DAYANG ENTERPRISE HOLDINGS BHD (712243-U)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Second Quarter ended 30 June 2017 (Unaudited)

	Current Quarter Ended 30-Jun-17 RM'000	Corresponding Quarter Ended 30-Jun-16 RM'000	Cumulative Year To Date 30-Jun-17 RM'000	Corresponding Year To Date 30-Jun-16 RM'000
Revenue	191,017	193,581	308,927	305,411
Operating expenses	(112,446)	(112,806)	(210,062)	(192,882)
Gross profit	**78,571**	**80,775**	**98,865**	**112,529**
Other income	3,043	24,636	3,124	27,041
Administration expenses	(26,733)	(19,476)	(52,524)	(49,590)
Other expenses	(67,028)	(35,771)	(75,317)	(38,407)
Results from operating activities	**(12,147)**	**50,164**	**(25,852)**	**51,573**
Finance costs	(25,842)	(39,224)	(51,144)	(65,035)
Finance income	2,391	1,868	4,645	3,532
Net finance costs	**(23,451)**	**(37,356)**	**(46,499)**	**(61,503)**
(Loss)/profit before tax	**(35,598)**	**12,808**	**(72,351)**	**(9,930)**
Income tax expense	(14,163)	(15,155)	(20,904)	(19,219)
Loss for the period	**(49,761)**	**(2,347)**	**(93,255)**	**(29,149)**
Other comprehensive (expense)/income, net of tax				
Foreign currency translation	(20,900)	15,279	(29,953)	(43,196)
Cash flow hedge	(42)	(54)	20	(247)
Other comprehensive (expense)/income for the period, net of tax	**(20,942)**	**15,225**	**(29,933)**	**(43,443)**
Total comprehensive (expense)/ income for the period	**(70,703)**	**12,878**	**(123,188)**	**(72,592)**
Loss for the period				
Attributable to:				
Owners of the Company	(48,098)	(1,953)	(90,803)	(28,338)
Non-controlling interest	(1,663)	(394)	(2,452)	(811)
	(49,761)	**(2,347)**	**(93,255)**	**(29,149)**
Total comprehensive (expense)/income for the period				
Attributable to:				
Owners of the Company	(69,215)	12,970	(120,142)	(70,918)
Non-controlling interest	(1,488)	(92)	(3,046)	(1,674)
	(70,703)	**12,878**	**(123,188)**	**(72,592)**
Weighted average number of ordinary shares in issue ('000)	939,750	877,100	908,598	877,100
Basic loss per ordinary share (sen)	(5.12)	(0.22)	(9.99)	(3.23)

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2016 and the accompanying notes attached to this interim financial report).

DAYANG ENTERPRISE HOLDINGS BHD (712243-U)

Condensed Consolidated Statement of Financial Position
As at 30 June 2017 (Unaudited)

	UNAUDITED AS AT 30-Jun-17 RM'000	AUDITED AS AT 31-Dec-16 RM'000
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	1,583,296	1,801,610
Prepaid lease payments	9,939	10,123
Intangible assets	19,128	25,763
Deposit	47,297	48,810
Goodwill	653,627	653,627
Deferred tax asset	13,890	15,220
Derivative assets	210	190
TOTAL NON CURRENT ASSETS	**2,327,387**	**2,555,343**
CURRENT ASSETS		
Inventories	4,729	5,025
Trade and other receivables	309,941	244,798
Other investments	1,518	1,495
Deposits and prepayments	-	15,987
Current tax assets	7,696	7,997
Cash and cash equivalents	256,137	292,373
	580,021	567,675
Non-current asset classified as held for sale	1,423	-
TOTAL CURRENT ASSETS	**581,444**	**567,675**
TOTAL ASSETS	**2,908,831**	**3,123,018**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	672,988	438,550
Share premium	-	146,686
Reserves	565,052	685,194
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**1,238,040**	**1,270,430**
NON-CONTROLLING INTEREST	**4,717**	**7,763**
TOTAL EQUITY	**1,242,757**	**1,278,193**
NON CURRENT LIABILITIES		
Loans and borrowings	1,131,471	1,289,952
Deferred tax liabilities	17,376	19,170
TOTAL NON CURRENT LIABILITIES	**1,148,847**	**1,309,122**
CURRENT LIABILITIES		
Loans and borrowings	352,562	348,263
Trade and other payables	147,560	182,177
Current tax liabilities	17,105	5,263
TOTAL CURRENT LIABILITIES	**517,227**	**535,703**
TOTAL LIABILITIES	**1,666,074**	**1,844,825**
TOTAL EQUITY AND LIABILITIES	**2,908,831**	**3,123,018**
Net assets per share (sen)	128	145

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2016 and the accompanying notes attached to this interim financial report).

