MOORE STEPHENS
CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)

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ACCOUNTANTS' REPORT
(Prepared for inclusion in this Prospectus)

Date: - 5 MAR 2008

The Board of Directors
DAYANG ENTERPRISE HOLDINGS BERHAD
Lot 868, 1st Floor, Jalan Permaisuri,
98000 Miri,
Sarawak.

Dear Sirs,

A. INTRODUCTION

This report has been prepared by Moore Stephens, an approved company auditor, for inclusion in the Prospectus of Dayang Enterprise Holdings Berhad ("DEHB" or "Company") in connection with the admission of DEHB on the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of DEHB on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities").

B. FLOTATION SCHEME

In conjunction with the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the Main Board of Bursa Securities, the Company undertook the following flotation exercise:-

1. (i) Acquisition of the entire issued and paid-up ordinary share capital of Dayang Enterprise Sdn. Bhd. ("DESB") comprising 2,600,000 ordinary shares of RM1.00 each for a total purchase consideration of RM62,503,443 determined based on the audited net tangible assets of DESB as at 30 September 2007 after deducting a net dividend in respect of the financial year ended on that date of RM4,000,000 which was declared and paid on 31 October 2007. The purchase consideration is satisfied by the issuance of 125,006,621 new ordinary shares of RM0.50 each in DEHB at approximately RM0.50 per new ordinary share. The acquisition of DESB was completed on 29 February 2008.

   (ii) Acquisition of the entire issued and paid-up ordinary share capital of Fortune Triumph Sdn. Bhd. ("FTSB") comprising 20,000 ordinary shares of RM1.00 each for a total purchase consideration of RM4,538,237 determined based on the audited net tangible assets of FTSB as at 30 September 2007. The purchase consideration is satisfied by the issuance of 9,076,455 new ordinary shares of RM0.50 each in DEHB at approximately RM0.50 per new ordinary share. The acquisition of FTSB was completed on 29 February 2008.

   (iii) Acquisition of the entire issued and paid-up ordinary share capital of DESB Marine Services Sdn. Bhd. ("DMSSB") comprising 11,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM55,871,579 determined based on the audited net tangible assets of DMSSB as at 30 September 2007 after taking into consideration a net surplus on revaluation of its marine vessels amounting to RM25,053,136 in order to reflect the fair value of these marine vessels. The purchase consideration is satisfied by the issuance of 111,742,922 new ordinary shares of RM0.50 each in DEHB at approximately RM0.50 per new ordinary share. The acquisition of DMSSB was completed on 29 February 2008.

   (The above acquisitions are collectively hereinafter referred to as "Acquisitions")

2. Rights issue of 20,300,000 new ordinary shares of RM0.50 each in DEHB at an issue price of RM1.00 per new ordinary share ("Rights Issue"). The Rights Issue was completed on 29 February 2008.

3. Public issue of 85,874,000 new ordinary shares of RM0.50 each in DEHB at an issue price of RM1.45 per new ordinary share ("Public Issue").

C. GENERAL INFORMATION

(i) Background

DEHB was incorporated in Malaysia on 10 October 2005 as a public limited liability company under the name of Dayang Enterprise Holdings Berhad.

(ii) Principal Activities

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are disclosed in paragraph (iv) below.

(iii) Share Capital

The authorised share capital of the Company is RM500,000,000 comprising 1,000,000,000 ordinary shares of RM0.50 each.

The changes in the issued and paid-up share capital of the Company since its incorporation are as follows: -

Date of Allotment	No. of ordinary shares of RM0.50 each	Consideration/Type of (issue at par unless otherwise stated)	Total issued and paid-up share capital RM
10 October 2005	2	Subscribers' shares	1
29 February 2008	125,006,621	Issued at approximately RM0.50 per share for acquisition of 100% ordinary share capital of DESB	62,503,311
29 February 2008	9,076,455	Issued at approximately RM0.50 per share for acquisition of 100% ordinary share capital of FTSB	67,041,539
29 February 2008	111,742,922	Issued at approximately RM0.50 per share for acquisition of 100% ordinary share capital of DMSSB	122,913,000
29 February 2008	20,300,000	Renounceable rights issue at RM1.00 per share for cash consideration	133,063,000

(iv) **Subsidiary Companies and Associated Company**

The information on the subsidiary companies, all incorporated in Malaysia, is as follows:-

Name	Date of Incorporation	Authorised Share Capital	Issued and Paid-up Share Capital	Par Value	Effective Equity Interest	Principal Activities
DESB	20 August 1980	RM5,000,000	Ordinary share capital: RM2,600,000	RM1.00	100%	Providing offshore topside maintenance, engineering and construction services for the oil and gas industry
FTSB	3 December 1997	RM100,000	Ordinary share capital: RM20,000	RM1.00	100%	Equipment rental and provision of maintenance and management services
			Preference share capital: RM1,300	RM0.01	-	
DMSSB	18 November 2003	RM25,000,000	Ordinary share capital: RM11,000,000	RM1.00	100%	Chartering of marine vessel and catering of food

As at the date of this report, DEHB does not have any associated company.

D. DIVIDENDS

Detail of dividends paid or declared by the Company and its subsidiary companies ("DEHB Group" or "Group") for the financial years and period under review are as follows:-

Name of company	Period of financial statements	Date of declaration	Date of payment	Entitled issued and paid-up share capital RM	Gross dividend per share %	Tax rate %	Net dividend per share RM	Aggregate dividend paid RM
DESB	Year ended 30 September 2005	14 June 2005	14 June 2005	2,600,000	160.2564	28	1.1538	3,000,000
	Year ended 30 September 2005	26 August 2005	26 August 2005	2,600,000	320.5128	28	2.3077	6,000,000
	Year ended 30 September 2005	18 November 2005	21 November 2005	2,600,000	534.1880	28	3.8462	10,000,000
	Year ended 30 September 2006	26 December 2006	26 December 2006	2,600,000	160.2564	28	1.1538	3,000,000
	Year ended 30 September 2007	18 May 2007	18 May 2007	2,600,000	52.6870	27	0.3846	1,000,000
	Year ended 30 September 2007	31 October 2007	31 October 2007	2,600,000	210.7482	27	1.5385	4,000,000
FTSB	Period ended 30 September 2005	18 November 2005	21 November 2005	20,000	13,888.8889	28	100.0000	2,000,000

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The Group did not have any fixed dividend payment policy for all the financial years/period under review.

E. FINANCIAL STATEMENTS AND AUDITORS

The auditors for the financial years and period under review and the audited financial statements in respect of which the financial information set out in this report are based upon are as follows: -

Company	Period of financial statements	Auditors
DEHB	Financial period from 10 October 2005 (date of incorporation) to 30 September 2006 and the financial year ended 30 September 2007	Messrs. Moore Stephens
DESB	Three (3) financial years ended 30 September 2007	Messrs. Moore Stephens
FTSB	9-month financial period ended 30 September 2005 and two (2) financial years ended 30 September 2007	Messrs. Moore Stephens
DMSSB	Three (3) financial years ended 30 September 2007	Messrs. Moore Stephens

The auditors' reports on all the above mentioned financial statements were not subject to any reservation or qualification.

