who will continue to propel the Group forward towards its journey of success, the Group continues to embark on activities in support of its social objectives towards its employees.

The Group does not have a policy on diversity of gender, ethnicity and age. However, the Group is committed to cultivate a climate of diversity and inclusiveness via our non discriminatory recruitment processes. The Group subscribes to the principle in providing equal opportunity in recruitment, career development, promotion, training and remuneration for all employees across the board regardless of gender, age and ethnicity.

(a) Employee welfare, training and development

The Group continues to invest in its employees via trainings and development initiatives to maintain and improve its employees' skills in meeting long term organisational goals. In this regard, the Group encourages and provides trainings opportunities in support of personal employee lifelong learning and continuous personal development to meet the growing challenges of dynamic and changing workplace expectations.

Throughout the year, employees requiring training were enrolled for courses / seminars / workshops to enhance their competencies and improve their respective field of expertise such as:

- Incoterms 2010 Export & Import Negotiations;
- Basic Hydrogen Safety;
- Sulfide (H2S)Training;
- Ringing and Slinging;
- Internal Auditor ISM-ISPS-MLC for Shipping Companies;

CORPORATE SOCIAL RESPONSIBILITY
(cont'd)

- Ship Security Officer Course;
- Helicopter Landing Officer Initial Training;
- ISM Code and the Designated Person Ashore (DPA) Course;
- Rigger Training (API Approved);
- Basic Food Handling Course;
- Proficiency in Fast Rescue Boats;
- Permit to work;
- Engine Room Resources Management;
- Proficiency in survival craft and rescue boat refresher;
- Advanced firefighting refresher;
- Refresher basic training;
- The Winning Mindset;
- 21st Century Leadership & People Management Skills; and
- Essential Management Skills.

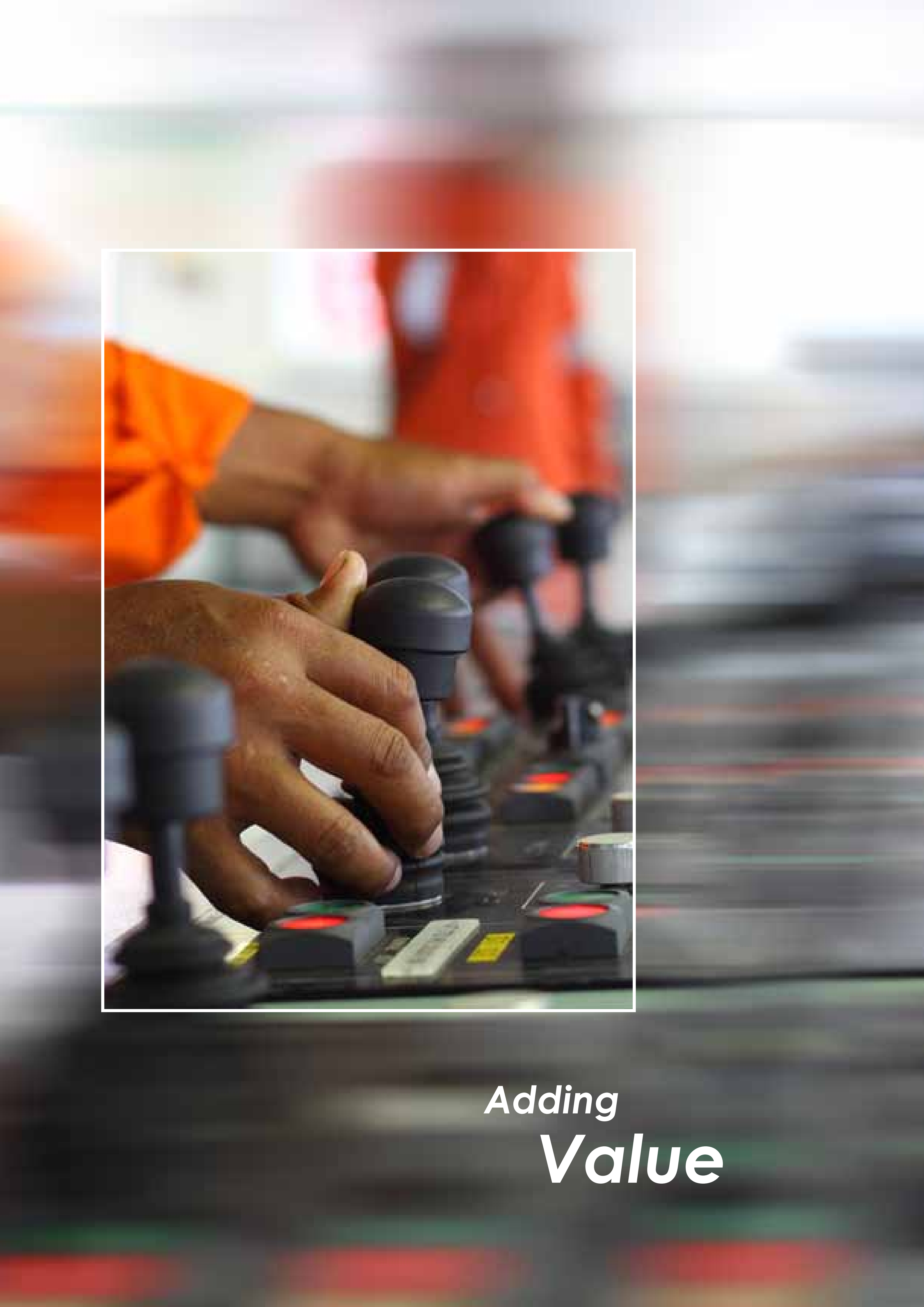
(b) Sports and recreational activities

Throughout the year, some of these initiatives for employees included:

- Staff Appreciation Night held at Eastin Hotel, Petaling Jaya;
- Organising an office-wide games tournament by the Group's Perdana Sport and Recreation Committee ("PSRC") in promoting friendly competition and enhancing employee camaraderie via a 3-set series of games of badminton, table tennis and bowling;
- Aside from the office-wide tournament mentioned above, the PSRC also organised various non-tournament activities such as yoga, badminton, and bowling sessions on a regular basis;
- Sponsorship to staffs' participation for the charity marathon events in Klang Valley;
- The PSRC also organised other regular non sporting recreational activities such as console gaming for gamers after office hours and karaoke sessions for employees;
- During the year also, PSRC organised staff outing to Thistle Port Dickson, Negeri Sembilan and Skytreks Big Thrill challenge, at Taman Botanic Negara Shah Alam, Selangor;
- Ramadhan Buka Puasa held at Impiana KLCC Hotel, Kuala Lumpur;
- Hari Raya Open House and durian feast at office premise; and
- Maintaining a dedicated office gym with various exercise equipment to inculcate fitness and healthy living as a lifestyle amongst employees.

Working

Together...



Adding Value

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors firmly believes that good corporate governance is the key to the improved long-term performance of the Group and that a sound governance structure is fundamental to safeguard the interests of all its stakeholders.

THE BOARD OF DIRECTORS

Size and Composition

The Board currently comprises eleven (11) members of whom two (2) are Executive Directors, including the Executive Chairman, and nine (9) are Non-Executive Directors.

Six (6) of the Non-Executive Directors are independent and meets the Independent Director criteria as set out in the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements.

The Board has assessed and found that the Independent Non-Executive Directors are independent of Management and free from any business or other relationship with the Company which could materially affect the exercise of their independent judgment. The Independent Non-Executive Directors facilitates the Board to exercise objective judgment independently in particular from the Management.

The current composition is well balanced and caters effectively to the scope and complexity of the Group's operations as a leading and preferred offshore marine operator for the upstream oil and gas industry in the region. The Malaysian Code on Corporate Governance 2012 ("MCCG 2012") states that "there should be a clearly accepted division of responsibilities at the head of the company which will ensure a balance of power and authority, such that no one individual has unfettered powers of decision".

The position of Chairman of the Board is currently held by the Executive Director, Datuk Ling Suk Kiong. The Board is aware that this may not be in compliance with the best practices of the MCCG 2012 requiring the roles of Chairman to be held by Independent Non-Executive Director. However, members of the Board are satisfied with the dual role being held by the Executive Chairman in view of his extensive experience, skills, knowledge of proper board procedures and familiarity with the Group's business, industry and services which are invaluable to the Group.

The Board viewed that with the existing Board structure of having six (6) Independent Non-Executive Directors out of eleven (11) Board members is sufficient to provide the necessary checks and balances on the decision making process of the Board. The Independent Directors provide independent and objective judgement as well as impartial opinion on Board deliberations and decision making and significant contributions of the Independent Directors is evidenced on their participation as members of the committees of the Board.

The Board's main duties include regular oversight of the Group's business operations and financial performance and ensuring that the infrastructure, internal controls, and risk management processes are firmly in place to assess and manage business risks, inter-alia, operational, credit, market and liquidity risks. The Board has formalised these duties into a Board Charter and have a Code of Conduct to ensure the implementation of appropriate internal systems to support, promote and ensure its compliance. A whistleblowing policy was also adopted as part of the Company's commitment to the highest standards of professional integrity, ethical behavior, transparency and fair dealing in the conduct of its business.

The Directors discharge their duties as effective Board members with personal dedication of time and ability to bring new and different perspectives to the Board.

The Company does not have a policy on diversity of gender, ethnicity and age. The Board always believes in equality and equal opportunity and does not practice gender discrimination. This is evidenced by the appointment of Ms Wong Ping Eng on 1 October 2015 reflects that the Board recognises the value of a lady member of the Board. The age of the Directors range from 40 to 70 as the Board believes that this creates an environment where each generation brings different skills, experience and talents to the Board.

Board Meetings and Supply of Information

The Board meets regularly, at least once every quarter to review the business and financial performance of the Group.

Members of the Board deliberate and in the process evaluate the potential risks and viability of business propositions and corporate proposals that have significant impact on the Group's business or on its financial position.

The Chairman of the Board Committees will inform the Directors at Board meetings, matters and recommendations which the Board Committees' view ought to be highlighted to the Board.

Board meetings are governed by a structured formal agenda and the agenda for each Board meeting and papers relating to the agenda items are forwarded to all Directors for their perusal in advance of the date of the Board meeting. Board meeting papers circulated to Directors include details of business propositions and corporate proposals including where relevant, supporting documents such as professional advice from solicitors or advisers. The Directors are thus able to peruse the Board papers and appraise the issues to be deliberated at the Board meeting well before the date of the meeting.

The Board has direct access to Senior Management and has complete and unimpeded access to information relating to the Company in the discharge of their duties. The Directors may require to be provided with further details or clarifications on matters tabled at Board meetings. Senior Management Officers are invited to attend the Board meetings to update the Board on their respective portfolios and to brief the Directors on proposals submitted for the Board's consideration. Professional advisers, accountants and solicitors appointed by the Company to advise on corporate proposals to be undertaken by the Company would be invited to attend Board meetings to render their advice and opinion, and also to clarify any issues raised by the Directors relating to the corporate proposals tabled for the Board's consideration. The Directors have the liberty to seek external professional advice at the Company's expense, if they so require.

The Directors are also regularly updated and advised by the Company Secretary on new statutory and regulatory requirements relating to the discharge of their duties and responsibilities, including amendments to the Listing Requirements by Bursa Securities. Every member of the Board has ready and unrestricted access to the advice and services of the Company Secretary. The Company Secretary attends all Board and other Board Committees' meetings and ensures that accurate and proper records of the proceedings of Board and other Board Committees' meetings, and their resolutions passed are kept.

The Board is satisfied with the time commitment provided by the Directors in ensuring effective discharge of their duties and responsibilities as reflected by the high number of Board meetings held during the financial year ended 31 December 2015.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

During the financial year ended 31 December 2015, the Board met eight (8) times and the attendance records of the present and past Board members are as follows:-

Name of Directors	Attendance
Datuk Ling Suk Kiong	7/8
Bailey Kho Chung Siang	7/8
Shamsul bin Saad (resigned 22.8.2015)	4/4
Dato' Kho Poh Eng (resigned on 15.9.2015)	5/5
Ganesan Sundaraj (demised on 19.1.2015)	0/0
Surya Hidayat bin Abd Malik (resigned on 15.9.2015)	4/5
Raja Anuar bin Raja Abu Hassan (resigned 15.9.2015)	5/5
Hamdan bin Rasid (resigned on 26.8.2015)	4/5
Soon Fook Kian (resigned on 3.9.2015)	5/5
Leong Pooi Wah (resigned on 15.9.2015)	5/5
Wong Chee Lin (resigned on 15.9.2015)	5/5
Dato' Siew Boon Yeong (resigned on 15.9.2015)	4/4
Datuk Dr Abd Hapiz bin Abdullah (appointed on 10.9.2015)	3/3
Datuk Mohd Jafni bin Mohd Alias (appointed on 1.10.2015)	2/3
Dato' Selva Kumar A/L Mookiah (appointed on 1.10.2015)	3/3
Chin Chee Kong (appointed on 1.10.2015)	3/3
Dato' Gerald Hans Isaac (appointed on 1.10.2015)	2/3
Baharudin bin Bahari (appointed on 1.10.2015)	2/3
Ms Wong Ping Eng (appointed on 10.9.2015)	2/3
Alias bin Mat Lazin (appointed on 10.9.2015)	3/3
Nor Azman bin Abdullah (appointed on 1.10.2015)	2/3

Directors' Training and Education

The Group acknowledges that continuous education is vital for the Board members to gain insight into the state of economy, technological advances and regulatory updates. The Directors are encouraged to attend continuous education programmes to further enhance their skills and knowledge, where relevant. All Directors have completed the Mandatory Accreditation Programme pursuant to the Listing Requirements of Bursa Securities and have been briefed by the Management on the operations and policies of the Company to familiarise themselves with the Company's business. During the financial year ended 31 December 2015, the following Directors attended the trainings as set out below:

Director	Mode of Training	Title of Training	Duration of Training
Alias bin Mat Lazin	Seminar	Mandatory Accreditation Programme For Directors Of Public Listed Companies	1.5 days

Director	Mode of Training	Title of Training	Duration of Training
Bailey Kho Chung Siang	Seminar	A technical overview and update on MFRS/IFRS-2015	2 days
		SSM National Conference 2015 Modernizing the Companies Act. Creating Synergy in Malaysian Business Landscape	2 days
		SSM Sarawak Seminar 2015	1 day
Datuk Ling Suk Kiong	Seminar	The Annual General Meeting – A Practical Insight and Managing Shareholders' Expections by Bursatra Sdn Bhd	1 day
Ms Wong Ping Eng	Workshop/Seminar	Naim Holdings Berhad's Corporate Retreat / Boot Camp in Chiang Mai	5 days
		Naim Holdings Berhad's Senior Management Retreat	2 days
		Mandatory Accreditation Programme For Directors Of Public Listed Companies (MAP)	1.5 day
Dato' Selva Kumar A/L Mookiah	Seminar	Mandatory Accreditation Programme for Directors of Public Listed Companies (MAP)	1.5 day
Dato' Gerald Hans Isaac	Seminar	Mandatory Accreditation Programme for Directors of Public Listed Companies (MAP	1.5 day
Nor Azman bin Abdullah	Seminar	Mandatory Accreditation Programme for Directors of Public Listed Companies (MAP)	1.5 day
Baharudin bin Bahari	Seminar	Mandatory Accreditation Programme for Directors of Public Listed Companies (MAP)	1.5 day
Chin Chee Kong	Seminar	Mandatory Accreditation Programme for Directors of Public Listed Companies (MAP)	1.5 day
		Coaching & Mentoring for Organisational Excellence by Dr. Peter Chee	1 day
		What's Next for Private Entities – MPERS or MFRS?	2 days
		MFRS/FRS Update 2015/2016 Seminar	1 day
		KPMG Tax Summit 2015 (Petaling Jaya)	1 day
		KPMG Tax Seminar (Kuching)	0.5 day

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

Appointment of Board Members

The proposed appointment of a new member of the Board other than those nominated by shareholders for appointment at the Annual General Meeting and the proposed re-election of existing Directors who are seeking re-appointment or re-election at the Annual General Meeting of the Company will be reviewed and assessed by the Nomination Committee. The Nomination Committee will, upon its review and assessment, submit its recommendation on the proposed appointment or re-election of Directors to the Board for approval.

The Board is entitled to the services of the Company Secretary who would ensure that all appointments are properly made upon obtaining all necessary information from the Directors. All the assessments and evaluations carried out during the year was properly documented and minuted by the Company Secretary.

Directors' Remuneration and Term of Reference of Remuneration Committee

The Remuneration Committee carries out the review of the overall remuneration policy for Executive Directors whereupon recommendations are submitted to the Board for approval. The Remuneration Committee and the Board ensure that the Company's remuneration policy remains supportive of the Company's corporate objectives and is aligned with the interest of shareholders, and further that the remuneration packages of Executive Directors are sufficiently attractive to draw in and to retain persons of high caliber.
The Board as a whole determines the remuneration of Non-Executive Directors, and each individual Director abstains from the Board decision on his own remuneration. The Non-Executive Directors are paid annual fees and attendance allowance for each Board meeting that they attend.
The Remuneration Committee comprises majority of Non-Executive Directors.
The responsibilities of the Remuneration Committee are as follows:

a. To recommend to the Board the framework of Executive Directors' remuneration and the remuneration package for each Executive Director, drawing from outside advice as necessary.

b. To recommend to the Board any performance related pay schemes for Executive Directors.

c. To review Executive Directors' scope of service contracts.

d. To consider the appointment of the service of such advisers or consultants as it deems necessary to fulfill its functions.

