6. INFORMATION ON OUR GROUP (*Cont'd*)

No.	Proprietor	Patent / Trademark / Copyright	Class	Description of class / patent	Date registered/ Expiry date/ Notification date/ Country of recognition
6.	Dolphin Engineering	**iPADAS** Trademark No. 07007583	29	Edible Oil; Fatty Substances for Manufacture of Edible Fats; Palm Kernel Oil for Food, Palm Oil for Food; All included in Class 29.	Date registered: 30 April 2007 Expiry date: 30 April 2017 Country of recognition: Malaysia
7.	Dolphin Engineering	**iPADAS** Trademark No. 07007584	9	Computer Software and Programmes for Managing Computer Systems, Databases and Applications, namely, providing Data Management, IT Process Automation, Application Management, Storage and Performance Optimization and Recovery of Mainframe and Distributed Systems Computers and the Databases and Business Application, Programmes and Systems that operate therein; All included in Class 9.	Date registered: 30 April 2007 Expiry date: 30 April 2017 Country of recognition: Malaysia
8.	Dolphin Applications	**CRT** Trademark No. 2012017033*	7	Mechanical, Hydraulical and Pneumatical Machines and Apparatus for Palm Oil Milling and Processing, Water Purifying Process, Sewage Treatment and such other process related thereto; Machines and Apparatus for Hydraulical and Pneumatical Systems, Hydro Inline Booster System; Control Mechanism, Automatic Machines and Apparatus, Hydraulic Controls, Pneumatic Control for Machines, Apparatus and Parts and Fittings for the aforesaid Goods. All included in Class 07.	Date registered: 8 October 2012 Expiry date: 8 October 2022 Country of recognition: Malaysia

6. INFORMATION ON OUR GROUP (*Cont'd*)

No.	Proprietor	Patent / Trademark / Copyright	Class	Description of class / patent	Date registered/ Expiry date/ Notification date/ Country of recognition
9.	Dolphin Applications	CRT Trademark No. 2012017035*	9	Computer Software and Programmes for Managing Computer Systems, Databases and Applications, namely, providing Data Management, IT Process Automation, Application Management, Storage and Performance Optimization and Recovery of Mainframe and Distributed Systems Computers and the Databases and Business Application, Programmes and Systems that operate therein; All included in Class 9.	Date registered: 8 October 2012 Expiry date: 8 October 2022 Country of recognition: Malaysia
10.	Dolphin Applications	CRT Trademark No. 2012017036*	16	Printed matters such as letterheads, name cards, pamphlets, catalogues, brochures, leaflets, postcards, printed forms, pictures, posters, periodicals, books, magazines, newsletters, signboards, diaries, paper, cardboards, bill boards advertisement boards of paper or cardboard, bag (envelopes, pouches) of paper or plastics for wrapping and packaging, business publication and information, posters; all included in Class 16.	Date registered: 8 October 2012 Expiry date: 8 October 2022 Country of recognition: Malaysia
11.	Dolphin Applications	Trademark No. 2013017347	16	Printed materials; user operating manuals; brochures and printed instructions; pamphlets; printed guides; catalogues; installation materials; publications; all in included in Class 16.	Date registered: 23 December 2013 Expiry date: 23 December 2023 Country of recognition: Malaysia

No.	Proprietor	Patent / Trademark / Copyright	Class	Description of class / patent	Date registered/ Expiry date/ Notification date/ Country of recognition
12.	Dolphin Applications	Trademark No. 2013017349	9	Computer programs for oil palm industry; computer hardware, computer software, computer programs for control systems for operating and controlling oil palm mills sterilisers positions based on data received from sensing devices; computer programs for control systems for operating and controlling steam input and output in oil palm mills sterilisers based on data received from sensing devices or from positioned sensing devices; computer programs for contrail systems for operating and controlling machines in oil palm mills; computer programs for control system for operating and controlling machines used in oil palm mills based on data received from sensing devices; computer programs for steam management in oil palm mills all being electronically recorded and processed; software installation in oil palm mills, software installation in machines used in oil palm mills; all included in Class 9.	Date registered: 23 December 2013 Expiry date: 23 December 2023 Country of recognition: Malaysia

6. INFORMATION ON OUR GROUP (*Cont'd*)

No.	Proprietor	Patent / Trademark / Copyright	Class	Description of class / patent	Date registered/ Expiry date/ Notification date/ Country of recognition
13.	Dolphin Applications	Trademark No. 2013017350	42	Computer services namely computer software installation in machines used in oil palm industry; computer services namely computer software installation in sterilisers in oil palm mills; maintenance, repair, design and development, updating and maintenance of computer software; technical support services namely trouble shooting computer hardware and computer software problems; computer services namely providing information relating to steam management in oil palm industry; computer services namely providing information relating to steam management in sterilisers in oil palm mills; providing services relating to use of computer software and hardware in steam management in oil palm industry; providing services relating to use of computer software and hardware in steam management in sterilisers in oil palm mills; research and development of computer hardware and software in steam management in oil palm industry; research and development of computer services namely computer software installation in machines and steriliser used in oil palm mills, all included in Class 42.	Date registered: 23 December 2013 Expiry date: 23 December 2023 Country of recognition: Malaysia
14.	Dolphin Applications	A Method for Extraction of Palm Oil Patent No. MY-153757-A	-	Relates to an automated method for extracting palm oil from SFB. It includes various control modules namely a tipper module (110), tipper hopper door module (120), synchronised conveyor module (130), digester level control module (140), screw press module (150) and water dilution module (160) which work cooperatively with one another in an oil milling facility to achieve maximum throughput of fruits and minimum losses of oil.	Date registered: 10 January 2011 Expiry date: 10 January 2031 Country of recognition: Malaysia

6. INFORMATION ON OUR GROUP (*Cont'd*)

No.	Proprietor	Patent / Trademark / Copyright	Class	Description of class / patent	Date registered/ Expiry date/ Notification date/ Country of recognition
15.	Dolphin Applications	A Method for Optimizing the Extraction of Palm Oil in a Milling Facility Patent No. 5990	-	Relates to an automated method for extracting palm oil from SFB. It includes various control modules namely a tipper module (110), tipper hopper door module (120), synchronised conveyor module (130), digester level control module (140), screw press module (150) and water dilution module (160) which work cooperatively with one another in an oil milling facility to achieve maximum throughput of fruits and minimum losses of oil.	Date registered: 10 January 2011 Expiry date: 10 January 2031 Country of recognition: Columbia
16.	Dolphin Engineering	A connecting Device for Coupling Train Cars Patent No. MY-150164-A	-	Relates to a connecting device that is adapted for coupling train cars on a rail track wherein the connecting device consists of a first coupler and a second coupler.	Date registered: 13 December 2013 Expiry date: 15 July 2029 Country of recognition: Malaysia
17.	Dolphin Systems	Title of Work: iPADAS and STERPAS Type: Literary Copyright Notification No. CRLY00001549	-	-	Notification date: 21 November 2014 Country of recognition: Malaysia

Note:

* *We are presently in the midst of deregistering these trademarks as these products are no longer offered by our Group. The necessary applications have been submitted to MyIPO and are pending approval.*

We have registered the above patent under the Patents Act, 1983 and the trademarks under the Trade Marks Act, 1976 with MyIPO. The term of a registered patent is 20 years from the filing date of the registration application. There is a fee payable on an annual basis in respect of the duration of the patent. If the prescribed annual fee is not paid, the patent shall lapse. The registration of a trade mark shall be for a period of 10 years and is renewable upon its expiry for another 10 years.

6. INFORMATION ON OUR GROUP (*Cont'd*)

As at the LPD, we have also submitted the following patents for registration under the Patents Act, 1983 and PCT and trademarks for registration with the MyIPO and the Directorate General of Intellectual Property Rights of Indonesia:

No.	Proprietor	Patent / Trademark	Class	Description of class / Field of invention	Date of application/ Application no./ Country of recognition
1.	Dolphin Applications	A Method for Extraction of Palm Oil	-	Relates to a method for extracting palm oil from SFB, more particularly directed to one which has provisions for process cycle optimisation to improve mass through and production efficiency.	PCT patent application: 27 December 2011 / PCT/MY2011/000246 / Indonesia and Brazil
2.	Dolphin Applications	A Sterilisation System For Oil Palm Fresh Fruit Bunches	-	Relates to a sterilisation system for harvested oil palm fresh fruit bunches and more particularly to a sterilisation system with an integrated programmable control of apparatus positioning including vessel and vessel lid positioning, material handling and sterilisation parameters including steam management.	MyIPO patent application: 14 August 2013 / PI 2013003006 / Malaysia
3.	Dolphin Applications	A Sterilisation System For Oil Palm Fresh Fruit Bunches^	-	Relates to a sterilisation system for harvested oil palm fresh fruit bunches and more particularly to a sterilisation system with an integrated programmable control of apparatus positioning including vessel and vessel lid positioning, material handling and sterilisation parameters including steam management.	MyIPO patent application: 15 August 2014 / PI 2014002374 / Malaysia PCT patent application: 15 August 2014 / PCT/MY2014/000217 / *
4.	Dolphin Applications	Steam Management For Sterilisation of FFB In a Palm Oil Mill	-	Relates to a steam management for sterilisation of fresh fruit bunches (FFB), and more particularly to a steam management system and method of generating consistent and sufficient steam supply for optimum sterilisation of FFB in a palm oil mill.	MyIPO patent application: 13 February 2014 / PI 2014700314 / Malaysia PCT patent application: 12 February 2015 / PCT/MY2015/000009 / *

6. INFORMATION ON OUR GROUP (*Cont'd*)

No.	Proprietor	Patent / Trademark	Class	Description of class / Field of invention	Date of application/ Application no./ Country of recognition
5.	PT Dolphin	DOLPHIN INDONESIA	35	Advertising; business management; business administration; office functions.	DGIPR trademark application: 11 November 2013 / J002013057082 / Indonesia
6.	PT Dolphin	DOLPHIN	07	Machines and machine tools; motors and engines (except for land vehicles); machine coupling and transmission components (except for land vehicles); agricultural tools; incubators for eggs.	DGIPR trademark application: 11 November 2013 / D002013057079 / Indonesia

Notes:

^ *This new application claims priority on the MyIPO patent application no. PI2013003006 filed on 15 August 2013 and some of the claims in the MyIPO patent application no. PI2013003006 application were amended and filed in this new application together with the additional new features. This is to overcome the prohibition of Section 26A of the Malaysian Patents Act, 1983, which prohibit the addition of new matters to an earlier filed patent application because such addition would be considered as "amendment which go beyond the disclosure in the initial application".*

* *The country of recognition for the patents will be determined at a later date after the approval for the said applications have been obtained.*

6.22 DEPENDENCY ON PATENTS, LICENCES, INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS OR NEW MANUFACTURING PROCESSES

(i) Dependency on the patent and intellectual property rights

Save for our patent and intellectual property rights disclosed in Section 6.21 of this Prospectus, our Group is not dependent on any patents and intellectual rights for our business operations.

(ii) Dependency on major licences

Save for the major licences disclosed in Section 6.23 of this Prospectus, our Group is not dependent on any other major licences.

(iii) Dependency on industrial, commercial and financial contracts

There are no material agreements or contracts (including informal arrangements or understanding or understandings), as at the LPD, which have been entered into by our Group and which our Group is highly dependent upon.

6.23 MAJOR LICENCES AND PERMITS

Save as disclosed below, our Group has not obtained any other approvals and does not hold any regulatory licences or permits.

No.	Company	Registration or Certificate or Licence no. / Description or Purpose	Authority	Validity period	Salient conditions	Status of compliance
1.	Dolphin Engineering	Business Licence No. 2120081200085 • Horizontal signboard / non-illuminate • Operation Office (131 - 260 sqm – 40' x 70' or 2 lot)	MPSJ	1 January 2015 to 31 December 2015	-	-

6. INFORMATION ON OUR GROUP (*Cont'd*)

No.	Company	Registration or Certificate or Licence no. / Description or Purpose	Authority	Validity period	Salient conditions	Status of compliance
2.	Dolphin Engineering	Business Licence No. 2120130800062 • Horizontal signboard / non-illuminate • Operation Office (>260 sqm – 3 lots or more)	MPSJ	29 August 2014 to 28 August 2015	-	-
3.	Dolphin Applications	Business Licence No. 2120080800150 • Engineer factory / electric (<501 sqm) • Horizontal signboard / non-illuminate	MPSJ	1 January 2015 to 31 December 2015	-	-
4.	Dolphin Systems	Business Licence No. 2120080100156 • Store (<501 sqm) • Horizontal signboard / no illuminate	MPSJ	1 January 2015 to 31 December 2015	-	-
5.	Dolphin Components	Business Licence No. 2120140500062 • Horizontal signboard / non-illuminate • Operation Office (130 sqm – 20' x 70' or 1 lot)	MPSJ	25 May 2014 to 26 May 2015	-	-

6. INFORMATION ON OUR GROUP (*Cont'd*)

No.	Company	Registration or Certificate or Licence no. / Description or Purpose	Authority	Validity period	Salient conditions	Status of compliance
6.	Dolphin Engineering	Certificate of Registration by Contractor No. K20852414371149200 Dolphin Engineering has registered with the Ministry of Finance in the field of supply and services under the sub heading of the following code numbers: 010501, 060302, 100101, 130101, 130201, 130202, 130401, 130402, 140101, 140201, 140301, 140302, 140503, 210201, 220505, 220507.	Ministry of Finance	23 April 2013 to 22 April 2016	The approval is granted based on the information provided by Dolphin Engineering. Should there be any changes made to the said information, Dolphin Engineering shall notify the Ministry of Finance within 21 days from the date of such changes.	-
7.	Dolphin Engineering	Certificate of Registration No. 134242A Registration No. 1970615-WP035308 Grade, category and registered specialisation: G7 | Unlimited | B | B04 G7 | Unlimited | CE | CE21 G7 | Unlimited | ME | M15 E11	Construction Development Industry Board	30 December 2013 to 29 December 2016	The certificate shall be renewed at least 60 days before its expiry.	Complied
8.	Dolphin Applications	Licence No. A019587 Serial No. A033188 Licence to act as licensed manufacturer from 29 April 2014 at the place of manufacturing at No. 32, Jalan Serendit 2, Bandar Puchong Jaya, 47100 Puchong, Selangor Darul Ehsan for the production of "Palm Oil Processing Plant and Equipment" ("**Project I**").	MITI	30 April 2014 until revoked under Industrial Co-ordination Act, 1975	(i) Dolphin Applications shall notify MITI in the event of any sale of shares in Dolphin Applications; and (ii) Dolphin Applications shall employ and train Malaysian citizens to ensure that the technology and expertise are transmitted to all levels of employment.	Complied

6. INFORMATION ON OUR GROUP (*Cont'd*)

No.	Company	Registration or Certificate or Licence no. / Description or Purpose	Authority	Validity period	Salient conditions	Status of compliance
9.	Dolphin Applications	Licence No. A019586 Serial No. A033187 Licence to act as licensed manufacturer from 29 April 2014 at the place of manufacturing at No. 17 & 19, Jalan Puteri 5/20, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan for the production of "Automated Indexer Control System" ("**Project II**").	MITI	30 April 2014 until revoked under Industrial Co-ordination Act, 1975	(i) Dolphin Applications shall notify MITI in the event of any sale of shares in Dolphin Applications; and (ii) Dolphin Applications shall employ and train Malaysian citizens to ensure that the technology and expertise are transmitted to all levels of employment.	Complied
10.	Dolphin Systems	Government of Malaysia through MDeC – MSC Malaysia Status & MSC Malaysia Bill of Guarantees: Certificate No. 1962	Government of Malaysia through MDeC	MSC Malaysia Status – valid from 22 May 2008	(i) The MSC Malaysia Qualifying Activities are follows:- (A) The Research, Development and Commercialization of the following Software Solutions: • iPADAS Scada System software for the oil palm processing industry • Multi Level Workflow Management System Software (eWfMS) • Mill Management System Software (MMS) (B) Provision of Implementation, Technical Services and Maintenance related to the activities mentioned above. Any changes proposed to the above MSC Malaysia Qualifying Activities as detailed in the Business Plan must receive the prior written consent of MDeC;	Dolphin Systems has yet to comply with item (ii) of the salient conditions. Dolphin Systems had on 11 June 2014 submitted an application to MDeC for a variation to the minimum office space requirement of 1,500 sq ft to 600 sq ft[(1)]. Save for the abovementioned, all other conditions have been complied with.

6. INFORMATION ON OUR GROUP (*Cont'd*)

No.	Company	Registration or Certificate or Licence no. / Description or Purpose	Authority	Validity period	Salient conditions	Status of compliance
					(ii) locate the implementation and operation of the MSC Qualifying Activities in the Designated Zone in Cyberjaya with the minimum office space of 1,500 sq ft within six (6) months from the date of the letter dated 22 May 2008 issued by MSC to Dolphin Systems informing Dolphin Systems that our application for MSC Malaysia Status has been approved, and Dolphin Systems shall obtain MDeC's prior written approval in the event of any changes in the location or address of the company; (iii) ensure that at all times at least 15% of the total number of employees (excluding support staff) of the MSC Malaysia Status Company shall be "knowledge worker" (as defined by MDeC); (iv) inform and obtain the prior approval of MDeC for any proposed change in the name of the MSC Malaysia Status Company; (v) inform MDeC of any change in the equity structure or shareholding structure of the MSC Malaysia Status Company, or such other changes that may affect the direction or operation of the MSC Malaysia Status Company. MDeC must be informed of any change before steps are taken to effect such change.	

6. INFORMATION ON OUR GROUP (*Cont'd*)

No.	Company	Registration or Certificate or Licence no. / Description or Purpose	Authority	Validity period	Salient conditions	Status of compliance
11.	Dolphin Robotic	Pioneer status granted under Section 6 of the Promotion of Investments Act 1986 ("**PIA**") vide an approval letter from MIDA dated 8 December 2014 Approval granted by MIDA to the application made by Dolphin Robotic under Section 4D of the PIA for pioneer status for selected industries for income tax exemption of 100% of statutory income for a period of 10 years for the production of "robotic sterilisation system and parts thereof for palm oil industry"	MIDA	8 December 2014 to 7 December 2016	The tax exemptions are granted to Dolphin Robotic subject to the following conditions: (i) the products of Dolphin Robotic shall have an added value of at least forty percent (40%) as proposed; (ii) at least seventy one percent (71%) of the total number of employees of Dolphin Robotic shall be managerial, technical and supervisory level staffs as proposed; and (iii) the paid-up capital of Dolphin Robotic is required to be increased to achieve the debt to equity ratio of not more than five to one (5:1). Dolphin Robotic is required to submit an application for the determination of effective date of tax incentive ("**Pioneer Certificate Application**") within twenty four (24) months from 8 December 2014.	To be complied. Dolphin Robotics will comply with the respective conditions prior to the Pioneer Certificate Application by 8 December 2016.
12.	PT Dolphin	Trade Business Licence No. 510/1/IU/I/PMA/PERDAGANGAN/2013 Permanent license for the company to operate a wholesale trade business	Indonesia Investment Coordinating Board	Valid as long as PT Dolphin still conducts the trading business	▪ PT Dolphin is prohibited to conduct retail activities ▪ PT Dolphin must conduct the environment management plan ▪ PT Dolphin is obligated to submit the investment report in every 6 (six) months	Complied
13.	PT Dolphin	Principle licence amendment No. 1616/1/IP-PB/PMA/2013 Approval for PT Dolphin to amend its capitalisation	Indonesia Investment Coordinating Board	-	-	Complied

6. INFORMATION ON OUR GROUP (*Cont'd*)

No.	Company	Registration or Certificate or Licence no. / Description or Purpose	Authority	Validity period	Salient conditions	Status of compliance
14.	PT Dolphin	Statement Letter for Environmental Supervisory and Management No. 56/SPPL/JP/XI/2012 Required licence under Environmental Law	Government of DKI Jakarta Province	Valid as long as PT Dolphin still conducts its activities	-	Complied
15.	PT Dolphin	Business Domicile Licence and Nuisance Permit No SK.0673/05/2013 Permit to open business premises	Government of DKI Jakarta Province	2 May 2013 to 2 May 2016	PT Dolphin shall re-register the permit at the latest by 2 May 2016.	Complied
16.	PT Dolphin	Certificate of Domicile No. 231/1.842.0/v/2014 Domicile permit of PT Dolphin	Government of DKI Jakarta Province	21 May 2014 to 21 May 2015	PT Dolphin shall re-register the permit at the latest by 21 May 2015.	Complied
17.	PT Dolphin	Letter of Taxpayer Registration No. PEM-01242/WPJ.21/KP.0503/2013 Evidence of a registered entity in the tax office register	Directorate General of Tax	Valid as long as PT Dolphin still conducts its activities	-	Complied
18.	PT Dolphin	Taxpayer card No 03.098.983.4-043.000 Evidence of taxpayer registration number	Directorate General of Tax	Valid as long as PT Dolphin still conducts its activities	-	Complied
19.	PT Dolphin	Affirmation Letter of Taxable Entrepreneur No PEM-02571/WPJ.06/KP.0503/2011 Evidence of registration as taxable entrepreneur	Directorate General of Tax	Valid as long as PT Dolphin still conducts its activities	-	Complied

6. INFORMATION ON OUR GROUP (*Cont'd*)

No.	Company	Registration or Certificate or Licence no. / Description or Purpose	Authority	Validity period	Salient conditions	Status of compliance
20.	PT Dolphin	Customs Identification Number No 01.042887 For custom access	Directorate General of Customs and Excise	Valid as long as PT Dolphin still conducts its activities	-	Complied
21.	PT Dolphin	Importer Identification Number – General Licence to conduct importation	Ministry of Trade	Valid as long as PT Dolphin still conducts import activities	▪ Requirement to conduct registration for every 5 (five) years; ▪ PT Dolphin must report to BKPM, any change of information i.e. Directors, and address of the company.	Complied
22.	PT Dolphin	Special Importer Identification Number No 1.09.03.07.100801 Licence to import electronic goods (including the components)	Ministry of Trade	4 July 2013 until 3 July 2018	-	Complied
23.	PT Dolphin	Company Register Certificate No. 09.01.1.46.40714 Evidence of company registration	Government of DKI Jakarta Province	4 June 2013 until 4 June 2016	-	Complied
24.	PT Dolphin	Foreign Manpower Work Permit No. KEP.14670/MEN/P/IMTA/2014 for Gunandawandu Akalangka Susantha De Zoysa Permit to employ foreign manpower	Ministry of Manpower and Transmigration	17 August 2014 until 16 August 2015	▪ Foreign manpower shall conduct the transfer of knowledge to the Indonesian manpower, and report the result to the Ministry of Manpower and Transmigration; ▪ Foreign manpower shall not transfer his position without permission from the Minister of Manpower and Transmigration;	-

6. INFORMATION ON OUR GROUP (*Cont'd*)

No.	Company	Registration or Certificate or Licence no. / Description or Purpose	Authority	Validity period	Salient conditions	Status of compliance
					▪ Applicant shall report the position of the said manpower to the local manpower agency where the foreign manpower is employed	
25.	PT Dolphin	Foreign Manpower Work Permit No. 27016/MEN/P/IMTA/2014 for Hoh Yeong Cherng Permit to employ foreign manpower	Ministry of Manpower and Transmigration	7 January 2015 until 31 December 2015	▪ Foreign manpower shall conduct the transfer of knowledge to the Indonesian manpower, and report the result to the Ministry of Manpower and Transmigration; ▪ Foreign manpower shall not transfer his position without permission from the Minister of Manpower and Transmigration; ▪ Applicant shall report the position of the said manpower to the local manpower agency where the foreign manpower is employed.	-
26.	PT Dolphin	Foreign Manpower Utilization Plan No. KEP.00539/PPTK/PTA/KEK-2/2014 for Quality Control Advisor Permit required to employ foreign manpower in specific positions	Ministry of Manpower and Transmigration	31 May 2015	• PT Dolphin is obligated to appoint Indonesian manpower as companion to the foreign manpower. • PT Dolphin is obligated to report the utilization of foreign manpower, training for Indonesian manpower within the framework of transfer of knowledge periodically for every 6 (six) months to the relevant agencies.	-

6. INFORMATION ON OUR GROUP (*Cont'd*)

No.	Company	Registration or Certificate or Licence no. / Description or Purpose	Authority	Validity period	Salient conditions	Status of compliance
27.	PT Dolphin	Foreign Manpower Utilization Plan No. KEP 00037/PPTK/PTA/KEK-2/2015 for President Director, Finance Director and Research & Development Advisor. Permit required to employ foreign manpower in specific positions Extension and unification of Foreign Manpower Utilization Plan No. KEP-01251/PPTK/PTA/KEK-2/2013 & 00810/ PPTK/PTA/KEK-2/2014	Ministry of Manpower and Transmigration	31 December 2016	• PT Dolphin is obligated to appoint Indonesian manpower as companion to the foreign manpower. • PT Dolphin is obligated to report the utilization of foreign manpower, training for Indonesian manpower within the framework of transfer of knowledge periodically for every 6 (six) months to the relevant agencies.	-
28.	PT Emas Hijau	In Principle License for Foreign Investment No. 3245/1/IP/PMA/2014 dated 14 November 2014 Initial license for investing in Indonesia	Indonesia Investment Coordinating Board	-	• PT Emas Hijau is required to develop its project within the industrial area • PT Emas Hijau is required to obtain the technical recommendation from the Directorate General of Plantation • PT Emas Hijau to complete the development of its project no longer than three years as of the issuance of the in principle license • PT Emas Hijau must submit the application for operating business license (*ijin usaha*) to the Indonesia Investment Coordinating Board once PT Emas Hijau is ready to commence its production • PT Emas Hijau must conduct the environment management plan • PT Emas Hijau is obligated to submit the investment report in every 3 (three) months	To be complied.

6. INFORMATION ON OUR GROUP (*Cont'd*)

No.	Company	Registration or Certificate or Licence no. / Description or Purpose	Authority	Validity period	Salient conditions	Status of compliance
29.	PT Emas Hijau	Certificate of Domicile No. 356/1.842.0/ XI/2014 Domicile permit of PT Emas Hijau	Government of DKI Jakarta Province	26 November 2014 to 26 November 2015	PT Emas Hijau shall re-register the permit at the latest 26 November 2015.	Complied
30.	PT Emas Hijau	Taxpayer Card No. 71.596.526.5-043.000 Evidence of taxpayer registration number	Directorate General of Tax	Valid as long as PT Emas Hijau still conducts its activities	-	Complied
31.	PT Emas Hijau	Certificate of Registered No. S-2189KT/ WPJ.21/KP.0503/2014 Evidence of a registered entity in the tax office register	Directorate General of Tax	Valid as long as PT Emas Hijau still conducts its activities	-	Complied

Notes:

(1) Dolphin Systems was awarded a MSC certificate bearing certificate number 1962 effective from 22 May 2008. As there is no expiry to the MSC Malaysia status, Dolphin Systems is still considered a MSC Malaysia status company as the status has not been withdrawn/revoked. However, presently, Dolphin Systems is not in compliance with the minimum office space required of a MSC Malaysia status company. As stated in the approval letter granting Dolphin Systems its MSC Malaysia status, should MDeC be aware of any non-compliance of the conditions of its approval, Dolphin Systems will be given an opportunity to explain and seek for the necessary waivers from MDeC in order to achieve an acceptable compromise or resolution on any such non-compliance. In the event MDeC deems the explanation or waiver application to be unsatisfactory, it may revoke the MSC Malaysia status granted to Dolphin Systems, who will be then given 30 days to appeal. In the event the said appeal is unsuccessful and Dolphin System's MSC Malaysia status is revoked, Dolphin Systems may be required to repay all tax benefits enjoyed during the period Dolphin Systems was not in compliance of the said requirement, which will amount to approximately RM17,000. After being alerted of the said non-compliance with the minimum office space required during the due diligence process in preparation of this Prospectus, Dolphin Systems had on 11 June 2014 voluntarily informed and submitted the waiver application to the MDeC in respect of compliance with its condition imposed.

In addition, Dolphin Applications had on 17 October 2013, entered into a licensing agreement with UPM Inno ("**Licensing Agreement**") for a licence for the production and manufacture of the physical sterilisation device and control system incorporating the UPM Intellectual Property. Further details of the UPM Intellectual Property and the salient terms of the Licensing Agreement are as follows:

(i) Details of the UPM Intellectual Property

Proprietor	Patent	Description of class / Field of invention	Date registered / Date of expiry / Country of recognition
UPM	An Improve Sterilization Process to Increase Palm Oil Extraction Rate Patent No. MY-149312-A	The present invention relates to a process of sterilisation for palm oil extraction, wherein a steriliser containing FFB is impregnated with a high-pressure steam followed by the sterilisation of FFB at constant temperatures inside the steriliser, whereby the sterilised FFB is then subjected to subsequent oil recovery process.	2 May 2006 / 2 May 2026 / Malaysia

(ii) Salient terms of the Licensing Agreement

Under the terms of the licence, Dolphin Applications may use the intellectual property in its products in Malaysia, Indonesia, Thailand, Colombia, Brazil and such other territories which may be mutually agreed as strategic for the future sales of the Product. The licence agreement will expire on 16 December 2015. Under the terms of the licence, Dolphin Applications has an option to renew the licence agreement for an additional term of 1 year and thereafter the licence agreement shall be automatically renewed for a further term of 3 years. In consideration of UPM Inno granting the licence to Dolphin Applications, Dolphin Applications shall pay to UPM Inno an initial fixed sum of RM200,000.00 as licence fees and a royalty fee of 5% from the gross sale of the final product.

6.24 INTERRUPTIONS IN OPERATIONS DURING THE PAST 12 MONTHS

Our Group has not experienced any disruptions in business which has significantly affected our operations during the 12 months period prior to the date of this Prospectus.

6.25 EXCEPTIONAL FACTORS AFFECTING THE BUSINESS

Save for the risk factors highlighted in Section 4 of this Prospectus, we do not foresee any exceptional factors which may affect our business.

6.26 PROPERTY, PLANT AND EQUIPMENT

6.26.1 Properties owned by our Group

Details of the land and buildings owned by our Group as at the LPD are as follows:

No.	Name of registered owner/beneficial owner and postal address / Title identification / Tenure / Date of acquisition	Description of property/Existing use	Certificate of fitness no. and date of issuance/ approval	Land area/ Gross built-up area (sqm)	Restriction in interest	Encumbrances on property	Audited net book value as at 31 December 2014 (RM'000)
1.	Dolphin Engineering Unit No. 17 and 19, Jalan Puteri 5/20, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan *Master Title identification:* Title nos. Geran 29182 Lot No. 5468, Geran 29184 Lot No. 5470 and Geran 29186 Lot No. 5472 all in Mukim of Petaling, Daerah of Petaling, Negeri Selangor Darul Ehsan(1) Freehold Date of acquisition: 13 April 2007	2 units of 3 storey intermediate shop office used as our Group's office, workshop for the production and assembly of our products and store	Certificate of Fitness for Occupation No. MPSJ B20193 dated 15 January 2007	Land area: Unit No. 17: 153.29 Unit No. 19: 153.29 Gross built-up area: Unit No. 17: 459.87 Unit No. 19: 459.87	-	Assigned to Alliance Bank Berhad	1,721

6. INFORMATION ON OUR GROUP (*Cont'd*)

No.	Name of registered owner/beneficial owner and postal address / Title identification / Tenure / Date of acquisition	Description of property/Existing use	Certificate of fitness no. and date of issuance/ approval	Land area/ Gross built-up area (sqm)	Restriction in interest	Encumbrances on property	Audited net book value as at 31 December 2014 (RM'000)
2.	Dolphin Engineering 845, Block A, Leisure Commerce Square, No. 9, Jalan PJS 8/9, 47300 Petaling Jaya *Strata title identification:* Title no. PN 11813/M1-A/8/425, Building no. M1-A, Storey no. 8, Parcel no. 425, Lot 54, Bandar Sunway, Daerah Petaling, Negeri Selangor Leasehold, 99 years expiring on 17 July 2091 Date of acquisition: 20 January 1996	Office unit located on the 8th floor of a 12 storey office block rented to IHMS Sdn Bhd	Certificate of Fitness for Occupation of Building No. MPPJ 0220 dated 16 September 1999	Land area: Not applicable Gross built-up area: 58.25	The said land shall not be transferred, mortgaged or charged without the consent of the State Authority. "*Tanah yang diberi milik ini tidak boleh dipindah milik, dipajak atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri*"	-	199
3.	Dolphin Engineering No. 32, Jalan Serindit 2, Bandar Puchong Jaya, 47100 Puchong, Selangor *Individual Title identification:* Title no. GM 998 Lot 2656 (formerly known as HS(M) 21333 PT 18112) and Title no. GM 987 Lot 2639 (formerly known as HS(M) 21321 PT 18108), both in Tempat Batu 10, Jalan Puchong, Mukim Petaling, Daerah Petaling, Negeri Selangor. Freehold Date of acquisition: 26 March 2008	1 ½ storey semi-detached factory (corner unit). The ground floor of the property is used as workshop for the production and assembly of our products for our Group while the first floor of the property is currently vacant.	Certificate of Completion and Compliance pursuant to Uniform Building By-Law 1984 No. LJM 00565 dated 28 July 2009 Certificate of Completion and Compliance (Form F) pursuant to Selangor Uniform Building By-Laws 1986 approved on 14 October 2008.	Land area: GM 998 Lot 2656: 934 GM 987 Lot 2639: 267 Gross built-up area: 805.84	-	Charged to Alliance Bank Malaysia Berhad	1,968

No.	Name of registered owner/beneficial owner and postal address / Title identification / Tenure / Date of acquisition	Description of property/Existing use	Certificate of fitness no. and date of issuance/ approval	Land area/ Gross built-up area (sqm)	Restriction in interest	Encumbrances on property	Audited net book value as at 31 December 2014 (RM'000)
4	Dolphin Applications No. 16, Jalan Serindit 2, Bandar Puchong Jaya, 47100 Puchong, Selangor. *Master title identification:* Title no. HSM 30484 PT 5988 (formerly held under Pajakan Mukim 1162, Lot No. 833), Tempat Kinrara, Mukim Petaling, Daerah Petaling, Negeri Selangor.[(1)] Leasehold, 99 years expiring on 1 June 2109 Date of acquisition: 15 June 2012	1 ½ storey semi-detached factory (corner unit). Currently vacant and intended to be used as a workshop.	Certificate of Fitness for Occupation No. MPSJ.BGN-01-B 39769 dated 14 August 2009	Land area: 996 Gross built-up area: 374.585	The said land shall not be transferred, mortgaged or charged without the consent of the State Authority. *"Tanah yang diberi milik ini tidak boleh dipindah milik, dipajak atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri"*	Assigned to Hong Leong Bank Berhad	4,373
5	Dolphin Applications No. 22, Jalan Sepadu 25/123, Taman Perindustrian Axis, Seksyen 25, 40400 Shah Alam, Selangor *Title identification:* Title no. H.S.(D) 104712, PT 102513, Bandar Shah Alam, Daerah Klang, Negeri Selangor Freehold Date of acquisition: 4 June 2012	Single storey detached factory cum office buildings, erected on all that piece of industrial land. Currently vacant.	Certificate of Fitness for Occupation of Building No. MBSA: CF 01258 dated 4 July 2008	Land area: 3,640 Gross built-up area: 1,111.2	-	Charged to United Overseas Bank Malaysia Berhad	7,532

Note:
(1) These properties are still being held under a master title as the individual titles are yet to be issued.

None of the properties disclosed above are in breach of any land use conditions and/or is in non-compliance with current statutory requirements, land rules or building regulations.

6.26.2 Properties rented by our Group

Details of the land and buildings rented by our Group as at the LPD are as follows:

Name of landlord/tenant / Location/Postal address	Description of property/Existing use	Built-up area (sqm)	Tenure	Rental per annum (RM)
Lu Kwok Chow and Cheah Kim Tsai (as landlords) / Dolphin Engineering (as tenant) Lot 212, Bandar Sri Perdana, Phase 3, Jalan Silam, 91100 Lahad Datu, Sabah	2 storey intermediate terrace shop office used as sales office.	148.64	1 June 2014 to 31 May 2015	22,800
Cyberview Sdn Bhd (as landlord) / Dolphin Systems (as tenant) Unit A-1-09 SME Technoprenuer Centre 2 Cyberjaya (SME 2), 2260 Jalan Usahawan 1, Cyber 6, 63000 Cyberjaya, Selangor	Office unit located on the 1st floor of a 4 storey office block used as Dolphin Systems' operation office	59.92	28 July 2014 to 27 July 2016	19,350
Djoko Pranoto (as landlord) / PT Dolphin (as tenant) Kiran Boutique Office, Jalan Kirana Avenue 3 Block F-1 No. 9, Kelapa Gading Timur Sub-district, Kelapa Gading Disrict, 14240 North Jakarta, Indonesia.	4 storey terrace office building (end lot unit) used as PT Dolphin's office and store	500.00	1 January 2015 to 31 December 2016	IDR 237,500,000, equivalent to RM66,500 (based on an exchange rate of IDR100:RM0.028 as at the LPD)

As at the date of this Prospectus, our Group is not in breach of any law, rules, building regulations and/or land use conditions in relation to the use of the properties as mentioned above.

6.26.3 Material plant and machinery

As at the LPD, our material plant and machinery are as follows:

Plant and machinery	Description/Function	No of units	Age of machinery	Estimated usable lifespan of machinery	Audited net book value as at 31 December 2014 (RM)
Taiwan pinnacle milling machine	Shaping of flat and irregular surfaces	1	5	10	*-
7.5P and 2HP air compressor units	To pressurise air for purposes of cleaning machineries	1	12	15	*-
Oil purifier P600	Mobile hydraulic oil purifier	2	5	10	*-
Flo-check USB hydraulic system analyser	Portable tester for hydraulic system diagnostics	1	7	10	*-
H2O oil fluid condition monitor	Measurement of the level of water content and pollutant within hydraulic oil	2	7	10	*-
Laser CM portable particle counter	Measurement of level of contamination and cleanliness of hydraulic fluid	1	7	10	*-

Note:
* *As at 31 December 2014, these assets have been fully depreciated.*

As at 31 December 2014, all our material plant and machinery have been fully depreciated.

6.27 FUTURE PLANS AND STRATEGIES OF OUR GROUP

Our objective is to maximise our shareholder value by consolidating our position as a market leader in the POM automation industry in terms of integration of operations, profitability and return on capital. In the shorter term, we intend to focus on increasing the number of our customers. In the medium to longer term, we will look to increase our R&D activities in order to increase our product offerings.

6.27.1 Continuous development as driver for future growth

We attribute our past successes in providing integrated and modular automation equipment, control systems and related services to our continuous efforts in innovating palm oil milling processes through the adoption and innovation of automation technologies. Therefore, it is one of our major future plans to continue with our efforts of innovating current and available products in order to improve and enhance the processes in palm oil mills.

Examples of our continuous efforts in the past include the development of Robo-REST, which when commercialised, will allow POMs to benefit from shorter sterilisation time and more importantly, reduce OER losses as a result of complete hydrolysis. Detailed information about Robo-REST is available in Section 6.15.3 of this Prospectus. The introduction of Robo-REST is deemed second generation product which has the capability to replace the current marshalling yard, due to the way FFBs are fed to the steriliser, which provides POMs with much welcomed space savings.

As part of our dedication to continuous development of innovative products, 12.79% of the proceeds raised from the Listing will be used to fund our R&D centre.

6.27.2 Introduction of our Dolphin-branded consumable parts

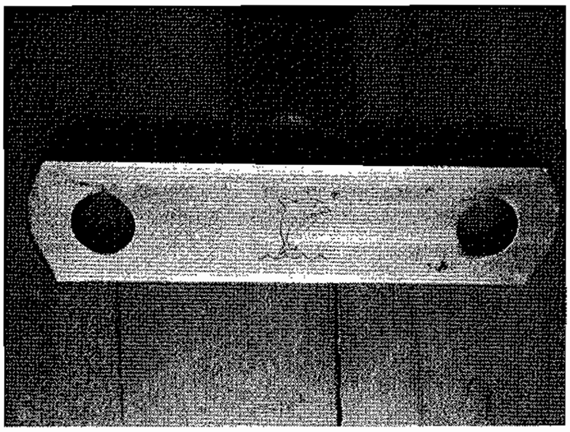
The after-sales market remains one of the segments in the palm oil milling industry with a viable potential spin-off business. Over the years, since venturing into the palm oil milling machineries sector up till the LPD, we have provided our products to 196 POMs. This includes POMs which are owned by our recurring customers who have awarded our Group with multiple contracts for the installation of our products at different POMs.

Much like most mechanical products, our material handling automation and process control automation products require periodical maintenance and replacement of consumable parts after a pre-determined utilisation. Currently, we are engaged in the supply of parts and provision of maintenance services to our existing customers. This segment of supply of parts and maintenance services have contributed approximately RM5.93 million, RM4.81 million, RM4.32 million and RM4.73 million representing 12.88%, 7.49%, 4.89% and 4.52% of our Group's proforma consolidated revenue during the Period under Review. Included in our provision of maintenance services, we are also required to procure and provide replacement consumable parts. However, these consumables are currently sourced from third party suppliers.

We have recently established Dolphin Components as part of our efforts to capitalise on this segment as it presents a viable spin-off business owing to the significant customer base we already serve. In addition, our Group is also more than capable of extending our maintenance service offerings to other POMs that are not existing customers through the sale of our Dolphin-branded consumable parts.

As part of this potential business segments, we have identified several OEMs that we will work with to produce a range of Dolphin-branded consumables which includes (but not limited to) chains, belts, filters and vessels. The pictures below show examples of early sample of Dolphin-branded products:

Dolphin-branded filter



Dolphin-branded side plate (for conveyor chain)

The commercial production of the Dolphin-branded side plate (for conveyor chain) commenced in March 2015. For this purposes, we have allocated approximately RM300,000 from our internally generated funds as the initial production costs for the aforementioned OEM product. Presently, we believe that the funds allocated for this production is adequate.

These consumables are designed to be compatible with ours as well as other third party machineries that are currently available in the market. This segment presents us with an avenue to generate alternative and recurring income as well as providing us with opportunities to acquire potential new customers.

6.27.3 Continuous efforts to expand customer base

Leveraging on our Group's strategic location which is headquartered in Malaysia, our Group intends to expand the electro-automation, hydraulic & pneumatic engineering and software development business overseas especially to other South East Asian countries, namely Indonesia and Thailand. These two countries, together with Malaysia, represent the world's leading producers of palm oil. Malaysia and Indonesia have been our Group's pillars of growth and will continue to be our major markets. Based on the IMR Report, the total revenue generated in the Malaysian and Indonesian palm oil milling machineries sector in 2014 was RM2.54 billion and IDR15.57 trillion (representing approximately RM4.30 billion based on a conversion rate of RM0.02762/IDR100) respectively. In comparison, our proforma consolidated revenue for the FYE 2014 generated locally and from the Indonesian market was only RM80.17 million and IDR83.31 billion (representing approximately RM23.01 million based on a conversion rate of RM0.02762/IDR100) respectively. Therefore, we are of the opinion that there are still untapped opportunities to grow our Group's business.

Our Group has also ventured into other countries within South East Asia and its surrounding regions such as Myanmar and Papua New Guinea, albeit on a smaller scale. Nevertheless, our Group will continue to pursue new opportunities and potential projects in and around South East Asia. Our Group is already exposed to the Latin American market via Colombia, and will continue to expand our presence there and will enter the market whenever opportunity arises in these countries. The penetration to these abovementioned overseas markets will be done through partnerships with local companies via joint ventures to increase local knowledge base and market opportunities. For newer markets, our Group will join trade events and shows to market our Group's products and services.

We intend to cater for the expansion of our customer base via the expansion of our facilities. We have set aside approximately 35.16% of the proceeds to be raised from the Public Issue for this purpose. This would also provide us with the ability to undertake a greater number of projects simultaneously.

6.27.4 Construction and establishment of a POM to show case our products

Dolphin Applications had entered into a joint venture agreement with its joint venture partners to establish a new associate company, namely PT Emas Hijau wherein Dolphin Applications has a 30% equity interest. PT Emas Hijau is currently dormant and its intended principal activity is that of the building, operating and managing of POMs to be located in Indonesia. PT Emas Hijau is currently in the midst of identifying a suitable site in Indonesia to undertake the construction of the POM. Upon the acquisition of a suitable site, Dolphin Applications will undertake the turnkey solutions for the construction of the POM while one of the joint venture partners will undertake all electrical works required for the POM. Dolphin Applications will also supply the POM with the entire range of Dolphin-branded products to automate and control the operations of the POM. The management of the POM's operations upon its successful commissioning will be undertaken by its joint venture partners. The said POM is expected to be operational and fully commissioned by December 2017.

Our Group has embarked on this opportunity to establish a POM which will allow us to show case the full range of our products to our potential customers. In addition, we would be able to monitor the various results which our automation systems are able to enhance and use them as part of our sales and marketing efforts in Indonesia. As at the LPD, the costs incurred by our Group as part of this initiative is approximately RM0.22 million, which were from internally generated funds. The expected total cost of investment to be incurred by Dolphin Applications for the joint venture is estimated at approximately USD2.50 million (equivalent to approximately RM9.05 million based on an exchange rate of RM3.6205/USD1.00 as at the LPD), which will be funded via internally generated funds and/or bank borrowings.

We believe that with the establishment of an actual operating POM which also allows our Group to show case our full range of products, provides us with a unique opportunity of being able to show and demonstrate how our products are operated as well as the benefits and results produced through the installation of our integrated automation and control systems.

The joint venture between Dolphin Applications and its joint venture partners are regulated by a joint venture and shareholders agreement entered between the parties dated 16 January 2015 ("**Agreement**"). As regulated per the Agreement, since the establishment of PT Emas Hijau till the LPD, PT Emas Hijau is a 30% associate company of Dolphin Applications. Dolphin Applications' joint venture partners in PT Emas Hijau are namely, Mr Stephanus Hanan, an Indonesian aged 46, whom has been involved in the development of oil palm plantations, POM construction and the operations of POMs in East Kalimantan since 2007, Mr Oei Yohannes Alexander, an Indonesian aged 46, whom has been involved in the provision of electrical solutions in the oil palm industry, both in terms of design, assembly, and installation of electrical panels for POMs and refineries in Indonesia since 1996, Mr Felix Jiady Budiarto, an Indonesian aged 45, whom is involved in the business of the provision of solutions for the design, build and installation of electronic components and Mr Brian Lim Eu Kheng, a Malaysian aged 34, who is an existing investor in the Dolphin Group via his 25% shareholdings and directorship in Dolphin Components.

6.28 PROSPECTS OF OUR GROUP

We believe the prospects of our Group are favourable as our business is led by an experienced management team. In view that our Group has been serving in the palm oil milling machineries sector for approximately 20 years, we have evolved from our humble beginnings to be able to provide turnkey solutions, which encompasses the provision of our products coupled with the complete engineering, procurement and construction of a new POM or the upgrading and/or extension of an existing POM. Furthermore, our commitment to quality assurance and consistency over the years has helped us to establish our Group as a reliable provider of palm oil milling systems and software. Further details on our quality control processes are set out in Section 6.17 of this Prospectus.

Our Group's vision is to be the leading player in the palm oil milling machineries sector. Moving forward, our Group's future plans and strategies will include that of the continuous development of innovative products as a driver for future growth in profitability, the expansion of our Dolphin-branded consumable parts and maintenance segment, the continuous efforts undertaken for the expansion of our customer base, mainly in the South East Asian region and its surrounding countries and the construction and establishment of a POM to show case our products.

According to the IMR Report, the value of the palm oil milling machineries market in Malaysia and Indonesia was estimated to be RM2.54 billion and IDR15.57 trillion (representing approximately RM4.30 billion based on a conversion rate of RM0.02762/IDR100) respectively in 2014 and is expected to grow at a respective compounded annual growth rate of 11.4% and 11.3% between the years 2014 to 2019. Further details on the prospects and outlook of the industry are set out in Section 5 of this Prospectus.

As our Group's business is primarily project-based, our future profitability is dependent on the number of projects and value of the projects secured. As at the LPD, our outstanding order book for our provision of solutions is approximately RM168.67 million (based on total contract value less progress billings) while our outstanding order book for our sale of milling systems and sale of milling software is approximately RM3.49 million (based on total contract value less progress billings). Further details on the state of our order book are set out in Section 10.7 of this Prospectus.

As a result of the above, we believe that we will continue to enjoy positive growth and favourable prospects over the next few years. We will continue to leverage on our core competencies, competitive edge and our established track record while pursuing growth opportunities within the palm oil milling machineries sector.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

The profiles of the Promoters, substantial shareholders, Directors and the key members of the management team are set out in the ensuing paragraphs.

7.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

7.1.1 Promoters' and substantial shareholders' shareholdings in Dolphin

The Promoters' and substantial shareholders' shareholdings in our Company before and after the IPO are as follows:

Promoters/ Substantial shareholders	Nationality	Before the IPO				After the IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Low Teck Yin	Malaysian	63,312,514	35.97	-	-	63,312,514	28.52	-	-
Hoh Yeong Cherng	Malaysian	63,312,527	35.97	-	-	63,312,527	28.52	-	-

Save as disclosed above, our Company is not aware of any other persons who are directly or indirectly, jointly or severally, having control over our Company.

7.1.2 Background information on our Promoters and substantial shareholders

(i) Low Teck Yin

Low Teck Yin (M), a Malaysian, aged 47, is our Group Managing Director. He was appointed to the Board on 14 May 2012. He is currently a Member of the Remuneration Committee. He completed his secondary school education at Sekolah Menengah Petaling, Kuala Lumpur in 1984. He is the co-founder of our Group. He currently heads our Group's operations and is responsible for ensuring our Group's efficient operations, effective cost management, consistent quality control, growth in sales and exploration of new markets.

Mr Low started his career in 1986 as a store clerk at Jemco Sdn Bhd, which was a supplier of machinery spare parts. In 1987, Mr Low established his first company, called Gentrade Company, which focused on the trading and distributing of machinery spare parts, focusing on pneumatic valves, cylinders and fittings. Gentrade Company had ceased operations in 1991.

In 1992, Mr. Low together with Hoh Yeong Cherng, established the first company within the Dolphin Group, namely Dolphin Engineering, which began with the provision of customised automation systems and services to assembly plants of various industries, including the automotive and consumer electronics industry. Since then, Mr. Low has played the leading role in the growth of our Group by having the visionary foresight to embrace the niche opportunities in the palm oil milling machineries sector which presented itself in 1995. With his training in hydraulic, hydropneumatic and total pneumatic automation, he has managed to establish our Group as a major player in providing integrated solutions for the automation of POMs. Presently, Mr. Low continues to drive the vision of our Group to be the premier provider of sustainable solutions in the global palm oil milling sector as well as formulates the overall business direction and strategies of our Group.

