Financial Statements

Directors' Report

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the Group consist of provision of marine transportation, Floating Production Storage and Offloading operations, vessel construction, engineering and maintenance services to offshore oil and gas companies. Further details are provided in Note 18 to the financial statements.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
(Loss)/profit for the financial year attributable to:		
- Owners of the Company	**(234,566)**	164,431
- Non-controlling interests	**(7,211)**	-
	(241,777)	164,431

DIVIDENDS

The dividend paid by the Company since the end of the previous financial year was as follows:

	RM'000
In respect of the financial year ended 31 December 2014 as disclosed in the Directors' report of that financial year:	
Final cash dividend comprising a single tier tax-exempt dividend of 1.63 sen per ordinary share paid on 3 July 2015	95,620

The Board of Directors has recommended for shareholders' approval at the forthcoming Annual General Meeting of the Company, a tax-exempt final cash dividend of 0.82 sen per share in respect of the financial year ended 31 December 2015 which is not taxable in the hands of the shareholders pursuant to Section 54A(3)(d) and (e) of the Income Tax Act, 1967, the entitlement and payment dates for which will be determined at a later date.

Directors' Report

DIVIDENDS (CONT'D)

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings for the financial year ending 31 December 2016.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES

There were no new ordinary shares issued during the financial year.

EMPLOYEE SHARE OPTION SCHEME

On 18 June 2011, the Company's shareholders approved the establishment of Employee Share Option Scheme ("ESOS" or "Scheme") to eligible employees of the Group, including Executive Directors of the Company for a period of 10 years from 28 June 2011 as part of the Company's long term plan to retain employees.

The salient features and other terms of the ESOS are disclosed in Note 35 to the financial statements.

There were no options under the Scheme were granted during the financial year.

DIRECTORS

The Directors of the Company in office during the period since the date of the last report and at the date of this report are as follows:

Tunku Ali Redhauddin ibni Tuanku Muhriz
Saiful Aznir bin Shahabudin
Alexandra Elisabeth Johanna Maria Schaapveld *
Chan Chee Beng
Shaharul Rezza bin Hassan
Maureen Toh Siew Guat
Shapoorji Pallonji Mistry
Ravi Shankar Srinivasan (alternate director to Shapoorji Pallonji Mistry)
Steven Leon Newman (Appointed on 1 July 2015)

** She is also referred to as Alexandra Schaapveld in the other sections of this report*

Directors' Report

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects 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 other than share options granted under the ESOS.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits as disclosed in Note 12 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' shareholdings, the interests of the Directors in office at the end of the financial year, in shares and options over unissued shares in the Company during the financial year are as follows:

In the Company – Direct Interests

	Number of ordinary shares of RM0.20 each			
	As at 1.1.2015	Acquired	Disposed	As at 31.12.2015
Tunku Ali Redhauddin ibni Tuanku Muhriz (1)	20,000	-	-	20,000
Saiful Aznir bin Shahabudin (2)	1,626,000	-	-	1,626,000
Alexandra Schaapveld (3)	900,000	-	-	900,000
Chan Chee Beng (2)	2,511,200	-	-	2,511,200
Ravi Shankar Srinivasan	432,000	-	-	432,000

(1) Held through a nominee, namely Maybank Securities Nominees (Tempatan) Sdn Bhd.
(2) Held through a nominee, namely CIMSEC Nominees (Tempatan) Sdn Bhd.
(3) Held through a nominee, namely CIMSEC Nominees (Asing) Sdn Bhd.

Directors' Report

DIRECTORS' INTERESTS IN SHARES (CONT'D)

	Number of options over unissued ordinary shares of RM0.20 each			
	As at 1.1.2015	Granted	Exercised	As at 31.12.2015
Shaharul Rezza bin Hassan [4]	9,964,105	-	-	9,964,105

[4] These relate to options over 4.0 million, 1.25 million and 1.25 million unissued shares of RM0.20 each of the Company granted pursuant to the ESOS on 20 July 2011, 19 June 2013 and 19 September 2014 respectively. Each option shall become exercisable, to the extent of one-third of the shares covered thereby; on each of the first three anniversaries of the date of grant. These options also include additional options over 8,714,105 unissued shares of the Company which were granted following the adjustments made pursuant to the ESOS by-Laws, as a result of the Bonus Issue and the Rights Issue undertaken in 2014. During the financial year, 1,204,915 options granted have been vested.

Save as disclosed above, no other Directors in office at the end of the financial year held any interest in shares or options over shares in the Company or in its related corporations during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of income, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had 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:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) 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.

Directors' Report

OTHER STATUTORY INFORMATION

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

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

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

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

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements; and

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

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution dated 26 February 2016.

CHAN CHEE BENG
DIRECTOR

SHAHARUL REZZA BIN HASSAN
DIRECTOR

Statements of Income

for the financial year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000 Restated	Company 2015 RM'000	Company 2014 RM'000 Restated
Revenue	6	**2,179,734**	2,397,339	**377,453**	423,081
Cost of sales		**(1,766,197)**	(1,819,816)	**(222,271)**	(235,192)
Gross profit		**413,537**	577,523	**155,182**	187,889
Other operating income	7	**90,635**	64,374	**72,469**	27,954
Selling and distribution costs		**(27,735)**	(53,526)	**-**	-
Administrative expenses		**(153,582)**	(186,278)	**(49,292)**	(70,872)
Operating profit before impairment		**322,855**	402,093	**178,359**	144,971
Impairment		**(423,064)**	(29,659)	**-**	(2,027)
Operating (loss)/profit		**(100,209)**	372,434	**178,359**	142,944
Finance costs	8	**(122,684)**	(99,153)	**(65)**	(94)
Share of results of joint ventures	9	**51,501**	35,901	**-**	-
(Loss)/profit before taxation	10	**(171,392)**	309,182	**178,294**	142,850
Taxation	13	**(70,385)**	(84,817)	**(13,863)**	(6,314)
(Loss)/profit for the financial year		**(241,777)**	224,365	**164,431**	136,536
Attributable to:					
Owners of the Company		**(234,566)**	218,690		
Non-controlling interests		**(7,211)**	5,675		
		(241,777)	224,365		
Earnings per share (sen)	14				
- basic		**(4.00)**	4.32		
- diluted		**(4.00)**	4.32		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Comprehensive Income

for the financial year ended 31 December 2015

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(Loss)/profit for the financial year	**(241,777)**	224,365	**164,431**	136,536
Other comprehensive income/(expense):				
Items that may be reclassified subsequently to profit or loss:				
- Available-for-sale financial assets:				
- Gain on fair value change	**-**	772	**-**	-
- Reclassification to profit or loss	**-**	13,576	**-**	-
- Fair value loss on cash flow hedges	**(132,346)**	(84,458)	**-**	-
- Foreign currency translation differences	**1,044,147**	303,756	**-**	-
- Share of other comprehensive gain of joint ventures	**-**	60	**-**	-
Other comprehensive income for the financial year, net of tax	**911,801**	233,706	**-**	-
Total comprehensive income for the financial year	**670,024**	458,071	**164,431**	136,536
Total comprehensive income attributable to:				
- Owners of the Company	**664,036**	449,321		
- Non-controlling interests	**5,988**	8,750		
	670,024	458,071		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Financial Position

as at 31 December 2015

	Note	2015 RM'000	2014 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	16	**14,143,868**	8,459,781
Investments in joint ventures	9	**535,842**	405,178
Available-for-sale financial assets	19	**20,240**	38,103
Accrued lease rentals	20	**117,605**	187,502
Deferred tax assets	21	**35,799**	13,743
Amounts due from joint ventures	22	**62,656**	47,426
TOTAL NON-CURRENT ASSETS		**14,916,010**	9,151,733
CURRENT ASSETS			
Inventories	23	**6,051**	4,830
Amounts due from customers on contract	24	**154,984**	136,605
Trade receivables	25	**513,349**	704,439
Accrued lease rentals	20	**572,922**	786,069
Other receivables, deposits and prepayments	26	**165,324**	139,837
Tax recoverable		**10,894**	9,211
Amounts due from joint ventures	22	**201,687**	149,438
Deposits, cash and bank balances	29	**1,525,718**	3,303,247
		3,150,929	5,233,676
Non-current assets classified as held-for-sale	28	**5,700**	66,481
TOTAL CURRENT ASSETS		**3,156,629**	5,300,157
TOTAL ASSETS		**18,072,639**	14,451,890

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Financial Position

as at 31 December 2015

	Note	2015 RM'000	2014 RM'000 Restated
LIABILITIES			
LESS: CURRENT LIABILITIES			
Trade payables and accruals		**1,298,857**	699,416
Other payables and accruals	30	**179,327**	207,511
Amounts due to joint ventures	22	**25,189**	18,598
Hire purchase creditors	31	**-**	68
Borrowings	32	**1,770,171**	1,018,123
Derivative financial instruments	33	**22,941**	7,523
Taxation		**72,831**	25,541
TOTAL CURRENT LIABILITIES		**3,369,316**	1,976,780
NET CURRENT (LIABILITIES)/ASSETS		**(212,687)**	3,323,377
LESS: NON-CURRENT LIABILITIES			
Other payables and accruals	30	**456,820**	349,730
Hire purchase creditors	31	**-**	56
Borrowings	32	**6,259,383**	5,174,702
Derivative financial instruments	33	**654,769**	174,227
Deferred tax liabilities	21	**36,579**	58,870
TOTAL NON-CURRENT LIABILITIES		**7,407,551**	5,757,585
NET ASSETS		**7,295,772**	6,717,525
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	34	**1,173,253**	1,173,253
Reserves	36	**6,084,205**	5,511,946
		7,257,458	6,685,199
NON-CONTROLLING INTERESTS		**38,314**	32,326
TOTAL EQUITY		**7,295,772**	6,717,525

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Financial Position
as at 31 December 2015

	Note	2015 RM'000	2014 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	16	**5,220**	11,380
Investments in subsidiaries	18	**1,891,340**	1,890,994
Investments in joint ventures	9	**151,943**	151,943
Deferred tax assets	21	**5,905**	1,672
TOTAL NON-CURRENT ASSETS		**2,054,408**	2,055,989
CURRENT ASSETS			
Other receivables, deposits and prepayments	26	**23,301**	25,618
Amounts due from subsidiaries	27	**3,390,999**	1,120,825
Tax recoverable		**-**	2,835
Amounts due from joint ventures	22	**53,278**	34,853
Deposits, cash and bank balances	29	**368,934**	1,755,820
TOTAL CURRENT ASSETS		**3,836,512**	2,939,951
TOTAL ASSETS		**5,890,920**	4,995,940
LIABILITIES			
LESS: CURRENT LIABILITIES			
Other payables and accruals	30	**59,704**	53,586
Amounts due to subsidiaries	27	**1,140,872**	333,476
Amount due to a joint venture	22	**227**	-
Hire purchase creditors	31	**-**	57
Taxation		**8,642**	-
TOTAL CURRENT LIABILITIES		**1,209,445**	387,119
NET CURRENT ASSETS		**2,627,067**	2,552,832
NET ASSETS		**4,681,475**	4,608,821
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	34	1,173,253	1,173,253
Reserves	36	3,508,222	3,435,568
TOTAL EQUITY		4,681,475	4,608,821

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2015

2015	Note	← Attributable to Owners of the Company → Number of shares 34 '000	Nominal value 34 RM'000	Share premium 36(a) RM'000	Foreign exchange reserve 36(b) RM'000	Share option reserve 36(c) RM'000	Hedging reserve 36(d) RM'000	Other reserves 36(e) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January		5,866,269	1,173,253	3,137,730	352,580	44,862	(94,939)	6,562	2,065,151	6,685,199	32,326	6,717,525
Loss for the financial year		-	-	-	-	-	-	-	(234,566)	(234,566)	(7,211)	(241,777)
Other comprehensive income/(expense) for the financial year, net of tax		-	-	-	1,030,977	-	(132,375)	-	-	898,602	13,199	911,801
Total comprehensive income/(expense) for the financial year, net of tax		-	-	-	1,030,977	-	(132,375)	-	(234,566)	664,036	5,988	670,024
Transactions with owners:												
- Employee share options granted	35	-	-	-	-	3,843	-	-	-	3,843	-	3,843
- Employee share options forfeited	35	-	-	-	-	(3,888)	-	-	3,888	-	-	-
- Dividend paid	15	-	-	-	-	-	-	-	(95,620)	(95,620)	-	(95,620)
At 31 December		5,866,269	1,173,253	3,137,730	1,383,557	44,817	(227,314)	6,562	1,738,853	7,257,458	38,314	7,295,772

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2015

2014	Note	Number of shares 34 '000	Nominal value 34 RM'000	Share premium 36(a) RM'000	Foreign exchange reserve 36(b) RM'000	Share option reserve 36(c) RM'000	Hedging reserve 36(d) RM'000	Other reserves 36(e) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		← Attributable to Owners of the Company →										
At 1 January		2,931,591	586,318	1,764,614	51,713	30,633	(10,355)	(7,786)	1,941,522	4,356,659	23,576	4,380,235
Profit for the financial year		-	-	-	-	-	-	-	218,690	218,690	5,675	224,365
Other comprehensive income/(expense) for the financial year, net of tax		-	-	-	300,867	-	(84,584)	14,348	-	230,631	3,075	233,706
Total comprehensive income/(expense) for the financial year, net of tax		-	-	-	300,867	-	(84,584)	14,348	218,690	449,321	8,750	458,071
Transactions with owners:												
- Employee share options exercised	34,35	1,544	309	5,620	-	(1,129)	-	-	-	4,800	-	4,800
- Employee share options granted	35	-	-	-	-	15,608	-	-	-	15,608	-	15,608
- Employee share options forfeited	35	-	-	-	-	(250)	-	-	250	-	-	-
- Rights issue	34	1,466,567	293,313	1,686,553	-	-	-	-	-	1,979,866	-	1,979,866
- Bonus issue	34	1,466,567	293,313	(293,313)	-	-	-	-	-	-	-	-
- Share issuance expenses		-	-	(25,744)	-	-	-	-	-	(25,744)	-	(25,744)
- Dividend paid	15	-	-	-	-	-	-	-	(95,311)	(95,311)	-	(95,311)
At 31 December		5,866,269	1,173,253	3,137,730	352,580	44,862	(94,939)	6,562	2,065,151	6,685,199	32,326	6,717,525

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity

for the financial year ended 31 December 2015

2015	Note	Number of shares 34 '000	Nominal value 34 RM'000	Share premium 36(a) RM'000	Share option reserve 36(c) RM'000	Other reserves 36(e) RM'000	Retained earnings RM'000	Total RM'000
		Attributable to Owners of the Company						
At 1 January		5,866,269	1,173,253	3,137,730	44,862	6,550	246,426	4,608,821
Total comprehensive income for the financial year, net of tax		-	-	-	-	-	164,431	164,431
Transactions with owners:								
- Employee share options granted	35	-	-	-	3,843	-	-	3,843
- Employee share options forfeited	35	-	-	-	(3,888)	-	3,888	-
- Dividend paid	15	-	-	-	-	-	(95,620)	(95,620)
At 31 December		5,866,269	1,173,253	3,137,730	44,817	6,550	319,125	4,681,475

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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

2014	Note	Attributable to Owners of the Company: Number of shares 34 '000	Nominal value 34 RM'000	Share premium 36(a) RM'000	Share option reserve 36(c) RM'000	Other reserves 36(e) RM'000	Retained earnings RM'000	Total RM'000
At 1 January		2,931,591	586,318	1,764,614	30,633	6,550	204,951	2,593,066
Total comprehensive income for the financial year, net of tax		-	-	-	-	-	136,536	136,536
Transactions with owners:								
- Employee share options exercised	34,35	1,544	309	5,620	(1,129)	-	-	4,800
- Employee share options granted	35	-	-	-	15,608	-	-	15,608
- Employee share options forfeited	35	-	-	-	(250)	-	250	-
- Rights issue	34	1,466,567	293,313	1,686,553	-	-	-	1,979,866
- Bonus issue	34	1,466,567	293,313	(293,313)	-	-	-	-
- Share issuance expenses		-	-	(25,744)	-	-	-	(25,744)
- Dividend paid	15	-	-	-	-	-	(95,311)	(95,311)
At 31 December		5,866,269	1,173,253	3,137,730	44,862	6,550	246,426	4,608,821