F. BASIS OF ACCOUNTING AND ACCOUNTING POLICIES

The financial information in this report is prepared based on the audited financial statements of DEHB, DESB, FTSB and DMSSB which have been prepared in accordance with the applicable approved accounting standards issued by the Malaysian Accounting Standards Board ("MASB"), and is presented on a basis consistent with the accounting policies normally adopted by DEHB and its subsidiary companies.

Commencing from the financial year ended 30 September 2007, DEHB, DESB, FTSB and DMSSB adopts all the following new and revised Financial Reporting Standards ("FRS") issued by MASB mandatory for accounting periods beginning on or after 1 January 2006 or 1 October 2006.

FRS 2	Share-based Payment
FRS 3	Business Combination
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 104	Depreciation Accounting
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 124	Related Party Disclosure
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments : Disclosures and Presentation
FRS 133	Earning per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of these new and revised FRS does not have any financial effects on the financial statements presented hereunder save for the audited balance sheets of its subsidiary companies for the past two (2) financial years/period ended 30 September 2006 which have been re-presented to conform to the format of presentation as required by FRS 101 on Presentation of Financial Statements.

DEHB, DESB, FTSB and DMSSB have not early adopted the FRS 139 – Financial Instruments : Recognition and Measurement, for which MASB has yet to announce the effective date.

There are no accounting policies adopted during the financial year and period under review which are peculiar to DEHB and its subsidiary companies because of the nature of their business or industry they are involved in, which have a material effect in the determination of their revenue or financial positions.

In arriving at the financial information, adjustments have been made to the equity statement of DESB and FTSB to reflect the retrospective effects of prior year adjustments reflected in their respective audited financial statements for the financial year/period ended 30 September 2005. These adjustments can be referred to in paragraph J.

The basis of accounting and the summary of significant accounting policies applied in the preparation of the financial information in this report are as follows: -

1. BASIS OF ACCOUNTING

The measurement bases applied in the presentation of the audited financial statements of DEHB, DESB, FTSB and DMSSB included cost, recoverable amount and realisable value. Estimates are used in measuring these values.

The financial statements of DEHB, DESB, FTSB and DMSSB are measured using the currency of the primary economic environment in which the entities operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM).

The preparation of financial statements of the Group and of the Company requires management to make assumptions, estimates and judgements that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Assumptions and estimates are reviewed on an ongoing basis and are recognised in the period in which any assumption or estimate is revised.

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows:-

i) Depreciation of property, plant and equipment - the cost of property, plant and equipment is depreciated on a straight line method over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2.5 to 25 years. These are the common life expectancies applied generally. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

ii) Impairment of property, plant and equipment - the measurement of the recoverable amount of cash-generating units are determined based on the value-in-use method, which requires the use of cash flow projections based on financial budgets approved by management.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) **Basis of Consolidation**

The consolidated financial statements incorporated the audited financial statements of the Company and all of its subsidiary companies made up to the end of the financial year.

Intra-group balances, transactions and resulting unrealised profits and losses are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

The results of the subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements based on the acquisition method from the effective date of acquisition or up to the effective date of disposal respectively. The assets and liabilities of a subsidiary company are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet.

Minority interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group. It is measured at the minority interests' share of the fair value of net assets at the acquisition date and the minorities' share of changes in the equity since then.

The consolidated financial statements are prepared on the basis that excess of losses attributable to minority shareholders over their equity interest will be absorbed by the Group. All profits subsequently reported by the subsidiary company will be allocated to the Group until the minority shareholders' share of losses previously absorbed by the Group has been recovered.

(b) **Goodwill**

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of interest in the subsidiary company, the related goodwill will be included in the computation of gain or loss on disposal of interest in the subsidiary company in the consolidated income statement.

(c) **Subsidiary Companies**

A subsidiary company is an enterprise in which the Group has the power to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary companies, which are eliminated on consolidation, are stated at cost less accumulated impairment losses, if any, in the Company's financial statements. Impairment loss is determined on individual basis.

Gains or losses arising from the disposal of an investment is determined as the difference between the estimated net disposal proceeds and the carrying amount of the investment, and is recognised in the income statement.

(d) **Property, Plant and Equipment and Depreciation**

Vessels are stated at valuation less accumulated depreciation and accumulated impairment losses, if any. Additions subsequent to the date of the last valuation are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as 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 costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Depreciation on property, plant and equipment is calculated on the straight line method to write-off the cost or revalued amount of the property, plant and equipment over their estimated useful lives.

The principal annual rates used for this purpose are: -

Vessels	4%
Offshore equipments	20%
Motor vehicles, tools and life saving appliances	10% - 20%
Office equipment, furniture and fittings	10% - 40%
Containers	10%
Books, signboard, electrical installation and renovation	10%

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statement.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(e) **Revaluation of Vessels**

Vessels classified under property, plant and equipment are revalued at least once in every five (5) years based on valuation carried out by independent professional valuers on the open market basis.

A surplus arising therefrom is credited to revaluation reserve. However, a surplus will be recognised as revenue to the extent that it reverses a revaluation deficit of the same asset previously recognised as an expense. A deficit arising therefrom is recognised as an expense. However, a deficit will be set-off against any related revaluation surplus to the extent that the deficit does not exceed the amount held in revaluation reserve in respect of the same asset.

On disposal of these marine vessels, any surplus in revaluation reserve relating to these vessels will be transferred directly to retained earnings.

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(f) **Impairment of Assets**

The carrying amounts of assets other than inventories, assets arising from construction contracts, deferred tax assets, assets arising from employee benefits and financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of net selling price and the value in use, which is measured by reference to discounted future cash flows. An impairment loss is recognised whenever the carrying amount of an item of assets exceeds its recoverable amount.

An impairment loss is recognised as an expense in the income statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amounts of any goodwill and then to reduce the carrying amount of other assets. Reversal of impairment loss of an asset, other than goodwill, due to a subsequent increase in recoverable amount is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised as revenue in the income statement.

(g) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis and includes the actual cost of materials and incidentals in bringing the inventories into store.

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

(h) **Lease Payments**

(i) **Finance Lease**

Assets acquired by way of hire purchase or finance lease where the Group assumes substantially all the benefits and risks of ownership are classified as property, plant and equipment.

Finance lease are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the remaining balance. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) **Operating Leases**

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

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(i) **Interest Capitalisation**

Interest incurred on borrowings related to property, plant and equipment is capitalised during the period when activities to construct these assets are undertaken. Capitalisation of borrowing costs ceases when these assets are ready for their intended use or sale.

All other borrowing costs are recognised in income statement in the period in which they are incurred.

(j) **Employee Benefit**

(i) **Short Term Employee Benefits**

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) **Defined Contribution Plans**

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

(k) **Taxation**

Taxation in the income statement represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year and any adjustments recognised in the year for current tax of prior years.

Deferred tax is recognised, using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled.

Deferred tax is recognised in equity when it relates to items recognised directly in equity. When deferred tax arises from business combination that is an acquisition, the deferred tax is included in the resulting goodwill or negative goodwill.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxation authority to offset or when it is probable that future taxable income will be available against which the assets can be utilised.

(l) **Provisions**

Provisions are recognised when there is a present obligation as a result of a past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

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(m) **Foreign Currencies**

Transactions in foreign currencies are translated into Ringgit Malaysia at the rates of exchange ruling at the time of the transaction and where settlement had not taken place by year end, at the approximate rate ruling as at that date. All gains and losses on exchange are included in the income statement.