He does not hold any directorships in any public companies.

(ii) Hoh Yeong Cherng

Hoh Yeong Cherng (M), a Malaysian, aged 48, is our Group Executive Director. He was appointed to the Board on 14 May 2012. He completed his secondary school education at Sekolah Menegah Petaling, Kuala Lumpur in 1984. He is the co-founder of our Group. His current responsibilities include monitoring our Group's overall operations, effective cost management and timely delivery of finished products to the customers.

Mr. Hoh has over 29 years of experience in sales, marketing and customer relationship management. He began his career in 1988 as a sales executive with EPA Sdn Bhd ("**EPA**"), a company trading in pneumatic products, where he accumulated the technical knowledge in relation to the pneumatic products. He left EPA in 1990 and joined Gentrade Company as a sales executive. Gentrade Company had ceased operations in 1991.

In 1992, he co-founded Dolphin Engineering with Low Teck Yin. He has since played an instrumental role in the development of the various operations within our Group. With his extensive experience, expertise and knowledge in the technical nature of pneumatic products and industrial automation field, he has managed to constantly introduce new initiatives for our Group to conduct R&D in order to keep abreast with the current trends of the palm oil milling machineries sector. This positions our Group in a favourable position to be able to potentially capitalise and cater to the automation needs and demands of the palm oil milling machineries sector. Presently, Mr. Hoh oversees the day-to-day operations and special projects of our Group.

He does not hold any directorships in any public companies.

7.1.3 Changes in shareholdings of Promoters and substantial shareholders in Dolphin

The changes in the shareholdings of our Promoters and substantial shareholders in our Company since the date of incorporation up to the LPD are as follows:

Promoters/ Substantial shareholders	As at incorporation				As at 31 December 2012			
	Direct		Indirect		Direct		Indirect	
	*No. of shares held	%	*No. of shares held	%	*No. of shares held	%	*No. of shares held	%
Low Teck Yin	10	50.00	-	-	10	50.00	-	-
Hoh Yeong Cherng	10	50.00	-	-	10	50.00	-	-
Fong Kok Leong	-	-	-	-	-	-	-	-
Loo Lip Mun	-	-	-	-	-	-	-	-

Promoters/ Substantial shareholders	As at 31 December 2013				As at 31 December 2014			
	Direct		Indirect		Direct		Indirect	
	*No. of shares held	%	*No. of shares held	%	No. of Shares held	%	No. of Shares held	%
Low Teck Yin	10	^	-	-	5	^	-	-
Hoh Yeong Cherng	10	^	-	-	5	^	-	-
Fong Kok Leong	10,000,000	66.67	-	-	#7,500,000	75.00	-	-
Loo Lip Mun	5,000,000	33.33	-	-	2,500,000	25.00	-	-

Promoters/ Substantial shareholders	As at the LPD				After the IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Low Teck Yin	63,312,514	35.97	-	-	63,312,514	28.52	-	-
Hoh Yeong Cherng	63,312,527	35.97	-	-	63,312,527	28.52	-	-
Fong Kok Leong	7,500,000	4.26	-	-	7,500,000	3.38	-	-
Loo Lip Mun	2,500,000	1.42	-	-	2,500,000	1.13	-	-

Notes:

* *Based on ordinary shares of RM0.10 each in Dolphin prior to the consolidation of ordinary shares outstanding into ordinary shares of RM0.20 each in Dolphin on 12 March 2014.*

^ *Negligible.*

\# *Includes the subscription of 2,500,000 ordinary shares of RM0.20 each in Dolphin on 28 May 2014.*

On 3 July 2013, Fong Kok Leong and Loo Lip Mun, who are individual investors, invested in our Company via the subscription of 10,000,000 and 5,000,000 new ordinary shares respectively at the then par value of RM0.10 per share. Subsequently, on 28 May 2014, Fong Kok Leong had further subscribed for 2,500,000 new Dolphin Shares at the par value of RM0.20 per Dolphin Share. They are not related to any of our Directors or key management personnel.

There has been no change in the Promoters' and substantial shareholders' interest in our Shares since the LPD up to the date of this Prospectus.

7.2 DIRECTORS

7.2.1 Directors and their shareholdings in Dolphin

Our Directors and their shareholdings in our Company before and after the IPO are as follows:

Name	Nationality	Before the IPO				After the IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Datuk Zaiton Binti Mohd Hassan	Malaysian	-	-	-	-	*200,000	0.09	-	-
Low Teck Yin	Malaysian	63,312,514	35.97	-	-	63,312,514	28.52	-	-
Hoh Yeong Cherng	Malaysian	63,312,527	35.97	-	-	63,312,527	28.52	-	-
Dr Abdul Azis Bin Ariffin	Malaysian	-	-	-	-	*100,000	0.05	-	-
Kamaruddin Bin Osman	Malaysian	-	-	-	-	*100,000	0.05	-	-
Lee Yow Fui	Malaysian	-	-	-	-	*100,000	0.05	-	-

Note:

* *Assuming that he/she subscribes for the IPO Shares allocated to him/her in his/her capacity as an Eligible Person.*

7.2.2 Profiles of Directors

Save for the profiles of Low Teck Yin and Hoh Yeong Cherng which are set out in Section 7.1.2 above, the profiles of the other Directors are as follows:

(i) Datuk Zaiton Binti Mohd Hassan

Datuk Zaiton Binti Mohd Hassan (F), a Malaysian, aged 58, is our Senior Independent Non-Executive Chairperson. She was appointed to the Board on 28 May 2014. She is currently the Chairperson of the Nomination Committee. She became a member of the Association of Chartered Certified Accountants, United Kingdom ("**ACCA**") in 1980 and became a Fellow of ACCA in 1985. She is also Vice President of the Malaysian Institute of Accountants (MIA) and a member of the Malaysian Institute of Certified Public Accountants (MICPA).

Datuk Zaiton brings with her a wealth of knowledge and experience in the financial and capital markets industry, professional bodies and corporations. She started her career in PricewaterhouseCoopers as an audit trainee in 1976. Thereafter, she joined Bank Pembangunan (M) Berhad in 1976 as a Project Officer, Credit Evaluation. From 1978 to 1984, she served as an Investment Manager of Bapema Corporation Sdn Bhd. She subsequently continued her career in banking with Malayan Banking Berhad beginning in 1984 as a Manager, Treasury. Throughout her tenure of 12 years in Malayan Banking Berhad, she moved through the ranks and held various senior positions. In 1996, she left Malayan Banking Berhad as its General Manager, Group Strategic Planning and was appointed as the President/Executive Director of Malaysian Rating Corporation Berhad ("**MARC**") wherein she was instrumental in the setting-up and operation of the second rating agency in Malaysia. Datuk Zaiton served MARC for 8 years before leaving in 2004 to set up her own financial advisory firm, Capital Intelligence Advisors Sdn Bhd, of which she is presently the Managing Director.

She is currently also the Chairman of the Private Pension Administrator Malaysia and the President of ACCA Malaysia Advisory Committee. She is also a Non-Independent Non-Executive Director of Sime Darby Berhad as well as an Independent Non-Executive Director of Bank Islam Malaysia Berhad and BIMB Holdings Berhad. She also holds directorships in several other private companies.

(ii) Dr Abdul Azis Bin Ariffin

Dr Abdul Azis Bin Ariffin (M), a Malaysian, aged 67, is our Independent Non-Executive Director. He was appointed to the Board on 28 May 2014. He is currently a Member of the Audit Committee, Remuneration Committee and Nomination Committee. He holds a Bachelor of Science in Botany from University of Malaya which he obtained in 1973. In 1977, he obtained a doctorate in Biochemistry from the University of Newcastle-upon-Tyne, United Kingdom.

Dr. Abdul Azis has since accumulated over 30 years of experience in the palm oil industry. Upon obtaining his doctorate, he started his career in 1978 as a research expatriate at Malaysian Rubber Producers' Research Association (Brickendonbury) in Hertford, United Kingdom, where he focused on polymer chemistry of rubber. In 1980, he returned to Malaysia to work as a senior research officer on the synthesis of rubber at the Rubber Research Institute of Malaysia. In 1982, he left the Rubber Research Institute of Malaysia to join Palm Oil Research Institute of Malaysia as a senior research officer on palm oil plantation and processing. In 1992, he joined Sime Darby Plantations Sdn Bhd as a senior executive where he oversaw for the overall milling and refinery of palm oil.

In 2002, he left Sime Darby Plantations to join Universiti Putra Malaysia ("**UPM**") as an Associate Professor, focusing on Food Act Regulations, Food Manufacturing, Chemistry and Technology of Oils and Fats up till December 2014. He is currently attached with the Institute of Advanced Technology, UPM as a research fellow where his main focus of research is on the milling activities in the palm oil industry. While predominantly dedicating his time to teaching and researching on palm oil related activities, he still offers consultation to numerous other private and public entities. He does not hold any directorships in any public companies.

(iii) Kamaruddin Bin Osman

Kamaruddin Bin Osman (M), a Malaysian, aged 70, is our Independent Non-Executive Director. He was appointed to the Board on 28 May 2014. He is currently a Member of the Audit Committee, Remuneration Committee and Nomination Committee. He holds a Bachelor of Arts in Geography and Economics from University of Malaya which he obtained in 1968.

En. Kamaruddin brings with him over 40 years of experience in corporate management and operations in both the private and public sectors, of which 20 years was spent in the palm oil industry. Upon his graduation in 1968, he joined Pineapple Cannery of Malaya Sdn Bhd ("**PCM**") as an Assistant Production Manager. Within 3 years, he was appointed as Factory Manager of Malaysian Can Company Sdn Bhd, a subsidiary of PCM. There, he was responsible for the overall fabrication and production of tin cans.

In 1973 he left Malaysian Can Company Sdn Bhd and joined the Development Authority for Pahang Tenggara ("**DARA**") as the Assistant Director in the Regional Planning Division. DARA was responsible for the development of 2.5 million acres of land in accordance to a master plan which included the construction of road systems, townships and the opening of plantations by both the public and private sectors. During his 10 year service with DARA, he was appointed the Director of Planning and Infrastructure in 1978, where he was responsible for the planning, coordination of all infrastructure, social and township development. In 1980, he was then appointed as the Director of Investment and Promotion, responsible for attracting investment projects and monitoring companies in which DARA had interests.

In 1984, En. Kamaruddin joined Sawira Sdn Bhd, an oil palm plantation and milling company as its Executive Director, and served until his retirement in 2000. From 1995 to 2000, he was also appointed Director of PT Ganda Prima, a company established to develop an oil palm plantation in West Kalimantan, Indonesia. From 1992 to 2000, he was also a very active committee member of the Palm Oil Millers Association of Malaysia.

After taking a sabbatical during 2001, En Kamaruddin has since 2002, kept busy as a shareholder and Director of C.T. Golf Landscaping Sdn Bhd, a company dealing in construction and upgrading of golf courses, landscaping of commercial areas and related activities. Until recently, he had served as Director and advisor in a few private companies. En Kamaruddin continues to be interested and keeps abreast of the development of the oil palm industry.

(iv) Lee Yow Fui

Lee Yow Fui (M), a Malaysian, aged 44, is our Independent Non-Executive Director. He was appointed to the Board on 28 May 2014. He is currently Chairman of the Audit Committee. He holds a Bachelor's Degree of Business (Accounting) from Monash University, Melbourne which he obtained in 1995. He was admitted as a member of Certified Practising Accountant (CPA) Australia in 1998 and as a Public Accountant by the Malaysian Institute of Accountants in 1999. In 2008, he obtained his Master of Business Administration majoring in Finance from University of Malaya.

In 1996, he joined Moores Rowland as an Audit Junior. In 1997, he moved to Deloitte & Touche and was subsequently promoted as an Audit Senior responsible for leading teams in audits in amongst others civil engineering, construction and semi-conductor manufacturing industries. He subsequently left the professional services industry in 2000 and joined Richard's Lighting Sdn Bhd as Finance and Administration Manager whereby he was in charge of managing the group accounts and supervising of the finance and administrative departments. He subsequently moved to Newspage (Malaysia) Sdn Bhd as their Finance and Administration Manager in 2001.

Since leaving Newspage (Malaysia) Sdn Bhd in 2002, he established Y.F Lee & Associates which provides audit and taxation services as well as assists businesses in developing accounting systems and accounting internal controls. He is presently a Partner in Y.F. Lee & Associates and a Finance Director in Brightstar Distribution Sdn Bhd, a company distributing mobile phones, since 2009. He is also an Independent Non-Executive Director of OCK Group Berhad.

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7.2.3 Principal directorships and principal business activities outside our Company

Save as disclosed below, as at the LPD, none of our Directors have held any directorships in other business or corporations or are involved in business activities performed outside our Group in the past 5 years preceding the LPD.

Name of Director / Directorships / Shareholdings	Principal activity	Involvement in business activities other than as a Director	Year of appointment/ Year of resignation as director	Direct equity interest held as at the LPD	Indirect equity interest held as at the LPD
Datuk Zaiton Binti Mohd Hassan					
Present directorships:					
Sime Darby Berhad	Conglomerate	-	2010 / -	-	-
BIMB Holdings Berhad	Financial holding	-	2006 / -	-	-
Bank Islam Malaysia Berhad	Islamic banking business	-	2006 / -	-	-
Yayasan Masjid Cina	Charitable organisation	-	2012 / -	-	-
Sime Darby Motors Sdn Bhd	Import, assembly, distribution and retail	-	2010 / -	-	-
Rothschild Malaysia Sdn Bhd	Financial advisory	Shareholder	2008 / -	-	12.00%
Capital Intelligence Partners Sdn Bhd	Investment holding and provision of consultancy and advisory services (Dormant)	Shareholder	2004 / -	-	60.00%
Capital Intelligence Holdings Sdn Bhd	Investment holding company	Shareholder	2004 / -	60.00%	-
Capital Intelligence Advisors Sdn Bhd	Financial advisory	Shareholder	2004 / -	40.00%	-
Private Pension Administrator Malaysia	Private Retirement Schemes Administrator	-	2012 / -	-	-
Sime Darby Utilities Sdn Bhd	Business Services, Engineering and Construction, Oil / Gas and Petroleum	-	2010 / -	-	-

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

Name of Director / Directorships / Shareholdings	Principal activity	Involvement in business activities other than as a Director	Year of appointment/ Year of resignation as director	Direct equity interest held as at the LPD	Indirect equity interest held as at the LPD
FIDE Forum	Enhancing boardroom governance	-	2010 / -	-	-
Salasiah Commerz International Sdn Bhd	Investment holding company	Shareholder	2006 / -	50.00%	-
Salasiah Commerz International Ltd	Corporate advisory	Shareholder	2004 / -	60.00%	-
SCIL Resources Sdn Bhd	Trading, Construction and oil and gas	Shareholder	2014 / -	50.00%	-
Past directorships:					
Aureos CGC Advisers Sdn Bhd	Fund management	-	2007 / 2014	-	-
Credit Guarantee Corporation Malaysia Berhad	Credit Supplementation	-	2005 / 2014	-	-
Capital Intelligence Asset Managers Sdn Bhd	Investment holding and general trading (Dormant)	Shareholder	2007 / 2011	-	15.60%
Credit Bureau Malaysia Sdn Bhd	Provider of comprehensive and credible credit information and ratings on Businesses and Consumers in Malaysia	-	2008 / 2014	-	-
Malaysian Alliance of Corporate Directors	Enhancing corporate governance on boards	-	2011 / 2012	-	-
Malaysian Industrial Development Finance Berhad	Financial Holding Company	-	2004 / 2013	-	-
Companies Commission of Malaysia	Companies Commission	-	2003 / 2011	-	-

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

Name of Director / Directorships / Shareholdings	Principal activity	Involvement in business activities other than as a Director	Year of appointment/ Year of resignation as director	Direct equity interest held as at the LPD	Indirect equity interest held as at the LPD
Low Teck Yin					
Past directorships:					
Dolphin Environmental Sdn Bhd	To engage in businesses relating to sustainable development technologies (Dormant)	-	2009 / 2014	-	-
Dolphin Robotic Sdn Bhd	Investment holding and general trading (Dormant)	-	2008 / 2014	-	-
Dolphin Equity Holdings Sdn Bhd	Investment holding and general trading (Dormant)	-	2008 / 2014	-	-
Hoh Yeong Cherng					
Past directorships:					
Dolphin Environmental Sdn Bhd	To engage in businesses relating to sustainable development technologies (Dormant)	-	2009 / 2014	-	-
Dolphin Robotic Sdn Bhd	Investment holding and general trading (Dormant)	-	2008 / 2014	-	-
Dolphin Equity Holdings Sdn Bhd	Investment holding and general trading (Dormant)	-	2008 / 2014	-	-
Advance E-Solution Sdn Bhd	Development and sale of software (Dissolved)	-	2005 / 2010	-	-

Name of Director / Directorships / Shareholdings	Principal activity	Involvement in business activities other than as a Director	Year of appointment/ Year of resignation as director	Direct equity interest held as at the LPD	Indirect equity interest held as at the LPD
Kamaruddin Bin Osman					
Present directorships:					
HCD Solutions Sdn Bhd	Provision of training and marketing, organising and conducting public and private seminars and training courses	Shareholder	2012 / -	33.33%	-
Commerce Rewards Sdn Bhd	General trading	Shareholder	2006 / -	20.00%	-
C.T. Golf Landscaping Sdn Bhd	Landscaping works contractor	Shareholder	2001 / -	45.00%	-
Past directorships:					
Dwiprima Sinergi Sdn Bhd	General trading	Shareholder	2000 / 2013	15.00%	50.00%
Lee Yow Fui					
Present directorship:					
OCK Group Berhad	Investment holding	-	2012 / -	-	-

Our Directors are of the view that their involvement in other business activities outside our Company will not affect their contributions to our Group, and hence is not expected to affect the operations of our Group.

The involvement in other business activities outside our Company held by our Directors does not give rise to a conflict of interest with our business.

7.2.4 Directors' remuneration and material benefits-in-kind

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid for services rendered to our Group for FYE 2014 and FYE 2015 are as follows:

Name of Director	Remuneration, fees and material benefits-in-kind band	
	FYE 2014 (actual) RM	FYE 2015 (estimated) RM
Datuk Zaiton Binti Mohd Hassan	-	0 – 50,000
Low Teck Yin	450,000 – 500,000	500,000 – 550,000
Hoh Yeong Cherng	350,000 – 400,000	400,000 – 450,000
Dr Abdul Azis Bin Ariffin	-	0 – 50,000
Kamaruddin Bin Osman	-	0 – 50,000
Lee Yow Fui	-	0 – 50,000

The remuneration of our Directors, which includes salaries, bonuses, fees and allowances as well as other benefits, must be considered and recommended by our Remuneration Committee and subsequently be approved by the Board. In addition, Directors' fees to be paid must be approved by our shareholders in a general meeting.

7.2.5 Board practices

According to our Company's Articles of Association, at the general meeting in each and every subsequent year, at least 1/3 of our Directors for the time being, or if the number is not 3 or a multiple of 3 then the number nearest to 1/3 shall retire from office provided that all Directors shall retire from office at least once every 3 years. However, a retiring Director is eligible for re-election at the meeting at which he retires. An election of Directors shall take place each year.

Any person appointed as Director, either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

(i) Directors' term of office

The dates of expiration of the current term of office for each of our Directors as at the LPD are set out below:

Director	Date of appointment	Date of expiration of the current term of office	No. of year(s) in office
Datuk Zaiton Binti Mohd Hassan	28.05.2014	2015 annual general meeting	<1 year
Low Teck Yin	14.05.2012	2015 annual general meeting	2 years
Hoh Yeong Cherng	14.05.2012	2016 annual general meeting	2 years
Dr Abdul Azis Bin Ariffin	28.05.2014	2015 annual general meeting	<1 year
Kamaruddin Bin Osman	28.05.2014	2015 annual general meeting	<1 year
Lee Yow Fui	28.05.2014	2015 annual general meeting	<1 year

(ii) Audit and Risk Committee

The main functions of the Audit and Risk Committee will fall within the ambit of the Listing Requirements. The Audit and Risk Committee is responsible for the recommendation to our Board regarding the selection of the external auditors, reviewing the results and scope of audit and other services provided by our Group's external auditors and reviews and evaluates our Group's internal audit and control functions. The Audit and Risk Committee is also responsible for assessment of financial risk and matters relating to related party transactions and conflict of interests. The Audit and Risk Committee may obtain advice from independent parties and other professionals in performing their duties.

The members of the Audit and Risk Committee are as follows:

Name	Designation	Directorship
Lee Yow Fui	Chairman	Independent Non-Executive Director
Dr Abdul Azis Bin Ariffin	Member	Independent Non-Executive Director
Kamaruddin bin Osman	Member	Independent Non-Executive Director

(iii) Remuneration Committee

The main function of the Remuneration Committee is to recommend the remuneration package for our Executive and Non-Executive Directors. The determination of the remuneration package for the Executive and Non-Executive Directors shall be subject to the approval of our Board as a whole. The individuals concerned should abstain from discussion of their own remuneration and no Director shall be involved in deciding his own remuneration. The remuneration of Directors is generally based on market conditions, responsibilities held and our Company's overall financial performance. Decisions and recommendations of the Remuneration Committee shall be reported to our Board and shareholders for approval where required by the rules and regulations governing our Company.

The members of the Remuneration Committee of our Company are as follows:

Name	Designation	Directorship
Kamaruddin bin Osman	Chairman	Independent Non-Executive Director
Low Teck Yin	Member	Group Managing Director
Dr Abdul Azis Bin Ariffin	Member	Independent Non-Executive Director

(iv) Nomination Committee

The Nomination Committee is responsible for:

(a) recommending to our Board the appropriate size of our Board;

(b) formalising a transparent procedure for proposing new nominees and recommending on suitability of candidates nominated for appointment to our Board and committees of our Board;

(c) assisting our Board in reviewing on an annual basis the required mix of skills, experience and other qualities, including core competencies of Non-Executive Directors; and

(d) assessing the effectiveness of our Board as a whole and the contribution of each individual Director and Board Committee member.

The composition of the Nomination Committee of our Company is as follows:-

Name	Designation	Directorship
Datuk Zaiton Binti Mohd Hassan	Chairperson	Senior Independent Non-Executive Chairperson
Dr Abdul Azis Bin Ariffin	Member	Independent Non-Executive Director
Kamaruddin Bin Osman	Member	Independent Non-Executive Director

The recommendations of the Nomination Committee are subject to the approval of the Board.

7.3 KEY MANAGEMENT PERSONNEL

7.3.1 Particulars and shareholdings of the key management personnel

Our key management personnel are responsible for our Group's day-to-day management and operations. Our key management personnel consist of experienced personnel in charge of matters relating to production, sales and procurement, quality control and finance.

The members of our key management personnel are as follows:

Name	Nationality	Designation
Low Teck Yin	Malaysian	Group Managing Director
Hoh Yeong Cherng	Malaysian	Group Executive Director
Lee Kim Teck	Malaysian	Sales and Marketing Director
Foo Phui Foong	Malaysian	CFO
Gunandawadu Akalangka Susantha De Zoysa	Sri Lankan	Business Director (Indonesia)
Woo Wai Heng	Malaysian	R&D Director
Teoh Kah Lean	Malaysian	Head of Process Automation and Control Division
Afif Hadafi Bin Wahab	Malaysian	Head of Electro Pneumatic and Hydraulic Engineering Division
Lim Ah Ber	Malaysian	Head of Software Division
Tang Ing Hui	Malaysian	Group Finance Manager

Save for Low Teck Yin and Hoh Yeong Cherng, who are also the Directors of our Company, our other key management personnel's shareholdings in our Company before the IPO are as follows:

	Before the IPO				After the IPO			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Lee Kim Teck	-	-	-	-	*150,000	0.07	-	-
Foo Phui Foong	-	-	-	-	*50,000	0.02	-	-
Gunandawadu Akalangka Susantha De Zoysa	-	-	-	-	-	-	-	-
Woo Wai Heng	-	-	-	-	*150,000	0.07	-	-
Teoh Kah Lean	-	-	-	-	*150,000	0.07	-	-
Afif Hadafi Bin Wahab	-	-	-	-	*150,000	0.07	-	-
Lim Ah Ber	-	-	-	-	*150,000	0.07	-	-
Tang Ing Hui	-	-	-	-	*150,000	0.07	-	-

Note:

* *Assuming that he/she subscribes for the IPO Shares allocated to him/her in his/her capacity as an Eligible Person.*

7.3.2 Profiles of key management personnel

Save for the profiles of Low Teck Yin and Hoh Yeong Cherng which are set out in Section 7.1.2 above, the profiles of the other key management personnel are as follows:

(i) Lee Kim Teck

Lee Kim Teck (M), a Malaysian, aged 53, is our Sales and Marketing Director, responsible for the operations, sales and marketing of all Dolphin products for the South East Asia region. He graduated with a Diploma in Mechanical and Automotive Engineering from Tunku Abdul Rahman College which he obtained in 1984.

He has accumulated over 30 years of experience in plant operation management, strategic operation solutions, total-quality management systems as well as sales and marketing. In 1984, he started his career as an engineer at Denso Malaysia Sdn. Bhd. where he had risen through the ranks and by the time he left the company in 2006, he was the General Manager for the air conditioning manufacturing division. During his employment with Denso Malaysia Sdn. Bhd., he received the Certificate of Excellence for "Excellent Case Study" within the Denso Group of Companies internationally in 1989, 1990 and 1991. He also received the Denso Employee's Award from Denso (Malaysia) Sdn Bhd in 1996 for outstanding performance and contribution.

In 2006, he left Denso Malaysia Sdn Bhd and moved to Lucas Varity (M) Sdn. Bhd, a subsidiary of TRW PLC as the Plant Manager where he was responsible for its manufacturing operations and management. In 2007, he subsequently moved to Xyratex Malaysia Sdn. Bhd, as Operations Director of the data storage manufacturing facility. He left Xyratex Malaysia Sdn Bhd in 2009 and joined our Group in 2010. Mr Lee has managed projects from its inception stage until completion through his role as our Sales and Marketing Director which includes him maintaining customer relationship that requires his continuous involvement throughout the duration of a project undertaken. He has a track record for providing our clients with value added improvements in operation facilities and effective cost management through the milling systems and software which our Group offers. Given Mr. Lee's experience in plant operation management as well as his familiarity of our Group's products, he is able to understand the issues faced by our customers and from there, is able to provide the relevant solutions and benefits from the adoption of our products.

(ii) Foo Phui Foong

Foo Phui Foong (F), a Malaysian, aged 37, is our CFO, responsible for our Group's financial and accounting functions, amongst others, the preparation of various financial projections, budgets, preparation of periodical statutory financial reports, monthly management reports as well as the monitoring of our Group's foreign exchange exposure. She was admitted as a member of the Association of Chartered Certified Accountants, United Kingdom and a member of the Malaysian Institute of Accountants in 2015.

She has accumulated approximately 16 years of experience in finance and accounting with companies involved in various fields such as, amongst others, advertising and production, stockbroking, education and retail. She began her career in 1997 as an accounts assistant with PRS Productions Sdn Bhd where she was responsible for the preparation of management accounts. She resigned from PRS Productions Sdn Bhd in 1999. She then left the professional work force for one year to further her education. In 2000, she joined TA Enterprise Berhad as a Junior Officer in the accounts department where she played a role in the preparation of management reports, accounts and financial statements and also handling compliance matters.

In 2003, she left TA Enterprise Berhad and joined Limkokwing University College of Creative Technology Sdn Bhd ("**Limkokwing University**") as an Accounts Executive. She had then moved up the ranks and held positions such as Senior Accounts Executive in 2005 and Assistant Manager of the Finance Department in 2006, wherein she was responsible for the preparation of financial statements of Limkokwing University and its related companies. In 2007, she was promoted to Finance Manager of the Retail Division and subsequently promoted to Senior Finance Manager of the Retail Division in January 2008, Senior Finance Manager of the International Division in April 2008 and Associate Finance Director of Limkokwing University's African operations in October 2008. During her tenure in the Retail and International Division, she managed the respective division's finance team for the preparation of the financial statements. In her last position with Limkokwing University, she was required to be based in Gaborone, Botswana where she was in charge of the university's African operations' finance team and was involved in its financial planning and reporting. In 2009, she resigned from Limkokwing University to obtain her professional accountancy qualification.

Upon successfully obtaining the said professional qualification, she joined the SMRT Holdings Berhad ("**SMRT**") group of companies in January 2011 as an Assistant Manager, Finance & Administration. She was subsequently promoted as the Group Finance Manager in March 2011, a position she held until her resignation in 2015. Being responsible for the overall accounting and finance aspects of SMRT group of companies, she reported directly to the chief executive officer of SMRT and managed the finance team. In addition, she was also responsible for all Malaysian regulatory reporting of the SMRT group of companies. In 2015, she left the SMRT group of companies and joined our Group.

(iii) Gunandawadu Akalangka Susantha De Zoysa

Gunandawadu Akalangka Susantha De Zoysa (M), a Sri Lankan, aged 40, is our Business Director for the Indonesian market, responsible for overseeing our Group business operations in Indonesia. He received a Bachelor of Science in Civil Engineering from the University of Moratuwa, Sri Lanka in 2000. Mr. De Zoysa is an Associate Member of the Chartered Institute of Management Accountants of UK (CIMA) and the Institute of Engineers of Sri Lanka (IESL).

Mr. De Zoysa has approximately 15 years of experience in both technical and financial issues related to developing and completing palm oil milling projects. He started his career as a Coordinating Engineer in 2000 with John Sheritt Developments in Colombo, Sri Lanka, working on project and resource planning/ coordination activities at worksites. He then joined Hatton National Bank, Ltd. ("**HNB**") in 2001, in Colombo, Sri Lanka as a Project Analyst. During his tenure with HNB he gained specific experience in the analysis and appraisal of projects with significant economic benefits for lending by HNB, especially infrastructure and construction. He was promoted several times when attached with HNB, first as a Manager, Balance Sheet and subsequently Manager of Planning before leaving in 2008.

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

(iv) Woo Wai Heng

Woo Wai Heng (M), a Malaysian, aged 52, is our Group's R&D Director, responsible for all research and development of our Group's products and services. He graduated from Sekolah Menengah Teknik, Ipoh, Perak in 1980.

Upon his graduation in 1980, he joined Tamco Cutter Hammer Sdn Bhd as a Technical Assistant where he was responsible for the manufacturing of electrical switchboards. In 1983, he left Tamco Cutter Hammer Sdn Bhd to join Ingeback Sdn Bhd, a manufacturer of precast concrete panel as a Maintenance Supervisor and he was in subsequent years, promoted to a Production Executive before he left the company. In 1988, he joined Precast Micro Injection Pile Sdn Bhd of the Sunway Group as a Production Manager responsible for overseeing the manufacturing operations of pre-stressed concrete piles.

In 1990, he joined Zenbes Sdn Bhd as the Factory Manager and was responsible for overseeing the manufacturing of concrete blocks and concrete interlocking pavers. In 1993, he moved and joined BI-PLC Sdn Bhd, a subsidiary of Bank Industri Malaysia Berhad set up to provide in-house technical evaluation and assessment of potential and existing customers, as a Technical Manager consulting on technical issues faced by the plastic mould and dye industry. In 1995, he left to join Econ Pile Sdn Bhd as a Project Manager responsible for overseeing the company's projects. In 1997, he co-founded MY Information Centre Sdn Bhd, a company which was involved in the provision of internet solutions (and was subsequently strike-off in June 2014). In 2001, he established Business Flex Solutions Sdn Bhd, a company that is involved in the provision of SCADA software development, systems integration and automation software. In 2003, he resigned from Business Flex Solutions Sdn Bhd and joined our Group whereby his expertise in process engineering involving information technology and automation systems are put to good use in the constant development and improvement of the milling software offered by our Group.

(v) Teoh Kah Lean

Teoh Kah Lean (M), a Malaysian, aged 36, is the Head of our Process Automation and Control Division, responsible for ensuring the seamless integration of electro-automation, hydraulic and software systems. He received a Bachelor of Information Technology (Hons) in Management Information Systems from University Malaysia Sabah in 2001. He is also a certified PROFIBUS Engineer.

Mr Teoh has approximately 14 years of working experience in planning, developing, and implementing state-of-the-art electro-automated solutions and software systems. In 2001, he started his career as a System Engineer at Opensys (M) Sdn. Bhd., where he developed his skills on the installation, configuration, upgrading and maintenance of workstations, servers, system software and related hardware. Later in the same year, he moved to MY Information Centre Sdn. Bhd. as a Systems Administrator where he was responsible for the installation, management, upgrade and maintenance of the company's servers as well as undertaking basic programming. In 2002, he joined Business Flex Solutions Sdn Bhd as the Senior Software Engineer, where he was responsible for the development of software products, beginning from its inception through to its implementation. In 2004, he joined our Group as the Group Technical Manager to assist in research and development on new product development and enhancement of existing products. His role was later streamlined to focus on the development and testing of process automation and controls used in our automation systems.

(vi) Afif Hadafi Bin Wahab

Afif Hadafi Bin Wahab (M), a Malaysian, aged 33, is the Head of our Electro Pneumatic and Hydraulic Engineering Division, responsible for leading and supervising the design and fabrication of all Dolphin's products related to mechanical and hydraulic systems. He graduated from Universiti Teknologi Malaysia in 2005 with a degree in Mechanical Engineering, majoring in Automotive Engineering. Upon graduation in 2005, he joined our Group as a Mechanical Engineer to provide technical assistance on hydraulic and pneumatic system work concerning design, as well as overseeing work order preparation, fabrication and system implementation. In 2009, En. Afif Hadafi was promoted to Head of Hydraulic and Pneumatic Division, responsible of overseeing departmental engineering and technical work as well as project planning, coordination and implementation.

(vii) Lim Ah Ber

Lim Ah Ber (F), a Malaysian aged 39, is our Head of Software Division, responsible for software development. Ms. Lim holds a Bachelor's Degree in Computer Science and Information Technology from Universiti Kebangsaan Malaysia which she obtained in 1999. She is presently responsible for leading our Group's development of new software and enhancement of existing software as well as driving the adoption of leading technologies. She has over 15 years of experience in planning, developing, and implementing state-of-the-art hardware and software systems. She started her career as an application developer for Hewlett Packard (M) Sdn Bhd in 1999. She then left and joined MY Information Centre Sdn Bhd in 2000 as a Team Leader and Applications Programmer before joining Business Flex Solutions Sdn Bhd in 2005 as a Senior Software Engineer. Her experience in the information technology industry spans across various platforms which includes Visual Basic, PERL, MySQL and LINUX. In 2007, she joined our Company as head of our software division after resigning from Business Flex Solutions Sdn Bhd which subsequently became dormant after her resignation.

(viii) Tang Ing Hui

Tang Ing Hui (F), a Malaysian, aged 36, is our Group Finance Manager, responsible for our Group's financial management and accounting matters. She graduated from University of Hertfordshire in 2001 with a Bachelor of Arts (Honours) in Accounting.

She started her career in 2001 with a professional accounting firm H.M Ong & Co. in Malaysia as an Audit Assistant where her experience covers auditing and accounting of companies in various industries such as trading, manufacturing, engineering, property development and services. Thereafter, in 2004, she joined Airofluid Sdn Bhd as an Accounts Executive, a company involved in vacuum and compression solutions for various industries including the oil & gas industry. In 2007, she then joined Alliance Motors & Drives Sdn Bhd (subsidiary of ATIS Corporation Berhad, listed on the Second Board of Bursa Securities), a company involved in distribution and supply of industrial electrical, electronics, non-ferrous metal and industrial hardware as an Account Executive. She then pursued her career further as a Senior Accounts Executive with Kit Loong Distribution Sdn Bhd in 2008. While she was there, her duties and responsibilities cover the preparation of budgets, management reports, forecasts, cash flows, accounts and financial statements and also handling compliance, treasury, taxation and secretarial matters and as such, Ms. Tang brings with her more than 10 years of experience in financial management and accounting in various industries. In 2012, she left Kit Loong Distribution Sdn Bhd and joined our Company.

7.4 INVOLVEMENT OF EXECUTIVE DIRECTORS AND KEY MANAGEMENT PERSONNEL IN OTHER BUSINESSES/CORPORATIONS

As at the LPD, all of our Group's executive directors and key management personnel are employees of our Group and are not involved in the operations of other business/corporations outside our Group.

7.5 DECLARATION FROM THE PROMOTERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Save as disclosed below, none of our Promoters, Directors and key management personnel or any person nominated to become a Director or key management personnel is or has been involved in any of the following events (whether in or outside Malaysia):

(i) a petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel; or

(ii) disqualified from acting as a director of any corporation, from taking part directly or indirectly in the management of any corporation; or

(iii) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding; or

(iv) any judgement entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or

(v) the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

7.6 RELATIONSHIP AND ASSOCIATIONS

Based on the declaration by our Promoters, substantial shareholders, Directors and key management personnel, there are no family relationships (as defined in Section 122A of the Act) or associations between or amongst our Promoters, substantial shareholders, Directors and key management personnel.

7.7 AMOUNTS/BENEFITS PAID OR INTENDED TO BE PAID OR GIVEN TO ANY PROMOTER, DIRECTOR OR SUBSTANTIAL SHAREHOLDER

Save for the remuneration and benefits paid/accrued to the Promoters and Directors of our Company for services rendered in all their capacities within our Group as set out in Section 7.2.4 of this Prospectus, there is no other amount or benefit paid or intended to be paid or given to any of our Promoter, Director or substantial shareholder, within the 2 years preceding the date of this Prospectus.

7.8 SERVICE CONTRACTS

As at the LPD, there are no existing and proposed service contract between our Group and our Directors and key management personnel.

7.9 EMPLOYEES

As at the LPD, our Group has a total of 83 employees, which consists of 75 local employees and 8 foreign employees, of which have been employed by our Group and carried out their roles and responsibilities in Malaysia and Indonesia respectively. Up to date, our Group has not encountered any major problems with its staff turnover and there has been no labour and/or industrial dispute taken against our Group. As at the LPD, none of our Group's employees are members of any labour union and our Group does not have any industrial disputes with any labour union.

The table below sets out the number of employees of our Group by category as at the end of each of the past 4 financial years:

Employees classification	No. of employees				
	As at 31 December				
	2011	2012	2013	2014	As at LPD
Executive Directors and management	7	8	9	9	10
Finance, human resource and administration	6	8	7	10	10
Sales and marketing	5	8	7	9	7
Design, quality control and engineering	10	9	10	13	14
Production, project management and planning	32	42	38	43	42
Total	**60**	**75**	71	**84**	**83**

As at the LPD, our Group has employed 1 foreign personnel under PT Dolphin, namely our Business Director for the Indonesian market, who was employed since April 2013.

The table below sets out the locations of where our permanent staff and contract staff were based during the past 4 financial years:

Employees classification	No. of employees				
	As at 31 December				
	2011	2012	2013	2014	As at LPD
Malaysia					
Permanent staff	55	64	64	76	75
Contract staff	-	-	-	-	-
Indonesia					
Permanent staff	5	11	6	7	7
Contract staff	-	-	1	1	1
Total	**60**	**75**	**71**	**84**	**83**

Training and development

Our Group's business is supported by competent senior personnel with sound industry knowledge and hands-on experience and expertise. We recognise the importance of staff training and development in order to equip our employees with the necessary knowledge and skills to promote an effective and efficient workplace. Our employees can also enhance their skills and knowledge through on-the-job informal training. Performance reviews are conducted on an individual basis to ensure and evaluate the effectiveness of all training programs developed. Some of the training courses attended by our employees in 2011, 2012, 2013 and 2014 are as follows:

Month/ Year	Programme	Organiser
-(1)	Company Introduction and Basic Understanding of ISO	Dolphin Applications
January 2012	Wonderware InTouch	IAM-Wonderware Sdn Bhd
February 2012	ABB Inverter Training	Logic Builder Sdn Bhd
March 2012	SAI Motor Assembly Training	Hydra-Line Hydraulic Sdn Bhd
March 2012	Pneumatic Diagram Solenoid Valve & Cylinder Training	Hydra-Line Hydraulic Sdn Bhd
March 2012	Apache Web Server Setup	Dolphin Systems
May 2012	Beckhoff Programmable Logic Controller Training	Beckhoff Automation Sdn Bhd
September 2013	Indexer Installation	Dolphin Engineering
December 2013	Movicon Training	IKA Automation Sdn Bhd
July 2014	Occupational Safety and Health Centre	Construction Industry Development Board Malaysia
September 2014	Goods and Services Tax is now Law in Malaysia	WY Business Consultancy Sdn Bhd
October 2014	Maintenance Service Product Training	Hydra-Line Hydraulic Sdn Bhd

Note:

(1) This is a compulsory training programme for all our employees which is conducted during their respective orientations.

8. APPROVALS AND CONDITIONS

8.1 APPROVALS FROM RELEVANT AUTHORITIES

The listing of our Company on the Main Market was approved by the relevant authorities as follows:

(i) the SC via its letter dated 19 December 2014 under Sub-Section 214(1) of the CMSA and equity requirement for public companies;

(ii) MITI via its letter dated 30 April 2015; and

(iii) Bursa Securities via its letter dated 18 May 2015, for the admission to the Official List and the listing of and quotation for the entire issued and paid-up share capital of Dolphin of RM44,400,002 comprising 222,000,010 Shares on the Main Market.

8.2 CONDITIONS OF THE APPROVALS

The conditions imposed by the SC and the status of compliance are as follows:

No.	Details of conditions imposed	Status of compliance
1.	HLIB / Dolphin to fully comply with the requirements of the SC's Equity Guidelines and Prospectus Guidelines pertaining to the implementation of the Listing;	Noted.
2.	Prior to the registration of the Prospectus, Dolphin to appoint a full-time Chief Financial Officer who is fit and proper, fully qualified and competent to effectively discharge his/her role as the officer primarily responsible for the financial management of a listed company;	Complied.
3.	Prior to the registration of the Prospectus, Dolphin to confirm and demonstrate that it has positive net cash flow from operating activities for the FYE 2014; and	Complied.
4.	Dolphin to allocate at least 12.5% of its enlarged issued and paid-up share capital to Bumiputera investors at the point of listing. This includes the Shares offered under the balloted public offer portion, of which 50% are to be offered to Bumiputera investors. In the even MITI is unable to allocate the Shares to Bumiputera investors, the unsubscribed Shares shall be offered to the Bumiputera public investors via balloting.	To be complied.

The SC has via letter dated 19 December 2014, noted that the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company would change arising from the listing as follows:

Shareholders	Before the Listing % held	After the Listing % held
Bumiputera		
- To be approved and allocated by MITI	-	9.12
- Via public balloting	-	3.38
Total Bumiputera	-	**12.50**
Non-Bumiputera	100.00	87.50
Foreign	-	-
Total	**100.00**	**100.00**

The conditions imposed by Bursa Securities for the Listing and the status of compliance are as follows:

No.	Details of conditions imposed	Status of compliance
1.	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Practice Note 21 of the Listing Requirements. In this respect, Dolphin is advised to include the Stock Code, Stock Short Name and ISIN Code upon making the announcement on Timetable for IPO.	To be complied.
2.	Furnish Bursa Securities on the first day of Listing a copy of the schedule of distribution showing compliance to the public share spread requirements based on the entire issued and paid-up share capital of Dolphin	To be complied.

8.3 MORATORIUM ON SHARES

Pursuant to Paragraph 5.29 of the SC Guidelines, a moratorium will be imposed on the sale, transfer or assignment of the entire 126,625,041 Shares held by our Promoters, representing 57.04% of the enlarged issued and paid-up capital of our Company held at the date of listing for a period of 6 months from the date of admission of our Company to the Official List.

Details of our Promoters whose Shares are subject to moratorium are as follows:

	No. of Shares held after the IPO			
Promoters	Direct	%	Indirect	%
Low Teck Yin	63,312,514	28.52	-	-
Hoh Yeong Cherng	63,312,527	28.52	-	-

The Promoters will not be permitted to sell, transfer or assign any part of their Shares under moratorium held as at the date of listing for a period of 6 months from the date of our Listing.

The restriction, which is fully acknowledged by our Promoters, is specifically endorsed on the notice of allotment and our share certificates representing their shareholdings which are under moratorium to ensure that our registrar will not register any transfer and sale that are not in compliance with the aforesaid restriction imposed. In compliance with the restrictions imposed, Bursa Securities Depository will, on our registrar's instructions in the prescribed forms, ensure that trading of these shares is not permitted during the moratorium period.

Low Teck Yin and Hoh Yeong Cherng have furnished letters of undertaking prior to the listing that they will not sell, transfer of assign any of their entire shareholdings in the respective companies for 6 months from the date of listing on Bursa Securities.

9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS

9.1 RELATED PARTY TRANSACTIONS

Save as disclosed below, for the FYE 2012, FYE 2013 and FYE 2014 and up to the LPD, our Group has not entered into or are involved in any material on-going or proposed related party transactions (including recurrent related party transactions) that involve the interest, direct or indirect, of our Directors, substantial shareholders and/or persons connected to them as defined under the Listing Requirements:

Transacting related parties	Nature of relationship	Description of transaction	Date	Value transacted with related parties (RM)
Low Teck Yin ("**LTY**") and Hoh Yeong Cherng ("**HYC**")	LTY and HYC are the Promoters, Directors and substantial shareholders of our Company	Acquisition of 2,000,000 ordinary shares of RM1.00 each in Dolphin Applications representing 75.00% of the equity interest of Dolphin Applications from LTY and HYC, which forms part of the Acquisition of Dolphin Applications.	30 May 2014	21,075,005.20 (by way of issuance of new Dolphin Shares)
LTY and HYC	LTY and HYC are the Promoters, Directors and substantial shareholders of our Company	Acquisition of 1,666,667 ordinary shares of RM1.00 each in Dolphin Engineering representing 83.33% of the equity interest of Dolphin Engineering from LTY and HYC, which forms part of the Acquisition of Dolphin Engineering.	30 May 2014	4,250,001 (by way of issuance of new Dolphin Shares)
LTY and HYC	LTY and HYC are the Promoters, Directors and substantial shareholders of our Company	Acquisition of 500,000 ordinary shares of RM1.00 each in Dolphin Systems representing the entire equity interest in Dolphin Systems from LTY and HYC, which forms the Acquisition of Dolphin Systems.	30 May 2014	65,000
LTY and HYC	LTY and HYC are the Promoters, Directors and substantial shareholders of our Company	Acquisition of 75,000 ordinary shares of RM1.00 each in Dolphin Components representing 75% of the equity interest of Dolphin Components from LTY and HYC, which forms the Acquisition of Dolphin Components	30 May 2014	65,000
LTY	LTY is a Promoter, Director and substantial shareholder of our Company	Acquisition of motor vehicle from Dolphin Applications [(1)]	10 April 2012	40,000

Notes:

(1) Further information relating to the disposal/acquisition of motor vehicle is as follows:

Model : Toyota Innova 2.0G (A)
Number plate : BHR 7223

Save for the acquisition of motor vehicle by LTY from Dolphin Applications, our Directors are of the opinion that these transactions have been entered into on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties.

Pursuant to Paragraph 10.09 of the Listing Requirements, a listed corporation may seek a mandate from its shareholders for a related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of a listed corporation or its subsidiaries subject to, amongst others, the following:

(i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;

(ii) the shareholder mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholder mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements; and

(iii) in a meeting to obtain a shareholder mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution to approve the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

To further strengthen controls in this area, our Board shall be assisted by the Audit and Risk Committee, to evaluate all future related party transactions. Our Group will seek third party quotations as a comparison to ensure that all future related party transactions are entered into on an arm's length basis.

9.2 TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITIONS

As at the LPD, we have not entered into any transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we, or any of our subsidiaries was a party in respect of the Period under Review.

9.3 OUTSTANDING LOANS TO OR FOR THE BENEFIT OF THE RELATED PARTY(IES)

Save for the advances to a Director of approximately RM0.29 million in FYE 2011, RM0.37 million in FYE 2012 and RM0.10 million in FYE 2013, which are non-trade, unsecured, interest free and receivable upon demand, all advances to a Director have been fully settled subsequent to the end of the reporting period for the FYE 2013, there are no outstanding loans (including guarantees of any kind) made by us or any of our subsidiaries to or for the benefit of the related parties during the Period under Review and the subsequent financial period thereof, immediately preceding the date of this Prospectus.

9.4 INTERESTS IN SIMILAR BUSINESS

As at the LPD, none of our Directors and substantial shareholders has any interest, whether direct or indirect, in any business or corporations which are carrying on a similar trade as our Group or are customers of and/or suppliers of our Group.

9.5 PROMOTION OF MATERIAL ASSETS

Save as disclosed in Section 9.1 of this Prospectus, none of the Directors nor substantial shareholders and/or key management personnel has any interest, whether direct or indirect, in the promotion of or in any material assets acquired or disposed of by, or leased to our Group, or are proposed to be acquired or disposed of by or leased to our Group within the Period under Review up to the LPD.

9.6 CONFLICT OF INTERESTS

(i) Hong Leong Capital Berhad, the holding company of HLIB, and its subsidiaries, together with Hong Leong Bank Berhad ("**HLBB**") (collectively referred to as the "**Hong Leong Group**"), are engaged in a wide range of investment and commercial banking, securities and derivatives trading, asset and funds management businesses. In the ordinary course of business of the Hong Leong Group, any member of the Hong Leong Group may at any time offer or provide its services to or engage in transactions with our Group.

HLBB have granted overdraft, term loan, trade bills and hire purchase facilities to our Group of which an aggregate of approximately RM5.58 million is outstanding as at the LPD.

Notwithstanding the above, HLIB is of the view that the aforesaid lending relationship would not give rise to a conflict of interest situation in its capacity as the Adviser, Underwriter and Placement Agent for the IPO as:

(i) the total outstanding amount owed by the Dolphin Group is not material when compared to the total audited net assets of HLBB as at 30 June 2014 of RM12.33 billion;

(ii) the extension of credit facilities arose in the ordinary course of business of HLBB in view of the Hong Leong Group's extensive participation in the Malaysian capital market and banking industry; and

(iii) the conduct of the Hong Leong Group in its banking business is strictly regulated by the Financial Services Act 2013 and its own internal controls and checks;

(ii) Messrs Foong & Partners declares that there is no existing or potential conflict of interest in its capacity as the Legal Adviser to the Company in respect of Malaysian law;

(iii) Messrs Melli Darsa & Co. declares that there is no existing or potential conflict of interest in its capacity as the Legal Adviser to the Company in respect of Indonesian law;

(iv) Messrs Baker Tilly Monteiro Heng declares that there is no existing or potential conflict of interest in its capacity as the Reporting Accountants for the IPO; and

(v) Protégé Associates Sdn Bhd confirms that there is no existing or potential conflict of interest in its capacity as the IMR for the IPO.