DAYANG ENTERPRISE HOLDINGS BHD (712243-U)

Condensed Consolidated Statement of Changes in Equity
For the Second Quarter ended 30 June 2017 (Unaudited)

	Attributable to the Owners of the Company					Non-controlling interest	Total Equity
	Non-Distributable			Distributable	Total		
	Share Capital	Share Premium	Other reserve	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	**438,550**	**146,686**	**87,239**	**516,381**	**1,188,856**	**7,778**	**1,196,634**
					-		
Profit for the year	-	-	-	54,543	54,543	(563)	53,980
Foreign currency translation differences for foreign operations	-	-	26,769	-	26,769	543	27,312
Cash flow hedge	-	-	262	-	262	5	267
Total comprehensive income for the year	-	-	27,031	54,543	81,574	(15)	81,559
At 31 December 2016	**438,550**	**146,686**	**114,270**	**570,924**	**1,270,430**	**7,763**	**1,278,193**

DAYANG ENTERPRISE HOLDINGS BHD (712243-U)

Condensed Consolidated Statement of Changes in Equity (continued)
For the Second Quarter ended 30 June 2017 (Unaudited)

	Attributable to the Owners of the Company					Non-controlling interest	Total Equity
	Non-Distributable			Distributable	Total		
	Share Capital	Share Premium	Other reserve	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2017	**438,550**	**146,686**	**114,270**	**570,924**	**1,270,430**	**7,763**	**1,278,193**
Transfer in accordance with Section 618(2) of the Companies Act 2016 (Note A8)	146,686	(146,686)	-	-	-	-	-
Loss for the period	-	-	-	(90,803)	(90,803)	(2,452)	(93,255)
Foreign currency translation differences for foreign operations	-	-	(29,358)	-	(29,358)	(595)	(29,953)
Cash flow hedge	-	-	19	-	19	1	20
Total comprehensive expense for the period	-	-	(29,339)	(90,803)	(120,142)	(3,046)	(123,188)
Issuance of ordinary shares under private placements (net of placement issue expenses)	87,752	-	-	-	87,752	-	87,752
At 30 June 2017	**672,988**	**-**	**84,931**	**480,121**	**1,238,040**	**4,717**	**1,242,757**

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2016 and the accompanying notes attached to this interim financial report).

DAYANG ENTERPRISE HOLDINGS BHD (712243-U)

Condensed Consolidated Statement of Cash Flows
For the Second Quarter ended 30 June 2017 (Unaudited)

	Current period-to-date 30-Jun-17 RM'000	Corresponding period-to-date 30-Jun-16 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(72,351)	(9,930)
Adjustments for:-		
- Non-cash items	147,603	50,223
- Non-operating items	46,559	60,438
Operating profit before changes in working capital	121,811	100,731
Changes in working capital		
Inventories	296	(285)
Trade and other receivables	(7,441)	73,785
Trade and other payables	(56,565)	(30,788)
Total changes in working capital	(63,710)	42,712
Cash generated from operations	**58,101**	**143,443**
Interest received	4,585	3,532
Interest paid	(186)	(1,285)
Tax paid	(12,555)	(17,165)
Total interest and tax paid	(8,156)	(14,918)
Net cash generated from operating activities	**49,945**	**128,525**
CASH FLOWS FROM INVESTING ACTIVITIES		
Refundable deposits refunded	-	26,999
Withdrawal/(Placement) of fixed deposits	51,118	11,034
Acquisition of property, plant and equipment	(2,856)	(5,612)
Net cash generated from investing activities	**48,262**	**32,421**
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of Sukuk Bonds	-	635,000
Proceeds from private placement of shares	87,752	-
Proceeds from borrowings	20,000	-
Repayment of borrowings	(161,637)	(527,491)
Payments of finance lease liabilities	(6,257)	(140,996)
Term loan interest paid	(28,910)	(63,750)
Coupon paid	(14,842)	-
Net cash used in financing activities	**(103,894)**	**(97,237)**
Net (decrease)/increase in cash and cash equivalents	**(5,687)**	**63,709**
Effect of foreign exchange translation	**20,527**	**7,840**
Cash and cash equivalents at the beginning of the period	**234,487**	**218,315**
Cash and cash equivalents at the end of the period	**249,327**	**289,864**

Breakdown of cash and cash equivalents at the end of the period:-

Short term deposits	235,080	164,352
Cash and bank balances	21,057	134,425
	256,137	**298,777**
Less: Deposits pledged as security	(6,810)	(8,913)
Cash and cash equivalents	249,327	289,864

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2016 and the accompanying notes attached to this interim financial report).

A. NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 (MFRS 134): INTERIM FINANCIAL REPORTING

A1. Basis of reporting preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard 134 (MFRS134), *Interim Financial Reporting* and with IAS 34, *Interim Financial Reporting* and Appendix 9B part A of the Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report.