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

for the financial year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
OPERATING ACTIVITIES					
(Loss)/profit for the financial year		**(241,777)**	224,365	**164,431**	136,536
Adjustments for non-cash items:					
Share of results of joint ventures		**(51,501)**	(35,901)	-	-
Depreciation of property, plant and equipment		**606,658**	476,050	**6,241**	9,695
Fair value through profit and loss on derivative financial instruments		**15,208**	78,307	-	-
Gain on disposal of a subsidiary		**(17,645)**	-	-	-
Gain on disposal of property, plant and equipment		**(104)**	(138)	-	-
Gain on disposal of non-current assets classified as held-for-sale		**(1,009)**	(11,325)	-	-
Impairment					
- investment in a joint venture		**2,691**	-	-	-
- property, plant and equipment		**370,609**	-	-	-
- non-current assets classified as held-for-sale		**24,541**	-	-	-
- available-for-sale financial assets		**25,223**	28,248	-	2,027
- goodwill		-	1,411	-	-
Write down of dividend receivable		-	2,864	-	2,864
Write off of property, plant and equipment		**1,928**	-	-	-
Net allowance for doubtful debts		**167,951**	65,956	-	-
Bad debts written off		**18**	-	-	-
Unrealised foreign exchange gain		**(53,278)**	(59,005)	**(3,360)**	(1,002)
Share-based payment		**3,843**	15,608	**3,843**	15,608
Interest income		**(52,829)**	(28,558)	**(72,383)**	(27,940)
Interest expense		**123,227**	101,606	**65**	94
Dividend income		**(1,841)**	(2,321)	**(148,447)**	(182,501)
Taxation		**70,385**	84,817	**13,863**	6,314
Operating profit/(loss) before changes in working capital		**992,298**	941,984	**(35,747)**	(38,305)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

for the financial year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Changes in working capital:					
Inventories		**(262)**	1,032	-	-
Trade and other receivables		**(379,772)**	(373,446)	**(14,065)**	17,811
Trade and other payables		**253,785**	308,800	**6,119**	(21,444)
Cash from/(used in) operations		**866,049**	878,370	**(43,693)**	(41,938)
Interest paid		**(233,159)**	(130,349)	**(8)**	(94)
Tax refund		-	1,978	-	259
Tax paid		**(109,981)**	(69,963)	**(6,619)**	(3,864)
Dividend received from joint venture		**12,452**	-	**12,452**	-
NET CASH FLOWS GENERATED FROM/ (USED IN) OPERATING ACTIVITIES		**535,361**	680,036	**(37,868)**	(45,637)
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	A	**(3,568,056)**	(2,128,524)	**(81)**	(2,367)
Proceeds from disposal of property, plant and equipment		**9**	138	-	-
Proceeds from disposal of non-current assets held-for-sale		**10,440**	72,468	-	-
Interest received		**56,750**	23,612	**52,790**	11,659
Investments in joint ventures		**(17,971)**	(77,159)	-	(6,711)
Investments in subsidiaries		-	-	**(36)**	-
Dividend income		-	2,321	**148,447**	182,501
Advances to joint ventures		-	-	**(18,279)**	-
Repayment from joint ventures		-	-	**24**	13,461
Advances to subsidiaries		-	-	**(1,436,206)**	(276,644)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(3,518,828)**	(2,107,144)	**(1,253,341)**	(78,101)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

for the financial year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
FINANCING ACTIVITIES					
Proceeds from bank borrowings		**4,533,941**	3,298,372	-	-
Decrease/(increase) in deposit pledged as security		**600**	(600)	-	-
Repayment of bank borrowings		**(3,558,602)**	(1,099,802)	-	-
Repayment of hire purchase creditors		**(125)**	(188)	**(57)**	(170)
Proceeds from issuance of shares		-	4,800	-	4,800
Proceeds from exercise of rights issue		-	1,979,866	-	1,979,866
Share issuance expenses		-	(25,744)	-	(25,744)
Dividend paid		**(95,620)**	(95,311)	**(95,620)**	(95,311)
NET CASH FLOWS GENERATED FROM/ (USED IN) FINANCING ACTIVITIES		**880,194**	4,061,393	**(95,677)**	1,863,441
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(2,103,273)**	2,634,285	**(1,386,886)**	1,739,703
CURRENCY TRANSLATION DIFFERENCES		**326,344**	33,824	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**3,301,747**	633,638	**1,754,920**	15,217
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	B	**1,524,818**	3,301,747	**368,034**	1,754,920

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

for the financial year ended 31 December 2015

Notes to the statements of cash flows:

A Additions to property, plant and equipment (Note 16) which were acquired during the financial year were as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash	**3,568,056**	2,128,524	**81**	2,367
Movement in property, plant and equipment creditors	**896,171**	542,327	**-**	-
Interest expense capitalised for construction of vessels	**128,479**	86,987	**-**	-
	4,592,706	2,757,838	**81**	2,367

B Cash and cash equivalents consist of:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits with licensed banks	**815,342**	2,940,679	**364,844**	1,752,403
Cash and bank balances	**710,376**	362,568	**4,090**	3,417
	1,525,718	3,303,247	**368,934**	1,755,820
Pledged deposits placed with licensed banks	**(900)**	(1,500)	**(900)**	(900)
	1,524,818	3,301,747	**368,034**	1,754,920

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

31 December 2015

1 GENERAL INFORMATION

The principal activities of the Company are investment holding and provision of management services. The principal activities of the Group consist of provision of marine transportation, Floating Production Storage and Offloading ("FPSO") operations, vessel construction, engineering and maintenance services to offshore oil and gas companies. Further details are provided in Note 18 to the financial statements.

There have been no significant changes in the principal activities of the Group and Company during the financial year.

The Company is incorporated and domiciled in Malaysia and is listed and quoted on the Official List of the Main Market of Bursa Malaysia Securities Berhad.

The address of the registered office and principal place of business of the Company is as follows:

Level 21, Menara Perak
24, Jalan Perak
50450 Kuala Lumpur
Malaysia.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies as stated in Note 2 to the financial statements.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

(a) Standards, amendments to published standards and interpretations that are effective

(i) Amendments and annual improvements to MFRS that are effective for the Group and Company's financial year beginning on or after 1 January 2015:

- Amendments to MFRS 119 "Defined Benefits Plans" – Employee Contributions
- Annual Improvements to MFRSs 2010 – 2012 cycle
- Annual Improvements to MFRSs 2011 – 2013 cycle

The adoption of the above amendments and annual improvements that came effect on or after 1 January 2015 did not have significant impact on the financial statements of the Group and Company upon initial application.

Notes to the Financial Statements
31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

(b) Standards, amendments to published standards and interpretations that have been issued but are not yet effective

(i) Amendments and annual improvements to MFRS which are applicable to the Group effective for annual periods beginning on or after 1 January 2016:

- Annual Improvements to MFRSs 2012 - 2014 cycle
- Amendment to MFRS 10 "Consolidated Financial Statements" and MFRS 128 "Investment in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 127 "Separate Financial Statements" - Equity Method in Separate Financial Statements
- Amendments to MFRS 116 "Property, Plant and Equipment" and MFRS 138 "Intangibles Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 101 "Disclosure Initiative"

The above amendments and annual improvements to MFRS are not anticipated to have any significant impact on the financial statements of the Group upon initial application.

(ii) New MFRS which is applicable to the Group effective for annual periods beginning on or after 1 January 2018:

- MFRS 15 "Revenue from Contracts with Customers"
- MFRS 9 "Financial Instruments"

The adoption of the above new MFRSs may result in a change in accounting policy. The Group will quantify the effect of adopting these standards when the full standard is effective.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combination, except for the subsidiary as disclosed in Note 18, where the Group applies predecessor method of merger accounting to account for business combination under common control. Under predecessor method of merger accounting, assets and liabilities acquired are not restated to their respective fair value. They are recognised at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (as of the date of the transaction) of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised.

Notes to the Financial Statements
31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Consolidation (cont'd)

(a) Subsidiaries (cont'd)

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair value at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such remeasurement are recognised in profit and loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(c) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

Notes to the Financial Statements

31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Consolidation (cont'd)

(d) Joint arrangements

A joint arrangement is an arrangement in which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group's interests in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in joint venture is impaired. An impairment loss is recognised to the profit or loss for the amount by which the carrying amount of the joint venture exceeds its recoverable amount.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Notes to the Financial Statements
31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Investments in subsidiaries and joint ventures

In the Company's separate financial statements, investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses (see accounting policy Note 2.8). On disposal of investments in subsidiaries and joint ventures, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the profit or loss.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries.

2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (see accounting policy Note 2.9).

Drydocking expenditure represents major inspection and overhaul cost and are depreciated to reflect the consumption of benefits, which are to be replaced or restored by the subsequent drydocking generally performed. The Group has included these drydocking costs as a component within vessel costs in accordance with MFRS 116 "Property, Plant and Equipment".

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in the profit or loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the profit or loss.

Property, plant and equipment are depreciated on a straight-line basis to allocate the cost to their residual values over their estimated useful lives. Depreciation on vessels under construction commences when the assets are ready for their intended use. Vessels are depreciated on a systematic basis to reflect the pattern in which future economic benefits are expected to be consumed over its estimated useful lives.

The estimated useful lives of the categories of property, plant and equipment are summarised as follows:

Leasehold land and building	50 years
Drydocking expenditure	5 years
Vessels	10 to 30 years
Equipment, furniture, fittings and office equipment	2 to 10 years
Spare parts	1 to 3 years
Motor vehicles	5 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see accounting policy Note 2.8).

Notes to the Financial Statements

31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

Financial assets at fair value through profit or loss

The Group classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term, i.e. are held for trading. They are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current assets. Derivatives are also categorised as held for trading unless they are designated as hedges (see accounting policy Note 2.7). Derivatives are classified as current assets if expected to be settled within 12 months; otherwise they are classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets if collection of the amounts is expected in one year or less they are classified as current assets; otherwise they are presented as non-current assets. The Group's and the Company's loan and receivables are disclosed in Note 41 to the financial statements.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(b) Recognition and initial measurement

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit or loss.

(c) Subsequent measurement - gains and losses

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in the profit or loss in the period in which the changes arise.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary assets are recognised in the profit or loss.

Dividends on available-for-sale equity instruments are recognised in the profit or loss when the Group's right to receive payment is established.

Notes to the Financial Statements

31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Financial assets (cont'd)

(d) Subsequent measurement - impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or "events") has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If "loans and receivables" has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

Assets classified as available-for-sale

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, the Group uses criteria and measurement of impairment loss applicable for "assets carried at amortised cost" above.

Notes to the Financial Statements
31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Financial assets (cont'd)

(d) Subsequent measurement - impairment of financial assets (cont'd)

Assets classified as available-for-sale (cont'd)

In the case of equity securities classified as available-for-sale, in addition to the criteria for "assets carried at amortised cost" above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss. The amount of cumulative loss that is reclassified to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss in subsequent periods.

(e) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership.

When securities classified as available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit or loss.

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

2.6 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less cumulative amortisation, where appropriate.

Notes to the Financial Statements

31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Derivative and hedge activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in Note 2.5. Derivatives that qualify for hedge accounting are designated as cash flow hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 33. Movements on the hedging reserve in shareholders' equity are shown in the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income and accumulated in reserves within equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss.

Amounts accumulated in equity are reclassified to the profit or loss in the periods when the hedged item affects the profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the profit or loss within finance costs.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the transaction is ultimately recognised in the profit or loss.

Notes to the Financial Statements
31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life (e.g. goodwill) are not subject to amortisation and are tested annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets ("cash-generating units"). Assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

2.9 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting period.

General and specific 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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Financial Statements
31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents material and attributable cost of acquisition and is determined using the first-in, first-out method.

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

2.11 Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs of disposal.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

2.12 Construction contracts and conversion work

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use. Conversion work represents activities conducted to convert a vessel for its intended used in accordance to the customers' specifications.

When the outcome of a construction contract or conversion work can be estimated reliably, revenue and costs associated with the construction contract or conversion works are recognised as revenue and expenses respectively by reference to the stage of completion of the contract or conversion activity at the end of the reporting period. When it is probable that total costs will exceed total revenue, the expected loss is recognised as an expense immediately.

Variations in contract/conversion work, claims and incentive payments are included in contract revenue to the extent agreed with the customer and are capable of being reliably measured.

The Group uses the "percentage-of-completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract/conversion costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract/conversion.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

Notes to the Financial Statements

31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Construction contracts and conversion work (cont'd)

For conversion work in relation to vessels built to customers' specifications, these are shown as vessel under construction (under property, plant and equipment) during the conversion phase. Upon completion of the conversion activities, these amounts are recognised as finance lease receivables when the leases commence. Contractual milestone billings during the conversion phase are presented as advances from customers.

For construction contracts, the Group presents as an asset the gross amounts due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within "trade receivables". The Group presents as a liability the gross amounts due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

2.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's and the Company's activities. Revenue is shown net of goods and services tax, value-added tax, returns, rebates and discounts and amounts collected on behalf of third parties and after eliminating sales within the Group.

The Group and the Company recognise revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's and the Company's activities as described below. The Group and the Company base their estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement based on contractual terms. Revenue is recognised on the following bases:

(a) Vessel charter fees and support services

Vessel charter hire fees from FPSO contracts are recognised over the lease term based on classification of the contracts as finance or operating lease determined at the inception of the lease (see accounting policy Note 2.15). Charter hire income from other vessels is recognised upon rendering of services to customers.

Vessel sundry income, commission and agency income are recognised when services are rendered to the customers and recognised on an accrual basis.

(b) Vessel construction, conversion and engineering services

Revenue from construction contracts and conversion works in relation to vessels built to customers' specifications are accounted for under the percentage of completion method (see accounting policy Note 2.12).

(c) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

(d) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

Notes to the Financial Statements
31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Revenue recognition (cont'd)

(e) Rental income

The Group earns rental income from the rental of premises to third parties and recognised on an accrual basis.

(f) Sale of goods

Sales are recognised upon delivery of products and customer acceptance, if any, or performance of services, net of sales taxes and discounts, and after eliminating sales within the Group.

(g) Central overhead fees

The Company earns central overhead fees from its subsidiaries and joint ventures as disclosed in Note 38 and recognised on an accrual basis.

2.14 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements of the Group and the Company are presented in Ringgit Malaysia, which is the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow hedges or are attributable to items that form part of the next investment in a foreign operation.

Translation difference on non-monetary financial assets, such as equities classified as available-for-sale financial assets, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Notes to the Financial Statements

31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Foreign currencies (cont'd)

(c) Group companies (cont'd)

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a disposal involving loss of joint control over a joint venture that includes a foreign operation) all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss, as part of the gain or loss on disposal. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the group's ownership interest in joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

Intercompany loans where settlement is neither planned nor likely to occur in the foreseeable future, are treated as part of the parent's net investment. Translation differences arising therefrom are recognised in other comprehensive income.

2.15 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

(a) Accounting by lessee

Operating leases

Leases of assets where a significant pattern of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are charged to profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) Accounting by lessor

Finance leases

Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The leased asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised on the statement of financial position as "finance lease receivables". The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Any direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Notes to the Financial Statements
31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Leases (cont'd)

(b) Accounting by lessor (cont'd)

Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.16 Current and deferred income tax

Tax expense for the period comprises current, withholding and deferred taxes. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of most likely outcome.

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax liabilities is provided on temporary differences arising on investment in subsidiaries and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the Financial Statements
31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Employee benefits

(a) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured the amounts expected to be paid when the liabilities are settled.