10. FINANCIAL INFORMATION

10.1 HISTORICAL PROFORMA CONSOLIDATED FINANCIAL INFORMATION

The proforma consolidated financial information of our Group for the past four financial years from FYE 2011 to FYE 2014 has been prepared on the assumption that the present structure of our Group has been in existence throughout the financial years under review.

There has been no audit qualification on our Company or any of our subsidiaries' audited financial statements for the Period under Review. Our proforma consolidated financial information has been prepared in accordance with the applicable approved financial reporting standards in Malaysia and has been reviewed by our Reporting Accountants, Messrs. Baker Tilly Monteiro Heng. The bases and accounting policies used for the purpose of preparing our proforma consolidated financial information are consistent with those adopted in the preparation of the audited financial statements of the respective companies within our Group for the FYE 2011 to FYE 2014, and after taking into account adjustments appropriate for the purposes of preparing the proforma consolidated financial information, which are set out in the notes included in the Reporting Accountants' Report on the Compilation of Proforma Consolidated Financial Information Included in A Prospectus as set out in Section 10.9 of this Prospectus.

Proforma consolidated statements of profit or loss and other comprehensive income

The proforma consolidated statements of profit or loss and other comprehensive income below have been prepared for illustrative purposes only and should be read together with the Reporting Accountants' Report on the Compilation of the Proforma Consolidated Financial Information Included in A Prospectus as set out in Section 10.9 of this Prospectus.

	<----------Proforma Group---------->			
	FYE 2011 RM'000	**FYE 2012 RM'000**	**FYE 2013 RM'000**	**FYE 2014 RM'000**
Revenue	45,990	64,175	88,249	104,585
Cost of sales	(32,739)	(48,362)	(64,478)	(77,831)
Gross profit	13,251	15,813	23,771	26,754
Other income	71	1,418	120	549
Sales and marketing expenses	(867)	(2,442)	(1,775)	(1,507)
Administrative expenses	(4,102)	(6,269)	(5,547)	(6,980)
Share of results of an associate	-	-	-	(6)
Operating profit	8,353	8,520	16,569	18,810
Finance costs	(570)	(838)	(1,897)	(2,159)
PBT	7,783	7,682	14,672	16,651
Income tax expense	(505)	(728)	(4,031)	(4,580)
PAT	7,278	6,954	10,641	12,071
Other comprehensive income for the financial years				
Foreign currency translation	-	48	545	(5)
Total comprehensive income for the financial years	7,278	7,002	11,186	12,066
Net profit attributable to:				
Owners	7,290	7,195	10,911	12,129
Non-controlling interests	(12)	(241)	(270)	(58)
	7,278	6,954	10,641	12,071

	<------Proforma Group------>			
	FYE 2011 RM'000	**FYE 2012 RM'000**	**FYE 2013 RM'000**	**FYE 2014 RM'000**
Total comprehensive income attributable to:				
Owners	7,290	7,243	11,456	12,124
Non-controlling interests	(12)	(241)	(270)	(58)
	7,278	7,002	11,186	12,066
EBITDA[(1)]	8,848	9,138	17,412	19,799
No. of Shares assumed in issue[(2)] ('000)	176,000	176,000	176,000	176,000
Gross profit margin (%)	28.81	24.64	26.94	25.58
PBT margin (%)	16.92	11.97	16.63	15.92
PAT margin (%)	15.83	10.84	12.06	11.54
Gross EPS (sen)[(3)]	4.42	4.36	8.34	9.46
Net EPS (sen)[(4)]	4.14	4.09	6.20	6.89
Adjusted net EPS (sen)[(5)]	3.28	3.24	4.91	5.46

Notes:

(1) *EBITDA represents earnings before finance costs and interest income, taxation, depreciation and amortisation. The table below sets forth a reconciliation of our PAT to EBIDTA:*

	<------Proforma Group------>			
	FYE 2011 RM'000	*FYE 2012 RM'000*	*FYE 2013 RM'000*	*FYE 2014 RM'000*
PAT	*7,278*	*6,954*	*10,641*	*12,071*
Income tax expense	*505*	*728*	*4,031*	*4,580*
PBT	*7,783*	*7,682*	*14,672*	*16,651*
Interest income	*(49)*	*(53)*	*(55)*	*(54)*
Depreciation	*541*	*668*	*872*	*1,000*
Amortisation	*3*	*3*	*26*	*43*
Finance costs	*570*	*838*	*1,897*	*2,159*
EBITDA	*8,848*	*9,138*	*17,412*	*19,799*

Our EBITDA presented in this Prospectus is a supplemental measure of our performance and liquidity and is not required by, or presented in accordance with MFRS and should not be considered as an alternative to PAT, operating or any other performance measures derived in accordance with MFRS or as an alternative to our cash flows or as a measure of our liquidity. In addition, EBITDA is not a standardised term, hence a direct comparison between companies using such a term may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure. We believe that the presentation of EBITDA facilitates the operating performance comparisons from period to period and from company to company by eliminating potential differences caused by variations in capital structures (affecting finance costs and interest income), tax position (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation/amortisation of tangible assets (affecting relative depreciation/amortisation expenses).

(2) *Being the number of Shares assumed in issue immediately prior to the Public Issue.*

(3) *Computed based on the PBT divided by the number of Shares assumed in issue.*

(4) *Computed based on the PAT attributable to the owners of the Company divided by the number of Shares assumed in issue.*

(5) *Computed based on the PAT attributable to the owners of the Company divided by the enlarged number of Shares after the Public Issue for illustrative purposes only.*

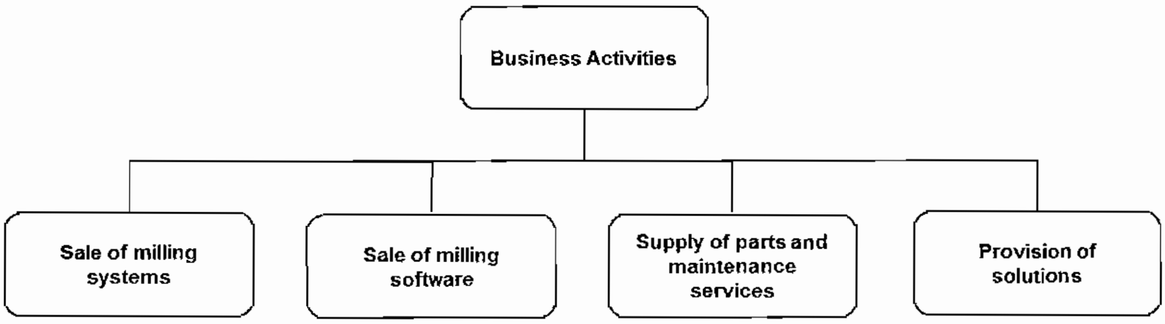
10.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following management discussion and analysis of our financial condition, results of operations together with the Reporting Accountants' Report on the Compilation of the Proforma Consolidated Financial Information Included in A Prospectus and the Accountants' Report as set out in Sections 10.9 and 11 of this Prospectus, respectively. The following management discussion and analysis of our financial condition, results of operations and prospects as set out below have been made based on our proforma consolidated financial information and the related notes thereon for the Period under Review as set out in Section 10.9 of this Prospectus.

This discussion and analysis contain data derived from our proforma consolidated financial statements as well as forward-looking statements that involve risks and uncertainties. Our Group's actual results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those stated in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 4 of this Prospectus.

Overview of Our Operations

Our Company is principally an investment holding company, whereby our Group's revenue is derived through our subsidiaries of which the principal activities are summarised as below:



Review of Our Historical Results

The following information is based on the proforma consolidated results of our Group for the FYE 2011 to FYE 2014 and has been prepared for illustrative purposes only and on the assumption that the current structure of our Group had been in existence throughout the Period under Review.

(i) Revenue

Our Group's revenue is principally derived from the provision of solutions. Our Group also derives income from the sale of milling systems, sale of milling software and supply of parts and maintenance services. The Group's revenue is contributed from our subsidiaries as tabulated below. The Group's revenue is derived from a combination of domestic and overseas markets, which includes Indonesia, Thailand and others.

Our Group's operation activities of the sale of milling systems, sale of milling software, the supply of parts and maintenance services and provision of solutions are further described below:

(a) Sale of milling systems

Revenue from our sale of milling systems is derived from the sale of our products, which can be purchased by our customers individually or when combined with other functional modules, as part of an integrated milling system.

The milling systems offered by our Group can be categorised in the following manner:

(1) Automated Cage Handling System

Please refer to Section 6.6.1 of this Prospectus for further information on our Group's Automated Cage Handling System.

(2) Automated Production Throughput Synchronisation Control System

Please refer to Section 6.6.1 of this Prospectus for further information on our Group's Automated Production Throughput Synchronisation Control System.

(3) Other Products

Please refer to Section 6.6.1 of this Prospectus for further information on our Group's other products.

In addition to the sale of milling systems offered by our Group as described above, the sale of milling systems segment also includes sales of other ad-hoc POM related equipment and machineries which were separately sourced and provided on our customer's request.

(b) Sale of milling software

Revenue derived from the sale of milling software is recognised from the upgrade, update or replacement of software embedded in our existing milling systems as well as the sale of our SCADA systems, known commercially as our iPADAS software suite. Please refer to Section 6.6.1 of this Prospectus for further information on our Group's iPADAS.

(c) Supply of parts and maintenance services

Revenue derived from our supply of parts and maintenance services consists of the supply and retrofit of machineries, equipment and/or automation parts as and when required or requested by our customers as well as the supply of software-related hardware in relation to the sale of milling software. Requisition of machineries, equipment and/or automation parts are normally consumed during minor upgrades of POMs and facilities, during annual and periodic maintenance activities conducted by the POM operators and as replacement parts in the event of a breakdown. This segment represents the supply of parts and maintenance services subsequent to the completion of the sale of milling systems and does not form part of the revenue derived from the sale of milling systems.

The revenue generated from our supply of parts and maintenance services originates from customers either through purchase orders, on an ad-hoc basis or on a recurring contract basis.

(d) Provision of solutions

Depending on the customers' specifications and/or requests, we may be engaged to provide M&E solutions, which may include the provision of an entire POM processing system, or turnkey solutions, which may encompass the complete engineering, procurement and construction of a new POM or the upgrading and/or extension of an existing POM. In addition to the abovementioned, both the provision of M&E solutions and turnkey solutions would include the provision of our milling systems.

The solutions provided by our Group can be categorised in the following manner:

(1) M&E solutions

Please refer to Section 6.6.1 of this Prospectus for further information on M&E solutions.

(2) Turnkey solutions

Please refer to Section 6.6.1 of this Prospectus for further information on turnkey solutions.

Pricing of our products and services are generally determined either through a tender process or via a direct negotiation exercise, of which the competitiveness differs based on the technical requirements of the milling systems required, geographical location of the customers' POM, past track records as well as other factors, that can influence the relevant cost factors such as, amongst others, material cost, labour supply, logistics cost and assessment of the impact due to competition.

Revenue by company

	<------Proforma Group------>							
	FYE 2011		**FYE 2012**		**FYE 2013**		**FYE 2014**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Dolphin	-	-	-	-	-	-	-	-
Dolphin Applications	25,936	56.39	52,714	82.14	53,879	61.05	55,674	53.23
Dolphin Engineering	21,620	47.01	13,148	20.49	34,421	39.01	48,748	46.61
Dolphin Systems	428	0.93	596	0.93	484	0.55	507	0.49
PT Dolphin	-	-	7,699	12.00	6,678	7.57	1,856	1.77
Dolphin Components	-	-	-	-	-	-	-	-
Dolphin Robotic	-	-	-	-	-	-	-	-
Sub-total	47,984	104.33	74,157	115.56	95,462	108.18	106,785	102.10
Less: Inter-co elimination	(1,994)	(4.33)	(9,982)	(15.56)	(7,213)	(8.18)	(2,200)	(2.10)
Total	45,990	100.00	64,175	100.00	88,249	100.00	104,585	100.00

Revenue by activities

	<------Proforma Group------>							
	FYE 2011		**FYE 2012**		**FYE 2013**		**FYE 2014**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Sale of milling systems	15,801	34.36	16,712	26.04	35,589	40.33	10,497	10.04
Sale of milling software	119	0.26	144	0.23	104	0.12	105	0.10
Supply of parts and maintenance services	5,926	12.88	4,808	7.49	4,318	4.89	4,734	4.52
Provision of solutions	24,144	52.50	42,511	66.24	48,238	54.66	89,249	85.34
Total	45,990	100.00	64,175	100.00	88,249	100.00	104,585	100.00

Our revenue stream is largely derived from our provision of solutions, which contributed approximately 52.50%, 66.24%, 54.66% and 85.34% to our total revenue for the past 4 financial years from FYE 2011 to FYE 2014 respectively. The provision of solutions is project-based with a maximum tenure of 24 months from the date of receipt of the purchase order or award of project contract from the customers. The revenue generated from the provision of solutions for each financial year will depend substantially on the recognition of revenue from the projects secured and undertaken during the financial year, based on the percentage-of-completion method of accounting.

Our Group's remaining revenue is derived from the sale of milling systems, sale of milling software and supply of parts and maintenance services, which contributed 34.36%, 26.04%, 40.33%, 10.04% and 0.26%, 0.23%, 0.12%, 0.10% and 12.88%, 7.49%, 4.89% and 4.52% for the FYE 2011, FYE 2012, FYE 2013 and FYE 2014 respectively. Revenue generated from the sale of milling systems are mainly derived from our customers based on purchase orders and/or project contracts for our products, which can be purchased by our customers either individually or when combined with other functional modules, as part of an integrated milling system. The delivery and completion of the installation of our integrated milling system at the POMs may take up to 24 months from the date of receipt of purchase orders and/or project contracts entered with the customers. Revenue from our sale of milling systems is recognised based on the percentage-of-completion method of accounting as our sale of milling systems are undertaken on a project-by-project basis.

The revenue generated from our supply of parts and maintenance services are mainly derived from our customers on purchase orders or on recurring maintenance contracts basis and hence, the revenue may vary depending on the machineries, equipment and/or automation parts' specifications and also the maintenance required by our customers. The revenue generated from the sale of milling software is from the replacement and/or upgrading of software embedded in our existing milling systems.

Revenue from our sale of milling software and supply of parts are recognised upon delivery of products and customers' acceptance, net of discounts and returns and when the significant risks and rewards of ownership have been transferred to the buyers, namely our milling software and parts are delivered to our customers and the said customers have acknowledged receipt of the full and complete delivery of the order while revenue from maintenance services is recognised upon rendering of services, net of discounts.

During the Period under Review, our recurring customers contributed a total of 81.13%, 74.04%, 47.15% and 53.25% respectively of our revenue generated. The breakdown of the revenue contribution from recurring customers is as follows:

	<----------Proforma Group--------->							
	FYE 2011		FYE 2012		FYE 2013		FYE 2014	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Revenue generated from recurring customers:								
Sale of milling systems	10,099	21.96	7,527	11.73	10,872	12.32	3,028	2.89
Sale of milling software	106	0.23	66	0.11	77	0.09	103	0.10
Supply of parts and maintenance services	2,963	6.44	1,783	2.78	1,502	1.70	4,128	3.95
Provision of solutions	24,144	52.50	38,133	59.42	29,159	33.04	48,433	46.31
	37,312	81.13	47,509	74.04	41,610	47.15	55,692	53.25
Revenue generated from new customers:								
Sale of milling systems	5,702	12.40	9,185	14.31	24,717	28.01	7,469	7.14
Sale of milling software	13	0.03	78	0.12	26	0.03	2	*
Supply of parts and maintenance services	2,963	6.44	3,025	4.71	2,817	3.19	606	0.58
Provision of solutions	-	-	4,378	6.82	19,079	21.62	40,816	39.03
	8,678	18.87	16,666	25.96	46,639	52.85	48,893	46.75
Total	45,990	100.00	64,175	100.00	88,249	100.00	104,585	100.00

Note:
* *Negligible.*

During the FYE 2011 and FYE 2012, the bulk of revenue generated by our Group were from recurring customers which made up 81.13% and 74.04% of our Group's revenue respectively. The decrease in the percentage of revenue generated from recurring customers from 74.04% in the FYE 2012 to 47.15% in the FYE 2013 was because a greater proportion of the Group's revenue recognised during the FYE 2013 was from revenue generated from contracts awarded by new customers, namely PT Kutai Balian Nauli and Syabas Vista Sdn Bhd. In the FYE 2014, the percentage of revenue generated from recurring customers increased slightly from 47.15% to 53.25% mainly due to the contract awarded by SALCRA, a recurring customer, for the provision of turnkey solutions for a 60 MT/H POM located in Lubok Antu, Sarawak.

Revenue by geographic market

The breakdown of our revenue by geographic markets is set out as follows:

	<-----Proforma Group----->							
	FYE 2011		FYE 2012		FYE 2013		FYE 2014	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Domestic[1]	9,521	20.70	10,877	16.95	55,745	63.17	80,168	76.65
Overseas								
- Indonesia	32,760	71.23	48,679	75.85	30,103	34.11	23,014	22.00
- Thailand	908	1.98	2,158	3.36	674	0.76	7	0.01
- India	29	0.06	148	0.23	41	0.05	6	0.01
- Myanmar	1,104	2.40	1,383	2.16	522	0.59	51	0.05
- Papua New Guinea	702	1.53	783	1.22	661	0.75	1,335	1.28
- Colombia[1]	963	2.09	84	0.13	501	0.57	4	*-
- Australia[2]	-	-	63	0.10	2	*-	-	-
- Singapore[2]	3	0.01	-	-	-	-	-	-
Total overseas	36,469	79.30	53,298	83.05	32,504	36.83	24,417	23.35
Total	45,990	100.00	64,175	100.00	88,249	100.00	104,585	100.00

Notes:

* *Negligible.*

(1) *Includes sales of palm oil milling machineries and parts to palm oil milling machinery traders, which we are unable to ascertain the final geographical market in which our said products sold are utilised.*

(2) *Consist solely of sales of palm oil milling machineries and parts to palm oil milling machineries traders of which we are unable to ascertain the final geographic market in which our said products sold are utilised.*

FYE 2011

Revenue for the FYE 2011 had increased substantially by approximately RM29.07 million, or 171.81% from approximately RM16.92 million in FYE 2010 to approximately RM45.99 million in the FYE 2011. During the FYE 2011, the provision of solutions had contributed approximately RM24.14 million, representing 52.50% of the total revenue of our Group. The sale of milling systems contributed approximately RM15.80 million, representing 34.36% of the total revenue of our Group, whereas the supply of parts and maintenance services recorded a contribution of approximately RM5.93 million or 12.88% of the total revenue of our Group, followed by the sale of milling software with a contribution of approximately RM0.12 million or 0.26% of the total revenue of our Group.

The substantial increase in revenue generated in the FYE 2011 as compared to the FYE 2010 was mainly as a result of the increase in the number of contracts secured as well as revenue recognised from our Group's on-going projects under the provision of solutions and sale of milling systems.

The revenue generated from the provision of solutions recorded a substantial increase from approximately RM2.48 million for the FYE 2010 to approximately RM24.14 million representing an increase of RM21.66 million or 873.39% during the FYE 2011. The increase in revenue generated from the provision of solutions during the FYE 2011 was mainly due to the higher revenue recognised from the existing project, namely the contract for the provision of M&E solutions for a 60 MT/H POM owned by PT Prima Mitrajaya Mandiri located in East Kalimantan, Indonesia, which had commenced in October 2010 and had generated approximately RM11.94 million in revenue or 49.45% of the total revenue recorded from the provision of solutions during the FYE 2011. In addition, our Group was also awarded with, and had commenced works, on 3 new contracts for the provision of M&E solutions, namely for the 60 MT/H POMs owned by PT Dharma Satya Nusantara located in Kalimantan, Indonesia and PT Dwie Warna Karya located in Central Kalimantan, Indonesia respectively and a 90 MT/H POM in Lahad Datu, Sabah owned by Tamaco Oil Mill Sdn Bhd. These 3 new projects for the provision of M&E solutions had contributed revenue of approximately RM6.18 million, RM3.75 million and RM2.27 million for the FYE 2011 respectively.

The revenue generated from the sale of milling systems recorded an increase from RM11.11 million for the FYE 2010 to RM15.80 million for the FYE 2011 representing an increase of RM4.69 million or 42.21% during the FYE 2011. The increase in the sale of milling systems is mainly due to increase in purchase orders and/or project contracts awarded for the sale of our products and milling systems.

Revenue contributed from the supply of parts and maintenance services also recorded an increase of approximately RM2.73 million, or approximately 85.31% from RM3.20 million for the FYE 2010 to RM5.93 million for the FYE 2011. This mainly arose from the increase in both scheduled periodic and unscheduled service and maintenance activities undertaken by our Group for existing mill operators.

The revenue generated from the sale of milling software remained fairly constant at RM0.12 million for the FYE 2011 as compared to RM 0.13 million for the FYE 2010.

The revenue generated by our Group from overseas markets had increased from RM9.03 million for the FYE 2010 to RM36.47 million for the FYE 2011, which represents an increase of RM27.44 million or 303.88%. This was mainly contributed by the increase in revenue generated from the Indonesian market which increased by RM25.84 million or 373.41% from RM6.92 million for the FYE 2010 to RM32.76 million for the FYE 2011. The bulk of the increase in revenue generated from the Indonesian market was recognised from the provision of solutions to PT Prima Mitrajaya Mandiri, PT Dharma Satya Nusantara and PT Dwie Warna Karya as disclosed above. Revenue generated from Myanmar, Papua New Guinea and Colombia also experienced an increase from nil, RM0.06 million and RM0.48 million for the FYE 2010 to RM1.10 million, RM0.70 million and RM0.96 million for the FYE 2011, representing an increase of RM1.10 million, RM0.64 million and RM0.48 million respectively. These increases were mainly contributed by the sale of milling systems to POMs in Myanmar, Papua New Guinea and Colombia.

The increase in revenue generated by our Group from the overseas markets was slightly dampened by the decrease in revenue generated from the Thai market, which decreased by RM0.62 million or 40.52% from RM1.53 million for the FYE 2010 to RM0.91 million for the FYE 2011 mainly due to the completion of the on-going projects undertaken in Thailand since FYE 2010. Revenue generated from the domestic market had recorded an increase of RM1.63 million or 20.66% from RM7.89 million to RM9.52 million mainly due to the increase in purchase orders and project contracts obtained from new and existing customers.

FYE 2012

The revenue generated by our Group had continued its increasing trend during the FYE 2012, in which our Group recorded an increase in revenue of approximately RM18.19 million or 39.55% from approximately RM45.99 million for the FYE 2011 to RM64.18 million for the FYE 2012. The revenue from the provision of solutions had contributed approximately RM42.51 million, representing 66.24% of our Group's total revenue for the FYE 2012. Revenue from the sale of milling systems had contributed approximately RM16.71 million, representing 26.04% of our Group's total revenue for the FYE 2012, while the supply of parts and maintenance services and the sale of milling software contributed approximately RM4.81 million or 7.49% and approximately RM0.14 million or 0.23% respectively to our Group's total revenue for the FYE 2012.

During the FYE 2012, revenue contributed from the provision of solutions recorded an increase from approximately RM24.14 million for the FYE 2011 to approximately RM42.51 million, representing an increase of approximately RM18.37 million or 76.10%. This was mainly due to the revenue recognition of the respective major stages of completion for our Group's on-going projects in particular the contract for the provision of M&E solutions for a 60 MT/H POM owned by PT Dharma Satya Nusantara, a company listed on the Indonesian stock exchange whose principal activity include, amongst others, palm oil processing, located in Kalimantan, Indonesia, which was the main contributor to the revenue for the FYE 2012. The project for the provision of M&E solutions to PT Dharma Satya Nusantara had contributed approximately RM31.45 million or 73.99% of the revenue generated by the provisions of solutions. This said project was awarded to our Group in 2011 and was completed in 2013. In addition, our Group had also secured 1 new overseas contract for the provision of M&E solutions to a 60 MT/H POM owned by PT Sintang Agro Mandiri located in West Kalimantan, Indonesia which had contributed revenues of approximately RM4.38 million during the FYE 2012. The other on-going projects include 2 projects for the provision of M&E solutions to the 60 MT/H POM owned by PT Dwie Warna Karya in Kalimantan, Indonesia and 90 MT/H POM owned by Tamaco Oil Mill Sdn Bhd in Lahad Datu, Sabah, which had contributed revenues of approximately RM4.00 million and RM2.50 million for the FYE 2012 respectively.

Revenue contributed from the sale of milling systems also recorded an increase from approximately RM15.80 million to approximately RM16.71 million representing an increase of RM0.91 million or 5.76% for the FYE 2012. The increase in the sale of milling systems is mainly due to increase in purchase orders and/or project contracts secured for our products and integrated milling systems.

Revenue from the supply of parts and maintenance services decreased from approximately RM5.93 million in the FYE 2011 to approximately RM4.81 million for the FYE 2012, which represents a decrease of approximately RM1.12 million or 18.89%. This decrease was mainly due to the lower number of maintenance contracts secured from new and existing customers of our Group during the FYE 2012.

For the sale of milling software, our Group recorded a minor increase of approximately RM0.02 million or 16.67% from approximately RM0.12 million for the FYE 2011 to RM0.14 million for the FYE 2012. This increase was largely due to purchase orders received for the upgrade of existing software solutions.

Our Group experienced a continued growth in revenue generated from Indonesia from approximately RM32.76 million for the FYE 2011 to approximately RM48.68 million for the FYE 2012, representing an increase of approximately RM15.92 million or 48.60%. This increase in the revenue generated from Indonesia was contributed by the increase in revenue recognised of RM18.15 million from the provision of solutions undertaken in Indonesia, mainly due to the recognition of revenue from the provision of M&E solutions to PT Dharma Satya Nusantara (as detailed in the analysis of the FYE 2012 revenue generated from the provision of solutions above in this section). This was marginally offset by the decrease in revenue contributed from the sale of milling systems in Indonesia, which decreased by approximately RM2.33 million. Revenue generated from the domestic and Thai markets also experienced increase of approximately RM1.36 million or 14.29% and RM1.25 million or 137.36%, increasing from approximately RM9.52 million and RM0.91 million for the FYE 2011 to approximately RM10.88 million and RM2.16 million for the FYE 2012, respectively. The increase in revenue generated from the domestic market was mainly due to the contributions from our existing contracts, namely the project for the provision of M&E solutions to Tamaco Oil Mill Sdn Bhd for their 90 MT/H POM located in Lahad Datu, Sabah as well as the increase in the sale of milling systems mainly to Uni-Vessel Engineering (B'worth) Sdn Bhd. The increase in revenue generated from the Thai market was mainly due to the increase in the sale of milling systems to Green Glory Co Ltd's POM and Uni-Vessel Engineering (B'worth) Sdn Bhd (for installation at its customer's POM in Thailand).

The abovementioned increases were slightly dampened by the decrease in our Group's revenue generated from Colombia of approximately RM0.88 million or 91.67%, from approximately RM0.96 million for the FYE 2011 to RM0.08 million for the FYE 2012, as a result of the near completion of the project awarded for Extractora La Gloria S.A.S's 45 MT/H POM located in Magdalena, Colombia in FYE 2012.

FYE 2013

Revenue generated by our Group had continued its increasing trend during the FYE 2013 whereby we recorded an increase in revenue of approximately 37.50% or RM24.07 million, from approximately RM64.18 million for the FYE 2012 to approximately RM88.25 million for the FYE 2013. For the FYE 2013, the provision of solutions contributed approximately RM48.24 million, representing 54.66% of our Group's total revenue. Sale of milling systems contributed approximately RM35.59 million, representing 40.33% of our Group's total revenue whereas the supply of parts and maintenance services and the sale of milling software contributed approximately RM4.32 million or 4.89% and RM0.10 million or 0.12% of our Group's total revenue respectively.

During the FYE 2013, revenue contributed from the provision of solutions recorded an increase from approximately RM42.51 million for the FYE 2012 to approximately RM48.24 million for the FYE 2013, representing an increase of approximately RM5.73 million or 13.48%. The increase was mainly due to the commencement of new projects including the provision of turnkey solutions for a 60 MT/H POM owned by Bau Palm Oil Mill Sdn Bhd, a company wholly owned by SALCRA, located in Bau, Sarawak and a 45 MT/H POM located in East Kalimantan, Indonesia owned by PT Kutai Balian Nauli, which had contributed approximately RM26.12 million and RM15.44 million respectively to the revenue of our Group. During the FYE 2013, our Group was also awarded 2 contracts for the provision of M&E solutions by Genting Plantations Berhad for the 60 MT/H POM located in Jambongan Island, Sabah and by PT Globalindo Agung Lestari for the 60 MT/H POM located in South Kalimantan, Indonesia, which contributed approximately RM2.84 million and RM1.28 million respectively. Furthermore, the on-going project, namely the contract for the provision of M&E solutions for a 60 MT/H POM owned by PT Sintang Agro Mandiri located in West Kalimantan, Indonesia contributed approximately RM2.36 million to the revenue of our Group.

Revenue contributed from sales of milling systems also recorded an increase by RM18.88 million, or by 112.99% from RM16.71 million for FYE 2012 to RM 35.59 million for FYE 2013. This increase was mainly due to the sale of milling systems to Syabas Vista Sdn Bhd and Poly Wizard Systems Pte Ltd, who are new customers, whereby our Group was able to recognise revenues of RM14.30 million and RM5.52 million respectively for the FYE 2013. The increase in the sale of milling systems was mainly resulted from new orders for our products and milling systems from existing and new customers which contributed RM10.87 million and RM24.72 million respectively to the overall revenue generated during the FYE 2013.

Revenue from the supply of parts and maintenance services continued to decrease from approximately RM4.81 million in the FYE 2012 to approximately RM4.32 million for the FYE 2013, which represents a decrease of approximately RM0.49 million or 10.19%. This decrease was mainly due to the decrease in demand for the supply of parts and maintenance services during the FYE 2013.

Our Group's sale of milling software recorded a minor decrease of approximately RM0.04 million or 28.57% from approximately RM0.14 million for the FYE 2012 to approximately RM0.10 million for the FYE 2013. This decrease was mainly due to lower orders received from customers for the upgrading of software embedded in our existing milling systems.

The increase in our Group's revenue for the domestic market was mainly due to the increase in the revenue recognised for the provision of solutions and the sale of milling systems in Malaysia, mainly from the provision of turnkey solutions project for Bau Palm Oil Mill Sdn Bhd as well as the sale of milling systems to Syabas Vista Sdn Bhd which contributed RM26.12 million and RM14.30 million to the revenue generated during the FYE 2013. Our Group's total revenue for the FYE 2013 was dampened by the decrease in revenue generated from the overseas segment, which had decreased from approximately RM53.30 million for the FYE 2012 to approximately RM32.50 million for the FYE 2013, representing a decrease of RM20.80 million or 39.02%. The main reason for this decrease was due to the decrease in revenue contribution from the Indonesia market by approximately RM18.58 million or 38.17% from approximately RM48.68 million for the FYE 2012 to approximately RM30.10 million for the FYE 2013 as a result of the near completion of projects for the provision of solutions in particular the contract for the provision of M&E solutions to PT Dharma Satya Nusantara. The revenue contribution from Myanmar had also decreased from approximately RM1.38 million for the FYE 2012 to approximately RM0.52 million for the FYE 2013, representing decrease of RM0.86 million or 62.32%. This was due to the near completion of Uni-Vessel Engineering (B'Worth) Sdn Bhd's customer project in the FYE 2013. The revenue contribution from Thailand had also recorded a decrease by approximately RM1.49 million or 68.98% from approximately RM2.16 million for the FYE 2012 to approximately RM0.67 million for the FYE 2013. This decrease was mainly due to the completion of Green Glory Co Ltd's POM and the sale of milling system to Uni-Vessel Engineering (B'worth) Sdn Bhd. This decrease was slightly mitigated by the increase in revenue contributed from the Colombian market which increased from RM0.08 million to RM0.50 million due to increase in the sales of parts for palm oil milling machineries.

FYE 2014

Revenue generated by our Group had continued its increasing trend during the FYE 2014 whereby we recorded an increase in revenue of approximately 18.52% or RM16.34 million, from approximately RM88.25 million for the FYE 2013 to approximately RM104.59 million for the FYE 2014. For the FYE 2014, the provision of solutions contributed approximately RM89.25 million, representing 85.34% of our Group's total revenue. Sale of milling systems contributed approximately RM10.50 million, representing 10.04% of our Group's total revenue whereas the supply of parts and maintenance services and the sale of milling software contributed approximately RM4.73 million or 4.52% and RM0.11 million or 0.10% of our Group's total revenue respectively.

During the FYE 2014, revenue contributed from the provision of solutions recorded an increase from approximately RM48.24 million for the FYE 2013 to approximately RM89.25 million for the FYE 2014, representing an increase of approximately RM41.01 million or 85.01%. The increase was mainly due to the commencement of new projects including the provision of turnkey solutions for a 60 MT/H POM located in Lubok Antu, Sarawak owned by SALCRA and a 45 MT/H POM located in Bukit Kapah, Terengganu owned by Vila Sutera Sdn Bhd which had contributed approximately RM48.24 million and RM20.94 million respectively to the revenue of our Group. In addition, the on-going project for the provision of turnkey solutions for a 45 MT/H POM located in East Kalimantan, Indonesia owned by PT Kutai Balian Nauli contributed approximately RM13.00 million during the FYE 2014.

Revenue contributed from sales of milling systems recorded a decrease by RM25.09 million or 70.50% from RM35.59 million for the FYE 2013 to RM10.50 million for the FYE 2014. The decrease in the revenue generated by our Group's sale of milling systems segment was mainly due to the lower number of orders received from our customers for solely our milling systems as compared to FYE 2013.

Revenue from the supply of parts and maintenance services recorded an increase from approximately RM4.32 million in the FYE 2013 to approximately RM4.73 million for the FYE 2014, which represents an increase of approximately RM0.41 million or 9.49%. This increase was mainly due to the increase in demand for the supply of parts and maintenance services during the FYE 2014.

Our Group's revenue from the sale of milling software remained stagnant at approximately RM0.10 million for the FYE 2013 and RM0.11 million for the FYE 2014. Revenue was mainly generated from orders received from customers for the upgrading of software embedded in our existing milling systems.

Our Group's revenue generated from the domestic market had increased from RM55.75 million for the FYE 2013 to RM80.17 million for the FYE 2014, representing an increase of RM24.42 million or 43.80%. This increase was mainly due to the increase in the revenue recognised for the provision of turnkey solutions project for SALCRA and Vila Sutera Sdn Bhd which contributed RM48.24 million and RM20.94 million respectively to the revenue generated during the FYE 2014. However, our Group's revenue recognised from the overseas markets for the FYE 2014 decreased from RM32.50 million for the FYE 2013 to RM24.42 million for the FYE 2014, representing a decrease of RM8.08 million or 24.86%. This was mainly due to the decrease in revenue contribution from the Indonesia market by approximately RM7.09 million or 23.55% from RM30.10 million for the FYE 2013 to RM23.01 million for the FYE 2014 as a result of the near completion of on-going projects brought forward from FYE 2013. In addition, the revenue recognised from Thailand, Myanmar and Columbia had also decreased from RM0.67 million to RM0.01 million, RM0.52 million to RM0.05 million and RM0.50 million to approximately RM4,000 respectively, representing decreases of RM0.66 million or 98.51%, RM0.47 million or 90.38% and approximately RM0.496 million or 99.20%. These decreases were mainly due to the lower number of orders from our customers for the sales of milling systems. This was slightly mitigated by the increase in revenue recognised from Papua New Guinea which had increased from RM0.66 million to RM1.34 million, representing an increase of RM0.68 million or 103.03%. This increase was mainly attributable to the increase in orders for supply of parts and maintenance services from our existing customer.

(ii) Cost of sales

We set out below the breakdown of our cost of sales by segments for the Period under Review:

Cost of sales by activities

	Proforma Group							
	FYE 2011		FYE 2012		FYE 2013		FYE 2014	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sale of milling systems	10,339	31.58	11,798	24.40	24,000	37.22	6,634	8.52
Sale of milling software	58	0.18	60	0.12	53	0.08	53	0.07
Supply of parts and maintenance services	4,502	13.75	3,290	6.80	2,870	4.45	3,496	4.49
Provision of solutions	17,840	54.49	33,214	68.68	37,555	58.25	67,648	86.92
Total	32,739	100.00	48,362	100.00	64,478	100.00	77,831	100.00

Cost of sales by types of cost

	Proforma Group							
	FYE 2011		FYE 2012		FYE 2013		FYE 2014	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Materials and parts	4,347	13.28	16,644	34.42	10,154	15.75	7,884	10.13
Sub-contractor and labour costs	25,385	77.54	24,629	50.92	50,695	78.62	67,920	87.27
Project overheads	3,007	9.18	7,089	14.66	3,629	5.63	2,027	2.60
Total	32,739	100.00	48,362	100.00	64,478	100.00	77,831	100.00

(a) Materials and Parts

Our materials and parts used for the provision of solutions and sale of milling systems mainly comprise of metal, steel, equipment and parts, hydraulic parts, cables, electrical switchboards and other electrical components. For our Group's supply of parts and maintenance services, materials and parts mainly comprise of equipment and parts, hydraulic parts, cables, lubricant oils, electrical switchboards and other electrical components. Materials and parts used in our Group's sale of milling software comprise of installation and upgrade of automation software, repair of electronic parts and its related works. We generally purchase our materials and parts based on estimated work/project requirements.

The materials and parts are mainly sourced from local suppliers, selected based on various criteria, mainly pricing and availability of materials and parts as well as the lead time for its delivery. We have maintained long term business relationships with a number of our suppliers, which allows our Group to enjoy competitive pricing provided to us by these suppliers. In addition, our Group is also able to source for our materials and parts from alternative suppliers, should the need arises.

(b) Sub-contractor and labour costs

We engage sub-contractors for both fabrication work and labour-intensive related installation works which are part of our provision of solutions, namely equipment installation and commissioning. The sub-contractors involved in fabrication are mainly locally sourced, save for certain overseas projects, whereby sub-contractors are sourced from the respective foreign countries due to cost efficiencies as well as contractual requirements imposed by foreign customers. Labour and sub-contracting costs for our Group's supply of parts and maintenance services comprise mainly labour-intensive works, in particular for the fixing of parts, repair and maintenance services provided and the replacement of parts. Our Group's sale of milling software incurs minimal sub-contracting costs as the expertise required is mainly available in-house.

As sub-contractor costs constitute the largest component of our Group's expenses, we have put in place a prudent selection process prior to engaging our sub-contractors. The need to engage in the services of sub-contractors are highly dependent on the scope of work required for our projects, the timeline for our projects as well as cost efficiency factor, which in turn, affects the type of services which we require from our sub-contractors. Labour costs incurred by our Group mainly comprises of outsourced labour contractors especially for overseas projects as well as salaries, bonuses, allowances and benefits provided to our staff within the Group.

(c) Project overheads

Projects overheads comprise mainly of hiring charges, utilities and project site expenses, other wages and allowances as well as travelling and transportation expenses which were directly involved and related in our Group's provision of solutions, sale of milling systems and supply of parts and maintenance services. However, no project overheads were incurred by our Group's sale of milling software segment.

Overall, our cost of sales for the past 4 financial years from FYE 2011 to FYE 2014 had increased from RM32.74 million in the FYE 2011 to RM77.83 million in the FYE 2014. The increase in our cost of sales is closely related with the corresponding increase in our revenue generated during the Period under Review. Cost of sales comprised of approximately 71.19%, 75.35%, 73.07% and 74.41% of total revenue achieved during the FYE 2011, FYE 2012, FYE 2013 and FYE 2014, respectively.

Our costs of sub-contractor and labour costs constituted the largest portion of our Group's cost of sales during the Period under Review, comprising approximately 77.54%, 50.92%, 78.62% and 87.27% of the total cost of sales for the FYE 2011, FYE 2012, FYE 2013 and FYE 2014 respectively.

FYE 2011

Our Group's cost of sales recorded RM32.74 million or 71.19% of our Group's revenue for FYE 2011. Cost of sales increased by RM20.52 million or 167.92% from RM12.22 million for the FYE 2010 to RM32.74 million for the FYE 2011. This was mainly due to the increase in the sub-contractor and labour costs which increased from RM5.18 million for the FYE 2010 to RM25.39 million for the FYE 2011 representing an increase of RM20.21 million or 390.15%. However, the materials and parts consumed had decreased from RM4.90 million to RM4.35 million, representing a decrease of RM0.55 million or 11.22%. This was due to the increase in the number of major projects undertaken as well as the increase in the use of sub-contractors for fabrication work during the FYE 2011, which sub-contractor costs are generally inclusive of the raw material costs incurred by the sub-contractors. The project overheads recorded an increase of RM0.87 million or 40.65% from RM2.14 million during the FYE 2010 to RM3.01 million during the FYE 2011.

The cost of sales attributable to the provision of solutions had increased from RM1.91 million to RM17.84 million for the FYE 2011, representing an increase of RM15.93 million or 834.03%. This was mainly due to the costs incurred for, amongst others, the on-going provision of M&E solutions project for PT Prima Mitrajaya Mandiri which accounted for RM9.22 million of the cost of sales for the FYE 2011. In addition, the 3 new provisions of M&E solutions projects for PT Dharma Satya Nusantara, PT Dwie Warna Karya and Tamaco Oil Mill Sdn Bhd had accounted for approximately RM4.87 million, RM2.50 million and RM1.25 million to the cost of sales for the FYE 2011, respectively.

FYE 2012

Our Group's cost of sales for the FYE 2012 was RM48.36 million or 75.36% of our Group's revenue for the FYE 2012. The cost of sales increased by RM15.62 million or 47.71%, from RM32.74 million for the FYE 2011 to RM48.36 million for the FYE 2012 which was mainly due to the increase in the materials and parts consumed, which had increased substantially from RM4.35 million for the FYE 2011 to RM16.64 million for the FYE 2012, representing an increase of RM12.29 million or 282.53%. The sub-contractor and labour costs recorded a minor decrease from RM25.39 million to RM24.63 million, representing a decrease of RM0.76 million or 2.99%.

This was due to the reduced use of subcontractors as during the FYE 2012 as our Group has done more fabrication work internally for our own products and integrated milling systems due to the timeline for our projects as well as cost efficiency factor. The project overheads have increased from RM3.01 million for the FYE 2011 to RM7.09 million during the FYE 2012, representing an increase of RM4.08 million or 135.55% which was due to increase in project site expenses as well as travelling and transportation expenses for our provision of M&E solutions project for PT Dharma Satya Nusantara located in Kalimantan, Indonesia.

The cost of sales attributable to the provision of solutions had increased from RM17.84 million for the FYE 2011 to RM33.21 million for the FYE 2012, representing an increase of RM15.37 million or 86.15%. This was mainly due to the costs incurred for our Group's on-going projects, in particular the contract for the provision of M&E solutions for PT Dharma Satya Nusantara had accounted for approximately RM26.28 million or 79.11% of the cost of sales relating to the provisions of solutions. In addition, our Group had also secured several new contracts from other overseas customers mainly for the provision of M&E solutions for PT Sintang Agro Mandiri which contributed approximately RM2.85 million during the FYE 2012 to the cost of sales. The other on-going projects including the 2 provision of M&E solutions projects for PT Dwie Warna Karya and Tamaco Oil Mill Sdn Bhd had also contributed approximately RM2.58 million and RM1.37 million to the costs of sales for the FYE 2012, respectively.

FYE 2013

During the FYE 2013, our Group's cost of sales recorded RM64.48 million or 73.06% of our Group's revenue for the FYE 2013. The cost of sales had increased from RM48.36 million for the FYE 2012 to RM64.48 million for the FYE 2013, representing an increase of RM16.12 million or 33.33%. The increase which was mainly due to the increase in sub-contractor and labour costs, which had increased substantially from RM24.63 million for the FYE 2012 to RM50.70 million for the FYE 2013, representing an increase of RM26.07 million or 105.85%. However, the materials and parts consumed had decreased from RM16.64 million for the FYE 2012 to RM10.15 million during the FYE 2013, representing a decrease of RM6.49 million or 39.00%. This was due to the increase in the use of sub-contractors for fabrication work during the FYE 2013, which sub-contractor costs are generally inclusive of the raw material costs incurred by the sub-contractors. Accordingly, the project overheads have also decreased from RM7.09 million for the FYE 2012 to RM3.63 million during the FYE 2013 representing a decrease of RM3.46 million or 48.80%. This was due to lesser project site expenses incurred during the FYE 2013 resulted from the near completion of the projects for the provision of solutions including the provision of M&E solutions project for PT Dharma Satya Nusantara located in Kalimantan, Indonesia.

The cost of sales attributable to the provision of solutions had increased from RM33.21 million for the FYE 2012 to RM37.56 million for the FYE 2013, representing an increase of RM4.35 million or 13.10%. This was mainly due to the costs incurred for the provision of turnkey solutions projects for Bau Palm Oil Mill Sdn Bhd and PT Kutai Balian Nauli which had accounted for approximately RM20.90 million and RM11.58 million respectively of the cost of sales of our Group. During the FYE 2013, our Group was also awarded with 2 M&E solutions contracts by Genting Plantations Berhad and PT Globalindo Agung Lestari which had accounted for approximately RM1.85 million and RM0.83 million respectively of the cost of sales of our Group. Our on-going project, namely the contract for the provision of M&E solutions for PT Sintang Agro Mandiri had contributed approximately RM1.54 million of the cost of sales of our Group.

FYE 2014

During the FYE 2014, our Group's cost of sales recorded RM77.83 million or 74.42% of our Group's revenue for the FYE 2014. The cost of sales had increased from RM64.48 million for the FYE 2013 to RM77.83 million for the FYE 2014, representing an increase of RM13.35 million or 20.70%. The increase which was mainly due to the increase in sub-contractor and labour costs, which had increased from RM50.70 million for the FYE 2013 to RM67.92 million for the FYE 2014, representing an increase of RM17.22 million or 33.96%. This was mainly incurred for the contracts awarded by SALCRA and Vila Sutera Sdn Bhd for the provision of turnkey solutions for a 60 MT/H POM located in Lubok Antu, Sarawak and a 45 MT/H POM located in Bukit Kapah, Terengganu respectively. However, the materials and parts consumed had decreased from RM10.15 million for the FYE 2013 to RM7.88 million during the FYE 2014, representing a decrease of RM2.27 million or 22.36%. This was due to the continuous increase in the use of sub-contractors for fabrication work during the FYE 2014, which sub-contractor costs are generally inclusive of the raw material costs incurred by the sub-contractors, similarly to that of the FYE 2013. In addition, the project overheads have also decreased from RM3.63 million for the FYE 2013 to RM2.03 million during the FYE 2014 representing a decrease of RM1.60 million or 44.08%. This was due to lower project overheads incurred for overseas projects during the FYE 2014 resulting from the completion of the overseas projects.

The cost of sales attributable to the provision of solutions had increased from RM37.56 million for the FYE 2013 to RM67.65 million for the FYE 2014, representing an increase of RM30.09 million or 80.11%. This was mainly due to the costs incurred for the new project for the provision of turnkey solutions projects for SALCRA and Vila Sutera Sdn Bhd which had accounted for approximately RM36.18 million and RM16.13 million respectively of our Group's cost of sales. In addition, our on-going project carried forward from the FYE 2013, namely the contract for the provision of solutions for PT Kutai Balain Nauli had contributed approximately RM9.75 million of the cost of sales of our Group.

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(iii) Gross profit and gross profit margin

A breakdown of our gross profit and gross profit margin for each of our Group's operating segments by activities are set out below:

Gross profit

	Proforma Group							
	FYE 2011		FYE 2012		FYE 2013		FYE 2014	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sale of milling systems	5,462	41.22	4,914	31.08	11,589	48.75	3,863	14.44
Sale of milling software	61	0.46	84	0.53	51	0.22	52	0.19
Supply of parts and maintenance services	1,424	10.75	1,518	9.60	1,448	6.09	1,238	4.63
Provision of solutions	6,304	47.57	9,297	58.79	10,683	44.94	21,601	80.74
Total	13,251	100.00	15,813	100.00	23,771	100.00	26,754	100.00

Gross profit margin

	Proforma Group			
	FYE 2011	FYE 2012	FYE 2013	FYE 2014
	%	%	%	%
Sale of milling systems	34.57	29.40	32.56	36.80
Sale of milling software	51.26	58.33	49.04	49.52
Supply of parts and maintenance services	24.03	31.57	33.53	26.15
Provision of solutions	26.11	21.87	22.15	24.20
Overall	28.81	24.64	26.94	25.58

As illustrated above, the gross profit for each financial year depends substantially on the contribution generated through our contracts secured and the work undertaken for our provision of solutions and sale of milling systems which are recognised based on the percentage-of-completion method. The provision of solutions and the sale of milling systems together contributed 88.79%, 89.87%, 93.69% and 95.18% of the total gross profit our Group for the FYE 2011, FYE 2012, FYE 2013 and FYE 2014 respectively.

The provision of solutions was the major contributor to our Group's total gross profit for the FYE 2011 and FYE 2012 with contribution of approximately RM6.30 million and RM9.30 million, representing approximately 47.57% and 58.79% of the total gross profit of our Group for the FYE 2011 and FYE 2012 respectively. For the FYE 2013 and FYE 2014, the gross profit contributed from the provision of solutions had increased further to RM10.68 million representing 44.94% of our Group's total gross profit and subsequently to RM21.60 million representing 80.74% of our Group's total gross profit. The sale of milling systems contributed 41.22%, 31.08%, 48.75% and 14.44% of our Group's gross profit for the FYE 2011, FYE 2012, FYE 2013 and FYE 2014 respectively. The gross profit margin for each financial year differs as each project differs in terms of scope, length and costs which will have an impact on our gross profit margins. Generally, the provision of solutions, in particular turnkey solutions, will encompass a wider scope, longer duration of contract and higher costs as compared to the rest of the products and services offered by our Group as it involves the prior construction or renovation of a POM. The said construction or renovation of a POM are undertaken by appointed sub-contractors under the supervision of our project management team before the installation of our milling systems and software.