Meetings of the Remuneration Committee are held as and when necessary.

Re-appointment and Re-election of Director

The Articles of Association of the Company provide that at every Annual General Meeting, one-third of Directors for the time being and those appointed during the financial year shall retire from office and shall be eligible for re-election. The Articles of Association further provide that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

Board Committees

The Board has established Board Committees to assist the Board in the running of the Company. The functions and terms of reference of Board Committees as well as authority delegated by the Board to these Committees are clearly defined by the Board.

The Board Committees are as follows:

- Audit & Risk Management Committee
- Nomination Committee
- Remuneration Committee

The composition of the current Board Committees is reflected as follows:

	Audit & Risk Management Committee	Nomination Committee	Remuneration Committee
Datuk Dr Abd Hapiz bin Abdullah	Chairman (appointed on 1.10.2015)		
Chin Chee Kong	Member (appointed on 1.10.2015)	Member (appointed on 1.10.2015)	Chairman (appointed on 1.10.2015)
Datuk Mohd Jafni bin Mohd Alias	Member (appointed on 1.10.2015)	Chairman (appointed on 1.10.2015)	
Dato' Selva Kumar A/L Mookiah	Member (appointed 1.10.2015)		
Datuk Ling Suk Kiong			Member (appointed on 1.10.2015)
Baharudin bin Bahari		Member (appointed on 1.10.2015)	Member (appointed on 1.10.2015)
Nor Azman bin Abdullah		Member (appointed on 1.10.2015)	Member (appointed on 1.10.2015)

Directors' Remuneration

The Remuneration Committee has been delegated the responsibility to review and recommend to the Board the remuneration packages and other terms of employment for the Executive Directors.

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

Group	Fees	Meeting Allowances	Salaries	Bonus	Benefits-in-kind	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Executive Directors	-	-	5,350	926	204	6,480
Non-Executive Directors	558	69	-	-	-	627

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

The number of Directors whose total remuneration falls within the respective bands is as follows:

	Number of Directors	
	Executive	Non-Executive
Below RM45,000	-	10
RM45,001 – RM50,000	-	1
RM50,001 – RM100,000	-	6
RM100,001 - RM150,000	1	-
RM800,001 – RM850,000	1	-
RM1,000,001 – RM1,050,000	1	-
RM1,150,001 – RM1,200,000	1	-
RM3,300,001- RM3,350,000	1	
	5	17

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is committed to provide a balanced, clear and meaningful assessment of the financial performance and prospects of the Group in all the disclosures made to the stakeholders and the Regulatory Authorities.

The Board is assisted by the Audit & Risk Management Committee to oversee the financial reporting processes and the quality of the financial reporting of the Group. The Audit & Risk Management Committee reviews and monitors the integrity of the Group's annual and interim financial statements. It also reviews the appropriateness of the Group's accounting policies and the changes to these policies.

The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements of the Group is set out below.

Internal Control

The Board has overall responsibility for maintaining a system of internal controls that provides reasonable assurance of effective and efficient operations, and compliance with laws and regulations, as well as with internal procedures and guidelines.

The size and complexity of the operations of the Group involves the acceptance and management of a wide variety of risks. The nature of these risks means that events may occur and which would give rise to unanticipated or unavoidable losses. The Group's system of internal controls is designed to provide reasonable and not absolute assurance against the risk of material errors, fraud or losses occurring. The Management meets regularly to ensure that the accountability for managing the significant risks confronting the Group are being satisfactorily addressed on an ongoing basis.

The effectiveness of the system of internal controls of the Group is reviewed by the Audit & Risk Management Committee during its quarterly meetings. The review covers the financial, operational and compliance controls as well as the risk management functions. The Internal Audit function monitors compliance with policies and standards and the effectiveness of internal control structures across the Group.

The Statement on Risk Management & Internal Control, which provides an overview of the state of internal controls within the Group, is set out in this Annual Report.

Audit & Risk Management Committee

In addition to the duties and responsibilities set out under its terms of reference, the Audit & Risk Management Committee also acts as a forum for discussion of internal control and risk management issues and it contributes to the Board's review of the effectiveness of the internal control and risk management systems of the Group.

The minutes of the Audit & Risk Management Committee meetings are tabled to the Board for noting and for action by the Board where appropriate.

The activities carried out by the Audit & Risk Management Committee during the year are set out under the Audit & Risk Management Committee Report in this Annual Report.

Relationship with External Auditors

It is the policy of the Audit & Risk Management Committee to meet with the external auditors at least twice a year to discuss their audit plan, audit findings and the Group's financial statements. These meetings are held without the presence of the Executive Directors and the Management. The Audit & Risk Management Committee also meets with the external auditors whenever it deems necessary.

The services provided by the external auditors include statutory audits, recurring annual non-statutory audit and non-audit services. Terms of engagement for these services are reviewed by the Audit & Risk Management Committee and approved by the Board. The Audit & Risk Management Committee approves all other non-audit services on a case by case basis. In approving such cases, the Audit & Risk Management Committee reviews the independence and objectivity of the external auditors to ensure that these will not be compromised.

Effective Communications with Shareholders

A key element of good corporate governance is being transparent and accountable to all stakeholders. Underlying the transparency and accountability objectives is the provision of clear, relevant and comprehensive information which is timely and readily accessible to all stakeholders.

Taking cognizance of this, the Group maintains a high level of disclosure to and communication with its stakeholders with the provision of clear, comprehensive and timely information, particularly to shareholders and investors, for informed investment decision making, through a number of readily accessible channels.

The annual report of the Company is a key channel of communication with shareholders and investors.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

An important forum for communication and dialogue with shareholders is the general meetings of the Company where shareholders are given both the opportunity and the time to raise questions on the agenda items of the general meetings and where Directors of the Company would provide the answers and appropriate clarification where required.

The Company conducts separate media and analyst briefing with the release of its quarterly and annual results announcements. The media briefings are intended not only to facilitate a wider dissemination of the announcement of the financial results of the Group to as wide an audience of investors and shareholders as possible but also to keep the investing public and shareholders updated on the progress and development of the business of the Group as well as any strategic developments within the Group.

To promote wider dissemination of corporate and financial information that is made public, the annual reports of the Company, the quarterly announcements of the financial results of the Group, announcements and disclosures made pursuant to the disclosure requirements of the Bursa Securities Listing Requirements and other corporate information are also made available on the Company's website, www.perdana.my.

Prompt and timely availability of information is also important for shareholders and investors to make informed investments decisions. Information that is out of date, albeit comprehensive and accurate, would be of less value to shareholders and investors. As such, the Group places a high priority on ensuring that information is made available and disseminated as early as possible.

Investor Relations

Another important channel of communication with shareholders, investors and the investment community generally, both in Malaysia and internationally, is the Group's investor relations activities. The Group has a strong following amongst domestic and international institutional investors, fund managers and equity analysts, and a direct channel to them exists in the investor relations function of the Group. Management personnel responsible for the Group's investor relations function are of very senior levels, thereby providing views and information on the Group that is appropriate and substantive to investors and research analysts.

Statement of Responsibility by Directors in the Preparation of Financial Statements

The Directors are required by the Companies Act 1965 ("the Act") to prepare financial statements for each financial year in accordance with approved accounting standards so as to give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year, and of the results and cash flow of the Company and the Group for the financial year.

The Directors are responsible for ensuring that the Company and its subsidiaries maintain proper accounting records which disclose with reasonable accuracy the financial positions of the Company and the Group in compliance with the provisions of the Act and approved accounting standards in Malaysia.

In addition, the Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

ADDITIONAL INFORMATION

Utilisation of proceeds raised from corporate proposal

There was no fund raising corporate proposal carried out during the financial year 2015.

Share Buy-Back

The Company did not undertake any share buy-back exercise during the financial year under review.

Options, Warrants or Convertible Securities

During the financial year ended 31 December 2015, 39,900,874 Warrants 2010/2015 were exercised at the exercise price of RM0.71 each into 39,900,874 new ordinary shares of RM0.50 each. The remaining 645,149 Warrants 2010/2015 expired on 26 October 2015. There were no outstanding warrants as at 31 December 2015.

American Depository Receipt (ADR) or Global Depository Receipt (GDR)

The Company did not sponsor any ADR or GDR programme.

Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and/or its subsidiaries, Directors or Management by any regulatory bodies.

Non-Audit Fees

The amount of RM52,000 non-audit fees incurred for service rendered to the Company and/or its subsidiaries for the financial year ended 31 December 2015 by the Company's auditors, or a firm or corporation affiliated to the auditors' firm.

Profit Guarantee

The Company did not receive any profit guarantee during the financial year ended 31 December 2015.

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving the Directors' and/or major shareholders' interest for the financial year ended 31 December 2015 other than the related party transaction with Dayang Enterprise Sdn Bhd for the chartering of vessels which has been disclosed in Note 29 of the audited financial statement for financial year ended 31 December 2015.

Variation in Results

There was no material variances between the audited results for the financial year ended 31 December 2015 and the unaudited results previously announced.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

Members of the Audit & Risk Management Committee

The current members of the Audit & Risk Management Committee are as follows:

Datuk Dr Abd Hapiz Abdullah *	Chairman (Independent Non-Executive Director)
Datuk Mohd Jafni Bin Mohd Alias *	Member (Independent Non-Executive Director)
Dato' Selva Kumar A/L Mookiah *	Member (Independent Non-Executive Director)
Chin Chee Kong *	Member (Non-Independent Non-Executive Director)

* Note: Appointed on 1 October 2015

Responsibilities of the Audit & Risk Management Committee

The Audit & Risk Management Committee is responsible for the following:

- To examine the manner in which management ensures and monitors the adequacy of the nature, extent and effectiveness of accounting and internal control systems;
- To examine and review the adequacy and effectiveness of management and operations;
- To review the statutory accounts and other published financial statements and information;
- To monitor relationships with external auditors, to ensure that there are no restrictions on the scope of the statutory audit; to make recommendations on the auditors' appointment, remuneration and dismissal; and to review the activities, findings, conclusions and recommendations of the external auditors;
- To review arrangements established by management for compliance with regulatory and financial reporting requirements;
- To approve the appointment or termination of the Head of Internal Audit who shall report directly to the Committee and have a right of direct access to the Chair of the Committee at all times; to review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work; to receive and review reports from the Head of Internal Audit; and on occasion to commission audit engagements to be conducted on the Committee's behalf; and
- To perform any other duties as required by Bursa Malaysia Securities Berhad or any other regulatory bodies.

The purview of the Audit & Risk Management Committee extends to all the operations within the Company and the Group.

Audit & Risk Management Committee Meetings held during the financial year 2015

The Audit & Risk Management Committee held five (5) meetings during the financial year under review with the following attendance record:

Audit & Risk Management Committee Members	Attendance
Raja Anuar Raja Abu Hassan (resigned on 15.9.2015)	4/4
Leong Pooi Wah (resigned on 15.9.2015)	4/4
Dato' Siew Boon Yeong (appointed on 13.3.2015 and resigned on 15.9.2015)	3/3
Datuk Dr Abd Hapiz Abdullah (appointed on 1.10.2015)	1/1
Datuk Mohd Jafni Bin Mohd Alias (appointed on 1.10.2015)	1/1
Chin Chee Kong (appointed on 1.10.2015)	1/1
Dato' Selva Kumar A/L Mookiah (appointed on 1.10.2015)	1/1

Summary of Activities of the Audit & Risk Management Committee

The Audit & Risk Management Committee activities during the financial year ended 31 December 2015 ("FY 2015") encompassed the following:

- reviewed the quarterly financial statements, the annual audited financial statements for FY2015, before recommending the same for the Board's approval;
- deliberation on the external auditors' report on the observations made in the course of the audit;
- approved the 2015 Internal Audit Plan and received the Head of Internal Audit's presentation of the Group's internal audit reports on the status and progress of its internal audit assignments including the summary of audit reports issued, audit recommendations and Management's response to the recommendations;
- reviewed the Statement on Risk Management and Internal Control as well as the Audit & Risk Management Committee Report and recommended them for inclusion in the Annual Report;
- reviewed the Risk Assessment Report on a major subsidiary and noted the mitigating actions taken by Management to address the risk;
- reviewed the Internal Audit Report on Related Party Transaction ("RPT");
- reviewed the RPT procedures and the Audit & Risk Management Committee Statement and recommended for inclusion in the draft Circular to Shareholders for the renewal of the Shareholders' Mandate for Recurrent RPT;
- evaluated the External Auditors' independence, objectivity and terms of engagement and recommended the re-appointment or changes of Auditors as well as the payment of proposed audit fees; and
- reviewed the External Auditors' Audit Planning Memorandum comprising their scope of work for the statutory audit for FY2015.

During the financial year, the Audit & Risk Management Committee met with the external auditors twice without the presence of the Management and Executive Directors to discuss on key auditing concerns and obtain feedback relating to the Company's affairs. Nothing has come to the attention of the Audit & Risk Management Committee that causes them to believe that the financial reporting is inconsistent with the accounting standards and other legal requirements.

Internal Audit Function

The Board obtains sufficient assurance of the effectiveness of risk management, internal control and governance processes in the Group, through regular reviews and appraisals conducted by the Group Internal Audit Function, which reports directly to the Audit & Risk Management Committee. The Audit & Risk Management Committee determines the adequacy of the scope, function and resources of the internal audit function as well as the competency of the Internal Auditors.

In its endeavour to provide reasonable assurance on the state of internal control in the Group, the internal audit function carried out its reviews based on the 2015 Internal Audit Plan which was develop using a risk-based approach and approved by the Audit & Risk Management Committee.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT (cont'd)

The Internal Audit Reports were issued to the relevant Management at the conclusion of every audit engagements and reviewed by the Audit & Risk Management Committee. Audit findings that require corrective actions were highlighted to the Audit & Risk Management Committee and the relevant Management. The relevant Management were made responsible to implement corrective actions for the reported weaknesses within the required timeframe. The internal audit function conducted follow up audits to ensure that the corrective actions were implemented by the relevant Management.

All the internal audit activities up to 31 October 2015 were conducted by the in-house audit team. Subsequent to the resignation of the in-house audit team on 31 October 2015 due to the Group internal re-organisation, the Audit Committee had decided to outsource the internal audit function to an independent professional firm effective from 29 December 2015. During the FY2015, an amount of RM598,470 [FY2014 – RM442,310] was incurred in respect of the Group's internal audit function.

External Audit Function

Besides performing the planned statutory audit, the external auditors also provided non-audit services where such engagements do not impair the independence or objectivity of the external auditors.

Based on the external auditors' review, in accordance with applicable Approved Standards on Auditing in Malaysia, the financial statements for FY2015 were drawn to give a true and fair view of the financial position of the Group in accordance with the applicable requirements of Companies Act 1965 and approved accounting standards in Malaysia. The performance of the external audit function has been reviewed and assessed based on agreed performance criteria as set out in the External Auditors' Audit Planning Memorandum, timelines and adequacy of resources to achieve the agreed scope of the external audit. The Audit & Risk Management Committee recommends their reappointment for FY2016.

STATEMENT ON RISK MANAGEMENT
& INTERNAL CONTROL

RESPONSIBILITY

Following the mandatory general offer ("MGO") and take-over by Dayang Enterprise Holdings Bhd, two (2) existing Board members from the old Board remained and nine (9) new Board members were appointed to replace the old Board. The substantially new Board acknowledges its responsibility for the Group's system of risk management and internal control and for reviewing the adequacy and effectiveness of the system since they resume office commencing October 2015. The functional system of the Group was predominantly the same as was under the previous Board and this new Board would provide reasonable assurance in ensuring the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The system is designed to manage the Group's risk within an acceptable risk profile, rather than eliminate the risk of failure to achieve Group's policies and business objectives, and can only provide reasonable but not absolute assurance against material misstatement, losses or fraud.

FRAMEWORK OF THE SYSTEM ON INTERNAL CONTROLS

The key elements of the Group's system of internal controls are as follows:

- Clear organisational structures with defined lines of responsibility and delegation of authority.

- Centralised control of key functions such as corporate affairs, finance, tax, legal, human resources and risk management.

- Participation of management in the identification and evaluation of significant risks relevant to their business areas, and the design and operation of suitable internal controls in managing these risks.

- The Audit & Risk Management Committee, through the Group's Internal Audit function which is outsourced to Messrs Baker Tilly Monterio Heng Governance Sdn Bhd since December 2015, examines the adequacy and effectiveness of the Group's system of internal control. The Internal Audit function adopt a risk-based approach in identifying areas of priority for assurance engagements to ensure that the internal control system is viable and robust.

- The financial performance of the Company for every quarter is subject to review by the Audit & Risk Management Committee and the annual financial statements by the external auditors. The Audit & Risk Management Committee then reports and makes recommendations to the Board of Directors.