(b) Defined contribution plan

The Group's contributions to Employees Provident Fund, a defined contribution plan are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further financial obligations.

(c) Share-based payment

The Group operates an equity-settled, share-based compensation plan ("Employee Share Option Scheme" or "ESOS") under which the Group receives services from employees as consideration for equity options over ordinary shares of the Company. The fair value of the options granted in exchange for the services of the employees are recognised as employee benefit expense with a corresponding increase to share option reserve within equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Non-market vesting conditions and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share option reserve in equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings. Where the options are granted by shareholders of the Company, the credit in equity is retained as "Other Reserves" when the options are exercised and/or lapsed.

If the terms of an equity-settled amount are modified at a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee, as measured at the date verification.

If an equity award is cancelled by forfeiture, when the vesting conditions (other than market conditions) have not been met, any expense not yet recognised for that award, as at the date of forfeiture, is treated as if it had never been recognised. At the same time, any expense previously recognised on such cancelled equity awards are reversed from the accounts effective as at the date of forfeiture.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Notes to the Financial Statements
31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Employee benefits (cont'd)

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of MFRS 137 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.18 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.19 Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at operating segment level. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.20 Trade payables and accruals

Trade payables and accruals represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. Trade payables and accruals are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements

31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.22 Contingent assets and liabilities

The Group does not recognise contingent assets and liabilities, but disclose its existence in the financial statements, if any.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

2.23 Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

2.24 Share capital

(a) Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

(b) Share issue costs

Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of tax, in equity from the proceeds.

(c) Dividends

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Notes to the Financial Statements
31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Earnings per share

The basic earnings per share ("EPS") is calculated by dividing the Group's profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.26 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer. The Chief Executive Officer, who is responsible for allocating resources and assessing performance of the operating segments, has been identified to make strategic decisions. Segment revenues and expenses are those directly attributable to the segments and include any expenses where a reasonable basis of allocation exists.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

3.1 Revenue

Chartering of FPSO and vessels to customers are recognised as revenue based on whether the charter contract arrangement is considered to be an operating lease or finance lease in accordance with MFRS 117 "Leases". Classifications of these contracts as operating leases or finance leases are assessed at the inception of the lease. The estimated useful lives of the vessel and lease payment pattern are relevant in evaluating lease contracts. This assessment requires significant judgements in the following areas:

(i) Lease term

At lease inception, a lease contract is classified as either an operating or a finance lease. The lease term is the "non-cancellable period" for which the Group has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, when at lease inception it is reasonably certain that the lessee will exercise the option.

(ii) Purchase option

At lease inception, if it is not reasonably certain that the option will be exercised, the option will not be a part of the basis for classification. If the lessee has an option to purchase the asset at a price that is expected to be sufficiently lower than fair value at the date the option becomes exercisable, the exercise of the option is regarded reasonably certain. The evaluation of the term "reasonably certain" involves judgement. The lessee's purchase option is considered in classifying the lease contract.

Notes to the Financial Statements

31 December 2015

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

3.1 Revenue (cont'd)

(ii) Purchase option (cont'd)

Contracts for leasing and operation of vessels are usually negotiated together. Leasing of vessels is accounted for under MFRS 117 "Leases" and operation of vessels is accounted for under MFRS 118 "Revenue". As the consideration for the leasing component and operation component of vessels are contracted together they may not represent the fair value of the individual component separately. The total consideration paid is allocated between each component based on fair value of each component. This requires estimation based on market rates, comparable transactions and other market related information to be determined at lease inception.

If the terms and conditions of the lease contract change subsequently, management will reassess whether the new arrangements would be classified as a new lease based on the prevailing market conditions.

3.2 Impairment of non-financial assets

The Group periodically reviews non-financial assets, in particular vessels within property, plant and equipment and non-current assets held for sale, to ensure that their carrying values are in line with their recoverable amounts as stated in Note 2.8. The recoverable amount of each vessel, being defined as a cash generating unit, has been determined based on the higher of fair value, less cost of disposal ("FV") and value in-use ("VIU") calculations.

The recoverable amount of each vessel is based on estimates and judgement with respect to key assumptions such as utilisation rates, daily charter rates and the discount rate, amongst others. Several of the Group's contracts are long-term in nature and there can be no certainty that the continuity of these contracts will not be materially affected by conditions such as a deterioration in the oil and gas market or a specific client's financial condition. Should the actual conditions be different to those in our assumptions, there may be an adverse effect on the recoverable amount of our non-financial assets or non-current assets held for sale.

During the financial year, the Group recognised an impairment loss on property, plant and equipment of RM370.6 million (2014: RM Nil) and on non-current assets classified as held-for-sale of RM24.5 million (2014: RM Nil). The impairment assessments for property, plant and equipment and non-current assets classified held-for-sale require the use of estimates as disclosed in Note 16.

3.3 Vessel useful life and residual value

Depreciation depends on the estimated useful lives of the vessels and residual values at the end of their useful lives. The estimated useful lives are based on previous experience and knowledge of the vessels owned by the Group and is normally equal to the design life of the vessel. Assumptions about residual value are based on prevailing market conditions and expected value to be obtained for these vessels at the end of their useful lives in the future. These assumptions by their nature may differ from actual outcome in the future. Where appropriate, the Group will adjust the residual value and useful life of the individual vessel based on the particular conditions of the vessel. These adjustments require judgements to be exercised by management to assess the residual value and useful life for the individual vessels.

3.4 Taxation

The Group is subject to income and withholding taxes in numerous jurisdictions in which the Group operates. Significant judgement is required in determining the worldwide provision for these taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. The Group has also recognised certain tax recoverable for which the Group believe that there is a reasonable basis for recognition. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax recoverable/payable and deferred tax provision where relevant in the financial period in which such determination is made.

Notes to the Financial Statements
31 December 2015

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

3.5 Construction contracts

The Group uses the "percentage-of-completion" method to account for its contract revenue. The stage of completion is measured by reference to the contract costs incurred up to the end of reporting period as a percentage of estimated total costs for each contract.

Significant assumptions based on management's assessment of the contract progress and past experience are used to estimate the total contract costs that affect the stage of completion and the contract revenue respectively.

3.6 Liquidated ascertained damages

The Group may be subject to liquidated ascertained damages ("LADs") arising from delays in delivering the vessels under construction or completing the construction contract. The assessment of likelihood of LADs requires significant judgment. The Group has evaluated the potential LADs based on contractual terms and conditions and is satisfied that the likelihood of LADs is remote as the delays were primarily due to changes in customer specifications. Where the outcome is different from the assessment, such differences may have adverse impact on the project profitability.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

This note presents information about the Group's and the Company's exposure to risk resulting from its use of financial instruments, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further qualitative disclosures are included throughout these consolidated financial statements.

The Group's activities expose it to a variety of financial risks: market risk including currency risk and interest rate risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Board of Directors identifies and evaluates financial risks in close co-operation with the Group's management.

<u>Foreign currency exchange risk</u>

The Group is exposed to various currencies, primarily the United States Dollar ("USD"). The Group's foreign currency exchange risk arises from the revenue recognised and purchases of material, spares and services for maintenance of its vessels.

The objectives of the Group's foreign currency exchange risk management policies are to allow the Group to effectively manage the foreign exchange fluctuation against its functional currency that may arise from future commercial transactions and recognised assets and liabilities. Foreign currency exchange forward contracts are used to manage foreign currency exchange exposures arising from all known material foreign currency denominated commitments as and when they arise and to hedge the movements in exchange rates by establishing the rate at which a foreign currency monetary item will be settled. Gains and losses on foreign currency exchange forward contracts entered into as hedges of foreign currency monetary items are recognised in the financial statements when the exchange differences of the hedged monetary items are recognised in the financial statements. Cross currency interest rate swap contracts are also used to hedge the volatility in the cash flows attributable to variability in the other currency denominated borrowings once identified to maturity of the borrowings.

If the USD strengthened/(weakened) by 1% against the Ringgit Malaysia ("RM"), the gains/(losses) on translation of the USD denominated receivables, bank deposits and balances, and payables held by companies within the Group, would have been higher/(lower) by approximately RM11.6 million/(RM11.6 million) (2014: RM16.2 million/(RM16.2 million)).

Notes to the Financial Statements
31 December 2015

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the Group's borrowings with floating interest rates. In respect of managing interest rate risks, the floating interest rates of certain long-term loans are hedged in accordance with the Group's policy by fixed rate swaps for the entire maturity period. Short term facilities which bear interest at floating interest rates are used for working capital and bridge financing requirements. The interest rate profile of the Group's borrowings is regularly reviewed against prevailing and anticipated market rates to determine hedging requirements.

The contractual interest rates on borrowings and derivative financial instruments are disclosed on Notes 32 and 33 respectively.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

Group	2015 RM'000	2014 RM'000
Variable rate instruments		
Financial liabilities, comprising term loans, bridging loans and revolving credits	**6,499,963**	4,612,511
Less: Interest rate swap contracts	**(1,204,346)**	(1,401,726)
Less: Cross currency interest rate swap contract	**(76,696)**	(104,391)
	5,218,921	3,106,394

The sensitivity of the Group's profit before taxation for the financial year and equity to a reasonable possible change in RM and USD interest rates with all other factors held constant and based on composition of liabilities with floating interest rates at the reporting date are as follows:

	Impact on profit before taxation		Impact on equity [1]	
Group	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
RM				
- increased by 0.5% (2014: 0.5%)	**(883)**	(1,240)	-	-
- decreased by 0.5% (2014: 0.5%)	**883**	1,240	-	-
USD				
- increased by 0.5% (2014: 0.5%)	**25,443**	14,375	**4,068**	4,495
- decreased by 0.5% (2014: 0.5%)	**(25,443)**	(14,375)	**(4,068)**	(4,495)

[1] Represents cash flow hedging reserve

The impact on profit before taxation for the financial year is mainly as a result of interest expenses on floating interest rate borrowings not in a designated hedging relationship. For borrowings in a designated hedging relationship, as these are effectively hedged, the interest rate movements will not have any impact on the profit or loss.

The Company is exposed to the changes in interest rates in relation to an amount due from a subsidiary on floating interest rates as disclosed in Note 27. The Company does not hedge this interest rate risk. If the interest rates increase/(decrease) by 0.5% (2014: 5%), the impact on profit before taxation is approximately RM2.5 million/(RM2.5 million) (2014: RM1.4 million/(RM1.4 million)).

Notes to the Financial Statements
31 December 2015

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk

Credit risk arises when sales are made on credit terms. The Group's activities limit the exposure and credit risk concentration to major clients in the oil and gas industry. The Group employs a credit policy that ensures clients are subjected to credit checks and outstanding accounts are followed up on a timely basis.

Several of the Group's contracts are long-term. There can be no guarantees that the financial position of the Group's major customers will not materially change during the contracted period. Given the limited number of major partners of the Group and the significant portion they represent of the Group's income, the inability of one or more of them to make full payment on any of the Group's customers may have a significant adverse impact on the financial position of the Group.

The credit risk of the Group arises primarily from the Group's 5 largest customers which accounted for 72% (2014: 52%) of the outstanding trade receivables at the end of the reporting period. The Group believes that the credit risk related to these counterparties is at an acceptable level. The Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. As such, management does not expect any counterparty to fail to meet their obligations except for the allowance for doubtful debts provided as disclosed in Note 25 to the financial statements. The carrying amount of each class of financial assets mentioned in Note 22, Note 25, Note 26, Note 27 and Note 29 to the financial statements represent the Group's maximum exposure to credit risk.

Management continues to review the credit risk concentration with respect to other receivables, amounts due from subsidiaries and joint ventures. These relates to receivables with no history of default and management expect these amounts to be recoverable over the course of business.

Liquidity risk

The Group and the Company adopt liquidity risk management by maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities from financial institutions to support its daily operations. Whenever the Group undertakes additional financing, the repayment and maturity profile of the underlying loans are structured after taking into consideration the cash inflows expected to be generated from the related assets or operations and economic life of the assets or operations being financed.

As at 31 December 2015, the Group's statement of financial position was in a net current liabilities position of RM212.7 million due mainly to the use of short-term corporate borrowings and internally generated funds to finance the Eni 1506 FPSO project ("the Project"). On 23 December 2015, the Group secured a syndicated term loan facility, a standby letter of credit facility and a bank guarantee facility, of a maximum aggregate principal amount of USD1,119.7 million to part finance the Project. The anticipated drawdown within the next 12 months will provide sufficient liquidity to discharge short term obligations as they fall due.

Notes to the Financial Statements
31 December 2015

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

Group	Within 1 year RM'000	More than 1 year and within 2 years RM'000	More than 2 years and within 5 years RM'000	More than 5 years RM'000	Total RM'000
31 December 2015					
Borrowings	2,010,215	898,198	3,655,900	2,898,132	9,462,445
Amounts due to joint ventures	25,189	-	-	-	25,189
Net settled derivative financial instruments					
- interest rate swaps	(5,757)	(144)	391	-	(5,510)
- cross currency interest rate swaps	(54,095)	(58,937)	(111,398)	(660,840)	(885,270)
Trade payables and accruals	1,298,857	-	-	-	1,298,857
Other payables and accruals	179,327	456,820	-	-	636,147

Group	Within 1 year RM'000	More than 1 year and within 2 years RM'000	More than 2 years and within 5 years RM'000	More than 5 years RM'000	Total RM'000
31 December 2014					
Borrowings	1,184,520	1,409,521	2,825,546	1,951,459	7,371,046
Hire purchase creditors	84	24	30	-	138
Amounts due to joint ventures	18,598	-	-	-	18,598
Net settled derivative financial instruments					
- interest rate swaps	(9,918)	(1,781)	3,153	-	(8,546)
- cross currency interest rate swaps	(2,623)	(7,823)	(22,113)	(232,384)	(264,943)
Trade payables and accruals	699,416	-	-	-	699,416
Other payables and accruals	207,511	349,730	-	-	557,241

Notes to the Financial Statements
31 December 2015

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

Company	Within 1 year RM'000	More than 1 year and within 2 years RM'000	More than 2 years and within 5 years RM'000	More than 5 years RM'000	Total RM'000
31 December 2015					
Other payables and accruals	59,704	-	-	-	59,704
Amounts due to joint ventures	227	-	-	-	227
Amounts due to subsidiaries	1,140,872	-	-	-	1,140,872
31 December 2014					
Hire purchase creditors	65	-	-	-	65
Other payables and accruals	53,586	-	-	-	53,586
Amounts due to subsidiaries	333,476	-	-	-	333,476

The corporate guarantees are financial guarantees given to banks for credit facilities granted to subsidiaries.

The maximum amount of the financial guarantees issued to the banks for subsidiary companies' borrowings is limited to the amount utilised by the subsidiaries companies, amounting to RM7,188.9 million as at 31 December 2015 (2014: RM5,404.5 million). The earliest period any of the financial guarantees can be called upon by banks is within the next 12 months. The Company believes that the liquidity risk in respect of the financial guarantees is minimal as it is unlikely that the subsidiary companies will not make payment to the banks when due.

Capital risk management

The Group's and the Company's objectives when managing capital, are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares as well as the issue of new debt or return capital to shareholders.

Notes to the Financial Statements

31 December 2015

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Capital risk management (cont'd)

The capital structure qof the Group and the Company consists of borrowings (excluding cash and cash equivalents) and total equity, comprising issued share capital, reserves and non-controlling interests as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Total borrowings	8,029,554	6,192,825	-	-
Less: Cash and cash equivalents	(1,524,818)	(3,301,747)	(368,034)	(1,754,920)
	6,504,736	2,891,078	(368,034)	(1,754,920)
Total equity	7,295,772	6,717,525	4,681,475	4,608,821
	13,800,508	9,608,603	4,313,441	2,853,901

The Group is required to maintain a certain ratio of total net debt to adjusted earnings before interest, taxation, depreciation, amortisation and impairment, as defined in the facilities agreement. During the financial year, the Group has complied with these requirements.