(n) **Revenue Recognition**

Revenue from sales and services are recognised when goods are delivered and services are rendered respectively.

Revenue derived from providing maintenance services is recognised by reference to the stage of completion at the balance sheet date when the outcome can be estimated reliably. When the outcome cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Rental revenue is recognised on a receivable basis.

Interest revenue is recognised on accrual basis using the effective interest method.

(o) **Financial Instruments**

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, losses and gains relating to financial instruments classified as assets or liabilities are reported as expense or revenue. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The recognised financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables, bank borrowings and ordinary shares. These instruments are recognised in the financial statements when a contract or contractual arrangement has been entered into with the counter-parties.

i. **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash and bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value.

ii. **Receivables**

Receivables are stated at cost less allowance for doubtful debts, if any, which are the anticipated realisable values. Known bad debts are written off and specific allowance is made for those debts considered to be doubtful of collection.

iii. **Payables**

Payables are stated at cost which are the fair value of the considerations to be paid in the future for goods and services received.

iv. **Interest Bearings Bank Borrowings**

Interest bearing bank borrowings which include term loans and bank overdrafts are stated at the amount of proceeds received, net of transaction costs.

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v. **Equity Instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

G. INCOME STATEMENTS

We set out below the audited income statements of DEHB for the period from 10 October 2005 (date of its incorporation) to 30 September 2006 and the financial year ended 30 September 2007 and the proforma consolidated income statements of the DEHB Group for the past three (3) financial years ended 30 September 2007, prepared for illustrative purposes based on the audited income statements of DEHB, DESB, FTSB and DMSSB and on the basis of assumption that the existing group structure of DEHB has been in existence throughout the financial years under review.

We have also set out below the audited income statements of the following subsidiary companies: -

(i) DESB for the past three (3) financial years ended 30 September 2007;

(ii) FTSB for the 9-month financial period ended 30 September 2005 and the past two (2) financial years ended 30 September 2007; and

(iii) DMSSB for the past three (3) financial years ended 30 September 2007.

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1. DEHB – company

	[1] Period from 10 October 2005 (date of incorporation) to 30 September 2006 RM	Financial Year Ended 30 September 2007 RM
Operating revenue	-	-
Cost of sales	-	-
Gross (loss)/profit	-	-
Other operating revenue	-	-
Administrative costs	(4,936)	(1,260)
Other operating costs	-	-
	(4,936)	(1,260)
Loss from operations	(4,936)	(1,260)
Finance costs	-	-
Loss before taxation	(4,936)	(1,260)
Taxation	-	-
Loss for the period/year	(4,936)	(1,260)
Loss before taxation is analysed as follows:-		
Loss before depreciation and interest expense	(4,936)	(1,260)
Depreciation	-	-
Interest expense	-	-
Loss before taxation	(4,936)	(1,260)
Weighted average number of ordinary shares in issue	2	2
Gross loss per share	(2,468)	(630)
Net loss per share	(2,468)	(630)
Gross (loss)/profit margin ("GL Margin/GP Margin") (%)	-	-
Loss before taxation margin ("LBT Margin") (%)	-	-
Loss after taxation margin ("LAT Margin") (%)	-	-
Effective tax rate (%)	-	-
Gross dividend rate (%)	-	-

[1] *First audited financial statement.*

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Notes: -

a) *There was no extraordinary item or exceptional item for the financial period/year under review.*

b) *The Company has not commenced any operations during the financial period from 10 October 2005 (date of incorporation) to 30 September 2006 and the financial year ended 30 September 2007. The expenses incurred during the financial period/year were mainly incorporation and other administrative expenses.*

c) *There was no taxation for the past two (2) financial period/year ended 30 September 2007 as the Company has not commenced operations.*

d) *No dividend has been declared or paid by DEHB during the financial period/year under review.*

e) *The gross loss per share is computed based on the loss before taxation divided by the weighted average number of ordinary shares in issue during the period/year.*

The net loss per share is computed based on the loss after taxation divided by the weighted average number of ordinary shares in issue during the period/year.

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2. DEHB Group – Proforma

	< ----- Financial year ended 30 September ----- >		
	2005	2006	2007
	RM'000	RM'000	RM'000
Operating revenue	112,390	108,906	127,134
Cost of sales	(61,266)	(60,914)	(67,535)
Gross profit	51,124	47,992	59,599
Other operating revenue	545	339	363
Administrative costs	(19,460)	(15,026)	(17,119)
Other operating costs	(172)	(33)	(73)
	(19,632)	(15,059)	(17,192)
Profit from operations	32,037	33,272	42,770
Finance costs	(693)	(2,081)	(3,537)
Profit before taxation	31,344	31,191	39,233
Taxation	(9,156)	(8,494)	(10,381)
Profit after taxation	22,188	22,697	28,852
Profit before taxation is analysed as follows:-			
Profit before depreciation and interest expense	34,060	36,303	47,213
Depreciation	(2,169)	(3,206)	(4,649)
Interest expense	(547)	(1,906)	(3,331)
Profit before taxation	31,344	31,191	39,233
Enlarged number of ordinary shares assumed in issue ('000) [1]	245,826	245,826	245,826
Gross earnings per share (sen)	12.75	12.68	15.96
Net earnings per share (sen)	9.03	9.23	11.74
GP Margin (%)	45	44	47
Profit Before Tax Margin ("PBT Margin") (%)	28	29	31
Profit After Tax Margin ("PAT Margin") (%)	20	21	23
Effective tax rate (%)	29	27	26
Gross dividend rate (%) [2]	214.15	30.59	50.29

(1) *Based on enlarged number of ordinary shares in issue after the Acquisitions.*

(2) *Based on gross dividend so declared and paid by DESB and FTSB relating to a financial year divided by the aggregate number of ordinary shares in DEHB, DESB, FTSB and DMSSB as at end of the financial year.*

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Notes: -

(a) *The proforma consolidated income statements, which have been prepared for illustrative purposes to show the aggregate results of the Group, are based on accounting policies consistent with those previously adopted in the preparation of the audited financial statements of the Group and are prepared on the assumption that the current structure of the DEHB Group existed throughout the financial years under review.*

(b) *The proforma consolidated income statements for the past three (3) financial years ended 30 September 2007 are prepared based on the audited income statements of DEHB for the financial period from 10 October 2005 (date of its incorporation) to 30 September 2006 and the financial year ended 30 September 2007, DESB and DMSSB for the past three (3) financial years ended 30 September 2007 and FTSB for the financial year ended 31 December 2004, the 9-month financial period ended 30 September 2005 and the past two (2) financial years ended 30 September 2007.*

(c) *The results of FTSB used for the preparation of the proforma consolidated income statement for the financial year ended 30 September 2005 are based on its audited income statement for the financial year ended 31 December 2004 and the 9-month financial period ended 30 September 2005 which have been pro-rated on time basis so as to arrive at the results coterminous with the financial year ended 30 September 2005.*

(d) *All significant inter-company transactions have been eliminated from the proforma consolidated income statements.*

(e) *There was no extraordinary item or exceptional item for all the financial years under review.*

(f) *The principal operations of the DEHB Group were mainly centered on the provision of structural and systems maintenance services and minor fabrications, incorporating maintenance services, charter of marine vessels, fabrication and hook-up and commissioning, for offshore structures of oil and gas industry carried out by DESB. FTSB mainly provided rental services for certain offshore maintenance equipments required by DESB. Similarly, DMSSB mainly provided marine vessels chartering and onboard catering to DESB for its offshore maintenance works.*