A2. Changes in Accounting policies

A2.1 Adoption of Standards, Amendments and Interpretations

The significant accounting policies adopted in the preparation of these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2016, except for the adoption of the following Standards, Amendments and Interpretations from 1 January 2017:

MFRS/ Amendment/ Interpretation	Effective date
Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014 – 2016 Cycle)*	1 January 2017
Amendments to MFRS 107, *Statement of Cash Flows - Disclosure Initiative*	1 January 2017
Amendments to MFRS 112, *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017

The adoption of the above Standards, Amendments and Interpretations does not have a material impact on the financial statements of the Group and the Company.

A2.2 Standards, Amendments and Interpretations issued but not yet effective

MFRS/ Amendment/ Interpretation	**Effective date**
MFRS 9, *Financial Instruments* (2014)	1 January 2018
MFRS 15, *Revenue from Contracts with Customers* Clarifications to MFRS 15, *Revenue from Contracts with Customers*	1 January 2018
IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*	1 January 2018
Amendments to MFRS 2, *share-based payment-Classification and Measurement of Share-based Payment Translation*	1 January 2018
Amendments to MFRS 4, *insurance Contracts-Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*	1 January 2018
Amendments to MFRS 128, *Investments in Associates and Joint Venture (Annual Improvements to MFRS Standards 2014-2016 Cycle)*	1 January 2018
Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*	1 January 2018
MFRS 16, *Leases*	1 January 2019
Amendments to MFRS 10, *Consolidated Financial* Statements and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

The Group and the Company plan to apply:

- from the annual period beginning on 1 January 2018, those accounting standards, amendments or interpretations that are effective for annual period beginning on or after 1 January 2018, except for Amendments to MFRS 2, Amendments to MFRS 4, Amendments to MFRS 128 and Amendments to MFRS 140, which are assessed as presently not applicable to the Group.

- from the annual period beginning on 1 January 2019 Amendments to MFRS 16 which is effective for annual periods beginning on or after 1 January 2019.

A2.2 Standards, Amendments and Interpretations issued but not yet effective (cont'd)

The initial application of the above accounting standards, amendments or interpretations is not expected to have any material financial impacts on the financial statements of the Group for the current and prior periods except as mentioned below:

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

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

(ii) MFRS 9, *Financial Instruments*

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

(iii) MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 15, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transaction Involving the Legal Form of a Lease.*

The adoption of MFRS 15, MFRS 9 and MFRS 16 will result in a change in accounting policies. The Group is currently assessing the financial impact that may arise from the adoption of these accounting standards.

A3. Auditors' report

There was no qualification on the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

A4. Loss for the period

	Current quarter ended 30-Jun-17 RM'000	Current period-to-date 30-Jun-17 RM'000
Loss for the period is arrived at after charging		
Amortisation of intangible assets	3,318	6,636
Depreciation of property, plant and equipment	33,794	68,463
Impairment loss on property, plant and equipment	50,382	50,382
Realised loss on foreign exchange	363	2,433
Unrealised loss on foreign exchange	16,113	22,145

Save for the above, there were no allowance for impairment loss on receivables or inventories, gain or loss on disposal of quoted or unquoted investments or properties and material exceptional items that are included in the profit of the Group for the current quarter and financial period ended 30 June 2017.

A5. Seasonal or cyclical factors

Seasonality due to weather is not foreseen to affect the Group's vessel chartering operations. However, the offshore topside maintenance operations is normally affected by bad weather at the beginning and the end of the year and this factor has been taken into consideration in the Group's annual business plan.

A6. Items of unusual nature and amount

There were no items affecting the assets, liabilities, equity, net income or cash flows of the Group that are unusual because of their nature, size or incidence for the current quarter, except for the other comprehensive expense arising from realised/unrealised foreign exchange loss and foreign currency translation of investment in Labuan subsidiaries denominated in US Dollars, a reclassification of a leasehold building from non-current asset to current asset resulting from a sale of the leasehold building, as well as an additional allowance for impairment loss on property, plant and equipment ("PPE") being provided for.

During the current quarter and financial period-to-date, the other expenses comprise of unrealised foreign exchange loss of RM16.1 million and RM22.1 million respectively and realised foreign exchange loss of RM0.4 million and RM2.4 million respectively whereas the other comprehensive expenses arising from foreign currency translation amounted to losses of RM20.9 million and RM29.9 million respectively.

During the current quarter, the Group's non-current asset comprises of a leasehold building is reclassified from property, plant and equipment to non-current asset classified as held for sale due to the change in nature of the said leasehold building. On 22 May 2017, the Group entered into a Sale and Purchase Agreement with an individual third party ("Purchaser") to sell a piece of the leasehold land together with a four (4) storeys shop-office ("Property") located at Kuala Lumpur, Malaysia. The Group had on 13 July 2017 obtained the State Authority's approval to transfer the Property to the Purchaser. The sale transaction of the Property is expected to be completed by October 2017.