5 SEGMENT INFORMATION

The Group is organised into 3 main business segments based on the type of operations carried out by its vessels and barges:

- FPSO and Floating Gas Solutions ("FGS") - Own, operate and provide FPSO units, vessels that are used for receiving hydrocarbons sourced from oilfields and FGS focus on innovate solutions for the offshore liquefied natural gas industry.
- Offshore Support Vessel ("OSV") - Own, operates and charter vessels to provide support for exploration, development and production activities in the offshore oil and gas industry.
- Transport and Installation ("T&I") - Provision of conventional installation, floater installation and installation of umbilicals, risers and flexibles as part of FPSO completion or as standalone T&I projects.

The remaining operations of the Group are in "Corporate and others" and comprise engineering services, which are not of a sufficient size to be reported separately, and management and other corporate support services provided to Group entities which are considered incidental to the Group's operating business.

The external revenue reported to the Chief Executive Officer is measured in a manner consistent with that in the Group's statement of income. The cost of sales and allocation of expenses attributable to each segment is based on management's internal allocation basis and may not individually be consistent with the Group's statement of income.

Inter-segment revenue comprises mostly of engineering services provided to the marine charter hire companies within the Group. These transactions are conducted based on terms and conditions negotiated with related parties.

Notes to the Financial Statements

31 December 2015

5 SEGMENT INFORMATION (CONT'D)

	FPSO and FGS RM'000	OSV RM'000	T&I RM'000	Corporate and others RM'000	Elimination RM'000	Group RM'000
2015						
Revenue	1,305,596	538,117	336,021	-	-	2,179,734
Inter-segment revenue	-	-	-	185,865	(185,865)	-
Total revenue	1,305,596	538,117	336,021	185,865	(185,865)	2,179,734
Results						
Segment results	309,658	(117,091)	39,653	13,921	(13,921)	232,220
Impairment	(41,341)	(249,094)	(104,717)	(27,912)	-	(423,064)
Share of results of joint ventures	50,812	689	-	-	-	51,501
Other operating income						90,635
Finance costs						(122,684)
Taxation						(70,385)
Loss for the financial year						(241,777)
2014						
Revenue	949,066	654,626	793,647	-	-	2,397,339
Inter-segment revenue	-	-	-	161,445	(161,445)	-
Total revenue	949,066	654,626	793,647	161,445	(161,445)	2,397,339
Results						
Segment results (restated)	304,180	34,510	(971)	8,800	(8,800)	337,719
Impairment (restated)	-	-	-	(29,659)	-	(29,659)
Share of results of joint ventures	35,753	148	-	-	-	35,901
Other operating income						64,374
Finance costs						(99,153)
Taxation						(84,817)
Profit for the financial year						224,365

Notes to the Financial Statements

31 December 2015

5 SEGMENT INFORMATION (CONT'D)

Although the Group's business segments are managed in Malaysia, they operate in the following main geographical areas:

- Malaysia - mainly charter hire of vessels, marine engineering and consultancy services
- Asia (excluding Malaysia) and Australia, Africa and Latin America – mainly charter hire of vessels and construction/conversion works

Non-current assets other than financial instruments and deferred tax assets managed by the Group in Asia amounted to RM14,679.7 million as at 31 December 2015 (2014: RM9,052.5 million).

Revenue by location of the Group's operation are analysed as follows:

	Group	
	2015	2014
	RM'000	RM'000
Malaysia	**176,242**	310,055
Asia (excluding Malaysia) and Australia	**1,302,025**	1,418,386
Africa	**554,033**	574,188
Latin America	**147,434**	94,710
	2,179,734	2,397,339

The Group's largest customers (by revenue contribution) are in the FPSO and T&I segments. In 2015, 3 customers contributed revenue individually exceeding 10% of total revenue for the financial year, amounting to RM306.0 million, RM269.5 million and RM262.5 million respectively. In 2014, 3 customers contributed revenue individually exceeding 10% of total revenue for the financial year, amounting to RM349.0 million, RM345.6 million and RM267.9 million respectively.

6 REVENUE

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Vessel charter fees and support services rendered	**1,730,531**	1,815,760	-	-
Construction and conversion work	**449,203**	581,579	-	-
Dividend income	-	-	**148,447**	182,501
Central overhead fees	-	-	**229,006**	240,580
	2,179,734	2,397,339	**377,453**	423,081

Notes to the Financial Statements

31 December 2015

7 OTHER OPERATING INCOME

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Gain on disposal of property, plant and equipment	**104**	138	**-**	-
Gain on disposal of non-current assets classified as held-for-sale	**1,009**	11,325	**-**	-
Gain on disposal of a subsidiary	**17,645**	-	**-**	-
Gain on disposal of scrap materials	**209**	248	**-**	-
Interest income				
- deposits with licensed banks	**52,829**	28,558	**48,862**	16,299
- loan to a subsidiary	**-**	-	**23,521**	11,641
Accretion of interest	**2,252**	-	**73**	-
Rental income from buildings	**49**	41	**-**	-
Insurance claims	**6,127**	14,278	**-**	-
Dividend income	**1,841**	2,321	**-**	-
Commission	**-**	692	**-**	-
Vessel ancillary fees and others	**8,570**	6,773	**13**	14
	90,635	64,374	**72,469**	27,954

8 FINANCE COSTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest expense	**123,227**	101,606	**65**	94
Fair value gain on interest rate swaps used for hedging purpose	**(543)**	(2,453)	**-**	-
	122,684	99,153	**65**	94

Notes to the Financial Statements

31 December 2015

9 INVESTMENTS IN JOINT VENTURES

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Unquoted shares, at cost	**310,390**	264,373	**151,943**	151,943
Share of net assets	**225,452**	140,805	**-**	-
Interests in joint ventures	**535,842**	405,178	**151,943**	151,943

The joint ventures are private companies and there are no quoted market prices available for their shares.

Details of the joint ventures are as follows:

Name of company	Principal activities	Group's effective interest 2015 %	Group's effective interest 2014 %	Country of incorporation
Armada Century Ltd.	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	49	49	British Virgin Islands
Armada C7 Pte. Ltd.	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	50	50	Singapore
Armada D1 Pte. Ltd.	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	50	50	Singapore
Armada Synergy Ltd.[(1)]	To manage and operate vessels for subsea well services and services relating to oil and gas production	51	51	United Kingdom
Century Bumi Limited	Oil and gas exploration, and product and marine services	40	40	Federal Republic of Nigeria

Notes to the Financial Statements
31 December 2015

9 INVESTMENTS IN JOINT VENTURES (CONT'D)

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

Name of company	Principal activities	Group's effective interest 2015 %	2014 %	Country of incorporation
Forbes Bumi Armada Offshore Limited	Ship owners, charterers, managers of ships and vessels, logistics and maritime transportation services to the oil and gas industry	50	50	India
Forbes Bumi Armada Limited	Ship owners, charterers, managers of ships and vessels, logistics and maritime transportation services to the oil and gas industry	49	49	India
PT Armada Gema Nusantara	Ship owner and operator	49	49	Indonesia
SP Armada Oil Exploration Private Limited	Marine support and other services to the oil and gas industry	50	50	India
SP Armada Offshore Private Limited	To provide marine support and other service to oil and gas industry and for that purpose to purchase, erect, construct, own, charter, manage vessels and rigs	50	50	India
Armada Madura EPC Limited [2]	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil & gas companies	49	-	Republic of The Marshall Islands

[1] On 25 November 2015, Armada Kamelia Sdn Bhd, a wholly-owned subsidiary of the Company, has filed a voluntarily strike off of Armada Synergy Ltd ("ASL"), a private limited company incorporated in the United Kingdom. ASL was incorporated on 22 November 2013 to participate in the oilfield services ("OFS") business, with the principal activities to manage and operate vessels for subsea well services and services relating to oil and gas production.

Due to challenging market conditions for the oil and gas sector, it was decided earlier this financial year that ASL would exit and cease activities in the OFS business. This is in line with the Group's rationalisation and efficiency plans.

Companies House (UK), in its supplement of the London Gazette on 24 November 2015, published a notice pursuant to Section 100(3) of the Companies Act 2006 (UK) that ASL would be struck off the register and deemed dissolved at the end of three (3) months from the date of the notice. As such, ASL had been dissolved and ceased to be a subsidiary of the Company with effect from 23 February 2016.

Notes to the Financial Statements
31 December 2015

9 INVESTMENTS IN JOINT VENTURES (CONT'D)

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

(2) On 3 March 2015, Armada Madura EPC Limited ("Armada Madura") was incorporated as a wholly-owned subsidiary of Bumi Armada Offshore Holdings Limited ("BAOHL") (a wholly-owned subsidiary of the Company) in the Republic of The Marshall Islands, with an authorised capital of USD50,000 comprising 50,000 shares of USD1.00 each, of which 10 shares have been issued upon incorporation.

On 10 April 2015, the Company, BAOHL, Armada Madura, Shapoorji Pallonji And Company Private Limited ("SPCL") and Shapoorji Pallonji International FZE ("SPINT") (an indirect wholly-owned subsidiary of SPCL) entered into a shareholders agreement ("SHA") with respect to the joint investment in Armada Madura by the Company and BAOHL on the one part, and SPCL and SPINT on the other part, in connection with the engineering, design, acquisition, conversion, development, construction, fitting out, completion, mobilisation, transportation, installation, hook-up, testing, commission and integration of the FPSO at the Madura BD Field ("FPSO Project") to be carried out by Armada Madura, pursuant to which each of BAOHL and SPINT would hold a 50% economic interest and be responsible for 50% of the funding obligations with respect to the FPSO Project, in accordance with the terms of the SHA.

On 20 April 2015, BAOHL and SPINT subscribed for 24,489 and 25,501 new ordinary shares of USD1.00 each in Armada Madura, respectively, and consequently on 22 April 2015, SPINT transferred all of its Armada Madura shares to SPCL. Accordingly, the percentage shareholdings of BAOHL and SPCL in Armada Madura were 48.998% and 51.002% in Armada Madura, respectively. Upon completion of the share transferred above, Armada Madura was accounted as a joint venture in the Group's financial statements.

Details of the assets, liabilities and gain arising from the loss of controlling interest in Armada Madura are as follows:

	Group 2015 RM'000
Property, plant and equipment (Note 16)	65,499
Net current liabilities	(65,499)
Net assets disposed	-
Gain on deemed disposal of a subsidiary	17,645

The above gain results from the realisation of unrealised profit from a transaction with a subsidiary.

Notes to the Financial Statements
31 December 2015

9 INVESTMENTS IN JOINT VENTURES (CONT'D)

Set out below are the summarised financial information of all the joint ventures of the Group:

Group	Armada D1 Pte Ltd RM'000	Armada C7 Pte Ltd RM'000	Amada Madura EPC Limited RM'000	Others RM'000	Total RM'000
2015					
Current assets	391,189	486,665	14,919	209,942	1,102,715
Non-current assets	1,135,274	1,376,436	712,422	22,270	3,246,402
Current liabilities	(244,165)	(334,779)	(240,164)	(271,984)	(1,091,092)
Non-current liabilities	(688,746)	(1,066,148)	(375,751)	-	(2,130,645)
Net assets	593,552	462,174	111,426	(39,772)	1,127,380
The above include the following:					
Cash and cash equivalents	83,789	64,930	12,690	38,605	200,014
Current financial liabilities excluding trade and other payables	(194,708)	(308,156)	(101,929)	(267,111)	(871,904)
Non-current financial liabilities excluding trade and other payables	(643,633)	(1,041,598)	(375,751)	-	(2,060,982)
Revenue	208,373	81,683	108,894	294,923	693,873
Other income/(expenses)	(54,517)	(24,520)	209	(303,267)	(382,095)
Interest income	-	-	2	14	16
Depreciation	(88,061)	-	-	(4,134)	(92,195)
Finance costs	(46,823)	(31,300)	(1,534)	-	(79,657)
Taxation	(9,504)	(5,731)	-	(470)	(15,705)
Profit/(loss) after taxation	9,468	20,132	107,571	(12,934)	124,237

Notes to the Financial Statements

31 December 2015

9 INVESTMENTS IN JOINT VENTURES (CONT'D)

Set out below are the summarised financial information of all the joint ventures of the Group (cont'd):

Group	Armada D1 Pte Ltd RM'000	Armada C7 Pte Ltd RM'000	Others RM'000	Total RM'000
2014				
Current assets	354,772	43,023	58,463	456,258
Non-current assets	1,004,777	1,434,890	43,303	2,482,970
Current liabilities	(168,601)	(972,350)	(81,407)	(1,222,358)
Non-current liabilities	(691,519)	(180,244)	-	(871,763)
Net assets	499,429	325,319	20,359	845,107
The above include the following:				
Cash and cash equivalents	55,100	50,630	1,124	106,854
Current financial liabilities excluding trade and other payables	(154,646)	(952,851)	2,707	(1,104,790)
Non-current financial liabilities excluding trade and other payables	(654,642)	(159,395)	-	(814,037)
Revenue	168,554	78,713	83,765	331,032
Other (expenses)/income	(15,816)	2,515	(70,741)	(84,042)
Interest income	-	7	94	101
Depreciation	(74,340)	-	(4,605)	(78,945)
Finance (costs)/income	(42,218)	342	1	(41,875)
Taxation	(23,323)	(19,546)	(4,719)	(47,588)
Profit after taxation	12,857	62,031	3,795	78,683

Notes to the Financial Statements
31 December 2015

9 INVESTMENTS IN JOINT VENTURES (CONT'D)

Reconciliation of financial information:

Group	Armada D1 Pte Ltd RM'000	Armada C7 Pte Ltd RM'000	Amada Madura EPC Limited RM'000	Others RM'000	Total RM'000
2015					
Net assets	**593,552**	**462,174**	**111,426**	**(39,772)**	**1,127,380**
Group share in %	**50%**	**50%**	**49%**	-	-
Group's share	**296,776**	**231,087**	**54,599**	**(19,208)**	**563,254**
Unrealised profit	**(9,767)**	-	**(17,645)**	-	**(27,412)**
Carrying amount	**287,009**	**231,087**	**36,954**	**(19,208)**	**535,842**

Group	Armada D1 Pte Ltd RM'000	Armada C7 Pte Ltd RM'000	Others RM'000	Total RM'000
2014				
Net assets	499,429	325,319	20,359	845,107
Group share in %	50%	50%	-	-
Group's share	249,714	162,660	873	413,247
Unrealised profit	(9,844)	(916)	2,691	(8,069)
Carrying amount	239,870	161,744	3,564	405,178

The Group's share of profit, total comprehensive income, dividend received and net assets of the joint ventures, after adjustments for equity accounting are as follows:

	Group 2015 RM'000	Group 2014 RM'000
Profit for financial year	**51,501**	35,901
Total comprehensive income for the financial year	**51,501**	35,961
Dividend received	**12,452**	-
Net assets	**535,842**	405,178

Notes to the Financial Statements
31 December 2015

10 (LOSS)/PROFIT BEFORE TAXATION

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(Loss)/profit before taxation is arrived at after charging/(crediting):				
Auditors' remuneration:				
- fees for statutory audit				
- PricewaterhouseCoopers Malaysia	**1,300**	1,326	**210**	227
- member firms of PricewaterhouseCoopers International Limited	**739**	305	**-**	-
- fees for audit related services	**527**	1,495*	**464**	1,385*
- fees for non-audit services	**1,675**	847	**690**	655
Impairment:				
- property, plant and equipment	**370,609**	-	**-**	-
- non-current assets classified as held-for-sale	**24,541**	-	**-**	-
- investment in a joint venture	**2,691**	-	**-**	-
- available-for-sale financial assets	**25,223**	28,248	**-**	2,027
- goodwill	**-**	1,411	**-**	-
Net allowance for doubtful debts	**167,951**	65,956	**-**	-
Bad debts written off	**18**	-	**-**	-
Write down of dividend receivable	**-**	2,864	**-**	2,864
Write off of property, plant and equipment	**1,928**	-	**-**	-
Depreciation of property, plant and equipment	**606,658**	476,050	**6,241**	9,695
Travel and freight	**40,664**	50,318	**4,522**	3,730
Repairs and maintenance	**134,124**	130,071	**20**	146
Management fees	**6,166**	5,535	**5,564**	5,535
Insurance	**47,619**	40,429	**-**	-
Fuel and oil	**44,918**	91,533	**-**	-

* In the prior financial year, such fees include an amount of RM1.0 million in relation to the Rights Issue which has been netted against share premium.