FYE 2011

For the FYE 2011, our gross profit had increased substantially from approximately RM4.69 million for the FYE 2010 to RM13.25 million, representing an increase of RM8.56 million or 182.52%. The increase in our Group's overall gross profit was mainly contributed by the increase in the gross profit, in particular the provision of solutions which had increased from RM0.57 million for the FYE 2010 to RM6.30 million for the FYE 2011, representing a substantial increase of RM5.73 million or 1,005.26%. The gross profit for the sale of milling systems had also increased from RM2.97 million for the FYE 2010 to RM5.46 million, representing an increase of RM2.49 million or 83.84%. The supply of parts and maintenance services and sale of milling software had increased from RM1.11 million and RM0.05 million for the FYE 2010 to RM1.42 million and RM0.06 million respectively for the FYE 2011, representing an increase of RM0.31 million or 27.93% and RM0.01 million or 20.00% respectively.

The improved gross profit achieved by our Group for the FYE 2011 was mainly due to the increased contribution from the provision of solutions and sale of milling systems during the Period under Review.

Our overall gross profit margin for the FYE 2011 had also increased slightly from 27.74% for FYE 2010 to 28.81% for FYE 2011. This increase in the overall gross profit margin for the FYE 2011 was primarily driven by the increase in gross profit margin recorded for our provision of solutions and sale of milling systems from 22.80% and 26.72% for the FYE 2010 to 26.11% and 34.57% for the FYE 2011 respectively. This was due to the higher gross profit margin derived from certain projects undertaken during the FYE 2011 as compared to the projects undertaken in FYE 2010.

In addition, the gross profit margin for the sale of milling software had also increased from 40.63% during the FYE 2010 to 51.26% for the FYE 2011 due to the higher operational efficiency in manpower. However, the increase in the overall gross profit margin was mitigated by the decrease in the gross profit margin of the supply of parts and maintenance services from 34.56% for the FYE 2010 to 24.03% for the FYE 2011 as a result of the slow-moving inventories such as automation parts written off which amounted to RM0.15 million and obsolete inventory such as outdated electrical components which amounted to RM0.60 million respectively during the FYE 2011.

FYE 2012

For the FYE 2012, our Group had managed to achieve continued growth in gross profit from RM13.25 million for the FYE 2011 to RM15.81 million for the FYE 2012 representing an increase of RM2.56 million or 19.32% and was in tandem with the increase in the revenue contribution. The increase in gross profit was mainly contributed by the increase in gross profit of our provision of solutions, which had contributed RM9.30 million for the FYE 2012 as compared to RM6.30 million for the FYE 2011 representing an increase of RM3.00 million or 47.62%. The gross profit of our sale of milling systems had decreased by RM0.55 million or 10.07% from RM5.46 million for the FYE 2011 to RM4.91 million for the FYE 2012.

The gross profit of our supply of parts and maintenance services remained relatively constant by contributing RM1.52 million for the FYE 2012 as compared to RM1.42 million for the FYE 2011 whereas the sale of milling software contributed RM0.08 million for the FYE 2012 as compared to RM0.06 million for the FYE 2011.

Our Group's overall gross profit margin had however decreased from 28.81% for the FYE 2011 to 24.64% for FYE 2012, mainly due to the decrease in the gross profit margin of our provision of solutions from 26.11% to 21.87%. This was due to our emphasis to further penetrate into the Indonesian market with competitive pricing strategy. Our subsidiary incorporated in Jakarta, Indonesia, namely PT Dolphin, had recorded a gross loss of RM1.61 million, largely due to the high cost of sales incurred by PT Dolphin to gain traction in the Indonesian palm oil milling machineries market. The gross profit margin for the sale of milling systems had decreased from 34.57% for the FYE 2011 to 29.40% for the FYE 2012 due to competitive pricing offered to certain new customers.

The gross profit margin for the supply of parts and maintenance services and sale of milling software had increased from 24.03% and 51.26% for the FYE 2011 to 31.57% and 58.33% for the FYE 2012 respectively. The gross profit margin of our Group's supply of parts had increased due to the one-off write off of slow-moving and obsolete inventories in FYE 2011 amounting to RM0.75 million. The gross profit margin for our sales of milling software had increased due to economies of scale, i.e. an increase in revenue from the sales of milling software without a corresponding increase in manpower costs during the FYE 2012.

FYE 2013

For the FYE 2013, our gross profit had increased substantially from RM15.81 million for the FYE 2012 to RM23.77 million for the FYE 2013, representing an increase of RM7.96 million or 50.35% as compared to FYE 2012. The increase in our Group's overall gross profit was mainly contributed by the increase of the gross profit of our sale of milling systems which increased from RM4.91 million for the FYE 2012 to RM11.59 million for the FYE 2013, representing an increase of RM6.68 million or 136.05% resulting mainly from the sale of automated cage handling systems to Syabas Vista Sdn Bhd. The provision of solutions also recorded a continuous growth in gross profit from RM9.30 million for the FYE 2012 to RM10.68 million for the FYE 2013 representing an increase of RM1.38 million or 14.84% as compared to FYE 2012 mainly contributed from new projects for the provision of solutions secured from Bau Palm Oil Mill Sdn Bhd and PT Kutai Balian Nauli. The gross profit from provision of solutions during the FYE 2013 was dampened by additional value added services provided to our customers for the provision of 2 M&E solutions projects, namely to PT Dharma Satya Nusantara and PT Dwie Warna Karya, which had resulted in a gross loss of RM0.52 million and RM0.20 million respectively with the intention of maintaining good rapport with our customers in view of future business opportunities. The supply of parts and maintenance services remained relatively constant, with a minor decrease from RM1.52 million for the FYE 2012 to RM1.45 million for the FYE 2013. The sale of milling software recorded a minor decrease from RM0.08 million in the FYE 2012 to RM0.05 million in the FYE 2013 due to lower orders received from customers.

Our overall gross profit margin for the FYE 2013 had also increased from 24.64% for FYE 2012 to 26.94% for FYE 2013. The increase of overall gross profit margin for the FYE 2013 as compared to that of the FYE 2012 was primarily driven by the improvement in the gross profit margin for provision of solutions from 21.87% for the FYE 2012 to 22.15% for the FYE 2013 due to certain higher margins attributable to newly secured projects for the provision of solutions during the FYE 2013. The gross profit margin for sale of milling systems had also increased from 29.40% for the FYE 2012 to 32.56% for the FYE 2013 due to higher premium which our Company was able to charge for our products and milling systems as well as reduction in costs to produce as a result of economies of scale. In addition, the gross profit margin for the supply of parts and maintenance services had also increased from 31.57% during the FYE 2012 to 33.53% for the FYE 2013 due to the increase in maintenance services which carried higher margin as compared to supply of parts. Nevertheless, the increase in the overall gross profit margin was reduced by the decrease in the gross profit margin of the sale of milling software from 58.33% for the FYE 2012 to 49.04% for the FYE 2013 due to attractive pricing offered to certain new customers.

Notwithstanding the above, the increase in the overall gross profit margin achieved during the FYE 2013 of 26.94% was still below the overall gross profit margin achieved during the FYE 2011 of 28.81%. This was mainly due to lower gross profit margins for the sale of milling systems, sale of milling software and provision of solutions achieved during the FYE 2013 as compared to the FYE 2011 as a result of our Group's competitive pricing strategy which resulted in a less than proportionate increase in revenue as compared to the increase in the cost of sales for the FYE 2013 as compared to the FYE 2011.

FYE 2014

For the FYE 2014, our gross profit had increased from RM23.77 million for the FYE 2013 to RM26.75 million for the FYE 2014, representing an increase of RM2.98 million or 12.54% as compared to FYE 2013. The increase in our Group's overall gross profit was mainly contributed by the increase of the gross profit of our new provision of solutions which recorded a continuous growth in gross profit from RM10.68 million for the FYE 2013 to RM21.60 million for the FYE 2014 representing an increase of RM10.92 million or 102.25% as compared to FYE 2013 mainly contributed by 2 new projects for the provision of solutions to SALCRA and Vila Sutera Sdn Bhd for their POMs located in Lubok Antu, Sarawak and Bukit Kapah, Terengganu respectively. The gross profit recognised from the provision of solutions segment during the FYE 2014 was dampened by additional value added services provided to Bau Palm Oil Mill Sdn Bhd in conjunction with the provision of M&E solutions, which had resulted in a gross loss of RM0.26 million. This was undertaken with the intention of maintaining good rapport with our customers in view of future business opportunities. The gross profit for the sale of milling systems decreased from RM11.59 million for the FYE 2013 to RM3.87 million for the FYE 2014, representing a decrease of RM7.72 million or 66.61%. This was in tandem with the decrease in revenue caused by the decrease in projects awarded solely for the sale of milling systems without the provision of solutions. The gross profit recognised from the sale of milling software segment had remained relatively constant at RM0.05 million for the FYE 2013 and FYE 2014. The supply of parts and maintenance services experienced a minor decrease from RM1.45 million for the FYE 2013 to RM1.24 million for the FYE 2014. This was due to our Group adopting a pricing strategy for the Indonesian market to introduce our supply of parts and maintenance services provided via PT Dolphin.

Our overall gross profit margin for the FYE 2014 had slightly decreased from 26.94% for FYE 2013 to 25.58% for FYE 2014. The decrease of overall gross profit margin for the FYE 2014 as compared to that of the FYE 2013 was primarily due to the decrease in the margin of the supply of parts and maintenance services which had decreased from 33.53% to 26.15%. This was due to a market penetration pricing strategy adopted by PT Dolphin for its trading and maintenance services offered. The gross profit margin for provision of solutions recorded an increase from 22.15% to 24.20% due to additional customisation works done and increased efficiency during the implementation of the contracts undertaken during the financial year under review. The gross profit margin for sale of milling systems had an increased from 32.56% for the FYE 2013 to 36.80% for the FYE 2014 due to higher premium which our Company was able to charge for our products and milling systems to certain customers. The gross profit margin recognised from the sale of milling software segment had remained relatively constant, increasing by less than 1% from 49.04% for the FYE 2013 to 49.52% for the FYE 2014.

(iv) Other income

We recorded other income of approximately RM0.07 million, RM1.42 million, RM0.12 million and RM0.55 million for the FYE 2011, FYE 2012, FYE 2013 and FYE 2014 respectively. Our Group's other income represented 0.15%, 2.21%, 0.14% and 0.52% of our Group's revenue for the respective financial years under review.

FYE 2011

For the FYE 2011, our Group's other income had increased from RM0.03 million in the FYE 2010 to RM0.07 million in the FYE 2011. The increase in other income generated for the FYE 2011 of approximately RM0.04 million or 133.33% was mainly due to increase in interest income generated from the increase of cash reserves.

FYE 2012

For the FYE 2012, our Group's other income recorded substantial increase from RM0.07 million in the FYE 2011 to RM1.42 million in the FYE 2012. This substantial increase of RM1.35 million or 1,928.57% was mainly due to the increase in the gain on foreign exchange as a result of the collection of revenue for work done in USD during the period in which the RM weakened against USD during the financial year under review. In addition, the disposal of a motor vehicle during the financial year under review also contributed to a one-off gain on disposal of property, plant and equipment of RM0.15 million.

FYE 2013

For the FYE 2013, our Group's other income had decreased from RM1.42 million in the FYE 2012 to RM0.12 million in the FYE 2013. The decrease in other income generated of approximately RM1.30 million or 91.55% was mainly due to loss on foreign exchange recorded during the year as compared to the foreign exchange gain of RM1.19 million recorded in the previous year and also due to lower one-off disposal in FYE 2013 which resulted in gain on disposal of RM0.02 million as compared to RM0.15 million for the FYE 2012.

FYE 2014

For the FYE 2014, our Group's other income had increased from RM0.12 million for the FYE 2013 to RM0.55 million for the FYE 2014. The increase in other income of approximately RM0.43 million or 358.33% was mainly due to gain on disposal of property, plant and equipment of RM0.29 million during the FYE 2014 as compared to RM0.02 million for the FYE 2013. The increase in other income was also due to a gain on foreign exchange recorded during the year of RM0.16 million as compared to a loss on foreign exchange recorded in the previous year.

(v) Sales and marketing expenses

We have recorded sales and marketing expenses of RM0.87 million, RM2.44 million, RM1.78 million and RM1.51 million for the FYE 2011, FYE 2012, FYE 2013 and FYE 2014 respectively.

FYE 2011

The sales and marketing expenses had increased by RM0.24 million or 38.10% from RM0.63 million for the FYE 2010 to RM0.87 million for the FYE 2011, which is in tandem with the expansion of our business to the neighbouring country, namely Indonesia.

FYE 2012

During the FYE 2012, the sales and marketing expenses had continued to increase from RM0.87 million for the FYE 2011 to RM2.44 million for the FYE 2012, representing a substantial increase of RM1.57 million or 180.46% due to higher sales and marketing costs incurred to further penetrate into the Indonesian market.

FYE 2013

For the FYE 2013, the sales and marketing expenses had decreased from RM2.44 million for the FYE 2012 to RM1.78 million for the FYE 2013, representing a decrease of RM0.66 million or 27.05%. This was due to lower sales and marketing expenses incurred for the FYE 2013 as compared to the larger amount spent on sales and marketing expenses in FYE 2012 to further penetrate into the Indonesian market.

FYE 2014

For the FYE 2014, the sales and marketing expenses had decreased from RM1.78 million for the FYE 2013 to RM1.51 million for the FYE 2014, representing a decrease of RM0.27 million or 15.17%. As the marketing activities undertaken during the financial year under review were mainly engaged for local projects, which generally cost less as compared to marketing initiatives undertaken in overseas markets, the sales and marketing expenses incurred for the FYE 2014 had decreased.

(vi) Administrative expenses

Administrative expenses represented approximately 8.92%, 9.77%, 6.29% and 6.67% of our Group's revenue for the FYE 2011, FYE 2012, FYE 2013 and FYE 2014 respectively.

Our administrative expenses mainly comprise that of salaries and other staff-related expenses relating to our directors, management, administrative and support personnel, depreciation charges for property, plant and equipment, travelling expenses and utilities.

FYE 2011

Our Group's administrative expenses had increased to RM4.10 million for the FYE 2011 from RM2.75 million for the FYE 2010, representing an increase of RM1.35 million or 49.09%. The increase was mainly due to the increase in employee's salaries which had increased from RM0.73 million for the FYE 2010 to RM1.03 million for the FYE 2011 due to the increase in workforce which was in line with the group's expansion of business both domestically and in Indonesia. During the FYE 2011, our Group had also written off bad debts amounted to RM0.54 million.

FYE 2012

In the FYE 2012, our Group's administrative expenses had further increased from RM4.10 million for the FYE 2011 to RM6.27 million for the FYE 2012. This was due to the increase in professional fees, which had increased from RM0.27 million for the FYE 2011 to RM1.60 million for the FYE 2012 due to the relevant legal fees incurred for the acquisition of 1 ½ storey semi-detached light industrial factory located in Puchong, Selangor and a factory cum office buildings, guardhouse erected on all that piece of freehold land located in Shah Alam, Selangor for future expansion purposes. Other factors which contributed to the increase in administrative expense include, but are not limited to, the increase in employee's salary, insurances, repair & maintenance and vehicle expenses.

FYE 2013

In the FYE 2013, our Group's administrative expenses had decreased from RM6.27 million for the FYE 2012 to RM5.55 million for the FYE 2013, representing a decrease of RM0.72 million or 11.48%. The decrease was mainly due to the decrease in employees' salary from RM1.39 million for the FYE 2012 as compared to RM0.61 million for the FYE 2013, representing a decrease of RM0.78 million or 56.12%, of which RM0.16 million out of the RM0.78 million was capitalised as development costs. The remaining decrease in employees' salary was mainly due to the reassignment of certain employees based in Malaysia to projects undertaken and the reduction of employees in our Indonesian office. Other factors which contributed to the decrease in administrative expenses include, but are not limited to, the decrease in administrative expenses, bank charges, professional fees and vehicle expenses. This was off-set by the foreign exchange loss incurred in FYE 2013 of RM0.83 million.

FYE 2014

Our Group's administrative expenses had increased from RM5.55 million for the FYE 2013 to RM6.98 million for the FYE 2014, representing an increase of RM1.43 million or 25.77%. The increase was mainly due to the increase in professional fees incurred from RM1.42 million for the FYE 2013 to RM2.20 million for the FYE 2014, representing an increase of RM0.78 million or 54.93%. This resulted from the incurrence of legal fees on new banking facilities obtained.

(vii) Finance costs

Our Group's finance costs represented 1.24%, 1.31%, 2.15% and 2.06% of our revenue for the past 4 financial years up to FYE 2014 respectively. These costs were mainly attributable to interest expenses arising from bank borrowings which consist of hire purchase, term loans and overdraft facilities obtained to finance our Group's operations.

FYE 2011

Our Group's finance costs had increased marginally by RM0.05 million or 9.62% from RM0.52 million for the FYE 2010 to RM0.57 million for the FYE 2011. The increase in finance costs was mainly due to additional interest charged arising from the additional drawdown of the increased limit of existing trade facilities secured by our Group for the financing of new projects for the provision of solutions as well as sale of milling systems secured during the financial year under review.

FYE 2012

Our Group's finance costs recorded an increase from RM0.57 million for the FYE 2011 to RM0.84 million for the FYE 2012, representing an increase of RM0.27 million or 47.37%, mainly resulting from additional drawdowns of trade line facilities to finance the increase in projects undertaken for the provision of solutions and sale of milling systems, which was in tandem with the increase in the revenue recorded for the FYE 2012.

FYE 2013

Our Group's finance costs recorded a further increase from RM0.84 million for the FYE 2012 to RM1.90 million for the FYE 2013, representing an increase of RM1.06 million or 126.19%, mainly resulting from additional drawdowns of trade line facilities to finance the increase in projects obtained from the provision of solutions and sale of milling systems, which was in tandem with the increase in the cost of sales recorded for the FYE 2013.

FYE 2014

Our Group's finance costs recorded an increase from RM1.90 million for the FYE 2013 to RM2.16 million for the FYE 2014, representing an increase of RM0.26 million or 13.68%, mainly resulting from interest incurred on additional drawdowns of trade line facilities to finance the new projects obtained for the provision of solutions.

(viii) PBT

We have recorded a profit before tax of RM7.78 million, RM7.68 million, RM14.67 million and RM16.65 million for the FYE 2011, FYE 2012, FYE 2013 and FYE 2014.

FYE 2011

For the FYE 2011, our PBT had improved substantially by RM6.95 million, from RM0.83 million for the FYE 2010 representing an increase of approximately 8.37 times. This substantial increase in PBT is mainly because our Group was able to achieve an increase in the overall revenue and gross profit recorded by our Group for the FYE 2011 without incurring a corresponding increase in fixed operating overheads. Further details of the discussion and analysis of the increase in the revenue and gross profit for the FYE 2011 as compared to the FYE 2010 are disclosed in the above sections.

FYE 2012

For the FYE 2012, our PBT recorded a slight decrease from RM7.78 million for FYE 2011 to RM7.68 million for FYE 2012. This slight decrease in PBT is mainly due to higher finance costs recorded for the FYE 2012 of RM0.84 million as compared to RM0.57 million for FYE 2011 despite the higher operating profit of RM8.52 million for the FYE 2012 as compared to RM8.35 million for the FYE 2011. The decrease in PBT was also due to higher sales and marketing expenses and administrative expenses for the FYE 2012 as compared to FYE 2011.

FYE 2013

For the FYE 2013, our PBT recorded a substantial increase from RM7.68 million to RM14.67 million which is due to the increase in revenue and gross profit of RM88.25 million and RM23.77 million respectively for the FYE 2013 as compared to RM64.18 million and RM15.81 million respectively for the FYE 2012. In addition, the decrease in sales and marketing expenses as well as administrative expenses of RM1.78 million and RM5.55 million respectively for the FYE 2013 as compared to RM2.44 million and RM6.27 million respectively for the FYE 2012 had also contributed to the substantial increase of our PBT for the FYE 2013.

FYE 2014

For the FYE 2014, our PBT recorded an increase from RM14.67 million to RM16.65 million which is in tandem with to the increase in revenue and gross profit of RM104.59 million and RM26.75 million respectively for the FYE 2014 as compared to RM88.25 million and RM23.77 million respectively for the FYE 2013. The decrease in sales and marketing expenses incurred for the FYE 2014 of RM1.51 million as compared to RM1.78 million for the FYE 2013 coupled with the increase in other income from RM0.12 million for the FYE 2013 to RM0.55 million for the FYE 2014 had also contributed to the increase in PBT for the FYE 2014. However, this was dampened by the increase in administrative expenses and finance costs incurred which had increased from RM5.55 million and RM1.90 million respectively for the FYE 2013 to RM6.98 million and RM2.16 million respectively for the FYE 2014.

(ix) Income tax expense

	<------Proforma Group------>			
	FYE 2011	**FYE 2012**	**FYE 2013**	**FYE 2014**
	%	%	%	%
Effective tax rate	6.49	9.48	27.47	27.51
Statutory tax rate	25.00	25.00	25.00	25.00

Dolphin Application and Dolphin Systems were both granted pioneer status by the Ministry of International Trade and Industry Malaysia under the provisions of the Promotion of Investment Act, 1986 for a period of 5 years expiring on 30 June 2013 and 31 July 2013 respectively. By virtue of this pioneer status, certain statutory income of the companies' pioneer activities during the pioneer period is exempted from income tax. For the FYE 2011 and 2012, the tax expense is mainly incurred by Dolphin Engineering whereas the Indonesia subsidiary, namely PT Dolphin recorded a loss before taxation during the Period under Review.

We recorded effective tax rate of 6.49%, 9.48%, 27.47% and 27.51% for the FYE 2011, FYE 2012, FYE 2013 and FYE 2014, respectively.

FYE 2011

For the FYE 2011, our Group recorded an effective tax rate of 6.49% as compared to the statutory tax rate of 25% as a result of profits recorded by Dolphin Engineering which amounted to approximately RM2.10 million for the FYE 2011. Dolphin Engineering is our only subsidiary that does not enjoy any preferential tax benefits within our Group.

FYE 2012

For the FYE 2012, our Group recorded an increase in effective tax rate from 6.49% for the FYE 2011 to 9.48% for the FYE 2012 as we continued to enjoy exemption for certain statutory income of the companies' pioneer activities during the pioneer period. However, the effective tax rate has increased from 6.49% for the FYE 2011 to 9.48% for the FYE 2012 due to tax paid by our subsidiary in Indonesia, namely PT Dolphin, which commenced business during the FYE 2012.

FYE 2013

For the FYE 2013, our Group recorded an increase in effective tax rate from 9.48% for the FYE 2012 to 27.47% for the FYE 2013, which was mainly resulted from the expiry of pioneer status for Dolphin Applications in FYE 2013 and certain non-deductible expenses, such as entertainment expenses, professional fees and interest restrictions.

FYE 2014

For the FYE 2014, our Group recorded a slight increase in effective tax rate from 27.47% for the FYE 2013 to 27.51% for the FYE 2014, which was mainly due to the increase in certain non-deductible expenses, such as professional fees and interest restrictions.

10.2.3 Significant factors affecting our financial position and results of operations

Our Group's financial condition and results from operations have been, and will continue to be affected by, amongst others, the following key factors:-

(i) Global demand and supply for palm oil industry

Palm oil has evolved from its original crude form (cooking oil) to an internationally traded commodity found in many food and non-food products. It is commonly consumed in poorer households because it is one of the cheapest amongst other vegetable oil substitutes. Another pertinent development for the demand for palm oil is also its increasing popularity as a feedstock for biofuel – an alternative to petrol and fuel.

About 80.0 percent of palm oil is consumed in food form while the rest are used in industrial and consumer products such as cosmetics and biofuel. Indonesia takes the lead in terms of its level of domestic consumption with total domestic consumption of 10.5 million tonnes of palm oil consumed in 2014. As the largest producer and exporter of palm oil, Indonesia has the ability to support its sizable domestic demand. India comes in second with a total of 9.0 million tonnes of palm oil consumed in 2014. India, the second most populated country in the world, is notably blighted with poverty; this is a major factor to the vast consumption of cheaper palm oil as compared to other edible oils in the country. In addition, the palm oil is amply available through Malaysia and Indonesia. The European Union ("**EU**") and China follow next with consumption of 6.8 million tonnes and 6.2 million tonnes respectively. The EU uses palm oil as a source for biofuel; about 4.0 to 5.0 percent of biofuel in the EU is produced from palm oil. Meanwhile, China is world-renowned as a low-cost manufacturer; palm oil is often found in the production of food and non-food products.

India and the EU are the world's top importers of palm oil. In 2014, India and the EU imported 8.9 million tonnes and 7.0 million tonnes respectively; together, they accounted for over 36.7 percent of palm oil imports in world trade. China stands third in line with a total palm oil import of 6.3 million tonnes or 14.5 percent of the world's net import during the same year.

At present, oil palm is mainly cultivated in developing countries concentrated in the humid tropics which are ideally suited for oil palm cultivation. Malaysia and Indonesia are major producers and exporters of palm oil; together, they supply approximately 90.0 percent of the global demand for palm oil. In 2014, Malaysia and Indonesia produced 19.7 million tonnes and 31.0 million tonnes of CPO respectively. Other smaller palm oil producing countries include Thailand, Colombia, Nigeria and others.

The palm oil industry is an important economic driver to producing countries in South East Asia, Papua New Guinea, Central and Western Africa; it is also a major contributor to export earnings in Malaysia and Indonesia. The industry generates more jobs per ha than other large scale farming operations; it is estimated that 6 million people worldwide are employed by the palm oil industry.

(Source: IMR Report dated April 2015 prepared by Protégé Associates Sdn Bhd)

With the positive market outlook driven by the global demand and supply of palm oil industry, market players including ourselves are expected to benefit and continue to grow in the future.

(ii) Commodity CPO price movement

The palm oil industry is capital intensive and operating margins in this industry have been volatile. Margins are sensitive to supply and demand of the global market for edible oil and the demand for CPO and CPKO which are generally linked to the level of global consumption of edible oil. Therefore, as a commodity, palm oil is subject to price fluctuations based on supply, demand, weather conditions, availability and pricing of substitute products (e.g. other vegetable oils) and other factors.

In 2008, the global economic crisis imposed a negative impact on international trade and local economic growth. With the global economy reeling from the fallout, demand for palm oil was still sluggish; the global palm oil industry saw its CPO price fell by 28.0 percent to USD683/ tonne and CPKO decreased by 37.9 percent to USD702/ tonne in 2009. In 2010, the average CPO prices began to improve in tandem with the global recovery. Revived demand for palm oil and lower than expected palm oil production resulted in inflationary pressure that caused a spike in palm oil prices. This upward trending of palm oil prices persisted through 2011; the average price for CPO and CPKO stood at USD1,125/ tonne and USD1,648/ tonne respectively during the year. However, palm oil prices contracted considerably in 2012 as palm oil stocks build-up; the average price for CPO and CPKO correspondingly decreased by 11.1 percent to USD1,000/ tonne and 32.5 percent to USD1,112/ tonne.

In 2013, palm oil prices continued to experience downward trend; the average price for CPO decreased by 14.3 percent to USD857/ tonnes while the average price for CPKO declined by 19.3 percent to USD897/ tonnes. Palm oil prices were fluctuating erratically throughout the year, attributed to the concern over the high stock levels of palm oil especially in the first quarter and the lower export figures reported by Malaysia in the second quarter of 2013. Nonetheless, demand by major consumers including China, Pakistan and Iran had seen steady increases, keeping price fluctuation to a small range.

Average price for CPO fell by 4.2 percent to USD821/ tonne in 2014 while average price for CPKO increased by 20 percent to USD1,122/ tonne in tandem with the firmer world lauric oil prices. During the year, the CPO price was pressured by a stronger global edible oil supplies including the high soybean production in US, as well as a weaker biodiesel usage in Indonesia.

On the other hand, the recent falling crude oil prices may have impact on the demand for biofuel which is used as an alternative to petrol and fuel. Crude oil prices have seen a sharp decrease since the second half of 2014. As crude oil prices become more affordable, demand for energy products will likely be even more focused on crude oil, and will increasingly move away from alternative energy sources such as biofuel. As the decline in oil prices prolongs, demand for biofuels may be negatively influenced and this will weigh on the demand and prices of palm oil. However, the impact of decreasing crude oil prices on palm oil is anticipated to be minimal given that only 16.0 percent of global CPO production is for biofuel in 2014, according to the Malaysian Biodiesel Association.

Moving forward, palm oil prices are expected to gain growth momentum in 2015 driven by few factors such as a reduced soybean stocks and a higher demand for biofuel subsequent to the introduction of biodiesel B7 in Malaysia at the end of 2014. In addition, the Indonesian government plans to increase its biofuel subsidies from IDR1,500 per litre to IDR4,000 per litre as a move to lift CPO prices.

(Source: IMR Report dated April 2015 prepared by Protégé Associates Sdn Bhd)

(iii) Ability to sustain our competitiveness and secure good pricing for contracts

Our ability to secure contracts in the future is dependent on our competitiveness in terms of quality and reliability of our products and services as well as our past track records. In addition to our ability to secure contracts, our ability to secure good pricing from our customers will have an impact on our profitability. In addition, if we are unable to manage project cost efficiently or if there is a delay in executing the project resulting in cost overruns, our profitability will also be adversely affected. Any delay in the progress or completion of the project will also delay the recognition of revenue for that project.

(iv) Tax considerations

Fluctuation in effective tax rates will have an impact on our profits. The statutory tax rate and the effective tax rate of our Group for the Period under Review are as follows:

	FYE 2011	FYE 2012	FYE 2013	FYE 2014
	%	%	%	%
Effective tax rate	6.49	9.48	27.47	27.51
Statutory tax rate	25.00	25.00	25.00	25.00

The effective tax rate during the FYE 2011 and FYE 2012 were lower than the applicable tax rate as two of our subsidiaries, namely Dolphin Applications and Dolphin Systems, were both granted pioneer status by the MITI under the provision of the Promotion of Investment Act, 1986 for a period of 5 years expiring on 30 June 2013 and 31 July 2013 respectively. The effective tax rate for the FYE 2013 was higher than the applicable tax rate due to the expiry of pioneer status. Certain non-deductible expenses incurred also contributed to the effective tax rate for the FYE 2013 and FYE 2014, causing them to be higher than the applicable tax rate.

(v) Ability to secure steel and labour supplies

Our ability to obtain the sub-contractor services for metal structure works and skilled labour supplies, both from the local and foreign markets, is an important aspect in our business activities, especially for projects undertaken for the provision of solutions and sale of milling systems. As sub-contractor costs is one of the major components of our contract expenses, we will assess our sub-contractors periodically so as to ensure they are able to deliver their services in a timely and satisfactory manner as any non-performance or delay in delivery of works within the stipulated timeframe and quality requirements by our sub-contractors may result in claims in damages and penalties against our Group, which may affect the profitability of our projects.

In addition, as we are currently exploring new markets, mainly to secure contracts for the provision of solutions and for the sale of milling systems, it is very important to maintain our track record with our existing customers as we do rely to a certain extent on referrals from our existing customers for future projects. As we outsource certain works to our sub-contractors, mainly for metal structure and other labour intensive commissioning works, we have constantly endeavoured to ensure that our sub-contractors are able to deliver their services within the stipulated time frame and specifications, as any failure or delay in delivery will inadvertently affect our relationship with our customers.

(vi) Impact of foreign exchange rate

Our domestic sales are primarily denominated in RM while our export sales, mainly for transactions involving our projects in Indonesia, Thailand and South America are denominated in combination of IDR, USD or Euro. For our export sales denominated in foreign currencies, our price quotes to our overseas customers are arrived at based on our RM denominated cost, our mark-up to achieve expected margins and the prevailing exchange rate between RM and the respective foreign currencies at the point of transaction.

During the financial years under review, majority of our purchases of raw materials and substantially our expenses, save for labour supplies that are sourced from the local markets, were denominated in RM.

The impact of foreign exchange fluctuations on our financial performance over the past 4 financial years up to FYE 2014 were as follows:

	FYE 2011	FYE 2012	FYE 2013	FYE 2014
Foreign exchange gain / (loss), net (RM'000)	(57)	1,189	(834)	(518)
As a percentage of PBT (%)	0.73	15.48	5.68	3.11

(vii) Compliance with licensing, certification and regulatory requirements

There was no non-compliance of licensing, certification and regulatory requirements which may have materially affected our operations for the financial years under review.

The factors affecting our financial position and operations as set out above are not exhaustive. Please refer to Section 4 of this Prospectus for further factors that may have an impact on our Group's financial position and results of operations.

10.2.4 Exceptional items

There were no exceptional items for the financial years during the Period under Review.

10.3 LIQUIDITY AND CAPITAL RESOURCES

10.3.1 Working capital

Our business operations have been financed by a combination of internal and external sources of funds. Internal funds are mainly shareholders' equity and cash generated from the operations while the external sources are the various credit facilities extended to us by financial institutions. The principal uses of these funds are for working capital requirements such as purchases of raw materials and payments to sub-contractors as part of the projects undertaken from our provision of solutions and sale of milling systems, and purchases of relevant machineries.

The following table sets out our proforma current and gearing ratio for the Period under Review:

	<----------Proforma Group---------->			
	FYE 2011	**FYE 2012**	**FYE 2013**	**FYE 2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current assets	30,908	36,919	63,521	100,066
Current liabilities	21,990	22,698	44,647	73,993
Current ratio (times)	1.41	1.63	1.42	1.35
Borrowings	10,386	13,231	22,928	34,564
Total shareholders' funds	11,144	23,399	36,159	52,072
Gearing (times)	0.93	0.57	0.63	0.66

Further to the above, as at the LPD, we have a total cash and bank balances of RM1.50 million as well as banking facilities available to our Group amounting to RM92.80 million, of which approximately RM49.37 million has yet to be utilised.

With our Group's profitability, the Board is confident that we will be able to generate sufficient working capital and/or secure necessary financing facilities to meet any of our further operations and future plans.

Our Directors are of the opinion that, after taking into account the cash and cash equivalents, the banking facilities made available to our Group as well as the net proceeds to be raised from the Public Issue, we will have adequate working capital to meet our present and foreseeable requirements for a period of 12 months from the date of this Prospectus.

10.3.2 Cash flow

The following table sets out the summary of our proforma consolidated statement of cash flows for the FYE 2014, which have been prepared for illustrative purposes only based on the assumption that our current Group structure has been in existence throughout the Period under Review and should be read in conjunction with the notes and assumptions included in the Reporting Accountants' Report on the Compilation of the Proforma Consolidated Financial Information Included in A Prospectus as set out in Section 10.9 of this Prospectus.

	RM'000
Net cash flow generated from operating activities	4,448
Net cash flow used in investing activities	(4,223)
Net cash flow generated from financing activities	1,238
Net increase in cash and cash equivalents	1,463
Effects of exchange rate	(630)
Cash and cash equivalents at the beginning of the financial year	5,985
Cash and cash equivalents at the end of the financial year	6,818
Cash and cash equivalents comprise:	
Cash and bank balances	12,794
Bank overdrafts	(5,976)
Fixed deposits with licensed banks	5,537
	12,355
Less: Fixed deposits pledged as security values	(5,537)
	6,818

There are no legal or economic restrictions on the ability of our subsidiary to transfer funds to us in the form of cash dividends, loans and advances to meet our cash obligations.

<u>Net cash from operating activities</u>

During the FYE 2014, our Group generated a cash inflow of RM4.45 million from our operating activities on the back of a PBT of RM16.65 million after adjusting for amongst others, the following:

(i) Working capital reduced by RM10.17 million which includes increase in payables of RM16.84 million, offset with reduced amount owing by customer of RM28.96 million, inventories of RM0.23 million and receivables of RM2.18 million;

(ii) Tax paid of RM3.82 million; and

(iii) Interest paid of RM1.27 million.

<u>Net cash used in investing activities</u>

During the FYE 2014, we recorded a net cash outflow of RM4.22 million in investing activities mainly due to development cost amounted to RM3.87 million, purchase of property, plant and equipment of RM0.31 million and an investment in an associate company of RM0.21 million.

Net cash from financing activities

During the FYE 2014, we recorded a net cash inflow of RM1.24 million in financing activities mainly due to the net change in short term borrowings of RM6.15 million and proceeds from the issuance of shares of RM0.60 million which was reduced by repayments of term loans and hire purchase payables, fixed deposits pledged as security values and interests paid of RM1.07 million, RM0.64 million, RM3.05 million and RM0.89 million respectively during the FYE 2014.

10.3.3 Borrowings

As at 31 December 2014, all our borrowings are secured local borrowings and interest bearing, details of which are as follows:

	As at 31 December 2014 RM'000
Short term *(due within 12 months)*	
Invoice financing	9,722
Bankers' acceptances	4,245
Promissory notes	100
Term loans	626
Trust receipts	7,849
Hire purchase	527
Bank overdrafts	5,976
Long term *(due after 12 months)*	
Term loans	4,045
Hire purchase	1,474
Total interest-bearing borrowings	34,564
Gearing ratio	0.66
Gearing ratio after the Public Issue and utilisation of proceeds	0.44

Our Group is exposed to interest rate fluctuations on interest earned on fixed deposits placed with licensed banks, majority of which are denominated in RM. Our Group's debts consisting of bankers' acceptances are also exposed to interest rate fluctuations at the point of utilisation of the facility.

Our group has not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout the past 4 financial years and the subsequent financial period thereof up to the LPD.

To the best of our Directors' knowledge, as at the LPD, our Group is not in breach of any items and conditions or covenants associated with credit arrangements or bank loans, which can materially affect our financial results or business operations, or the investments by holders of securities in our company.

10.3.4 Breach of terms and conditions/covenants associated with credit arrangement/bank loans

To the best of our Directors' knowledge, as at the LPD, we have not breached any terms and conditions or covenants associated with our credit arrangements or bank loans, which can materially affect our financial results or business operations, or the investments by holders of securities in our Company.

10.3.5 Type of financial instruments used

As at the LPD, save as disclosed in this Prospectus, our Group does not utilise any other financial instruments.

For clarity, financial instruments for the Dolphin Group, from an accounting perspective, may include cash and cash equivalents, borrowings, trade and other receivables and trade and other payables as shown on the proforma consolidated statements of financial position. The abovementioned financial instruments are used in our Group's ordinary course of business.

As at the LPD, our Group has not used any financial instruments for hedging purposes as the fluctuation, if any, is immaterial to our Group. However, we will undertake to regularly monitor and review the need to hedge our foreign currency exposure.

10.3.6 Treasury policies and objectives

We have been financing our operations through cash generated from our operations and external source of funds. Our external source of funds mainly comprises of shareholders' funds and short term and long term bank borrowings.

We have short term bank borrowings facilities available to our Group. Our short term bank borrowings are mainly hire purchases, overdraft, bankers' acceptances and trust receipts, which are used to finance our purchases of motor vehicles, as well as our working capital requirements. The interest rate for our short term bank borrowings are based on the prevailing base lending rate at the dates of the respective transactions as well as any additional margin added to or deducted from the prevailing base lending rate which was agreed upon by our bankers when the respective borrowing facilities were granted.

We transact our operations in RM, as well as other foreign currencies, including IDR and USD. Therefore, we maintain bank balances in RM, IDR, USD and Euro. Our group is exposed to fluctuations in foreign exchange rates through the revenue earned and purchases made that are transacted in foreign currencies.

The foreign exchange risk is mitigated to a certain extent as the nature of our operation warrants the use of some of our foreign currency earnings to pay for the purchases denominated in the same foreign currency in the respective countries which we operate in. This would therefore provide, to a certain extent, a natural hedge against foreign exchange fluctuations.

Our group has not entered into any interest rate swap to hedge against the fluctuations in the interest rates, we manage our interest rate exposure by maintaining a mix of fixed rate and floating rate borrowings.

10.3.7 Material commitments

As at the LPD, there is no material capital commitment incurred or known to be incurred by us or our subsidiary companies, which upon becoming enforceable may have a material impact on our financial position.

10.3.8 Material litigation

As at the LPD, neither we nor our subsidiary companies are engaged in any litigation or arbitration, either as plaintiff or defendant, which may have a material and/or adverse effect on our financial position or business.

10.3.9 Contingent liabilities

As at the LPD, our Board is not aware of any other indirect and/or material contingent liability which has become enforceable or is likely to become enforceable, which in the opinion of our Directors, will or may substantially affect the ability of our Group to meet our obligations as and when they fall due.

10.4 KEY FINANCIAL RATIOS OF OUR GROUP

The key financial ratios of our Group based on our proforma consolidated financial information for the FYE 2011, FYE 2012, FYE 2013 and FYE 2014 have been prepared for illustrative purposes only based on our audited financial statements and on the assumption that the current structure of our group has been in existence throughout the relevant financial years under review:

The key financial ratios of our Group are as set out below:

	FYE 2011	FYE 2012	FYE 2013	FYE 2014
Trade receivables turnover period (days)(1)	52	67	59	42
Trade payables turnover period (days)(2)	106	78	84	121
Inventories turnover period (days)(3)	9	3	2	3
Current ratio (times)	1.41	1.63	1.42	1.35
Gearing ratio (times)(4)	0.93	0.57	0.63	0.66

Notes:

(1) Calculated based on the average proforma consolidated opening and closing trade receivables' balances as at their respective reporting date over total revenue.

(2) Calculated based on the average proforma consolidated opening and closing trade payables' balances as at their respective balance sheet date over total cost of sales.

(3) Calculated based on the average proforma consolidated opening and closing inventories' balances as at their respective balance sheet date over total cost of sales.

(4) Calculated based on total interest-bearing borrowings over shareholders' funds after the completion of the Acquisitions but prior to the Public Issue.

10.4.1 Trade receivables

The normal credit period generally granted by our Group to our customers is between 30 days to 90 days. Our credit terms to customers are assessed and approved on a case-by-case basis. As at the LPD, save for the bad debts amounting to RM0.53 million written off during the FYE 2011, we have not experienced any instances of significant bad debts for the financial years/period under review. Our Group will assess the impairment of trade receivable on individual customer basis and impair trade receivable balances which have been outstanding for more than 6 months. The bad debts amounting to RM0.53 million written off during the FYE 2011 relates to two clients which had ceased their businesses.

Our group's trade receivables turnover period has generally been within the credit period given to our customers. We generally consider extending the credit period granted to our customers due to our close relationship with them, as well as based on the quantum of the amount owing by these customers. We have constantly reminded our customers of the amount due, close to the expiry date of the credit period granted, so as to minimise occurrences of any extension of credit period to trade debtors.

Our Group's trade receivables also consist of retention sums in relation to our projects undertaken from the sale of milling systems which are generally retained over a period between 6 to 12 months from the date of project completion due to the nature of our business.

The increase in trade receivables turnover period recorded for the FYE 2012 of 67 days from 52 days for the FYE 2011 mainly due to the utilisation by our customers of the credit period provided to them. The decrease in trade receivables turnover period recorded for the FYE 2013 of 59 days from 67 days for the FYE 2012 was mainly due to the decrease in trade receivables as a result of the lesser progress billings for the projects undertaken from the sale of milling systems in accordance to the billing milestones of our respective projects. The trade receivables turnover period recorded for the FYE 2014 further decreased to 42 days mainly due to better collection of receivables from our customers. The trade receivables turnover period recorded during the Period under Review is within the credit period granted under our Group's credit policy.

Based on the above, our Directors are of the view that the amount of trade receivables owing by our trade debtors is fully recoverable. In addition, our directors are of the view that the trade receivables turnover period is manageable and will consistently monitor and review our credit policies.

The ageing analysis of our trade receivables as at 31 December 2014 is as follows:

	Within credit period			Exceeding credit period				
	0-30 days	31-60 days	61-90 days	31-60 days	61-90 days	91-120 days	>120 days	Total
Trade receivables (RM'000)	3,143	1,255	141	41	42	2,582	4,118	11,322
Less: Retention sum (RM'000)	(38)	-	-	-	-	-	(1,769)	(1,807)
Less: Allowance for impairment loss	-	-	-	-	-	-	(31)	(31)
Trade receivables excluding retention sum and allowance for impairment loss (RM'000)	3,105	1,255	141	41	42	2,582	2,318	9,484
Subsequent collections as at the LPD (RM'000)	(1,471)	(959)	(125)	(37)	(32)	(1,939)	(1,236)	(5,799)
Trade receivables net of subsequent collections as at the LPD (RM'000)	1,634	296	16	4	10	643	1,082	3,685

As at the LPD, 61.15% or RM5.80 million of the total trade receivables excluding retention sum and allowance for impairment loss for the FYE 2014 have been subsequently collected while RM3.69 million or 38.85% remains outstanding.

Based on the above, approximately 47.19% or RM1.74 million of our trade receivables (net of subsequent collections as at the LPD) have exceeded the extended credit period. Of the RM1.74 million, RM1.03 million is owed by customers who are currently finalising the final statement of accounts upon the completion of their respective projects. The remaining RM0.71 million outstanding is mainly due from customers who in general require longer period for payment processing and/or have requested for an extended credit period to make repayments via progressive payments.

It is our management's practice to follow-up on our collections from customers with outstanding trade receivables exceeding 60 days albeit our normal credit period given to our trade debtors of between 30 to 90 days. We also constantly review and ensure sufficiency of our Group's credit facilities to support our working capital requirements.

10.4.2 Trade payables

The normal credit terms granted to us by our trade suppliers range from 30 to 90 days. In view of the good relationship with our trade suppliers, we enjoy credit periods that are longer than the stipulated period. For the Period under Review, our trade payables comprised of suppliers of various raw materials, labour contractors and metal structure sub-contractors.

Our trade payables turnover period for the FYE 2011 of 106 days was longer than the credit period given mainly due to the increase in the payables owed to a sub-contractor's billing issued in the fourth quarter of FYE 2011. Our trade payables turnover period had subsequently reduced to 78 days for the FYE 2012 as we had managed to settle the majority of our cost incurred during the financial year. This then resulted in a lower trade payables balance as at the balance sheet date. The trade payables turnover period recorded of 84 days for the FYE 2013 was higher as compared to 78 days for the FYE 2012 mainly due to the increase in the payables owed to certain sub-contractors' billings issued in the fourth quarter of FYE 2013. As for FYE 2014, trade payables turnover period recorded of 121 days was higher than 84 days for the FYE 2013 mainly due to a negotiated extended credit period granted by a sub-contractor for a new provision of solutions project which allows our Group to make back-to-back payments to this said sub-contractor upon the receipt of payments from our customer for this said project.

The trade payables of our Group as at 31 December 2014 amounted to approximately RM30.32 million. The ageing analysis of our trade payables as at 31 December 2014 is as follows:

	Within credit period			Exceeding credit period				
	0-30 days	31-60 days	61-90 days	31-60 days	61-90 days	91-120 days	>120 days	Total
Trade payables (RM'000)	18,067	2,213	1,563	79	91	963	7,341	30,317
Subsequent payments as at the LPD (RM'000)	(9,049)	(37)	(69)	(75)	(74)	(105)	(7,086)	(16,495)
Trade payables net of subsequent payments at the LPD (RM'000)	9,018	2,176	1,494	4	17	858	255	13,822

As at the LPD, 54.41% or RM16.50 million of the total trade payables as at 31 December 2014 has been paid while RM13.82 million or 45.59% remains outstanding. Based on the above, approximately 8.20% or RM1.13 million of our trade payables (net of subsequent payments as at the LPD) have exceeded the credit period. Of the amounts exceeding the credit period, approximately RM0.86 million is owed to our long-standing major vendors whose relationship with us is for the supply and customisation of mechanical components and steel works sub-contractor respectively. We have in place an understanding with this said vendor, which allows us to enjoy longer than normal commercial credit terms, on the basis that payments will be made on a back-to-back basis after we receive payments from our customers.

As at the LPD, we have not defaulted in payments. There were also no significant matters in dispute in relation to the trade payables and we are not aware of any actions, legal or otherwise, that have been taken against us by our suppliers as at the LPD.

10.4.3 Inventory

Our Group's inventories are controlled by the warehousing department and the inventories required vary in accordance with the respective project requirements. It is our Group's policy to work closely with our customers and project managers in inventory planning and requirements throughout the project period in order to maintain low levels of inventories and its corresponding holding costs.

Generally, the average inventory holding period for our Group's fabrication materials and parts used is 60 days. For the fabrication materials and parts required for the projects undertaken from our sale of milling systems, orders will be made when needed. Our inventories turnover period remained generally low at 9 days, 3 days, 2 days and 3 days for FYE 2011, FYE 2012, FYE 2013 and FYE 2014 respectively, all of which is within our average inventories holding period.

10.4.4 Current ratio

Our Group's current ratio has been relatively consistent and healthy within the range of between 1.35 and 1.63 times for the Period under Review. The increase of our Group's current ratio from 1.41 times for the FYE 2011 to 1.63 times for the FYE 2012 was mainly due to the increase in trade and other receivables. Subsequently, the current ratio had decreased from 1.63 times for the FYE 2012 to 1.42 times for the FYE 2013 and further to 1.35 times for the FYE 2014 due to the decrease in trade receivables and the increase in trade payables and drawdown of bank borrowings. This was partly mitigated by the increase in amounts due from contract customers resulting from the progress made by our Group on projects undertaken but have yet to be billed to our customers due to the progress billing stages of the said projects.

10.4.5 Gearing ratio

Our Group's gearing ratio for the FYE 2011 of 0.93 times had decreased to 0.57 times for the FYE 2012 mainly due to greater increase in our Group's shareholders' funds as compared to the increase in the drawdown of borrowings. Our Group recorded a gearing ratio of 0.63 times for FYE 2013 as compared to 0.57 times for FYE 2012, mainly due to the increase in Group's borrowings from RM13.23 million to RM22.93 million, partly cushioned by the improvement in the shareholders' funds of our Group for the FYE 2013. Our Group's gearing ratio for the FYE 2014 of 0.66 times was an increase from 0.63 times for the FYE 2013 mainly due to the increase in our Group's borrowings from RM22.93 million to RM34.56 million partly cushioned by the improvement in shareholders' funds of our Group for the FYE 2014.

10.5 CAPITALISATION AND INDEBTEDNESS

The following information should be read in conjunction with the Reporting Accountants' Report on the Compilation of the Proforma Consolidated Financial Information Included in A Prospectus and Accountants' Report set out in Sections 10.9 and 11 of this Prospectus respectively.

The table below sets out our proforma cash and bank balances, fixed deposits placed with licensed banks, capitalisation and indebtedness:

(a) as at 31 December 2014 based on our proforma consolidated statements of financial position; and

(b) as adjusted for the net proceeds from the Public Issue and the utilisation of proceeds from the Public Issue.