In addition, the Group has made an additional allowance of USD11.7 million (equivalent to RM50.4 million) for impairment loss on PPE for the quarter under review (refer Note A12).

A7. Material changes in estimates

There were no changes in the estimates of amounts reported in the prior interim periods of the current financial quarter or changes in the estimates of amounts relating to the prior financial years that have a material effect in the current quarter.

A8. Issuances, cancellations, repurchase, resale and repayments of debt and equity securities

There were no issuance and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter, except for private placement of up to 10% of the total number of issued shares of the company [see detail in note B8 (ii)]

In accordance with Section 618 of the Companies Act 2016, any amount standing to the credit of the share premium account and the capital redemption reserve has become part of the Company's share capital. The Company has 24 months upon the commencement of the Companies Act 2016 on 31 January 2017 to utilize the credit.

A9. Dividend paid

No dividend was paid during the current quarter and financial year to date.

A10. Segmental information

The Group is organized into the following operating segments:-

1. Investment holding
2. Offshore Topside Maintenance Services ("Offshore TMS")
3. Charter of Marine Vessels ("Marine Charter")
4. Rental of offshore equipment ("Equipment Rental")

Segmental Reporting

Cummulative 6 months ended 30 June 2017	Investment Holding RM'000	Offshore TMS RM'000	Marine Charter RM'000	Equipment Rental RM'000	Total RM'000	Adjustments RM'000	Consolidated RM'000
Revenue							
External revenue	-	275,198	33,729	-	308,927	-	308,927
Inter-segment revenue	2,514	-	47,670	7,065	57,249	(57,249)	-
Total revenue	2,514	275,198	81,399	7,065	366,176	(57,249)	308,927
Results							
Segment results	(70)	83,505	(101,216)	(1,435)	(19,216)	(6,636)	(25,852)
Finance costs	(16,666)	(187)	(30,545)	-	(47,398)	-	(47,398)
Inter-segment finance costs	(2,246)	-	(1,500)	-	(3,746)		(3,746)
Total finance costs	(18,912)	(187)	(32,045)	-	(51,144)	-	(51,144)
Finance income	609	(1,556)	1,719	127	899	-	899
Inter-segment finance income	-	3,746	-	-	3,746		3,746
Total finance income	609	2,190	1,719	127	4,645	-	4,645
Loss before tax	**(18,373)**	**85,508**	**(131,542)**	**(1,308)**	**(65,715)**	**(6,636)**	**(72,351)**
Income tax expense							**(20,904)**
Loss after tax							**(93,255)**

A11. Valuation of goodwill

Under MFRS 136, *Impairment of Assets* the Group is required to annually carry out impairment test on the cash generated units ("CGUs"), of which goodwill is allocated. For the purpose of impairment testing, goodwill is allocated to the Group's operating activities (i.e. marine charter) which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

MFRS 136 states that the annual impairment test for the following items may be performed at any time within an annual reporting period, provided that the test is performed at the same time every year. The group reassessed its CGUs as at 30 September 2016 to determine whether there is any indication that its CGUs may be impaired.

The group has adopted value-in-use ("VIU") estimations which entail discounting the estimated future cash flows from the continuing use of the CGUs. The recoverable amounts were compared against the carrying amounts of the CGUs.

A12. Valuation of property, plant and equipment

The group reassessed its assets (except for inventories, deferred tax assets and financial assets) as at 30 June 2017 to determine whether there is any indication that its assets may be further impaired or recovered.

The group has adopted value-in-use ("VIU") estimations which entail discounting the estimated future cash flows from the continuing use of PPE. The recoverable amounts were compared against the carrying amounts of the PPE.

For the current financial quarter ended 30 June 2017, the Group has made an additional allowance for impairment losses on PPE of USD11.7 million (equivalent to RM50.4 million). The Group's accumulated impairment losses has been increased from RM7.6 million as at 31 December 2016 to RM58.0 million as at 30 June 2017.

A13. Capital commitments

As at 30 June 2017, the Group has no outstanding or additional capital commitments which are approved and/or contracted for.

A14. Material events subsequent to the end of year reported

There were no material events subsequent to the end of the current quarter and current period up to 16 August 2017 (not earlier than 7 days from the date of announcement of this interim financial report) that have not been reflected in the financial statements for the current quarter.

A15. Changes in composition of the group

There were no changes in the composition of the Group.

A16. Contingent Liabilities and Contingent Assets

The following are the contingent liabilities outstanding as at 30 June 2017.