Notes to the Financial Statements

31 December 2015

10 (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Advertisement and recruitment	**2,934**	3,192	**131**	141
Staff costs (Note 11)	**620,066**	530,292	**194,838**	190,131
Other crew costs	**70,015**	54,015	-	-
Rental of buildings	**15,603**	14,633	**7,457**	5,585
Hiring of equipment	**131,702**	53,866	-	-
Fair value (gain)/loss on derivatives:				
- Interest rate swaps	**(543)**	(2,453)	-	-
- Cross currency interest rate swaps	**15,751**	80,760	-	-
Net foreign exchange loss/(gain):				
- realised	**38,984**	1,566	**(104)**	1,836
- unrealised	**(53,278)**	(59,005)	**(3,360)**	(1,002)
Maintenance and services cost	**77,915**	63,076	-	-
Survey fee	**12,826**	9,503	-	-
Consultancy fee	**11,586**	26,002	**1,120**	1,371
Communication expenses	**8,374**	9,086	-	-

11 STAFF COSTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Wages, salaries and bonuses	**619,339**	612,827	**169,135**	165,404
Defined contribution plan	**27,461**	27,076	**4,806**	5,330
Share-based payments	**3,843**	15,608	**3,843**	15,608
Termination benefits	**21,967**	-	**12,845**	-
Other staff related costs	**63,067**	71,227	**4,209**	3,789
Total staff costs	**735,677**	726,738	**194,838**	190,131

Included in staff costs is Executive Directors' remuneration as disclosed in Note 12 and RM115.6 million (2014: RM196.4 million) which has been capitalised in the Group's property, plant and equipment.

Notes to the Financial Statements
31 December 2015

12 DIRECTORS' REMUNERATION

The aggregate amounts of emoluments received and receivable by Directors from the Group and the Company during the financial year were as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-executive Directors:				
- fees	**2,763**	2,068	**2,763**	2,068
- allowances and defined contribution plan	**603**	651	**603**	651
Executive Directors:				
- salaries, bonuses, allowances and other staff related costs	**851**	12,492	**71**	11,257
- defined contribution plan	**102**	148	**9**	-
- share-based payments	**2,038**	7,762	**2,038**	7,762
	6,357	23,121	**5,484**	21,738

Benefits in kind received by the Directors from the Group and the Company amounted to RM35,000 (2014: RM204,352).

13 TAXATION

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Income tax:				
- Malaysian tax	**22,637**	3,774	**18,096**	61
- foreign tax	**101,449**	40,964	-	-
Deferred tax (Note 21)	**(53,701)**	40,079	**(4,233)**	6,253
	70,385	84,817	**13,863**	6,314
Income tax:				
- current financial year	**123,073**	52,002	**18,096**	-
- under/(over) provision in respect of prior financial years	**1,013**	(7,264)	-	61
	124,086	44,738	**18,096**	61
Deferred tax:				
- origination and reversal of temporary differences (Note 21)	**(53,701)**	40,079	**(4,233)**	6,253
	70,385	84,817	**13,863**	6,314

Notes to the Financial Statements

31 December 2015

13 TAXATION (CONT'D)

The explanation of the relationship between Malaysian tax rate and average effective tax rate is as follows:

	Group		Company	
	2015	2014	2015	2014
	%	%	%	%
Malaysian tax rate	**(25)**	25	**25**	25
Tax effects of:				
- exempt income	**(19)**	(22)	**(21)**	(32)
- difference in tax rates in other countries	**(11)**	3	**-**	-
- withholding tax on foreign sourced income	**30**	7	**-**	-
- expenses not deductible for tax purposes	**62**	10	**4**	7
- deferred tax assets not recognised	**3**	6	**-**	4
- under/(over) provision in prior years	**1**	(2)	**-**	-
	41	27	**8**	4

The Group's effective tax rate for the financial year ended 31 December 2015 was 41%, as compared to the Malaysian statutory rate of 25%. The variance was mainly due to expenses not deductible for tax purposes, changes in the proportion of income of foreign subsidiaries which are subject to different statutory tax rates, withholding taxes deducted at source as well as exempt income which is not taxable.

The Company's effective tax rate for the financial year ended 31 December 2015 was 8% compared to the statutory tax rate of 25% as the Company's income was mainly exempted from tax for the financial year.

Notes to the Financial Statements
31 December 2015

14 EARNINGS PER SHARE

Basic

The basic earnings per share ("EPS") is calculated by dividing the Group's (loss)/profit attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

Diluted

The diluted EPS is calculated by dividing the (loss)/profit for the financial year attributable to the Owners of the Company (adjusted for interest income, net of tax, earned on the proceeds arising from the conversion of the ESOS options) by the weighted average number of ordinary shares as adjusted for the basic EPS and includes all potential dilutive shares on both arising from the ESOS options granted by the reporting date, as if the options had been exercised on the first day of the financial year or the date of the grant, if later.

	Basic		Diluted	
	2015	**2014**	**2015**	**2014**
(Loss)/profit attributable to the Owners of the Company for the financial year ended 31 December (RM'000)	**(234,566)**	218,690	**(234,566)**	218,690
Weighted average number of ordinary shares in issue ('000)	**5,866,269**	3,266,154	**5,866,269**	3,266,154
Adjusted for bonus issue and bonus elements of right issues ('000)	-	1,792,400	-	1,792,400
Adjusted weighted average number of ordinary shares in issue for basic and diluted EPS ('000)	**5,866,269**	5,058,554	**5,866,269**	5,058,554
Basic and diluted EPS (sen)	**(4.00)**	4.32	**(4.00)**	4.32

Notes to the Financial Statements
31 December 2015

15 DIVIDENDS IN RESPECT OF ORDINARY SHARES

	Group and Company	
	2015 RM'000	2014 RM'000
Dividend paid		
In respect of the financial year ended 31 December 2014:		
- Final cash dividend comprising a single tier tax-exempt dividend of 1.63 sen per ordinary share paid on 3 July 2015.	**95,620**	-
In respect of the financial year ended 31 December 2013:		
- Final cash dividend comprising a single tier tax-exempt dividend of 3.25 sen per ordinary share paid on 3 July 2014.	-	95,311

The Board of Directors proposes to recommend for shareholders' approval at the forthcoming Annual General Meeting of the Company, a tax-exempt final cash dividend of 0.82 sen per share in respect of the financial year ended 31 December 2015. This dividend is not taxable in the hands of the shareholders pursuant to Section 54A(3)(d) and (e) of the Income Tax Act, 1967, the entitlement and payment dates for which will be announced at a later date to be determined.

The financial statements for the financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

Notes to the Financial Statements

31 December 2015

16 PROPERTY, PLANT AND EQUIPMENT

Group	Short term leasehold land and building RM'000	Vessels under construction RM'000	Total vessel costs [1]: Vessels RM'000	Total vessel costs [1]: Dry-docking RM'000	Total vessel costs [1]: Total RM'000	Motor vehicles RM'000	Equipment, furniture and fittings, and office quipment RM'000	Spare parts RM'000	Total RM'000
2015									
Net book value									
At 1 January	1,866	2,452,700	5,757,327	84,266	5,841,593	422	149,632	13,568	8,459,781
Additions	-	4,291,984	131,425	61,842	193,267	650	98,408	8,397	4,592,706
Reclassification	-	(87,703)	64,499	24,894	89,393	-	(14,874)	13,184	-
Depreciation charge	(47)	-	(509,384)	(36,637)	(546,021)	(218)	(44,723)	(15,649)	(606,658)
Impairment	-	-	(329,268)	-	(329,268)	-	(41,341)	-	(370,609)
Write off (Note 10)	-	-	-	-	-	-	(1,928)	-	(1,928)
Disposal of a subsidiary (Note 9)	-	-	(65,499)	-	(65,499)	-	-	-	(65,499)
Transfer from/(to) non-current assets classified as held-for-sale (Note 28)	-	-	33,030	6,466	39,496	-	832	591	40,919
Exchange differences	-	718,304	1,179,811	16,271	1,196,082	26	177,735	3,009	2,095,156
At 31 December	1,819	7,375,285	6,261,941	157,102	6,419,043	880	323,741	23,100	14,143,868
At 31 December 2015									
Cost	2,360	7,375,285	9,323,045	277,624	9,600,669	1,978	514,339	46,287	17,540,918
Accumulated depreciation	(541)	-	(2,731,836)	(120,522)	(2,852,358)	(1,098)	(149,257)	(23,187)	(3,026,441)
Accumulated impairment	-	-	(329,268)	-	(329,268)	-	(41,341)	-	(370,609)
Net book value	1,819	7,375,285	6,261,941	157,102	6,419,043	880	323,741	23,100	14,143,868

Included in property, plant and equipment were equipment, furniture and fittings and office equipment amounting to RM67.2 million which have been fully depreciated.

[1] The net book value of vessels at 31 December 2015 under operating lease agreements with charterers was RM2.9 billion.

16 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Short term leasehold land and building RM'000	Vessels under construction RM'000	Total vessel costs [1]: Vessels RM'000	Total vessel costs [1]: Dry-docking RM'000	Total vessel costs [1]: Total RM'000	Motor vehicles [2] RM'000	Equipment, furniture and fittings, and office quipment RM'000	Spare parts RM'000	Total RM'000
2014									
Net book value									
At 1 January	1,913	161,345	5,559,048	84,366	5,643,414	655	58,935	4,822	5,871,084
Additions	-	1,835,246	725,746	46,222	771,968	99	134,768	15,757	2,757,838
Reclassification	-	330,747	(327,479)	-	(327,479)	-	(3,268)	-	-
Depreciation charge	(47)	-	(413,758)	(23,589)	(437,347)	(337)	(30,781)	(7,538)	(476,050)
Transfer to non-current assets classified as held-for-sale (Note 28)	-	-	(88,021)	(25,931)	(113,952)	-	(12,054)	(191)	(126,197)
Exchange differences	-	125,362	301,791	3,198	304,989	5	2,032	718	433,106
At 31 December	1,866	2,452,700	5,757,327	84,266	5,841,593	422	149,632	13,568	8,459,781
At 31 December 2014									
Cost	2,360	2,452,700	7,979,778	168,151	8,147,929	1,302	254,166	21,106	10,879,563
Accumulated depreciation	(494)	-	(2,222,451)	(83,885)	(2,306,336)	(880)	(104,534)	(7,538)	(2,419,782)
Net book value	1,866	2,452,700	5,757,327	84,266	5,841,593	422	149,632	13,568	8,459,781

Included in property, plant and equipment were equipment, furniture and fittings and office equipment amounting to RM44.9 million which have been fully depreciated.

(1) The net book value of vessels at 31 December 2014 under operating lease agreements with charterers was RM2.6 billion.
(2) The net book value of motor vehicles at 31 December 2014 under hire purchase agreements was RM0.1 million.

Notes to the Financial Statements
31 December 2015

16 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Office equipment, furniture and fittings RM'000	Motor vehicles under hire purchase RM'000	Total RM'000
2015			
Net book value			
At 1 January	**11,325**	**55**	**11,380**
Additions	**81**	**-**	**81**
Depreciation charge	**(6,186)**	**(55)**	**(6,241)**
At 31 December	**5,220**	**-**	**5,220**
At 31 December 2015			
Cost	**57,816**	**500**	**58,316**
Accumulated depreciation	**(52,596)**	**(500)**	**(53,096)**
Net book value	**5,220**	**-**	**5,220**
2014			
Net book value			
At 1 January	18,462	246	18,708
Additions	2,367	-	2,367
Depreciation charge	(9,504)	(191)	(9,695)
At 31 December	11,325	55	11,380
At 31 December 2014			
Cost	57,734	966	58,700
Accumulated depreciation	(46,409)	(911)	(47,320)
Net book value	11,325	55	11,380

Notes to the Financial Statements

31 December 2015

16 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Fixed charges have been created over certain vessels of the Group with net book values amounting to approximately RM3.1 billion (2014: RM2.4 billion) as security for term loans (Note 32).

(b) Included in vessels are borrowing costs amounting to RM128.5 million (2014: RM87.0 million) which were capitalised during the financial year as these were directly attributable to the conversion and construction of these vessels. Borrowing costs were capitalised at the weighted average of general borrowings of 4.20% (2014: 4.70%).

(c) The FPSO contracts include options for the charterers to purchase the respective FPSO vessels or to extend their charter periods beyond the initial lease period. The purchase option values are based on declining agreed prices, which are in excess of the current net book values of the FPSO vessels as at the reporting date.

(d) As a result of the decline in vessel utilisation and day rates, the Group recognised an impairment loss of RM395.1 million comprising impairment loss on property, plant and equipment of RM370.6 million and on non-current assets held for sale of RM24.5 million during the financial year. The Group considered each vessel within a segment as a cash-generating unit, however, they are grouped together for disclosure purpose.

The Group fully impaired surplus equipment of RM41.3 million within the FPSO segment. For OSV vessels, an impairment loss of RM249.1 million was recorded based the total recoverable amount of RM948.0 million of which RM229.0 million were determined based on FV and RM719.0 million were determined based on value in use method ("VIU"). For T&I vessels, an impairment loss of RM104.7 million was recorded based on the total recoverable amount of RM39.9 million of which RM6.4 million were determined based on FV and RM33.5 million were determined based on VIU.

The FV of the vessels have been assessed by independent professional valuers. The assessment is based on the assumption that there exists a willing buyer and seller basis.

The followings are key assumptions used in VIU which is based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances:

- The cash flows projection is based on the remaining useful lives of the vessels;
- Utilisation rates and charter rates are based on historical trends, existing charter contracts and future intended use of vessel;
- Discount rate of 10% is applied; and
- Residual value of 10% of vessel cost at the end of its useful life.

Notes to the Financial Statements

31 December 2015

16 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(d) The sensitivity of the key assumptions with all other variables being held constant to the profit or loss are as follows:

Group	Increase/(decrease) in profit before taxation RM'000
Utilisation rate increased by 5%	129,614
Utilisation rate decreased by 5%	(82,330)
Charter rate increased by 5%	91,624
Charter rate decreased by 5%	(97,126)
Discount rate increased by 1%	(47,053)
Discount rate decreased by 1%	43,446

17 GOODWILL

	Group	
	2015 RM'000	2014 RM'000
As at 1 January	-	1,411
Less: Impairment (Note 10)	-	(1,411)
As at 31 December	-	-

Goodwill were attributable to Bumi Armada Engineering Sdn. Bhd., acquired on 8 June 2006. In the prior financial year, the Group recorded impairment loss of RM1.4 million on the basis that the carrying amount of the goodwill exceeded its recoverable amount.