	As at 31 December 2014 and after the Acquisitions RM'000	**After the Public Issue and utilisation of proceeds RM'000**
Fixed deposits placed with licensed banks	5,537	5,537
Cash and bank balances	12,794	24,780
	18,331	30,317

	As at 31 December 2014 and after the Acquisitions RM'000	After the Public Issue and utilisation of proceeds RM'000
Indebtedness		
Long term		
Term loans (secured and guaranteed)	4,045	4,045
Hire purchase (unsecured and unguaranteed)	1,474	1,474
	5,519	5,519
Short term		
Secured and guaranteed		
Invoice financing	9,722	9,722
Bankers' acceptances	4,245	4,245
Bank overdrafts	5,976	6,008
Promissory note	100	100
Term loans	626	626
Trust receipts	7,849	7,849
Unsecured and unguaranteed		
Hire purchase	527	527
	29,045	29,077
Total indebtedness	34,564	34,596
Capitalisation		
Total capitalisation (shareholders' funds)	52,072	79,026
Total capitalisation and indebtedness	86,636	113,622

10.6 TREND INFORMATION

As at the LPD, to the best of our Board's knowledge and belief, our financial conditions and operations have not been and are not expected to be affected by any of the following:

(a) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in this section and in Sections 4, 5 and 6 of this Prospectus;

(b) material commitment for capital expenditure save as disclosed in Section 10.3.7 of this Prospectus;

(c) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as disclosed in this section and in Section 4 of this Prospectus;

(d) known trends, demands, commitments, events or uncertainties that have resulted in a material impact on our Group revenue and/or profits, save for those that had been disclosed in this section and in Sections 4, 5 and 6 of this Prospectus; and

(e) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's liquidity and capital resources and which are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position, other than those discussed in this section and in Sections 4, 5 and 6 of this Prospectus.

Information on our Group's business and financial prospects, significant trend in sales, production, costs and selling prices is set out in Sections 6 and 10 of this Prospectus. Discussion on the overview of the palm oil industry, its prospects and outlook are further elaborated in Section 5 of this Prospectus.

Given the favourable outlook of the palm oil industry as set out in Section 5 of this Prospectus, our future plans and strategies and competitive advantages as set out in Sections 6.27 and 6.16 respectively of this Prospectus, our Board is optimistic about the future prospects of our Group.

10.7 ORDER BOOK

Our future profitability is dependent on the number of projects and the value of the projects secured. Over the past 4 financial years from the FYE 2011 to the FYE 2014, we have been able to secure projects from multi-national POM companies and other large corporations locally and overseas, either directly or via main contractors.

Provision of solutions

As at the LPD, our outstanding order book (based on total contract value less progress billings) is approximately RM168.67 million, the details of which are as follows:

Year of commencement	Expected year of completion	Outstanding contract value RM'000
2012	2015	(1)318
2013	2015	9,483
2014	2015	156,757
2013	2016	2,113
		168,671

Note:

(1) Represents retention sum.

For the projects expected to be completed in the FYE 2015 and FYE 2016, our Group has been contracted for the provision of turnkey solutions and M&E solutions respectively.

The procurement of contracts for our provision of solutions segment is done via a tender process. It should be noted that there may be variations from the amount submitted during a tender exercise as compared to the final secured tender amount due to further discussions with the potential customers, which would normally take place after our tender has been shortlisted.

Sale of milling systems and sale of milling software

As at the LPD, our outstanding order book (based on total contract value less progress billings) is approximately RM3.49 million, the details of which are as follows:

Year of commencement	Expected year of completion	Outstanding contract value RM'000
2012	2015	398
2013	2015	(1)1,265
2014	2015	(1)70
2015	2015	858
2014	2016	895
		3,486

Note:

(1) Represents retention sum.

The procurement of contracts for our sale of milling systems is done via a tender process. It should be noted that there may be variations from the amount submitted during a tender exercise as compared to the final secured tender amount due to further discussions with the potential customers, which would normally take place after our tender has been shortlisted. However, our sale of milling systems can also be via purchase orders received from customers. Generally, our sale of milling software is individually sold on an ad-hoc basis.

Supply of parts and maintenance services

Our order book for supply of parts and maintenance services are based on purchase order on ad-hoc basis from our customers or on recurring contract basis. We do not maintain a substantial order book under our supply of parts and maintenance services as these contracts are generally short-term in nature.

10.8 DIVIDEND POLICY

Our Company presently does not have any formal dividend policy. The declaration of interim dividends and the recommendation of any final dividends are subject to the discretion of our Board and any final dividend proposed is subject to our shareholders' approval.

Upon Listing, our Board intends to adopt a stable and sustainable dividend policy to allow our shareholders to participate in the profits of our Group while maintaining an optimal capital structure and ensuring sufficient funds for our future growth.

Investors should take note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our Company's future dividends, which are subject to our Board's absolute discretion.

Our ability to pay future dividends to our shareholders is subject to various factors including but not limited to our financial performance, cash flow requirements, availability of distributable reserves and capital expenditure plans.

As our Company is an investment holding company, our income and therefore, our ability to pay dividends is dependent upon the dividends and other distributions that we receive from our subsidiary companies. The payment of dividends or other distributions by our subsidiary companies will depend on their operation results, financial condition, capital expenditure plans, business expansion plans, availability of distributable reserves, applicable legal restrictions as contained within the loan agreements of our subsidiaries and other factors that their respective board of directors deem relevant.

10.9 REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PROFORMA CONSOLIDATED FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

(Prepared for inclusion in this Prospectus)

BAKER TILLY

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30 April 2015

The Board of Directors
Dolphin International Berhad
Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

STRICTLY CONFIDENTIAL

Dear Sirs,

DOLPHIN INTERNATIONAL BERHAD
REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PROFORMA CONSOLIDATED FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

We have completed our assurance engagement to report on the compilation of proforma consolidated financial information of Dolphin International Berhad ("Dolphin" or "the Company") and its subsidiaries (collectively hereinafter referred to as "Dolphin Group") for which the directors of Dolphin are solely responsible. The proforma consolidated financial information consists of the proforma consolidated statements of financial position as at 31 December 2014, the proforma consolidated statements of profit or loss and other comprehensive income for the four (4) financial years ended 31 December 2011 ("FYE 2011"), 31 December 2012 ("FYE 2012"), 31 December 2013 ("FYE 2013") and 31 December 2014 ("FYE 2014"), the proforma consolidated statement of cash flows for the FYE 2014 and together with the accompanying notes thereon, as set out in the accompanying statements, for which we have stamped for the purpose of identification. The applicable criteria on the basis of which the directors of Dolphin have compiled the proforma consolidated financial information are as described in Note 3 to the proforma consolidated financial information and in accordance with the requirements of the *Prospectus Guidelines – Equity* issued by the Securities Commission Malaysia ("Prospectus Guidelines") ("Applicable Criteria").

DOLPHIN INTERNATIONAL BERHAD
Reporting Accountants' Report on the Compilation of
Proforma Consolidated Financial Information Included in A Prospectus

BAKER TILLY

The proforma consolidated financial information of the Dolphin Group has been compiled by the directors of Dolphin, for illustrative purposes only, for inclusion in the prospectus of Dolphin to be dated on 20 May 2015 ("Prospectus") in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of Dolphin on the Main Market of Bursa Malaysia Securities Berhad ("the Listing"), after making certain assumptions and such adjustments to show the effects on:-

(a) the proforma consolidated financial results of the Dolphin Group for the past four (4) FYE 2011, FYE 2012, FYE 2013 and FYE 2014 on the basis that the group structure as of the date of the Prospectus had been in existence since the beginning of the financial years under review but before the public issue ("Public Issue") as described in Note 2.1 of the proforma consolidated financial information;

(b) the proforma consolidated financial position of the Dolphin Group as at 31 December 2014 together with the accompanying notes, adjusted for the transactions as described in Note 3.8 but before the Public Issue as described in Note 2.1 of the proforma consolidated financial information;

(c) the proforma consolidated cash flows of the Dolphin Group for the FYE 2014 on the basis that the group structure as of the date of the Prospectus had been in existence throughout the FYE 2014 but prior to the Public Issue as described in Note 2.1 of the proforma consolidated financial information; and

(d) the proforma consolidated financial position of the Dolphin Group as at 31 December 2014 adjusted for the transactions as described in Note 3.8, the Public Issue and the utilisation of listing proceeds as described in Notes 2.1 and 7.2.3 of the proforma consolidated financial information respectively.

As part of this process, information about the Dolphin Group's proforma financial position, financial performance and cash flows has been extracted by the directors of Dolphin from the following audited financial statements of the Company, its subsidiaries, namely Dolphin Applications Sdn Bhd ("Dolphin Applications"), PT Dolphin Indonesia, ("PT Dolphin"), Dolphin Robotic Systems Sdn Bhd ("Dolphin Robotic"), Dolphin Engineering (M) Sdn Bhd ("Dolphin Engineering"), Dolphin Systems Sdn Bhd ("Dolphin Systems") and Dolphin Components Sdn Bhd ("Dolphin Components") and its associate, namely PT Emas Hijau Sejahtera Kapuas ("PT Emas Hijau"):-

Company Name	FYE 2011	FYE 2012	FYE 2013	FYE 2014
Dolphin	Not applicable√	From 14 May 2012 (date of incorporation) to 31 December 2012	31 December 2013	31 December 2014
Dolphin Applications @	31 December 2011	31 December 2012	31 December 2013	31 December 2014

DOLPHIN INTERNATIONAL BERHAD
Reporting Accountants' Report on the Compilation of Proforma Consolidated Financial Information Included in A Prospectus

BAKER TILLY

Company Name	FYE 2011	FYE 2012	FYE 2013	FYE 2014
PT Dolphin #^	From 16 May 2011 (date of incorporation) to 31 December 2011	31 December 2012	31 December 2013	31 December 2014
Dolphin Robotic #	Not applicable√	Not applicable√	Not applicable√	From 5 May 2014 (Date of incorporation) to 31 December 2014
Dolphin Engineering @	31 December 2011	31 December 2012	31 December 2013	31 December 2014
Dolphin Systems @	31 December 2011	31 December 2012	31 December 2013	31 December 2014
Dolphin Components *	31 December 2011	31 December 2012	31 December 2013	31 December 2014
PT Emas Hijau >	Not applicable >	Not applicable >	Not applicable >	Not applicable >

√ *No audited financial statements were available for Dolphin and Dolphin Robotic as Dolphin and Dolphin Robotic were only incorporated on 14 May 2012 and 5 May 2014 respectively.*

@ *These companies are wholly-owned direct subsidiaries of Dolphin.*

* *A 75%-owned subsidiary of Dolphin.*

PT Dolphin is a 90%-owned subsidiary of Dolphin Applications whereas Dolphin Robotic is a wholly-owned subsidiary of Dolphin Applications.

^ *The audited financial statements of PT Dolphin were audited by a firm of Certified Public Accountants, an international affiliated firm of Messrs. Baker Tilly Monteiro Heng. The audited financial statements of PT Dolphin have been prepared in compliance with the International Financial Reporting Standards.*

> *A 30%-owned associate of Dolphin Applications. No audited financial statements were available as PT Emas Hijau was only established on 20 November 2014.*

DOLPHIN INTERNATIONAL BERHAD
Reporting Accountants' Report on the Compilation of
Proforma Consolidated Financial Information Included in A Prospectus

BAKER TILLY

The audited financial statements of the subsidiaries for the financial years/period under review were reported by the auditors to their respective members without any modifications. However, the audited financial statements of PT Dolphin for the FYE 2012, FYE 2013 and FYE 2014, and the audited financial statements of Dolphin Components for the FYE 2013 contained the following emphasis of matters paragraphs:-

FYE 2012

PT Dolphin

"Emphasis of Matter

We draw attention to Note 20 to the Financial Statements that the Company incurred a net loss of Rp 6.72 billion for the financial year ended December 31, 2012, resulting in the Company's capital deficiency of Rp 5.39 billion as of December 31, 2012.

These factors indicate the existence of material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. In 2012, the Company obtained financial support from the stockholder amounting to Rp 8.47 billion. If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the Statement of Financial Position. No adjustments have been made to these Financial Statements."

FYE 2013

PT Dolphin

"Emphasis of Matters

The accompanying Financial Statements have been prepared assuming that the Company will continue to operate as a going concern. As described in Note 22 to the Financial Statements, the Company's deficit as of December 31, 2013 has reached Rp 16.63 billion or 83.25% of its capital stock and additional paid-in capital. The Company's management's plans and actions to overcome such condition are also disclosed in Note 22 to the Financial Statements. The accompanying Financial Statements do not include any adjustments that might result from the outcome of such condition."

Dolphin Components

"Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a net loss of RM3,635 during the financial year ended 31 December 2013, and as of that date, the Company's current liabilities exceeded its current assets by RM11,157 and recorded a capital deficiency of RM11,157, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern."

DOLPHIN INTERNATIONAL BERHAD
Reporting Accountants' Report on the Compilation of
Proforma Consolidated Financial Information Included in A Prospectus

BAKER TILLY

FYE 2014

PT Dolphin

"Emphasis of Matters

The accompanying Financial Statements have been prepared assuming that the Company will continue to operate as a going concern. As described in Note 23 to the Financial Statements, the Company's deficit as of December 31, 2014 has reached Rp 18.50 billion or 92.59% of capital stock and additional paid-in capital. The Company's management's plans and actions to overcome such condition are also disclosed in Note 23 to the Financial Statements. The accompanying Financial Statements do not include any adjustments that might result from the outcome of such condition."

Directors' Responsibility for the Proforma Consolidated Financial Information

The directors of Dolphin are responsible for compiling the proforma consolidated financial information based on the Applicable Criteria.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines about whether the proforma consolidated financial information has been compiled, in all material respects, by the directors of Dolphin based on the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Proforma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors of Dolphin have compiled, in all material respects, the proforma consolidated financial information based on the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the proforma consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the proforma consolidated financial information.

The purpose of proforma consolidated financial information included in a prospectus is solely to illustrate the impact of the Listing as described in Note 2 of the proforma consolidated financial information on the unadjusted financial information of the Dolphin Group as if the Listing had been undertaken at an earlier date selected for illustrative purposes only. Accordingly, we do not provide any assurance that the actual outcome of the Listing would have been as presented.

DOLPHIN INTERNATIONAL BERHAD
Reporting Accountants' Report on the Compilation of
Proforma Consolidated Financial Information Included in A Prospectus

BAKER TILLY

A reasonable assurance engagement to report on whether the proforma consolidated financial information has been compiled, in all material respects, based on the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors of Dolphin in the compilation of the proforma consolidated financial information of the Dolphin Group provide a reasonable basis for presenting the significant effects directly attributable to the Listing as described in Note 2 of the proforma consolidated financial information, and to obtain sufficient appropriate evidence about whether:-

(a) The proforma consolidated financial information of the Dolphin Group has been properly prepared on the basis and assumptions set out in the accompanying notes to the proforma consolidated financial information, based on the audited financial statements of Dolphin and the audited financial statements of its subsidiaries for the four (4) FYE 2011, FYE 2012, FYE 2013 and FYE 2014, which have been prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and in a manner consistent with both the format of the financial statements and the accounting policies adopted by Dolphin Applications in the preparation of its audited consolidated financial statements for the FYE 2014, which had been adopted by Dolphin as its group's accounting policies; and

(b) Each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purpose of preparing the proforma consolidated financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountants' understanding of the nature of the Company, the Listing in respect of which the proforma consolidated financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the proforma consolidated financial information.

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

Our opinion

In our opinion:-

(a) The proforma consolidated financial information of the Dolphin Group has been properly prepared on the basis and assumptions set out in the accompanying notes to the proforma consolidated financial information, based on the audited financial statements of Dolphin and its subsidiaries for the four (4) FYE 2011, FYE 2012, FYE 2013 and FYE 2014 (which have been prepared by the directors of Dolphin in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards), and in a manner consistent with both the format of the financial statements and the accounting policies adopted by Dolphin Applications in the preparation of its audited consolidated financial statements for the FYE 2014, which had been adopted by Dolphin as its group's accounting policies; and

(b) Each material adjustment made to the information used in the preparation of the proforma consolidated financial information of the Dolphin Group is appropriate for the purpose of preparing the proforma consolidated financial information.

DOLPHIN INTERNATIONAL BERHAD
Reporting Accountants' Report on the Compilation of Proforma Consolidated Financial Information Included in A Prospectus

BAKER TILLY

Other matters

This report has been prepared for inclusion in the Prospectus of Dolphin in connection with the Listing. As such, this report should not be used, circulated, quoted or otherwise referred to in any document or used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Heng Fu Joe
No. 2966/11/16 (J)
Chartered Accountant

DOLPHIN INTERNATIONAL BERHAD

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

1. INTRODUCTION

1.1 The proforma consolidated financial information of Dolphin International Berhad ("Dolphin") and its subsidiaries (hereinafter collectively referred to as "Dolphin Group") has been compiled by the directors of Dolphin, for illustrative purposes only, for inclusion in the prospectus of Dolphin to be dated on 20 May 2015 ("Prospectus") in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of Dolphin on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("the Listing").

1.2 The proforma consolidated financial information comprises the following:-

Section 4	:	Proforma consolidated statements of profit or loss and other comprehensive income for the past four (4) financial years ended 31 December 2011 ("FYE 2011"), 31 December 2012 ("FYE 2012"), 31 December 2013 ("FYE 2013") and 31 December 2014 ("FYE 2014") of the Dolphin Group on the basis that the group structure as of the date of the Prospectus had been in existence since the beginning of the financial years under review but before the Public Issue as described in Note 2.1 of the proforma consolidated financial information;
Section 5	:	Proforma consolidated statement of financial position of the Dolphin Group as at 31 December 2014 together with the accompanying notes, adjusted for the transactions as described in Note 3.8 but before the Public Issue as described in Note 2.1 of the proforma consolidated financial information;
Section 6	:	Proforma consolidated statement of cash flows of the Dolphin Group for the FYE 2014 on the basis that the group structure as of the date of the Prospectus had been in existence throughout FYE 2014 but prior to the Public Issue as described in Note 2.1 of the proforma consolidated financial information; and
Section 7	:	Proforma consolidated statements of financial position of the Dolphin Group as at 31 December 2014 adjusted for the transactions as described in Note 3.8, the Public Issue and the utilisation of listing proceeds as described in Notes 2.1 and 7.2.3 of the proforma consolidated financial information respectively.

BAKER TILLY MONTEIRO HENG ★ For Identification Purposes Only ★

DOLPHIN INTERNATIONAL BERHAD

2. LISTING

Dolphin is undertaking a listing of and quotation for its entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities. The Listing comprises the following:-

2.1 Public Issue

The Public Issue of 46,000,000 new ordinary shares of RM0.20 each in Dolphin ("Dolphin Shares") ("IPO Share(s)"), at the issue price of RM0.68 for each IPO Share, representing approximately 20.72% of the enlarged issued and paid-up share capital of Dolphin, to be allotted in the following manner:

(i) 15,000,000 IPO Shares, representing approximately 6.76% of the enlarged issued and paid-up share capital of Dolphin, will be made available for application by the public investors through a balloting process, of which at least 50% shall be set aside for Bumiputera investors including individual, companies, societies, co-operatives and institutions;

(ii) 8,250,000 IPO Shares, representing approximately 3.72% of the enlarged issued and paid-up share capital of Dolphin, will be made available for application by eligible directors and employees of the Dolphin Group and persons who have contributed to the success of the Dolphin Group; and

(iii) 22,750,000 IPO Shares, representing approximately 10.25% of the enlarged issued and paid-up share capital of Dolphin, will be made available for application by way of private placement of which 2,500,000 IPO Shares, representing 1.13% of the enlarged issued and paid-up share capital of Dolphin, will be made available to selected eligible investors and 20,250,000 IPO Shares, representing 9.12% of the enlarged issued and paid-up share capital of Dolphin, will be made available to Bumiputera investors approved by Ministry of International Trade and Industry.

(Collectively hereinafter referred to as "Public Issue")

2.2 Listing

Upon completion of the Public Issue, Dolphin will seek the listing of and quotation for its entire enlarged issued and paid-up share capital of RM44,440,002 comprising 222,000,010 Dolphin Shares on the Main Market of Bursa Securities.

3. BASIS OF PREPARATION OF THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

3.1 The proforma consolidated financial information has been prepared to illustrate that:-

a) the consolidated financial results of the Dolphin Group for the past four (4) FYE 2011, FYE 2012, FYE 2013 and FYE 2014 on the basis that the group structure as of the date of the Prospectus had been in existence since the beginning of the financial years under review but before the Public Issue as described in Note 2.1 of the proforma consolidated financial information;

b) the proforma consolidated financial position of the Dolphin Group as at 31 December 2014 together with the accompanying notes, adjusted for the transactions as described in Note 3.8 but before the Public Issue as described in Note 2.1 of the proforma consolidated financial information;

c) the consolidated cash flows of the Dolphin Group for the FYE 2014 on the basis that the group structure as of the date of the Prospectus had been in existence throughout the FYE 2014 but prior to the Public Issue as described in Note 2.1 of the proforma consolidated financial information; and

d) the proforma consolidated statements of financial position of the Dolphin Group as at 31 December 2014, adjusted for the transactions as described in Note 3.8, the Public Issue and the utilisation of listing proceeds as described in Notes 2.1 and 7.2.3 of the proforma consolidated financial information respectively.

3.2 Other than as stated below, the proforma consolidated financial information has been prepared based on the following audited financial statements of the Dolphin Group:-

Company Name	FYE 2011	FYE 2012	FYE 2013	FYE 2014
Dolphin	Not applicable$^{\surd}$	From 14 May 2012 (date of incorporation) to 31 December 2012	31 December 2013	31 December 2014
Dolphin Applications Sdn Bhd ("Dolphin Applications") @	31 December 2011	31 December 2012	31 December 2013	31 December 2014
PT Dolphin Indonesia ("PT Dolphin") #^	From 16 May 2011 (date of incorporation) to 31 December 2011	31 December 2012	31 December 2013	31 December 2014
Dolphin Robotic Systems Sdn Bhd ("Dolphin Robotic") #	Not applicable$^{\surd}$	Not applicable$^{\surd}$	Not applicable$^{\surd}$	From 5 May 2014 (date of incorporation) to 31 December 2014

BAKER TILLY MONTEIRO HENG ★ For Identification Purposes Only ★

DOLPHIN INTERNATIONAL BERHAD

3. **BASIS OF PREPARATION OF THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (Continued)**

3.2 (Continued)

Company Name	FYE 2011	FYE 2012	FYE 2013	FYE 2014
Dolphin Engineering (M) Sdn Bhd ("Dolphin Engineering") @	31 December 2011	31 December 2012	31 December 2013	31 December 2014
Dolphin Systems Sdn Bhd ("Dolphin Systems") @	31 December 2011	31 December 2012	31 December 2013	31 December 2014
Dolphin Components Sdn Bhd ("Dolphin Components") *	31 December 2011	31 December 2012	31 December 2013	31 December 2014
PT Emas Hijau Sejahtera Kapuas ("PT Emas Hijau") >	Not applicable >	Not applicable >	Not applicable >	Not applicable >

√ *No audited financial statements were available for Dolphin and Dolphin Robotic as Dolphin and Dolphin Robotic were only incorporated on 14 May 2012 and 5 May 2014 respectively.*

@ *These companies are wholly-owned direct subsidiaries of Dolphin.*

* *A 75%-owned subsidiary of Dolphin.*

PT Dolphin is a 90%-owned subsidiary of Dolphin Applications whereas Dolphin Robotic is a wholly-owned subsidiary of Dolphin Applications.

^ *The audited financial statements of PT Dolphin were audited by a firm of Certified Public Accountants, an international affiliated firm of Messrs. Baker Tilly Monteiro Heng. The audited financial statements of PT Dolphin have been prepared in compliance with the International Financial Reporting Standards.*

> *A 30%-owned associate of Dolphin Applications. No audited financial statements were available for PT Emas Hijau was only established on 20 November 2014.*

BAKER TILLY MONTEIRO HENG ★ For Identification Purposes Only ★

3. BASIS OF PREPARATION OF THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (Continued)

3.3 The audited financial statements of the subsidiaries of Dolphin for the financial years/period under review were reported by the auditors to the members without any modifications. However, the audited financial statements of PT Dolphin for the FYE 2012, FYE 2013 and FYE 2014, and the audited financial statements of Dolphin Components for the FYE 2013 contained the following emphasis of matters paragraphs:-

FYE 2012

PT Dolphin

"Emphasis of Matter

We draw attention to Note 20 to the Financial Statements that the Company incurred a net loss of Rp 6.72 billion for the financial year ended December 31, 2012, resulting in the Company's capital deficiency of Rp 5.39 billion as of December 31, 2012.

These factors indicate the existence of material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. In 2012, the Company obtained financial support from the stockholder amounting to Rp 8.47 billion. If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the Statement of Financial Position. No adjustments have been made to these Financial Statements.

Extractions from Note 20 to the financial statements

The Company's accumulated losses as of December 31, 2012 reached Rp 6.72 billion or 506% of the share capital and additional paid-in capital. The Company's management plans to continue its operations efficiently and continuously. The Company's Financial Statements are presented based on the Going Concern concept without taking into account the liquidation value of the Company.

The Company obtained financial support from Dolphin Applications Sdn. Bhd., the Company's stockholder. The loan bore no interest and was payable on demand.

The Company is estimated to tender for projects worth Rp 42.15 billion in year 2013. The management is optimistic in the Company's future due to the fast growing and expanding palm oil industry in Indonesia and stable CPO price in the commodities market. This and coupled with Dolphin Applications Sdn. Bhd's track record and capability in delivering turnkey automated palm oil mill systems would ensure the Company's higher rate of tender success and ability to deliver on large contracts obtained."

DOLPHIN INTERNATIONAL BERHAD

3. BASIS OF PREPARATION OF THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (Continued)

3.3 (Continued)

<u>FYE 2013</u>

<u>PT Dolphin</u>

"Emphasis of Matters

The accompanying Financial Statements have been prepared assuming that the Company will continue to operate as a going concern. As described in Note 22 to the Financial Statements, the Company's deficit as of December 31, 2013 has reached Rp 16.63 billion or 83.25% of its capital stock and additional paid-in capital. The Company's management's plans and actions to overcome such condition are also disclosed in Note 22 to the Financial Statements. The accompanying Financial Statements do not include any adjustments that might result from the outcome of such condition.

<u>Extractions from Note 22 to the financial statements</u>

The Company's accumulated losses as of December 31, 2013 reached Rp 16,63 billion or 83.25 % of the share capital and additional paid in capital. The Company's management plans to continue its operations efficiently and continuously. The Company's Financial Statements are presented based on the Going Concern concept without taking into account the value of the Company, if liquidated.

The Company obtained financial support from Dolphin Applications Sdn. Bhd., the Company's Stockholder.

The management is optimistic about the Company's future due to the fast growing and expanding palm oil industry in Indonesia and stable CPO prices in the commodity market. This coupled with Dolphin Applications Sdn Bhd's (holding company) track record and capability in delivering turnkey automated palm oil mill systems would ensure the Company's higher rate of tender success and ability to deliver substantial sales revenue and generate better profitable for the Company."

<u>Dolphin Components</u>

"Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a net loss of RM3,635 during the financial year ended 31 December 2013, and as of that date, the Company's current liabilities exceeded its current assets by RM11,157 and recorded a capital deficiency of RM11,157, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern."

3. BASIS OF PREPARATION OF THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (Continued)

3.3 (Continued)

FYE 2013 (Continued)

Dolphin Components (Continued)

Extractions from Note 2 to the financial statements

During the financial year, the Company incurred a net loss of RM3,635 (2012: RM1,841). As at 31 December 2013, the current liabilities of the Company exceeded its current assets by RM11,157 (2012: RM7,522) and recorded a capital deficiency of RM11,157 (2012: RM7,522). The ability of the Company to continue on going concern is dependent on:

(i) the Company achieving sustainable and viable operations;
(ii) the Company obtaining secure financial support from the directors and shareholders to meet its liabilities as and when they fall due; and
(iii) the Company generating adequate cash flows for its operating activities.

The financial statements of the Company have been prepared on a going concern basis. The application of the going concern basis is based on the assumption of the directors that the Company will be able to achieve sustainable and viable operations in the foreseeable future and to realise its assets and liquidate its liabilities in the normal course of business."

FYE 2014

PT Dolphin

"Emphasis of Matters

The accompanying Financial Statements have been prepared assuming that the Company will continue to operate as a going concern. As described in Note 23 to the Financial Statements, the Company's deficit as of December 31, 2014 has reached Rp 18.50 billion or 92.59% of capital stock and additional paid-in capital. The Company's management's plans and actions to overcome such condition are also disclosed in Note 23 to the Financial Statements. The accompanying Financial Statements do not include any adjustments that might result from the outcome of such condition."

Extractions from Note 23 to the financial statements

The Company's accumulated losses as of December 31, 2014 has reached Rp 18.50 billion or 92.59% of the share capital and additional paid in capital. The Company's management plans to continue its operations efficiently and continuously. The Company's Financial Statements are presented based on the Going Concern concept without taking into account the value of the Company, if liquidated.

The management is confident that the Company's growth and improvement of its key financial indicators would continue in 2015 and respective strategies are in place towards achievement of the same. This continued with the Company's negotiations with 11 of its major clients in Indonesia on the annual maintenance and servicing proposals for 2015. The trading and service revenue of the Company in 2014 was achieved on the strength of the Company's operations and the sales orders and jobs were secured independent of the parent company. This method of growth will continue to the foreseeable future with more emphasis on trading and maintenance since the core of business function had been approved by Indonesia Investment Coordinating Board (BKPM). Along with the continuous support from its parent, the Company is poised to deliver higher revenues, higher liquidity, and achieve profitability for upcoming year 2015."

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3. **BASIS OF PREPARATION OF THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (Continued)**

3.4 The proforma consolidated financial information of the Dolphin Group has been prepared for illustrative purposes only and, such information may not, because of its nature, give a true picture of the actual financial position and the results of the Dolphin Group and does not purport to predict the future financial position and results of the Dolphin Group.

3.5 The proforma consolidated financial information of the Dolphin Group has been properly prepared on the basis set out in the accompanying notes to the proforma consolidated financial information based on the audited financial statements of Dolphin and the audited financial statements of its subsidiaries for the past four (4) FYE 2011, FYE 2012, FYE 2013 and FYE 2014 which have been prepared in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

3.6 The proforma consolidated financial information of the Dolphin Group have been prepared in a manner consistent with both the format of the audited financial statements and accounting policies adopted by Dolphin Applications in the preparation of its audited consolidated financial statements for the FYE 2014, which had been adopted by Dolphin as the group's accounting policies.

3.7 The financial information of the Dolphin Group is measured using the currency of the primary economic environment in which the Dolphin Group operates. The functional and presentation currency of the Dolphin Group is Ringgit Malaysia ("RM"). For the preparation of this report, the financial information of PT Dolphin and PT Emas Hijau, which was prepared in Indonesia Rupiah ("IDR") has been converted to Ringgit Malaysia ("RM") for information purpose only.

The exchange rates used for the purpose of this report are as follows:-

(i) Statements of Profit or Loss and Other Comprehensive Income (based on an average of the exchange rates on the last day of each month during the financial years under review):-

FYE	Exchange Rate (RM/IDR100)
FYE 31 December 2011	0.03506
FYE 31 December 2012	0.03275
FYE 31 December 2013	0.03015
FYE 31 December 2014	0.02762

(Source: www.bnm.gov.my)

(ii) Statements of Financial Position (based on the closing rates at the end of the respective reporting periods):-

Reporting Date	Exchange Rate (RM/IDR100)
FYE 31 December 2011	0.03470
FYE 31 December 2012	0.03170
FYE 31 December 2013	0.02690
FYE 31 December 2014	0.02810

(Source: www.bnm.gov.my)

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3. **BASIS OF PREPARATION OF THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (Continued)**

3.8 In connection with the Listing, the proforma consolidated financial information has been presented after adjusting for the following transactions subsequent to the reporting period and prior to the Public Issue as described in Note 2.1:-

3.8.1 **Acquisition of Dolphin Applications**

Dolphin had on 30 May 2014, entered into a conditional sale and purchase agreement with the vendors of Dolphin Applications, namely Low Teck Yin, Hoh Yeong Cherng, Lim Kwee Gee, Loh Peng Chai, Lee Ah Chuan, Chong Han Fung, Albert Chan Kin Soong and Pah Wee Kiat, to acquire the entire issued and paid-up share capital of Dolphin Applications of RM2,666,666 comprising 2,666,666 ordinary shares of RM1.00 each for a total purchase consideration of RM28,100,000, which was wholly satisfied by the issuance of 140,500,000 new Dolphin Shares at an issue price of RM0.20 per Share ("Acquisition of Dolphin Applications"). The Acquisition of Dolphin Applications was completed on 31 March 2015.

The directors of Dolphin have made a significant judgement that the business combination has been accounted for as a reverse acquisition using the purchase method of accounting under *Malaysian Financial Reporting Standard 3: Business Combination* ("MFRS 3") as in substance Dolphin Applications, is the accounting acquirer. Under the reverse acquisition accounting, although legally Dolphin is regarded as the legal parents and Dolphin Applications is regarded as the legal subsidiary, Dolphin Applications should be identified as the acquirer in accordance with MFRS 3 as it has the power to govern the financial and operating policies of Dolphin so as to obtain benefits from its activities.

Accordingly, the consolidated financial statements of the Dolphin Group prepared following a reverse acquisition represent a continuation of the financial statements of Dolphin Applications (the legal subsidiary and the acquirer for accounting purposes). Under the reverse acquisition accounting:-

(i) the assets and liabilities of the accounting acquirer, Dolphin Applications, is recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;

(ii) the retained earnings and other equity balances of Dolphin Applications immediately before the business combination are those of the Dolphin Group; and

(iii) the equity structure, however, reflects the equity structure of Dolphin, including the equity instruments issued to effect the business combination.

3.8.2 **Acquisition of Dolphin Engineering**

Dolphin had on 30 May 2014, entered into a conditional sale and purchase agreement with the vendors of Dolphin Engineering, namely Low Teck Yin, Hoh Yeong Cherng, Lim Kwee Gee, Loh Peng Chai, Lee Ah Chuan, Chong Han Fung, Albert Chan Kin Soong and Pah Wee Kiat, to acquire the entire issued and paid-up share capital of Dolphinn Engineering of RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM5,100,000, which was wholly satisfied by the issuance of 25,500,000 new Dolphin Shares at an issue price of RM0.20 per Share ("Acquisition of Dolphin Engineering"). The Acquisition of Dolphin Engineering was completed on 31 March 2015.

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3. **BASIS OF PREPARATION OF THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (Continued)**

3.8 (Continued)

3.8.3 **Acquisition of Dolphin Systems**

Dolphin had on 30 May 2014, entered into a conditional sale and purchase agreement with the vendors of Dolphin Systems, namely Hoh Yeong Cherng and Low Teck Yin to acquire the entire issued and paid-up share capital of Dolphin Systems of RM500,000 comprising 500,000 ordinary shares of RM1.00 each for a total cash consideration of RM65,000 ("Acquisition of Dolphin Systems"). The Acquisition of Dolphin Systems was completed on 31 March 2015.

3.8.4 **Acquisition of Dolphin Components**

Dolphin had on 30 May 2014, entered into a conditional sale and purchase agreement with the vendors of Dolphin Components, namely Low Teck Yin and Hoh Yeong Cherng, to acquire 75,000 ordinary shares of RM1.00 each, representing 75% equity interest in Dolphin Components for a total cash consideration of RM65,000 ("Acquisition of Dolphin Components"). The Acquisition of Dolphin Components was completed on 31 March 2015.

(The Acquisition of Dolphin Applications, the Acquisition of Dolphin Engineering, the Acquisition of Dolphin Systems and the Acquisition of Dolphin Components collectively hereinafter referred to as "the Acquisitions").

4. PROFORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE DOLPHIN GROUP

4.1 The proforma consolidated statements of profit or loss and other comprehensive income of the Dolphin Group for the four (4) FYE 2011, FYE 2012, FYE 2013 and FYE 2014 as set out below, for which the directors of Dolphin are solely responsible, have been prepared for illustrative purposes only and on the assumption that the Dolphin Group has been in existence throughout the financial years under review and are to be read in conjunction with the notes thereto.

	FYE 31 December			
	2011	**2012**	**2013**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	45,990	64,175	88,249	104,585
Cost of sales	(32,739)	(48,362)	(64,478)	(77,831)
Gross profit	13,251	15,813	23,771	26,754
Other income	71	1,418	120	549
Sales and marketing expenses	(867)	(2,442)	(1,775)	(1,507)
Administrative expenses	(4,102)	(6,269)	(5,547)	(6,980)
Share of results of an associate	-	-	-	(6)
Operating profit	8,353	8,520	16,569	18,810
Finance costs	(570)	(838)	(1,897)	(2,159)
Profit before taxation	7,783	7,682	14,672	16,651
Income tax expense	(505)	(728)	(4,031)	(4,580)
Net profit for the financial years	7,278	6,954	10,641	12,071
Other comprehensive income for the financial years				
Foreign currency translation	-	48	545	(5)
Total comprehensive income for the financial years	7,278	7,002	11,186	12,066
Net profit attributable to:				
Owners	7,290	7,195	10,911	12,129
Non-controlling interests	(12)	(241)	(270)	(58)
	7,278	6,954	10,641	12,071
Total comprehensive income attributable to:				
Owners	7,290	7,243	11,456	12,124
Non-controlling interests	(12)	(241)	(270)	(58)
	7,278	7,002	11,186	12,066

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4. PROFORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE DOLPHIN GROUP (Continued)

4.1 (Continued)

	FYE 31 December			
	2011	**2012**	**2013**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Earning before interests, tax, depreciation and amortisation	8,848	9,138	17,412	19,799
Effective tax rate (%)	6.49%	9.48%	27.47%	27.51%
Gross profit margin (%)	28.81%	24.64%	26.94%	25.58%
Profit before tax margin (%)	16.92%	11.97%	16.63%	15.92%
Profit after tax margin (%)	15.83%	10.84%	12.06%	11.54%
*Number of ordinary shares of RM0.20 each in issue ('000)**	176,000	176,000	176,000	176,000
Gross earnings per share ("EPS")(sen)	4.42	4.36	8.34	9.46
Net EPS (sen)	4.14	4.09	6.20	6.89
*Adjusted net EPS (sen)***	3.28	3.24	4.91	5.46

* *Number of Dolphin Shares in issue after the Acquisitions but prior to the Public Issue.*

** *Calculated based on the number of Dolphin Shares in issue after the Public issue.*

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4. **PROFORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE DOLPHIN GROUP (Continued)**

4.2 Notes to the proforma consolidated statements of profit or loss and other comprehensive income are as follows:-

4.2.1 **Basis of Preparation**

The proforma consolidated statements of profit or loss and other comprehensive income of the Dolphin Group are prepared for illustrative purposes only and have been presented on the assumption that the Dolphin Group has been in existence since 1 January 2011 and throughout the financial years under review. These proforma consolidated statements of profit or loss and other comprehensive income are based on the audited financial statements of the Dolphin Group as mentioned in Note 3.2.

4.2.2 The proforma consolidated statements of profit or loss and other comprehensive income for the financial years under review have been prepared based on the format of the financial statements and the accounting policies consistent with those adopted in the preparation of the audited consolidated financial statements of Dolphin Applications for the FYE 2014, which had been adopted by Dolphin as the group's accounting policies and the adoption of the following new accounting policy:-

Intangible asset

The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following the initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised on a straight line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit level.

4.2.3 There were no exceptional items in all the financial years under review.

4.2.4 The issued and paid-up share capital of Dolphin of 176,000,000 Dolphin Shares is after adjusting for the transactions as described in Note 3.8 but prior to the Public Issue.

4.2.5 The gross EPS is computed as profit before tax over the number of Dolphin Shares after adjusting for the transactions as described in Note 3.8 but prior to the Public Issue.

4.2.6 The net EPS is computed as net profit for the financial years attributable to owners of Dolphin over the number of Dolphin Shares after adjusting for the transactions as described in Note 3.8 but prior to the Public Issue.

4.2.7 The adjusted net EPS is computed as net profit for the financial years attributable to owners of Dolphin over the number of Dolphin Shares after adjusting for the transactions as described in Note 3.8 and after the Public Issue.

4.2.8 No diluted EPS is shown as there were no potential dilutive shares in issue during the financial years under review.

4.2.9 All significant inter-company transactions are eliminated on consolidation and the consolidated results reflect external transactions only.

4.2.10 There were no share of results by joint ventures during the financial years under review.

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DOLPHIN INTERNATIONAL BERHAD

5. PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE DOLPHIN GROUP

5.1 The proforma consolidated statement of financial position of the Dolphin Group as set out below, for which the directors are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited statement of financial position of Dolphin as at 31 December 2014, adjusted for the transactions as described in Note 3.8 but prior to the Public Issue as described in Note 2.1 of the proforma consolidated financial information been effected on that date, and should be read in conjunction with the notes accompanying thereto.

	Note	As at 31 December 2014 RM'000
Non-current assets		
Property, plant and equipment	5.2.4(a)	18,749
Investment properties	5.2.4(b)	199
Investment in an associate	5.2.4(c)	202
Development costs	5.2.4(d)	8,734
Intangible asset	5.2.4(e)	3,750
Goodwill on consolidation	5.2.4(f)	17
Total non-current assets		31,651
Current assets		
Inventories	5.2.4(g)	627
Amount from customers for contract works	5.2.4(h)	69,243
Trade and other receivables	5.2.4(i)	11,865
Fixed deposits with licensed banks	5.2.4(j)	5,537
Cash and bank balances	5.2.4(k)	12,794
Total current assets		100,066
TOTAL ASSETS		131,717
EQUITY AND LIABILITIES		
Equity attributable to owners of Dolphin		
Share capital	5.2.4(l)	35,200
Share premium	5.2.4(m)	15,323
Foreign translation reserve	5.2.4(n)	586
Reserve arising from reverse acquisition	5.2.4(o)	(26,208)
Retained earnings	5.2.4(p)	27,171
Shareholders' funds		52,072
Non-controlling interests	5.2.4(q)	(6)
Total equity		52,066

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5. **PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)**

5.1 (Continued)

	Note	As at 31 December 2014 RM'000
Non-current liabilities		
Hire purchase payables	5.2.4(r)	1,474
Bank borrowings	5.2.4(s)	4,045
Provision for retirement benefits	5.2.4(t)	14
Deferred tax liabilities	5.2.4(u)	125
Total non-current liabilities		5,658
Current liabilities		
Trade and other payables	5.2.4(v)	39,968
Amount due to customers for contract works	5.2.4(h)	375
Hire purchase payables	5.2.4(r)	527
Bank borrowings	5.2.4(s)	28,518
Tax payable		4,605
Total current liabilities		73,993
Total liabilities		79,651
TOTAL EQUITY AND LIABILITIES		131,717
Proforma net assets ("NA") per ordinary share attributable to the owners of Dolphin (RM)	5.2.4(aa)	0.30

5. PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)

5.2 Notes to the Proforma Consolidated Statement of Financial Position of the Dolphin Group

5.2.1 Basis of Preparation

The proforma consolidated statement of financial position of the Dolphin Group as at 31 December 2014 for which the directors are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited statement of financial position of Dolphin as at 31 December 2014, adjusted for the transactions as described in Note 3.8 but prior to the Public Issue as described in Note 2.1.

The proforma consolidated statement of financial position of the Dolphin Group as at 31 December 2014 is prepared based on the audited financial statements of the Dolphin Group as mentioned in Note 3.2, unless otherwise stated.

5.2.2 The proforma consolidated statement of financial position of the Dolphin Group has been prepared based on the accounting policies consistent with those adopted by Dolphin Applications in the preparation of the audited consolidated financial statements as at 31 December 2014, which had been adopted by Dolphin as the group's accounting policies.

5.2.3 All inter-company balances are eliminated on consolidation.

5.2.4 The proforma consolidated statements of financial position of the Dolphin Group should be read in conjunction with the notes below:-

(a) Property, Plant and Equipment

	Cost RM'000	Accumulated Depreciation RM'000	Net Carrying Amount RM'000
As at 31 December 2014			
Freehold land	4,722	-	4,722
Leasehold land	4,007	65	3,942
Freehold building	7,082	583	6,499
Leasehold building	445	14	431
Renovation, equipment and fittings	1,327	1,003	324
Motor vehicles	3,629	1,231	2,398
Plant and machinery	251	251	-
Computer and software	685	252	433
	22,148	3,399	18,749

The Dolphin Group's leasehold land has a lease period of 99 years expiring on 1 June 2109.

The Dolphin Group's motor vehicles with total net carrying amounts of RM2,226,527 were acquired under hire purchase instalment plans.

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5. PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)

5.2.4 (Continued)

(a) Property, Plant and Equipment (Continued)

The Dolphin Group's freehold and leasehold lands and buildings with total net carrying amounts of RM15,593,919 have been pledged to licensed banks to secure credit facilities granted to the Dolphin Group as disclosed in Note 5.2.4(s).

(b) Investment Properties

	Cost RM'000	Accumulated Amortisation RM'000	Net Carrying Amount RM'000
As at 31 December 2014			
Investment property	237	38	199

The Dolphin Group's leasehold land has a lease period of 99 years expiring on 17 July 2091.

The fair value of investment property is categorised as follows:

Policy on transfer between levels

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

The Dolphin Group's fair value hierarchy is defined as follows:

Level 1 fair value: Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment property that the entity can access at the measurement date.

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

Level 3 fair value: Level 3 fair value is estimated using unobservable inputs for the investment property.

The fair value of investment property of approximately RM244,922 is categorised at Level 3 of the fair value hierarchy. The fair value on the investment property is determined based on information available through internal research and the directors' best estimation.

There is no transfer between levels of fair values hierarchy during the financial year.

Sales Comparison Approach

The investment property consists of leasehold shop lot. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

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5. PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)

5.2.4 (Continued)

(c) Investment in an associate

	As at 31 December 2014 RM'000
Unquoted shares, at cost	208
Share of post acquisition results	(6)
	202

The details of the associate are as follows:

Name	Country of incorporation	Effective Equity Interest	Principal activities
PT Emas Hijau (Established on 20 November 2014)	Indonesia	30%	Currently dormant and intended to be principally involved in the building, operating and managing of palm oil mills in Indonesia

During the financial year, Dolphin Applications subscribed for 30% of the equity interest in PT Emas Hijau comprising 750,000 ordinary shares of IDR1,000 each in PT Emas Hijau for cash.

The summarised financial information of the associate are as follow:-

	As at 31 December 2014 RM'000
Results	
Loss for the period	(19)
Assets and Liabilities	
Current assets	702
Current liabilities	(20)

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5. **PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)**

5.2.4 (Continued)

(d) Development Costs

	Cost RM'000	Accumulated Amortisation RM'000	Net Carrying Amount RM'000
As at 31 December 2014			
Development costs	8,734	-	8,734

The development expenditure incurred were in relation to the development of automated sterilisation system for palm oil extraction.

(e) Intangible asset

Intangible asset represents the identifiable asset arising from the purchase price allocation exercise performed by the Dolphin Group in connection with the Acquisition of Dolphin Engineering based on the secured contracts of Dolphin Engineering.

(f) Goodwill on consolidation

This represents the goodwill on consolidation arising from the Acquisition of Dolphin Systems.

(g) Inventories

	As at 31 December 2014 RM'000
Trading parts and materials	627

(h) Amount Due From/(To) Customers For Contracts Works

	As at 31 December 2014 RM'000
Aggregate costs incurred to date	161,895
Attributable profit recognised to date	46,501
	208,396
Progress billings	(139,528)
	68,868
Amount due from customers for contract works included under current assets	69,243
Amount due to customers for contract works included under current liabilities	(375)
	68,868

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5. **PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)**

5.2.4 (Continued)

(i) Trade and Other Receivables

	As at 31 December 2014 RM'000
Trade receivables	11,322
Less: Allowance for impairment loss	(31)
Trade receivables, net	11,291
Other receivables	
Other receivables	263
Sundry deposits	101
Prepayments	210
	574
Total trade and other receivables	11,865
Less: Prepayments	(210)
Add: Fixed deposits with licensed banks (Note 5.2.4(j))	5,537
Cash and bank balances (Note 5.2.4(k))	12,794
Total loans and receivables	29,986

The Dolphin Group's normal trade credit terms ranges from 30 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

Trade Receivables

The currency exposure profile of the trade receivables are as follows:-

	As at 31 December 2014 RM'000
United States Dollar	1,647
IDR	2,327
RM	7,348
	11,322

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DOLPHIN INTERNATIONAL BERHAD

5. **PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)**

5.2.4 (Continued)

(i) Trade and Other Receivables (Continued)

Trade Receivables (Continued)

Ageing analysis of trade receivables are as follows:-

	As at 31 December 2014 RM'000
Neither past due nor impaired	4,501
1 to 30 days past due not impaired	2,563
31 to 60 days past due not impaired	787
61 to 90 days past due not impaired	630
More than 90 days past due not impaired	1,003
	4,983
Rentention sum	1,807
Impaired	31
	11,322

Receivables that are neither past due nor impaired

The directors of the Dolphin Group are of the opinion that no impairment loss is necessary in respect of these not past due trade receivables.

Receivables that are past due but not impaired

The balances of trade receivables that are past due but not impaired, representing approximately 44.01% of the Dolphin Group's trade receivables are unsecured in nature.

The management has a credit procedure in place to monitor and minimise the exposure of default. The directors of the Dolphin Group are of the opinion that no impairment loss is necessary in respect of these past due trade receivables, other than those have been impaired in the financial statements.

Receivables that are impaired

Movement in allowance for impairment loss account:-

	As at 31 December 2014 RM'000
At the beginning of the financial year	31
Charge for the financial year	
At the end of the financial year	31

DOLPHIN INTERNATIONAL BERHAD

5. PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)

5.2.4 (Continued)

(j) Fixed Deposits with Licensed Banks

The fixed deposits placed with licensed banks have maturity dates ranging from 1 month to 12 months, which bear interest rates ranging from 3.05% to 3.30% per annum.

Fixed deposits placed with licensed banks have been pledged to licensed banks to secure credit facilities granted to the Dolphin Group as disclosed in Note 5.2.4(s).