RISK MANAGEMENT

There is ongoing risk management process to identify, evaluate, and manage significant risks that may affect the achievement of the Group's business objectives.

The said process is regularly reviewed by the Board and accords with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers.

The processes in place for the financial year under review involved conducting risk assessment and subsequent development of Risk Management Schedule to capture and prioritise key risk profiles, delegate ownership of risks, attach timelines to management control and action plans, and, provides continuous monitoring and reporting of risks.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (cont'd)

The Board, working together with the management, has taken necessary actions to remedy any significant weaknesses identified and continues to take measures to further enhance and strengthen the Group's risk management and internal control system as one of the means to achieve the Group's business objectives.

REVIEW BY BOARD

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investement, the interests of customers, regulators and employees, and the Group's assets.

The Board has received assurance from the Executive Directors that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practise Guide ("RPG") 5 (revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the financial year ended 31 December 2015 and reported to the Board of Directors that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosure required by paragraphs 41 and 42 of the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
(b) is factually inaccurate.

RPG 5 (revised) does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal contol systems including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the process described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

This statement was approved by the Board of Directors on 11 April 2016.

NOMINATION COMMITTEE REPORT

Composition

The Nomination Committee currently comprises four (4) members, which consist of one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors as follows:-

Datuk Mohd Jafni Bin Mohd Alias	Chairman, Independent Non-Executive Director
Chin Chee Kong	Member, Non-Independent Non-Executive Director
Baharudin Bin Bahari	Member, Independent Non-Executive Director
Nor Azman Bin Abdullah	Member, Independent Non-Executive Director

Responsibilities of Nomination Committee

The responsibilities of the Nomination Committee are as follows:

a. To review regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.

b. To recommend for appointment to the Board of Directors, candidates for all directorships to be filled by the shareholders or the Board, taking into consideration the candidates':

   i. skills, knowledge, expertise and experience;
   ii. professionalism;
   iii. integrity; and
   iv. in the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

c. To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.

d. To recommend to the Board, Directors to fill the seats on Board Committees.

e. To review annually the Board's mix of skills and experiences and other qualities including core competencies which Non-Executive Directors should bring to the Board.

f. To recommend to the Board for continuation (or not) in service of Executive Director(s) and Directors who are due for retirement by rotation.

g. To orientate and educate new Directors as the nature of the business, current issues within the Company and the corporate strategy, the expectations of the Company concerning input from the Directors and the general responsibilities of Directors.

The Nomination Committee met once during the financial year ended 31 December 2015.

NOMINATION
COMMITTEE REPORT (cont'd)

Activities of the Nomination Committee

During the financial year ended 31 December 2015, the Nomination Committee, in discharging its functions and duties, carried out the following activities:-

a. Reviewed the size and composition of the Board and Board Committees;
b. Discussed and recommended the changes in composition of the Audit & Risk Management Committee, Nomination Committee and Remuneration Committee;
c. Reviewed the mix of skill and experience and other qualities of the Board;
d. Assessed the effectiveness of the Board as a whole, the Board Committees and the Directors;
e. Discussed and recommended the re-election of retiring Directors and appointment of new Directors; and
f. Assessed and confirmed the independence of the Independent Directors.

The Nomination Committee upon its annual assessment carried out for financial year 2015, was satisfied that:

a. The size and composition of the Company Board is optimum with appropriate mix of knowledge, skills, attribute and core competencies;
b. The Board has been able to discharge its duties professionally and effectively;
c. All the Directors continues to uphold the highest governance standards in discharging their duties and responsibilities;
d. All the members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective working experience, academic and professional qualifications, depth of knowledge, skills and experience and their personal qualities;
e. The Directors are able to devote sufficient time commitment to their roles and responsibilities as evidenced by their attendance records; and
f. All the Directors have received training during the financial year ended 31 December 2014 that is relevant and would serve to enhance their effectiveness in the Board.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

Principal activities

The Company is principally an investment holding company and is also engaged in the provision of administrative management services to its subsidiaries. The principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
(Loss)/Profit for the year attributable:		
Owners of the Company	(118,917)	(10,207)
Non-controlling interest	449	-
	(118,468)	(10,207)

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

The Directors do not recommend any dividend to be paid for the financial year under review.

Directors of the Company

Directors who served since the date of the last report are:

Datuk Ling Suk Kiong	
Bailey Kho Chung Siang	
Alias bin Mat Lazin	(appointed on 10 September 2015)
Datuk Dr. Hapiz Bin Abdullah	(appointed on 10 September 2015)
Wong Ping Eng	(appointed on 10 September 2015)
Baharudin Bin Bahari	(appointed on 1 October 2015)
Datuk Mohd Jafni Bin Mohd Alias	(appointed on 1 October 2015)
Nor Azman Bin Abdullah	(appointed on 1 October 2015)
Chin Chee Kong	(appointed on 1 October 2015)
Dato' Gerald Hans Isaac	(appointed on 1 October 2015)
Dato' Selva Kumar A/L Mookiah	(appointed on 1 October 2015)
Shamsul Bin Saad	(resigned on 22 August 2015)
Hamdan Bin Rasid	(resigned on 26 August 2015)
Soon Fook Kian	(resigned on 3 September 2015)
Surya Hidayat Bin Abd Malik	(resigned on 15 September 2015)
Dato' Kho Poh Eng	(resigned on 15 September 2015)

Directors of the Company (cont'd)

Directors who served since the date of the last report are (cont'd):

Leong Pooi Wah	(resigned on 15 September 2015)
Wong Chee Lin	(resigned on 15 September 2015)
Dato' Siew Boon Yeong	(resigned on 15 September 2015)
Raja Anuar Bin Raja Abu Hassan	(resigned on 15 September 2015)

Directors' interest in shares

The interests of the Directors, including the interests of their spouses or children who themselves are not directors of the Company, in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each				
	At date of appointment	Bonus Issue	Bought	Sold	At 31.12.2015
Interests in the holding Company					
Datuk Ling Suk Kiong					
- own	77,279,130	-	-	-	77,279,130
- others	102,726,512	-	-	-	102,726,512
Bailey Kho Chung Siang					
- own	327,500	-	-	-	327,500
Alias bin Mat Lazin					
- own	89,800	-	-	-	89,800

The other Directors had no interests in the shares of the Company and of its related corporations during and at the end of the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) 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, other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 29 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT (cont'd)

Issue of shares and debentures

During the financial year, the Company's issued and paid-up share capital was increased from RM369.3 million to RM389.2 million by the exercise of 39,900,874 warrants at an exercise price of RM0.71 each into 39,900,874 new ordinary shares of RM0.50 each.

There were no other changes in the authorised, issued and paid-up capitals of the Company, nor issuances of debentures by the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the warrants issued in earlier years as described below.

The Company had on 27 October 2010 issued 61,379,785 free warrants in conjunction with to the Company's renounceable rights issue of 122,760,000 new ordinary shares of RM0.50 each with free detachable warrants on the basis of three (3) rights shares for every eight (8) existing ordinary shares of RM0.50 each held in the Company. The warrants were listed and quoted in the Main Market of Bursa Malaysia Securities Berhad on 1 November 2010.

On 6 December 2013, an additional 14,828,798 warrants, arising from the adjustments made as a result of a bonus issue, were listed an quoted on the Main Market of Bursa Malaysia Securities Berhad. The exercise price for the warrants was revised from RM1.00 to RM0.71 per warrant following the bonus issue. The adjustments to the number of outstanding warrants and the exercise price for the warrants are in accordance with the provisions of the Deed Poll.

The salient terms of the warrants are as follows:

(a) Each warrant entitles the recognised holder to subscribe for one (1) new ordinary share of RM0.50 each in the Company at any time on or before the maturity date on 26 October 2015, falling five (5) years from the date of issue of the warrants. Unexercised warrants after the exercise period will thereafter lapse and cease to be valid; and

(b) The new ordinary shares to be issued upon the exercise of the warrants shall rank pari passu in all respects with the existing ordinary shares of the Company.

The warrants have expired on 26 October 2015.

Options granted over unissued shares (cont'd)

The movements of the warrants during the financial year are as follows:

Number of unexercised warrants

	Entitlement for ordinary shares of RM0.50 each
At 1 January 2014	51,893,183
Less: Warrants exercised	(11,347,160)
At 31 December 2014/1 January 2015	40,546,023
Less: Warrants exercised	(39,900,874)
Warrants expired	(645,149)
At 31 December 2015	-

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts; and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

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

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year other than as disclosed in Note 31.2 to the financial statements.

DIRECTORS' REPORT (cont'd)

Other statutory information (cont'd)

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

In the opinion of the Directors, other than the effect of the impairment loss on property, plant and equipment and property, plant and equipment written off as disclosed in Note 3 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events

The details of the significant events are disclosed in Note 30 to the financial statements.

Subsequent events

The details of the subsequent events are disclosed in Note 31 to the financial statements.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

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

Datuk Ling Suk Kiong

Bailey Kho Chung Siang

Kuala Lumpur,

Date: 11 April 2016

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 60 to 141 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 33 on page 142 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Bailey Kho Chung Siang

Datuk Ling Suk Kiong

Kuala Lumpur,

Date: 11 April 2016

STATUTORY DECLARATION

I, **Datuk Ling Suk Kiong**, the Director primarily responsible for the financial management of Perdana Petroleum Berhad, do solemnly and sincerely declare that the financial statements set out on pages 60 to 142 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur in the Federal Territory on 11 April 2016.

Datuk Ling Suk Kiong

Before me:
Tengku Fariddudin bin Tengku Sulaiman (No. W-533)
Pesuruhjaya Sumpah

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the financial statements of Perdana Petroleum Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 60 to 141.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 28.2 in the financial statements which disclosed that in October 2015, the Group received a letter from the Inland Revenue Board ("IRB") in relation to a tax audit recently conducted on the Group. The Group has responded to the queries raised by IRB in December 2015 and February 2016 respectively. As at the reporting date, the Group has recognised an additional income tax provision of RM3.3 million based on management's best estimate, although due to the preliminary stage of the tax audit findings, the Group is unable to reliably quantify the total additional tax that may be payable, if any.

Emphasis of Matter (cont'd)

We also draw attention to Note 31.2 in the financial statements which disclosed that the Group had entered into two separate memorandum of agreement ("MOA") with a third party ("Seller") in June 2014 to purchase two units of work barges amounting to USD42 million each. Pursuant to the terms of the MOA, the Group had paid 20% of the purchase price of each work barge amounting to USD16.8 million as upfront deposits. On 28 March 2016, the Group formally informed the Seller that it has terminated one of the MOA for one work barge that was due for delivery on 28 February 2016. Pursuant to the terms of the MOA, the Seller has a right of forfeiture of the upfront deposit paid, and accordingly, the Group has written off the deposit of USD8.4 million, equivalent to RM36.1 million (see Note 3) in the financial statements. The Group received a notification dated 5 April 2016 from the Seller viewing the termination of the contract by the Group as wrongful and to forfeit the deposits paid, in addition to reserving all its rights under the MOA. As at the date these financial statements were authorised for issue, the Group has not become aware of any formal legal proceedings by the Seller.

Comparative Information

Without qualifying our opinion, we draw attention to Note 32 to the financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2014 has been restated.

The financial statements of Perdana Petroleum Berhad as at and for the years ended 31 December 2014 and 31 December 2013 (from which the statement of financial position as at 1 January 2014 has been derived), excluding the adjustments described in Note 32 to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 9 April 2015.

As part of our audit of the financial statements as at and for the year ended 31 December 2015, we audited the adjustments described in Note 32 that were applied to restate the comparative information presented as at and for the year ended 31 December 2014 and the statement of financial position as at 1 January 2014. We were not engaged to audit, review, or apply any procedures to the financial statements for the year ended 31 December 2014 or to the statement of financial position as at 1 January 2014, other than with respect to the adjustments described in Note 32 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 32 are appropriate and have been properly applied.

Report on Other Legal and Regulatory Requirements

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

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and auditor's report of the subsidiary of which we have not acted as auditor as indicated in Note 5 to the financial statements.

c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT
AUDITORS' REPORT (cont'd)

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 33 on page 142 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

The financial statements of the Group and the Company as at and for the year ended 31 December 2014 were audited by another firm of Chartered Accountants who expressed an unmodified opinion thereon on 9 April 2015.

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

KPMG
Firm Number: AF 0758
Chartered Accountants

Nicholas Chia Wei Chit
Approval Number: 3102/03/18 (J)
Chartered Accountant

Kuching,

Date: 11 April 2016

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2015

	Note	Group 31.12.2015 RM'000	Group 31.12.2014 RM'000 Restated	Group 1.1.2014 RM'000 Restated	Company 31.12.2015 RM'000	Company 31.12.2014 RM'000
Assets						
Property, plant and equipment	3	1,596,247	1,421,752	1,254,083	2,116	1,790
Intangible assets	4	10,724	10,724	27,507	-	-
Investments in subsidiaries	5	-	-	-	589,915	578,965
Other investments		-	-	150	-	-
Deposits	6	75,358	60,075	58,670	-	-
Deferred tax assets	7	46	46	46	46	46
Derivative asset		-	-	421	-	-
Total non-current assets		1,682,375	1,492,597	1,340,877	592,077	580,801
Inventories	8	1,331	1,788	1,310	-	-
Trade and other receivables	9	47,745	79,681	59,233	39,277	24,803
Deposits and prepayments	10	11,304	12,302	10,544	518	241
Current tax assets		1,328	3,151	3,231	-	3,048
Cash and cash equivalents	11	46,697	99,204	61,026	7,866	21,734
		108,405	196,126	135,344	47,661	49,826
Assets classified as held for sale		-	-	4,576	-	-
Total current assets		108,405	196,126	139,920	47,661	49,826
Total assets		1,790,780	1,688,723	1,480,797	639,738	630,627

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2015 (cont'd)

	Note	Group 31.12.2015 RM'000	Group 31.12.2014 RM'000 Restated	Group 1.1.2014 RM'000 Restated	Company 31.12.2015 RM'000	Company 31.12.2014 RM'000
Equity						
Share capital	12.1	389,235	369,285	363,611	389,235	369,285
Reserves	12.2	355,165	319,799	228,391	93,614	95,464
Equity attributable to owners of the Company		744,400	689,084	592,002	482,849	464,749
Non-controlling interests		143	(277)	(248)	-	-
Total equity		744,543	688,807	591,754	482,849	464,749
Liabilities						
Loans and borrowings	13	625,295	789,970	709,793	-	-
Trade and other payables	14	-	149	260	-	104
Deferred tax liabilities	7	4,213	4,578	4,559	-	-
Derivative liability	15	77	462	-	-	-
Total non-current liabilities		629,585	795,159	714,612	-	104
Loans and borrowings	13	373,509	163,609	132,808	20,000	20,000
Trade and other payables	14	42,817	40,999	41,241	136,607	145,774
Current tax liabilities		326	149	382	282	-
Total current liabilities		416,652	204,757	174,431	156,889	165,774
Total liabilities		1,046,237	999,916	889,043	156,889	165,878
Total equity and liabilities		1,790,780	1,688,723	1,480,797	639,738	630,627

The notes on pages 71 to 142 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000 Restated	2015 RM'000	2014 RM'000
Revenue	16	228,194	347,217	12,358	11,328
Cost of services		(168,294)	(163,172)	-	-
Gross profit		59,900	184,045	12,358	11,328
Other income		3,593	27,569	649	14,695
Selling and distribution costs		(3,283)	(7,082)	-	-
Administrative expenses		(37,896)	(36,124)	(18,942)	(15,410)
Other expenses	17	(82,956)	(25,645)	(188)	(33,470)
Results from operating activities	18	(60,642)	142,763	(6,123)	(22,857)
Finance income		2,273	1,703	444	308
Finance costs		(56,558)	(52,173)	(1,180)	(1,258)
Net finance costs	19	(54,285)	(50,470)	(736)	(950)
(Loss)/Profit before tax		(114,927)	92,293	(6,859)	(23,807)
Income tax expense	20	(3,541)	(1,469)	(3,348)	-
(Loss)/Profit for the year		(118,468)	90,824	(10,207)	(23,807)

STATEMENTS OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2015 (cont'd)

	Note	Group 2015 RM'000	Group 2014 RM'000 Restated	Company 2015 RM'000	Company 2014 RM'000
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences		145,512	14,220	-	-
Cash flow hedge		385	(141)	-	-
Other comprehensive income for the year		145,897	14,079	-	-
Total comprehensive income/ (expense) for the year		27,429	104,903	(10,207)	(23,807)
(Loss)/Profit attributable to:-					
Owners of the Company		(118,917)	90,826	(10,207)	(23,807)
Non-controlling interest		449	(2)	-	-
(Loss)/Profit for the year		(118,468)	90,824	(10,207)	(23,807)
Total comprehensive income/ (expense) attributable:-					
Owners of the Company		27,009	104,932	(10,207)	(23,807)
Non-controlling interest		420	(29)	-	-
Total comprehensive income/(loss) for the year		27,429	104,903	(10,207)	(23,807)
Earnings per share (sen)					
- basic	22	(15.77)	12.33		
- diluted	22	(15.77)	11.93		

The notes on pages 71 to 142 are an integral part of these financial statements.

CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY
for the year ended 31 December 2015

Group	Share capital RM'000	Share premium RM'000	Share application monies RM'000	Warrant reserve RM'000	Translation reserve RM'000	Cash flow hedge reserve RM'000	Other capital reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
	Attributable to owners of the Company										
	[------Non-distributable------]							*Distributable*			
At 1 January 2014, as previously stated	363,611	4,562	1,146	6,672	(49,007)	(321)	1,635	233,882	562,180	(248)	561,932
Prior year adjustments	-	-	-	-	390	-	-	29,432	29,822	-	29,822
At 1 January 2014, restated	363,611	4,562	1,146	6,672	(48,617)	(321)	1,635	263,314	592,002	(248)	591,754
Foreign currency translation differences	-	-	-	-	14,247	-	-	-	14,247	(27)	14,220
Cash flows hedge	-	-	-	-	-	(141)	-	-	(141)	-	(141)
Total other comprehensive income for the year	-	-	-	-	14,247	(141)	-	-	14,106	(27)	14,079
Profit for the year	-	-	-	-	-	-	-	90,826	90,826	(2)	90,824
Total comprehensive income for the year	-	-	-	-	14,247	(141)	-	90,826	104,932	(29)	104,903
Contributions by and distributions to owners of the Company											
- Warrant exercised	5,674	3,842	-	(1,459)	-	-	-	-	8,057	-	8,057
- Share application	-	-	(1,136)	-	-	-	-	-	(1,136)	-	(1,136)
- Dividend	-	-	-	-	-	-	-	(14,771)	(14,771)	-	(14,771)
Total transactions with owners of the Company	5,674	3,842	(1,136)	(1,459)	-	-	-	(14,771)	(7,850)	-	(7,850)
At 31 December 2014, restated	369,285	8,404	10	5,213	(34,370)	(462)	1,635	339,369	689,084	(277)	688,807
	(Note 12)	(Note 12)	(Note 12)	(Note 12)	(Note 12)	(Note 12)	(Note 12)				

CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY
for the year ended 31 December 2015 (cont'd)

Group	Share capital RM'000	Share premium RM'000	Share application monies RM'000	Warrant reserve RM'000	Translation reserve RM'000	Cash flow hedge reserve RM'000	Other capital reserve RM'000	Distributable Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
	Attributable to owners of the Company										
	[------Non-distributable------]										
As at 1 January 2015, restated	369,285	8,404	10	5,213	(34,370)	(462)	1,635	339,369	689,084	(277)	688,807
Foreign currency translation differences	-	-	-	-	145,541	-	-	-	145,541	(29)	145,512
Cash flows hedge	-	-	-	-	-	385	-	-	385	-	385
Total other comprehensive income for the year	-	-	-	-	145,541	385	-	-	145,926	(29)	145,897
Loss for the year	-	-	-	-	-	-	-	(118,917)	(118,917)	449	(118,468)
Total comprehensive income for the year	-	-	-	-	145,541	385	-	(118,917)	27,009	420	27,429
Contributions by and distributions to owners of the Company											
- Warrant exercised	19,950	13,580	-	(5,213)	-	-	-	-	28,317	-	28,317
- Share application	-	-	(10)	-	-	-	-	-	(10)	-	(10)
Total transaction with owners of the Company	19,950	13,580	(10)	(5,213)	-	-	-	-	28,307	-	28,307
At 31 December 2015	389,235	21,984	-	-	111,171	(77)	1,635	220,452	744,400	143	744,543
	(Note 12)	(Note 12)	(Note 12)	(Note 12)	(Note 12)	(Note 12)	(Note 12)				

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015 (cont'd)

Company	Note	Share capital RM'000	Share premium RM'000	Share application monies RM'000	Treasury shares RM'000	Retained profits RM'000	Total RM'000
		[------------------------Non-distributable			---------------------]	*Distributable*	
At 1 January 2014		363,611	4,562	1,146	6,672	120,415	496,406
Loss/Total comprehensive income for the year		-	-	-	-	(23,807)	(23,807)
Contributions by and distributions to owners of the Company							
- Warrant exercised		5,674	3,842	-	(1,459)	-	8,057
- Share application		-	-	(1,136)	-	-	(1,136)
- Dividends to owners of the Company	23	-	-	-	-	(14,771)	(14,771)
Total transactions with owners of the Company		5,674	3,842	(1,136)	(1,459)	(14,771)	(7,850)
At 31 December 2014		369,285	8,404	10	5,213	81,837	464,749
		(Note 12)	(Note 12)	(Note 12)	(Note 12)		

CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY
for the year ended 31 December 2015 (cont'd)

Company	Share capital RM'000	Share premium RM'000	Share application monies RM'000	Warrant reserve RM'000	Retained earnings RM'000	Total RM'000
	[------ Non-distributable			*------]*	*Distributable*	
At 31 December 2014/1 January 2015	369,285	8,404	10	5,213	81,837	464,749
Loss/Total comprehensive income for the year	-	-	-	-	(10,207)	(10,207)
Contributions by and distributions to owners of the Company						
- Warrant exercised	19,950	13,580	-	(5,213)	-	28,317
- Share application	-	-	(10)	-	-	(10)
Total transactions with owners of the Company	19,950	13,580	(10)	(5,213)	-	28,307
At 31 December 2015	389,235	21,984	-	-	71,630	482,849
	(Note 12)	(Note 12)	(Note 12)	(Note 12)		

The notes on pages 71 to 142 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED
31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000 Restated	Company 2015 RM'000	Company 2014 RM'000
Cash flows from operating activities					
(Loss)/Profit before tax		(114,927)	92,293	(6,859)	(23,807)
Adjustments for:					
Impairment loss on property, plant and equipment		28,065	-	-	-
Impairment loss on goodwill		-	16,783	-	-
Impairment loss on investments in subsidiaries		-	-	-	32,323
Impairment loss on non-current assets classified as held for sale		-	2,077	-	-
Bad debts written off		2	102	-	95
Deficit on liquidation of subsidiaries		-	150	-	-
Depreciation of property, plant and equipment	3	83,801	66,911	188	159
Interest expense	19	56,558	52,173	1,180	1,258
Property, plant and equipment written off	3	36,554	-	-	-
Gain on disposal of property, plant and equipment	18	(39)	(855)		-
Interest income	19	(2,273)	(1,703)	(444)	(308)
Unrealised loss/(gain) on foreign exchange	18	1,142	5,288	(649)	(216)
Reversal of impairment loss on investment in subsidiaries		-	-	-	(14,385)
Operating profit before changes in working capital		88,883	233,219	(6,584)	(4,881)
Changes in working capital:					
Inventories		457	(478)	-	-
Trade and other receivables, deposits and prepayments		18,564	(24,669)	(14,751)	448,317
Trade and other payables		378	(4,899)	(9,271)	(48,345)
Cash generated from/ (used in) operations		108,282	203,173	(30,606)	395,091
Income tax paid		(1,906)	(1,604)	(18)	-
Net cash from/ (used in) operating activities		106,376	201,569	(30,624)	395,091

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED
31 December 2015 (cont'd)

	Note	Group 2015 RM'000	Group 2014 RM'000 Restated	Company 2015 RM'000	Company 2014 RM'000
Cash flows from investing activities					
Interest received		900	588	444	308
Additional investments in subsidiaries		-	-	(10,950)	(398,022)
Proceeds from disposal of property, plant and equipment		198	94,538	-	-
Proceeds from disposal of non-current asset classified as held for sale		-	4,570	-	-
Purchase of property, plant and equipment		(21,904)	(246,568)	(514)	(83)
(Placement)/Withdrawal of fixed deposits pledged		(3,714)	(15,651)	-	581
Net cash used in investing activities		(24,520)	(162,523)	(11,020)	(397,216)
Cash flows from financing activities					
Proceeds from issuance of shares through warrant exercise		28,307	6,921	28,307	6,921
(Repayment)/Drawdown of term loans		(124,170)	62,213	-	-
(Repayment)/Drawdown of revolving credit		(15,000)	15,000	-	-
Repayment of finance lease liability obligations		(23,425)	(19,877)	-	-
Interest paid		(56,558)	(52,173)	(1,180)	(1,258)
Dividend paid		-	(14,771)	-	(14,771)
Net cash (used in)/ from financing activities		(190,846)	(2,687)	27,127	(9,108)
Net (decrease)/increase in cash and cash equivalents		(108,990)	36,359	(14,517)	(11,233)
Effect of foreign exchange translation		52,769	(13,832)	649	216
Cash and cash equivalents at 1 January 2015		82,972	60,445	21,734	32,751
Cash and cash equivalents at 31 December 2015		26,751	82,972	7,866	21,734

Note

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts in the statements of financial position:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		
Deposits placed with licensed banks	22,266	48,773	750	15,440
Cash on hand and at banks	24,431	50,431	7,116	6,294
Sub-total (Note 11)	46,697	99,204	7,866	21,734
Less: Deposits pledged as security	(19,946)	(16,232)	-	-
Cash and cash equivalents	26,751	82,972	7,866	21,734

The notes on pages 71 to 142 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Perdana Petroleum Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office is Unit 2-18-01, Tower 2, VSQ @ PJCC, Jalan Utara, 46200 Petaling Jaya, Selangor.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "group entities").

The Company is principally an investment holding company and is also engaged in the provision of administrative management services to its subsidiaries. The principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

The holding company as well as the ultimate holding company is Dayang Enterprise Holdings Berhad. The company is a public listed company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

These financial statements were authorised for issue by the Board of Directors on 11 April 2106.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The following are the accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board but have not been adopted by the Group and the Company:

MFRS / Amendment / Interpretation	**Effective date**
Amendments to MFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*	1 January 2016
Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*	1 January 2016
Amendments to MFRS 10, *Consolidated Financial Statements,* MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to MFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
MFRS 14, *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*	1 January 2016

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

MFRS / Amendment / Interpretation	Effective date
Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture - Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012 - 2014 Cycle)*	1 January 2016
Amendments to MFRS 127, *Separate Financial Statements - Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012 - 2014 Cycle)*	1 January 2016
MFRS 9, *Financial Instruments (2015)*	1 January 2018
MFRS 15, *Revenue from Contracts with Customers*	1 January 2018
Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

The Group and the Company plan to apply:

- from the annual period beginning on 1 January 2016 those accounting standards, amendments or interpretations that are effective for annual period beginning on or after 1 January 2016, except for MFRS 14 and Amendments to MFRS 141 which are assessed as presently not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2018 MFRS 9 and MFRS 15, which are effective for annual period beginning on or after 1 January 2018.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

(i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts,* MFRS 118, *Revenue,* IC Interpretation 13, *Customer Loyalty Programmes,* IC Interpretation 15, *Agreements for Construction of Real Estate,* IC Interpretation 18, *Transfers of Assets from Customers and* IC Interpretation 131, *Revenue Barter Transactions Involving Advertising Services.*

The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently assessing the financial impact that may arise from adoption of MFRS 15.

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

(ii) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently assessing the financial impact that may arise from adoption of MFRS 9.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, other than as disclosed in Note 2.

The Group and the Company have prepared its financial statements on a going concern basis, notwithstanding that the current liabilities exceeded its current assets by RM308.2 million and RM109.2 million respectively. During the financial year, the Group and the Company have incurred net losses of RM118.5 million and RM10.2 million respectively as compared to net profit of RM90.8 million and net losses of RM23.8 million respectively in last financial year.

The Group and the Company are in the process of carrying out action plans in order to address the net current liabilities position, including refinancing certain loans and borrowings and attaining profitability from operations by achieving synergy with its holding company as well as its ultimate holding company's operations.

The Company has obtained an offer letter for Islamic bond or Sukuk programme to raise up to RM650 million for its operations subsequent to the financial year ended as disclosed in Note 31 to the financial statements. The bond will be used to refinance its outstanding borrowings in addressing the net current liabilities position.

In addition, its holding company as well as its ultimate holding company will synergise its activities such as hook up and commissioning and topside structural maintenance mainly for the brownfield market, which have been less adversely affected by the current volatile low oil landscape.

As at the end of the reporting period and as at the date these financial statements were authorised for issue, there is no reason for the Directors to believe that the preparation of financial statements of the Group and the Company on a going basis is inappropriate. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary if the Group and the Company is unable to continue as a going concern.

(c) Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency. These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and presentation currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

1. Basis of preparation (cont'd)

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3.4 - impairment testing of property, plant and equipment; and
- Note 4 - impairment testing of intangible assets.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has the right, to variable returns from its involvement with the entity and has the ability to affect those returns by virtue its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Business combinations (cont'd)

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

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

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

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

Transaction 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.

(iii) Acquisitions of non-controlling interests

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

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the 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 surplus or deficit 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 equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Non-controlling interests

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

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

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(vi) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, 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, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the 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 the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

NOTES TO THE
FINANCIAL STATEMENTS (cont'd)

2. Significant accounting policies (cont'd)

(b) Foreign currency (cont'd)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia (cont'd)

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

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 at 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.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Financial assets categorised as fair value through profit or loss are subsequently measured at fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets **(cont'd)**

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

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. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment [see Note 2(i)(i)].

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(iii) 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.

Fair value arising from financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) 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. Trade date accounting refers to:

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

(b) 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.

(v) Hedge accounting

Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

In a fair value hedge, the gain or loss from remeasuring the hedging instrument at fair value or the foreign currency component of its carrying amount translated at the exchange rate prevailing at the end of the reporting period is recognised in profit or loss. The gain or loss on the hedged item, except for hedge item categorised as available-for-sale, attributable to the hedged risk is adjusted to the carrying amount of the hedged item and recognised in profit or loss. For a hedge item categorised as available-for-sale, the fair value gain or loss attributable to the hedge risk is recognised in profit or loss.

Fair value hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective or the hedge designation is revoked.

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(v) Hedge accounting (cont'd)

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

Hedge of a net investment

A hedge of a net investment is a hedge in the interest of the net assets of a foreign operation. In a net investment hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss. The cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss on disposal of the foreign operation.

(vi) Derecognition

A financial asset or a part thereof is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. 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 equity is recognised in the profit or loss.

NOTES TO THE
FINANCIAL STATEMENTS (cont'd)

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(vi) Derecognition (cont'd)

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

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the assets to working condition for their 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 the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs [see Note 2(m)]. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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 (major components) of property, plant and equipment.

The gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in profit or loss.

(ii) Subsequent costs

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

Dry docking expenditures are capitalised.

2. Significant accounting policies (cont'd)

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

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Assets under construction are not depreciated until the assets are ready for their intended use.

The depreciation rates of the other assets for the current and comparative periods are as follows:

Marine vessels	4%
Vessel equipment	4% - 10%
Dry docking	20%
Leasehold buildings	2%
Cabin, field and workshop equipment	10% - 20%
Motor vehicles	20%
Office equipment, furniture and fittings	10% - 20%
Others	10% - 50%

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

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, a leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset [see Note 2(d)].

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense 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 accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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

NOTES TO THE
FINANCIAL STATEMENTS (cont'd)

2. Significant accounting policies (cont'd)

(e) Leased assets (cont'd)

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

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

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses.

(g) Inventories

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

Cost of inventories is measured based on first-in-first out basis, and includes expenditure incurred in acquiring the inventories, production or in bringing them to their existing location and condition.

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.

(h) Cash and cash equivalents

Cash and cash equivalents as presented in the statement of financial position consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group or the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(i) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of financial asset is estimated.

2. Significant accounting policies (cont'd)

(i) Impairment (cont'd)

(i) Financial assets (cont'd)

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. Significant accounting policies (cont'd)

(i) Impairment (cont'd)

(ii) Other assets (cont'd)

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

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the cash-generating unit (or groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the 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. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(j) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

Contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer to those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

2. Significant accounting policies (cont'd)

(k) Revenue and other income

(i) Charted vessel income

Charted vessel income is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Management fees income

Management fees income is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(iv) Rental income

Rental income from investment property is recognised in profit or loss 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. Rental income from sub-leased property is recognised as other income.

(v) Interest income

Interest income is recognised in profit or loss as it accrues using the effective interest method, except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(l) Income tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. Significant accounting policies (cont'd)

(l) Income tax (cont'd)

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

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(m) Borrowing costs

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 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.

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

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

(n) Contingent liabilities

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

(o) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of dilutive potential ordinary shares arising from warrants issued.

2. Significant accounting policies (cont'd)

(p) Operating segments

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

(q) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Warrants

Proceeds, net of issue costs, from the issuance of warrants are allocated between the new ordinary shares issued and the warrants based on their relative fair values at the date of issue in accordance with FRSIC Consensus 9 – Accounting for Rights Issue with Free Warrants. The warrant reserve is non-distributable. The warrant reserve is transferred to the share premium reserve upon the exercise or lapse of the warrants.

(r) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and 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.