18 INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost	**30,541**	30,505
7% Cumulative Redeemable Preference Shares, at cost	**16,000**	16,000
	46,541	46,505
Amounts due from subsidiaries	**1,844,799**	1,844,489
	1,891,340	1,890,994

Notes to the Financial Statements
31 December 2015

18 INVESTMENTS IN SUBSIDIARIES (CONT'D)

The Group's equity interest in its subsidiaries, their respective principal activities and country of incorporation are shown below:

Name of company	Principal activities	Group's effective interest 2015 %	Group's effective interest 2014 %	Country of incorporation
Direct subsidiaries:				
Armada Balnaves Pte. Ltd. (2)	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Singapore
Armada Floating Solutions Limited (3)	Bareboat charter of a floating production storage and offloading unit	**100**	100	The British Virgin Islands
Armada Mahakam Limited (3)	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	The British Virgin Islands
Armada Marine Contractors Caspian Ltd. ("AMCCL") (3)	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	The British Virgin Islands
Armada Offshore DMCEST (1)	Dormant	**100**	100	Dubai, UAE
Armada Oyo Ltd. (3)	Bareboat charter of a floating production storage and offloading unit	**100**	100	The British Virgin Islands
Armada Ship Management (S) Pte. Ltd. (2)	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Singapore
Armada TGT Ltd.	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Republic of The Marshall Islands
Armada Kamelia Sdn. Bhd.	Dormant	**100**	100	Malaysia
Bumi Armada (Labuan) Ltd.	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Federal Territory of Labuan, Malaysia

Notes to the Financial Statements
31 December 2015

18 INVESTMENTS IN SUBSIDIARIES (CONT'D)

The Group's equity interest in its subsidiaries, their respective principal activities and country of incorporation are shown below (cont'd):

Name of company	Principal activities	Group's effective interest 2015 %	Group's effective interest 2014 %	Country of incorporation
Direct subsidiaries (cont'd):				
Bumi Armada (Singapore) Pte. Ltd. ("BASPL") (2)	Ship management and chartering operation and maintenance of FPSO	**100**	100	Singapore
Bumi Armada Automation International Sdn. Bhd. (6)	Investment holding	**100**	100	Malaysia
Bumi Armada Engineering Sdn. Bhd. (4)	Provision of engineering consultancy services	**100**	100	Malaysia
Bumi Armada Navigation Sdn. Bhd. ("BAN")	Provision of marine transportation, and support services to offshore oil and gas companies and vessel construction	**95**	95	Malaysia
Bumi Armada Offshore Holdings Limited ("BAOHL")	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Republic of The Marshall Islands
Bumi Armada Russia Holdings Limited (3)	Dormant	**100**	100	Republic of The Marshall Islands
Tera Sea Limited (3)	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Republic of The Marshall Islands
Bumi Armada Holdings Labuan Ltd.	Provision of loans, advances and other facilities, and cash and debt management services, investment and financial risk management, and other treasury management services to Bumi Armada Group of companies	**100**	100	Federal Territory of Labuan, Malaysia
Offshore Marine Ventures Sdn. Bhd.	Provision of integrated service solutions for the supply, operation and maintenance of support vessels and logistics and maritime transportation services to the oil and gas industry	**100**	100	Malaysia

Notes to the Financial Statements

31 December 2015

18 INVESTMENTS IN SUBSIDIARIES (CONT'D)

The Group's equity interest in its subsidiaries, their respective principal activities and country of incorporation are shown below (cont'd):

Name of company	Principal activities	Group's effective interest 2015 %	Group's effective interest 2014 %	Country of incorporation
Direct subsidiaries (cont'd):				
Bumi Armada Capital Offshore Ltd.	Obtaining non-ringgit financing and providing cash and debt management services, investment and financial risk management services and other treasury management services to the Bumi Armada Group of companies	**100**	100	Federal Territory of Labuan, Malaysia
Bumi Armada Capital Malaysia Sdn. Bhd.	Providing and obtaining financing and other facilities, and providing cash and financial management services, investment and financial risk management services and other treasury management services to the Bumi Armada Group of companies	**100**	100	Malaysia
Bumi Armada Marine Holdings Limited ("BAMHL") (2)	Investment holding	**100**	-	The British Virgin Islands
Bumi Armada Singapore Holdings Pte. Ltd. ("BASH") (2)	Investment holding	**100**	-	Singapore
Subsidiary of AMCCL:				
Armada Marine Contractors Caspian Pte. Ltd. (2) & (5)	Chartering of ships, barges and boats with crew	**100**	100	Singapore
Subsidiaries of BAN:				
Armada Indah Sdn. Bhd.	Dormant	**95**	95	Malaysia
Armada Tankers Sdn. Bhd. ("ATSB")	Dormant	**95**	95	Malaysia
Bumi Armada Ship Management Sdn. Bhd.	Managers of ships and vessels, marine support and other services to offshore oil and gas companies	**95**	95	Malaysia
Bumi Care Offshore Production Sdn. Bhd.	Dormant	**57**	57	Malaysia

Notes to the Financial Statements
31 December 2015

18 INVESTMENTS IN SUBSIDIARIES (CONT'D)

The Group's equity interest in its subsidiaries, their respective principal activities and country of incorporation are shown below (cont'd):

Name of company	Principal activities	Group's effective interest 2015 %	Group's effective interest 2014 %	Country of incorporation
Subsidiaries of BAN (cont'd):				
Bumi Armada Navigation Labuan Limited	Shipping on bare boat or time charter basis	**95**	95	Federal Territory of Labuan, Malaysia
Bumi Armada Navigation Labuan International Limited	Shipping on bare boat or time charter basis	**95**	95	Federal Territory of Labuan, Malaysia
Subsidiaries of BAOHL:				
Armada TLDD Limited	Dormant	**100**	100	Republic of The Marshall Islands
Angoil Bumi JV, LDA[(8) & (9)]	Service provider to the oil and gas industry, especially for repair and maintenance of FPSO and OSV companies	**49**	49	Angola
Bumi Armada Angola Servicos Limited [(3)]	Dormant	**100**	100	Republic of The Marshall Islands
Bumi Armada Australia Pty. Ltd. [(2)]	Ship owning, chartering and managing of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Australia
Bumi Armada Do Brasil Servicos Maritimos Ltda [(3) & (7)]	Dormant	**100**	100	Brazil
Bumi Armada Offshore Contractor Limited ("BAOCL")	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Republic of The Marshall Islands
Armada Blue LLC [(3)]	Dormant	**100**	100	The United States of America

Notes to the Financial Statements
31 December 2015

18 INVESTMENTS IN SUBSIDIARIES (CONT'D)

The Group's equity interest in its subsidiaries, their respective principal activities and country of incorporation are shown below (cont'd):

Name of company	Principal activities	Group's effective interest 2015 %	Group's effective interest 2014 %	Country of incorporation
Subsidiaries of BAOHL (cont'd):				
Armada Offshore OSV Limited	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Republic of The Marshall Islands
Armada Offshore MPSV Limited	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Republic of The Marshall Islands
Bumi Armada UK Limited (2)	Offshore oil and gas marine services	**100**	100	The United Kingdom
Armada Kraken Limited (3)	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Republic of The Marshall Islands
Bumi Armada Ghana Limited (2)	Provision of floating production storage and offload and offshore supply vessels	**100**	100	Ghana
Armada Kraken Pte. Ltd. (2)	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Singapore
Armada Cabaca Ltd.	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Republic of The Marshall Islands
Armada Etan Limited (3)	Ship owners, charterers, manager of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	-	Republic of The Marshall Islands
Armada Regasification Services Malta Ltd. (9)	Charterers, manager of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	-	Malta

Notes to the Financial Statements

31 December 2015

18 INVESTMENTS IN SUBSIDIARIES (CONT'D)

The Group's equity interest in its subsidiaries, their respective principal activities and country of incorporation are shown below (cont'd):

Name of company	Principal activities	Group's effective interest 2015 %	Group's effective interest 2014 %	Country of incorporation
Subsidiaries of BAOHL (cont'd):				
Armada Floating Gas Services Malta Ltd. (9)	Charterers, manager of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	-	Malta
Armada Floating Gas Storage Malta Ltd. (9)	Ship owners, charterers, manager of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	-	Malta
Subsidiary of BASPL:				
Bumi Armada Nigeria Limited (2)	Dormant	**99**	99	Federal Republic of Nigeria
Subsidiary of ATSB:				
Armada Alpha Sdn. Bhd.	Dormant	**95**	95	Malaysia
Subsidiaries of BAOCL:				
Bumi Armada Caspian LLC (2)	Activities relative to oil and gas industry	**100**	100	Russia
Bumi Armada Marine LLC (3)	Provision of marine support and other services to oil and gas companies	**100**	100	Russia

Notes to the Financial Statements
31 December 2015

18 INVESTMENTS IN SUBSIDIARIES (CONT'D)

The Group's equity interest in its subsidiaries, their respective principal activities and country of incorporation are shown below (cont'd):

Name of company	Principal activities	Group's effective interest 2015 %	Group's effective interest 2014 %	Country of incorporation
Subsidiary of BAMHL:				
Bumi Armada Marine Naryan Mar Pte. Ltd. (2)	Ship owners, charterers, manager of ships and vessels, marine support and other services to offshore oil and gas companies	100	-	Singapore
Bumi Armada Marine Pokachi Pte. Ltd. (2)	Ship owners, charterers, manager of ships and vessels, marine support and other services to offshore oil and gas companies	100	-	Singapore
Bumi Armada Marine Uray Pte. Ltd. (2)	Ship owners, charterers, manager of ships and vessels, marine support and other services to offshore oil and gas companies	100	-	Singapore
Subsidiary of BASH:				
Armada Constructor Pte. Ltd. (2)	Ship owners, charterers, managers of ships and vessels, marine support and other services to oil and gas companies	100	-	Singapore

(1) The financial statements of these companies are audited by firms other than member firms of PricewaterhouseCoopers International Limited.
(2) These companies are audited by member firms of PricewaterhouseCoopers International Limited, which are separate and independent legal entities from PricewaterhouseCoopers, Malaysia.
(3) These companies are not required by their local laws to appoint statutory auditors.
(4) Shares are held by the entity's directors for the benefit of and on behalf of the Company.
(5) Shares are held through a nominee, namely Malaysia Nominees (Asing) Sendirian Berhad.
(6) Consolidated using predecessor method of merger accounting.
(7) The effective interest of the Company is 99.99%.
(8) Notwithstanding the Group holding less than 50% equity interest, the investment in Angoil Bumi JV, LDA is classified as subsidiary (not a joint venture) due to the Group's control pursuant to the shareholders' agreement.
(9) Auditors not appointed yet.

Notes to the Financial Statements

31 December 2015

19 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Quoted equity securities, outside Malaysia				
At 1 January	**38,103**	46,615	-	-
Less: Impairment (Note 10)	**(25,223)**	(26,221)	-	-
Exchange differences	**7,360**	3,361	-	-
	20,240	23,755	-	-
Less: Fair value gain transfer to equity (Note36(e))	-	14,348	-	-
At 31 December	**20,240**	38,103	-	-
Unquoted debt securities - preference shares - outside Malaysia				
At 1 January	-	2,027	-	2,027
Less: Impairment (Note 10)	-	(2,027)	-	(2,027)
At 31 December	-	-	-	-
Total	**20,240**	38,103	-	-

The fair value of quoted equity securities is determined by reference to published price quotations.

20 ACCRUED LEASE RENTALS

	Group	
	2015 RM'000	2014 RM'000
Current	**572,922**	786,069
Non-current	**117,605**	187,502
	690,527	973,571

Notes to the Financial Statements
31 December 2015

20 ACCRUED LEASE RENTALS (CONT'D)

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	Group	
	2015 RM'000	2014 RM'000
No later than 1 year	**633,097**	498,977
Later than 1 year and no later than 5 years	**1,109,309**	1,429,098
Later than 5 years	-	88,356
	1,742,406	2,016,431

The Group leases vessels under various agreements which terminate between 2016 and 2018. These agreements include extension options. The total contingent rent recognised during the financial year was RM24.7 million (2014: RM Nil) which is included as part of vessel charter fees and support services rendered in Note 6.

21 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deferred tax assets	**35,799**	13,743	**5,905**	1,672
Deferred tax liabilities	**(36,579)**	(58,870)	-	-
Subject to income tax:				
Deferred tax assets				
- payables	**40,599**	180,227	**6,324**	3,535
- unutilised tax losses	**2,504**	1,835	-	-
- property, plant and equipment	**20,859**	60,605	-	-
	63,962	242,667	**6,324**	3,535
Offsetting	**(28,163)**	(228,924)	**(419)**	(1,863)
Deferred tax assets (after offsetting)	**35,799**	13,743	**5,905**	1,672

Notes to the Financial Statements
31 December 2015

21 DEFERRED TAXATION (CONT'D)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deferred tax liabilities				
- property, plant and equipment	**(28,672)**	(35,364)	**(419)**	(1,863)
- receivables	**(28,740)**	(241,996)	**-**	-
- amounts due from customers on contract	**(7,330)**	(10,434)	**-**	-
	(64,742)	(287,794)	**(419)**	(1,863)
Offsetting	**28,163**	228,924	**419**	1,863
Deferred tax liabilities (after offsetting)	**(36,579)**	(58,870)	**-**	-

The movements during the financial year relating to deferred taxation are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 January	**(45,127)**	2,370	**1,672**	7,925
(Credited)/charged to the profit or loss (Note 13)				
- property, plant and equipment	**(33,128)**	39	**1,444**	(200)
- receivables	**225,361**	(168,200)	**-**	-
- payables	**(142,305)**	132,396	**2,789**	(5,091)
- unutilised tax losses	**669**	873	**-**	(962)
- amounts due from customers on contract	**3,104**	(5,187)	**-**	-
	53,701	(40,079)	**4,233**	(6,253)
Exchange differences	**(9,354)**	(7,418)	**-**	-
At 31 December	**(780)**	(45,127)	**5,905**	1,672

Notes to the Financial Statements
31 December 2015

21 DEFERRED TAXATION (CONT'D)

The amount of unabsorbed capital allowance and unutilised tax losses (which have no expiry date) for which no deferred tax asset is recognised in the statement of financial position as it is not probable that taxable profit will be available against which these temporary differences can be utilised are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unutilised tax losses	**124,557**	103,389	**8,753**	3,847
Unabsorbed capital allowance	**22,071**	21,606	**22,071**	21,606

22 AMOUNTS DUE FROM/(TO) JOINT VENTURES

The amounts due from joint ventures are unsecured, interest free and ranging from no credit term to 30 days (2014: no credit terms to 30 days) and classified as current except for an amount due from a joint venture of RM62.7 million (2014: RM47.4 million) for the Group which are not expected to be recovered in the next 12 months. As at 31 December 2015, there was no impairment (2014: RM Nil) on amounts due from joint ventures.

The amounts due to joint ventures classified as current are repayable on demand.

Past due but not impaired

Amounts that are past due but not impaired relate to a number of joint ventures for whom there is no recent history of default but remain slow paying. The ageing analysis of amounts due from joint ventures is as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Less than 30 days past due	**1,421**	806	**60**	724
Between 31 and 60 days past due	**3,943**	4,310	**10,105**	1,007
Between 61 and 90 days past due	**5,834**	22,913	**861**	1,606
Between 91 days and 1 year past due	**38,442**	61,916	**9,607**	17,301
More than 1 year past due	**128,281**	48,369	**31,778**	12,033
	177,921	138,314	**52,411**	32,671

Notes to the Financial Statements
31 December 2015

23 INVENTORIES

	Group 2015 RM'000	Group 2014 RM'000
Fuel	**6,051**	4,830

24 AMOUNTS DUE FROM CUSTOMERS ON CONTRACT

	Group 2015 RM'000	Group 2014 RM'000
Aggregate costs incurred	**982,517**	748,321
Profit recognised to-date	**112,114**	126,810
Cumulative contract revenue recognised	**1,094,631**	875,131
Less: Progress billings	**(939,647)**	(738,526)
	154,984	136,605

25 TRADE RECEIVABLES

	Group 2015 RM'000	Group 2014 RM'000
Trade receivables	**818,147**	819,898
Less: Impairment	**(304,798)**	(115,459)
	513,349	704,439

Neither past due nor impaired

With respect to trade receivables that are neither past due nor impaired, these relates to customers with no recent history of default. Management believes that these trade receivables are with customers that are of good credit quality and collectable and as such no impairment provision is necessary.