The significant decrease in total operating revenue for the financial year ended 30 September 2005 as compared to the total operating revenue for the financial year ended 30 September 2004 of RM156.82 million was mainly due to expiration of three (3) offshore integrated topside major maintenance contracts in DESB in May 2005. These were the East Malaysia offshore integrated topside major maintenance contract from Petronas Carigali Sdn Bhd ("Petronas") ("Petronas EM-TMM"), a West Malaysia offshore integrated topside major maintenance contract also from Petronas ("Petronas WM-TMM") and an offshore integrated topside major maintenance contract from ESSO Production Malaysia Inc ("ESSO TMM"), awarded to DESB in year 2000 and were not renewed after their expiration in May 2005. The decrease in the revenue from the three (3) expired contracts was however, partially mitigated by a significant increase in revenue from an offshore living quarters and vessels maintenance contract from Petronas ("Petronas OVLQ") mainly due to increased maintenance services required including some major maintenance works which entailed a first-time inclusion of revenue involving marine vessels in this contract, and an increase in other incidental revenue relating to the same contract. Previously, there was no requirement for the services of marine vessels in this contract as the accommodation provided to and maintenance works performed by the maintenance crews of DESB were solely onboard the offshore structures involved. In order to cope with the significant increase in the maintenance works during the financial year under review, the services of marine vessels were engaged mainly to accommodate the increase in the number of maintenance crews, to ferry heavy equipments between the offshore structures involved, to supplement the storage of materials and consumables and to perform certain maintenance works on the marine vessels and hence, the advent of revenue involving marine vessels. Other incidental revenue represents the mark-up on the cost of additional materials, equipments and services required by Petronas which were not specifically indicated in the principal scope of this contract.

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The decrease in total operating revenue for the financial year ended 30 September 2006 as compared to the financial year ended 30 September 2005 was mainly due to absence of revenue derived from the three (3) offshore integrated topside major maintenance contracts in DESB which expired in May 2005 and a significant decrease in revenue from the Petronas OVLQ contract and a contract for provision of minor maintenance services jointly awarded by Sarawak Shell Berhad and Sabah Shell Petroleum Company Limited ("Shell OLQ"), although mitigated by the procurement of a contract for provision of topside structural maintenance services in Sabah and Sarawak from Petronas ("Petronas TSM"). The decrease in revenue from the Petronas OVLQ and the Shell OLQ contracts was mainly due to lower work orders received upon these contracts drawing toward the end of their terms which will expire in April 2007. In respect of the Petronas OVLQ contract, the decrease in work orders was also due to a substantial portion of its maintenance activities being assumed by the new Petronas TSM contract. The Petronas TSM contract was, in effect, an extension to the expired Petronas EM-TMM contract and a portion of the Petronas OVLQ contract. The nature of work under the Petronas TSM contract has not changed from the previous Petronas EM-TMM contract and a portion of the Petronas OVLQ contract save for the widening of coverage into Sabah which was not performed in those contracts. In view of the widening of coverage, extensive engagement of marine vessels are required and hence marine vessels revenue became a major contributor to this contract as well as to the total operating revenue for the financial year under review. The marine vessels requirements for the financial year under review were mostly met by DMSSB which acquired a tugboat named Dayang Maju and chartered two (2) marine vessels from third parties to supplement its existing marine vessel, Dayang Pertama, which was fully operational since May 2005.

The increase in total operating revenue for the financial year ended 30 September 2007 as compared to the financial year ended 30 September 2006 was mainly due to increase in revenue from the Petronas TSM and the Shell OLQ contracts as well as the procurement by DESB of a contract for maintenance of a floating production storage and offloading vessel ("FPSO") used for deep sea oil extraction from Murphy Sabah Oil Co. Ltd. ("Murphy") although partially mitigated by a reduction in revenue from the Petronas OVLQ contract. The increase in revenue for the Petronas TSM contract was mainly due to the continued increased engagement of marine vessels to support the offshore maintenance works covering Sabah and Sarawak. The increased engagement of marine vessels was made possible by the engagement of a new marine vessel of DMSSB, Dayang Berlian, commencing from March 2007 and full year's engagement of Dayang Maju which was engaged since February 2006. This has also resulted in DMSSB recorded an increase in the operating revenue for the financial year under review. The increase in revenue from the Shell OLQ contract was mainly contributed by higher work orders involving equipments following the resumption of the offshore maintenance works under a new contract which was awarded to DESB in March 2007. The Murphy contract was awarded to DESB in September 2006 but the performance of this contract only commenced on December 2006 and has contributed revenue of RM4 million for the financial year under review. The reduction in the revenue from the Petronas OVLQ contract was mainly due to its expiration in April 2007 and that most of its maintenance activities prior to its expiry have been assumed by the Petronas TSM contract.

(g) *The increase in PBT Margin for the financial year ended 30 September 2005 as compared to PBT Margin for the financial year ended 30 September 2004 of 25% was mainly due to inclusion of revenue from provision of marine vessels and an increase in other incidental revenue in the Petronas OVLQ contract. The provision of marine vessels had a higher contracted gross profit margin and the other incidental revenue did not have any associated costs. In addition, lower costs were incurred on materials, paints and consumables for the Petronas EM-TMM contract as a result of effective use of excesses from previous years. However, the favourable effects from the Petronas OVLQ and the Petronas EM-TMM contracts were partially mitigated by relatively lower decrease in administrative staff costs and depreciation charge which were rather fixed in nature, as compared to the decrease in total operating revenue.*

The increase in PBT Margin for the financial year ended 30 September 2006 as compared to the financial year ended 30 September 2005 was mainly due to a significant reduction in DESB's administrative staff costs arising from the complete shut down of its Kemaman's operation following the expiry of the Petronas WM-TMM contract in May 2005 which entailed the laid-off of the relevant operational staff in the last quarter of the previous financial year, and turnaround of DMSSB's results from a loss before taxation position in the previous financial year into a profit before taxation position for the financial year ended 30 September 2006 as a result of higher revenue. These favourable effects were however substantially negated by the absence of contribution from the higher profit margin for the Petronas EM-TMM contract which expired in the previous financial year, reduction in profitability for the Petronas OVLQ and the Shell OLQ contracts due to less technical and hence lower profit margin maintenance activities carried out during the financial year under review, and lower profit margin earned on the new Petronas TSM contract resulted from lower contracted rates for supplies of personnel as well as deployment of additional personnel at DESB's expense to reduce the lead time for completion of work orders as a strategy to increase its capacity to undertake more work orders and to project its efficiency.