2. Significant accounting policies (cont'd)

(r) Fair value measurements (cont'd)

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. Property, plant and equipment

Group	Marine vessels RM'000	Vessel equipment RM'000	Dry docking RM'000	Leasehold buildings RM'000	Cabin, field and workshop equipment RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Assets under construction RM'000	Others RM'000	Total RM'000
Cost											
At 1 January 2014 (restated)	1,343,063	9,209	24,291	1,860	78	1,018	3,804	904	38,807	4,018	1,427,052
Additions	96,456	897	12,724	-	-	106	190	10	136,051	134	246,568
Disposals	(106,822)	-	(2,737)	-	-	(174)	(2)	-	-	-	(109,735)
Cancellation	-	-	-	-	-	-	-	-	-	(85)	(85)
Write-offs	-	-	-	-	-	-	(5)	(6)	-	(17)	(28)
Transfers	119,543	-	-	-	-	-	-		(119,543)	-	-
Effect of movements in exchange rate	88,750	528	1,922	-	-	-	2	8	3,510	19	94,739
At 31 December 2014/ 1 January 2015 (restated)	1,540,990	10,634	36,200	1,860	78	950	3,989	916	58,825	4,069	1,658,511
Additions	4,206	836	16,216	-	-	-	113	16	-	517	21,904
Disposals	-	-	-	-	-	(166)	(12)	(212)	-	(95)	(485)
Write-offs	-	-	-	-	-	-	(127)	(271)	(36,070)	(1,123)	(37,591)
Effect of movements in exchange rate	331,216	1,965	9,360	-	-	23	16	60	13,314	150	356,104
At 31 December 2015	1,876,412	13,435	61,776	1,860	78	807	3,979	509	36,069	3,518	1,998,443

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Property, plant and equipment (cont'd)

Group (cont'd)	Marine vessels RM'000	Vessel equipment RM'000	Dry docking RM'000	Leasehold buildings RM'000	Cabin, field and workshop equipment RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Assets under construction RM'000	Others RM'000	Total RM'000
Depreciation and impairment loss											
At 1 January 2014 (restated)	154,407	4,440	6,853	307	55	356	2,834	564	-	3,153	172,969
Depreciation for the year (Note 18)	59,078	1,092	5,736	37	5	162	453	90	-	258	66,911
Disposals	(14,919)	-	(958)	-	-	(174)	(1)		-	-	(16,052)
Write-offs	-	-	-	-	-	-	(5)	(6)	-	(17)	(28)
Effect of movements in exchange rate	11,852	318	771	-	-	-	1	4	-	13	12,959
At 31 December 2014/ 1 January 2015 (restated)	210,418	5,850	12,402	344	60	344	3,282	652	-	3,407	236,759
Depreciation for the year (Note 18)	70,599	1,439	10,960	37	5	159	236	71	-	295	83,801
Impairment loss (Note 18)	28,065	-	-	-	-	-	-	-	-	-	28,065
Disposals	-	-	-	-	-	(165)	(2)	(96)	-	(63)	(326)
Write-offs	-	-	-	-	-	-	(67)	(174)	-	(796)	(1,037)
Effect of movements in exchange rate	49,902	1,258	3,617	-	-	23	6	30	-	98	54,934
At 31 December 2015											
Accumulated depreciation	330,919	8,547	26,979	381	65	361	3,455	483	-	2,941	374,131
Accumulated impairment loss	28,065	-	-	-	-	-	-	-	-	-	28,065
	358,984	8,547	26,979	381	65	361	3,455	483	-	2,941	402,196

3. Property, plant and equipment (cont'd)

Group (cont'd)	Marine vessels RM'000	Vessel equipment RM'000	Dry docking RM'000	Leasehold buildings RM'000	Cabin, field and workshop equipment RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Assets under construction RM'000	Others RM'000	Total RM'000
Carrying amount											
At 1 January 2014 (restated)	1,188,656	4,769	17,438	1,553	23	662	970	340	38,807	865	1,254,083
At 31 December 2014/ 1 January 2015 (restated)	1,330,572	4,784	23,798	1,516	18	606	707	264	58,825	662	1,421,752
At 31 December 2015	1,517,428	4,888	34,797	1,479	13	446	524	26	36,069	577	1,596,247

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Property, plant and equipment (cont'd)

Company	Note	Leasehold buildings RM'000	Office equipment RM'000	Furniture and fittings RM'000	Others RM'000	Total RM'000
Cost						
At 1 January 2014		1,860	288	284	1,978	4,410
Additions		-	13	-	70	83
At 31 December 2014/ 1 January 2015		1,860	301	284	2,048	4,493
Additions		-	31	14	469	514
Disposal		-	-	-	(10)	(10)
At 31 December 2015		1,860	332	298	2,507	4,997
Accumulated depreciation						
At 1 January 2014		307	170	262	1,805	2,544
Depreciation for the year	18	37	39	8	75	159
At 31 December 2014/ 1 January 2015		344	209	270	1,880	2,703
Depreciation for the year	18	38	34	7	109	188
Disposal		-	-	-	(10)	(10)
At 31 December 2015		382	243	277	1,979	2,881
Carrying amount						
At 1 January 2014		1,553	118	22	173	1,866
At 31 December 2014/ 1 January 2015		1,516	92	14	168	1,790
At 31 December 2015		1,478	89	21	528	2,116

3.1 Carrying amount of property, plant and equipment under finance lease liabilities

Four (2014: Four) marine vessels with a total carrying amount of RM343.8 million (2014: RM362.9 million) are under finance lease liabilities.

3.2 Security - Group

Thirteen (2014: Thirteen) marine vessels with a total carrying amount of RM1.2 million (2014: RM1.0 million) are pledged to licensed banks or financial institutions for certain banking facilities granted to the Group (see Note 13).

3. Property, plant and equipment (cont'd)

3.3 Assets under construction

The Group had entered into two memoranda of agreement with a third party on 23 June 2014 to purchase two units of work barge amounting to USD42 million each. The Group had paid 20% of the purchase price of each work barge amounting to USD8.4 million each as deposit.

On 28 March 2016, the Group formally informed the third party that it decided not to take delivery of one of the two units of work barge which resulted in the forfeiture of the deposits placed of USD8.4 million, equivalent to RM36.1 million (see Note 31.2). The forfeited deposit has been written off to the profit or loss account as at year end (see Note 17).

3.4 Impairment testing of property, plant and equipment

In the current financial year, the Group has evaluated whether the property, plant and equipment, i.e. vessels and dry docking used in the operations are stated in excess of their recoverable amounts. The Group has applied the value-in-use approach on the basis that the vessels will continue to be in use up to the expected useful lives of the respective vessels and based on the following key assumptions:

(a) Average utilisation rate ranging from 70% to 95%;
(b) Average daily charter rate ranging from RM28,000 to RM73,000;
(c) Daily operating costs ranging from RM8,000 to RM13,000;
(d) Growth rate of 5% in both daily charter rate and cost in every five years; and
(e) Pre-tax discount rate of 10% over the remaining expected useful lives of vessels.

The values assigned to the key assumptions are based on historical data from both external sources and internal sources as well as management's assessment of future trends in the industry.

Following the assessment, the Group recognised impairment losses of RM28.1 million (see Note 17) on four vessels in the profit or loss, as the estimated recoverable amounts of these vessels are lower than their carrying amounts.

Impairment loss sensitivity analysis

This analysis is based on utilisation rate and discount rate variances that the Group considered to be reasonably possible at the end of the reporting period.

The value-in-use estimates are particularly sensitive in the following areas:
- An increase of 1 percentage point in the discount rate used would have increased the impairment loss by RM47 million.
- A 5% decrease in utilisation rate used would have increased the impairment loss by RM54 million.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. Intangible assets

	Group RM'000
Cost	
At 1 January 2014, 31 December 2014/ 1 January 2015 and 31 December 2015	27,507
Impairment losses	
At 1 January 2014	-
Impairment loss for the year	16,783
At 31 December 2014/1 January 2015	16,783
Impairment loss for the year	-
At 31 December 2015	16,783
Carrying amount	
At 1 January 2014	27,507
At 31 December 2014/1 January 2015 and 31 December 2015	10,724

In the last financial year, the Group recognised impairment losses of RM16.8 million based on the estimated recoverable amount of the goodwill. The recoverable amounts are estimated using value-in-use calculation. In the current financial year under review, the Group has reassessed the goodwill on a similar bases and concluded there is no further impairment to the goodwill.

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the CGUs acquired at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to the CGUs are as follows:

	2015 RM'000	2014 RM'000
CGU 1	10,701	10,701
CGU 2	23	23
Total	10,724	10,724

4. Intangible assets (cont'd)

***Impairment testing for cash-generating units containing goodwill* (cont'd)**

CGU 1

The recoverable amounts of CGU 1 was estimated using value-in-use calculation. This calculation uses pre-tax cash flow projections based on the financial budgets approved by management and cash flows expected from the continuing use of the CGU 1. The value-in-use calculation was based on the key assumptions as detailed in Note 3.4.

CGU 2

No impairment testing is performed on CGU 2, in view of the immaterial carrying amount to the Group.

5. Investments in subsidiaries

	Company	
	2015	**2014**
	RM'000	**RM'000**
At cost		
Unquoted shares		
- in Malaysia	668,567	657,617
- outside Malaysia	21,176	21,176
Less: impairment loss	(99,828)	(99,828)
	589,915	578,965

Details of the subsidiaries are as follows:

Name of company	**Place of incorporation**	**Principal activities**	**Effective ownership interest and voting interest 2015 %**	**2014 %**
Intro Oil Services Berhad	Malaysia	Provision of marine support services for the oil and gas industry	100	100
Ampangship Marine Sdn. Bhd.	Malaysia	Provision of marine support services for the oil and gas industry	100	100
Perdana Nautika Sdn. Bhd.	Malaysia	Provision of marine support services for the oil and gas industry	100	100
Petra Offshore Limited	Federal Territory of Labuan, Malaysia	Provision of leasing business activities in Labuan	100	100

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. Investments in subsidiaries (cont'd)

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

Name of company	Place of incorporation	Principal activities	Effective ownership interest and voting interest 2015 %	2014 %
Perdana Jupiter Limited	Federal Territory of Labuan, Malaysia	Provision of leasing business activities in Labuan	100	100
Perdana Neptune Limited	Federal Territory of Labuan, Malaysia	Provision of leasing business activities in Labuan	100	100
Perdana Pluto Limited*	Federal Territory of Labuan, Malaysia	Provision of leasing business activities in Labuan	100	100
Perdana Saturn Limited	Federal Territory of Labuan, Malaysia	Provision of leasing business activities in Labuan	100	100
Perdana Earth Limited	Federal Territory of Labuan, Malaysia	Provision of leasing business activities in Labuan	100	100
Perdana Mars Limited	Federal Territory of Labuan, Malaysia	Provision of leasing business activities in Labuan	100	100
Odin Explorer Navigation Limited	The British Virgin Island	Dormant	100	100
Geoseas Technologies Limited	The British Virgin Island	Dormant	51	51
Perdana Marine Offshore Pte. Ltd.**	The Republic of Singapore	Provision of marine support services for the oil and gas industry	100	100
Perdana Mercury Limited	The Republic of the Marshall Island	Provision of marine support services for the oil and gas industry	100	100
Perdana Venus Limited	The Republic of the Marshall Island	Provision of marine support services for the oil and gas industry	100	100
Perdana Uranus Limited	Federal Territory of Labuan, Malaysia	Dormant	100	-

5. Investment in subsidiaries (cont'd)

* Interest was held through Perdana Marine Offshore Pte. Ltd. in prior years and is now directly held by the Company.
** Not audited by member firms of KPMG International.

As the Group does not have material non-controlling interest, the financial information of non-controlling interest is not disclosed in these financial statements.

6. Deposits

		Group	
	Note	2015 RM'000	2014 RM'000 Restated
Refundable deposits	(a)	71,177	56,821
Deposits in Retention Account	(b)	4,181	3,254
		75,358	60,075

(a) Refundable deposits are deposits held by lessors of marine vessels of certain subsidiaries which are refundable to the Group upon expiry of the respective leases.

(b) Deposits in Retention Account represents a minimum cash amount of USD1 million (2014: USD 1 million) being placed with a financier. The Retention Account can be released upon settlement of the respective loans owed to the financier.

7. Deferred tax

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:-

	Assets		Liabilities		Net	
Group	**2015 RM'000**	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Property, plant and equipment	-	-	(16,384)	(17,093)	(16,384)	(17,093)
Capital allowances carried forward	11,641	11,470	-	-	11,641	11,470
Tax losses carried forward	576	975	-	-	576	975
Other provisions	-	116	-	-	-	116
Tax assets/(liabilities)	12,217	12,561	(16,384)	(17,093)	(4,167)	(4,532)
Set off of tax	(12,171)	(12,515)	12,171	12,515	-	-
Net tax assets/(liabilities)	46	46	(4,213)	(4,578)	(4,167)	(4,532)

7. Deferred tax (cont'd)

Movements in deferred tax assets and liabilities during the year are as follows:

Group	At 1.1.2014 RM'000	Recognised in profit or loss RM'000	At 31.12.2014/ 1.1.2015 RM'000	Recognised in profit or loss RM'000	At 31.12.2015 RM'000
Property, plant and equipment	(17,074)	(19)	(17,093)	709	(16,384)
Capital allowances carried forward	11,470	-	11,470	171	11,641
Tax losses carried forward	975	-	975	(399)	576
Other provisions	116		116	(116)	-
	(4,513)	(19)	(4,532)	365	(4,167)
		(Note 20)		(Note 20)	

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

7. Deferred tax (cont'd)

Unrecognised deferred tax assets

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

	2015 RM'000	2014 RM'000
Unutilised tax losses	9,570	-
Unrealised foreign exchange loss	293	3988
Other provision	496	983
	10,359	4,971

Deferred tax assets of the Group of RM2.5 million (2014: RM1.2 million) have not been recognised in respect of the above temporary differences because it is not certain if sufficient future taxable profits will be available against which the affected group entities can utilise the benefits therefrom.

Unabsorbed capital allowances carried forward and unutilised tax losses carried forward of group entities incorporated in Malaysia do not expire under the current Malaysian tax legislation except that in the case of a dormant company, such allowances and losses will not be available to the company if there is a substantial change of 50% or more in the shareholdings thereof.

8. Inventories

Inventories represent fuel, various oils and lubricants and spare parts. None of the inventories is carried at net realisable value.

	Group	
	2015 RM'000	2014 RM'000
Materials and consumables - at cost	1,331	1,788
Recognised in profit or loss:		
Inventories recognised as part of cost of services	5,874	3,498

9. Trade and other receivables

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Trade				
Amount due from a related party	-	31,992	-	-
Amount due from a related company	9,624	-	-	-
Amount due from subsidiaries	-	-	-	717
Trade receivables	28,503	38,121	-	-
Allowance for impairment losses	(297)	(297)	-	-
	28,206	37,824	-	-
Sub-total	37,830	69,816	-	717
Non-trade				
Amount due from subsidiaries	-	-	39,257	24,070
Other receivables	10,235	10,185	20	16
Allowance for impairment losses	(320)	(320)	-	-
	9,915	9,865	20	16
Sub- total	9,915	9,865	39,277	24,086
Total	47,745	79,681	39,277	24,803

Amount due from a related company (2014: related party) and subsidiaries are unsecured, interest free and repayable on demand.

10. Deposits and prepayments

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Deposits	(a)	4,548	2,638	244	126
Prepayments	(b)	6,756	9,664	274	115
		11,304	12,302	518	241

(a) Included in the Group's deposits is placement of fund of USD824,000 (2014: USD421,000) in a Sinking Fund Account. This Sinking Fund Account is established with a financial institution and is held by a subsidiary during the tenure of a loan as security deposits.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

10. Deposits and prepayments (cont'd)

(b) Included in the Group's prepayments are advance vessels hire payments of USD998,000 (2014: USD1.4 million) made to a financial institution. The advance vessels hire payments are netted off against the future gross hire payable.

11. Cash and cash equivalents

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Deposits placed with licensed banks	22,266	48,773	750	15,440
Cash on hand and at banks	24,431	50,431	7,116	6,294
	46,697	99,204	7,866	21,734

Included in the deposits placed with licensed banks of the Group is RM19.9 million (2014: RM16.2 million) of deposits pledged for loans granted to certain subsidiaries. The Group may withdraw the pledged deposits upon settlement of the respective loans.