	As at 30-Jun-17 RM'000
Unsecured:-	
Bank guarantee granted to third parties for the benefit of a subsidiary	4,800
	4,800

Further to the conclusion of the tax audit for Year of Assessment ("YA") 2007 to YA2010 as disclosed in Note 32 to the audited financial statements for the year ended 31 December 2016, the Inland Revenue Board (IRB) has requested the subsidiary of the Group to revise its tax computations for YA2011 and subsequent years. The subsidiary of the Group has engaged a tax consultant to assist in the matter and assess the tax impacts thereof. In February 2017, The subsidiary of the Group responded to IRB that it disagreed with applying the same computation method used for the earlier tax audit exercise based on reasonable technical grounds. The Group may need to provide for additional tax payable, if any, arising from any revision of the tax computations for YA2011 and subsequent years, the outcome of which cannot be ascertained at this present stage. As at the latest practicable date 15 August 2017, the subsidiary of the Group has not received any response from the IRB to its reply of February 2017.

A17. Significant related party transactions

The Group entered into the following transactions with related parties, in addition to compensations to Directors and other key management personnel, during the current quarter:-

Transactions with Directors and a company in which certain Directors have substantial financial interests:-	Nature	Amount for 6 months ended 30 June 2017	Unsettled balance as at 30 June 2017
		RM'000	RM'000
Ling Suk Kiong and Joe Ling Siew Loung @ Lin Shou Long	Rental of open yard fabrication facilities with workshop, warehouse and office in Labuan	342	-
Ling Suk Kiong and his spouse Wong Siew Hong	Rental of office in Miri	18	-
Kunci Prima Sdn Bhd (Directors and shareholders are Tengku Yusof Bin Tengku Ahmad Shahruddin, Joe Ling Siew Loung @ Lin Shou Long, Ling Suk Kiong and his spouse Wong Siew Hong)	Rental of office in Miri	372	-
Kunci Prima Sdn Bhd	Rental of office in Petaling Jaya	398	-
Kunci Prima Sdn Bhd	Rental of office in Kuala Baram	153	-
		1,283	-

In the opinion of the Directors, the above transactions have been entered into in the ordinary course of business and have been established under terms no less favorable than those transacted with unrelated parties.

B ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS

B1. Review of performance of the Company and its principal subsidiaries

B1.1 The Group's performance for the quarter under review versus the corresponding quarter of the previous financial year is tabled below:

	Current Quarter ended 30-Jun-17	Corresponding Quarter ended 30-Jun-16	Variance	
	RM'000	RM'000	RM'000	%
Revenue	191,017	193,581	(2,564)	(1)
Gross profit	78,571	80,775	(2,204)	(3)
(Loss)/profit before interest and tax	(12,147)	50,164	(62,311)	(124)
(Loss)/profit before tax	(35,598)	12,808	(48,406)	(378)
Loss after tax	(49,761)	(2,347)	(47,414)	2,020
Loss attributable to ordinary equity holders of the Parent	(48,098)	(1,953)	(46,145)	2,363

Comparatively, the Group's revenue for the current quarter ended 30 June 2017 decreased by 1% while the group made a loss before tax of RM35.6 million for the current quarter as opposed to profit before tax of RM12.8 million in the corresponding quarter ended 30 June 2016.

The slight decrease in revenue and the higher loss before tax incurred in the current quarter is mainly due to lower charter rates. In addition, the loss before tax in the current quarter has taken into account of impairment loss on property, plant and equipment of RM50.4 million and net realised/unrealised foreign exchange loss of RM16.5 million.

In the opinion of the Directors, the results for the current quarter have not been affected by any transactions or events of a material nature which have arisen between 30 June 2017 and the date of this report.

B1.2 The Group's performance for the current financial period-to-date under review versus the corresponding previous financial period-to-date is tabled below:

	Cummulative period-to-date 30-Jun-17	Corresponding period-to-date 30-Jun-16	Variance	
	RM'000	RM'000	RM'000	%
Revenue	308,927	305,411	3,516	1
Gross profit	98,865	112,529	(13,664)	(12)
(Loss)/profit before interest and tax	(25,852)	51,573	(77,425)	(150)
Loss before tax	(72,351)	(9,930)	(62,421)	629
Loss after tax	(93,255)	(29,149)	(64,106)	220
Loss attributable to Ordinary equity holders of the Parent	(90,803)	(28,338)	(62,465)	220

Revenue increased by 1% from RM305.4 million in the previous corresponding period-to-date to RM308.9 million in the current period-to-date. The higher revenue in the current year as compared to the corresponding year is mainly due to higher value of work order received and performed in the current period-to-date.

Despite that, the Group registered a higher loss before tax for the financial period ended 30 June 2017 mainly due to an impairment loss on property, plant and equipment of RM50.4 million and net realised/unrealised foreign exchange loss of RM24.5 million as compared to a net realised/unrealised foreign exchange loss of RM10.1 million in the corresponding period-to-date.

