

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

(vi) SD Associates Consult Sdn Bhd

The principal activity of SD Associates Consult Sdn Bhd is among others, providing manpower and technical services. It does not carry out the same principal activities as our Group and is also not considered to be in direct competition to our Group's activities as it is mainly involved in providing complementary services such as consultancy services.

SD Associates Consult Sdn Bhd is not a major supplier to our Group and neither is our Group dependant on SD Associates Consult Sdn Bhd for their services for the operations of our Group. Any transaction entered by our Group which involves the interests of our Directors requires that the transaction is to be carried out at arm's length basis and on normal commercial terms.

Further, Hj. Abdul Kadier, Dato' Awang Daud and Dato' Karim are not involved in the day-to-day activities and operations of SD Associates Consult Sdn Bhd and hence, their involvement in SD Associates Consult Sdn Bhd does not affect their contribution to our Group or negatively impact their ability to act in their position in our Group. They have and will continue to ensure that they would be able to fulfil and discharge their respective duties and responsibilities in our Group effectively.

(vii) Emirtech Glassflake Sdn Bhd

The principal activity of Emirtech Glassflake Sdn Bhd is among others, manufacturing, trading and application services in coatings and chemical products. It does not carry out the same principal activities as our Group and is also not considered to be in direct competition to our Group's activities as it is mainly involved in providing complementary services to our Group.

Emirtech Glassflake Sdn Bhd is not a major supplier to our Group and neither is our Group dependant on Emirtech Glassflake Sdn Bhd for their services for the operations of our Group. Any transaction entered by our Group which involves the interests of our Directors requires that the transaction is to be carried out at arm's length basis and on normal commercial terms.

Further, Hj. Abdul Kadier, Dato' Awang Daud and Dato' Karim are not involved in the day-to-day activities and operations of Emirtech Glassflake Sdn Bhd and hence, their involvement in Emirtech Glassflake Sdn Bhd does not affect their contribution to our Group or negatively impact their ability to act in their position in our Group. They have and will continue to ensure that they would be able to fulfil and discharge their respective duties and responsibilities in our Group effectively.

(viii) SD Resource Development Sdn Bhd

The principal activity of SD Resource Development Sdn Bhd is among others, providing solutions and services related to web-technologies, internet and e-commerce and business of providing placement and recruiting and other services in connection with manpower supply. It does not carry out the same principal activities as our Group and is also not considered to be in direct competition to our Group's activities as it is mainly involved in providing complementary services to our Group.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

SD Resource Development Sdn Bhd is not a major supplier to our Group and neither is our Group dependant on SD Resource Development Sdn Bhd for their services for the operations of our Group. Any transaction entered by our Group which involves the interests of our Directors requires that the transaction is to be carried out at arm's length basis and on normal commercial terms.

Further, Hj. Abdul Kadier, Dato' Awang Daud and Dato' Karim are not involved in the day-to-day activities and operations of SD Resource Development Sdn Bhd and hence, their involvement in SD Resource Development Sdn Bhd does not affect their contribution to our Group or negatively impact their ability to act in their position in our Group. They have and will continue to ensure that they would be able to fulfil and discharge their respective duties and responsibilities in our Group effectively.

Notwithstanding that the interests that are held by our Directors and the interests may be held by our Directors in the future in other business or corporations which are carrying on a similar trade as our Group and/or customers or suppliers may give rise to a conflict of interest situation with our businesses, such Director and persons connected to them shall abstain from deliberating and voting on the resolutions relating to these matters or transaction that require the approval of our shareholders in respect of their direct and indirect interests. Such transactions will be carried out on arm's length basis and on usual commercial terms.

9.1.6 Audit and Risk Committee

Our Audit and Risk Committee was formed by our Board on 13 June 2016 and further revised on 16 November 2016. Our Audit and Risk Committee currently comprises the following members, of which the majority of them are Independent Non-Executive Directors:

Director	Designation	Directorship
Hasman Yusri Bin Yusoff	Chairman	Independent Non-Executive
Sharifah Irina	Member	Independent Non-Executive
Hj. Abdul Kadier	Member	Non-Independent Non-Executive

The duties and functions of our Audit and Risk Committee comprise among others, the following:

9.1.6.1 External audit

- (i) to consider the appointment of the external auditors, the audit fees and any question in relation to resignation or dismissal of the external auditors before making recommendation to our Board;
- (ii) to review and discuss with the external auditors, before the audit commences, the nature and scope of the audit, and discuss any significant problems that may be foreseen with the external auditors before the audit commences and ensure that the audit is carried out effectively and efficiently for our Company and Group; and
- (iii) to review the audit findings and the management's responses including the status of the previous audit recommendations.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