12. Capital and reserves

12.1 Share capital

	Group and Company			
	2015		**2014**	
	Amount RM'000	**Number of shares '000**	**Amount RM'000**	**Number of shares '000**
Ordinary shares of RM0.50 each				
Authorised:				
Opening and closing balances	500,000	1,000,000	500,000	1,000,000
Issued and fully paid:				
At 1 January	369,285	738,570	363,611	727,222
Warrant exercised	19,950	39,901	5,674	11,348
At 31 December	389,235	778,471	369,285	738,570

12. Capital and reserves (cont'd)

12.2 Reserves

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-distributable:-				
Share premium	21,984	8,404	21,984	8,404
Share application monies	-	10	-	10
Warrant reserve	-	5,213	-	5,213
Translation reserve	111,171	(34,370)	-	-
Cash flow hedge reserve	(77)	(462)	-	-
Other capital reserve	1,635	1,635	-	-
	134,713	(19,570)	21,984	13,627
Distributable:-				
Retained earnings	220,452	339,369	71,630	81,837
	355,165	319,799	93,614	95,464

12.3 Share premium

The movements in the share premium of the Group and the Company are as follows:

	Group and Company	
	2015 RM'000	2014 RM'000
At 1 January	8,404	4,562
- Conversion premium	8,367	2,383
- Transferred from warrant reserve upon warrants exercised or lapsed (Note 12.4)	5,213	1,459
	13,580	3,842
At 31 December	21,984	8,404

The share premium is not distributable by way of cash dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

12.4 Warrant reserve

	Group and Company	
	2015 RM'000	2014 RM'000
At 1 January	5,213	6,672
- Transferred to share premium upon exercising or lapsing of warrants (Note 12.3)	(5,213)	(1,459)
At 31 December	-	5,213

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

12. Capital and reserves (cont'd)

12.4 Warrant reserve (cont'd)

On 27 October 2010, the Company issued 61,379,785 free warrants in conjuction with the Company's renounceable rights issue of 122,760,000 new ordinary shares of RM0.50 each with free detachable warrants on the basis of three (3) rights shares for every eight (8) existing ordinary shares of RM0.50 each held in the Company. The warrants were listed and quoted in the Main Market of Bursa Malaysia Securities Berhad on 1 November 2010.

On 6 December 2013, an additional 14,828,798 warrants, arising from the adjustments made as a result of a bonus issue, were listed an quoted on the Main Market of Bursa Malaysia Securities Berhad. The exercise price for the warrants was revised from RM1.00 to RM0.71 per warrant following the bonus issue. The adjustments to the number of outstanding warrants and the exercise price for the warrants were made in accordance with the provisions of the Deed Poll.

The salient terms of the warrants are as follows:

(a) Each warrant entitles the recognised holder to subscribe for one (1) new ordinary share of RM0.50 each in the Company at any time on or before the maturity date on 26 October 2015, falling five (5) years from the date of issue of the warrants. Unexercised warrants after the exercise period will thereafter lapse and cease to be valid; and

(b) The new ordinary shares to be issued upon the exercise of the warrants shall rank pari passu in all respects with the existing ordinary shares of the Company.

Pursuant to FRSIC Consensus 9 – Accounting for Rights Issue with free Warrants, the proceeds from the Rights Issues (net of issue costs) have been allocated between the new ordinary shares issued and the warrants based on their relative fair values at the date of issue.

The warrants have expired on 26 October 2015.

The movements of the warrants during the financial year are as follows:

Number of unexercised warrants

	Entitlement for ordinary shares of RM0.50 each
At 1 January 2014	51,893,183
Less: Warrants exercised	(11,347,160)
At 31 December 2014/1 January 2015	40,546,023
Less: Warrants exercised	(39,900,874)
Warrants expired	(645,149)
At 31 December 2015	-

12.5 Translation reserve

The foreign currency translation reserve arose from the translation of the financial statements of foreign subsidiaries.

12. Capital and reserves (cont'd)

12.6 Cash flow hedge reserve

This reserve comprises the effective portion of the cumulative gains and losses on the hedging instrument deemed effective in a cash flows hedge.

	Group	
	2015 RM'000	2014 RM'000
At 1 January	(462)	(321)
Movement during the year (net)	385	(141)
At 31 December	(77)	(462)

12.7 Other capital reserve

This reserve relates to the redemption of the redeemable non-cumulative non-voting preference shares by a subsidiary incorporated in the Federal Territory of Labuan, Malaysia.

Following the amendment to the Labuan Companies Act 1990 in year 2010 whereby there is no requirement for par value of shares and no requirement for minimum share capital, this reserve has been reclassified from share capital to other capital reserve.

13. Loans and borrowings

	Group		Company	
	2015 RM'000	2014 RM'000 Restated	2015 RM'000	2014 RM'000
Non-current				
Secured term loans	349,759	544,147	-	-
Finance lease liabilities	275,536	245,823	-	-
	625,295	789,970	-	-
Current				
Secured term loans	325,656	107,867	-	-
Finance lease liabilities	27,853	20,742	-	-
Revolving credits	20,000	35,000	20,000	20,000
	373,509	163,609	20,000	20,000
Total	998,804	953,579	20,000	20,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

13. Loans and borrowings (cont'd)

13.1 Commodity Murabahah Financing - I

On 8 October 2014, a subsidiary accepted a term loan facility denominated in United States Dollar (USD) with a nominal value of USD20,000,000 (equivalent to RM70,030,000).

This term loan is subject to floating interest rate and is being hedged by an interest rate swap as disclosed in Note 15 to the financial statements.

13.2 Term loans

The term loans are secured by:

(i) fixed charge over certain vessels of the group;
(ii) fixed charge over the shares of a subsidiary;
(iii) fixed charge over Escrow Accounts;
(iv) assignment and charges over insurance proceeds and revenue of certain vessels of the Group; and
(v) security deposits placed in Retention Accounts.

13.3 Significant covenants on loans and borrowings

The Group is subject to the following significant loan covenants on loans and borrowings:

(i) debt service coverage ratio of at least 1.5 times;
(ii) debt to net worth ratio of not greater than 3 times;
(iii) tangible net worth equal to or more than RM500 million; and
(iv) unencumbered cash not less than USD7 million or the equivalent in any other currency.

As at the reporting date, the Group has breached certain covenants of two term loans with total carrying amount of RM172.3 million.

As a result, the non-current portions of these term loans of RM133.4 million have been reclassified to current as at the reporting date.

13.4 Finance lease liabilities

Finance lease liabilities are payable as follows:

	2015			2014		
	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000	Future minimum lease payments RM'000 (Restated)	Interest RM'000 (Restated)	Present value of minimum lease payments RM'000 (Restated)
Less than one year	53,874	26,021	27,853	42,021	21,279	20,742
Between one and five years	318,511	42,975	275,536	300,482	54,659	245,823
	372,385	68,996	303,389	342,503	75,938	266,565

14. Trade and other payables

	Group 2015 RM'000	Group 2014 RM'000 Restated	Company 2015 RM'000	Company 2014 RM'000
Non-current				
Other payable	-	149	-	104
Current				
Trade				
Trade payables	15,817	13,033	-	-
Non-trade				
Amount due to a related party	-	-	478	-
Amount due to a related company	607	-	-	-
Amount due to subsidiaries	-	-	133,220	143,891
Other payables	2,384	2,384	1,101	536
Accrued expenses	24,009	25,582	1,808	1,347
	27,000	27,966	136,607	145,774
Current total	42,817	40,999	136,607	145,774
Total	42,817	41,148	136,607	145,878

Amount due to a related company (2014: related party) and subsidiaries are unsecured, interest free and repayable on demand.

15. Derivative liability

	Contractual/ Notional amount 2015 RM'000	Contractual/ Notional amount 2014 RM'000	Group 2015 RM'000	Group 2014 RM'000
Derivative used for hedging				
Interest rate swap	68,704	70,030	(77)	(462)

On 21 October 2014, the Group entered into an interest rate swap to hedge the variability in cash flows arising from interest rate risk in relation to the floating interest rate of a term loan. The interest rate swap has been designated as the hedging instrument of a cash flow hedge.

The swap entitles the Group to receive a floating interest equal to 3 month USD-LIBOR + 3.10% per annum, pays a fixed rate of 4.18% per annum (if LIBOR is less than or equals to 2.00%) or a 3 months USD-LIBOR + 2.35% per annum (if LIBOR is more than 2.00%).

The swap has the same maturity date as that of the term loan.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

16. Revenue

	2015 RM	2014 RM
Group		
Chartered vessel income	228,194	347,217
Company		
Management fees	11,992	10,972
Rental income	366	356
	12,358	11,328

17. Other expenses

Included in the other expenses are property, plant and equipment written off of RM36.1 million (see Note 3.3) and impairment loss on property, plant and equipment of RM28.1 million (see Note 3.4).

18. Results from operating activities

	Note	Group 2015 RM'000	Group 2014 RM'000 Restated	Company 2015 RM'000	Company 2014 RM'000
Results from operating activities is arrived at after charging:					
Director's remuneration:					
- fees		557	556	557	556
- other emoluments		6,554	7,842	6,345	6,928
- benefits		204	283	204	283
Auditors' remuneration:					
- Audit fees					
- KPMG in Malaysia		243	-	104	-
- others		20	212	-	48
- Non-audit fees					
- KPMG in Malaysia		15	-	15	-
- affiliates of KPMG		37	-	14	-
- others		-	9	-	9
Bad debts written off		2	102	-	95
Depreciation of property, plant and equipment	3	83,801	66,911	188	159
Impairment loss on property, plant and equipment	3	28,065	-	-	-
Impairment loss on goodwill	4	-	16,783	-	-

18. Results from operating activities (cont'd)

	Note	Group 2015 RM'000	Group 2014 RM'000 Restated	Company 2015 RM'000	Company 2014 RM'000
Results from operating activities is arrived at after charging: (cont'd)					
Impairment loss on non-current assets classified as held for sale		-	2,077	-	-
Impairment loss on investments in subsidiaries		-	-	-	32,323
Loss on foreign exchange					
- realised		16,113	-	-	892
- unrealised		1,142	5,288	-	-
Personnel expenses (including key management personnel):					
- contributions to the Employees Provident Fund		1,615	2,052	504	543
- wages, salaries and others		71,159	67,049	6,543	2,284
Property, plant and equipment written off	3	36,554	-	-	-
Rental of premises		1,736	1,655	327	288
And after crediting:					
Gain on disposal of property, plant and equipment		39	855	-	-
Gain on foreign exchange					
- realised		-	24,639	-	-
- unrealised		-	-	649	216
Rental income from subsidiaries		-	-	366	356
Rental income from charter of marine vessels		228,194	347,217	-	-
Reversal of impairment loss on investments in subsidiaries		-	-	-	14,385

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

19. Finance income/(costs)

	Group		Company	
	2015 RM'000	2014 RM'000 Restated	2015 RM'000	2014 RM'000
Recognised in profit or loss				
Interest income of financial assets:				
- short term deposits	900	588	444	308
- accretion of refundable deposits	1,373	1,115	-	-
	2,273	1,703	444	308
Recognised in profit or loss				
Interest expense of financial liabilities:				
- term loans	(31,252)	(29,056)	-	-
- finance lease liabilities	(23,917)	(21,411)	-	-
- revolving credits	(1,389)	(1,706)	(1,180)	(1,258)
	(56,558)	(52,173)	(1,180)	(1,258)
Net finance costs recognised in profit or loss	(54,285)	(50,470)	(736)	(950)

20. Income tax expense

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax expense				
Malaysian - current year	3,387	1,211	3,348	-
- prior year	(11)	(15)	-	-
Foreign - current year	530	253	-	-
Withholding tax - current year	-	1	-	-
	3,906	1,450	3,348	-
Deferred tax expense (Note 7)				
- current year	(365)	19	-	-
Total income tax expense	3,541	1,469	3,348	-

20. Income tax expense (cont'd)

Reconciliation of income tax expense

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
(Loss)/Profit for the year	(118,468)	90,824	(10,207)	(23,807)
Total income tax expense	3,541	1,469	3,348	-
(Loss)/Profit excluding tax	(114,927)	92,293	(6,859)	(23,807)
Tax calculated using Malaysian tax rate of 25% (2014: 25%)*	(28,732)	23,073	(1,715)	(5,952)
Non-deductible expenses	78,755	53,814	5,225	9,602
Non-taxable income	(48,483)	(73,886)	(162)	(3,650)
Utilisation of previously unrecognised deferred tax assets	1,293	(1,688)	-	-
Deferred tax not recognised	6	6	-	-
Withholding tax	540	1	-	-
Differential in tax rates	173	164	-	-
Over-provision in prior years	(11)	(15)	-	-
Total income tax expense	3,541	1,469	3,348	-

* *In the Malaysian Budget 2014, it was announced that corporate income tax rate will be reduced to 24% from year of assessment 2016 ("YA 2016") and onwards. Consequently, any temporary differences expected to be reversed in YA 2016 and onwards are measured using this rate.*

21. Compensations to key management personnel

Compensations to key management personnel are as follows:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Executive Directors:				
- non-fee emoluments	6,485	7,788	6,276	6,874
- over-provision of non-fee emoluments in the previous financial year	-	(44)	-	(43)
	6,485	7,744	6,276	6,831
Estimated money value of benefits-in-kind	204	283	204	283
	6,689	8,027	6,480	7,114

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

21. Compensations to key management personnel (cont'd)

Compensations to key management personnel are as follows: (cont'd)

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Non-Executive Directors:				
- fee	557	556	557	556
- non-fee emoluments	69	56	69	56
- over-provision of non-fee emoluments in the previous financial year	-	(2)	-	(2)
	626	610	626	610
Total Directors' remuneration	7,315	8,637	7,106	7,724

22. Earnings per ordinary share

Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share at 31 December 2015 was based on the loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

	Group 2015 RM'000	Group 2014 RM'000 Restated
(Loss)/Profit attributable to ordinary shareholders	(118,917)	90,826

Weighted average number of ordinary shares

	Group 2015	Group 2014 Restated
Issued ordinary shares at 1 January ('000)	738,570	727,222
Effect of warrant exercise ('000)	15,268	9,568
Weighted average number of ordinary shares at 31 December ('000)	753,838	736,790
Basic earnings per share (sen)	(15.77)	12.33

22. Earnings per ordinary share (cont'd)

Weighted average number of ordinary shares (cont'd)

	Group 2015	2014 Restated
Weighted average number of ordinary shares for basic earning per share ('000)	753,838	736,790
Effects of dilution:		
Warrant exercised in exchange of net ordinary shares ('000)	-	24,739
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	753,838	761,529
Diluted earnings per ordinary shares (sen)	(15.77)	11.93

23. Dividends

Dividends recognised by the Company:

	Sen per share	Total RM'000	Date of payment
2014			
Interim 2014 ordinary	2.00	14,771	22 December 2014

For the current financial year ended, the Directors do not recommend any dividend to be paid.

24. Operating segments

Operating segments are prepared in a manner consistent with the internal reporting provided to the chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their services provided.

The Group is organised into two (2) main business segments:

(i) Marine offshore support services segment – provision of vessels for the upstream oil and gas industry, ranging from towing, mooring and anchoring of non-self propelled marine vessels; transportation of drilling equipment, production chemicals and project materials to engineering and workshop facilities onboard.

(ii) Investment holding and others segment – provide group-level corporate services and treasury functions and investments in equities.

The chief operating decision maker assesses the performance of the operating segments based on operating results which are measured differently from those disclosed in the consolidated financial statements.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items.

Transfers between operating segments are at terms mutually agreed between the parties.

24. Operating segments (cont'd)

2015	Marine offshore support services RM'000	Investment holding and others RM'000	Elimination RM'000	Group RM'000
Revenue				
External revenue	228,194	-	-	228,194
Inter-segment revenue	381,339	12,358	(393,697)	-
Total segment revenue	609,533	12,358	(393,697)	228,194
Results				
Segment results	(47,529)	(6,123)	(6,990)	(60,642)
Finance income	3,895	444	(2,066)	2,273
Finance costs	(57,444)	(1,180)	2,066	(56,558)
Income tax expense	(193)	(3,348)	-	(3,541)
Loss for the year	(101,271)	(10,207)	(6,990)	(118,468)
Segment assets	1,768,898	506,474	(485,966)	1,789,406
Deferred tax asset	-	46	-	46
Current tax assets	1,328	-	-	1,328
Total assets	1,770,226	506,520	(485,966)	1,790,780

24. Operating segments (cont'd)

2015 (cont'd)	Marine offshore support services RM'000	Investment holding and others RM'000	Elimination RM'000	Group RM'000
Segment liabilities	916,816	26,389	101,493	1,044,698
Deferred tax liabilities	4,213	-	-	4,213
Current tax liabilities	44	282	-	326
Total liabilities	921,073	26,671	101,493	1,049,237
Additions to non-current assets other than financial instruments and deferred tax assets	21,390	514	-	21,904
Included in the segment profit or loss:				
- Depreciation of property, plant and equipment	83,613	188	-	83,801
- Impairment of property, plant and equipment	28,065	-	-	28,065
- Write-off of property, plant and equipment	36,554	-	-	36,554

24. Operating segments (cont'd)

2014	Marine offshore support services RM'000	Investment holding and others RM'000	Elimination RM'000	Group RM'000
Revenue				
External revenue	347,217	-	-	347,217
Inter-segment revenue	504,708	11,328	(516,036)	-
Total segment revenue	851,925	11,328	(516,036)	347,217
Results				
Segment results	134,255	(22,935)	31,443	142,763
Finance income	3,550	308	(2,155)	1,703
Finance costs	(53,148)	(1,180)	2,155	(52,173)
Income tax expense	(1,469)	-	-	(1,469)
Profit/(Loss) for the year	83,188	(23,807)	31,443	90,824
Segment assets	1,603,896	454,975	(373,345)	1,685,526
Deferred tax asset	-	46	-	46
Current tax assets	103	3,048	-	3,151
Total assets	1,603,999	458,069	(373,345)	1,688,723

24. Operating segments (cont'd)

2014 (cont'd)	Marine offshore support services RM'000	Investment holding and others RM'000	Elimination RM'000	Group RM'000
Segment liabilities	794,941	21,988	178,260	995,189
Deferred tax liabilities	4,578	-	-	4,578
Current tax liabilities	149	-	-	149
Total liabilities	799,668	21,988	178,260	999,916
Additions to non-current assets other than financial instruments and deferred tax assets	265,887	83	(19,402)	246,568
Included in the segment profit or loss:				
- Depreciation of property, plant and equipment	66,752	159	-	66,911

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

24. Operating segments (cont'd)

Geographical segments (cont'd)

Geographical information

Group	Revenue 2015 RM'000	Revenue 2014 RM'000	Non-current assets 2015 RM'000	Non-current assets 2014 RM'000
Malaysia	228,194	322,480	1,682,375	1,491,256
Singapore	-	24,737	-	1,341
	228,194	347,217	1,682,375	1,492,597

Major customers

Revenue from two major customers, with each revenue equal to or more than 10% of Group revenue amounted to RM175 million (2014: RM212 million) arising from marine offshore support services segment.