(k) Cash and Bank balances

	As at 31 December 2014 RM'000
Cash in hand	29
Cash at banks	12,765
	12,794

The currency exposure profile of cash and bank balances are as follows:-

	As at 31 December 2014 RM'000
United States Dollar	1,441
Euro Dollars	1
IDR	2,600
Gabon Francs	&
South African Rand	@
Colombian Peso	^
Chinese Yuan Renminbi	1
Singapore Dollar	1
Papua New Guinea Kina	>
RM	8,750
	12,794

& *RM116*

@ *RM45*

^ *RM306*

> *RM363*

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DOLPHIN INTERNATIONAL BERHAD

5. PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)

5.2.4 (Continued)

(l) Share Capital

	As at 31 December 2014	
	Number of Ordinary Shares Unit'000	**Amount RM'000**
Ordinary shares of RM0.20 each		
Authorised:		
As at 31 December 2014	500,000	100,000
Issued and fully paid-up:		
As at 31 December 2014	10,000	2,000
Subsequent to 31 December 2014		
Issued pursuant to the Acquisitions	166,000	33,200
	176,000	35,200

(m) Share Premium

Share premium represents the premium paid on subscription of shares in Dolphin above the par value of the ordinary shares.

(n) Foreign Translation Reserves

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from that of the Dolphin Group's presentation currency.

(o) Reserve Arising from the Reverse Acquisition

The reserve arising from reverse acquisition is the difference between the total purchase consideration for the Acquisition of Dolphin Applications as described in Note 3.8 of RM28,100,000 which was settled by Dolphin via the issuance of 140,500,000 Dolphin Shares, the issued and fully paid share capital of Dolphin Applications and the pre-acquisition losses of Dolphin.

(p) Retained Earnings

The entire retained earnings of Dolphin is available for distribution as single-tier dividends.

DOLPHIN INTERNATIONAL BERHAD

5. PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)

5.2.4 (Continued)

(q) Non-Controlling Interests ("NCI")

The NCI of the Dolphin Group are as follows:

	As at 31 December 2014 RM'000
NCI percentage of ownership interest and voting interest	10%
Carrying amount of NCI	(6)
Loss allocated to NCI	(5)
Total comprehensive income allocated to NCI	(5)

(r) Hire Purchase Payables

	As at 31 December 2014 RM'000
Future minimum hire purchase payables	
- not later than one year	609
- later than one year but not later than five years	1,575
	2,184
Less: Future finance charges	(183)
Present value of hire purchase payables	2,001
Analysis of present value of hire purchase payables	
Not later than one year (included under current liabilities)	527
Later than one year but not later than five years (included under non-current liabilties)	1,474
	2,001

The hire purchase payables bear interest rates ranging from 2.28% to 4.41% per annum.

DOLPHIN INTERNATIONAL BERHAD

5. PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)

5.2.4 (Continued)

(s) Bank Borrowings

	As at 31 December 2014 RM'000
Short term borrowings - secured	
Bank overdrafts	5,976
Invoice financing	9,722
Bankers' acceptances	4,245
Promissory notes	100
Term loans	626
Trust receipts	7,849
	28,518
Long term borrowings - secured	
Term loans	4,045
	32,563
Comprising portion repayable	
Within next twelve months	28,518
After the next twelve months	
- not later than two years	660
- later than two years but not later than five years	1,373
- more than five years	2,012
	32,563

The currency exposure profile of bank borrowings are as follows:-

	As at 31 December 2014 RM
United States Dollar	8,685
RM	23,878
	32,563

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5. **PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)**

5.2.4 (Continued)

(s) Bank Borrowings (Continued)

The bank borrowings are secured by the following:-

(a) First and third party fixed charged over all cash deposits deposited by the Dolphin Group together with a cash deposit agreement;
(b) Jointly and severally guarantee by directors of certain directors of the Dolphin Group;
(c) Facility agreements between the Dolphin Group and financial institutions;
(d) Corporate guarantee by certain subsidiaries of the Dolphin Group;
(e) First party legal charges created over the freehold and leasehold lands and buildings of the Dolphin Group;
(f) First Party Deed of Assignment over two (2) units of 3 storey shop office.

The respective term loans are repayable in the following manner:-

(a) 84 equal monthly instalments commencing January 2013; and
(b) 120 equal monthly instalments commencing May 2007, May 2008 and July 2013.

Bankers' acceptances, promissory notes and trust receipts have maturity periods ranging from 150 days to 270 days.

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

	As at 31 December 2014 % per annum
Term loans	4.85 to 7.95
Bankers' acceptances	5.65 to 8.10
Invoice financing	4.35 to 8.10
Bank overdrafts	8.35 to 9.10
Promissory notes	8.10
Trust receipts	8.10

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DOLPHIN INTERNATIONAL BERHAD

5. PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)

5.2.4 (Continued)

(t) Provision for Retirement Benefits

The Dolphin Group operates unfunded defined retirement benefits plan for its employees.

The total amount recognised in the statements of financial position are as follow:

	As at 31 December 2014 RM'000
Present value of unfunded defined benefits obligation	14

The followings table shown reconciliation from the opening balance to the closing balance for the retirement benefit plan:

	As at 31 December 2014 RM'000
At beginning of the financial year	13
Included in the profit or loss:	
- current service costs	6
- interest income	1
- effect of curtailment for resigned staff	(6)
At end of the financial year	14

The principal assumptions used are as follow:

	As at 31 December 2014 %
Discount rate	9.0
Expected rate of salary increase	7.0

Sensitivity analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumption, holding assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Defined Benefit Obligation	
	Increase RM'000	**Decrease RM'000**
As at 31 December 2014		
Increase/Decrease of 1% discount rate	(1)	1
Increase/Decrease of 1% expected rate of salary	1	(1)

Although the analysis does not account to the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

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DOLPHIN INTERNATIONAL BERHAD

5. PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)

5.2.4 (Continued)

(u) Deferred Tax Liabilities

	As at 31 December 2014 RM'000
Differences between the net carrying amount and the corresponding tax written down value of property, plant and equipment	125

(v) Trade and Other Payables

	As at 31 December 2014 RM'000
Trade payables	30,317
Other payables	
Other payables	868
Accruals	8,510
	9,378
Amount due to an associate	208
Amount due to a director	65
Total trade and other payables	39,968
Add:	
Hire purchase payables (Note 5.2.4(r))	2,001
Bank borrowings (Note 5.2.4(s))	32,563
Total other financial liabilities carried at amortised costs	74,532

The normal trade credit terms granted to the Dolphin Group ranges from 30 days to 90 days.

The currency exposure profile of the trade payables are as follows:-

	As at 31 December 2014 RM'000
IDR	425
RM	29,892
	30,317

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5. **PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)**

5.2.4 (Continued)

(v) Trade and Other Payables (Continued)

Amount due to a director

The amount due to a director is unsecured, non-trade in nature, interest free and repayable upon demand.

Amount due to an associate

The amount due to an associate is unsecured, non-trade in nature, interest free and repayable upon demand.

(w) Financial Guarantee

	As at 31 December 2014 RM'000
Bank guarantees issued for contract customers for performance of contracts	5,208

The bank guarantees are secured by securities as disclosed in Note 5.2.4(s).

(x) Financial Risk Management and Objectives

The Dolphin Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The directors of Dolphin Group review and agree policies and procedures for the management of these risks.

The following sections provide details regarding the Dolphin Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Dolphin Group's exposure to credit risk arises primarily from trade and other receivables.

The Dolphin Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. Receivable balances are monitored on an ongoing basis with the result that the Dolphin Group's exposure to bad debts is not significant.

DOLPHIN INTERNATIONAL BERHAD

5. PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)

5.2.4 (Continued)

(x) Financial Risk Management and Objectives (Continued)

(a) Credit Risk (Continued)

Exposure to credit risk

As at 31 December 2014, the Dolphin Group's maximum exposure to the credit risk is represented by the carrying amount of each class of financial assets recognised in the proforma consolidated statement of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 5.2.4(i).

Receivables that are neither past due nor impaired

Information regarding credit enhancements for trade and other receivables is disclosed in Note 5.2.4(i).

Receivables that are past due but not impaired

Information regarding credit enhancements for trade and other receivables is disclosed in Note 5.2.4(i).

Credit risk concentration profile

At as 31 December 2014, the Dolphin Group has a significant concentration of credit risk in the form of four (4) major trade receivables, representing approximately 51.29% of the Dolphin Group's total trade receivables.

(b) Liquidity and Cash Flow Risks

Liquidity risk is the risk that the Dolphin Group will encounter difficulty in meeting financial obligations due to shortage of fund. The Dolphin Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

As at 31 December 2014, approximately 84.03% of the Dolphin Group's loans and borrowings, as disclosed in Notes 5.2.4(r) and 5.2.4(s), will mature in less than one year based on the carrying amounts reflected in the proforma consolidated statement of financial position.

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5. PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)

5.2.4 (Continued)

(x) Financial Risk Management and Objectives (Continued)

(b) Liquidity and Cash Flow Risks (Continued)

Analysis of financial instruments by remaining contractual maturities

The table below summaries the maturity profile of the Dolphin Group's liabilities as at 31 December 2014:-

	<---------- As at 31 December 2014			---------->
	On demand or within one year RM'000	**One to five years RM'000**	**More than five years RM'000**	**Total RM'000**
Trade and other payables	39,968	-	-	39,968
Hire purchase payables	609	1,575	-	2,184
Bank borrowings	28,782	2,696	2,326	33,804
	69,359	4,271	2,326	75,956

(c) Interest Rate Risk

Interest rate risk is the risk that fair value or future cash flows of the Dolphin Group's financial instruments will fluctuate because of changes in market interest rates.

The Dolphin Group's exposure to interest rate risk arises primarily from their loans and borrowings and fixed deposits placed with the financial institutions. Most of the Dolphin Group's loans and borrowings are charged a fixed interest rate plus or minus the financial institutions' base lending rate or cost of fund per annum. The fixed interest rate is reviewed annually. Whilst, the base lending rate and cost of fund used by the financial institutions vary according to the rates set by Bank Negara Malaysia. Meanwhile, interest rates charged on hire purchases are fixed at the inception of the hire purchase arrangements. For interest income from cash deposits, the Dolphin Group managed the interest rate risks by placing cash deposits with reputable financial institutions with varying maturities and interest rate terms.

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5. PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)

5.2.4 (Continued)

(x) Financial Risk Management and Objectives (Continued)

(c) Interest Rate Risk (Continued)

Interest rate risk sensitivity

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Dolphin Group's profit after tax:-

	Carrying amount	Movement in basis point	Effect on profit after tax RM'000
Fixed deposits with licensed banks	5,537	0.5%	21
Bank borrowings	32,563	0.5%	(122)
Total effect on profit ater tax			(101)

(d) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Dolphin Group has transactional currency exposures arising from sales or purchases that are denominated in currencies other than the Dolphin Group's functional currency.

Sensitivity analysis

The following table indicates the approximate change in the Dolphin Group's profit after tax and retained earnings in response to reasonable possible changes in the foreign exchange rates to which the Dolphin Group has significant exposure at the end of the reporting period, assuming all other variable risk variable remained constant. Other components of the equity would not be affected by changes in the foreign exchange rate.

	Increase/(Decrease)	
	Strenghten 5% RM'000	Weaken 5% RM'000
United States Dollar	(202)	202
IDR	159	(159)

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DOLPHIN INTERNATIONAL BERHAD

5. **PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)**

5.2.4 (Continued)

(y) Fair Values Measurement

The Dolphin Group's fair value hierarchy is defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical financial instrument

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Lever 3: Inputs for the financial instrument that are not based on observable market data

The fair values of financial assets and financial liabilities of the Dolphin Group approximate their carrying amounts in the proforma consolidated statement of financial position of the Dolphin Group except as set out below.

	As at 31 December 2014	
	Carrying Amount RM'000	Fair Value RM'000
Hire purchase payables	2,001	1,986

The fair value of the hire purchase payables are categorised as Level 2.

During the financial year ended 31 December 2014, there was no transfer between Levels 1, 2, and 3 of the fair value measurement hierarchy.

The Dolphin Group does not have any financial assets or financial liabilities measured at Level 1, 2 and 3 hierarchy.

There were no other unrecognised financial instruments as at 31 December 2014 that are required to be disclosed.

(z) Capital Management

The primary objective of the Dolphin Group's capital management is to build and maintain a strong capital base so as to maintain healthy capital ratios and at the same time be able to leverage on the capital to provide the funds to fund their expansion and growth.

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5. PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)

5.2.4 (Continued)

(z) Capital Management (Continued)

The Dolphin Group manages its capital structure, and makes adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Dolphin Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares, raise new debts and reduce existing debts.

The capital structure of Dolphin consists of equity attributable to owners of Dolphin, comprising share capital, retained earnings and total liabilities.

	As at 31 December 2014 RM'000
Total liabilities	79,651
Equity attributable to owners of Dolphin	52,072
Debt-to-equity ratio	152.96%

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

The Dolphin Group is not subject to externally imposed capital requirements.

(aa) Proforma Net Assets

	As at 31 December 2014 RM'000
Proforma NA ^	52,072
Number of ordinary shares in issue ('000) *	176,000
Proforma NA per ordinary share (RM) ^	0.30

^ *Attributable to the owners of Dolphin.*

* *Number of Dolphin Shares in issue after the Acquisitions but prior to the Public Issue.*

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DOLPHIN INTERNATIONAL BERHAD

6. PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE DOLPHIN GROUP

6.1 The proforma consolidated statement of cash flows of the Dolphin Group as set out below, for which the directors are solely responsible, have been prepared for illustrative purposes only and on the assumption that the Dolphin Group had been in existence throughout the financial year under review, adjusted for the transactions as described in Note 3.8 but prior to the Public Issue, and should be read in conjunction with the notes accompanying thereto.

	FYE 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before tax	16,651
Adjustments for:	
Amortisation of investment properties and leasehold land	43
Depreciation of property, plant and equipment	1,000
Interest expenses	2,159
Interest income	(54)
Property, plant and equipment written off	5
Net foreign exchange loss	101
Gain on disposal of property, plant and equipment	(293)
Share of results of an associate	6
Operating profit before working capital changes	19,618
Change In Working Capital	
Inventories	(228)
Receivables	2,180
Payables	16,838
Amount due from/to customers for contract works	(28,962)
Net cash generated from operations	9,446
Interests received	54
Interests paid	(1,274)
Income tax refunded	43
Income tax paid	(3,821)
Net Operating Cash Flows	4,448

DOLPHIN INTERNATIONAL BERHAD

6. PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE DOLPHIN GROUP (Continued)

6.1 (Continued)

	FYE 2014 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES	
Development costs incurred	(3,867)
Proceeds from disposal of property, plant and equipment	293
Net cash outflow from the Acquisitions	(130)
Investment in an associated company	(208)
Purchase of property, plant and equipment	(311)
Net Investing Cash Flows	(4,223)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of shares	600
Repayment of finance lease payables	(23)
Repayment of hire purchase payables	(641)
Net change in short term borrowings	6,154
Repayment of term loans	(1,069)
Interests paid	(885)
Fixed deposits pledged as security values	(3,046)
Net change in amounts to directors	148
Net Financing Cash Flows	1,238
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,463
Effects of exchange rate changes	(630)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	5,985
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	6,818
ANALYSIS OF CASH AND CASH EQUIVALENTS	
Cash and bank balances	12,794
Fixed deposits	5,537
Bank overdrafts	(5,976)
	12,355
Less: Fixed deposits pledged as security values	(5,537)
	6,818

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6. **PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE DOLPHIN GROUP (Continued)**

6.2 **Notes to the Proforma Consolidated Statement of Cash Flows of the Dolphin Group**

6.2.1 Basis of Preparation

The proforma consolidated statement of cash flows of the Dolphin Group, for which the directors are solely responsible, are prepared for illustrative purposes only, and on the assumption that the Dolphin Group has been in existence throughout the financial year under review, adjusted for the transactions as described in Note 3.8 but prior to the Public Issue.

The proforma consolidated statement of cash flows of the Dolphin Group for the FYE 2014 is prepared based on the audited financial statements of the Dolphin Group as mentioned in Note 3.2, unless otherwise stated.

6.2.2 All inter-company cash flows movements are eliminated on consolidation.

DOLPHIN INTERNATIONAL BERHAD

7. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE DOLPHIN GROUP

7.1 The proforma consolidated statements of financial position of the Dolphin Group as set out below, for which the directors are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited statement of financial position of Dolphin as at 31 December 2014, had the transactions as described in Note 3.8, the Public Issue as described in Note 2.1 and the utilisation of listing proceeds as described in Note 7.2.3 been effected on that date, and should be read in conjunction with the notes accompanying thereto.

		Proforma I	Proforma II	Proforma III	Proforma IV
	Audited Statement of Financial Position as at 31 December 2014 RM'000	After the Acquisitions RM'000	After Proforma I and the Utilisation of Bank Overdrafts RM'000	After Proforma II and the Public Issue RM'000	After Proforma III and the Utilisation of Proceeds RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	-	18,749	18,749	18,749	29,749
Investment properties	-	199	199	199	199
Investment in an associate	-	202	202	202	202
Development costs	-	8,734	8,734	8,734	12,734
Intangible assets	-	3,750	3,750	3,750	3,750
Goodwill on consolidation	-	17	17	17	17
Total non-current assets	-	31,651	31,651	31,651	46,651
Current assets					
Inventories	-	627	627	627	627
Amount from customers for contract works	-	69,243	69,243	69,243	69,243
Trade and other receivables	1,314	11,865	11,865	11,865	11,865
Fixed deposits with licensed banks	-	5,537	5,537	5,537	5,537
Cash and bank balances	283	12,794	18,700	49,980	24,780
Total current assets	1,597	100,066	105,972	137,252	112,052
TOTAL ASSETS	1,597	131,717	137,623	168,903	158,703
EQUITY AND LIABILITIES					
Equity attributable to owners of Dolphin					
Share capital	2,000	35,200	35,200	44,400	44,400
Share premium	-	15,323	15,323	37,403	35,859
Foreign translation reserve	-	586	586	586	586
Reserve arising from reverse acquisition	-	(26,208)	(26,208)	(26,208)	(26,208)
Retained earnings	(774)	27,171	27,045	27,045	24,389
Shareholders' funds	1,226	52,072	51,946	83,226	79,026
Non-controlling interests	-	(6)	(6)	(6)	(6)
Total equity	1,226	52,066	51,940	83,220	79,020

DOLPHIN INTERNATIONAL BERHAD

7. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)

7.1 (Continued)

	Audited Statement of Financial Position as at 31 December 2014 RM'000	Proforma I After the Acquisitions RM'000	Proforma II After Proforma I and the Utilisation of Bank Overdrafts RM'000	Proforma III After Proforma II and the Public Issue RM'000	Proforma IV After Proforma III and the Utilisation of Proceeds RM'000
Non-current liabilities					
Hire purchase payables	-	1,474	1,474	1,474	1,474
Bank borrowings	-	4,045	4,045	4,045	4,045
Provision for retirement benefits	-	14	14	14	14
Deferred tax liabilities	-	125	125	125	125
Total non-current liabilities	-	5,658	5,658	5,658	5,658
Current liabilities					
Trade and other payables	371	39,968	39,968	39,968	39,968
Amount due to customers for contract works	-	375	375	375	375
Hire purchase payables	-	527	527	527	527
Bank borrowings	-	28,518	34,550	34,550	28,550
Tax payable	-	4,605	4,605	4,605	4,605
Total current liabilities	371	73,993	80,025	80,025	74,025
Total liabilities	371	79,651	85,683	85,683	79,683
TOTAL EQUITY AND LIABILITIES	1,597	131,717	137,623	168,903	158,703
Number of ordinary shares assumed to be in issued - RM0.20 each ('000)	10,000	176,000	176,000	222,000	222,000
Net assets ("NA") (RM'000) *	1,226	52,072	51,946	83,226	79,026
NA per ordinary share (RM) *	0.12	0.30	0.30	0.37	0.36

* *Attributable to the owners of Dolphin*

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7. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)

7.2 Notes to the proforma consolidated statements of financial position are as follows:-

7.2.1 Basis of Preparation

The proforma consolidated statements of financial position of the Dolphin Group, for which the directors are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited statement of financial position of Dolphin as at 31 December 2014, had the transactions as described in Note 3.8, the Listing as described in Note 2.1 and the utilisation of listing proceeds as described in Note 7.2.3 of the proforma consolidated financial information been effected on that date, and should be read in conjunction with the notes accompanying thereto.

7.2.2 The proforma consolidated statements of financial position of the Dolphin Group have been prepared in a manner consistent with both the format of the financial statements and the accounting policies adopted by Dolphin Applications in the preparation of its audited consolidated financial statements for the FYE 2014, which had been adopted by Dolphin as the group's accounting policies.

7.2.3 The proceeds from the Public Issue would be utilised in the following manner:-

	RM'000	%
Renovation and extension of factory (which includes the purchase of additional machineries)	11,000	35.16
Working capital	6,080	19.44
Set-up of a research and development facility	4,000	12.79
Repayment of bank borrowings	6,000	19.18
Estimated listing expenses	4,200	13.43
	31,280	100.00

7.2.4 The proforma consolidated statements of financial position should be read in conjunction with the notes below:-

(a) **Proforma I**

The audited statement of financial position of Dolphin as at 31 December 2014 had been adjusted for the Acquisitions as detailed in Notes 3.8.1, 3.8.2, 3.8.3, and 3.8.4.

For the preparation of the Proforma Consolidated Statements of Financial Position for Dolphin and for illustrative purposes only, the impact on the audited statement of financial position of Dolphin as at 31 December 2014 arising from the Proposed Acquisitions have been computed based on the audited financial statements of the Dolphin Group as at 31 December 2014. As such, the actual impact may differ from the amount as illustrative below.

DOLPHIN INTERNATIONAL BERHAD

7. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)

7.2 (Continued)

7.2.4 (Continued)

(a) **Proforma I (Continued)**

The reserve arising from the reverse acquisition of Dolphin Applications is as below:-

	RM'000
Purchase consideration	28,100
Less: Share capital of Dolphin Applications	(2,667)
Add: Pre-acquisition losses of Dolphin	775
	26,208

The goodwill on consolidation and the gain on bargain purchase arising from the Acquisition of Dolphin Engineering, the Acquisition of Dolphin Systems and the Acquisition of Dolphin Components are as below:-

	Acquisition of Dolphin Engineering RM'000	Acquisition of Dolphin Systems RM'000	Acquisition of Dolphin Components RM'000
Purchase consideration	17,340 *	65	65
Net fair value of the identifiable assets, liabilities and contingent liabilities acquired based on the audited net assets as at 31 December 2014	14,496	110	48
Intangible assets arising from the Acquisition of Dolphin Engineering	3,750	-	-
Gain on bargain purchase	906	45	-
Goodwill on consolidation	-	-	17

* Assuming the fair value of Dolphin Share issued pursuant to the Acquisitions to be the issue price for the Public Issue of RM0.68 per Dolphin Share.

DOLPHIN INTERNATIONAL BERHAD

7. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)

7.2 (Continued)

7.2.4 (Continued)

(a) **Proforma I (Continued)**

The Acquisitions had the following impact on the audited statement of financial position of Dolphin as at 31 December 2014:-

	Increase/(Decrease)	
	Effects on Total Assets RM'000	**Effects on Total Liabilities and Equity RM'000**
Property, plant and equipment	18,749	-
Investment properties	199	-
Investment in an associate	202	-
Development costs	8,734	-
Intangible assets	3,750	-
Goodwill on consolidation	17	-
Inventories	627	-
Amount due from customers on contract works	69,243	-
Trade and other receivables	10,551	-
Fixed deposits with licensed banks	5,537	-
Cash and bank balances	6,605	-
Share capital	-	33,200
Share premium	-	15,323
Foreign translation reserve	-	586
Reserve arising from reverse acquisition	-	(26,208)
Retained earnings	-	28,071
Non-controlling interests	-	(6)
Hire purchase payables		
- under non-current liabilities	-	1,474
- under current liabilities	-	527
Bank borrowings		
- under non-current liabilities	-	4,045
- under current liabilities	-	22,486
Provision for retirement benefits	-	14
Deferred tax liabilities	-	125
Trade and other payables	-	39,597
Amount due to customers on contract works	-	375
Tax payable	-	4,605
	124,214	124,214

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7. **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)**

7.2 (Continued)

7.2.4 (Continued)

(b) **Proforma II**

Proforma II incorporates the cumulative effects of Proforma I and utilisation of bank overdrafts facility subsequent to 31 December 2014. Dolphin Applications and Dolphin Engineering had drawndown additional bank overdrafts, made repayments to the bank overdrafts and incurred additional finance costs on the bank overdrafts.

For the preparation of the proforma consolidated statements of financial position and to illustrate the repayment of bank borrowings via the proceeds from Public Issue as detailed in Note 7.2.3, the proforma consolidated statements of financial position of the Dolphin Group have been adjusted for the utilisation of the bank overdrafts facilities by Dolphin Applications and Dolphin Engineering and the recognition of the related interest expenses for the period from 1 January 2015 up to the latest practicable date, 23 April 2015.

The net proceeds arising from the drawndown and repayments of bank overdrafts will be included in Cash and Bank Balances Account. The finance costs incurred on the bank overdrafts had been debited to Retained Earnings Account.

The drawndown, repayments and finance costs incurred on bank overdrafts had the following impact on the proforma consolidated statements of financial position of Dolphin Group as at 31 December 2014:-

	Increase/(Decrease)	
	Effects on Total Assets RM'000	**Effects on Total Equity and Liabilties RM'000**
Cash and bank balances	5,906	-
Borrowings (Current)	-	6,032
Retained earnings	-	(126)
	5,906	5,906

(c) **Proforma III**

Proforma III incorporates the cumulative effects of Proforma II and the Public Issue as described in Note 2.1.

The Public Issue has the following impact on the proforma consolidated statements of financial position of the Dolphin Group as at 31 December 2014:-

	Increase/(Decrease)	
	Effects on Total Assets RM'000	**Effects on Total Equity RM'000**
Cash and bank balances	31,280	-
Share capital	-	9,200
Share premium	-	22,080
	31,280	31,280

DOLPHIN INTERNATIONAL BERHAD

7. **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)**

7.2 (Continued)

7.2.4 (Continued)

(c) **Proforma IV**

Proforma IV incorporates the cumulative effects of Proforma III and the utilisation of listing proceeds from the Public Issue of RM31.28 million.

The proceeds expected from the Public Issue of RM31.28 million will be utilised in the manner as described in Note 7.2.3.

The proceeds arising from the Public Issue earmarked for expansion of facilities of RM11.0 million is assumed will meet the criteria of capitalisation as property, plant and equipment and will be debited the Property, Plant and Equipment Account.

The proceeds arising from the Public Issue earmarked for expansion of research and development facility of RM4.0 million is assumed will meet the criteria of capitalisation as development costs and will be debited the Development Costs Account.

The proceeds arising from the Public Issue earmarked for repayment of bank borrowings of RM6.0 million will be debited the Bank Borrowings Account.

The estimated expenses for the Listing of RM1.54 million will be written off against the Share Premium Account pursuant to Section 60(3) of the Companies Act, 1965. The remaining estimated expenses of RM2.66 million will be debited to the Retained Earnings Account.

The proceeds arising from the Public Issue earmarked for the Dolphin Group's working capital purposes of RM6.08 million will be included in the Cash and Bank Balances Account.

The utilisation of proceeds will have the following impact on the proforma consolidated statements of financial position of the Dolphin Group as at 31 December 2014:-

	Increase/(Decrease)	
	Effects on Total Assets RM'000	**Effects on Total Equity and Liabilties RM'000**
Property, plant and equipment	11,000	-
Development costs	4,000	-
Cash and bank balances	(25,200)	-
Share premium	-	(1,544)
Retained earnings	-	(2,656)
Bank borrowings	-	(6,000)
	(10,200)	(10,200)

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DOLPHIN INTERNATIONAL BERHAD

7. **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE DOLPHIN GROUP (Continued)**

7.2 (Continued)

7.2.6 Movements in share capital and reserves are as follows:-

	Share Capital RM'000	Share Premium RM'000	Foreign Translation Reserve RM'000	Reserve Arising from Reverse Acquisition RM'000	(Accumulated Losses)/ Retained Earnings RM'000
Audited statement of financial position of Dolphin as at 31 December 2014	2,000	-	-	-	(774)
Arising from the Acquisitions	33,200	15,323	586	(26,208)	27,945
Per Proforma I	35,200	15,323	586	(26,208)	27,171
Arising from utilisation of bank overdrafts facility	-	-	-	-	(126)
Per Proforma II	35,200	15,323	586	(26,208)	27,045
Arising from the Public Issue	9,200	22,080	-	-	-
Per Proforma III	44,400	37,403	586	(26,208)	27,045
Arising from the utilisation of proceeds - defrayment of estimated expenses	-	(1,544)	-	-	(2,656)
Per Proforma IV	44,400	35,859	586	(26,208)	24,389

7.2.7 Movements in cash and bank balances are as follows:-

	RM'000
Audited statement of financial position of Dolphin as at 31 December 2014	283
Arising from the Acquisitions	12,511
Per Proforma I	12,794
Arising from the utilisation of bank overdrafts facility	5,906
Per Proforma II	18,700
Arising from the Public Issue	31,280
Per Proforma III *	49,980
Arising from the utilisation of proceeds	
- defrayment of estimated expenses	(4,200)
- expansion of facilities	(11,000)
- expansion of research and development facility	(4,000)
- repayment of bank borrowings	(6,000)
Per Proforma IV *	24,780

* *Included in the cash and bank balances is an amount of RM6.08 million from the Public Issue earmarked for working capital purposes.*

BAKER TILLY MONTEIRO HENG ★ For Identification Purposes Only ★

(Prepared for inclusion in this Prospectus)

BAKER TILLY

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30 April 2015

The Board of Directors
Dolphin International Berhad
Level 2, Towel 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Malaysia

Dear Sirs,

DOLPHIN INTERNATIONAL BERHAD
ACCOUNTANTS' REPORT

1. INTRODUCTION

This report has been prepared by Messrs. Baker Tilly Monteiro Heng, an approved company auditor, for inclusion in the Prospectus of Dolphin International Berhad ("Dolphin") in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of Dolphin of RM44,400,002 comprising 222,000,010 ordinary shares of RM0.20 each in Dolphin ("Dolphin Share(s)" or "Share(s)") on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing"), and should not be relied upon for any other purposes.

2. DETAILS OF THE FLOTATION EXERCISE

In conjunction with and as an integral part of the Listing, Dolphin undertook the following exercises:-

2.1 Acquisitions

2.1.1 Acquisition of Dolphin Applications Sdn Bhd ("Dolphin Applications")

Dolphin had on 30 May 2014, entered into a conditional sale and purchase agreement with the vendors of Dolphin Applications, namely Low Teck Yin, Hoh Yeong Cherng, Lim Kwee Gee, Loh Peng Chai, Lee Ah Chuan, Chong Han Fung, Albert Chan Kin Soong and Pah Wee Kiat, to acquire the entire issued and paid-up share capital of Dolphin Applications of RM2,666,666 comprising 2,666,666 ordinary shares of RM1.00 each for a purchase consideration of RM28,100,000, which was wholly satisfied by the issuance of 140,500,000 new Dolphin Shares at an issue price of RM0.20 per Share ("Acquisition of Dolphin Applications").

2. DETAILS OF THE FLOTATION EXERCISE (Continued)

2.1 Acquisitions (Continued)

2.1.2 Acquisition of Dolphin Engineering (M) Sdn Bhd ("Dolphin Engineering")

Dolphin had on 30 May 2014, entered into a conditional sale and purchase agreement with the vendors of Dolphin Engineering, namely Low Teck Yin, Hoh Yeong Cherng, Lim Kwee Gee, Loh Peng Chai, Lee Ah Chuan, Chong Han Fung, Albert Chan Kin Soong and Pah Wee Kiat, to acquire the entire issued and paid-up share capital of Dolphin Engineering of RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM5,100,000, which was wholly satisfied by the issuance of 25,500,000 new Dolphin Shares at an issue price of RM0.20 per Share ("Acquisition of Dolphin Engineering").

2.1.3 Acquisition of Dolphin Systems Sdn Bhd ("Dolphin Systems")

Dolphin had on 30 May 2014, entered into a conditional sale and purchase agreement with the vendors of Dolphin Systems, namely Hoh Yeong Cherng and Low Teck Yin to acquire the entire issued and paid-up share capital of Dolphin Systems of RM500,000 comprising 500,000 ordinary shares of RM1.00 each for a cash consideration of RM65,000 ("Acquisition of Dolphin Systems").

2.1.4 Acquisition of Dolphin Components Sdn Bhd ("Dolphin Components")

Dolphin had on 30 May 2014, entered into a conditional sale and purchase agreement with the vendors of Dolphin Components, namely Low Teck Yin and Hoh Yeong Cherng, to acquire 75,000 ordinary shares of RM1.00 each, representing 75% equity interest in Dolphin Components for a cash consideration of RM65,000 ("Acquisition of Dolphin Components").

(Collectively hereinafter referred to as "the Acquisitions").

The Acquisitions was completed on 31 March 2015. Following the completion of the Acquisitions, the issued and paid-up share capital of Dolphin increased from 10,000,002 Dolphin Shares to 176,000,010 Dolphin Shares.

2.2 Public Issue

The Public Issue of 46,000,000 new Dolphin Shares, representing approximately 20.72% of the enlarged issued and paid-up share capital of Dolphin, issued at an issue price of RM0.68 per Dolphin share, is payable in full upon application will be offered in the following manner:-

(i) 15,000,000 new Dolphin Shares, representing approximately 6.76% of the enlarged issued and paid-up share capital of Dolphin, will be made available for application by the Malaysian public investors through a balloting process, of which at least 50% shall be set aside for Bumiputera investors including individual, companies, societies, co-operatives and institutions;

(ii) 8,250,000 new Dolphin Shares, representing approximately 3.72% of the enlarged issued and paid-up share capital of Dolphin, will be made available for application by eligible Directors and employees of Dolphin and its subsidiaries ("Dolphin Group") and persons who have contributed to the success of the Dolphin Group; and

2. **DETAILS OF THE FLOTATION EXERCISE (Continued)**

2.2 **Public Issue (Continued)**

(iii) 22,750,000 new Dolphin Shares, representing approximately 10.25% of the enlarged issued and paid-up share capital of Dolphin, will be made available for application by way of private placement of which 2,500,000 new Dolphin Shares, representing 1.13% of the enlarged issued and paid-up capital, will be made available to selected eligible investors and 20,250,000 new Dolphin Shares, representing 9.12% of the enlarged issued and paid-up share capital of Dolphin, will be made available to Bumiputera investors approved by Ministry of International Trade and Industry ("MITI"); and

(Collectively hereinafter referred to as "Public Issue").

2.3 **Listing**

The admission and the listing of and quotation for its entire enlarged issued and paid-up share capital of Dolphin of RM44,400,002 comprising 222,000,010 Dolphin Shares on the Main Market of Bursa Securities.

3. **GENERAL INFORMATION**

3.1 **Background Information**

3.1.1 Dolphin was incorporated on 14 May 2012 under its present name as a public limited company.

3.1.2 The principal activity of Dolphin is investment holding. Further details on its subsidiaries and associate are set out in Note 3.4 below.

3.2 **Share Capital of Dolphin**

As at the date of incorporation, the authorised share capital of Dolphin was RM100,000 comprising 1,000,000 ordinary shares of RM0.10 each and its issued and fully paid-up share capital was RM2 comprising 20 ordinary shares of RM0.10 each.

On 3 July 2013, the authorised share capital increased from RM100,000 to RM1,000,000 by way of creation of 9,000,000 new ordinary shares of RM0.10 each.

On 21 November 2013, the authorised share capital increased from RM1,000,000 to RM5,000,000 by way of creation of 40,000,000 new ordinary shares of RM0.10 each.

On 12 March 2014, Dolphin consolidated its authorised share capital of 50,000,000 ordinary shares of RM0.10 each into 25,000,000 Dolphin Shares.

On 31 March 2014, the authorised share capital of Dolphin increased from RM5,000,000 to RM100,000,000 by way of creation of 475,000,000 new Dolphin Shares.

3. GENERAL INFORMATION (Continued)

3.2 Share Capital of Dolphin (Continued)

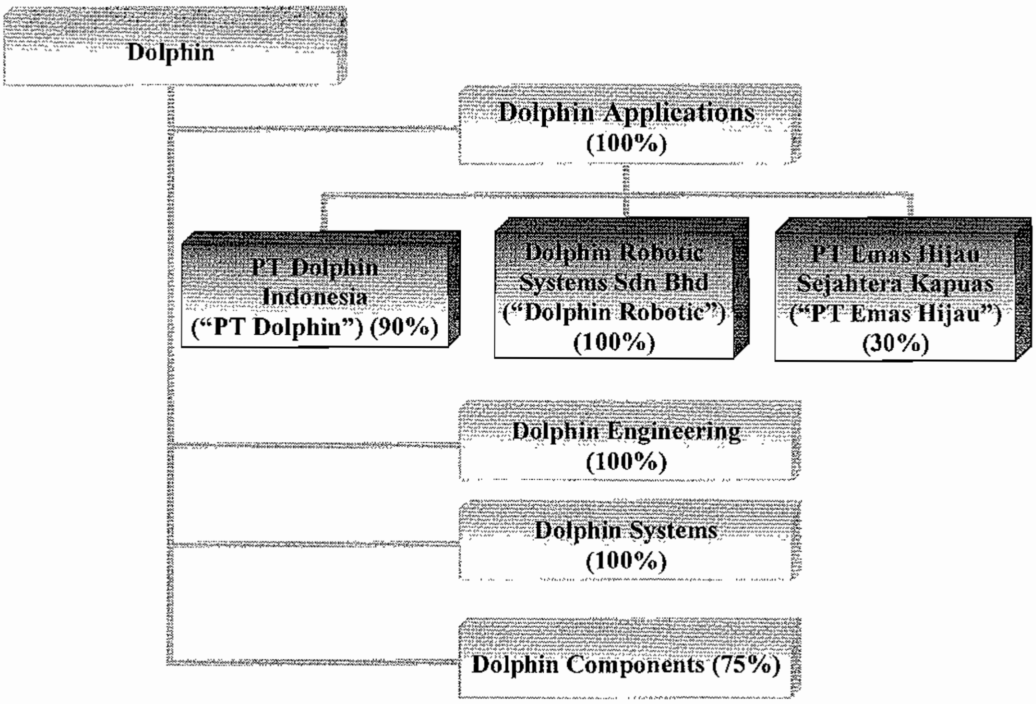
Details of changes to the issued and fully paid-up share capital of Dolphin since its date of incorporation are as follows:-

Date of Allotment	Number of Ordinary Shares Allotted	Par value RM	Consideration	Cumulative Issued and Paid-up Share Capital RM
14.05.2012	20	0.10	Cash	2
03.07.2013	5,000,000	0.10	Cash	500,002
21.11.2013	10,000,000	0.10	Cash	1,500,002
12.03.2014	-	0.20	Consolidation of shares	1,500,002
28.05.2014	2,500,000	0.20	Cash	2,000,002
31.03.2015	166,000,000	0.20	Other than cash (Acquisition of Dolphin Applications and Acquisition of Dolphin Engineering)	35,200,002

Upon the completion of the Public Issue, the issued and paid-up share capital of Dolphin will increase from RM35,200,002 comprising 176,000,010 Dolphin Shares to RM44,400,002 comprising 222,000,010 Dolphin Shares.

3.3 Group Structure

As the date of this report, the group structure of Dolphin is as follows:-



3. **GENERAL INFORMATION (Continued)**

3.4 The details of the subsidiaries and associate are as follows:-

No.	Name of Company	Date/Country of Incorporation	Issued and Paid-up Share Capital	Principal Activities
1.	Dolphin Applications	10 October 2007, Malaysia	RM2,000,000	Sale, design, engineering, development and integration of electro-automation and related proprietary systems and products for the palm oil milling machineries sector.
2.	PT Dolphin *	16 May 2011, Indonesia	USD1,750,000	Sales, marketing, installation, after-sales and maintenance of the Dolphin Group's customised electro-automation, pneumatic and hydraulic systems in Indonesia.
3.	Dolphin Robotie*	5 May 2014, Malaysia	RM2	Design, engineering and development of oil palm fresh fruit bunches ("FFB") sterilisation and related system, components and parts.
4	PT Emas Hijau**	20 November 2014, Indonesia	IDR2,500,000,000	Currently dormant. Intended principal activity is that of the management and operation of palm oil mills in Indonesia.
4.	Dolphin Engineering	14 October 1992, Malaysia	RM2,000,000	Sale, design, engineering, development and integration of pneumatic, hydraulic and related proprietary systems and products for the palm oil milling machineries sector.
5.	Dolphin Systems	10 October 2007, Malaysia	RM500,000	Sale, design, programming and development of proprietary system hardware and software application solutions for the palm oil milling machineries sector.
6.	Dolphin Components	15 September 2009, Malaysia	RM100,000	Sale and trading of components and consumable parts for the palm oil milling machineries sector.

* *Subsidiaries of Dolphin Applications*
** *Associate of Dolphin Applications*

4. **DIVIDENDS**

No dividends have been paid or declared by Dolphin since its date of incorporation.

No dividends have been paid or declared by the subsidiaries during the financial years/period under review.

5. **AUDITORS AND AUDITED FINANCIAL STATEMENTS**

The financial year end of the Dolphin Group is 31 December.

No audited financial statements for PT Emas Hijau as the company was incorporated on 20 Nov 2014.

The auditors of Dolphin and its subsidiaries for the relevant financial years/period under review are as follows:-

Company	Financial Year Ended ("FYE")/ Financial Period Ended ("FPE")	Auditors
Dolphin	• FPE 14 May 2012 (date of incorporation) to 31 December 2012; • FYE 31 December 2013; and • FYE 31 December 2014	Messrs. Baker Tilly Monteiro Heng (Chartered Accountants, Malaysia)
Dolphin Applications	• FYE 31 December 2011; • FYE 31 December 2012; • FYE 31 December 2013; and • FYE 31 December 2014	Messrs. Baker Tilly Monteiro Heng (Chartered Accountants, Malaysia)
Dolphin Robotic	• FPE 2 May 2014 (date of incorporation) to 31 December 2014	Messrs. Baker Tilly Monteiro Heng (Chartered Accountants, Malaysia)
PT Dolphin *	• FPE 16 May 2011 (Date of Establishment) to 31 December 2011 • FYE 31 December 2012; • FYE 31 December 2013; and • FYE 31 December 2014	Johan Malonda Mustika & Rekan (Certified Public Accountants, Indonesia)
Dolphin Engineering	• FYE 31 December 2011; • FYE 31 December 2012; • FYE 31 December 2013; and • FYE 31 December 2014	Messrs. Baker Tilly Monteiro Heng (Chartered Accountants, Malaysia)

5. **AUDITORS AND AUDITED FINANCIAL STATEMENTS (Continued)**

Company	Financial Year Ended ("FYE")/ Financial Period Ended ("FPE")	Auditors
Dolphin System	• FYE 31 December 2011; • FYE 31 December 2012; • FYE 31 December 2013; and • FYE 31 December 2014	Messrs. Baker Tilly Monteiro Heng (Chartered Accountants, Malaysia)
Dolphin Components	• FYE 31 December 2011; and • FYE 31 December 2012 #	N.S. Cheong & Associates (Chartered Accountants, Malaysia)
	• FYE 31 December 2013; and • FYE 31 December 2014.	Messrs. Baker Tilly Monteiro Heng (Chartered Accountants, Malaysia)

* *The audited financial statements for the FYE/FPE under review were audited by a firm of Certified Public Accountants, an international affiliated firm of Messrs. Baker Tilly Monteiro Heng. The audited financial statements of PT Dolphin for the FYE/FPE under review have been prepared in compliance with the International Financial Reporting Standards.*

\# *The audited financial statements for Dolphin Components for the FYE 31 December 2011 and 31 December 2012 have been audited by another firm of Chartered Accountants other than Messrs. Baker Tilly Monteiro Heng, which have been prepared by directors in compliance with the Private Entity Reporting Standards in Malaysia. In connection with the Listing, Messrs. Baker Tilly Monteiro Heng had been appointed by Dolphin to conduct a review on the audited financial statements of Dolphin Components for FYEs 31 December 2011 and 31 December 2012 in compliance with the Malaysian Financial Reporting Standards in Malaysia. There were no material impact arising from the adoption of the Malaysian Financial Reporting Standards by Dolphin Components for the FYEs 31 December 2011 and 31 December 2012.*

The audited financial statements of the subsidiaries for the financial years under review were reported by the auditors to their respective members without any modifications. However, the audited financial statements of PT Dolphin for the FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014, Dolphin Components for the FYE 31 December 2013 contained the following emphasis of matters paragraphs:-

FYE 2012

PT Dolphin

"Emphasis of Matter

We draw attention to Note 20 to the Financial Statements that the Company incurred a net loss of Rp 6.72 billion for the financial year ended December 31, 2012, resulting in the Company's capital deficiency of Rp 5.39 billion as of December 31, 2012.

5. **AUDITORS AND AUDITED FINANCIAL STATEMENTS (Continued)**

FYE 2012 (Continued)

PT Dolphin (Continued)

"Emphasis of Matter (Continued)

These factors indicate the existence of material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. In 2012, the Company obtained financial support from the stockholder amounting to Rp 8.47 billion. If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the Statement of Financial Position. No adjustments have been made to these Financial Statements."

FYE 2013

PT Dolphin

"Emphasis of Matters

The accompanying Financial Statements have been prepared assuming that the Company will continue to operate as a going concern. As described in Note 22 to the Financial Statements, the Company's deficit as of December 31, 2013 has reached Rp 16.63 billion or 83.25% of its capital stock and additional paid-in capital. The Company's management's plans and actions to overcome such condition are also disclosed in Note 22 to the Financial Statements. The accompanying Financial Statements do not include any adjustments that might result from the outcome of such condition."

Dolphin Components

"Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a net loss of RM3,635 during the financial year ended 31 December 2013, and as of that date, the Company's current liabilities exceeded its current assets by RM11,157 and recorded a capital deficiency of RM11,157, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern."

5. **AUDITORS AND AUDITED FINANCIAL STATEMENTS (Continued)**

FYE 2014

PT Dolphin

"Emphasis of Matters

The accompanying Financial Statements have been prepared assuming that the Company will continue to operate as a going concern. As described in Note 23 to the Financial Statements, the Company's deficit as of December 31, 2014 has reached Rp 18.50 billion or 92.59% of capital stock and additional paid-in capital. The Company's management's plans and actions to overcome such condition are also disclosed in Note 23 to the Financial Statements. The accompanying Financial Statements do not include any adjustments that might result from the outcome of such condition."

6. **CONVERSION RATES**

The financial information of the Dolphin Group is measured by using the currency of the primary economic environment in which the Dolphin Group operates. The functional currency of the Dolphin Group is Ringgit Malaysia ("RM"). For the preparation of this report, the financial information of PT Dolphin, which was prepared in Indonesia Rupiah ("IDR"), has been converted to RM for information purpose only.

(i) Statements of Profit or Loss and Other Comprehensive Income (based on an average of the exchange rate on the last day of each month during the financial years/periods under review)

FYE/FPE	Exchange Rate (RM/IDR100)
FYE 31 December 2011	0.03506
FYE 31 December 2012	0.03275
FYE 31 December 2013	0.03015
FYE 31 December 2014	0.02759

(Source: www.bnm.gov.my)

6. CONVERSION RATES (Continued)

The exchange rates used for the purpose of this report are as follows:-

(ii) Statements of Financial Position (based on the closing rate at the end of the respective reporting periods)

Reporting Date	Exchange Rate (RM/IDR100)
31 December 2011	0.03470
31 December 2012	0.03170
31 December 2013	0.02690
31 December 2014	0.02820

(Source: www.bnm.gov.my)

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This report has been prepared on a basis consistent with the following accounting policies adopted by Dolphin Applications in the preparation of its audited consolidated financial statements for the FYE 31 December 2014, which have been adopted by Dolphin as the group accounting policies for the relevant financial years/period under review and in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board ("MASB"), unless otherwise stated.

A. BASIS OF PREPARATION

The financial statements of the Dolphin Group have been prepared in accordance with the MFRSs, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Dolphin Group have been prepared under the historical cost basis, except as disclosed herein.

The preparation of financial statements in conformity with the MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires the directors to exercise their judgement in the process of applying the Dolphin Group's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 7X.

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

B. **NEW MFRSs, AMENDMENTS/IMPROVEMENTS TO MFRSs AND NEW IC INTERPRETATIONS ("IC INT")**

(a) **Adoption of Amendments/Improvements to MFRSs and new IC Int**

The Dolphin Group had adopted the following amendments/improvements to MFRSs and new IC Int that are mandatory for the financial period beginning on or after 1 January 2014:-

Amendments/Improvements to MFRSs

MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 127	Separate Financial Statements
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 139	Financial Instruments: Recognition and Measurement

New IC Int

IC Int 21	Levies

The adoption of the above amendments/improvements to MFRSs and new IC Int do not have any effect on the financial statements of the Dolphin Group except for those as disclosed below:-

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 127 Separate Financial Statements

Amendments to MFRS 10 introduces an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent that is an investment entity to measure its investment in particular subsidiaries at fair value through profit or loss in accordance with MFRS 139 *Financial Instruments: Recognition and Measurement* instead of consolidating those subsidiaries in its consolidated financial statements. Consequently, new disclosure requirements related to investment entities are introduced in amendments to MFRS 12 and MFRS 127.

In addition, amendments to MFRS 127 also clarifies that if a parent is required, in accordance with paragraph 31 of MFRS 10, to measure its investment in a subsidiary at fair value through profit or loss in accordance with MFRS 139, it shall also account for its investment in that subsidiary in the same way in its separate financial statements.

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

B. **NEW MFRSs, AMENDMENTS/IMPROVEMENTS TO MFRSs AND NEW IC INT (Continued)**

(b) **New MFRSs and Amendments/Improvement to MFRSs that are issued, but not yet effective and have not been early adopted**

The Dolphin Group has not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Dolphin Group:-

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 14	Regulatory Deferral Accounts	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 8	Operating Segments	1 July 2014
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interests in Other Entities	1 January 2016
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 July 2014/ 1 January 2016
MFRS 119	Employee Benefits	1 July 2014/ 1 January 2016
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 134	Interim Financial Reporting	1 January 2016
MFRS 138	Intangible Assets	1 July 2014/ 1 January 2016
MFRS 140	Investment Property	1 July 2014
MFRS 141	Agriculture	1 January 2016

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

B. **NEW MFRSs, AMENDMENTS/IMPROVEMENTS TO MFRSs AND NEW IC INT (Continued)**

(b) **New MFRSs and Amendments/Improvement to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)**

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Dolphin Group.