Past due but not impaired

Amounts that are past due but not impaired relate to a number of customers for whom there is no recent history of default but remain slow paying. The ageing analysis of these receivables is as follows:

	Group 2015 RM'000	Group 2014 RM'000
Less than 30 days past due	**49,437**	52,785
Between 31 and 60 days past due	**27,439**	52,711
Between 61 and 90 days past due	**30,405**	32,312
Between 91 days and 1 year past due	**162,780**	220,306
More than 1 year past due	**12,127**	17,849
	282,188	375,963

25 TRADE RECEIVABLES (CONT'D)

If the above past due but not impaired receivables had been impaired by 5% (2014: 5%) from management's estimates, the allowance for impairment of the Group would have been higher by RM14.1 million (2014: RM18.8 million).

Impaired and provided for

During the financial year, trade receivables totaling to RM168.0 million (2014: RM66.0 million) were impaired and charged to profit or loss. As at 31 December 2015, the amount of the provision was RM304.8 million (2014: RM115.5 million). The individually impaired receivables mainly relate to a number of customers, which are in unexpectedly difficult financial position due to the current industry conditions.

Movements of the Group's impairment of trade receivables are as follows:

	Group	
	2015 RM'000	2014 RM'000
At 1 January	**115,459**	43,211
Charged to profit or loss (Note 10)	**167,951**	65,956
Exchange differences	**21,388**	6,292
At 31 December	**304,798**	115,459

26 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other receivables	**88,779**	61,620	**20,229**	22,296
Deposits and prepayments	**75,647**	77,067	**2,960**	2,839
Staff advances	**898**	1,150	**112**	483
	165,324	139,837	**23,301**	25,618

As at 31 December 2015, there was no impairment (2014: RM Nil) on other receivables, deposits and prepayments and staff advances. These amounts are interest free, unsecured and have no fixed term of repayment.

Notes to the Financial Statements
31 December 2015

27 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due from subsidiaries are unsecured and have no fixed term of repayment. These amounts are interest free except for an amount due from a subsidiary of RM500.0 million (2014: RM287.6 million) which bears floating interest rates ranging from 4.69% to 4.86% (2014: 4.22% to 4.80%) per annum. As at 31 December 2015, there was no impairment (2014: RM Nil) on amounts due from subsidiaries.

All balances are non-trade in nature except for an amount of RM355.5 million (2014: RM57.9 million) which are trade in nature.

The amounts due to subsidiaries classified as current are repayable on demand.

28 NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE

The movements during the financial year relating to non-current assets classified as held-for-sale are as follows:

	Group	
	2015 RM'000	**2014 RM'000**
Net book value		
At 1 January	**66,481**	-
Transfer from property, plant and equipment (Note 16)	**5,700**	126,197
Transfer to property, plant and equipment (Note 16)	**(46,619)**	-
Impairment (Note 10)	**(24,541)**	-
Disposals	**(9,431)**	(61,143)
Exchange differences	**14,110**	1,427
At 31 December	**5,700**	66,481

29 DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Cash and bank balances	**710,376**	362,568	**4,090**	3,417
Deposits with licensed banks	**815,342**	2,940,679	**364,844**	1,752,403
	1,525,718	3,303,247	**368,934**	1,755,820

Notes to the Financial Statements
31 December 2015

29 DEPOSITS, CASH AND BANK BALANCES (CONT'D)

The weighted average interest rates per annum of deposits with licensed banks that were effective as at the reporting date were as follows:

	Group		Company	
	2015	2014	2015	2014
	%	%	%	%
Deposits with licensed banks	**2.38**	2.52	**3.97**	3.84

Bank balances were deposits held at call with banks and earn interest ranging between 0% to 1.9% (2014: 0% to 1.9%).

Included in deposits with licensed banks were RM0.9 million for the Group and the Company (2014: RM1.5 million and RM0.9 million for the Group and the Company respectively) which have been designated for specific purposes.

Bank deposits are mainly deposits with banks which have high credit-ratings as determined by international credit-rating agencies.

30 OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
		Restated		
Current				
Advances from customers	**19,848**	22,746	-	-
Other payables	**51,004**	138,990	**19,444**	21,240
Accruals	**108,475**	45,775	**40,260**	32,346
	179,327	207,511	**59,704**	53,586
Non-current				
Advances from customers	**456,820**	349,730	-	-
	636,147	**557,241**	**59,704**	**53,586**

Notes to the Financial Statements
31 December 2015

31 HIRE PURCHASE CREDITORS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Analysis of hire purchase commitments				
- payable within one year	-	84	-	65
- payable between one and two years	-	24	-	-
- payable between two and five years	-	30	-	-
	-	138	-	65
Less: Interest in suspense	-	(14)	-	(8)
	-	124	-	57
Representing hire purchase liabilities				
- due within 12 months	-	68	-	57
- due after 12 months	-	56	-	-
	-	124	-	57

Notes to the Financial Statements

31 December 2015

32 BORROWINGS

	Group	
	2015 RM'000	2014 RM'000
Current		
Term loans - secured	**936,737**	433,176
Term loans - unsecured	**174,910**	554,240
	1,111,647	987,416
Revolving credits - unsecured	**627,869**	-
Bridging loan - unsecured	**-**	52
Sukuk Murabahah [1] - unsecured	**30,655**	30,655
	1,770,171	1,018,123
Non-current		
Term loans - secured	**2,338,297**	1,184,471
Term loans - unsecured	**2,422,150**	1,880,642
Bridging loan - unsecured	**-**	610,792
Sukuk Murabahah [1] - unsecured	**1,498,936**	1,498,797
	6,259,383	5,174,702
Total borrowings	**8,029,554**	6,192,825

[1] The Sukuk Murabahah was issued by Bumi Armada Capital Malaysia Sdn Bhd under the Shariah principle of Murabahah (via a Tawarruq arrangement) for the full aggregate nominal value of RM1.5 billion for a tenure of 10 years, at a profit rate of 6.35% per annum.

The weighted contractual interest/profit rates per annum of borrowings that were effective as at the financial year end are as follows:

	Group	
	2015 %	2014 %
Bridging loan	**-**	1.50
Revolving credits	**1.51**	-
Term loans	**3.19**	2.75
Sukuk Murabahah	**6.35**	6.35

32 BORROWINGS (CONT'D)

Group	Interest/ profit rate terms	Currency exposure	Total carrying amount RM'000	Maturity profile < 1 year RM'000	1-2 years RM'000	2-5 years RM'000	>5 years RM'000
At 31 December 2015							
Unsecured:							
- term loans	Floating rates varies based on cost of funds ("COF")	RM	445,465	170,465	182,500	92,500	-
	Floating rates varies based on London Interbank Offer Rate ("LIBOR")	USD	2,151,595	4,445	-	2,147,150	-
- Sukuk Murabahah	Fixed rate for a tenure of 10 years	RM	1,529,591	30,655	-	-	1,498,936
- revolving credit	Floating rates varies based on LIBOR	USD	627,869	627,869	-	-	-
Secured:							
- term loans	Floating rates varies based on LIBOR	USD	3,197,891	908,587	438,998	885,707	964,599
	Floating rates varies based on COF	RM	77,143	28,150	27,688	21,305	-
			8,029,554	1,770,171	649,186	3,146,662	2,463,535

32 BORROWINGS (CONT'D)

Group	Interest/ profit rate terms	Currency exposure	Total carrying amount RM'000	Maturity profile < 1 year RM'000	1-2 years RM'000	2-5 years RM'000	>5 years RM'000
At 31 December 2014							
Unsecured:							
- term loans	Fixed rates depending on disbursement of tranches	RM	50,862	50,862	-	-	-
	Floating rates varies based on cost of funds ("COF")	RM	615,742	170,742	170,000	275,000	-
	Floating rates varies based on London Interbank Offer Rate ("LIBOR")	USD	1,768,278	332,636	-	1,435,642	-
- bridging loan	Floating rates varies based on LIBOR	USD	610,844	52	610,792	-	-
- Sukuk Murabahah	Fixed rate for a tenure of 10 years	RM	1,529,452	30,655	-	-	1,498,797
Secured:							
- term loans	Floating rates varies based on LIBOR	USD	1,513,278	405,488	411,185	696,605	-
	Floating rates varies based on COF	RM	104,369	27,688	27,687	48,994	-
			6,192,825	1,018,123	1,219,664	2,456,241	1,498,797

Notes to the Financial Statements
31 December 2015

32 BORROWINGS (CONT'D)

The term loans were secured as follows (either single security or combination of securities):

(i) Fixed charges over certain vessels in subsidiaries (Note 16).
(ii) Assignment of insurance policies for the vessels charged in (i) above.
(iii) Assignment of charter proceeds for the vessels charged in (i) above.
(iv) Assignment of ship building contracts for the vessels charged in (i) above.
(v) Corporate guarantee from the Company.
(vi) Shares of certain subsidiaries.

Certain bridging loan and term loans facilities were arranged to finance the construction of vessels of the Group and for working capital purpose.

33 DERIVATIVE FINANCIAL INSTRUMENTS

	Group			
	2015		2014	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Derivatives used for hedging:				
- Interest rate swaps	-	**(3,948)**	-	(6,672)
- Cross currency interest rate swaps	-	**(673,762)**	-	(175,078)
Total	-	**(677,710)**	-	(181,750)
Less: Non-current portion				
Derivatives used for hedging:				
- Interest rate swaps	-	**202**	-	-
- Cross currency interest rate swaps	-	**(654,971)**	-	(174,227)
	-	**(654,769)**	-	(174,227)
Current portion	-	**(22,941)**	-	(7,523)

The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

As at 31 December 2015, the Group recognised derivative financial liabilities of RM677.7 million (2014: RM181.8 million) on re-measuring the fair values of the derivative financial instruments. Of the increase of RM495.9 million from the previous financial year, an amount of RM488.8 million was included in the cash flow hedging reserve attributable to the Group and non-controlling interests, of which RM356.4 million was recycled to profit or loss while RM15.2 million was recorded as fair value loss from derivative financial instruments through profit or loss.

Notes to the Financial Statements
31 December 2015

33 DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

(a) Cross currency interest rate swaps

A subsidiary whose functional currency is in USD had entered into cross currency interest rate swaps used to manage its floating interest rate term loans denominated in RM as disclosed in Note 32.

At 31 December 2015, the fixed interest was 2.85% (2014: 2.85%) per annum and the main floating rate was cost of funds ("COF") plus a margin of 1.75% (2014: COF plus a margin of 1.75%) per annum. The swaps mature on 24 May 2018.

Another subsidiary whose functional currency is in RM had entered into cross currency interest rate swaps to manage forecasted USD receipts that are highly probable.

The notional principal amounts of the outstanding cross currency interest rate swaps at 31 December 2015 were RM1,576.7 million (2014: RM1,454.4 million).

(b) Interest rate swaps

The notional principal amounts of interest rate swap contracts used to manage the floating interest rate risk arising from term loans were RM1,204.3 million (2014: RM1,401.7 million). These interest rate swap contracts receive fixed interest rate ranging from 0.99% to 4.69% (2014: 0.99% to 4.69%) per annum and have the same maturity terms as the bank borrowings.

Notes to the Financial Statements
31 December 2015

34 SHARE CAPITAL

		Company			
		Number of shares		Nominal value	
	Par value RM	2015 '000	2014 '000	2015 RM'000	2014 RM'000
Authorised:					
Ordinary shares					
At 1 January	0.20	**10,000,000**	4,000,000	**2,000,000**	800,000
Additions during the financial year	0.20	-	6,000,000	-	1,200,000
At 31 December	0.20	**10,000,000**	10,000,000	**2,000,000**	2,000,000
Issued and fully paid:					
Ordinary shares					
At 1 January	0.20	**5,866,269**	2,931,591	**1,173,253**	586,318
Issuance of new shares from exercise of employee share options	0.20	-	1,544	-	309
Bonus issue	0.20	-	1,466,567	-	293,313
Rights issue	0.20	-	1,466,567	-	293,313
At 31 December	0.20	**5,866,269**	5,866,269	**1,173,253**	1,173,253

In the prior financial year, the Company has undertaken the following:

(i) Bonus issue of 1,466,567,294 new ordinary shares of RM0.20 each;

(ii) Rights issue of 1,466,567,350 new ordinary shares of RM0.20 each at an issue price of RM1.35 each; and

(iii) Increase in authorised share capital from RM800,000,000 comprising 4,000,000,000 ordinary shares of RM0.20 each to RM2,000,000,000 comprising 10,000,000,000 ordinary shares of RM0.20 each.

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

Notes to the Financial Statements

31 December 2015

35 EMPLOYEE SHARE OPTION SCHEME

The Company implemented an Employees' Share Option Scheme ("ESOS" or "Scheme") which came into effect on 28 June 2011 for a period of 10 years to 27 June 2021. The ESOS is governed by the By-Laws which were approved by the shareholders on 18 June 2011. The main features of the Scheme are as follows:

(a) An eligible employee shall pay a sum of RM1.00 as consideration for acceptance of that offer. An option shall be exercisable at a price which is the weighted average of the market price quotation of the shares for the five (5) market days immediately preceding the date on which the options are granted, rounded to the nearest sen, or the par value of the shares, whichever is higher.

(b) Unless otherwise determined by our Board (or such other committee appointed by our Board to administer the ESOS), each option shall become exercisable, to the extent of one-third of the shares covered thereby, on each of the first three (3) anniversaries of the date of grant, if the holder of such option shall have been in the continuous service of the Company or subsidiaries that are not dormant throughout such period. No options shall be exercisable if the exercise of such options would violate any provision of applicable laws, nor shall any options be exercisable more than ten (10) years from the date on which the Scheme became effective.

(c) No option shall be granted pursuant to the ESOS on or after the 10th anniversary of the date on which the Scheme became effective.

(d) The new shares issued upon the exercise of an option will be subject to all the provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and shall rank pari passu in all respects with the then existing issued ordinary shares of the Company, save that they will not entitle the holders thereof to receive any rights or bonus issue or dividends or distributions the entitlement date of which precedes the date of the issue of such new shares.

(e) The total number of shares to be issued under the ESOS shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares shall be allocated, in aggregate, to Executive Directors and senior management of the Group. In addition, not more than 10% of the shares available under the ESOS shall be allocated to any individual employee or Executive Director who, either singly or collectively through persons connected with him/her, holds 20% or more in the issued and paid-up capital of the Company. The Company is in compliance with the requirements with regards to the options granted to the Directors and senior management during the financial year.

Notes to the Financial Statements
31 December 2015

35 EMPLOYEE SHARE OPTION SCHEME (CONT'D)

The fair value as at the grant date of share options granted in the prior financial year was determined using the Black Scholes valuation model, taking into account the terms and conditions upon which the options were granted. The inputs to the model used were as follows:

	2014
Dividend yield (%)	0.78% to 1.66%
Expected volatility (%)	27.1% to 29.8%
Risk-free interest rate (%)	3.11% to 3.57%
Expected life of option (years)	1 to 4 years
Share price at date of grant (RM)	1.83 to 2.39
Exercise price of option (RM)	1.83 to 2.39
Fair value of option at date of grant (RM)	0.26 to 0.50

The expected average life of options is based on historical information, which may not necessarily be indicative of the future exercise pattern that may occur. The expected volatility reflects the assumptions based on the historical volatility on the assumptions that this is indicative of future trends which may also not necessarily be the actual outcome.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2015		2014	
	Average exercise price per share option (RM)	Options ('000)	Average exercise price per share option (RM)	Options ('000)
At 1 January	**2.14**	**112,957**	3.38	50,911
Granted	-	-	2.22	68,838*
Forfeited	**2.24**	**(17,988)**	2.27	(5,248)
Exercised	-	-	1.87	(1,544)
At 31 December	**2.11**	**94,969**	2.14	112,957

* Adjusted as a result of the Bonus Issue and the Rights Issue in the prior financial year.

Out of the 94,969,255 outstanding options (2014: 112,957,221 outstanding options), 74,643,011 options (2014: 39,929,599 options) were exercisable as at the end of the reporting period.

There were no options exercised in the financial year ended 31 December 2015. In the prior financial year ended 31 December 2014, 1,543,800 shares were issued at a weighted average price of RM1.87 each. The related weighted average share price at the time of exercise was RM 2.29 per share.