25. Financial instruments

25.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");
(b) Fair value through profit or loss ("FVTPL"); and
(c) Financial liabilities measured at amortised cost ("FL").

2015	Note	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL RM'000
Financial assets				
Group				
Deposits	6,10	79,906	79,906	-
Trade and other receivables	9	47,745	47,745	-
Cash and cash equivalents	11	46,697	46,697	-
		174,348	174,348	-

25. Financial instruments (cont'd)

25.1 Categories of financial instruments (cont'd)

2015 (cont'd)	Note	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL RM'000
Financial assets (cont'd)				
Company				
Trade and other receivables	9	39,277	39,277	-
Deposits	10	244	244	-
Cash and cash equivalents	11	7,866	7,866	-
		47,387	47,387	-
Financial liabilities				
Group				
Loans and borrowings	13	(998,804)	(998,804)	-
Trade and other payables	14	(42,817)	(42,817)	-
Derivative liability	15	(77)	-	(77)
		(1,041,698)	(1,041,621)	(77)
Company				
Loans and borrowings	13	(20,000)	(20,000)	-
Trade and other payables	14	(136,607)	(136,607)	-
		(156,607)	(156,607)	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. Financial instruments (cont'd)

25.1 Categories of financial instruments (cont'd)

2014 (Restated)	Note	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL RM'000
Financial assets				
Group				
Deposits	6,10	62,713	62,713	-
Trade and other receivables	9	79,681	79,681	-
Cash and cash equivalents	11	99,204	99,204	
		241,598	241,598	-
Company				
Trade and other receivables	9	24,803	24,803	-
Deposits	10	126	126	-
Cash and cash equivalents	11	21,734	21,734	-
		46,663	46,663	-
Financial liabilities				
Group				
Loans and borrowings	13	(953,579)	(953,579)	-
Trade and other payables	14	(41,148)	(41,148)	-
Derivative liability	15	(462)	-	(462)
		(995,189)	(994,727)	(462)
Company				
Loans and borrowings	13	(20,000)	(20,000)	-
Trade and other payables	14	(145,878)	(145,878)	-
		(165,878)	(165,878)	-

25. Financial instruments (cont'd)

25.2 Net gains and losses arising from financial instruments

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Net gains/(losses) arising on:				
Loans and receivables	(2,422)	3,585	(1,093)	(524)
Financial liabilities measured at amortised cost	73,962	27,534	1,180	2,150
	71,540	31,119	87	1,626

25.3 Financial risk management

The Group and the Company are exposed to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from its advances to subsidiaries.

Receivables from external parties

Risk management objectives, policies and processes for managing the risk

The principal customers of the Group are major oil and gas companies based in Malaysia. Management reviews the credit worthiness of all major counterparties prior to entering into any contract or transaction with them, to ensure the Group is not exposed to undue credit risk.

Deposits and cash and cash equivalents are placed with licensed banks and financial institutions.

Exposure to credit risk, credit quality and collateral

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

There are no significant concentrations of credit risk as at the end of the reporting period other than trade receivable due from three (2014: three) counterparties amounting to RM24.7 million (2014: RM29.0 million).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. Financial instruments (cont'd)

25.3 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Impairment losses

The ageing of trade receivables as at the end of reporting period is as follows:

Age of debts	Group 2015 RM'000	Group 2014 RM'000
Not past due	27,284	35,058
Past due more 0-30 days	625	2,193
Past due more 30-90 days	202	317
Past due more 90 days	95	553
	28,206	38,121
Less: Allowance for impairment loss	-	(297)
	28,206	37,824

There is no impairment loss recognised for trade receivables as at the end of the reporting period as management does not expect any external counterparty to fail to meet its obligations due to the strong credit standing of the counterparties.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries and monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Credit risk of the Company as at the end of the reporting period arose solely from the amount due from subsidiaries of RM39.2 million (2014: RM24.1 million).

Impairment losses

As at the end of the reporting period, there was no indication that the advances to subsidiaries are not recoverable in full and as such no impairment loss has been recognised.

25. Financial instruments (cont'd)

25.3 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made thereby to ensure that they are able to meet their obligations as they fall due.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM985.7 million (2014: RM679.6 million) representing the outstanding financial guarantees granted to the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

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

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings as well as financial guarantees given to banks for credit facilities granted to subsidiaries.

Risk management objectives, policies and processes for managing the risk

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they fall due. In addition, the Group is in the process of refinancing certain loans and borrowings via an Islamic bond or Sukuk programme to further strengthen its liquidity position.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

25. Financial instruments (cont'd)

25.3 Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate/ coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
Group						
2015						
Secured term loans	675,415	3.46 - 4.27	734,876	358,587	338,463	37,826
Finance lease liabilities	303,389	7.24 - 8.69	372,385	53,874	318,511	-
Unsecured revolving credits	20,000	5.90	20,013	20,013	-	-
Trade and other payables	42,817	-	42,817	42,817	-	-
Derivative liability	77	-	77	77	-	-
	1,041,698		1,170,168	475,368	656,974	37,826
2014 (Restated)						
Secured term loans	652,014	3.46 - 4.27	723,471	131,601	540,094	51,776
Finance lease liabilities	266,565	7.24 - 8.69	342,503	42,021	300,482	-
Unsecured revolving credits	35,000	5.13 - 5.90	35,590	35,590	-	-
Trade and other payables	40,999	-	40,999	40,850	149	-
Derivative liability	462	-	462	462	-	-
	995,040		1,143,025	250,524	840,725	51,776

25. Financial instruments (cont'd)

25.3 Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

Maturity analysis (cont'd)

Company	Carrying amount RM'000	Contractual interest rate/ coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
2015						
Unsecured revolving credits	20,000	5.90	20,013	20,013	-	-
Trade and other payables	136,607	-	136,607	136,607	-	-
Financial guarantee	-	-	985,743	985,743	-	-
	156,607		1,142,363	1,142,363	-	-
2014						
Unsecured revolving credits	20,000	5.90	20,378	20,378	-	-
Trade and other payables	145,878	-	145,878	145,774	104	-
Financial guarantee	-	-	679,573	679,573	-	-
	165,878		845,829	845,725	104	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. Financial instruments (cont'd)

25.3 Financial risk management (cont'd)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

(i) Currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the respective functional currencies of group entities. The currencies giving rise to this risk are primarily United States Dollar (USD), Singapore Dollar (SGD) and Ringgit Malaysia (MYR).

25. Financial instruments (cont'd)

25.3 Financial risk management (cont'd)

(c) Market risk (cont'd)

(i) Currency risk (cont'd)

Exposure to foreign currency risk

The Group's exposure to foreign currency risk attributable to currencies other than the functional currencies of group entities, based on the carrying amounts as at the end of the reporting period was:

	Denominated in		
Group 2015	**USD RM'000**	**SGD RM'000**	**MYR RM'000**
Financial assets			
Trade and other receivables	246	350	-
Cash and cash equivalents	4,557	71	-
Intra-group balances	-	-	60,674
	4,803	421	60,674
Financial liabilities			
Trade and other payables	(535)	(4,982)	-
Intra-group balances	(42,118)	(69,307)	-
	(42,653)	(74,289)	-
Net currency exposure	(37,850)	(73,868)	60,674

25. Financial instruments (cont'd)

25.3 Financial risk management (cont'd)

(c) Market risk (cont'd)

(i) Currency risk (cont'd)

Exposure to foreign currency risk (cont'd)

Group (cont'd) 2014	Denominated in USD RM'000	SGD RM'000	MYR RM'000
Financial assets			
Trade and other receivables	6,423	194	77
Cash and cash equivalents	9,393	504	-
Intra-group balances	-	-	61,603
	15,816	698	61,680
Financial liabilities			
Trade and other payables	(790)	(2,650)	(274)
Intra-group balances	(276,591)	(32,019)	-
	(277,381)	(34,669)	(274)
Net currency exposure	(261,565)	(33,971)	61,406

25. Financial instruments (cont'd)

25.3 Financial risk management (cont'd)

(c) Market risk (cont'd)

(i) Currency risk (cont'd)

Exposure to foreign currency risk (cont'd)

	2015 USD RM'000	2014 USD RM'000
Company		
Financial assets		
Cash and cash equivalents	4,490	5,105
Currency exposure	4,490	5,105

Currency risk sensivity analysis

A 10% (2014: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) pre-tax profit or loss by the amounts shown below. The analysis assumes that all other variable, in particular interest rates, remained constant.

	2015		2014	
	Equity RM'000	Profit or loss RM'000	Equity RM'000	Profit or loss RM'000
USD	3,785	3,785	26,157	26,157
SGD	7,387	7,387	3,397	3,397
RM	(6,067)	(6,067)	(6,141)	(6,141)

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

(ii) Interest rate risk

The Group's fixed rate deposits and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. Financial instruments (cont'd)

25.3 Financial risk management (cont'd)

(c) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Risk management objectives, policies and process for managing the risk

The Group monitors its exposure to changes in interest rates on a regular basis.

Borrowings are negotiated with a view to securing the best possible terms, including interest rates, to the Group.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on the carrying amounts as at the end of the reporting period was:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Fixed rate instruments				
Financial assets				
- deposits placed with licensed banks	42,212	65,005	750	15,440
Financial liabilities				
- finance lease liabilities	(303,389)	(266,565)	-	-
	(261,177)	(201,560)	750	15,440
Floating rate instruments				
Financial liabilities				
- term loans	(675,415)	(652,014)	-	-
- revolving credits	(20,000)	(35,000)	(20,000)	(20,000)
	(695,415)	(687,014)	(20,000)	(20,000)

25. Financial instruments (cont'd)

25.3 Financial risk management (cont'd)

(c) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have (decreased)/increase pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2015		2014	
		Profit or loss		Profit or loss
Group	**100bp increase RM'000**	**100bp decrease RM'000**	**100bp increase RM'000**	**100bp decrease RM'000**
Floating rate instruments	(6,954)	6,954	(6,870)	6,870

(iii) Equity price risk

The Group does not have any quoted investment and hence is not exposed to equity price risk.

25.4 Fair value information

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. Financial instruments (cont'd)

25.4 Fair value information (cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments [----------carried at fair value----------]				Fair value of financial instruments [-------not carried at fair value-------]					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
2015										
Group										
Financial assets										
Deposits	-	75,358	-	75,358	-	-	-	-	75,358	75,358
Financial liabilities										
Term loans – secured	-	-	-	-	-	-	302,874	302,874	302,874	349,759
Finance lease liabilities	-	-	-	-	-	-	240,651	240,651	240,651	277,647
Derivative liability	-	77	-	77	-	-	-	-	77	77

25. Financial instruments (cont'd)

25.4 Fair value information (cont'd)

	Fair value of financial instruments [----------carried at fair value----------]				Fair value of financial instruments [-------not carried at fair value--------]				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2014										
Group										
Financial assets										
Deposits	-	60,075	-	60,075	-	-	-	-	60,075	60,075
Financial liabilities										
Term loans – secured	-	-	-	-	-	-	475,504	475,504	475,504	544,147
Finance lease liabilities	-	-	-	-	-	-	209,741	209,741	209,741	245,823
Derivative liability	-	462	-	462	-	-	-	-	462	462

NOTES TO THE
FINANCIAL STATEMENTS (cont'd)

25. Financial instruments (cont'd)

25.4 Fair value information (cont'd)

Policy on transfer between levels

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

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Derivative

The fair value of interest rate swap is estimated by discounting the net cash flows between the floating interest payable and the fixed interest receivable over the tenure of the swap using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities

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

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2014: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

25. Financial instruments (cont'd)

25.4 Fair value information (cont'd)

Level 3 fair value (cont'd)

Fair values of financial instruments not carried at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<u>Group</u>			
Term loans	Discounted cash flows	Interest rate of 6.00% (2014: 5.23%)	The estimated fairvalue would increase/(decrease) if the interest rate were (lower)/higher.
Finance lease liabilities	Discounted cash flows	Interest rate of 6.00% (2014: 5.23%)	The estimated fair value would increase/(decrease) if the interest rate were (lower)/higher.

26. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain the confidence of investors, creditors and other stakeholders in the Group and to sustain the future development of its businesses.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

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

27. Capital expenditure commitments

	Group	
	2015 RM'000	2014 RM'000
Property, plant and equipment		
Authorised and contracted for	144,278	235,301

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

28. Contingent liabilities

28.1 The Directors are of the opinion that provision is not required in respect of the following corporate guarantees as it is not probable as at the end of the reporting period that a future sacrifice of economic benefits will be required:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Contingent liabilities not considered remote				
Corporate guarantees favouring banks for facilities granted to subsidiaries	-	-	980,943	667,014
Bank guarantee granted to third parties for benefit of subsidiaries	4,800	12,559	4,800	12,559
	4,800	12,559	985,743	679,573

28.2 In October 2015, the Group received a letter from the Inland Revenue Board ("IRB") in relation to a tax audit recently conducted on the Group. The Group has responded to the queries raised by IRB in December 2015 and February 2016 respectively. As at the reporting date, the Group has recognised an additional income tax provision of RM3.3 million based on management's best estimate, although due to the preliminary stage of the tax audit findings, the Group is unable to reliably quantify the total additional tax that may be payable, if any.

29. Related parties

Identity of related parties

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

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

Significant related party transactions, other than compensations to key management personnel (see Note 21) and those disclosed elsewhere in the financial statement, are as follows:

29. Related parties (cont'd)

Transactions with subsidiaries

	Company	
	2015 RM'000	2014 RM'000
Rental income	366	356
Management fees income	11,992	10,972

Transaction with a related company

	Group	
	2015 RM'000	2014 RM'000
Charter income	90,142	-

Transaction with a related party

	Group	
	2015 RM'000	2014 RM'000
Charter income	-	126,613

The balances related to the above transactions are disclosed in Notes 9 and 14 to the financial statements.

Related party transactions are based on negotiated terms. All the amounts outstanding are unsecured and expected to settle in cash.

30. Significant events

On 22 June 2011, the Company filed a suit in the High Court against Tengku Dato' Ibrahim Petra bin Tengku Indra Petra, Wong Fook Heng, Tiong Young Kong, Lee Mee Jiong, TA Securities Holdings Berhad ("TASB"), Yap Hock Heng and TA First Credit Sdn Bhd ("TAFC") to claim for losses and damages suffered by the Company in respect of, inter alia, the divestment of 10,500,000 ordinary shares of RM0.50 each in Petra Energy Berhad ("PEB") by the Company to the Parties on 10 September 2009 and the divestment of 48,800,000 ordinary shares of RM0.50 each in PEB by the Company as conducted by the TA Securities Holdings Berhad and Yap Hock Heng on 11 December 2009.

This suit is mounted on several causes of action, including breaches of fiduciary and statutory duties, accessory liability and conspiracy and the Company is seeking from the High Court, various declaratory reliefs, damages (general and/or fiduciary and/or aggravated) to be assessed, interest, account and disgorgement and costs.

NOTES TO THE
FINANCIAL STATEMENTS (cont'd)

30. Significant events (cont'd)

On 7 September 2012, the Company filed notices of discontinuance pursuant to a negotiated settlement with TASB, Yap Hock Heng and TAFC, with no admission of liability and with no liberty to file afresh. In this connection, TASB had also agreed to discontinue their suit against the Company in relation to a claim of approximately RM2.796 million as placement fees due to them ("TASB Suit") with no admission of liability and with no liberty to file afresh. With the discontinuance of the TASB Suit, the Company had reversed the provisions made earlier.

The trial at the High Court ended on 26 April 2013 and oral submissions by respective counsels were made on 21 November 2013 and 28 November 2013. On 21 March 2014, the Company announced that the High Court gave its decision that the Company was unsuccessful in the Suit. On 17 April 2014, the Company filed a Notice of Appeal to the Court of Appeal on the decision of the Suit.