9.1.6.2 Internal audit

- (i) to review the internal audit plan, consider the major findings of internal audit and management's responses, monitor the implementation of any recommendations made therein and ensure effective coordination between the internal and external auditors;
- (ii) to review the adequacy of the scope, functions, competency and resources of the internal audit programme, internal audit functions and that it has the necessary authority to carry out its work;
- (iii) to review the audit reports and results of the internal audit process and where necessary, ensure that appropriate action is taken on recommendations of the internal audit function;
- (iv) to direct and where appropriate supervise any special project or investigation considered necessary;
- (v) to review and appraise or assess the performance of members of the internal audit function/firm carrying out the internal audit function;
- (vi) approving any appointment or termination of senior staff members of the internal audit function; and
- (vii) to consider the major findings of internal investigations and management's response.

9.1.6.3 Financial reporting review

To review with our management and the external auditors, the quarterly results and year-end financial statements prior to the approval by our Board, focusing particularly on:

- (i) any change in accounting policies and practices;
- (ii) significant and unusual events;
- (iii) major judgmental areas;
- (iv) significant adjustments resulting from the audit;
- (v) the going-concern assumption;
- (vi) compliance with accounting standards; and
- (vii) compliance with other legal requirements and the Listing Requirements.

9.1.6.4 Related party transactions

- (i) to review any related party transaction and conflict of interest situation that may arise within our Company or Group including any transaction, procedure or course that raises questions of management integrity; and
- (ii) to review the procedures set by our Company to monitor related party transactions to ensure that these transactions are carried out on terms that are not more favourable to the related party than those generally available to the public and are not detrimental to our Company's non-interested shareholders.

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

9.1.6.5 Internal control

To review the effectiveness of internal control systems and the internal and/or external auditors' evaluation of these systems.

9.1.6.6 Other matters

- (i) to review periodic reports from our management, the external auditors and the internal auditors to assess the impact of significant regulatory changes and accounting or reporting developments proposed by accounting and other bodies, or any significant matter that may have a bearing on the annual examination;
- (ii) to discuss problems and reservation arising from the internal audit, interim and final audits, and on matters that the internal and external auditors may wish to discuss (in the absence of our management where necessary);
- (iii) to report to our Board at least once a year, the activities of the Audit and Risk Committee, including the number of meetings held during the year and the details of attendance of each member in respect of the meetings and a summary of the activities of the internal audit function or activity;
- (iv) where our Audit and Risk Committee is of the view that a matter reported by it to our Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, our Audit and Risk Committee must promptly report such matter to Bursa Securities; and
- (v) to carry out any other functions that may be mutually agreed upon by our Audit and Risk Committee and our Board.

9.1.6.7 Risk Committee

- (i) to review the processes for determining and communicating our Company's risk appetite;
- (ii) to oversee the establishment, implementation and adequacy of the risk management system of our Group and review the effectiveness of the system annually;
- (iii) to review and approve the risk management framework and policies to be adopted by our Group. The framework is constantly monitored and reviewed to ensure risks and controls are updated to reflect current situation and ensure relevance at any given time;
- (iv) to review our management's processes for identifying, analysing, evaluating and treating risks, as well as communicating the identified risks across our Group;
- (v) to review periodic reports on risk management of our Group and deliberate on key risk issues highlighted by the management risk committee;
- (vi) to report to our Board on the key risks of our Group and the action plans to mitigate these risk;
- (vii) to provide independent assurance to our Board of the effectiveness of the risk management processes in our Group;

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

- (viii) to invite outside counsel, subject-matter experts and other advisors, to the extent it deems necessary or appropriate, to facilitate expert discussion and seek expert opinion; and
- (ix) to carry out such other assignments related to risks as may be delegated by our Board.