B2. Material changes in the quarterly results compared to the results of the preceding quarter

	Current Quarter ended 30-Jun-17	Preceding Quarter ended 31-Mar-17	Variance	
	RM'000	RM'000	RM'000	%
Revenue	191,017	117,910	73,107	62
Gross profit	78,571	20,294	58,277	287
Loss before interest and tax	(12,147)	(13,705)	1,558	(11)
Loss before tax	(35,598)	(36,753)	1,155	(3)
Loss after tax	(49,761)	(43,494)	(6,267)	14
Loss attributable to Ordinary equity holders of the Parent	(48,098)	(42,583)	(5,515)	13

In the current quarter, the Group's revenue was 62% higher as compared to the preceding quarter while loss before tax was 3% lower as compared to the preceding quarter.

The significant increase in revenue in the current quarter as compared to the immediate preceding quarter is mainly due to higher vessel utilisation rate and higher work orders from the maintenance contracts. The higher vessel utilisation is a result of improved work orders/contracts awarded from the oil majors during the second quarter of 2017.

However, the group still suffers loss before tax of RM35.6 million due to impairment loss on property, plant and equipment of RM50.4 million as well as net realised/unrealised foreign exchange loss of RM16.5 million, as compared to a net realised/unrealised foreign exchange loss of RM8.1 million in the preceding quarter.

B3. Prospects

Business activities in the Topside Structural Maintenance (TSM) services, Hook-up and Commissioning (HUC) services, Engineering Procurement Construction and Commissioning (EPCC) services and Offshore Support Vessels (OSV) improved in the second quarter with the gradual increase in work orders from oil companies. The utilisation rate for the fleet of vessels improved from 24% in the first quarter to 62% in the second quarter bringing the average fleet utilisation to 44%. However, the increased activities and the profits generated from the maintenance contracts and the higher vessel utilisation in the second quarter was negated somewhat by the reduction in the charter rates of a few vessels and the Group continues to be dragged by impairment and unrealised translation loss in foreign exchange in Perdana Petroleum Bhd (PPB).

Nevertheless, the Group and its Board of Directors are committed to navigate through this stormy waters and to ensure the Group’s continued sustainability and to ride through this prolonged down cycle in the oil and gas market. The Group is cautiously confident of turning around its loss making OSV subsidiaries with the impending relisting of PPB, scheduled before the end of September 2017.

Going forward, the Group will continue to leverage on its balance order book of RM2.3 billion especially within the core competencies of TSM/HUC/EPCC contracts and OSVs charter for the remaining of this year and until 2019. The TSM, HUC and EPCC should see more renewed activities over the next few years by oil majors and the Group should likely benefit from this. The Group is currently awaiting the results of some tenders for jobs amounting to RM4.0 billion. Any successful win in this should see a replenishment of order book for a further five years. Though we cannot predict the outcome of these tenders, the Group has always demonstrated operational track record and has a clear market leadership in the Brownfield services segment.

Amidst all the challenges and a difficult oil and gas industry, the Board remains vigilant and will continue to exercise due care and prudence in the running and administration of the company’s business.

B4. Profit forecast and profit guarantee

There was no profit guarantee issued by the Group.

B5. Income tax expense

	Current quarter ended 30-Jun-17 RM'000	Current year-to-date 30-Jun-17 RM'000
Malaysian income tax	14,163	20,904

Despite the consolidated losses for the current quarter and financial period-to-date, the Group still incurs a tax charge of RM14.1 million and RM20.9 million respectively as the losses incurred by certain group entities cannot be offset against the taxable profits made by other group entities.

B6. Profit from sale of unquoted investments and/or properties

There were no disposals of unquoted investments and properties for the current quarter.

B7. Quoted securities

Movement in unit trusts:

	Current quarter ended 30-Jun-17 RM'000	Cummulative Year-to-date 30-Jun-17 RM'000
At beginning of the period	1,507	1,495
Change in fair value	12	24
At end of the period	1,519	1,519
Market value	1,519	1,519

B8. Status of corporate proposal

(i) Public Shareholding Spread

The subsidiary of the Group, Perdana Petroleum Bhd ("PPB") had on 3 February 2016 submitted to Bursa Securities an application for a further extension of time to comply with the public spread requirement. Bursa Securities has vide their letter dated 1 April 2016 granted PPB a further extension of time of 6 months i.e. from 13 February 2016 to 12 August 2016 to comply with the public shareholding spread requirement.

PPB had on 20 July 2016 and 28 December 2016 applied for a further extension of time of three months from 13 August 2016 to 12 November 2016 and seven months from 13 November 2016 to 30 June 2017 respectively to comply with the public shareholding spread requirement.

On 24 February 2017, PPB announced that Bursa Securities had vide their letter dated 23 February 2017 granted the Company an extension of time until 12 May 2017 to comply with the public shareholding spread requirement.

PPB had on 8 May 2017 applied for a further extension of time of six months from 13 May 2017 to 12 November 2017 to comply with the public shareholding spread requirement.