The increase in PBT margin for the financial year ended 30 September 2007 as compared to the financial year ended 30 September 2006 were mainly due to the increase in profitability from the Shell OLQ contract, lower marine vessels chartering costs incurred by DMSSB and relatively high profit margin contributed by the Murphy contract although partially mitigated by a decrease in profitability of the Petronas TSM contract as well as a significant increase in legal and professional fees and interest expense in DMSSB. The increase in profitability from the Shell OLQ contract was mainly due to effective use of excesses from the previous financial years. The lower marine vessels chartering costs in DMSSB was mainly due to appreciation of Ringgit Malaysia against the United States Dollars as the chartering costs for one of the marine vessel was contracted in the United States Dollars. The relatively high profit margin on the Murphy contract was mainly due to higher contracted rates secured, lower personnel costs by the employment of workers from Labuan who are also familiar with the operations of Murphy, and lower transportation and handling costs as the location of Murphy's warehouse is near to DESB's warehouse and that the materials transported during the financial year under review do not require sophisticated equipments. The decrease in profitability of the Petronas TSM contract was mainly due to higher personnel costs resulted from the continued deployment of additional personnel at DESB's expense to reduce the lead time for completion of work orders in view of the increase in the number of work orders to be performed on this contract, higher material costs due to increase in prices of steel related products and higher equipment rental expenses due to increase in the number of equipments rented from third parties in view of insufficient equipments in FTSB to meet DESB's requirements. The increase in legal and professional fees in DMSSB was resulted from its issuance of the Islamic commercial papers and medium term notes whilst the increase in its interest expense was due to increase in term loans drawn down for financing of its marine vessels.

(h) *The higher effective tax rate applicable to the Group for the financial year ended 30 September 2005 was mainly due to losses suffered by DMSSB of which no deferred tax asset can be recognised as its future profit from charter of marine vessel had been granted the exemption from income tax under Section 54A of the Income Tax Act, 1967.*

The lower effective tax rate applicable to the Group for the financial year ended 30 September 2006 was mainly due to exemption from income tax under Section 54A of the Income Tax Act, 1967 in respect of revenue derived from charter of DMSSB's marine vessel, Dayang Pertama.

The lower effective tax rate applicable to the Group for the financial year ended 30 September 2007 was mainly due to exemption from income tax under Section 54A of the Income Tax Act, 1967 in respect of revenue derived from charter of DMSSB's marine vessels, Dayang Pertama and Dayang Berlian.

(i) *There was no minority interest for all the financial years under review.*

(j) *The dividends declared and paid by DESB and FTSB during the financial years under review can be referred to in paragraph D.*

(k) *The proforma gross earnings per share is computed based on the proforma profit before taxation divided by the enlarged number of ordinary shares assumed in issue following the Acquisitions.*

The proforma net earnings per share is computed based on the proforma profit after taxation divided by the enlarged number of ordinary shares assumed in issue following the Acquisitions.

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3. DESB

	< ------ Financial year ended 30 September ------ >		
	2005 RM'000	2006 RM'000	2007 RM'000
Operating revenue	112,383	108,312	125,260
Cost of sales	(62,995)	(70,427)	(80,530)
Gross profit	49,388	37,885	44,730
Other operating revenue	545	339	363
Administrative costs	(19,147)	(14,019)	(14,860)
Other operating costs	(172)	(33)	(73)
	(19,319)	(14,052)	(14,933)
Profit from operations	30,614	24,172	30,160
Finance costs	(147)	(398)	(262)
Profit before taxation	30,467	23,774	29,898
Taxation	(8,652)	(6,980)	(8,660)
Profit after taxation	21,815	16,794	21,238
Profit before taxation is analysed as follows:-			
Profit before depreciation and interest expense	31,860	24,967	30,883
Depreciation	(1,389)	(964)	(928)
Interest expense	(4)	(229)	(57)
Profit before taxation	30,467	23,774	29,898
Weighted average number of ordinary shares in issue ('000)	2,600	2,600	2,600
Gross earnings per share (RM)	11.72	9.14	11.50
Net earnings per share (RM)	8.39	6.46	8.17
GP Margin (%)	44	35	36
PBT Margin (%)	27	22	24
PAT Margin (%)	19	16	17
Effective tax rate (%)	28	29	29
Gross dividend rate (%) [1]	1,014.96	160.26	263.44

[1] *Based on gross dividends relating to a financial year divided by the number of ordinary shares in issue as at end of the financial year.*

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Notes: -

(a) *There was no extraordinary item or exceptional item for all the financial years under review.*

(b) *The significant decrease in total operating revenue for the financial year ended 30 September 2005 as compared to the total operating revenue for the financial year ended 30 September 2004 of RM156.82 million was mainly due to expiration of three (3) offshore integrated topside major maintenance contracts in May 2005 namely the Petronas EM-TMM, the Petronas WM-TMM and the ESSO-TMM contracts, awarded to DESB in year 2000 and were not renewed after their expiration in May 2005. The decrease in the revenue from the three (3) expired contracts was however, partially mitigated by a significant increase in revenue from the renewed Petronas OVLQ contract mainly due to increased maintenance services required including some major maintenance works which entailed a first-time inclusion of revenue involving marine vessels in this contract and an increase in other incidental revenue relating to the same contract. Previously, there was no requirement for the services of marine vessels in this contract as the accommodation provided to and maintenance works performed by the maintenance crews of DESB were solely onboard the offshore structures involved. In order to cope with the significant increase in the maintenance works during the financial year under review, the services of marine vessels were engaged mainly to accommodate the increase in the number of maintenance crews, to ferry heavy equipments between the offshore structures involved, to supplement the storage of materials and consumables and to perform certain maintenance works on the marine vessels and hence, the advent of revenue involving marine vessels. Other incidental revenue represents the mark-up on the cost of additional materials, equipments and services required by Petronas which were not specifically indicated in the principal scope of this contract.*

The decrease in total operating revenue for the financial year ended 30 September 2006 as compared to the financial year ended 30 September 2005 was mainly due to absence of revenue derived from the three (3) offshore integrated topside major maintenance contracts which expired in May 2005 and a significant decrease in revenue from the Petronas OVLQ and the Shell OLQ contracts, although mitigated by the procurement of the Petronas TSM contract. The decrease in revenue from the Petronas OVLQ and the Shell OLQ contracts was mainly due to lower work orders received upon these contracts drawing toward the end of their terms which will expire in April 2007. In respect of the Petronas OVLQ contract, the decrease in work orders was also due to a substantial portion of its maintenance activities being assumed by the new Petronas TSM contract. The Petronas TSM contract was, in effect, an extension to the expired Petronas EM-TMM contract and a portion of the Petronas OVLQ contract. The nature of work under the Petronas TSM contract has not changed from the previous Petronas EM-TMM contract and a portion of the Petronas OVLQ contract save for the widening of coverage into Sabah which was not performed in those contracts. In view of the widening of coverage, extensive engagement of marine vessels are required and hence marine vessels revenue became a major contributor to this contract as well as to the total operating revenue for the financial year under review.

The increase in total operating revenue for the financial year ended 30 September 2007 as compared to the financial year ended 30 September 2006 was mainly due to increase in revenue from the Petronas TSM and the Shell OLQ contracts as well as the procurement of a contract for maintenance of the FPSO used for deep sea oil extraction from Murphy although partially mitigated by a reduction in revenue from the Petronas OVLQ contract. The increase in revenue for the Petronas TSM contract was mainly due to the continued increased engagement of marine vessels to support the offshore maintenance works covering Sabah and Sarawak. The increased engagement of marine vessels was made possible by the engagement of a new marine vessel of DMSSB, Dayang Berlian, commencing from March 2007 and full year's engagement of Dayang Maju, which was engaged since February 2006. The increase in revenue from the Shell OLQ contract was mainly contributed by higher work orders involving equipments following the resumption of the offshore maintenance works under a new contract which was awarded to DESB in March 2007. The Murphy contract was awarded to DESB in September 2006 but the performance of this contract only commenced on December 2006 and has contributed revenue of RM4 million for the financial year under review. The reduction in the revenue from the Petronas OVLQ contract was mainly due to its expiration in April 2007 and that most of its maintenance activities prior to its expiry have been assumed by the Petronas TSM contract.