9.1.7 Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was established by our Board on 13 June 2016. Our Nomination and Remuneration Committee currently comprises the following members, of which the majority of them are Independent Non-Executive Directors:

Director	Designation	Directorship
Tengku Dato' Seri Hasmuddin	Chairman	Independent Non-Executive
Sharifah Irina	Member	Independent Non-Executive
Hj. Abdul Kadier	Member	Non-Independent Non-Executive

Our Nomination and Remuneration Committee undertakes, among others, the following functions:

- (i) to consider and recommend to our Board suitable persons for appointment as new Board members of our Company, our committees and our subsidiaries as well as the Chief Executive Officer. In making its recommendations, the Nomination and Remuneration Committee will consider the candidates':
 - (a) skills, knowledge, expertise and experience;
 - (b) professionalism;
 - (c) integrity; and
 - (d) in the case of candidates for the position of Independent Non-Executive directors, the Nomination and Remuneration Committee will evaluate the candidates' ability to discharge such responsibilities/functions as expected from the Independent Non-Executive Director;
- (ii) to consider candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or shareholder;
- (iii) to annually review the performance of our Board members, our committee and subsidiaries as well as the required mix of skills and experience and other qualities of the Board members as well as the Chief Executive Officer, including core competencies which Non-Executive directors should bring to the board;
- (iv) to annually assess the effectiveness of our Board as a whole, its committees, the contribution of each individual Director, including Independent Non-Executive Directors, as well as the Chief Executive Officer. All assessments and evaluations carried out by the Nomination and Remuneration Committee in the discharge of all its function should be properly documented;
- (v) to consider and recommend a policy regarding the period of service of the Executive and Non-Executive Directors of our Company and our subsidiaries;

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

- (vi) to consider and recommend any other measures to upgrade the effectiveness of our Board, our committees and the boards of subsidiaries;
- (vii) to consider and recommend solutions on issues of conflicts of interest affecting our Company's Directors and our subsidiaries;
- (viii) to recommend the appointment of nominees of our Company to the boards of our subsidiaries. The Chairman is given the mandate to finalise and recommend nominee directors of our Company to the respective board of our subsidiaries;
- (ix) to review and recommend to our Board the succession plan of the Chairman of the Board and the target group that comprises the Chief Executive Officer, the Chief Operating Officer and the Heads of Division ("**Target Group**") and the training programmes for our Board;
- (x) to oversee the appointment, management succession planning and performance evaluation of the Target Group;
- (xi) to ensure that all Directors receive appropriate continuous training programmes in order to broaden their perspectives and to keep abreast with developments in the market place and with changes in new statutory and regulatory requirements;
- (xii) to carry out such other assignments as may be delegated by our Board;
- (xiii) to review and recommend the general remuneration policy of our Company and our Group;
- (xiv) to establish a formal and transparent procedure for the development of a remuneration policy for Directors, and the Target Group;
- (xv) to establish an objective remuneration structure for Directors and Target Group and to review the performance of the Executive Directors and the Target Group, and to provide recommendations to our Board on their remuneration;
- (xvi) the recommendation of remuneration for the Directors and Target Group shall be based on the following considerations:
 - (a) levels of remuneration structure are sufficient to attract and retain the individuals needed to run our Company successfully at our Board as well as the senior management levels;
 - (b) links rewards to both our Company and individual performances, responsibilities and expertise;
 - (c) review any major changes to the employee benefit structures through our Group;
 - (d) aligns the interests of our Directors, Target Group and our stakeholders with the business strategy and long-term objectives of our Company; and
 - (e) is based on information obtained from independent remuneration sources within similar industry;

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

- (xvii) to recommend the appointment and promotion of the Target Group and determine their salaries and recommend salary revisions and improvements (as necessary) together with fringe benefits, perquisites and bonus programme;
- (xviii) to recommend suitable short-term and long-term incentive plans including the setting of appropriate performance targets as well as a programme for management development;
- (xix) to implement a formal appraisal process for the evaluation of the effectiveness of our Board as a whole, the committees and the individual contribution of each Board member;
- (xx) to provide remuneration input on any contract of employment or related contract with the Executive Directors or the Chief Executive Officer on behalf of our Company;
- (xxi) to keep abreast of the terms and conditions of service of the Executive Director and Target Group for market comparability and reviews, and to recommend changes to our Board whenever necessary;
- (xxii) to make recommendations to our Board on our Company's framework of remuneration and its cost and to determine on behalf of our Board, specific remuneration packages and conditions of employment (including pension rights) for the Directors and the Target Group; and
- (xxiii) to carry out such other assignments as may be delegated by our Board.