35 EMPLOYEE SHARE OPTION SCHEME (CONT'D)

Share options outstanding at end of the financial year have the following expiry dates and exercise prices:

Grant/Vest	Expiry date	Exercise price in RM per share option	Share options ('000) 2015	2014
2011/2012	2016	1.82	**935**	1,541
2011/2013	2016	1.82	**1,979**	2,828
2011/2014	2016	1.82	**13,388**	14,696
2011/2015	2016	1.82	**22,574**	22,574
2012/2013	2017	2.25	**3,725**	6,008
2012/2014	2017	2.25	**4,028**	6,391
2012/2015	2017	2.25	**5,371**	8,522
2013/2013	2018	2.27/2.28	**3,859**	3,859
2013/2014	2018	2.27/2.28/2.43	**4,606**	4,606
2013/2015	2018	2.27/2.28/2.43	**5,892**	5,892
2013/2016	2018	2.43	**996**	996
2014/2015	2019	1.83/2.39	**8,284**	10,513
2014/2016	2019	1.83/2.39	**8,284**	10,513
2014/2017	2019	1.83/2.39	**11,048**	14,018
			94,969	112,957

* The number of options and exercise price above reflect the adjustments done for the Bonus Issue and the Rights Issue in the prior financial year.

36 RESERVES

(a) Share premium

Share premium of the Group and of the Company represents premium arising from the issuance of ordinary shares of the Company at issue price above the nominal value.

(b) Foreign exchange reserve

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of entities that have functional currency different from the Group's presentation currency.

(c) Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options by the Company. The fair value, measured at grant date of the share options granted to these employees is recognised as an employee expense in profit or loss and a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options.

Notes to the Financial Statements

31 December 2015

36 RESERVES (CONT'D)

(d) Hedging reserve

The hedging reserve comprises the effective portion of the fair value changes on derivatives under cash flow hedges.

(e) Other reserves

Other reserves represents the preference share redemption reserve for the Company and a subsidiary amounting to RM0.3 million (2014: RM0.3 million) and fair value change of a call option granted to a former executive director of RM6.3 million (2014: RM 6.3 million).

37 COMMITMENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(i) Capital expenditure for property, plant and equipment not provided for in the financial statements:				
- authorised and contracted	**1,212,538**	892,420	-	-
- authorised but not contracted	**3,885,120**	7,673,842	-	-
	5,097,658	8,566,262	-	-
(ii) Commitments for amounts payable under operating leases for rental of premises:				
- payable within one year	**13,298**	13,678	**8,096**	6,822
- payable later than one year and not later than five years	**10,992**	39,342	**2,842**	29,403
- payable later than five years	**7,049**	10,180	-	3,184
	31,339	63,200	**10,938**	39,409

The Group and the Company have entered into lease arrangements (classified as operating leases) for office premises with durations varying from 1 to 9 years and 1 to 2 years respectively (2014: 1 to 10 years and 2 to 3 years respectively).

Notes to the Financial Statements
31 December 2015

38 SIGNIFICANT RELATED PARTY DISCLOSURES

The related parties of the Group and the Company are:

(a) Subsidiaries

Details of the subsidiaries are shown in Note 18.

(b) Joint ventures

Details of the joint ventures are shown in Note 9.

(c) Key management personnel

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

Usaha Tegas Sdn Bhd ("UTSB") is a party related to the Company by virtue of its substantial equity interest in Objektif Bersatu Sdn Bhd ("OBSB"), a substantial shareholder of the Company. The ultimate holding company of UTSB is PanOcean Management Limited ("PanOcean"). PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam ("TAK") and foundations including those for charitable purposes. Although PanOcean and TAK are deemed to have an interest in the shares of the Company through UTSB's deemed interest in OBSB, they do not have any economic or beneficial interest in such shares as such interest is held subject to the terms of such discretionary trust.

Notes to the Financial Statements

31 December 2015

38 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The related party transactions described below were carried out on terms and conditions agreed with related parties.

		Group		Company	
		2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
(i)	Transactions with UTSB Management Sdn Bhd [1]				
	- reimbursable costs incurred in respect of management services agreement	**1,549**	12,272	**1,549**	12,272
	- management fees	**10,074**	5,535	**10,074**	5,535
(ii)	Telecommunication expenses to Maxis Berhad [2]	**1,974**	2,762	**680**	2,621
(iii)	Rental to Malaysian Landed Property Sdn Bhd [3]	**7,713**	7,086	**7,039**	6,960
(iv)	Transactions with joint ventures:				
	- ship management fee to Century Bumi Limited	**4,385**	15,077	**-**	-
(v)	Transaction with key management:				
	Key management personnel compensation:				
	- Non-executive Directors fees	**2,763**	2,719	**2,763**	2,719
	- salaries, bonus, allowances and other staff related costs	**8,266**	31,067	**7,486**	29,078
	- defined contribution plan	**1,797**	4,154	**1,703**	3,915
	- share-based payment	**2,038**	11,228	**2,038**	11,228
(vi)	Central overheads fees charged/ (reversed)				
	- subsidiaries	**-**	-	**237,054**	235,458
	- joint ventures	**(8,048)**	5,122	**(8,048)**	5,122
(vii)	Payment on behalf of:				
	- subsidiaries	**-**	-	**1,481,612**	340,301
	- joint ventures	**14,974**	131,439	**5,194**	37,631
(viii)	Repayment on behalf by subsidiaries	**-**	-	**(174,610)**	(137,742)

[1] Subsidiary of UTSB, an indirect major shareholder of the Company.
[2] Subsidiary of a joint venture, in which UTSB has a significant equity interest.
[3] Subsidiary of a company in which TAK has a 100% equity interest.

Notes to the Financial Statements
31 December 2015

39 FAIR VALUES

The carrying amounts of financial assets and financial liabilities of the Group and the Company at the reporting date approximated their fair values except as set out below:

Group	Carrying amount 2015 RM'000	Carrying amount 2014 RM'000	Fair value 2015 RM'000	Fair value 2014 RM'000
Fixed rate term loans and Sukuk Murabahah (Note 32)	**1,529,591**	1,580,314	**1,483,474**	1,531,621

The fair values of amounts due from joint ventures and fixed rate term loans are within Level 3 of the fair value hierarchy.

The Group estimates the fair value of fixed rate term loans, Sukuk Murabahah and amounts due from joint ventures by discounting future contractual cash flows at the current market interest rate available to the Group for similar financial instruments. The discount rates to determine fair value of fixed rate term loans, Sukuk Murabahah and amounts due from joint ventures ranging between 4.00% and 6.52% respectively (2014: 4.00% and 6.53% respectively).

The Group believes that its estimate of fair value is appropriate and the use of different methodologies or assumptions could lead to different measurement of fair value.

40 CONTINGENT LIABILITIES

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Bank guarantees extended to third parties	**1,134,677**	679,757	**892,783**	467,089
Corporate guarantees given to banks for credit facilities granted to subsidiaries	-	-	**7,188,911**	5,404,523
	1,134,677	679,757	**8,081,694**	5,871,612

The corporate guarantees are financial guarantees given to banks for credit facilities granted to subsidiaries. Total borrowings, of which corporate guarantees are given, are disclosed above. The fair value on initial recognition of corporate guarantees was not material as the possibility of default by subsidiaries is negligible.

The Company is exposed to credit risk arising from financial guarantee contracts given to banks for subsidiaries' borrowings where the maximum credit risk exposure is the amount of borrowings utilised by the subsidiaries. The Company believes that the financial guarantee contracts are unlikely to be called by the subsidiaries' banks.

The maximum amount of the financial guarantees issued to the banks for subsidiary companies' borrowings is limited to the amount utilised by the subsidiary companies, amounting to RM7,188.9 million as at 31 December 2015 (2014: RM5,404.5 million). The earliest period the financial guarantee can be called upon by the banks is within the next 12 months. The Company believes that the liquidity risk in respect of the financial guarantees is minimum as it is unlikely that the subsidiary companies will not make payment to the banks when their respective borrowings fall due.

Notes to the Financial Statements
31 December 2015

41 FINANCIAL INSTRUMENTS BY CATEGORY

Analysis of the financial instruments for the Group is as follows:

	Available-for-sale RM'000	Loans and receivables RM'000	Total RM'000
At 31 December 2015			
Financial assets:			
Available-for-sale financial assets	20,240	-	20,240
Trade receivables	-	513,349	513,349
Other receivables excluding deposits and prepayments	-	89,677	89,677
Amounts due from joint ventures	-	264,343	264,343
Deposits, cash and bank balances	-	1,525,718	1,525,718
	20,240	2,393,087	2,413,327

	Other financial liabilities at amortised costs RM'000	Derivatives used for hedging RM'000	Total RM'000
At 31 December 2015			
Financial liabilities:			
Trade payables and accruals	1,298,857	-	1,298,857
Other payables and accruals	151,009	-	151,009
Borrowings	8,029,554	-	8,029,554
Amounts due to joint ventures	25,189	-	25,189
Derivative financial instruments	-	677,710	677,710
	9,504,609	677,710	10,182,319

	Available-for-sale RM'000	Loans and receivables RM'000	Total RM'000
At 31 December 2014			
Financial assets:			
Available-for-sale financial assets	38,103	-	38,103
Trade receivables	-	704,439	704,439
Other receivables excluding deposits and prepayments	-	62,770	62,770
Amounts due from joint ventures	-	196,864	196,864
Deposits, cash and bank balances	-	3,303,247	3,303,247
	38,103	4,267,320	4,305,423

Notes to the Financial Statements
31 December 2015

41 FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

Analysis of the financial instruments for the Group is as follows (cont'd):

	Other financial liabilities at amortised costs RM'000	Derivatives used for hedging RM'000	Total RM'000
At 31 December 2014			
Financial liabilities:			
Trade payables and accruals	699,416	-	699,416
Other payables and accruals	184,765	-	184,765
Borrowings	6,192,825	-	6,192,825
Hire purchase creditors	124	-	124
Amounts due to joint ventures	18,598	-	18,598
Derivative financial instruments	-	181,750	181,750
	7,095,728	181,750	7,277,478

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been identified as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as price) or indirectly (that is, derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The fair value of financial instrument traded in active market is based on quoted market price at the balance sheet date. This instrument is included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques, such as estimated discounted cash flows are used to determine fair value for the derivative financial instruments. The fair value of cross currency interest rate swaps and interest rate swaps are calculated as the present value of the estimated future cash flows.

Notes to the Financial Statements
31 December 2015

41 FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

The following table presents the Group's financial assets and liabilities that were measured at fair value as at 31 December 2015:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets:				
Available-for-sale financial assets	**20,240**	-	-	**20,240**
Amount due from a joint venture	-	-	**62,656**	**62,656**
Financial liabilities:				
Derivatives used for hedging				
- Cross currency interest rate swaps	-	**(673,762)**	-	**(673,762)**
- Interest rate swaps	-	**(3,948)**	-	**(3,948)**

The following table presents the Group's financial assets and liabilities that were measured at fair value as at 31 December 2014:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets:				
Available-for-sale financial assets	38,103	-	-	38,103
Amount due from a joint venture	-	-	47,426	47,426
Financial liabilities:				
Derivatives used for hedging				
- Cross currency interest rate swaps	-	(175,078)	-	(175,078)
- Interest rate swaps	-	(6,672)	-	(6,672)

Notes to the Financial Statements
31 December 2015

41 FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

Analysis of the financial instruments for the Company is as follows:

	2015 RM'000	2014 RM'000
Financial assets classified as loans and receivables:		
Other receivables excluding deposits and prepayments	**20,341**	22,779
Amounts due from subsidiaries	**3,390,999**	1,120,825
Amounts due from joint ventures	**53,278**	34,853
Deposits, cash and bank balances	**368,934**	1,755,820
	3,833,552	2,934,277
Financial liabilities classified at amortised costs:		
Other payables and accruals	**59,704**	53,586
Amounts due to subsidiaries	**1,140,872**	333,476
Amount due to joint venture	**227**	-
Hire purchase creditors	-	57
	1,200,803	387,119

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

The carrying amounts of financial instruments of the Group and the Company with a maturity of less than one year at the reporting date are assumed to be approximate their fair values.

Notes to the Financial Statements
31 December 2015

42 COMPARATIVE FIGURES

The following comparative figures of the Group have been reclassified to conform with current financial year's presentation, which more appropriately reflects the nature of relevant transactions.

	As previously reported 31.12.2014 RM'000	Effects of reclassification RM'000	As restated 31.12.2014 RM'000
Group			
Statement of Income			
Cost of sales	(1,713,260)	(106,556)	(1,819,816)
Selling and distribution costs	(155,233)	101,707	(53,526)
Administrative expenses	(220,786)	34,508	(186,278)
Impairment	-	(29,659)	(29,659)
Segment Information			
Segment results (including impairment)			
FPSO	282,204	21,976	304,180
OSV	47,358	(12,848)	34,510
T&I	3,321	(4,292)	(971)
Corporate and others	(13,159)	(7,700)	(20,859)
Consolidated Statement of Financial Position			
Current liabilities			
Other payables and accruals	(557,241)	349,730	(207,511)
Non-current liabilities			
Other payables and accruals	-	(349,730)	(349,730)

Costs and expenses attributable to activities that directly support operations, previously classified in selling and distributions costs or administrative expenses, have been reclassified to cost of sales.

	As previously reported 31.12.2014 RM'000	Effects of reclassification RM'000	As restated 31.12.2014 RM'000
Company			
Statement of Income			
Administrative expenses	(72,899)	2,027	(70,872)
Impairment	-	(2,027)	(2,027)

43 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 26 February 2016.

Notes to the Financial Statements
31 December 2015

44 SUPPLEMENTARY INFORMATION

The following analysis of realised and unrealised retained earnings at the legal entity level is prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to the Main Market Listing Requirements of Bursa Securities, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by Bursa Securities.

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings of the Company and subsidiaries				
- realised	**1,553,718**	1,910,467	**309,860**	243,752
- unrealised	**52,498**	13,878	**9,265**	2,674
	1,606,216	1,924,345	**319,125**	246,426
Total share of retained earnings from joint ventures				
- realised	**162,400**	168,179	-	-
- unrealised	**(29,763)**	(27,373)	-	-
	132,637	140,806	-	-
Total retained earnings	**1,738,853**	2,065,151	**319,125**	246,426

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

The disclosure of realised and unrealised retained earnings has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Main Market Listing Requirements of Bursa Securities, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by Bursa Securities.

Statement by Directors

Pursuant To Section 169(15) Of The Companies Act, 1965

We, Chan Chee Beng and Shaharul Rezza bin Hassan, two of the Directors of Bumi Armada Berhad, state that, in our opinion, the financial statements set out on pages 83 to 175 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2015 and of the results of the Group and of the Company and the cash flows of the Group and of the Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 26 February 2016.

CHAN CHEE BENG
DIRECTOR

SHAHARUL REZZA BIN HASSAN
DIRECTOR

Statutory Declaration

Pursuant To Section 169(16) Of The Companies Act, 1965

I, Kenneth Murdoch, being the officer primarily responsible for the financial management of Bumi Armada Berhad, do solemnly and sincerely declare that the financial statements set out on pages 83 to 175 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

KENNETH MURDOCH

Subscribed and solemnly declared by the above named Kenneth Murdoch in Kuala Lumpur on 26 February 2016, before me.

COMMISSIONER FOR OATHS

Independent Auditors' Report

to the members of Bumi Armada Berhad
(Incorporated in Malaysia)
(Company No. 370398 X)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Bumi Armada Berhad on page 83 to 175, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 43.

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 ("MFRS"), 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 financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 18 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the 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) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Independent Auditors' Report

to the members of Bumi Armada Berhad
(Incorporated in Malaysia)
(Company No. 370398 X)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 44 on page 176 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

SUBATHRA A/P GANESAN
(No.3020/08/16 (J))
Chartered Accountant

Kuala Lumpur
26 February 2016