Following the above application, Dayang had on 12 May 2017 proposed to undertake a dividend-in-specie to distribute up to 292,229,202 of PPB's shares, representing 37.5% of Dayang equity interest in PPB to the shareholders of Dayang to improve the public shareholding spread of PPB to 20%.

On 16 May 2017, PPB made an announcement proposing to undertake a private placement of up to 10% of the total number of issued shares of the Company ("Proposal") to improve its public shareholding spread as well as to raise funds for working capital and partially repay bank borrowings. In addition, PPB had on the same day applied to Bursa Securities to seek resumption of trading of its shares on the Main Market of Bursa securities upon completion of the Dayang Distribution ("Resumption of Trading"). The purpose of the Resumption of Trading is to allow the shareholders of Dayang to commence trading of their PPB shares and also to facilitate the implementation of the Proposal by providing a market reference price for pricing the new PPB shares to be issued pursuant to the proposal.

On 2 June 2017, PPB announced that Bursa Securities had vide their letter dated 25 May 2017 granted the Company an extension of time until 30 November 2017 to comply with the Public Spread requirement.

Subsequently on 19 July 2017, Bursa Securities had vide their letter granted approval and accepted the PPB's application for a lower Public Spread Requirement. Bursa Securities had also approved the PPB's application for the resumption of trading of its shares upon completion of the Dayang Distribution.

PPB will make an announcement as to when its shares will resume trading at a later date.

(ii) Private Placement of up to 10% of the total number of issued shares of Dayang Enterprise Holdings Bhd ("Dayang")

The Board of Directors had on 24 February 2017 announced a proposed private placement of up to 10% of the total number of issued shares of Dayang.

Bursa Malaysia Securities Berhad has vide its letter dated 2 March 2017 approve the listing of and quotation for up to 87,709,993 new shares (Placement Shares) on the Main Market of Bursa Securities.

The Private Placement has been completed on 27 April 2017 following the listing and quotation for 87,709,900 placement shares, representing approximately 10% of the total number of issued shares of Dayang, on the Main Market of Bursa Securities. Total gross proceeds of RM89,113,258.40 were raised from placing out 87,709,900 shares at placement price of RM1.016 per share.

Status of utilisation of proceeds

Dayang intends to utilize the placement proceeds for repayment of the borrowings of Dayang and its subsidiaries and to defray the expenses relating to the placement exercise as follows:

	Proposed utilisation RM'000	**Actual utilisation** RM'000	**Intended time frame for utilisation**	**Remark** RM'000	
Repayment of borrowings	87,613	-	Within 6 months from receipt of funds	87,613	Available for use
Estimated placement expenses	1,500	1,361	Within 1 month from receipt of funds	139	See *** below
	89,113	1,361		87,752	

*** The excess of proposed utilisation over the actual utilisation of share issue expenses over the proposed utilisation will be added to the proposed utilisation for repayment of borrowings.

(iii) Proposed distribution of up to 292,229,202 ordinary shares in Perdana Petroleum Berhad (Perdana) by way of dividend-in-specie to shareholders of Dayang

The Board of Directors had on 12 May 2017 announced a proposed distribution of up to 292,229,202 Perdana Shares representing about 37.5% equity interest in Perdana, by way of dividend-in-specie to the shareholders of Dayang.

Dayang holds about 98.01% equity interest in Perdana such that Perdana's public shareholding spread stood at about 1.99% only.

The proposed dividend-in-specie is undertaken to improve the public shareholding spread of Perdana as well as to reward the shareholders of Dayang for their continuous support for the Company and to provide them with an opportunity to invest directly in Perdana at no cost.

Dayang had on 9 August 2017 acquired the approval from its shareholders via an EGM to approve the proposed dividend-in-specie.

Barring any unforeseen circumstances, the Proposed dividend-in-specie is expected to be completed before the end of September 2017.

Save for the above, there was no corporate proposal announced or not completed by the Group as at the latest practicable date of 16 August 2017.

B9. Group borrowings and debt securities

Total Group's borrowings as at 30 June 2017 were as follows:

	As at 30-Jun-17 RM'000	As at 30-Jun-16 RM'000
Short term borrowings		
Secured	340,562	271,441
Unsecured	12,000	20,000
	352,562	291,441
Long term borrowings		
Secured	1,131,471	1,410,532
Total	1,484,033	1,701,973

The above includes borrowings in US Dollars equivalent to RM246 million (31 December 2016: RM280 million)

B10. Material litigation

As at 16 August 2017, (not earlier than 7 days from the date of announcement of this interim financial report), our Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant except for the following:

B10.1 Notices of Motion to Federal Court to Appeal Against the Whole Decision of the Court of Appeal

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

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

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

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

B10.1 Notices of Motion to Federal Court to Appeal Against the Whole Decision of the Court of Appeal (Cont'd)

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

On 24 September 2014, PPB announced that the Court of Appeal has fixed the hearing of the Appeal on 2 December 2014. This was subsequently adjourned and fixed to be heard on 11 March 2015.