9.1.8 Investment Committee

Our Investment Committee was formed by our Board on 13 June 2016. Our Investment Committee currently comprises the following members:

<u>Director</u>	<u>Designation</u>	<u>Directorship</u>
Dato' Karim	Chairman	Non-Independent Executive
Dato' Awang Daud	Member	Non-Independent Executive
Tengku Dato' Seri Hasmuddin	Member	Independent Non-Executive

The duties and functions of our Investment Committee comprise among others, the following:

- (i) to review annual business plans and budgets for recommendation to the Board;
- (ii) to evaluate proposals on new investments and divestments of significant value to ensure consistency with the global strategy and returns in excess of a hurdle rate adjusted for risk and performance premium;
- (iii) to approve investments up to a prescribed amount as determined by the Board from time to time, beyond which a recommendation will be made to the Board;
- (iv) to review financial investment portfolios of our Company including, but not limited to existing and new merger and acquisitions, new partnerships, divestments and large expenditure projects;
- (v) to oversee current and future capital and financial resource requirements;

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

- (vi) to monitor the fund raising activities of our Company;
- (vii) to conduct the annual performance evaluation of our Company's investment activities;
- (viii) to review and recommend to our Board the foreign exchange hedging policies and procedures;
- (ix) to implement other necessary duties as mutually agreed by the Investment Committee and our Board or any other authorities which is empowered by law or regulated by any Government authority; and
- (x) to review and update the terms of reference of the Investment Committee from time to time and seek our Board's approval in respect of such revision of the terms of reference.

9.1.9 Service contracts with our Directors

As at the LPD, there is no existing or proposed service contract between our Directors and us.

9.1.10 Remuneration and material benefits in-kind of our Directors

The aggregate remuneration and material benefits in-kind paid or proposed to be paid to our Directors for services rendered to us in all capacities for the FYE 2015 and FYE 2016 respectively, are as follows:

Director	Remuneration band	
	For the FYE 2015 (Actual)	For the FYE 2016 (Estimate)
Hj. Abdul Kadier	RM200,001.00 – RM250,000.00	RM350,001.00 – RM400,000.00
Dato' Awang Daud	RM400,001.00 – RM450,000.00	RM900,001.00 – RM950,000.00
Dato' Karim	RM400,001.00 – RM450,000.00	RM1,150,001.00 – RM1,200,000.00
Dato' Mohamed Nor	-	RM150,001.00 – RM200,000.00
Tengku Dato' Seri Hasmuddin	-	RM100,001.00 – RM150,000.00
Sharifah Irina	-	RM100,001.00 – RM150,000.00
Hasman Yusri Bin Yusoff	-	RM100,001.00 – RM150,000.00

The remuneration of our Directors, which includes Directors' fees, bonus and such other allowances as well as other benefits, must be considered and recommended by our Remuneration Committee and subsequently approved by our Board. Our Directors' fees must be further approved/endorsed by our shareholders at a general meeting.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

9.2 KEY MANAGEMENT

Our key management is responsible for our day-to-day management and operations. Our key management consists of experienced personnel in charge of matters related to finance and operations.

The members of our key management as at the date of this Prospectus are set out below:

<u>Key management</u>	<u>Nationality</u>	<u>Age</u>	<u>Designation</u>
Dato' Karim	Malaysian	51	Group Managing Director/ Group Chief Executive Officer
Dato' Awang Daud	Malaysian	56	Executive Director/Deputy Chief Executive Officer
Syed Nazim Bin Syed Faisal	Malaysian	36	Group Chief Financial Officer
Ir Abdul Halim Bin Mohd Damiah	Malaysian	49	Vice President, EPCC Business Unit
Afandi Bin Abd Hamid	Malaysian	45	Vice President, O&M Business Unit

The management and operations of our Company is led by Dato' Karim, our Group Managing Director/Group Chief Executive Officer.

9.2.1 Profiles of our key management

9.2.1.1 Dato' Karim

Dato' Karim is our Group Managing Director/Group Chief Executive Officer, and also our Non-Independent Executive Director. For details of Dato' Karim's profile, please refer to Section 9.1.1.4 of this Prospectus.

9.2.1.2 Dato' Awang Daud

Dato' Awang Daud is our Executive Director/Deputy Chief Executive Officer and also our Non-Independent Executive Director. For details of Dato' Awang Daud's profile, please refer to Section 9.1.1.3 of this Prospectus.

9.2.1.3 Syed Nazim Bin Syed Faisal

Syed Nazim Bin Syed Faisal, aged 36, is our Group Chief Financial Officer. He obtained his Bachelor of Accounting in 2004 from the International Islamic University Malaya, Malaysia. He later obtained a Master Degree in Islamic Finance Practice in 2014 from the International Centre for Education in Islamic Finance, Malaysia. He also obtained a Certificate in Islamic Banking and Finance Law in 2013 from the International Islamic University Malaysia, Malaysia. He is a member of the Malaysian Institute of Accountants since 2007.