MFRS 9 Financial Instruments

MFRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

Classification and measurement

MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statement of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

Impairment

MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

Hedge accounting

MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

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

B. **NEW MFRSs, AMENDMENTS/IMPROVEMENTS TO MFRSs AND NEW IC INT (Continued)**

(b) **New MFRSs and Amendments/Improvement to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)**

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:-

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Int will be withdrawn on the application of MFRS:-

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Int 13	Customer Loyalty Programmes
IC Int 15	Agreements for the Construction of Real Estate
IC Int 18	Transfers of Assets from Customers
IC Int 131	Revenue – Barter Transactions Involving Advertising Services

Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

Amendments to MFRS 1 relates to the Internatioanl Accounting Standards Board ("IASB")'s Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised standard that is not yet mandatory but is available for early application.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 clarifies the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

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

B. **NEW MFRSs, AMENDMENTS/IMPROVEMENTS TO MFRSs AND NEW IC INT (Continued)**

(b) **New MFRSs and Amendments/Improvement to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)**

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarify that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 *Financial Instruments: Presentation.* It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendments to MFRS 3 clarify that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 *Joint Arrangements*) in the financial statements of the joint arrangement itself.

Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to MFRS 5 introduces specific guidance when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vise versa), or when held-for-distribution is discontinued.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

Amendments to MFRS 8 Operating Segments

Amendments to MFRS 8 requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The Amendments also clarifies that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

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

B. **NEW MFRSs, AMENDMENTS/IMPROVEMENTS TO MFRSs AND NEW IC INT (Continued)**

(b) **New MFRSs and Amendments/Improvement to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)**

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3 *Business Combinations*. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

These Amendments addresses the following issues that have arisen in the application of the consolidation exception for investment entities:-

- Exemption from presenting consolidated financial statements - the Amendments clarifies that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

- Consolidation of intermediate investment entities - the Amendments clarifies that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

- Policy choice for equity accounting for investments in associates and joint ventures - the Amendments allows a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

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

B. **NEW MFRSs, AMENDMENTS/IMPROVEMENTS TO MFRSs AND NEW IC INT (Continued)**

(b) **New MFRSs and Amendments/Improvement to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)**

Amendments to MFRS 13 Fair Value Measurement

Amendments to MFRS 13 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendments also clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* or MFRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 *Financial Instruments: Presentation.*

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improves the effectiveness of disclosures. The Amendments clarifies guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets

Amendments to MFRS 116 and MFRS 138 clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation / amortisation is calculated as the difference between the gross carrying amount and the net carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to MFRS 116 prohibits revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

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

B. **NEW MFRSs, AMENDMENTS/IMPROVEMENTS TO MFRSs AND NEW IC INT (Continued)**

(b) **New MFRSs and Amendments/Improvement to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)**

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 provides a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis).

In addition, the Amendments clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to MFRS 124 Related Party Disclosures

Amendments to MFRS 124 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Amendments to MFRS 127 Separate Financial Statements

Amendments to MFRS 127 allows a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduces a rebuttable presumption that the revenue-based amortisation method is inappropriate (for the same reasons as per the Amendments to MFRS 116). This presumption can be overcome only in the limited circumstances:-

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Dolphin Group as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as Dolphin. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full on consolidation. Unrealised losses resulting from intra-group transactions are also eliminated unless costs cannot be recovered.

Acquisition of subsidiary is accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss. Changes in the Dolphin Group's ownership interest in a subsidiary which does not result in a loss of controls are treated as transactions between equity holders and are reportedly in equity.

Dolphin elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Dolphin Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the consolidated statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiary is consolidated from the date of acquisition, being the date on which the Dolphin Group obtains control, and continues to be consolidated until the date that such control ceases.

Upon the loss of control of a subsidiary, the Dolphin Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Dolphin Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

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

D. **NON-CONTROLLING INTEREST**

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

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

E. **SUBSIDIARIES**

A subsidiary is an entity (including structured entities) over which the Dolphin Group has control. The Dolphin Group controls an entity hence the Dolphin Group is exposed to, or has rights to, variables return from its involvement with the entity and has the ability to affect those returns through its power over the entity. A subsidiary is fully consolidated from the date on which control is transferred to the Dolphin Group. They are deconsolidated from the date that control ceases.

An investment in subsidiaries, which are eliminated on consolidation, stated in the Dolphin's separate financial statements at costs less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with note 7M. On disposal of such investment, the difference between the net disposal proceeds and their carrying amount is included in the profit or loss.

F. **ASSOCIATE**

An associate is an entity over which the Dolphin Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Dolphin Group's investments in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Dolphin Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. ASSOCIATE (Continued)

The statement of profit or loss reflects the Dolphin Group's share of the results of operations of the associate. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Dolphin Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Dolphin Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Dolphin Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Dolphin Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Dolphin Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Dolphin Group.

After application of the equity method, the Dolphin Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Dolphin Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Dolphin Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Dolphin Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

G. PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 7M.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Dolphin Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

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

G. **PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (Continued)**

Freehold land is not depreciated as it has an infinite life. Leasehold land is depreciated over its remaining lease period. Other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The annual rates used for this purpose are as follows:

Freehold and leasehold buildings	2%
Furniture and fittings	10%
Motor vehicles	20%
Plant and machineries	20%
Office equipment	10% - 20%
Renovation, equipment and fittings	10%
Software	10%
Computers	20%

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each financial period. The effects of any revisions of the residual values and useful lives are included in the profit or loss for the financial year in which the changes arise.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the financial year the asset is derecognised.

H. **INVESTMENT PROPERTIES**

Investment properties are investment in land and buildings that are held for long term rental yields and/or for capital appreciation. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 7M.

Investment in freehold land is stated at cost and is not depreciated as it has an indefinite life. Investment property under construction is not depreciated until the assets are ready for its intended use.

Other investment properties are depreciated on a straight line basis to write off the cost of the assets to their residual values over their estimated useful lives at an annual rate of 2%.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated) from the statement of financial position. The difference between the net disposal proceeds and its carrying amount is charged or credited to the profit or loss in the financial year of the retirement or disposal.

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

I. **RESEARCH AND DEVELOPMENT COSTS**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Dolphin Group intends to and have sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 7M.

Amortisation commences when the plant is in commercialisation phase or such new processes are commercialised.

J. **CONSTRUCTION CONTRACTS**

Construction works are stated at cost plus attributable profit less progress billings. Cost comprises direct labour, material costs, sub-contract sum and an allocated proportion of directly related overheads. Administrative and general expenses are charged to the profit or loss as and when incurred.

When the outcome of a construction contract can be reliably estimated, contract revenue and contract cost are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Costs incurred in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable. Contract cost is recognised as expense in the period which it is incurred.

Irrespective of whether the outcome of a construction contract can be estimated reliably, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Provision is made for all anticipated losses on construction work. Provision for warranties is made for expected/estimated repair costs for making good certain defects and damages during the warranty periods.

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

J. **CONSTRUCTION CONTRACTS (Continued)**

When costs incurred on construction contracts plus recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount due from customers for contract works. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers for contract works.

K. **INVENTORIES**

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

Costs of raw materials comprise the purchase price plus costs in bringing this inventory to their present location and condition. Purchase price is determined on the weighted average basis.

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

L. **FINANCIAL INSTRUMENTS**

Financial instruments are recognised in the statements of financial position when, and only when, the Dolphin Group becomes a party to the contractual provisions of the financial instruments.

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

The Dolphin Group determines the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) **Financial Assets**

(a) **Financial Assets at Fair Value through Profit or Loss**

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon the initial recognition.

A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the near future or part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking.

Subsequent to the initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

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

L. **FINANCIAL INSTRUMENTS (Continued)**

(i) **Financial Assets (Continued)**

(a) **Financial Assets at Fair Value through Profit or Loss (Continued)**

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial asset that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) **Loans and Receivables**

Financial assets with fixed or determinable payments that are not quoted in an active market, trade and other receivables and cash and cash equivalents are classified as loans and receivables.

Subsequent to the initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

(c) **Held-to-maturity Investments**

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when The Dolphin Group has the positive intention and ability to hold the investment to maturity.

Subsequent to the initial recognition, held-to-maturity investments are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the end of the reporting period which are classified as current.

(d) **Available-for-sale Financial Assets**

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

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

L. **FINANCIAL INSTRUMENTS (Continued)**

(i) **Financial Assets (Continued)**

(d) **Available-for-sale Financial Assets (Continued)**

Interest income calculated using effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Dolphin Group's rights to receive payment are established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the end of the reporting period.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date. i.e., the date that the Dolphin Group commits to purchase or sell the asset.

(ii) **Financial Liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Dolphin Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) **Financial Liabilities at Fair Value Through Profit or Loss**

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Dolphin Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. FINANCIAL INSTRUMENTS (Continued)

(ii) Financial Liabilities (Continued)

(b) Other Financial Liabilities

The Dolphin Group's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Dolphin Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(iii) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debts instruments.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to the initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to the financial guarantee contract when it is due and the Dolphin Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

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

M. **IMPAIRMENT OF ASSETS**

The Dolphin Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

(i) **Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost**

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Dolphin Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Dolphin Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decrease and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) **Impairment of Non-Financial Assets**

The Dolphin Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Dolphin Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. IMPAIRMENT OF ASSETS (Continued)

(ii) Impairment of Non-Financial Assets (Continued)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

N. PROVISIONS

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. FINANCE LEASE AND HIRE PURCHASE

Assets financed by finance leases and hire purchase arrangements which transfer substantially all the risks and rewards of ownership to the Dolphin Group are capitalised as property, plant and equipment, and the corresponding obligations are treated as liabilities. The assets so capitalised are depreciated in accordance with the accounting policy on property, plant and equipment.

Assets acquired by way of finance lease and hire purchase arrangements are stated at an amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 7M. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Dolphin Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets. Property, plant and equipment acquired under finance leases and hire purchase are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance cost, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciation property, plant and equipments.

P. BORROWING COSTS

Borrowing costs directly attributable to the acquisition and construction of land held for property development, investment properties and other properties are capitalised as part of the costs of those assets, until such time the assets are substantially ready for their intended use or sale. Borrowing cost incurred on assets under development that take a substantial period of time for completion are capitalised into the carrying value of the assets.

Capitalisation of borrowing costs will be suspended when the assets are completed or during the period in which development and constructions are stalled. The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawdown from that borrowing facility.

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

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

Q. **CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past event and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Dolphin Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

R. **EQUITY INSTRUMENTS**

An equity instrument is any contract that evidences a residual interest in the assets of the Dolphin Group after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the nominal value. The consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting period. A dividend proposed or declared after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the end of the reporting period.

Costs incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is recognised in profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

S. **TAXATION**

The tax expenses in the profit or loss represents the aggregate amount of current tax and deferred tax.

(i) **Current Tax**
Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the end of the reporting period.

(ii) **Deferred Tax**
Deferred tax is provided for, using the liability method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. TAXATION (Continued)

(ii) Deferred Tax (Continued)

The carrying amount of deferred tax assets, if any, is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Dolphin Group intends to settle its current tax assets and current tax liabilities on a net basis.

T. CURRENCIES

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Dolphin Group is measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in RM, which is the Dolphin Group's functional currency and presentation currency.

(ii) Transaction and Balances

Transactions in foreign currencies are measured in the respective functional currencies of the Dolphin Group and are recorded on initial recognition in the functional currencies at exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair values are translated using the exchange rates at the date when the fair value was determined.

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

T. **CURRENCIES (Continued)**

(ii) **Transaction and Balances (Continued)**

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Dolphin Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Dolphin Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) **Foreign Operations**

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of the reporting period and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

U. **REVENUE RECOGNITION**

The Dolphin Group recognised revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Dolphin Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Dolphin Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

U. **REVENUE RECOGNITION (Continued)**

(i) **Revenue from Sale of Goods**

Revenue from the sale of goods is recognised upon delivery of products and customers' acceptance, net of discounts and returns and when the significant risks and rewards of ownership have been transferred to the buyer.

(ii) **Revenue from Contract Works**

Revenue from contract works is recognised based on the percentage of completion method as described in Note 7J.

(iii) **Interest Income**

Interest income is recognised on an accrual basis.

(iv) **Rental Income**

Rental income is recognised on an accrual basis.

V. **EMPLOYEE BENEFITS**

(i) **Short Term Employee Benefits**

Wages, salaries, bonuses, social security contribution and non-monetary benefits are recognised as an expense in the financial year in which the associated services are rendered by the employees. 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. Short term non-accumulating compensated absences such as sick leave and maternity leave are recognised when absences occur.

(ii) **Defined Contributions Plans**

The Dolphin Group contributes to the Employees Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the period to which they are related. Once the contributions have been paid, the Dolphin Group has no further payment obligations.

(iii) **Defined Benefit Plans**

The Dolphin Group operates an unfunded defined benefit scheme. The Dolphin Group's net obligation under the scheme is determined by estimating the amount of benefit that the employees have earned in return for their service in the current and prior periods. The calculation of the estimated liabilities for retirement benefits is determined by using the management's calculation.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

W. CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand, bank balances and fixed deposits placed with licensed banks that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, net of fixed deposit pledged to licensed bank and bank overdraft. Cash and cash equivalents form an integral part of the Dolphin Group's cash management.

X. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:-

(i) Useful Lives of Property, Plant and Equipment

The Dolphin Group estimated the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the relevant assets. In addition, the estimation of useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in these factors mentioned above.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(ii) Classification between Investment Properties and Property, Plant and Equipment

The Dolphin Group has developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held either to earn rental income or for capital appreciation or for both.

(iii) Capitalisation and Amortisation of Development Expenditure

The Dolphin Group follows the guidance of MFRS 138 *Intangible Assets* in determining the amount and nature of development expenditure to be capitalised and its subsequent amortisation. The assessment of the capitalisation criteria as disclosed in Note 7I requires ongoing estimates on the future outcome of the development projects. Any changes from the previous estimates will impact the initial and subsequent capitalisation of the development expenditure as well as its future amortisation charges.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

X. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(iv) Impairment of Investment in A Subsidiary and Recoverability of Amount Owing by A Subsidiary

The Dolphin Group tests investment in a subsidiary for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The assessment of the net tangible assets of the subsidiary affects the result of the impairment test. Cost of investment in a subsidiary which has ceased operations was impaired up to net assets of the subsidiary. The impairment made on investment in a subsidiary entails an allowance for doubtful debts to be made to the amount owing by this subsidiary.

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

(v) Impairment of Non-current Assets

The Dolphin Group reviews the carrying amount of their non-current assets which include property, plant and equipment, investment property, development costs, to determine whether there is an indication that those assets have suffered an impairment loss in accordance with the relevant accounting policies on the respective category of non-current assets. Independent professional valuations to determine the carrying amount of these assets will be procured when the need arises.

As at the end of the reporting period under review, the directors are of the view that there is no indication of impairment to these assets.

(vi) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

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

X. **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)**

(vii) **Construction Contracts**

The Dolphin Group recognises contract revenue from its fixed price contracts based on the stage of completion method. The stage of completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. The stage of completion method requires the Dolphin Group to estimate the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue including variation orders and contract claims and contract costs. In making the estimates, the Dolphin Group rely on past experience, the use of engineering tools and the work of specialists.

Any variation to the final contract sum and the estimated contract cost to completion will have a corresponding effect on the contract profit or loss.

(viii) **Impairment on Loans and Receivables**

The Dolphin Group assesses at the end of each reporting period whether there is any objective evidence that loans and receivables is impaired. To determine whether there is objective evidence of impairment, The Dolphin Group considers factors such as the profitability of insolvency or significant financial difficulties of the debtors and defaults or significant delays in payments.

Where there is objective evidence of impairment, the amount and timing of the future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(ix) **Taxation**

The Dolphin Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provision in the period in which such determination is made.

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.1 Audited Financial Statements of Dolphin

8.1.1 Audited Statements of Profit or Loss and Other Comprehensive Income of Dolphin

The audited statements of profit or loss and other comprehensive income of Dolphin for the FPE 14 May 2012 *(date of incorporation)* to 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014 are as follows:-

	Note	FPE 14.5.2012 to 31.12.2012 RM'000	FYE 31 December 2013 RM'000	FYE 31 December 2014 RM'000
Revenue		-	-	-
Cost of sales		-	-	-
Gross profit		-	-	-
Administrative expenses		(117)	(164)	(493)
Loss before tax	8.1.5 (a)	(117)	(164)	(493)
Income tax expense	8.1.5 (b)	-	-	-
Net loss for the financial period/year, representing total comprehensive loss for the financial period/year		(117)	(164)	(493)
Gross profit margin (%)		*N/A*	*N/A*	*N/A*
Profit before tax margin (%)		*N/A*	*N/A*	*N/A*
Effective tax rate (%)		*N/A*	*N/A*	*N/A*
Weighted average number of ordinary shares in issue of:				
- RM0.10 each ('000)		+	*3,616*	-
- RM0.20 each ('000)		+	-	*10,555*
Gross loss per share ("LPS") (RM)		*(14.63)* ^	*(0.05)*	*(0.05)*
Net LPS (RM)		*(14.63)* ^	*(0.05)*	*(0.05)*

Notes: (i) Gross LPS is computed based on loss before tax for the financial period/year over the weighted average number of ordinary shares in issue.

(ii) Net LPS is computed based on net loss for the financial period/year over the weighted average number of ordinary shares in issue.

\+ *12 ordinary shares*
^ *Annualised for comparison purposes.*

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.1 Audited Financial Statements of Dolphin (Continued)

8.1.2 Audited Statements of Financial Position of Dolphin

The audited statements of financial position of Dolphin as at 31 December 2012, 31 December 2013 and 31 December 2014 are as follows:-

	Note	← As at 31 December 2012 RM'000	2013 RM'000	2014 RM'000 →
ASSETS				
Current Assets				
Other receivables	8.1.5 (c)	-	1,242	1,314
Cash and bank balances	8.1.5 (d)	3	1	283
Total Current Assets		3	1,243	1,597
TOTAL ASSETS		3	1,243	1,597
EQUITY AND LIABILITIES				
Equity attributable to owners of Dolphin				
Share capital	8.1.5 (e)	*	1,500	2,000
Accumulated losses		(117)	(281)	(774)
Total Equity		(117)	1,219	1,226
Current Liabilities				
Other payables and accruals	8.1.5 (f)	120	24	371
Total Liabilities		120	24	371
TOTAL EQUITY AND LIABILITIES		3	1,243	1,597
Number of ordinary shares in issue ('000)				
- RM0.10 each ('000)		+	*15,000*	-
- RM0.20 each ('000)		-	-	*10,000*
(Net tangible liabilities ("NTL"))/ Net tangible assets ("NTA") (RM'000)		*(117)*	*1,219*	*1,226*
(NTL)/NTA per ordinary share (RM)		*(5,850)*	*0.08*	*0.12*
(Net liabilities ("NL"))/ Net assets ("NA") (RM'000)		*(117)*	*1,219*	*1,226*
(NL)/NA per ordinary share (RM)		*(5,850)*	*0.08*	*0.12*

* *RM2*

\+ *20 ordinary shares*

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.1 **Audited Financial Statements of Dolphin (Continued)**

8.1.3 **Audited Statements of Changes in Equity of Dolphin**

The audited statement of changes in equity of Dolphin for the FPE 14 May 2012 *(date of incorporation)* to 31 December 2012, the FYE 31 December 2013 and 31 December 2014 are as follows:-

	Note	Share Capital RM'000	Accumulated Losses RM'000	Total Equity RM'000
At 14 May 2012 (date of incorporation)		*	-	*
Total comprehensive loss for the financial period		-	(117)	(117)
At 31 December 2012		*	(117)	(117)
Total comprehensive loss for the financial year		-	(164)	(164)
Transaction with owners:				
Issuance of shares	8.1.5 (e)	1,500	-	1,500
Total transaction with owners		1,500	-	1,500
At 31 December 2013		1,500	(281)	1,219
Total comprehensive loss for the financial year		-	(493)	(493)
Transaction with owners:				
Issuance of shares	8.1.5 (e)	500	-	500
Total transaction with owners		500	-	500
At 31 December 2014		2,000	(774)	1,226

* *RM2*

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.1 Audited Financial Statements of Dolphin (Continued)

8.1.4 Audited Statements of Cash Flows of Dolphin

The audited statement of cash flows of Dolphin for the FPE 14 May 2012 *(date of incorporation)* to 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014 are as follows:-

	FPE 14.5.2012 to 31.12.2012 RM'000	FYE 31 December 2013 RM'000	FYE 31 December 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax and working capital changes	(117)	(164)	(493)
Changes in working capital			
Payables	9	(6)	347
Net Operating Cash Flows	(108)	(170)	(146)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net change in amounts due from/to companies in which certain directors have interests	111	(1,332)	(72)
Proceeds from issuance of shares	-	1,500	500
Net Financing Cash Flows	111	168	428
NET CHANGE IN CASH AND CASH EQUIVALENTS	3	(2)	282
CASH AND CASH EQUIVALENTS AT THE DATE OF INCORPORATION/ BEGINNING OF THE FINANCIAL YEAR	*	3	1
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD/YEAR	3	1	283
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	3	1	283

* *RM2*

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.1 Audited Financial Statements of Dolphin (Continued)

8.1.5 Notes to the Audited Financial Statements of Dolphin

(a) Loss Before Tax

Loss before tax is arrived at:-

	FPE 14.5.2012 to 31.12.2012 RM'000	FYE 31 December 2013 RM'000	FYE 31 December 2014 RM'000
After charging:-			
Auditors' remuneration:-			
- current year	5	2	3
- over accrual in prior financial period/year	-	(3)	-

(b) Income Tax Expense

No provision for income tax has been made as Dolphin incurred losses and has no chargeable income during the financial period/year.

The reconciliation of income tax expense applicable to loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate of Dolphin is as follows:-

	FPE 14.5.2012 to 31.12.2012 RM'000	FYE 31 December 2013 RM'000	FYE 31 December 2014 RM'000
Loss before tax	(117)	(164)	(493)
Taxation at statutory tax rates of 25%	(29)	(41)	(123)
Tax effect arising from:			
- non-deductible expenses	29	41	123
Tax expense for the financial period/year	-	-	-

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.1 Audited Financial Statements of Dolphin (Continued)

8.1.5 Notes to the Audited Financial Statements of Dolphin (Continued)

(c) Other Receivables

	As at 31 December		
	2012 RM'000	2013 RM'000	2014 RM'000
Other receivables			
Amounts due from companies in which certain directors have interests	-	1,242	1,314
Total other receivables	-	1,242	1,314
Add:			
Cash and bank balances (Note 8.1.5(d))	3	1	283
Total loans and receivables	3	1,243	1,597

The amounts due from companies in which certain directors have interests are non-trade in nature, unsecured, interest free and receivable on demand.

(d) Cash and bank balances

	As at 31 December		
	2012 RM'000	2013 RM'000	2014 RM'000
Cash at bank	3	1	283
Cash in hand	*	*	*
Cash and bank balances	3	1	283

* *RM2*

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.1 **Audited Financial Statements of Dolphin (Continued)**

8.1.5 **Notes to the Audited Financial Statements of Dolphin (Continued)**

(e) **Share Capital**

	As at 31 December					
	2012		2013		2014	
	Number of Shares Unit ('000)	RM'000	Number of Shares Unit ('000)	RM'000	Number of Shares Unit ('000)	RM'000
Authorised :						
At the date of incorporation/At the beginning of the financial year						
- Ordinary shares of RM0.10 each	1,000	100	1,000	100	50,000	5,000
Created during the financial period/year - ordinary shares of RM0.10 each	-	-	49,000	4,900	-	-
Consolidation of shares - ordinary shares of RM0.20 each	-	-	-	-	(25,000)	-
At the end of the financial period/year - ordinary shares of RM0.10/RM0.20 each	1,000	100	50,000	5,000	25,000	5,000
Issued and fully paid:						
At the date of incorporation/ At the beginning of the financial year						
- Ordinary shares of RM0.10 each	^	*	^	*	15,000	1,500
Issued during the financial period/year						
- Ordinary shares of RM0.10 each	-	-	15,000	1,500	-	-
- Ordinary shares of RM0.20 each	-	-	-	-	2,500	500
Consolidation of shares - ordinary shares of RM0.20 each	-	-	-	-	(7,500)	-
At the end of the financial period/year - ordinary shares of RM0.10/RM0.20 each	^	*	15,000	1,500	10,000	2,000

^ *20 ordinary shares of RM0.10 each*
* *RM2*

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8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.1 **Audited Financial Statements of Dolphin (Continued)**

8.1.5 **Notes to the Audited Financial Statements of Dolphin (Continued)**

(e) **Share Capital (Continued)**

During the FYE 31 December 2013, Dolphin increased its:

(a) authorised share capital from RM100,000 to RM1,000,000 by way of creation of 9,000,000 new ordinary shares of RM0.10 each on 3 July 2013;
(b) issued and paid-up ordinary share capital from RM2 to RM500,002 by way of an allotment of 5,000,000 ordinary shares of RM0.10 each for cash at par on 3 July 2013;
(c) authorised share capital from RM1,000,000 to RM5,000,000 by way of creation of 40,000,000 new ordinary shares of RM0.10 each on 21 November 2013; and
(d) issued and paid-up ordinary share capital from RM500,002 to RM1,500,002 by way of an allotment of 10,000,000 ordinary shares of RM0.10 each for cash at par on 21 November 2013.

During the FYE 31 December 2014, Dolphin:

(a) consolidated its issued and paid-up ordinary shares of 15,000,020 ordinary shares of RM0.10 each into 7,500,010 ordinary shares of RM0.20 each. Dolphin's authorised share capital of 50,000,000 ordinary shares of RM0.10 each was consolidated into 25,000,000 ordinary shares of RM0.20 each on 12 March 2014.; and
(b) increased its issued and paid-up ordinary share capital from RM1,500,002 to RM2,000,002 by way of an allotment of 2,500,000 ordinary shares of RM0.20 each for cash at par on 28 May 2014.

The new ordinary shares issued during the FYE 31 December 2013 and FYE 31 December 2014 ranked *pari passu* in all respects with the existing shares of Dolphin.

(f) **Other Payables and Accruals**

	← As at 31 December		→
	2012	**2013**	**2014**
	RM'000	**RM'000**	**RM'000**
Other payables	111	21	366
Accruals	9	3	5
Total other financial liabilities carried at amortised cost	120	24	371

Other payables

Included in other payables is an amount of RM20,809 (2011: RM Nil, 2012: RM110,809 and 2013: RM 20,809) due to a company in which certain directors have interests which is non-trade in nature, unsecured, interest-free and payable upon demand.

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.1 **Audited Financial Statements of Dolphin (Continued)**

8.1.5 **Notes to the Audited Financial Statements of Dolphin (Continued)**

(g) **Significant Related Party Disclosures**

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with Dolphin or that has an interest in Dolphin that gives it significant influence over Dolphin's financial operating policies. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence for which significant voting power in Dolphin resides with, directly or indirectly.

The nature of the relationship with the related parties is as follows:

Name of Related Parties	Nature of Relationship
Dolphin Applications	A company in which certain directors have interests
Dolphin Engineering	A company in which certain directors have interests
Dolphin Components	A company in which certain directors have interests.
Dolphin Robotic	A company in which certain directors have interests.

There were no significant transactions between Dolphin and its related parties during the financial period/year and the outstanding balances are disclosed in the respective notes to the financial statements.

(h) **Financial Instruments**

(i) **Financial Risk Management and Objectives**

Dolphin is exposed to liquidity risk arising from its various payables.

The directors of Dolphin review and agree policies and procedures for the management of this risk.

The following sections provide details regarding Dolphin's exposure to the above-mentioned financial risk and the objectives, policies and processes for the management of this risk.

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.1 **Audited Financial Statements of Dolphin (Continued)**

8.1.5 **Notes to the Audited Financial Statements of Dolphin (Continued)**

(h) **Financial Instruments (Continued)**

(i) **Financial Risk Management and Objectives (Continued)**

Liquidity Risk

Liquidity risk is the risk that Dolphin will encounter difficulty in meeting financial obligations due to shortage of funds, Dolphin's exposure to liquidity risk arises principally from its various payables.

Dolphin obtains financial support from the directors and shareholders to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities on and when they fall due.

At the end of the reporting period, all of Dolphin's financial liabilities, as disclosed in Note 8.1.5(f) will mature in less than one year based on the carrying amounts reflected in the statements of financial position.

(ii) **Fair Value Measurement**

Dolphin's fair value hierarchy is defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical financial instrument

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the financial instrument that are not based on observable market data

Dolphin's does not have any financial assets or financial liabilities measured at Level 1, 2 and 3 hierarchy.

There were no unrecognised financial instruments as at 31 December 2011, 31 December 2012, 31 December 2013 and 31 December 2014 that are required to be disclosed.

(i) **Capital Management**

The primary objective of Dolphin's capital management is to build and maintain a strong capital base so as to maintain healthy capital ratios and at the same time be able to leverage on the capital to provide the funds to fund its expansion and growth.

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.1 Audited Financial Statements of Dolphin (Continued)

8.1.5 Notes to the Audited Financial Statements of Dolphin (Continued)

(i) Capital Management (Continued)

Dolphin manages its capital structure, and makes adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, Dolphin may adjust dividend payment to shareholders, return capital to shareholders or issue new shares, raise new debts and reduce existing debts.

The capital structure of Dolphin consists of equity attributable to owners of Dolphin, comprising share capital, accumulated losses and total liabilities.

The debt-to-equity ratio is as follows:-

	As at 31 December		
	2012	**2013**	**2014**
	RM'000	**RM'000**	**RM'000**
Total liabilities	120	24	371
Equity attributable to owners of Dolphin	(117)	1,219	1,226
Debt-to-equity ratio	(102.4%)	2.0%	30.3%

There were no changes in Dolphin's approach to capital management during the financial period/year under review.

Dolphin is not subject to externally imposed capital requirements.

(j) Events During and Subsequent to the End of the Reporting Period

(i) Dolphin had on 30 May 2014:-

(a) entered into a conditional sales and purchase agreement with the vendors of Dolphin Applications namely Low Teck Yin, Hoh Yeong Cherng, Lim Kwee Gee, Loh Peng Chai, Lee Ah Chuan, Chong Han Fung, Albert Chan Kin Soong and Pah Wee Kiat, to acquire the entire issued and paid-up share capital of Dolphin Applications of RM2,666,666 comprising 2,666,666 ordinary shares of RM1.00 each for a total purchase consideration of RM28,100,000, which was wholly satisfied by the issuance of 140,500,000 new Dolphin shares at an issue price of RM0.20 per share.

(b) entered into a conditional sales and purchase agreement with the vendors of Dolphin Engineering namely Low Teck Yin, Hoh Yeong Cherng, Lim Kwee Gee, Loh Peng Chai, Lee Ah Chuan, Chong Han Fung, Albert Chan Kin Soong and Pah Wee Kiat, to acquire the entire issued and paid-up share capital of Dolphin Engineering of RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM5,100,000, which was wholly satisfied by the issuance of 25,500,000 new Dolphin shares at an issue price of RM0.20 per share.

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.1 **Audited Financial Statements of Dolphin (Continued)**

8.1.5 **Notes to the Audited Financial Statements of Dolphin (Continued)**

(j) **Events Subsequent to the End of the Reporting Period (Continued)**

(i) Dolphin had on 30 May 2014:-

(c) entered into a conditional sales and purchase agreement with the vendors of Dolphin Systems, namely Hoh Yeong Cherng and Low Teck Yin to acquire the entire issued and paid-up share capital of Dolphin Systems of RM500,000 comprising 500,000 ordinary shares of RM1.00 each for a total cash consideration of RM65,000.

(d) entered into a conditional sales and purchase agreement with the vendors of Dolphin Components, namely Low Teck Yin and Hoh Yeong Cherng, to acquire 75,000 ordinary shares of RM1.00 each, representing 75% of the equity interests in Dolphin Components for a total cash consideration of RM65,000.

(ii) Subsequent to the end of the reporting period, the authorised share capital of Dolphin increased from RM5,000,000 to RM100,000,000 by way of creation of 475,000,000 new ordinary shares of RM0.20 each.

The acquisition of Dolphin Applications, Dolphin Engineering, Dolphin Systems and Dolphin Components were completed on 31 March 2015. Upon the completion of the above acquisitions, the above companies become the subsidiaries of Dolphin. Following the completion of the above acquisitions, the issued and fully paid-up share capital of Dolphin increased from RM2,000,002 comprising 10,000,010 ordinary shares of RM0.20 each to RM35,200,002 comprising 176,000,010 ordinary shares of RM0.20 each.

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.2 Audited Financial Statements of Dolphin Applications

8.2.1 Audited Statements of Profit or Loss and Other Comprehensive Income of Dolphin Applications

The audited statements of profit or loss and other comprehensive income of Dolphin Applications for the FYE 31 December 2011, FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014 are as follows:-

		← FYE 31 December →			
		2011	**2012**	**2013**	**2014**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	8.2.5 (a)	25,936	52,714	53,879	55,674
Cost of sales	8.2.5 (b)	(17,768)	(39,368)	(38,716)	(41,343)
Gross profit		8,168	13,346	15,163	14,331
Other income		37	1,198	708	45
Administrative expenses		(1,787)	(3,567)	(2,827)	(3,903)
Sales and marketing expenses		(236)	(1,880)	(1,130)	(1,116)
Operating profit		6,182	9,097	11,914	9,357
Finance costs	8.2.5 (c)	(133)	(506)	(1,380)	(1,380)
Profit before tax	8.2.5 (d)	6,049	8,591	10,534	7,977
Income tax expense	8.2.5 (f)	-	-	(1,896)	(1,751)
Net profit for the financial year, representing total comprehensive income for the financial year		6,049	8,591	8,638	6,226
Gross profit margin (%)		*31.49*	*25.32*	*28.14*	*25.74*
Profit before tax margin (%)		*23.32*	*16.30*	*19.55*	*14.33*
Effective tax rate (%)		*N/A*	*N/A*	*18.00*	*21.95*
Weighted average number of ordinary shares in issue ('000)		*1,558*	*2,480*	*2,667*	*2,667*
Gross earnings per share ("EPS") (RM)		*3.88*	*3.46*	*3.95*	*2.99*
Net EPS (RM)		*3.88*	*3.46*	*3.24*	*2.33*

Notes: (i) Gross EPS is computed based on profit before tax for the financial year over the weighted average number of ordinary shares in issue.

(ii) Net EPS is computed based on net profit for the financial year over the weighted average number of ordinary shares in issue.

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.2 Audited Financial Statements of Dolphin Applications (Continued)

8.2.2 Audited Statements of Financial Positions of Dolphin Applications

The audited statements of financial positions of Dolphin Applications as at 31 December 2011, 31 December 2012, 31 December 2013 and 31 December 2014 are as follows:-

		← As at 31 December			→
		2011	2012	2013	2014
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	8.2.5 (g)	576	8,659	13,234	13,278
Development costs	8.2.5 (h)	-	-	4,867	8,734
Investment in a subsidiaries	8.2.5 (i)	419	419	4,998	4,998
Investment in an associate	8.2.5 (j)	-	-	-	208
Total Non-Current Assets		995	9,078	23,099	27,218
Current Assets					
Inventories	8.2.5 (k)	579	133	301	396
Trade and other receivables	8.2.5 (l)	13,014	19,380	11,407	8,290
Amount due from customers for contract works	8.2.5 (m)	13,116	7,224	33,287	36,394
Fixed deposits placed with licensed banks	8.2.5 (n)	62	1,064	1,327	3,126
Cash and bank balances	8.2.5 (o)	317	4,160	3,990	12,197
Total Current Assets		27,088	31,961	50,312	60,403
TOTAL ASSETS		28,083	41,039	73,411	87,621
EQUITY AND LIABILITIES					
Equity attributable to owners of Dolphin Applications					
Share capital	8.2.5 (p)	2,000	2,667	2,667	2,667
Share premium	8.2.5 (q)	-	3,083	3,083	3,083
Retained earnings	8.2.5 (r)	7,939	16,530	25,168	31,394
Total Equity		9,939	22,280	30,918	37,144

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.2 Audited Financial Statements of Dolphin Applications (Continued)

8.2.2 Audited Statements of Financial Positions of Dolphin Applications (Continued)

	Note	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
		← As at 31 December →			
Non-Current Liabilities					
Finance lease payable	8.2.5 (s)	88	23	-	-
Hire purchase payables	8.2.5 (t)	172	311	519	573
Bank borrowings	8.2.5 (u)	620	2,702	3,696	3,189
Deferred tax liabilities	8.2.5 (v)	-	-	31	31
Total Non-Current Liabilities		880	3,036	4,246	3,793
Current Liabilities					
Trade and other payables	8.2.5 (w)	13,797	8,460	27,731	28,750
Amount due to customers for contract works	8.2.5 (m)	740	392	445	375
Finance lease payable	8.2.5 (s)	60	65	23	-
Hire purchase payables	8.2.5 (t)	59	112	136	194
Bank borrowings	8.2.5 (u)	2,608	6,694	8,047	15,667
Tax payable		-	-	1,865	1,698
Total Current Liabilities		17,264	15,723	38,247	46,684
Total Liabilities		18,144	18,759	42,493	50,477
TOTAL EQUITY AND LIABILITIES		28,083	41,039	73,411	87,621
Number of ordinary shares in issue of RM1.00 each ('000)		*2,000*	*2,667*	*2,667*	*2,667*
NTA (RM'000)		*9,939*	*22,280*	*30,918*	*37,144*
NTA per ordinary share (RM)		*4.97*	*8.35*	*11.59*	*13.93*
NA (RM'000)		*9,939*	*22,280*	*30,918*	*37,144*
NA per ordinary share (RM)		*4.97*	*8.35*	*11.59*	*13.93*

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.3 **Audited Statements of Changes in Equity of Dolphin Applications**

The audited statements of changes in equity of Dolphin Applications for the FYE 31 December 2011, FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014 are as follows:-

			Non-Distributable	Distributable	
	Note	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Total Equity RM'000
At 1 January 2011					
As previously reported		750	-	3,922	4,672
Prior year adjustments	8.2.5 (ad)	-	-	(782)	(782)
At 1 January 2011, as restated		750	-	3,140	3,890
Total comprehensive income for the financial year		-	-	6,049	6,049
Transaction with owners:					
Bonus shares issued during the financial year	8.2.5 (p)	1,250	-	(1,250)	-
Total transaction with owners		1,250	-	(1,250)	-
At 31 December 2011		2,000	-	7,939	9,939
Total comprehensive income for the financial year		-	-	8,591	8,591
Transaction with owners:					
Shares issued during the financial year	8.2.5 (p)	667	3,083	-	3,750
Total transaction with owners		667	3,083	-	3,750
At 31 December 2012		2,667	3,083	16,530	22,280
Total comprehensive income for the financial year		-	-	8,638	8,638
At 31 December 2013		2,667	3,083	25,168	30,918
Total comprehensive income for the financial year		-	-	6,226	6,226
At 31 December 2014		2,667	3,083	31,394	37,144

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.4 **Audited Statements of Cash Flows of Dolphin Applications**

The audited statements of cash flows of Dolphin Applications for the FYE 31 December 2011, FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014 are as follows:-

	FYE 31 December			
	2011 RM'000	**2012 RM'000**	**2013 RM'000**	**2014 RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	6,049	8,591	10,534	7,977
Adjustments for:				
Depreciation of property, plant and equipment	97	205	320	414
Amortisation of leasehold land	-	-	24	41
Impairment loss on trade receivables	-	-	31	-
Bad debt written off	-	-	29	-
Interest income	(2)	(5)	(34)	(44)
Interest expenses	133	506	1,380	1,380
Loss/(gain) on disposal of property, plant and equipment	-	15	(23)	-
Net unrealised (gain)/loss on foreign exchange	(35)	(546)	(426)	84
Property, plant and equipment written off	-	3	-	4
Operating profit before working capital changes	6,242	8,769	11,835	9,856
Changes in working capital				
Inventories	(364)	446	(168)	(96)
Receivables	(2,097)	(7,638)	3,420	4,260
Payables	6,522	(5,616)	14,584	1,540
Amount due from/to customers for contract works	(11,050)	5,543	(26,010)	(3,177)
Cash (used in)/generated from operations	(747)	1,504	3,661	12,383
Interests received	2	5	34	44
Interests paid	(49)	(396)	(1,113)	(1,111)
Income tax paid	-	-	*	(1,918)
Net Operating Cash Flows	(794)	1,113	2,582	9,398

* *(RM296)*

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8. AUDITED FINANCIAL STATEMENTS (Continued)

8.2 Audited Financial Statements of Dolphin Applications (Continued)

8.2.4 Audited Statements of Cash Flows of Dolphin Applications (Continued)

	FYE 31 December			
	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in a subsidiary	(419)	-	-	#
Investment in an associate	-	-	-	(208)
Purchase of property, plant and equipment ^	(121)	(8,077)	(4,576)	(197)
Proceeds from disposal of property, plant and equipment	-	40	216	-
Development costs	-	-	(4,867)	(3,867)
Net Investing Cash Flows	(540)	(8,037)	(9,227)	(4,272)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interests paid	(84)	(110)	(267)	(270)
Net changes in amount due from/to subsidiaries	(606)	(1,400)	(2,359)	(739)
Net change in account due from/to a director	873	197	4	118
Net change in amount due from/to companies in which the directors have interests	(1,855)	2,589	7,396	(566)
Net change in amount due from/to a company in which a director has an interest	29	423	(13)	13
Fixed deposit pleged as security values	(2)	(1,002)	(263)	(1,799)
Proceeds from issuance of shares	-	3,750	-	-
Repayment of finance lease payable	(37)	(60)	(65)	(23)
Repayment of hire purchase payables	(49)	(76)	(305)	(192)
Net change in other short-term borrowings	2,383	1,959	3,319	6,032
Repayment of term loans	(140)	(192)	(411)	(629)
Drawdown of term loans	700	2,400	1,440	-
Net Financing Cash Flows	1,212	8,478	8,476	1,945

(RM2)

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.4 **Audited Statements of Cash Flows of Dolphin Applications (Continued)**

	← FYE 31 December →			
	2011 RM'000	**2012 RM'000**	**2013 RM'000**	**2014 RM'000**
NET CHANGE IN CASH AND CASH EQUIVALENTS	(122)	1,554	1,831	7,071
EFFECT OF EXCHANGE RATE CHANGES	-	288	-	(574)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	439	317	2,159	3,990
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	317	2,159	3,990	10,487
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Cash and bank balances (Note 8.2.5 (o))	317	4,160	3,990	12,197
Fixed deposits placed with licensed banks (Note 8.2.5 (n))	62	1,064	1,327	3,126
Bank overdrafts (Note 8.2.5 (u))	-	(2,001)	-	(1,710)
	379	3,223	5,317	13,613
Less: Fixed deposits held as security values (Note 8.2.5 (n))	(62)	(1,064)	(1,327)	(3,126)
	317	2,159	3,990	10,487
NON-CASH INVESTING ACTIVITY				
Capitalisation of amount due from a subsidiary as investment in a subsidiary	-	-	4,671	-

^ *During the FYE 31 December 2014, Dolphin Applications acquired property, plant and equipment amounting to RM502,876 (2011: RM305,270, 2012: RM8,345,159 and 2013: RM5,112,274) of which RM272,589 (2011: RM204,328, 2012: RM310,258 and 2013: RM493,617) were acquired under hire purchase and finance lease instalment plan. Cash payments of RM32,396 (2011: RM20,433, 2012: RM42,258 and 2013: RM85,016) were made towards the hire purchase and finance lease.*

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.2 Audited Financial Statements of Dolphin Applications (Continued)

8.2.5 Notes to the Audited Financial Statements of Dolphin Applications

(a) Revenue

	← FYE 31 December →			
	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Sale of goods	5,731	3,839	3,966	4,646
Revenue from contract works	20,205	48,875	49,913	51,028
	25,936	52,714	53,879	55,674

(b) Cost of Sales

	← FYE 31 December →			
	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Cost of goods sold	3,843	2,790	2,959	3,346
Project costs related to contract works	13,925	36,578	35,757	37,997
	17,768	39,368	38,716	41,343

(c) Finance Costs

	← FYE 31 December →			
	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Interest expenses				
- bank guarantee charges	-	-	23	-
- bank overdrafts	1	12	190	186
- commitment fees	-	-	486	22
- finance lease payable	10	10	5	^
- hire purchase payables	24	20	26	35
- invoice financing	48	33	180	603
- overdue interests	-	-	23	-
- term loans	50	80	236	234
- trust receipts	-	351	197	255
- others	-	-	14	45
	133	506	1,380	1,380

^ *RM374*

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.2 Audited Financial Statements of Dolphin Applications (Continued)

8.2.5 Notes to the Audited Financial Statements of Dolphin Applications (Continued)

(d) Profit Before Tax

Profit before tax is arrived at:

	FYE 31 December			
	2011	**2012**	**2013**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
After charging:-				
Auditors' remuneration				
- current financial year	30	40	48	62
- underaccrual in prior financial year	-	10	33	6
Bad debt written off	-	-	29	-
Depreciation of property, plant and equipment	97	205	320	414
Amortisation of leasehold land	-	-	24	41
Directors' remuneration				
- salaries and other emoluments	789	843	786	987
Impairment loss on trade receivables	-	-	31	-
Loss on disposal of property, plant and equipment	-	15	-	-
Property, plant and equipment written off	-	3	-	4
Rental of premises	366	414	360	360
Rental of motor vehicle	-	-	6	3
Rental of office equipment	-	-	12	15
Net foreign exchange loss				
- realised	60	-	-	434
- unrealised	-	-	-	84
Staff costs (Note 8.2.5 (e))	1,324	1,861	1,948	2,430
And crediting:-				
Bank interests	*	1	-	-
Fixed deposit interests	2	4	34	44
Net foreign exchange gain				
- realised	-	645	233	-
- unrealised	35	546	426	-
Gain on disposal of property, plant and equipment	-	-	23	-

* *RM76*

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.2 Audited Financial Statements of Dolphin Applications (Continued)

8.2.5 Notes to the Audited Financial Statements of Dolphin Applications (Continued)

(e) Staff Cost

	← FYE 31 December →			
	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Salaries, wages, allowances and bonuses	1,149	1,657	1,717	2,207
Employees' Provident Funds	165	193	212	204
Other staff related benefits	10	11	19	19
	1,324	1,861	1,948	2,430

	← FYE 31 December →			
	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Included in staff costs were remuneration for key management personnel other than directors				
- salaries, allowances and bonuses	554	1,153	806	649
- employees' Provident Funds	75	92	86	70
	629	1,245	892	719

Dolphin Applications' estimated money value of benefits-in-kind for key management personnel other than directors is RM30,450 (2011: RM15,300, 2012: RM13,377 and 2013: RM18,213).

Key management personnel comprise persons other than the directors of Dolphin Applications, having authority and responsibility for planning, directing and controlling the activities of Dolphin Applications either directly or indirectly.

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.2 Audited Financial Statements of Dolphin Applications (Continued)

8.2.5 Notes to the Audited Financial Statements of Dolphin Applications (Continued)

(f) Income Tax Expense

	FYE 31 December			
	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Income tax				
- current financial year	-	-	1,865	2,297
- underaccrual in prior financial years	-	-	*	(546)
	-	-	1,865	1,751
Deferred tax liabilities (Note 8.2.5(v))				
- current financial year	-	-	31	-
	-	-	1,896	1,751

* *RM296*

There was no accrual for income tax for Dolphin Applications in respect of the FYE 31 December 2011 and FYE 31 December 2012 as Dolphin Applications was granted pioneer status by the Ministry of International Trade and Industry Malaysia under the provisions of the Promotion of Investments Act, 1986 for a period of 5 years expiring on 31 July 2013. By virtue of this pioneer status, certain statutory income of Dolphin Applications' pioneer activities during the pioneer period is exempted from income tax.

Following the expiry of the pioneer status, the income tax rate applicable to Dolphin Applications from 1 August 2013 to 31 December 2013 is at the statutory tax rate of 25%.

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.2 Audited Financial Statements of Dolphin Applications (Continued)

8.2.5 Notes to the Audited Financial Statements of Dolphin Applications (Continued)

(f) Income Tax Expense (Continued)

The reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of Dolphin Applications are as follows:-

	FYE 31 December			
	2011 RM'000	**2012 RM'000**	**2013 RM'000**	**2014 RM'000**
Profit before tax	6,049	8,591	10,534	7,977
Tax at applicable tax rates of 25%	1,512	2,148	2,633	1,994
Tax effects arising from:				
- non deductible expenses	67	216	166	326
- tax exempt income under pioneer status	(1,570)	(2,220)	(846)	-
- income not subject to tax	-	-	(58)	-
- deferred tax assets not recognised in the financial statements	(9)	(144)	-	(23)
- effect of change in opening balance	-	-	1	-
- current tax expense under accrued in prior financial year	-	-	*	(546)
Tax expense for the financial year	-	-	1,896	1,751

* *RM296*

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(g) **Property, Plant and Equipment**

	Leasehold Land RM'000	Leasehold Building RM'000	Freehold Land RM'000	Freehold Building RM'000	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Renovation RM'000	Software RM'000	Total RM'000
Cost										
At 1 January 2011										
As previously reported	-	-	-	-	8	341	33	4	30	416
Prior year adjustments (Note 8.2.5 (ad))	-	-	-	-	-	-	-	-	(16)	(16)
At 1 January 2011, as restated	-	-	-	-	8	341	33	4	14	400
Additions	-	-	-	-	3	68	37	-	198	306
At 31 December 2011	-	-	-	-	11	409	70	4	212	706
Additions	-	-	3,106	4,659	-	304	36	-	240	8,345
Disposal	-	-	-	-	-	(68)	-	-	-	(68)
Write-off	-	-	-	-	(2)	-	(2)	-	-	(4)
At 31 December 2012	-	-	3,106	4,659	9	645	104	4	452	8,979
Additions	4,007	445	-	-	3	579	6	-	72	5,112
Disposal	-	-	-	-	-	(426)	-	-	-	(426)
At 31 December 2013	4,007	445	3,106	4,659	12	798	110	4	524	13,665
Additions	-	-	-	-	-	305	7	61	130	503
Write-off	-	-	-	-	-	-	-	-	(5)	(5)
At 31 December 2014	4,007	445	3,106	4,659	12	1,103	117	65	649	14,163

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(g) **Property, Plant and Equipment (Continued)**

	Leasehold Land RM'000	Leasehold Building RM'000	Freehold Land RM'000	Freehold Building RM'000	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Renovation RM'000	Software RM'000	Total RM'000
Accumulated Depreciation										
At 1 January 2011										
As previously reported	-	-	-	-	1	28	2	1	1	33
Prior year adjustments (Note 8.2.5 (ad))	-	-	-	-	-	-	-	-	^	^
At 1 January 2011, as restated	-	-	-	-	1	28	2	1	1	33
Depreciation charge for the financial year	-	-	-	-	1	79	6	#	11	97
At 31 December 2011	-	-	-	-	2	107	8	1	12	130

\# *RM430*

^ *(RM403)*

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8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(g) **Property, Plant and Equipment (Continued)**

	Leasehold Land RM'000	Leasehold Building RM'000	Freehold Land RM'000	Freehold Building RM'000	Furniture and Fittings RM'000	Motor Vchicles RM'000	Office Equipment RM'000	Renovation RM'000	Software RM'000	Total RM'000
Accumulated Depreciation										
At 1 January 2011	-	-	-	-	2	107	8	1	12	130
Depreciation charge for the financial year	-	-	-	47	1	100	9	#	48	205
Disposal	-	-	-	-	-	(14)	-	-	-	(14)
Write-off	-	-	-	-	(1)	-	α	-	-	(1)
At 31 December 2012	-	-	-	47	2	193	17	1	60	320
Depreciation charge for the financial year	24	5	-	93	1	136	11	#	74	344
Disposal	-	-	-	-	-	(233)	-	-	-	(233)
At 31 December 2013	24	5	-	140	3	96	28	1	134	431
Depreciation charge for the financial year	41	9	-	93	1	200	11	2	98	455
Write-off	-	-	-	-	-	-	-	-	(1)	(1)
At 31 December 2014	65	14	-	233	4	296	39	3	231	885

\# *RM430*
α *(RM447)*

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(g) **Property, Plant and Equipment (Continued)**

	Leasehold Land RM'000	Leasehold Building RM'000	Freehold Land RM'000	Freehold Building RM'000	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Renovation RM'000	Software RM'000	Total RM'000
Net Carrying Amount										
At 31 December 2011	-	-	-	-	9	302	62	3	200	576
At 31 December 2012	-	-	3,106	4,612	7	452	87	3	392	8,659
At 31 December 2013	3,983	440	3,106	4,519	9	702	82	3	390	13,234
At 31 December 2014	3,942	431	3,106	4,426	8	807	78	62	418	13,278

Dolphin Applications' leasehold land has a lease period of 99 years expiring on 1 June 2109.