(c) *The increase in PBT Margin for the financial year ended 30 September 2005 as compared to the PBT Margin for the financial year ended 30 September 2004 of 24% was mainly due to inclusion of revenue from provision of marine vessels and an increase in other incidental revenue in the Petronas OVLQ contract. The provision of marine vessels had a higher contracted gross profit margin and the other incidental revenue did not have any associated costs. In addition, lower costs were incurred on materials, paints and consumables for the Petronas EM-TMM contract as a result of effective use of excesses from previous years. However, the favourable effects from the Petronas OVLQ and the Petronas EM-TMM contracts were partially mitigated by relatively lower decrease in administrative staff costs and depreciation charge which were rather fixed in nature.*

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The significant decrease in the PBT Margin for the financial year ended 30 September 2006 as compared to the financial year ended 30 September 2005 mainly due to the absence of contribution from the higher profit margin Petronas EM-TMM contract which expired in the previous financial year, reduction in profitability for the Petronas OVLQ and the Shell OLQ contracts due to less technical and hence lower profit margin maintenance activities required during the financial year under review, and lower profit margin earned on the new Petronas TSM contract resulted from lower contracted rates for supplies of personnel as well as deployment of additional personnel at DESB's expense to reduce the lead time for completion of work orders as a strategy to increase its capacity to undertake more work orders and to project its efficiency. These unfavourable effects were however partially mitigated by a significant reduction in administrative staff costs arising from the complete shut down of the Kemaman's operation following the expiry of the Petronas WM-TMM contract in May 2005 which entailed the laid-off of the relevant operational staff in the last quarter of the previous financial year, and a reduction in depreciation charge due to substantial offshore equipments and motor vehicles acquired in the financial year ended 30 September 2000 and 2001 being fully depreciated in the previous financial year ended 30 September 2005 and during the financial year under review.

The increase in PBT margin for the financial year ended 30 September 2007 as compared to the financial year ended 30 September 2006 were mainly due to the increase in profitability from the Shell OLQ contract, relatively high profit margin contributed by the Murphy contract and lower increase in administrative costs as compared to the increase in operating revenue although partially mitigated by a decrease in profitability of the Petronas TSM contract. The increase in profitability from the Shell OLQ contract was mainly due to effective use of excesses from the previous financial years. The relatively high profit margin on the Murphy contract was mainly due to higher contracted rates secured, lower personnel costs by the employment of workers from Labuan who are also familiar with the operations of Murphy, and lower transportation and handling costs as the location of Murphy's warehouse is near to DESB's warehouse and that the materials transported during the financial year under review do not require sophisticated equipments. The lower increase in administrative costs was mainly due to a decreased in legal and professional fees due to the absence of expenses relating to the aborted flotation exercise incurred in the previous financial year. The decrease in profitability of the Petronas TSM contract was mainly due to higher personnel costs resulted from the continued deployment of additional personnel at DESB's expense to reduce the lead time for completion of work orders in view of the increase in the number of work orders to be performed on this contract, higher material costs due to increase in prices of steel related products and higher equipment rental expenses due to increase in the number of equipments rented from third parties in view of insufficient equipments in FTSB to meet DESB's requirements.

(d) *There was no difference between the effective tax rate and the statutory tax rate applicable to the financial year ended 30 September 2005.*

The higher effective tax rate for the financial year ended 30 September 2006 as compared to the statutory tax rate applicable to this financial year was mainly due to legal and professional fees relating to the aborted flotation exercise being disallowed for taxation purposes.

The higher effective tax rate for the financial year ended 30 September 2007 as compared to the statutory tax rate applicable to this financial year was mainly due to inclusion of an under provision of taxation in prior years and a tax penalty in the tax expense for this financial year.

(e) *The dividends declared and paid by DESB during the financial years under review can be referred to in paragraph D.*

(f) *The gross earnings per share is computed based on profit before taxation divided by the weighted average number of ordinary shares in issue during the financial year.*

The net earnings per share is computed based on profit after taxation divided by the weighted average number of ordinary shares in issue during the financial year.

4. **FTSB**

	9-month financial period ended 30 September 2005 RM'000	<- Financial year ended 30 September -> 2006 RM'000	2007 RM'000
Operating revenue	1,941	3,142	3,877
Cost of operations	(457)	(682)	(789)
Gross profit	1,484	2,460	3,088
Other operating revenue	-	-	-
Administrative costs	(157)	(285)	(364)
Profit from operations	1,327	2,175	2,724
Finance costs	-	-	-
Profit before taxation	1,327	2,175	2,724
Taxation	(333)	(575)	(700)
Profit after taxation	994	1,600	2,024
Profit before taxation is analysed as follows:-			
Profit before depreciation and interest expense	1,448	2,346	2,937
Depreciation	(121)	(171)	(213)
Interest expense	-	-	-
Profit before taxation	1,327	2,175	2,724
Number of ordinary shares in issue ('000)	20	20	20
Gross earnings per share (RM)	[1] 66.35	108.75	136.20
Net earnings per share (RM)	[1] 49.70	80.00	101.20
GP Margin (%)	76	78	80
PBT Margin (%)	68	69	70
PAT Margin (%)	51	51	52
Effective tax rate (%)	25	26	26
Gross dividend rate (%) [2]	13,888.89	-	-

[1] *On annualised basis, the gross earnings per share is RM88.47 and the net earnings per share is RM66.27.*

[2] *Based on gross dividends relating to a financial period/year divided by the number of ordinary shares in issue as at end of the financial period/year.*

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Notes: -

(a) There was no extraordinary item or exceptional item for all the financial period/years under review.

(b) The decrease in total operating revenue for the financial period ended 30 September 2005 as compared to the total operating revenue for the financial year ended 31 December 2004 of RM3.65 million was mainly due to shorter accounting period of only nine (9) months for the financial period as compared to twelve (12) months for the previous financial year and a decrease of equipment rental revenue from DESB as a result of expiry on certain of its offshore maintenance contracts during the period under review.

The increase in total operating revenue for the financial year ended 30 September 2006 as compared to the financial period ended 30 September 2005 was mainly due to full accounting period of twelve (12) months for the financial year as compared to only nine (9) months for the previous financial period coupled with additional equipments acquired during the financial year under review being rented to DESB although partially mitigated by an overall reduction in rental rates given to DESB.

The increase in total operating revenue for the financial year ended 30 September 2007 as compared to the previous financial year ended 30 September 2006 was mainly due to additional offshore equipments acquired during the financial year under review being rented to DESB. The substantial demand for the offshore equipments was due to the increased level of offshore maintenance activities involving offshore equipments by DESB.

(c) The decrease in PBT Margin for the financial period ended 30 September 2005 as compared to the PBT Margin for the financial year ended 31 December 2004 of 71% was mainly due to depreciation charge which did not decrease in proportion to the decrease in total operating revenue.