He began his career with KPMG (Assurance division) as Audit Assistant in 2003. Later in 2009, he joined MISC Berhad as Strategic Planning Manager. Thereafter, in 2012, he joined RHB Islamic Bank Berhad as the Head of Statutory and Management Reporting. In 2013, he joined Ibdar Bank BSC(c), Kingdom of Bahrain, as Vice President Financial, Compliance and Administration. In August 2015, he joined the Serba Dinamik Group as Chief Financial Officer and subsequently, was appointed as our Group Chief Financial Officer in June 2016.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

Currently, he sits on the board of several private limited companies in Malaysia.

9.2.1.4 Ir Abdul Halim Bin Mohd Damiah

Ir Abdul Halim Bin Mohd Damiah, aged 49, is our Vice President of EPCC Business Unit. He obtained his Bachelor's degree in Electrical Engineering in 1991 from the University of Malaya, Malaysia. He is a member of the Royal International Naval Architecture since 2008 and a registered Professional Engineer (Electrical) in the Board of Engineers Malaysia since 2006.

He began his career with SNC Industrial Laminates Sdn Bhd, a subsidiary of Sumitomo, as a Maintenance Engineer in 1992. He later joined Holcim (Malaysia) Sdn Bhd (formerly known as Tenggara Cement Manufacturing Sdn Bhd) as an Electrical Engineer in 1994 and subsequently was promoted to Senior Electrical Engineer in 1998. In 2004, he joined Malaysia Marine and Heavy Engineering Sdn Bhd as an Electrical Quality Assurance Senior Executive under Marine Business Unit and was subsequently promoted to Project Manager under the Yard Development Division. In 2010, he joined a Korean company, EK Engineering, as a General Manager. He joined Serba Dinamik in April 2011 and has remained in his current position to present.

Currently, he sits on the board of several private limited companies in Malaysia.

9.2.1.5 Afandi Bin Abd Hamid

Afandi Bin Abd Hamid, aged 45, is our Vice President of O&M Business Unit. He obtained his Certificate in Mechanical Technician in 1993 from the Petroleum Industrial Training Institute Malaysia. He obtained his Vibration Specialist Certificate 1 and 2 in 1997 from the Vibration Institute, United States of America. He later obtained his Bachelor of Science in Engineering in 2004 from the Liberty International University, United States of America, whereby he was awarded with an Award of Academic Excellence. He is also a member of the JIM Vibration Committee.

He began his career with Malaysia LNG Sdn Bhd as a Mechanical Trainee in 1991. In 1992, he joined Asean Bintulu Fertilizer Sdn Bhd as a Mechanical Technician. He later joined Petronas Penapisan Melaka Sdn Bhd in 1993 as Mechanical Technician (Construction), before assuming several roles, namely as an IMI Technician in 1995, Rotating Equipment Inspector in 1996, and was further promoted to Senior IMI Technician in 1998. In 2000, he joined Petronas Carigali Sdn Bhd as a Conditioned Based Maintenance Specialist. He joined Serba Dinamik as a Technical Engineer in 2001 and was promoted to Machinery Engineer in 2004 before assuming his current position in March 2009.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

9.2.2 Shareholding of our key management in our Company

The following table sets forth the direct and indirect shareholding of each of our key management before and after our IPO (assuming full subscription of the Issue Shares allocated to the Eligible Persons under the IPO):

Key management	Before our IPO				After our IPO ⁽¹⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Dato' Karim	388,315,600	36.51	-	-	374,091,100	28.02	-	-
Dato' Awang Daud	196,389,500	18.46	-	-	189,195,500	14.17	-	-
Syed Nazim Bin Syed Faisal	-	-	-	-	1,950,000 ⁽³⁾	0.15	-	-
Afandi Bin Abd Hamid	-	-	-	-	1,000,000 ⁽³⁾	0.07	-	-
Ir. Abdul Halim Bin Mohd Damiah	-	-	-	-	500,000 ⁽³⁾	0.04	-	-

Notes:

(1) Assuming the Over-Allotment Option is not exercised.

(2) Based on our enlarged issued and paid-up share capital of 1,335,000,000 Shares after our IPO.

(3) Based on the number of Issue Shares reserved for application by the Eligible Persons.

9.2.3 Service contracts with key management

As at the LPD, there is no other existing or proposed service contract between our key management and us.