On 9 September 2014, the High Court has made a decision on costs and ordered the Company to pay the Defendant Parties, a total cost of RM841,731. The High Court has also ordered Tengku Dato' Ibrahim Petra bin Tengku Indra Petra to pay the Company the sum of RM192,780 with post judgement interest calculated at 5% per annum starting from 22 March 2014 ("Judgement Sum"). The earnings of the Group for the year ended 31 December 2014 was reduced by the differential sum of the total cost payable and the judgement sum receivable.

On 2 December 2014, the Court of Appeal has fixed the hearing of the Appeal. This was subsequently adjourned and fixed to be heard on 11 March 2015.

The Appeal was heard on 11 March 2015 and 25 March 2015.

On 25 August 2015, the Company announced that the Court of Appeal has made the following judgements:-

(i) the Company's appeal is allowed with costs against Tengku Dato' Ibrahim Petra bin Tengku Indra Petra, Wong Fook Heng and Tiong Young Kong;

(ii) the Company's appeal is dismissed with costs against Lee Mee Jiong; and

(iii) Tengku Dato' Ibrahim Petra bin Tengku Indra Petra's cross appeal is dismissed with costs.

On 23 September 2015, the Company received the Notices of Motion from the solicitors of Tengku Dato' Ibrahim bin Tengku Indra Petra, Wong Fook Heng and Tiong Young Kong respectively, to apply for leave to appeal to the Federal Court against the decision of the Court of Appeal on 25 August 2015.

The Federal Court has on 1 March 2016 allowed the leave applications by the Applicants and the Applicants will proceed with the filing of the appeal papers for Case Management. The Case Management date has yet to be fixed by the Federal Court.

31. Subsequent events

31.1 On 11 March 2016, United Overseas Bank (Malaysia) Bhd ("UOB") as the Principal Adviser/Lead Arranger/Lead Manager for the Proposed Sukuk Issue, on behalf of the Company, had made the lodgement in respect of the Proposed Sukuk Issue with the Securities Commission Malaysia.

The first issuance under the Proposed Sukuk Issue will be guaranteed by Danajamin Nasional Berhad pursuant to an Al-Kafalah Facility. The tenure of the Sukuk Murabahah Programme shall be twelve (12) years from the date of the first issue of the Sukuk Murabahah.

The proceeds of the first issuance of the Sukuk Murabahah shall be utilised for the following Shariah-compliant purposes:

(i) first, an amount of up to RM630 million to be utilised for refinancing of outstanding borrowings undertaken by the Company and/or its subsidiaries for purchase of the certain charged vessels;

(ii) second, an amount of up to RM20 million to defray any fees and expenses for the Proposed Sukuk Issue and the Al-Kafalah Facility and to prefund the finance service reserve account to be opened and maintained under the Al-Kafalah Facility; and

(ii) third, any unutilised balance after meeting purposes in items (i) and (ii) above can be utilised for the Company's working capital requirements subject to a maximum amount of RM40 million.

The proceeds of subsequent issuances of the Sukuk Murabahah shall be utilised for the Company's working capital requirements (including refinancing) which includes advances to the Issuer's subsidiaries via Shariah-compliant mode and general corporate purposes which shall be Shariah-compliant.

31.2 The Group had entered into two separate memorandum of agreement ("MOA") with a third party ("Seller") in June 2014 to purchase two units of work barges amounting to USD42 million each. Pursuant to the terms of the MOA, the Group had paid 20% of the purchase price of each work barge amounting to USD16.8 million as upfront deposits.

On 28 March 2016, the Group formally informed the Seller that it has terminated one of the MOA for one work barge that was due for delivery on 28 February 2016. Pursuant to the terms of the MOA, the Seller has a right of forfeiture of the upfront deposit paid, and accordingly, the Group has written off the deposit of USD8.4 million, equivalent to RM36.1 million (see Note 3) in the financial statements.

The Group received a notification dated 5 April 2016 from the Seller viewing the termination of the contract by the Group as wrongful and to forfeit the deposits paid, in addition to reserving all its rights under the MOA.

As at the date these financial statements were authorised for issue, the Group has not become aware of any formal legal proceedings by the Seller.

32. Prior year adjustments

During the current financial year, the Group made prior year adjustments to reflect a change in the accounting for certain assets from operating lease to finance lease. This resulted in the recognition of assets and finance lease liabilities in prior years.

The financial effects of the change are shown below:

	Group					
	1.1.2014			31.12.2014		
	Before restatement RM'000	Restatement RM'000	After restatement RM'000	Before restatement RM'000	Restatement RM'000	After restatement RM'000
Property, plant and equipment	961,556	292,527	1,254,083	1,122,642	299,110	1,421,752
Deposits	52,697	5,973	58,670	54,896	5,179	60,075
Total equity	561,932	29,822	591,754	654,074	34,733	688,807
Loans and borrowings	484	268,678	269,162	361	266,204	266,565
Trade and other payables	-	-	-	37,796	3,352	41,148

The effects on the statement of profit or loss and other comprehensive income are as follows:

	Group	
	2015 RM'000	2014 RM'000
Increase in depreciation	(17,355)	(14,565)
Increase in finance costs	(23,903)	(21,390)
Increase in finance income due to accretion of refundable deposits	(1,171)	(1,171)
Decrease in operating lease expense	42,934	40,046
Increase in translation differences	8,936	2,133
Effect on profit or loss	9,441	5,053

33. Supplementary financial information on the breakdown of realised and unrealised profit or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Recruitments, are as follows:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Total retained earnings of the Company and its subsidiaries				
- realised	151,513	271,011	71,584	81,791
- unrealised	(973)	(8,994)	46	46
	150,540	262,017	71,630	81,837
Add: Consolidation adjustments	69,912	77,352	-	-
Total retained earnings	220,452	339,369	71,630	81,837

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

ANALYSIS
OF SHAREHOLDINGS
as at 31 March 2016

SHARE CAPITAL

Authorised share capital	:	RM500,000,000
Issued and fully paid-up capital	:	RM389,235,474.50 divided into 778,470,949 ordinary shares of RM0.50 each
Class of shares	:	Ordinary shares of RM0.50 each
Voting rights	:	One vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of holdings	No. of Shareholders	Percentage of Shareholders	No. of shares Held	Percentage of Issued capital
1-99	218	11.248	8,647	0.001
100-1,000	268	13.828	125,136	0.016
1,001-10,000	1,112	57.378	4,726,852	0.607
10,001-100,000	322	16.615	7,690,232	0.987
100,001 to less than 5% of the issued shares	17	0.877	2,904,834	0.373
5% and above of issued shares	1	0.051	763,015,248	98.014
	1,938	100.00	778,470,949	100.00

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2016

Name of Directors	Direct Interest	%	Indirect Interest	%
1. Alias bin Mat Lazin	-	-	-	-
2. Baharudin bin Bahari	-	-	-	-
3. Bailey Kho Chung Siang	-	-	-	-
4. Chin Chee Kong	-	-	-	-
5. Dato' Selva Kumar A/L Mookiah	-	-	-	-
6. Datuk Dr Abd Hapiz bin Abdullah	-	-	-	-
7. Datuk Mohd Jafni bin Mohd Alias	-	-	-	-
8. Dato' Gerald Hans Isaac	-	-	-	-
9. Datuk Ling Suk Kiong	-	-	-	-
10. Nor Azman bin Abdullah	-	-	-	-
11. Wong Ping Eng	-	-	-	-

Shares in related corporation

The directors' interest in the related corporation as at 31 March 2016 is the same as reported in the Directors' Report on page 52.

ANALYSIS
OF SHAREHOLDINGS
as at 31 March 2016 (cont'd)

THIRTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2016

No.	Name of Shareholders	No. of Shares	%
1.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DAYANG ENTERPRISE HOLDINGS BERHAD	763,015,248	98.014
2.	LEONG KHEY SIANG @ KESON LEE	384,000	0.049
3.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR GEH SOK LAN @ GOAY SOOK LAN	356,125	0.045
4.	TAILAMI A/P PALANIANDY	280,000	0.035
5.	CITIGROUP NOMINEES (ASING) SDN BHD LEGAL AND GENERAL ASSURANCE (PENSIONS MANAGEMENT) LIMITED ASIA EMERGING MARKET EQUITY INDEX FUND	199,900	0.025
6.	CIMB ISLAMIC TRUSTEE BERHAD AMANAH SAHAM DARUL IMAN	165,880	0.021
7.	CIMB ISLAMIC TRUSTEE BERHAD AMANAH SAHAM DARUL IMAN	163,800	0.021
8.	TEH CHIN CHING	160,000	0.020
9.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA ENG WAN	150,000	0.019
10.	SITI SUHAILA BINTI MOHD NAWI	141,864	0.018
11.	TIO SEIN FOW	140,000	0.017
12.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THAM JOOI LOON	123,700	0.015
13.	CITIGROUP NOMINEES (ASING) SDN BHD	111,189	0.014
14.	CIMB ISLAMIC TRUSTEE BERHAD AMANAH SAHAM DARUL IMAN	108,500	0.013
15.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI YEOW PENG	108,000	0.013
16.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOW LEI MING	105,420	0.013
17.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUNG VUI KONG	103,836	0.013

ANALYSIS
OF SHAREHOLDINGS
as at 31 March 2016 (cont'd)

THIRTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2016

No.	Name of Shareholders	No. of Shares	%
18.	TAN CHWEE LYE	102,620	0.013
19.	NG TENG YAU	100,000	0.012
20.	NG SING HEONG	92,200	0.011
21.	PANG CHOK HIN	88,800	0.011
22.	CHING ENG KWANG	84,000	0.010
23.	SHAHRUL SAZALI BIN AHMAD SOFIAN	84,000	0.010
24.	KHERN YENG KAR	78,400	0.010
25.	CHUAH CHONG BOON	76,000	0.009
26.	CARBON SUPPLIES (SARAWAK) SDN BHD	74,664	0.009
27.	POINT ONE ENGINEERING SDN BHD	74,664	0.009
28.	SMAS TRAVELS SDN BHD	74,664	0.009
29.	LEE HAN LENG	72,000	0.009
30.	WONG YIN LING	72,000	0.009

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2016

Name of Directors	Direct Interest	%	Indirect Interest	%
1. Dayang Enterprise Holdings Berhad	763,015,248	98.014	-	-

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting of the Company will be held at Maple Room (Level C), One World Hotel, First Avenue, Bandar Utama City Centre, 47800 Petaling Jaya, Selangor, Malaysia on Monday, 23 May 2016 at 11.00 a.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 and the Reports of the Directors and Auditors thereon.

2. To approve the payment of Directors' fees for financial year ended 31 December 2015. — Resolution 1

3. To re-elect the following Directors retiring pursuant to the Articles of Association of the Company:

3.1	Bailey Kho Chung Siang (Article 103)	Resolution 2
3.2	Datuk Dr Abd Hapiz bin Abdullah (Article 109)	Resolution 3
3.3	Datuk Mohd Jafni bin Mohd Alias (Article 109)	Resolution 4
3.4	Dato' Selva Kumar A/L Mookiah (Article 109)	Resolution 5
3.5	Chin Chee Kong (Article 109)	Resolution 6
3.6	Dato' Gerald Hans Isaac (Article 109)	Resolution 7
3.7	Baharudin bin Bahari (Article 109)	Resolution 8
3.8	Ms Wong Ping Eng (Article 109)	Resolution 9
3.9	Alias bin Mat Lazin (Article 109)	Resolution 10
3.10	Nor Azman bin Abdullah (Article 109)	Resolution 11

4. To re-appoint Messrs KPMG as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting, and to authorise the Board of Directors to fix their remuneration. — Resolution 12

5. As Special Business

   To consider and if thought fit, pass the following Ordinary Resolutions:

   Re-Appointment of Datuk Ling Suk Kiong as Director — Resolution 13

   "THAT pursuant to Section 129(6) of the Companies Act, 1965, Datuk Ling Suk Kiong be hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."

   5.1 **Authority to issue shares pursuant to Section 132D of the Companies Act, 1965** — Resolution 14

   "THAT pursuant to Section 132D of the Companies Act, 1965 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued 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 the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF
ANNUAL GENERAL MEETING (cont'd)

5.2 **Proposed Renewal of existing Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or Trading Nature.** Resolution 15

"THAT approval be and is hereby given to the Company and/or its subsidiaries ("PPB Group" or "the Group") to enter into and to give effect to specified recurrent related party transactions of a revenue or trading nature as specified in Section 2.3.2 of the Circular to Shareholders dated 28 April 2016 ("the Circular"), provided that such arrangements and/or transactions which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders of the Company (hereinafter referred to as the "Proposed Shareholders' Mandate");

THAT the Proposed Shareholders' Mandate shall only continue to be in force until:

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

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

(iii) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is earlier.

THAT, the estimates given on the recurrent related party transactions specified in Section 2.3.2 of the Circular being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review procedures set out in Section 2.4 of the Circular and the aggregate value of the Recurrent Related Party Transactions be disclosed in the Annual Report of the Company.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Shareholders' Mandate."

By Order of the Board

LEONG OI WAH (MAICSA 7023802)
Company Secretary
28 April 2016

Note:

A Member of the Company entitled to attend and vote at the abovementioned meeting is entitled to appoint a proxy to attend and vote his stead. Such proxy may but need not be a Member of the Company and Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply. Where there are two (2) or more proxies, the member shall specify the proportion of his shareholdings to be represented by each proxy.

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

The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited at Tricor Investor & Issuing House Services Sdn Bhd , Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200, Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting.

Depositors who appear in the Record of Depositors as at 16 May 2016 shall be regarded as Member of the Company entitled to attend the Twentieth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Explanatory notes on Special Business

Ordinary Resolution 13

The proposed Ordinary Resolution, if passed will enable Datuk Ling Suk Kiong to continue in office until the conclusion of the next Annual General Meeting.

Ordinary Resolution 14

The proposed Ordinary Resolution will give powers to the Directors to issue up to a maximum ten per centum (10%) of the issued share capital of the Company for the time being for such purposes as the Directors would consider in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

The general mandate sought for issue of securities is a renewal of the mandate that was approved by the shareholders on 21 May 2015 ("Previous Mandate"). The Company did not utilise the Previous Mandate. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding of working capital, repayment of borrowings, payment of refundable deposits in respect of sale and leaseback of vessels and/or investments.

Ordinary Resolution 15

Please refer to the Circular to Shareholders dated 28 April 2016 for further information.

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PROXY FORM

CDS Acc No.	
No. of Shares Held	

PROXY FORM

I/We,...
*NRIC No./Company No./Passport No. ....of...
being a Member of PERDANA PETROLEUM BERHAD hereby appoin...
*NRIC No./Company No./Passport No. ....of..
and/or failing him/her..
*NRIC No./Company No./Passport No. ....of...

or *the Chairman of the Meeting as *my/*our proxy to vote for *me/*us and on *my/*our behalf at the Twentieth Annual General Meeting of the Company to be held on Monday, 23 May 2016 at 11.00 a.m. and at any adjournment thereof.

*My/*Our proxy(ies) is/are to vote as indicated below:-

Agenda	Resolution	For	Against
To approve payment of Directors' fees for financial year ended December 2015	1		
To re-elect Mr Bailey Kho Chung Siang	2		
To re-elect Datuk Dr Abd Hapiz bin Abdullah	3		
To re-elect Datuk Mohd Jafni bin Mohd Alias	4		
To re-elect Dato' Selva Kumar A/L Mookiah	5		
To re-elect Mr Chin Chee Kong	6		
To re-elect Dato' Gerald Hans Isaac	7		
To re-elect Mr Baharudin bin Bahari	8		
To re-elect Ms Wong Ping Eng	9		
To re-elect Mr Alias bin Mat Lazin	10		
To re-elect Mr Nor Azman bin Abdullah	11		
To re-appoint Auditors of the Company for the ensuing year.	12		
To re-appoint Datuk Ling Suk Kiong	13		
To authorise the issuance of shares pursuant to Section 132D of the Companies Act, 1965.	14		
Proposed Renewal of existing Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or Trading Nature.	15		

[Please indicate with (X) how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion].

Dated this..................... day of 2016

....
[Signature/Common Seal of Shareholder(s)]
[*Delete if not applicable]

Notes:
A Member of the Company entitled to attend and vote at the abovementioned meeting is entitled to appoint a proxy to attend and vote his stead. Such proxy may but need not be a member of the Company and Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply. Where there are two (2) or more proxies, the Member shall specify the proportion of his shareholdings to be represented by each proxy.

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

The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited at Tricor Investor & Issuing House Services Sdn Bhd , Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200, Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting.

Depositors who appear in the Record of Depositors as at 16 May 2016 shall be regarded as Member of the Company entitled to attend the Twentieth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

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STAMP

PERDANA PETROLEUM BERHAD
c/o Tricor Investors & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan

FOLD HERE

PERDANA PETROLEUM BERHAD
(Co. No. 372113-A)

Unit 2-18-02, Tower 2,
VSQ@PJCC, Jalan Utara,
46200 Petaling Jaya,
Selangor, Malaysia.

Tel : +603 7931 8524
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