The increase in PBT Margin for the financial year ended 30 September 2006 as compared to the previous financial year ended 30 September 2005 was mainly due to relatively lower increase in depreciation charge, operating staff costs and insurance premium as compared to the increase in total operating revenue although mitigated by the overall reduction in rental rates given to DESB and a relatively higher increase in administrative staff costs.

The increase in PBT Margin for the financial year ended 30 September 2007 as compared to the previous financial year ended 30 September 2006 was mainly due to a relatively lower increase in operating staff costs as compared to the increase in total operating revenue although mitigated by a significant increase in depreciation charge and insurance premiums arising from acquisition of the offshore equipments and motor vehicles, and a significant increase in warehouse rental expenses due to the full year's rental for the financial year under review as compared to only one (1) month rental in the previous financial year.

(d) The lower effective tax rate applicable to the 9-month financial period ended 30 September 2005 and the two (2) financial years ended 30 September 2007 as compared to the statutory tax rate applicable to these financial period/years was mainly due to lower tax rate of 20% on the first RM500,000 of FTSB's chargeable income for the financial period/years as provided in the Income Tax Act, 1967 applicable to companies with paid-up share capital of RM2.5 million or less with effect from year of assessment 2004.

(e) The dividends declared and paid by FTSB during the financial period/years under review can be referred to in paragraph D.

(f) The gross earnings per share is computed based on profit before taxation divided by the number of ordinary shares in issue during the financial period/year.

The net earnings per share is computed based on profit after taxation divided by the number of ordinary shares in issue during the financial period/year.

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5. **DMSSB**

	< ------- Financial year ended 30 September ------- >		
	2005 RM'000	**2006 RM'000**	**2007 RM'000**
Operating revenue	2,111	24,380	31,324
Cost of operations	(2,336)	(16,625)	(19,435)
Gross (loss)/profit	(225)	7,755	11,889
Administrative costs	(326)	(825)	(2,002)
(Loss)/Profit from operations	(551)	6,930	9,887
Finance costs	(546)	(1,683)	(3,275)
(Loss)/Profit before taxation	(1,097)	5,247	6,612
Taxation	-	(939)	(1,021)
(Loss)/Profit after taxation	(1,097)	4,308	5,591
(Loss)/Profit before taxation is analysed as follows:-			
Profit before depreciation and interest expense	64	8,995	13,394
Depreciation	(618)	(2,071)	(3,508)
Interest expense	(543)	(1,677)	(3,274)
(Loss)/Profit before taxation	(1,097)	5,247	6,612
Number of ordinary shares in issue ('000)	[1] 3,044	11,000	11,000
Gross (loss)/earnings per share (RM)	(0.36)	0.48	0.60
Net (loss)/earnings per share (RM)	(0.36)	0.39	0.51
(GL)/GP margin (%)	(11)	32	38
(LBT)/PBT margin (%)	(52)	22	21
(LAT)/PAT margin (%)	(52)	18	18
Effective tax rate (%)	-	18	15
Gross dividend rate (%)	-	-	-

[1] *The number of shares has been pro-rated on time basis to account for allotment of 8,000,000 new ordinary shares of RM1.00 each in DMSSB at par for cash on 29 September 2005.*

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Notes: -

(a) *There was no extraordinary item or exceptional item for all the financial years under review.*

(b) *For the financial year ended 30 September 2005, DMSSB commenced business operations in May 2005, upon completion of construction, inspection and commissioning of its marine vessel, Dayang Pertama, by providing marine vessel chartering and onboard catering solely to DESB.*

The significant increase in the total operating revenue for the financial year ended 30 September 2006 as compared to the financial year ended 30 September 2005 was mainly due to full year's operation of Dayang Pertama coupled with the chartering of three (3) additional marine vessels of which, one (1) marine vessel namely Dayang Maju, was acquired by DMSSB during the financial year under review and the other two (2) marine vessels namely Sealink Victoria and Seabulk Takzim were chartered from third parties. All the marine vessels were chartered to DESB save for Sealink Victoria which was solely chartered to Petronas for 100 days only between October 2005 and January 2006.

The significant increase in total operating revenue for the financial year ended 30 September 2007 as compared to the financial year ended 30 September 2006 was mainly due to full year's operation of Dayang Maju as well as the commencement of operations of another newly constructed marine vessel in February 2007 namely Dayang Berlian although partially mitigated by the absence of revenue from chartering of Sealink Victoria and a decrease in revenue from chartering of Seabulk Takzim due to expiry of the charter contract for this vessel in February 2007.

(c) *The loss before taxation for the financial year ended 30 September 2005 was mainly due to insufficient revenue to defray certain fixed overhead costs and high interest charges on a term loan secured to finance the construction of Dayang Pertama.*

The turnaround from loss before taxation for the financial year ended 30 September 2005 into profit before taxation for the financial year ended 30 September 2006 was mainly due to relatively lower increase in operational costs as compared to the increase in revenue as the major costs which include vessel charter costs, marine crew costs, insurance premiums, depreciation charge and repair and maintenance did not increase in proportion to the increase in the total operating revenue.

The marginal decrease in PBT Margin for the financial year ended 30 September 2007 as compared to the financial year ended 30 September 2006 was mainly due to a provision for dry docking charges as well as an increase in maintenance costs for Dayang Pertama, an increase in legal and professional fees arising from the issuance of the Islamic commercial papers and medium term notes and an increase in interest expense due to increase in term loans drawn down for financing of marine vessels although mitigated by significantly higher charter rate secured for Dayang Berlian as compared to the charter rate for Dayang Pertama and Dayang Maju.

(d) *There was no taxation for the financial year ended 30 September 2005 in view of the losses suffered by DMSSB for this financial year.*

The lower effective tax rate for the financial year ended 30 September 2006 as compared to the statutory tax rate applicable to this financial year was mainly due to exemption from income tax under Section 54A of the Income Tax Act, 1967 in respect of marine vessel charter revenue derived from charter of Dayang Pertama.

The lower effective tax rate for the financial year ended 30 September 2007 as compared to the statutory tax rate applicable to this financial year was mainly due to exemption from income tax under Section 54A of the Income Tax Act, 1967 in respect of marine vessels charter revenue derived from charter of Dayang Pertama and Dayang Berlian.

(e) *The gross (loss)/earnings per share is computed based on (loss)/profit before taxation divided by the weighted average number of ordinary shares in issue during the financial year.*

The net (loss)/earnings per share is computed based on (loss)/profit after taxation divided by the weighted average number of ordinary shares in issue during the financial year.

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H. BALANCE SHEETS

We set out below the balance sheets of DEHB prepared based on its audited balance sheets as at end of the two (2) financial period/year ended 30 September 2007, and the balance sheets of DESB, FTSB and DMSSB prepared based on their respective audited balance sheets as at the end of the three (3) financial years/period ended 30 September 2007. The balance sheets were not significantly affected by transactions and balances between the corporations to which they relate, except to the extent stated in this report.