9.2.4 Remuneration of and material benefits in-kind of our Group Chief Executive Officer

The aggregate remuneration and material benefits in-kind paid or proposed to be paid to our Group Chief Executive Officer for services rendered to us in all capacities for the FYE 2015 and FYE 2016 are as follows:

Name	Remuneration band	
	For the FYE 2015	For the FYE 2016
	(Actual)	(Estimate)
Dato' Karim	RM400,001.00 – RM450,000.00	RM1,150,001.00 – RM1,200,000.00

The remuneration of our Group Chief Executive Officer, which includes salaries, bonus, fees and allowances as well as other benefits, must be considered and recommended by our Remuneration Committee and subsequently approved by our Board.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

9.2.5 Principal business activities performed outside our Group and principal directorship of our key management

The principal business activities outside of our Group performed by our key management as at the LPD (save for that of Dato' Karim and Dato' Awang Daud which are set out in Section 9.1.3 of this Prospectus), and the involvement in the management and day-to-day operations of our key managements outside of our Group as at the LPD and in the past five years preceding the LPD are as follows:

Key management	Directorships	Principal activities	Involvement in business activities other than as a director
Syed Nazim bin Syed Faisal	<i>Present directorships:</i>		
	<ul style="list-style-type: none"> Fahrenheit Cafe Sdn Bhd 	<ul style="list-style-type: none"> Restaurants Buying, selling, renting and operating of self-owned or leased real estate – land Wholesale of a variety of goods without any particular specialisation 	<ul style="list-style-type: none"> Shareholder with 24.45% equity interest
	<ul style="list-style-type: none"> Nak Ventures Sdn Bhd 	<ul style="list-style-type: none"> Restaurants 	<ul style="list-style-type: none"> Shareholder with 50.00% equity interest
Ir Abdul Halim Bin Mohd Damiah	<i>Present directorships:</i>		
	<ul style="list-style-type: none"> EKG Engineering & Construction (M) Sdn Bhd (<i>Striking-off</i>)⁽¹⁾ 	<ul style="list-style-type: none"> Engineering and construction 	
	<ul style="list-style-type: none"> Emirtech Technologies Sdn Bhd 	<ul style="list-style-type: none"> Provision of NDT services, professional manpower, failure analysis/ quality assurance and quality control 	<ul style="list-style-type: none"> Shareholder with 15.00% equity interest
	<ul style="list-style-type: none"> Gading Supply & Services Sdn Bhd (<i>Striking-off</i>)⁽¹⁾ 	<ul style="list-style-type: none"> Predictive maintenance services and vibration diagnostics 	
	<ul style="list-style-type: none"> Jalanan Budi Sdn Bhd (<i>Striking-off</i>)⁽¹⁾ 	<ul style="list-style-type: none"> General trading and construction 	
	<ul style="list-style-type: none"> Konsortium Gading Bersatu Sdn Bhd (<i>Dissolved</i>) 	<ul style="list-style-type: none"> Investment 	<ul style="list-style-type: none"> Shareholder with 50.00% equity interest
	<ul style="list-style-type: none"> MSCAN Resources Sdn Bhd 	<ul style="list-style-type: none"> Dormant 	<ul style="list-style-type: none"> Shareholder with 10.00% equity interest

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

<u>Key management</u>	<u>Directorships</u>	<u>Principal activities</u>	<u>Involvement in business activities other than as a director</u>
Ir Abdul Halim Bin Mohd Damiah (Cont'd)	<i>Present directorships (Cont'd):</i>		
	• SD Associates Sdn Bhd	• To engage and provide engineering consultancies business, specialise in the field of development cycle for O&G, chemical plant and manufacturing industries	• Shareholder with 51.00% equity interest
	• Taqmen Sdn Bhd	• Other management consultancy activities	• Shareholder with 50.00% equity interest
	• Technoimpact Engineering (M) Sdn Bhd	• Ceased operation	• Shareholder with 25.25% equity interest
	• Vantech Dockyard (M) Sdn Bhd (Striking-off) ⁽¹⁾	• Marine services, general trading and manufacturing	
	• Wangsa Teknologi Sdn Bhd (Dissolved)	• Contracting business, acquisitions of land, houses etc., and general traders	

Note:

(1) The company is in the process of being struck off under Section 308 of the Act.

The involvement of our key management mentioned above in other principal business activities outside our Group is not expected to affect their continued contribution to the management and day-to-day operations of our Group, as they are not involved in the day-to-day activities and operations of the aforementioned businesses. They have and will continue to ensure that they would be able to fulfil and discharge their respective duties and responsibilities in our Group effectively.