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

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

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

(b) PPB's appeal is dismissed with costs against Lee Mee Jiong; and

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

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

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

On 10 October 2016, Tengku Ibrahim, Wong Fook Heng and Tiong Young Kong's appeals against the Company were partially heard by the Federal Court. The Federal Court had fixed 18 October 2016 for the continued hearing but unfortunately the continued hearing could not take place on the said date. The Federal Court subsequently fixed 16 November 2016 as the continued hearing date.

However, on 8 November 2016, the Federal Court via a letter informed all parties that the continued hearing scheduled on 16 November 2016 was converted to a Case Management and the new continued hearing date is fixed on 2 February 2017.

On 2 February 2017, the Federal Court has heard all of the parties for the continued hearing. However, the federal Court has deferred the decision to a later date which is yet to be determined.

B10.2 Arbitration Between Nam Cheong International Limited (Claimant) and Petra Offshore Limited (Respondent)

In relation to the proposed acquisition of two units of 500-men accommodation workbarges, identified as Vessel Hull No. SK316 and SK317 from Nam Cheong International Limited (“NCIL”) at a consideration of USD84.0 million, the Company’s wholly owned subsidiary, Petra Offshore Limited (“POL”) had on 1 December 2016 sent a notification to NCIL of the cancellation of the Memorandum of Agreement (“MoA”) on the acquisition of the accommodation work barge identified as Vessel Hull No. SK317 (“Vessel”) as NCIL had not fulfilled the condition of delivery of the Vessel in accordance with the terms and conditions of the MoA. Accordingly, POL had sought for the immediate return of the deposit paid of USD8.4 million (“Deposit”), as advised by the legal counsel.

On 5 December 2016, POL received a letter from NCIL stating that POL has no right to cancel the MoA and in view thereof had breached the terms of the MoA. NCIL had consequently treated the MoA as terminated and had forfeited the Deposit.

Notwithstanding the above claims by NCIL, POL had on 9 December 2016 through its solicitors issued a letter of demand to NCIL for the return of the Deposit.

On 22 December 2016, POL received from the solicitors of NCIL a Notice of Arbitration dated 22 December 2016 that NCIL has filed with the Kuala Lumpur Regional Centre for Arbitrations as Claimant against POL as the Respondent in respect of disputes arising out of the MoA for the sale and purchase of one unit 500-men accommodation work barge (Hull No. SK317) dated 23 June 2014 as amended by the Addendum No. 1 dated 27 May 2015.

NCIL is seeking, inter alia, the relief that POL’s purported termination of the MoA on 1 December 2016 was wrongful and unwarranted and the forfeiture of the 20% deposit amounting to USD8.4 million together with damages arising from failure and/or refusal and/or neglect of POL to take delivery of the Vessel.

On 18 January 2017, POL had via its solicitors issued a Response to Notice of Arbitration to NCIL. POL’s Response to Notice of Arbitration counterclaimed that NCIL’s claim against POL is misconceived and erroneous as the Vessel was not in every respect physically ready for delivery and therefore the relief or remedy sought by NCIL did not arise and the cancellation of the MoA by POL was valid. Hence, POL continued to seek the immediate release of the deposit paid. Both NCIL and POL have since nominated their respective arbitrators and paid the initial deposit for the arbitration.

On 18 July 2017, NCIL had submitted its Claimant’s Statement of Claim to the Kuala Lumpur Regional Centre for Arbitration. POL subsequently file its Respondent’s Statement of Defence and Counterclaim in August 2017.

B11. Dividend

No dividend was proposed or declared during the quarter under review.

However, the Board had on the 12 May 2017 proposed distribution by way of dividend-in-specie as disclosed under note B8(iii) to the shareholders of Dayang.

B12. Earnings per share

Basic Earnings Per Share	Current Quarter Ended 30-Jun-17	Corresponding Quarter Ended 30-Jun-16	Cumulative Period Ended 30-Jun-17	Corresponding Period Ended 30-Jun-16
Loss for the period attributable to Owners of the Company (RM'000)	(48,098)	(1,953)	(90,803)	(28,338)
Weighted average number of ordinary shares in issue ('000)	939,750	877,100	908,598	877,100
Basic loss per share (sen)	(5.12)	(0.22)	(9.99)	(3.23)

B13. Retained earnings

The breakdown of retained earnings of the Group as at reporting date, into realised and unrealised is as follows:

	As at 30-Jun-17 RM'000	As at 31-Dec-16 RM'000
Total retained earnings of the Company and its subsidiaries		
Realised	728,480	706,514
Unrealised	(3,486)	81,457
less: Consolidation adjustments	(244,873)	(217,047)
Total retained earnings as per consolidated accounts	480,121	570,924

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

B14. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 August 2017.