Dolphin Applications' motor vehicles with total net carrying amount of RM805,578 (2011: RM244,383, 2012: RM451,242 and 2013: RM700,715) were acquired under hire purchase instalment plans.

Dolphin Applications' software and office equipment with total net carrying amount of RM Nil and RM Nil (2011: RM188,149 and RM5,962; 2012: RM168,344 and RM5,335 and 2013: 148,538 and RM4,707) respectively were acquired under finance lease instalment plans.

In FYE 31 December 2011, there was a motor vehicle with total net carrying amount of RM57,000 was held in trust by a director of Dolphin Applications. The motor vehicle was disposed of to that said director of Dolphin Applications in FYE 31 December 2012.

Dolphin Applications' freehold and leasehold lands and buildings with total net carrying amount of RM11,905,033 (2011: RM Nil, 2012: RM7,718,694 and 2013: RM12,048,431) have been pledged to licensed banks to secure credit facilities granted to Dolphin Applications as disclosed in Note 8.2.5 (u).

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8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(h) **Development Costs**

	As at 31 December			
	2011	**2012**	**2013**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cost				
At the beginning of the financial year	-	-	-	4,867
Additions	-	-	4,867	3,867
At the end of the financial year	-	-	4,867	8,734
Accumulated Amortisation				
At the beginning/end of the financial year	-	-	-	-
Net Carrying Amount				
At the end of the financial year	-	-	4,867	8,734

The development expenditures incurred were in relation to the development of automated sterilisation system for palm oil extraction.

Included in the additions of the development costs for the financial year are as follows:

	As at 31 December			
	2011	**2012**	**2013**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Director's remuneration	-	-	43	-
Staff costs	-	-	164	518
	-	-	207	518

The directors have assessed the recoverable amount of the assets based on its value in use and are of the view that there is no impact resulting from the impairment review by the management.

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.2 Audited Financial Statements of Dolphin Applications (Continued)

8.2.5 Notes to the Audited Financial Statements of Dolphin Applications (Continued)

(i) Investment in Subsidiaries

	As at 31 December			
	2011 RM'000	**2012 RM'000**	**2013 RM'000**	**2014 RM'000**
Unquoted shares, at cost	419	419	4,998	4,998

Details of the subsidiaries are as follows:-

Company Name	Country of Incorporation	Effective Equity Interest As at 31 December 2011 %	2012 %	2013 %	2014 %	Principal Activities
PT Dolphin*	Indonesia	90%	90%	90%	90%	Sales, marketing, installation, after-sales and maintenance of the Dolphin Group's customised electro-automation, pneumatic and hydraulic systems in Indonesia
Dolphin Robotic (Incorporated on 5 May 2014)	Malaysia	-	-	-	100%	Design, engineering and development of oil palm FFB sterilisation and related system, components and parts.

* *Audited by a firm of certified public accountants, an international affiliated firm of Messrs Baker Tilly Monteiro Heng.*

(a) Additional investment in subsidiaries

In the FYE 31 December 2013, Dolphin Applications subscribed for additional investment of USD1,440,000 or equivalent to RM4,578,480 in PT Dolphin by way of the capitalisation of the amount due from the subsidiary.

In the FYE 31 December 2014, Dolphin Applications incorporated a wholly-owned subsidiary, Dolphin Robotic with an investment cost at RM2 which consist of 2 ordinary shares of RM1 each in Dolphin Robotic.

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(j) **Investment in an Associate**

	← As at 31 December			→
	2011	**2012**	**2013**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unquoted shares, at cost	-	-	-	208

Details of the associate are as follows:-

Company Name	Effective Equity Interest As at ← 31 December →				Principal Activities
	2011	**2012**	**2013**	**2014**	
	%	**%**	**%**	**%**	
PT Emas Hijau (established on 20 November 2014 in Indonesia)	-	-	-	30%	Currently dormant. Intended principal activity is that of the management and operation of palm oil mills in Indonesia.

During the FYE 31 December 2014, Dolphin Applications subscribed for 30% of the equity interests in PT Emas Hijau comprising 750,000 ordinary shares of IDR1,000 each in PT Emas Hijau for cash.

(k) **Inventories**

	← As at 31 December			→
	2011	**2012**	**2013**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trading parts and materials	579	133	301	396

During the FYE 31 December 2014, the amount of inventories recognised as an expense of Dolphin Applications amounted to RM31,711,559 (2011: RM15,964,273, 2012: RM39,019,646 and 2013: RM33,022,803).

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.2 Audited Financial Statements of Dolphin Applications (Continued)

8.2.5 Notes to the Audited Financial Statements of Dolphin Applications (Continued)

(l) Trade And Other Receivables

	← As at 31 December			→
	2011	**2012**	**2013**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables	6,054	12,189	10,977	7,121
Less : Allowance for impairment loss	-	-	(31)	(31)
Trade receivables, net	6,054	12,189	10,946	7,090
Other receivables				
Other receivables	6,949	6,170	408	1,165
Sundry deposits	9	1,021	23	32
Prepayments	2	-	30	3
	6,960	7,191	461	1,200
Total trade and other receivables	13,014	19,380	11,407	8,290
Less:				
Prepayments	(2)	-	(30)	(3)
Add:				
Fixed deposits placed with licensed banks (Note 8.2.5(n))	62	1,064	1,327	3,126
Cash and bank balances (Note 8.2.5 (o))	317	4,160	3,990	12,197
Total loans and receivables	13,391	24,604	16,694	23,610

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(l) **Trade and Other Receivables (Continued)**

(a) **Trade receivables**

Dolphin Applications' normal trade credit terms ranges from 30 days to 90 days (2011, 2012 and 2013: 30 days to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables of Dolphin Applications are the following:

(i) an amount of RM290,851 (2011: RM39,459, 2012: RM Nil and 2013: RM213,297) due from a company in which the directors have interests;

(ii) an amount of RM Nil (2011: RM1,086, 2012: RM Nil and 2013: RM3,662) due from a company in which a director has an interest;

(iii) an amount of RM Nil (2011: RM Nil, 2012: RM20,898 and 2013: RM595,676) due from a subsidiary; and

(iv) an amount of RM490,545 (2011 and 2012: RM Nil and 2013: RM1,894,616) representing retention sums for contract works.

The currency exposure profile of the trade receivables are as follows:-

	← As at 31 December			→
	2011	**2012**	**2013**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
United States Dollar	572	5,240	4,379	1,640
IDR	-	-	3	1,609
RM	5,482	6,949	6,595	3,872
	6,054	12,189	10,977	7,121

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(l) **Trade And Other Receivables (Continued)**

(a) **Trade receivables (Continued)**

The ageing analysis of trade receivables are as follows:-

	As at 31 December			
	2011 RM'000	**2012 RM'000**	**2013 RM'000**	**2014 RM'000**
Neither past due nor impaired	1,417	5,525	3,590	2,047
Past due but not impaired:				
1 to 30 days past due not impaired	521	1,708	1,101	2,522
31 to 60 days past due not impaired	354	739	60	764
61 to 90 days past due not impaired	828	852	216	570
More than 90 days past due not impaired	2,934	3,365	5,979	1,187
	4,637	6,664	7,356	5,043
Impaired	-	-	31	31
	6,054	12,189	10,977	7,121

Receivables that are neither past due nor impaired

The directors of Dolphin Applications are of the opinion that no impairment loss is necessary in respect of these not past due trade receivables.

Receivables that are past due but not impaired

The balances of trade receivables that are past due but not impaired, representing approximately 70.8% (2011: 76.6%, 2012: 54.7% and 2013: 67.0%) of Dolphin Applications' trade receivables are unsecured in nature.

The management has a credit procedure in place to monitor and minimise the exposure of default. The directors of Dolphin Applications are of the opinion that no impairment loss is necessary in respect of these past due trade receivables.

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.2 Audited Financial Statements of Dolphin Applications (Continued)

8.2.5 Notes to the Audited Financial Statements of Dolphin Applications (Continued)

(l) Trade And Other Receivables (Continued)

(a) Trade receivables (Continued)

Receivables that are impaired

Movement in allowance account:

	As at 31 December			
	2011	**2012**	**2013**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At the beginning of the financial year	-	-	-	31
Charge for the financial year	-	-	31	-
At the end of the financial year	-	-	31	31

(b) Other receivables

Included in other receivables of Dolphin Applications are the following:

(i) an amount of RM202,093 (2011: RM5,235,931, 2012: RM2,479,949 and 2013: RM13,657) due from companies in which the directors have interests;

(ii) an amount of RM Nil (2011: RM255,734, 2012: RM Nil and 2013: RM12,773) due from a company in which a director has an interest.;

(iii) an amount of RM707,225 (2011: RM617,643, 2012: RM2,174,624 and 2013: RM Nil) due from subsidiaries; and

(iv) an amount of RM Nil (2011: RM279,915, 2012: RM359,291 and 2013: RM 86,627) due from a director.

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(l) **Trade And Other Receivables (Continued)**

(b) **Other receivables (Continued)**

The amounts due from companies in which a directors and the directors have interests are non-trade in nature, unsecured, interest-free and receivable upon demand.

The amount due from subsidiaries are non-trade in nature, unsecured, interest free and receivable upon demand. Included herein is an amount of RM Nil (2011: RM297,880, 2012: RM2,174,624 and 2013: RM Nil) denominated in United States Dollars.

The amounts due from a director are non-trade in nature, unsecured, interest-free and receivable upon demand.

(c) **Sundry deposits**

In FYE 2012, included in sundry deposits of Dolphin Applications was an amount of RM1,012,212 in relation to the deposit paid for the purchase of a property for a total consideration of RM4,300,000. The balance of the purchase consideration is disclosed in Note 8.2.5 (y).

(m) **Amount Due from/(to) Customers for Contract Works**

	← As at 31 December →			
	2011	**2012**	**2013**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Aggregate costs incurred to date	24,558	48,732	84,490	84,146
Attributable profit recognised to date	9,219	17,014	31,170	28,177
	33,777	65,746	115,660	112,323
Progress billings	(21,401)	(58,914)	(82,818)	(76,304)
	12,376	6,832	32,842	36,019

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.2 Audited Financial Statements of Dolphin Applications (Continued)

8.2.5 Notes to the Audited Financial Statements of Dolphin Applications (Continued)

(m) Amount Due from/(to) Customers for Contract Works (Continued)

	← As at 31 December			→
	2011	2012	2013	2014
	RM'000	RM'000	RM'000	RM'000
Amount due from customers for contract works included under current assets	13,116	7,224	33,287	36,394
Amount due to customers for contract works included under current liabilities	(740)	(392)	(445)	(375)
	12,376	6,832	32,842	36,019

(n) Fixed Deposits Placed with Licensed Banks

The fixed deposits placed with licensed banks have maturity dates ranging from 1 month to 12 months (2011 and 2012: 1 month and 2013: 1 to 12 months), which bear interest rates ranging from 2.70% to 3.05% (2011: 2.60% to 2.85%, 2012: 2.75% to 2.85% and 2013: 2.75% to 2.85%) per annum.

The fixed deposits placed with licensed banks have been pledged to licensed banks to secure credit facilities granted to Dolphin Applications and one of its subsidiaries as disclosed in Note 8.2.5 (u).

(o) Cash and Bank Balances

	← As at 31 December			→
	2011	2012	2013	2014
	RM'000	RM'000	RM'000	RM'000
Cash at banks	302	4,142	3,967	12,182
Cash in hand	15	18	23	15
	317	4,160	3,990	12,197

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.2 Audited Financial Statements of Dolphin Applications (Continued)

8.2.5 Notes to the Audited Financial Statements of Dolphin Applications (Continued)

(o) Cash and Bank Balances (Continued)

The currency exposure profile of cash and bank balances are as follows:-

	As at 31 December			
	2011	**2012**	**2013**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
United States Dollar	2	1,085	907	1,420
Euro Dollar	8	8	#	#
IDR	*	β	22	2,437
Gabon Francs	-	-	±	Ω
South African Rand	-	-	@	@
Colombian Peso	-	-	^	^
Thai Baht	1	1	-	-
Indian Rupee	1	1	-	-
Chinese Yuan Renminbi	2	3	-	1
Philippine Peso	^	^	-	-
Singapore Dollar	<	<	1	1
Papua New Guinea Kina	>	>	>	≥
RM	303	3,062	3,060	8,338
	317	4,160	3,990	12,197

* *RM377*

^ *RM306*

< *RM57*

> *RM10*

β RM183

\# *RM97*

± *RM115*

@ *RM45*

≥ *RM363*

Ω *RM116*

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8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(p) **Share Capital**

	As at 31 December							
	2011		2012		2013		2014	
	Number of Shares Unit ('000)	RM'000	Number of Shares Unit ('000)	RM'000	Number of Shares Unit ('000)	RM'000	Number of Shares Unit ('000)	RM'000
Ordinary shares of RM1/- each								
Authorised :								
At the beginning of the financial year	1,000	1,000	5,000	5,000	5,000	5,000	5,000	5,000
Created during the financial year	4,000	4,000	-	-	-	-	-	-
At the end of the financial year	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Issued and fully paid:								
At the beginning of the financial year	750	750	2,000	2,000	2,667	2,667	2,667	2,667
Issued during the financial year	1,250	1,250	667	667	-	-	-	-
At the end of the financial year	2,000	2,000	2,667	2,667	2,667	2,667	2,667	2,667

In FYE 31 December 2011, Dolphin Applications had increased its issued and paid-up ordinary shares capital from RM750,000 to RM2,000,000 at par.

In FYE 31 December 2012, Dolphin Applications had increased its issued and paid-up ordinary shares capital from RM2,000,000 to RM2,666,666 at a premium of RM4.625 per share.

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(p) **Share Capital (Continued)**

These new ordinary shares issued during FYEs 31 December 2011 and 31 December 2012 ranked *pari passu* in all respects with the existing ordinary shares of Dolphin Applications.

(q) **Share Premium**

	← As at 31 December			→
	2011 RM'000	**2012 RM'000**	**2013 RM'000**	**2014 RM'000**
At the beginning of the financial year	-	-	3,083	3,083
Increased during the financial year	-	3,083	-	-
At the end of the financial year	-	3,083	3,083	3,083

Share premium represents the premium paid on subscription of shares in Dolphin Applications above the par value of the ordinary shares.

(r) **Retained Earnings**

The entire retained earnings of Dolphin Applications is available for distribution as single-tier dividends.

(s) **Finance Lease Payable**

	← As at 31 December			→
	2011 RM'000	**2012 RM'000**	**2013 RM'000**	**2014 RM'000**
Future minumum lease payable				
- not later than one year	70	70	23	-
- later than one year but not later than five years	93	23	-	-
	163	93	23	-
Less: Future finance charges	(15)	(5)	*	-
Present value of finance lease payable	148	88	23	-

* *(RM374)*

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(s) **Finance Lease Payable (Continued)**

	← As at 31 December →			
	2011	**2012**	**2013**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Analysis of present value of finance lease payable:				
Not later than one year (included under current liabilities)	60	65	23	-
Later than one year but not later than five years (included under non-current liabilities)	88	23	-	-
	148	88	23	-

The finance lease payable bears interest at the rate of Nil % (2011, 2012 and 2013: 4.52%) per annum.

(t) **Hire Purchase Payables**

	← As at 31 December →			
	2011	**2012**	**2013**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Future minimum hire purchase payables				
- not later than one year	73	134	163	226
- later than one year but not later than five years	189	335	561	612
	262	469	724	838
Less: Future finance charges	(31)	(46)	(69)	(70)
Present value of hire purchase payables	231	423	655	768
Analysis of present value of hire purchase payables:				
Not later than one year (included under current liabilities)	59	112	136	194
Later than one year but not later than five years (included under non-current liabilities)	172	311	519	574
	231	423	655	768

The hire purchase payables bear interest rates ranging from 2.35% to 4.41% (2011: 3.65% to 4.25%, 2012: 2.50% to 4.25% and 2013: 2.50% to 4.41%) per annum.

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.2 Audited Financial Statements of Dolphin Applications (Continued)

8.2.5 Notes to the Audited Financial Statements of Dolphin Applications (Continued)

(u) Bank Borrowings

	As at 31 December			
	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Short term borrowings - secured				
Bank overdrafts	-	2,001	-	1,710
Invoice financing	2,382	892	6,564	9,722
Term loans	226	351	386	264
Trust receipts	-	3,450	1,097	3,970
	2,608	6,694	8,047	15,666
Long term borrowings - secured				
Term loans	620	2,702	3,696	3,189
Total borrowings	3,228	9,396	11,743	18,855
Comprising portion repayable:				
Within the next twelve months	2,608	6,694	8,047	15,666
After the next twelve months:				
- later than one year but not later than two years	226	276	412	270
- later than two years but not later than five years	394	716	950	907
- more than five years	-	1,710	2,334	2,012
	3,228	9,396	11,743	18,855

The currency exposure profile of bank borrowings are as follows:-

	As at 31 December			
	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
United States Dollar	-	-	-	8,685
RM	3,228	9,396	11,743	10,170
	3,228	9,396	11,743	18,855

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(u) **Bank Borrowings (Continued)**

The bank borrowings are secured by the following:-

(a) A fixed charged over all cash deposits deposited by Dolphin Applications together with a cash deposit agreement;
(b) Jointly and severally guarantee by the directors of Dolphin Applications;
(c) Guarantee by Credit Guarantee Corporation Malaysia Berhad;
(d) A facility agreement between Dolphin Applications and a financial institution;
(e) Corporate guarantee by a company in which the directors have interests; and
(f) A first party legal charge created over the freehold and leasehold lands and buildings of Dolphin Applications.

The respective term loans are repayable in the following manner:-

(i) 60 equal monthly instalments commencing August 2011, which is fully settled during the FYE 2014;
(ii) 84 equal monthly instalments commencing January 2013; and
(iii) 120 equal monthly instalments commencing July 2013.

Invoice financing and trust receipts have maturity periods ranging from 144 days to 150 days (2011: 147 days to 150 days, 2012: 142 days to 149 days and 2013: 142 days to 150 days).

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

	2011	2012	2013	2014
	% per annum	% per annum	% per annum	% per annum
Term loans	4.92 to 11.35	4.85 to 11.35	4.85 to 8.10	4.85 to 6.60
Invoice financing	4.92 to 4.94	6.15	4.53 to 6.15	4.53 to 8.10
Bank overdrafts	Nil	8.44	Nil	8.35
Trust receipts	Nil	7.85	7.85	8.10

(v) **Deferred Tax Liabilities**

	← As at 31 December			→
	2011	2012	2013	2014
	RM'000	RM'000	RM'000	RM'000
At the beginnning of the financial year	-	-	-	31
Recognised in profit or loss (Note 8.2.5 (f))	-	-	31	-
At the end of the financial year	-	-	31	31

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(v) **Deferred Tax Liabilities (Continued)**

This is in respect of deferred tax liabilities arising from the following temporary differences:

	As at 31 December			
	2011 RM'000	**2012 RM'000**	**2013 RM'000**	**2014 RM'000**
Differences between the net carrying amount and the corresponding tax written down value of property, plant and equipment	-	-	31	31

(w) **Trade And Other Payables**

	As at 31 December			
	2011 RM'000	**2012 RM'000**	**2013 RM'000**	**2014 RM'000**
Trade payables	13,461	7,337	21,638	21,700
Other payables				
Other payables	135	532	5,426	5,147
Accruals	201	591	667	1,903
	336	1,123	6,093	7,050
Total trade and other payables	13,797	8,460	27,731	28,750
Add:				
Finance lease payable (Note 8.2.5 (s))	148	88	23	-
Hire purchase payables (Note 8.2.5 (t))	231	423	655	768
Bank borrowings (Note 8.2.5 (u))	3,228	9,396	11,743	18,855
Total other financial liabilities at amortised cost	17,404	18,367	40,152	48,373

(a) **Trade payables**

The normal trade credit terms granted to Dolphin Applications ranges from 30 days to 90 days (2011, 2012 and 2013: 30 days to 90 days).

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(w) **Trade And Other Payables (Continued)**

(a) **Trade payables (Continued)**

Included in trade payables of Dolphin Applications are the following:

(i) amounts totaling RM4,249,124 (2011: RM3,002,681, 2012: RM Nil and 2013: RM2,862,027) due to a company in which the directors have interests;

(ii) amounts of RM Nil (2011: RM45,519, 2012: RM211,053 and 2013: Nil) due to a company in which a director has an interest; and

(iii) amounts of RM Nil (2011: RM Nil, 2012: RM10,369 and 2013: RM Nil) due to a subsidiary.

The currency exposure profile of the trade payables are as follows:-

	←	As at 31 December		→
	2011	**2012**	**2013**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Indonesia Rupiah	-	10	4,167	425
United States Dollar	-	177	-	-
RM	13,461	7,150	17,471	21,275
	13,461	7,337	21,638	21,700

(b) **Other payahles**

Included in other payables of Dolphin Applications are the following:-

(i) An amount of RM4,549,818 (2011 and 2012: RM Nil and 2013: RM4,930,389) due to companies in which the directors have interests;

(ii) An amount of RM Nil (2011 and 2012: RM Nil and 2013: RM44,541) due to a subsidiary;

(iii) An amount of RM64,740 (2011: RM134,633, 2012: RM417,053 and 2013: RM148,667) due to a director; and

(iv) an amount of RM207,750 (2011, 2012 and 2013: RM Nil) due to an associate.

The amounts due to companies in which the directors have interests are unsecured, non-trade in nature, interest-free and payable upon demand.

The amount due to a subsidiary is unsecured, non-trade in nature, interest-free and payable upon demand.

The amount due to a director is unsecured, non-trade in nature, interest-free and payable upon demand.

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(w) **Trade And Other Payables (Continued)**

(b) **Other payables (Continued)**

The amount due to an associate is unsecured, non-trade in nature, interest-free and payable upon demand.

(x) **Financial Guarantees**

	← As at 31 December			→
	2011 RM'000	**2012 RM'000**	**2013 RM'000**	**2014 RM'000**
At the end of the reporting period				
Corporate guarantee granted to a licensed bank for credit facilities granted to a company in which the directors have interests	7,325	7,575	18,708	13,708
Letter of credit issued to a foreign bank in favour of a subsidiary for its banking facilities	-	-	1,470	-
Bank guarantees issued in favour of various third parties for performance of contracts	1,451	1,425	1,571	463
	8,776	9,000	21,749	14,171
Subsequent to the end of the reporting period				
Addition of corporate guarantee granted by a licensed bank for credit facilities granted to a company in which the directors have interests	-	9,808	-	-

The bank guarantee are secured by the following:-

(i) A fixed charged over all cash deposits deposited by Dolphin Applications together with a cash deposit agreement;
(ii) Jointly and severally guarantee by the directors of Dolphin Applications;
(iii) A facility agreement between Dolphin Applications and a financial institution; and
(iv) A first party legal charge created over the freehold and leasehold lands and buildings of Dolphin Applications.

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(y) **Capital Commitment**

	← As at 31 December			→
	2011	**2012**	**2013**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Approved and contracted for but not provided for in the financial statements:-				
- property, plant and equipment (Note 8.2.5(l)(c))	-	3,288	-	-

(z) **Significant Related Party Disclosures**

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with Dolphin Applications or that has an interest in Dolphin Applications that gives it significant influence over Dolphin Applications' financial operating policies. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence for which significant voting power in Dolphin Applications resides with, directly or indirectly.

The nature of the relationship with the related parties is as follows:

Name of Related Parties	Nature of Relationship
PT Dolphin	A subsidiary
Dolphin Robotic	A subsidiary
Dolphin Engineering	A company in which the directors have interests
Dolphin Systems	A company in which the directors have interests*
Dolphin Components	A company in which the directors have interests
Low Teck Yin	A director and shareholder of Dolphin Applications
Teoh Kah Lean	Key management personnel

* *Prior to 4 April 2014, Dolphin Systems was a company in which a director has interest.*

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.2 Audited Financial Statements of Dolphin Applications (Continued)

8.2.5 Notes to the Audited Financial Statements of Dolphin Applications (Continued)

(z) Significant Related Party Transactions (Continued)

Other than disclosed elsewhere in the financial statements, the significant related party transactions between Dolphin Applications and its related parties were as follows:-

	← FYE 31 December			→
	2011	**2012**	**2013**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Dolphin Engineering				
- sale of goods	169	52	213	34
- purchase of goods	1,454	9,427	6,075	881
- rental expenses	360	360	360	360
- other expenses	22	-	-	-
Dolphin Systems				
- sale of goods	4	19	4	39
- purchase of goods	280	433	5	506
PT Dolphin				
- sale of goods	-	21	545	743
- purchase of goods	-	10	-	-
Low Teck Yin				
- consideration paid for purchase of a motor vehicle	68	-	-	-
- consideration received from disposal of a motor vehicle	-	40	-	-
Teoh Kah Lean				
- proceeds from dosposal of a motor vehicle	-	-	57	-

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(aa) **Financial Instruments**

(i) **Financial Risk Management and Objectives**

Dolphin Applications is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The directors of Dolphin Applications review and agree policies and procedures for the management of these risks.

The following sections provide details regarding Dolphin Applications' exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) **Credit Risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. Dolphin Applications' exposure to credit risk arises primarily from trade and other receivables.

Dolphin Applications' objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. Receivable balances are monitored on an ongoing basis with the result that Dolphin Applications' exposure to bad debts is not significant.

Exposure to credit risk

At the end of the reporting period, Dolphin Applications' maximum exposure to the credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 8.2.5(l).

Receivables that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 8.2.5(l).

Receivables that are past due but not impaired

Information regarding trade receivables that are past due but not impaired is disclosed in Note 8.2.5(l).

Credit risk concentration profile

At the end of the reporting period, Dolphin Applications has a significant concentration of credit risk in the form of three (3) (2011, 2012 and 2013: three (3)) major trade receivables, representing approximately 54.59% (2011: 57.1%, 2012: 66.37% and 2013: 45.29%) of Dolphin Applications' total trade receivables.

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.2 Audited Financial Statements of Dolphin Applications (Continued)

8.2.5 Notes to the Audited Financial Statements of Dolphin Applications (Continued)

(aa) Financial Instruments (Continued)

(i) Financial Risk Management and Objectives (Continued)

(b) Liquidity Risk

Liquidity risk is the risk that Dolphin Applications will encounter difficulty in meeting financial obligations due to shortage of funds, Dolphin Applications' exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

At the end of the reporting period, approximately 80.8% (2011: 75.6%, 2012: 69.4% and 2013: 66.1%) of Dolphin Applications' loans and borrowings, as disclosed in Notes 8.2.5(s), 8.2.5(t) and 8.2.5(u), will mature in less than one year based on the carrying amounts reflected in the statements of financial position.

Analysis of financial instruments by remaining contractual maturities

The table below summaries the maturity profile of Dolphin Applications' liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
31 December 2011				
Trade and other payables	13,797	-	-	13,797
Finance lease payable	70	93	-	163
Hire purchase payables	73	189	-	262
Bank borrowings	2,608	620	-	3,228
	16,548	902	-	17,450
31 December 2012				
Trade and other payables	8,460	-	-	8,460
Finance lease payable	70	23	-	93
Hire purchase payables	134	335	-	469
Bank borrowings	6,694	992	1,710	9,396
	15,358	1,350	1,710	18,418

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(aa) **Financial Instruments (Continued)**

(i) **Financial Risk Management and Objectives (Continued)**

(b) **Liquidity Risk (Continued)**

	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
31 December 2013				
Trade and other payables	27,731	-	-	27,731
Finance lease payable	23	-		23
Hire purchase payables	163	561	-	724
Bank borrowings	8,047	1,362	2,334	11,743
	35,964	1,923	2,334	40,221
31 December 2014				
Trade and other payables	28,750	-	-	28,750
Hire purchase payables	226	612	-	838
Bank borrowings	15,666	1,177	2,012	18,855
	44,642	1,789	2,012	48,443

(c) **Interest Rate Risk**

Interest rate risk is the risk that fair value or future cash flows of Dolphin Applications' financial instruments will fluctuate because of changes in market interest rates.

Dolphin Applications' exposure to interest rate risk arises primarily from their loans and borrowings and fixed deposits placed with the financial institutions. Most of Dolphin Applications' loans and borrowings are charged a fixed interest rate plus or minus the financial institutions' base lending rate or cost of fund per annum. The fixed interest rate is reviewed annually. Whilst, the base lending rate and cost of fund used by the financial institutions vary according to the rates set by Bank Negara Malaysia. Meanwhile, interest rates charged on hire purchases and finance lease are fixed at the inception of the hire purchase and finance lease arrangements. For interest income from cash deposits, Dolphin Applications managed the interest rate risks by placing cash deposits with reputable financial institutions with varying maturities and interest rate terms.

Interest rate risk sensitivity

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of Dolphin Applications' profit after tax:-

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.2 Audited Financial Statements of Dolphin Applications (Continued)

8.2.5 Notes to the Audited Financial Statements of Dolphin Applications (Continued)

(aa) Financial Instruments (Continued)

(i) Financial Risk Management and Objectives (Continued)

(c) Interest Rate Risk (Continued)

	Carrying Amount RM'000	Movement in basis point	Effects on profit after tax RM'000
FYE 31 December 2011			
Fixed deposits placed with licensed banks	62	50	*
Bank borrowings	(3,228)	50	(12)
Total effect on profit after tax			(12)
FYE 31 December 2012			
Fixed deposits placed with licensed banks	1,064	50	4
Bank borrowings	(9,396)	50	(35)
Total effect on profit after tax			(31)
FYE 31 December 2013			
Fixed deposits placed with licensed banks	1,327	50	5
Bank borrowings	(11,743)	50	(44)
Total effect on profit after tax			(39)
FYE 31 December 2014			
Fixed deposits placed with licensed banks	3,126	50	12
Bank borrowings	(18,855)	50	(71)
Total effect on profit after tax			(59)

* *RM232*

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(aa) **Financial Instruments (Continued)**

(i) **Financial Risk Management and Objectives (Continued)**

(d) **Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Dolphin Applications has transactional currency exposures arising from sales or purchases that are denominated in currencies other than Dolphin Applications' functional currency.

Sensitivity analysis

The following table indicates the approximate change in Dolphin Applications' profit after tax and retained earnings in response to reasonable possible changes in the foreign exchange rates to which Dolphin Applications has significant exposure at the end of the reporting period, assuming all other variable risk variable remained constant. Other components of the equity would not be affected by changes in the foreign exchange rate.

	<-------- Increase/(Decrease) ---------->			
	<----------- FYE 31 December ------------>			
	2011	**2012**	**2013**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Strengthen (5%)				
United States Dollar	21	237	164	(211)
IDR	23	*	(139)	136
Weaken (5%)				
United States Dollar	(21)	(237)	(164)	211
IDR	(23)	#	139	(136)

* *RM396*

\# *(RM396)*

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.2 Audited Financial Statements of Dolphin Applications (Continued)

8.2.5 Notes to the Audited Financial Statements of Dolphin Applications (Continued)

(aa) Financial Instruments (Continued)

(ii) Fair Value Measurement

Dolphin Applications' fair value hierarchy is defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical financial instrument

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the financial instrument that are not based on observable market data

The fair values of financial assets and financial liabilities of Dolphin Applications approximate their carrying amounts in the statements of financial position of Dolphin Applications except as set out below:

	Carrying Amount RM'000	Fair Value RM'000
Hire purchase payables		
As at 31 December 2011	231	226
As at 31 December 2012	423	376
As at 31 December 2013	655	568
As at 31 December 2014	768	749

The fair value of the hire purchase payables are categorised as Level 2.

During the FYE 2011, FYE 2012, FYE 2013 and FYE 2014, there was no transfer between Level 1, Level 2 and Level 3 of the fair value measurement hierarchy.

Dolphin Applications does not have any financial assets or financial liabilities measured at Level 1 and Level 3 hierarchy.

There were no unrecognised financial instruments as at 31 December 2011, 31 December 2012, 31 December 2013 and 31 December 2014 that are required to be disclosed.

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(ab) **Capital Management**

The primary objective of Dolphin Applications' capital management is to build and maintain a strong capital base so as to maintain healthy capital ratios and at the same time be able to leverage on the capital to provide the funds to fund their expansion and growth.

Dolphin Applications manage its capital structure, and makes adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, Dolphin Applications may adjust dividend payment to shareholders, return capital to shareholders or issue new shares, raise new debts and reduce existing debts.

Dolphin Applications monitors the level of dividends to be paid to shareholders. Dolphin Applications' objective is to pay out regular dividends to the shareholders based on the level of Dolphin Applications' profitability and cash flows.

The capital structure of Dolphin Applications consists of equity attributable to owners of Dolphin Applications, comprising share capital, retained earnings and total liabilities.

The debt-to-equity ratio is as follow:-

	← As at 31 December			→
	2011	**2012**	**2013**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total liabilities	18,144	18,759	42,493	50,477
Equity attributable to the owners of Dolphin Applications	9,939	22,280	30,918	37,144
Debt-to-equity ratio	183%	84%	137%	136%

There were no changes in the Dolphin Applications' approach to capital management during the financial years under review.

Dolphin Applications is not subject to externally imposed capital requirements.

(ac) **Events subsequent to the End of the Reporting Period**

On 31 March 2015, Dolphin Application has becomes a wholly-owned subsidiary of Dolphin following the completion of the conditional sale and purchase agreement entered by Dolphin and the shareholders of Dolphin Applications to acquire the entire of the issued and paid-up share capital of Dolphin Applications of RM2,666,666 comprising 2,666,666 ordinary shares of RM1.00 each for a purchase consideration of RM28,100,000.

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(ad) **Prior Year Adjustments And Comparative Figures**

(i) The prior year adjustments were in relation to the following fundamental errors made in prior years:-

(a) Reversal of professional fees and its related depreciation charges for patents incorrectly capitalised as property, plant and equipment and its corresponding adjustment to the statement of profit or loss and other comprehensive income for the FYE 31 December 2010;

(b) Adjustments for under/(over) statement of purchases, revenue, project costs and its corresponding adjustments to the statement of profit or loss and other comprehensive income for the FYE 31 December 2009 and FYE 31 December 2010; and

(c) Effects arising from the adoption of MFRS 111: *Construction Contracts* and the recognition of contract revenue and its related costs based on the stage of completion method and its corresponding adjustments to the statement of profit or loss and other comprehensive income for the FYE 31 December 2009 and FYE 31 December 2010.

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8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(ad) **Prior Year Adjustments And Comparative Figures (Continued)**

(i) Prior year adjustment (Continued)

As a result of the above prior year adjustments, corresponding adjustments have been made to the statements of changes in equity and statements of cash flows.

The effects of the said adjustments are as detailed below:

	As Previously Reported RM RM'000	**Prior Financial Year Adjustments (a) RM RM'000**	**(b) RM RM'000**	**(c) RM RM'000**	**As Restated RM RM'000**
As at 1 January 2010					
Statement of financial position					
Amount due from customers for contract works	-	-	-	333	333
Trade and other receivables	6,047	-	(1,639)	(399)	4,009
Amount due to customers for contract works	-	-	-	810	810
Trade and other payables	6,103	-	-	(3,780)	2,323
Retained earnings	547	-	(1,639)	2,905	1,813

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(ad) **Prior Year Adjustments And Comparative Figures (Continued)**

(i) Prior year adjustment (Continued)

	As Previously Reported RM RM'000	Prior Financial Year Adjustments (a) RM RM'000	(b) RM RM'000	(c) RM RM'000	As Restated RM RM'000
As at 31 December 2010					
Statement of financial position					
Property, plant and equipment	384	(16)	-	-	368
Amount due from customers for contract works	-	-	789	771	1,560
Trade and other receivables	13,158	-	(2,679)	(399)	10,080
Amount due to customers for contract works	-	-	-	1,076	1,076
Trade and other payables	9,018	-	2,795	(3,780)	8,033
Retained earnings	3,922	(16)	(4,685)	3,077	2,298

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.2 **Audited Financial Statements of Dolphin Applications (Continued)**

8.2.5 **Notes to the Audited Financial Statements of Dolphin Applications (Continued)**

(ad) **Prior Year Adjustments And Comparative Figures (Continued)**

(i) Prior year adjustment (Continued)

	As Previously Reported	Prior Financial Year Adjustments			As Restated
		(a)	(b)	(c)	
	RM	RM	RM	RM	RM
	RM'000	RM'000	RM'000	RM'000	RM'000
FYE 31 December 2010					
Statement of profit or loss and other comprehensive income					
Revenue	13	-	(1)	2	14
Cost of sales	7,530	-	1,773	1,631	10,934
Administrative expenses	2,475	16	-	-	2,491

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.2 Audited Financial Statements of Dolphin Applications (Continued)

8.2.5 Notes to the Audited Financial Statements of Dolphin Applications (Continued)

(ad) Prior Year Adjustments And Comparative Figures (Continued)

(ii) Reclassifications

	As Previously Reported RM RM'000		Reclassification RM RM'000	As Restated RM RM'000
As at 1 January 2010				
Statement of financial position				
Trade and other receivables	4,009	*	(82)	3,927
Trade and other payables	2,323	*	(82)	2,241
As at 31 December 2010/1 January 2011				
Statement of financial position				
Trade and other receivables	10,080	*	(892)	9,188
Amount due to customer for contract works	1,076	*	(842)	234
Trade and other payables	8,033	*	(892)	7,141
Retained earning	2,298	*	842	3,140
FYE 31 December 2010				
Statement of profit or loss and other comprehensive income				
Cost of sales	10,934	*	211	11,145
Administrative expenses	2,491	*	(1,433)	1,058
Sales and marketing expenses	-		380	380

* *Restated after prior year adjustments*

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.3 Audited Financial Statements of Dolphin Robotic

8.3.1 Audited Statement of Profit or Loss and Other Comprehensive Income of Dolphin Robotic

The audited statement of profit or loss and other comprehensive income of Dolphin Robotic for the FPE 5 May 2014 *(date of incorporation)* to 31 December 2014 is as follows:-

	Note	**FPE 5.5.2014 to 31.12.2014 RM'000**
Revenue		-
Cost of sales		-
Gross profit		-
Administrative expenses		(27)
Loss before tax	8.3.5 (a)	(27)
Income tax expense	8.3.5 (b)	-
Net loss for the financial period, representing total comprehensive loss for the financial period		(27)
Gross profit margin (%)		*N/A*
Profit before tax margin (%)		*N/A*
Effective tax rate (%)		*N/A*
Weighted average number of ordinary shares in issue of RM1.00 each ('000)		+
Gross LPS (RM)		*(20.25)*
Net LPS (RM)		*(20.25)*

\+ *2 ordinary shares of RM1.00 each*

Notes: (i) Gross LPS is computed based on loss before tax for the financial period over the weighted average number of ordinary shares in issue.

(ii) Net LPS is computed based on net loss after tax for the financial period over the weighted average number of ordinary shares in issue.

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8. AUDITED FINANCIAL STATEMENTS (Continued)

8.3 Audited Financial Statements of Dolphin Robotic (Continued)

8.3.2 Audited Statement of Financial Position of Dolphin Robotic

The audited statement of financial position of Dolphin Robotic as at 31 December 2014 is as follows:-

	Note	As at 31 December 2014 RM'000
ASSETS		
Current Asset		
Cash in hand		*
TOTAL ASSET		*
EQUITY AND LIABILITY		
Equity attributable to owner of Dolphin Robotic		
Share capital	8.3.5 (c)	*
Current financial period losses		(27)
Total Equity		(27)
Current Liabilities		
Other payables and accruals	8.3.5 (d)	27
Total Liabilities		27
TOTAL EQUITY AND LIABILITIES		*
Number of ordinary shares in issue ('000)		+
NTL(RM'000)		*(27)*
NTL per ordinary share (RM'000)		*(13.50)*
NL (RM'000)		*(27)*
NL per ordinary share (RM'000)		*(13.50)*

\+ *2 ordinary shares of RM1.00 each*

* *RM 2*

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.3 **Audited Financial Statements of Dolphin Robotic (Continued)**

8.3.3 **Audited Statement of Changes in Equity of Dolphin Robotic**

The audited statement of changes in equity of Dolphin Robotic for the FPE 5 May 2014 (date of incorporation) to 31 December 2014 is as follows:-

	Share Capital RM'000	**Current Financial Period Losses RM'000**	**Total Equity RM'000**
At 5 May 2014 (date of incorporation)	*	-	*
Total comprehensive loss for the financial period	-	(27)	(27)
At 31 December 2014	*	(27)	(27)

* *RM 2*

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.3 **Audited Financial Statements of Dolphin Robotic (Continued)**

8.3.4 **Audited Statement of Cash Flows of Dolphin Robotic**

The audited statement of cash flows of Dolphin Robotic for financial period from 5 May 2014 *(date of incorporation)* to 31 December 2014 is as follows:-

	FPE 5.5.2014 to 31.12.2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before tax and working capital changes	(27)
Changes in working capital	
Payables	3
Net Operating Cash Flows	(24)
CASH FLOWS FROM FINANCING ACTIVITIES	
Net change in amount due to a company in which the directors have interests	4
Net change in amount due to holding company	20
Net Financing Cash Flows	24
NET CHANGE IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS AT THE DATE OF INCORPORATION	*
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	*
ANALYSIS OF CASH AND CASH EQUIVALENTS	
Cash in hand	*

* *RM 2*

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.3 Audited Financial Statements of Dolphin Robotic (Continued)

8.3.5 Notes to the Audited Financial Statements of Dolphin Robotic

(a) Loss Before Tax

Loss before tax is arrived at:

	FPE 5.5.2014 to 31.12.2014 RM'000
After charging:-	
Auditors' remuneration	3
Incorporation expenses	3

(b) Income Tax Expense

No provision for income tax has been made as Dolphin Robotic incurred losses and has no chargeable income during the financial period.

On 8 December 2014, Dolphin Robotic was granted pioneer status by the Malaysian Investment Development Authority under the provisions of the Promotion of Investment Act, 1986 for a period of 10 years. Dolphin Robotic has 24 months from the date the pioneer status being granted to apply for the pioneer status certificate. By virtue of this pioneer status, certain statutory income of the Dolphin Robotic's pioneer activities during the pioneer period is exempted from income tax.

The reconciliation of income tax expense applicable to loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate of Dolphin Robotic Systems is as follows:-

	FPE 5.5.2014 to 31.12.2014 RM'000
Loss before tax	(27)
Taxation at applicable tax rates of 25%	(7)
Tax effect arising from:	
- non-deductible expenses	7
Tax expense for the financial period	-

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.3 **Audited Financial Statements of Dolphin Robotic (Continued)**

8.3.5 **Notes to the Audited Financial Statements of Dolphin Robotic (Continued)**

(c) **Share Capital**

	As at 31 December 2014	
	Number of Shares Unit ('000)	**RM'000**
Ordinary shares of RM1/- each:-		
Authorised :		
At the date of incorporation/ end of the reporting period	400	400
Issued and fully paid-up:		
At the date of incorporation/ end of the reporting period	^	*

^ *2 ordinary shares of RM1.00 each*

* *RM 2*

(d) **Other Payables and Accruals**

	As at 31 Decemeber 2014 RM'000
Other payables	24
Accruals	3
Total other financial liabilities carried at amortised costs	27

Included in other payables of Dolphin Robotic are the following:-

(i) an amount of RM3,880 due to a company in which the directors have interests; and

(ii) an amount of RM19,990 due to holding company.

The amount due to a company in which the directors have interests is non-trade in nature, unsecured, interest free and payable upon demand.

The amount due to holding company is non-trade in nature, unsecured, interest free and payable upon demand.

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.3 Audited Financial Statements of Dolphin Robotic (Continued)

8.3.5 Notes to the Audited Financial Statements of Dolphin Robotic (Continued)

(e) Significant related party disclosures

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with the Dolphin Robotic or that has an interest in Dolphin Robotic that gives it significant influence over Dolphin Robotics' financial operating policies. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence for which significant voting power in Dolphin Robotic resides with, directly or indirectly.

The nature of the relationship with the related parties is as follows:

Name of Related Parties	Nature of Relationship
Dolphin Applications	Holding company.
Dolphin	A company in which the directors have interests.

There were no significant transactions between Dolphin Robotic and its related parties during the financial period and the outstanding balances are disclosed in Note 8.3.5(d).

(f) Financial risk management objectives and policies

The Company is exposed to liquidity risk arising from its various payables.

The directors of Dolphin Robotic review and agree policies and procedures for the management of this risk.

The following sections provide details regarding Dolphin Robotic's exposure to the above-mentioned financial risk and the objectives, policies and processes for the management of this risk.

Liquidity Risk

Liquidity risk is the risk that Dolphin Robotic will encounter difficulty in meeting financial obligations due to shortage of funds, Dolphin Robotic's exposure to liquidity risk arises principally from its various payables.

Dolphin Robotic obtains financial support from the directors and shareholders to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities on and when they fall due.

At the end of the reporting period, all of Dolphin Robotic's financial liabilities, as disclosed in Note 8.3.5(d) to the financial statements will mature in less than one year based on the carrying amounts reflected in the statement of financial position.

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.3 **Audited Financial Statements of Dolphin Robotic (Continued)**

8.3.5 **Notes to the Audited Financial Statements of Dolphin Robotic (Continued)**

(g) **Fair Value Measurement**

Dolphin Robotic's fair value hierarchy is defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical financial instrument

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the financial instrument that are not based on observable market data

Dolphin Robotic does not have any financial assets or financial liabilities measured at Levels 1, 2 and 3 hierarchy.

There were no unrecognised financial instruments as at 31 December 2014 that are required to be disclosed.

(h) **Capital Management**

The primary objective of Dolphin Robotic's capital management is to build and maintain a strong capital base so as to maintain healthy capital ratios and at the same time be able to leverage on the capital to provide the funds to fund its expansion and growth.

Dolphin Robotic manages its capital structure, and makes adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, Dolphin Robotic may adjust dividend payment to shareholders, return capital to shareholders or issue new shares, raise new debts and reduce existing debts.

The capital structure of Dolphin Robotic consists of equity attributable to owner of Dolphin Robotic, comprising share capital, current financial period losses and total liabilities.

8. **AUDITED FINANCIAL STATEMENTS (Continued)**

8.3 **Audited Financial Statements of Dolphin Robotic (Continued)**

8.3.5 **Notes to the Audited Financial Statements of Dolphin Robotic (Continued)**

(h) **Capital Management (Continued)**

The debt-to-equity ratio is as follows:-

	As at 31 December 2014 RM'000
Total liabilities	27
Equity attributable to owner of Dolphin Robotic	(27)
Debt-to-equity ratio	(100.0%)

There were no changes in Dolphin Robotic's approach to capital management during the financial period under review.

Dolphin Robotic is not subject to externally imposed capital requirements.

8. AUDITED FINANCIAL STATEMENTS (Continued)

8.4 Audited Financial Statements of PT Dolphin

8.4.1 Audited Statements of Profit or Loss and Other Comprehensive Income of PT Dolphin

The audited statements of profit or loss and other comprehensive income of PT Dolphin for the FPE 16 May 2011 *(date of establishment)* to 31 December 2011, FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014 are as follows:-

		FPE 16 May 2011 to 31 December 2011		<--- FYE 31 December 2012		FYE 31 December 2013		FYE 31 December 2014 --->	
	Note	IDR'000	RM'000	IDR'000 (Restated)	RM'000 (Restated)	IDR'000	RM'000	IDR'000	RM'000
Revenue	8.4.5 (a)	-	-	23,509,016	7,699	22,148,227	6,678	6,725,624	1,856
Cost of sales	8.4.5 (b)	-	-	(28,407,542)	(9,303)	(21,932,862)	(6,613)	(6,142,101)	(1,695)
Gross (loss)/profit		-	-	(4,898,526)	(1,604)	215,365	65	583,523	161
Operating expenses	8.4.5(c)	(337,369)	(118)	(1,333,144)	(437)	(2,850,254)	(859)	(2,168,247)	(598)
Loss from operations		(337,369)	(118)	(6,231,670)	(2,041)	(2,634,889)	(794)	(1,584,724)	(437)
Other income/(charges)									
Interest income		2,852	1	15,300	5	12,207	4	12,047	3
Gain/(Loss) on foreign exchange - Net		-	-	84,016	28	(5,192,382)	(1,566)	513,304	142
Tax expense		-	-	(303,157)	(99)	(41,481)	(13)	(403,844)	(111)
Depreciation of unused fixed assets		-	-	-	-	(253,600)	(76)	(253,600)	(70)
Others		-	-	17,091	6	20,718	6	-	-
Total other income/ (charges) - Net		2,852	1	(186,750)	(60)	(5,454,538)	(1,645)	(132,093)	(36)
Loss before tax		(334,517)	(117)	(6,418,420)	(2,101)	(8,089,427)	(2,439)	(1,716,817)	(473)