9.2.6 Management succession plan

Managing succession is the cornerstone of our Company's strategic viability in ensuring business continuity through retention of high-value talent. It secures future leadership capability which is critical for driving organisational performance. Its process integrates the identification, assessment and development of talent with long-range strategic planning.

This approach involves the process where critical positions are identified and a talent pool from middle management and above is established. This talent pool of middle management is generally sourced from employees that are attached at the respective business units. Potential employees are then put through various assessment tests to identify leadership capabilities that could be harnessed for greater value which may fit the requirements of functional roles such as management and engineering at headquarters level. The talent pool is dynamic and is continuously assessed to ensure that the identified employees remain relevant to the needs of our Group, reach their full potential and are readily available to undertake leadership positions throughout our Group.

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

Our development programmes are designed and selected to ensure that our employees are provided with current and highly relevant personal development and self-enhancement programmes.

In our efforts to ensure business continuity, several approaches have been implemented, which include:

- (i) building a leadership pipeline/talent pool to ensure our Group has talent readily available from a capability perspective to undertake leadership positions;
- (ii) developing potential successors in ways that best fit their strengths by identifying key competencies and requirements for managers and higher positions. Job and candidate profiles are developed for management positions in line with the business goals, strategies and culture of our Group; and
- (iii) allocating adequate resources under the talent development programme to promising junior staff in order to enhance their management and technical skills for the purpose of career advancement within our Group.

We ensure that our middle management personnel are constantly exposed to various aspects of our business activities. This enables our middle management personnel to acquire a comprehensive understanding of the required responsibilities and decision making process so that they are adequately equipped with the knowledge necessary for them to advance to higher senior management positions.

9.3 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

9.3.1 Profiles of our Promoters and substantial shareholders

9.3.1.1 Hj. Abdul Kadier as Promoter and substantial shareholder

For details of Hj. Abdul Kadier's profile, please refer to Section 9.1.1.2 of this Prospectus.

9.3.1.2 Dato' Awang Daud as Promoter and substantial shareholder

For details of Dato' Awang Daud's profile, please refer to Section 9.1.1.3 of this Prospectus.

9.3.1.3 Dato' Karim as Promoter and substantial shareholder

For details of Dato' Karim's profile, please refer to Section 9.1.1.4 of this Prospectus.

9.3.1.4 CKO 1 as substantial shareholder

CKO 1 is a private limited liability company and incorporated in Malaysia under the Act on 27 March 2006. The substantial shareholders of CKO 1 are KPF and COPE. CKO 1 was established to carry on business as an investment holding company for long-term investment purposes and to acquire, invest in and hold either in the name of CKO 1 or in that of any nominee, investments, shares, debentures, securities, stocks, currencies and any other interests, rights or obligations of any kind in any company (including venture companies), joint venture, enterprise, business, association, partnership or any other entity whether incorporated or unincorporated and whether domiciled in Malaysia or elsewhere.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

The authorised share capital of CKO 1 as at the LPD is RM5,000,000.00 comprising 1,500,000 ordinary shares of RM1.00 each and 350,000,000 redeemable preference shares of RM0.01 each ("RPS") and its issued and paid-up share capital is RM1,314,340.86 comprising 544,748 ordinary shares of RM1.00 each and 76,959,286 RPS of RM0.01 each.

9.3.1.5 COPE 2 as substantial shareholder

COPE 2 is private limited liability company and incorporated in Malaysia under the Act on 29 May 2009. The substantial shareholders of COPE 2 are Dato' Isaac Lugun and Azam Bin Azman. COPE 2 was established to carry on business as an investment holding company in the form of Islamic private equity fund for long term investment purposes and to acquire, invest in, and hold either in the name of COPE 2 or in that of any nominee, investments, shares, debentures, securities, stocks, currencies and any other interests, rights or obligations of any kind in any company (including venture companies), joint venture, enterprise, business, association, partnership or any other entity whether incorporated or unincorporated and whether domiciled in Malaysia or elsewhere.

The authorised share capital of COPE 2 as at the LPD is RM1,000,000.00 comprising 100,000 ordinary shares of RM1.00 each and 89,000,000 redeemable participatory shares series A of RM0.01 each ("RPS A") and 1,000,000 redeemable participatory share series B of RM0.01 each ("RPS B") and its issued and paid-up share capital is RM488,018.80 comprising 2 ordinary shares of RM1.00 each, 48,800,680 RPS A shares of RM0.01 each and 1,000 RPS B shares of RM0.01 each.