1. DEHB

	<---------- As at 30 September --------->	
	[1] [2] 2006	2007
	RM	RM
ASSET		
Current Asset		
Cash in hand	1	1
TOTAL ASSET	1	1
EQUITY AND LIABILITIES		
Equity		
Share capital	1	1
Accumulated losses	(4,936)	(6,196)
Total Equity	(4,935)	(6,195)
Liabilities		
Current Liabilities		
Other payable and accruals	4,936	6,196
Total Liabilities	4,936	6,196
TOTAL EQUITY AND LIABILITIES	1	1
Key financial ratios:-		
Current ratio (times)	0.0002	0.0002
Net tangible liabilities per share (RM)	(2,467.50)	(3,097.50)

[1] *First audited financial statement.*

[2] *The audited balance sheet has been re-presented in order to conform to the format of presentation required by FRS 101 on Presentation of Financial Statements*

2. DESB

	< ------------ As at 30 September ------------ >		
	[1] 2005 RM'000	[1] 2006 RM'000	2007 RM'000
ASSETS			
Non-Current Asset			
Property, plant and equipment	3,879	3,407	3,598
Current Assets			
Inventories	1,559	1,979	2,921
Trade receivables	24,971	47,527	57,853
Other receivables, deposits and prepayments [2]	5,032	14,963	16,994
Amount owing by shareholder	-	-	170
Cash on deposits with licensed banks	21,115	8,123	23,982
Cash and bank balances	2,976	470	614
	55,653	73,062	102,534
TOTAL ASSETS	59,532	76,469	106,132
EQUITY AND LIABILITIES			
Equity			
Share capital	2,600	2,600	2,600
Retained profits	39,872	46,666	63,904
Total Equity	42,472	49,266	66,504
Liabilities			
Non-Current Liabilities			
Hire purchase payables	-	-	182
Deferred taxation	596	585	501
	596	585	683
Current Liabilities			
Trade payables [3]	12,894	16,664	29,802
Other payables and accruals	1,500	1,511	2,408
Hire purchase payables	-	-	95
Bank overdraft	-	4,853	4,784
Dividends payables	-	1,978	-
Taxation	2,070	1,612	1,856
	16,464	26,618	38,945
Total Liabilities	17,060	27,203	39,628
TOTAL EQUITY AND LIABILITIES	59,532	76,469	106,132

MOORE STEPHENS
CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)

	As at 30 September		
	(1) 2005 RM'000	(1) 2006 RM'000	2007 RM'000
Key financial ratios:-			
Inventories' turnover period (months)	0.3	0.3	0.4
Trade receivables' turnover period (months)	2.7	5.3	5.5
Trade payables' turnover period (months)	2.5	2.8	4.4
Current ratio (times)	3.38	2.74	2.63
Debt-equity ratio (times)	-	0.10	0.08
Net tangible assets per share (RM)	16.34	18.95	25.58

(1) *The audited balance sheet has been re-presented in order to conform to the format of presentation required by FRS 101 on Presentation of Financial Statements.*

(2) *Included interest free advances to DMSSB of RM4,137,667, RM14,214,904 and RM15,976,181 as at 30 September 2005, 2006 and 2007 respectively.*

(3) *Included trade balances owing to FTSB, DMSSB and S.K. Ling & Sons Sdn Bhd ("SKLSSB"), a company in which a director, Mr. Ling Suk Kiong, is a director and has substantial financial interest as follows:-*

	As at 30 September		
	2005 RM'000	*2006 RM'000*	*2007 RM'000*
FTSB	*1,704*	*1,767*	*1,807*
DMSSB	-	-	*2,556*
SKLSSB	*88*	*68*	*3*
	1,792	*1,835*	*4,366*

Note: The normal credit terms extended to trade receivables of DESB ranges from 30 days to 60 days. The aging of trade receivables as at 30 September 2007 are as follows:-

Days	0-30 days	31-60 days	61-180 days	> 180 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
External parties	53,427	1,905	2,521	-	57,853
% of total receivables (%)	92	3	5	-	100

MOORE STEPHENS
CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)

3. FTSB

	<---------- As at 30 September ---------->		
	(1) 2005 RM'000	(1) 2006 RM'000	2007 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	447	360	352
Deferred tax assets	-	9	25
	447	369	377
Current Assets			
Trade receivables (2)	1,713	1,782	1,830
Sundry deposits and prepayments	84	-	146
Tax assets	15	-	-
Cash and bank balances	676	600	2,440
	2,488	2,382	4,416
TOTAL ASSETS	2,935	2,751	4,793
EQUITY AND LIABILITIES			
Equity			
Share capital	20	20	20
Retained profits	2,894	2,494	4,518
Total Equity	2,914	2,514	4,538
Liabilities			
Non-Current Liability			
Deferred taxation	3	-	-
Current Liabilities			
Accruals	18	39	20
Amount due to director	-	-	3
Taxation	-	198	232
	18	237	255
Total Liabilities	21	237	255
TOTAL EQUITY AND LIABILITIES	2,935	2,751	4,793
Key financial ratios:-			
Trade receivables' turnover period (months)	(3) 7.9	6.8	5.7
Current ratio (times)	138.22	10.05	17.32
Net tangible assets per share (RM)	145.70	125.70	226.90

(1) *The audited balance sheet has been re-presented in order to conform to the format of presentation required by FRS 101 on Presentation of Financial Statements.*

(2) *The trade balances are in respect of amounts owing by DESB and SKLSSB respectively:-*

	< As at 30 September		>
	2005	*2006*	*2007*
	RM'000	*RM'000*	*RM'000*
DESB	*1,704*	*1,767*	*1,807*
SKLSSB	*8*	*16*	*23*
	1,712	*1,783*	*1,830*

(3) *Based on annualised operating revenue*

Note: The normal credit terms extended to trade receivables of FTSB ranges from 60 days to 90 days. The aging of trade receivables as at 30 September 2007 are as follows:-

Days	0-30 days	31-60 days	61-90 days	91-180 days	> 180 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Related company (DESB)	555	333	315	604	-	1,807
Related party (SKLSSB)	-	-	-	3	20	23
	555	333	315	607	20	1,830
% of total receivables (%)	31	18	17	33	1	100

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MOORE STEPHENS
CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)

4. DMSSB

	< -------As at 30 September------ >		
	(1) 2005 RM'000	(1) 2006 RM'000	2007 RM'000
ASSETS			
Non-Current Asset			
Property, plant and equipment	45,137	76,382	90,556
Current Assets			
Trade receivables (2)	-	5,895	6,551
Other receivables and deposits	84	519	195
Cash and bank balances	315	634	2,620
	399	7,048	9,366
TOTAL ASSETS	45,536	83,430	99,922
EQUITY AND LIABILITIES			
Equity			
Share capital	11,000	11,000	11,000
Revaluation reserve	11,030	11,030	11,030
(Accumulated losses)/Retained profits	(1,110)	3,198	8,789
Total Equity	20,920	25,228	30,819
Liabilities			
Non-Current Liabilities			
Deferred taxation	-	646	1,005
Term loan - secured	17,037	31,060	38,874
	17,037	31,706	39,879
Current Liabilities			
Trade payables	219	2,986	1,049
Other payables and accruals (3)	4,859	20,112	21,300
Term loan - secured	2,501	3,105	6,653
Taxation	-	293	222
	7,579	26,496	29,224
Total Liabilities	24,616	58,202	69,103
TOTAL EQUITY AND LIABILITIES	45,536	83,430	99,992

Key financial ratios:-

Trade receivables' turnover period (months)	-	2.9	2.5
Trade payables' turnover period (months)	1.1	2.2	0.7
Current ratio (times)	0.05	0.27	0.32
Debt-equity ratio (times)	0.93	1.35	1.48
Net tangible assets per share (RM)	1.90	2.29	2.80