9.3.1.6 KPF as substantial shareholder

KPF is a cooperative society incorporated in Malaysia under the Co-operative Ordinance 1948 (replaced by the Cooperative Societies Act 1993) and was established on 1 July 1980.

The principal activities are investment co-operative, entrusted with the responsibility of promoting and consolidating the savings of the FELDA settlers and staff; with investment portfolios in corporate investment, capital market, plantation, property and financial services.

9.3.1.7 COPE as substantial shareholder

COPE was incorporated in Malaysia under the Act on 7 June 2005 as a private company limited by shares. COPE is registered with the Securities Commission of Malaysia as a Private Equity Management Corporation. COPE is jointly-owned by Opus Capital Sdn Bhd (49.00%) and CMS Capital Sdn Bhd (51.00%). Opus Capital Sdn Bhd is jointly owned by Azam Bin Azman (50.00%), Chan Choong Kong (40.00%), Badrul Hisham Bin Jaafar (5.00%) and Siaw Wei Tang (5.00%) while CMS Capital Sdn Bhd is a 95.19% subsidiary of Cahya Mata Sarawak Berhad ("CMSB"), a company listed on the Main Market of Bursa Securities.

COPE was established with the objectives of setting up and managing private equity fund(s) focused primarily on Sarawak based companies and other potential companies in Malaysia. Currently COPE manages three private equity funds namely CKO 1, COPE 2 and COPE Opportunities 3 Sdn Bhd.

As at the LPD, the authorised share capital of COPE is RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each. The total issued and paid up-share capital of COPE as at the LPD is RM200,000.00 comprising 200,000 ordinary shares of RM1.00 each.

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

9.3.1.8 Dato' Isaac Lugun as substantial shareholder

Dato' Isaac Lugun, a Malaysian, is currently the Chief Executive Officer of Samalaju Industries Sdn Bhd, a wholly-owned subsidiary of CMSB, which has two core businesses, which are investment in energy intensive industries at Samalaju Industrial Park with an initial investment of 25.00% in OM (Sarawak) Sdn Bhd and property development through Samalaju Properties Sdn Bhd.

Dato' Isaac Lugun graduated with a Bachelor of Law (LL.B) degree, from the University of Malaya, Malaysia in 1981. He then worked for eight years in various senior positions in the legal department of the national petroleum corporation including a stint in senior management role at ASEAN Bintulu Fertilizer Sdn Bhd, a joint venture of the then five ASEAN countries.

Dato' Isaac Lugun joined EXXON Company International (now EXXON Mobil Corporation) in 1990 as Senior Staff Attorney and was Senior Advisor for International Procurement, based in Houston, Texas, United States of America when he left EXXON Company International to join CMSB in Kuching, Sarawak in 1996.

In CMSB, Dato' Isaac Lugun has been in various senior management positions including Group General Manager for Corporate Affairs covering Legal, Human Resource, Corporate Communications and Company Secretarial functions. In 2009, he initiated the CMSB group's focus on the development of its businesses at Samalaju and helped to convert the group's first-mover advantage into a strategic business advantage that the group has at Samalaju today.

Dato' Isaac Lugun is a board member of Samalaju Properties Sdn Bhd and Sacofa Sdn Bhd.

9.3.1.9 Azam Bin Azman as substantial shareholder

Azam Bin Azman, a Malaysian, has over 25 years of banking/investment experience with more than 18 years of direct experience in private equity. Azam was a Public Bank group scholar and commenced his career with Public Bank in 1989. In 1992, he joined the HSBC group and was later trained in Hong Kong. Whilst with the HSBC group, he served several areas of the group.

He was previously a fund manager with Gadek Asset Management Sdn Bhd and Phileo Asset Management Sdn Bhd from 1997 to 1999. At that juncture, he headed a dedicated private equity investment team. He was also part of Pan Asia Capital Manager Ltd's investment team covering the Asian region. Azam established Opus Capital Sdn Bhd in 1999 which he continued to manage the private equity business.

He read accountancy at the University of East London, England, UK and obtained a Bachelor of Arts (Honours) degree in Accounting and Finance. Azam currently holds a Capital Market Services Representatives' License and he is a member of Asian Institute of Chartered Bankers. Azam was the past Chairman of the Malaysian Venture Capital and Private Equity Association where he completed the full two years term. He currently sits on the board of Cradle Fund Sdn Bhd and other private limited companies.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

9.3.2 Shareholding of our Promoters in our Company

The following table sets forth the direct and indirect shareholding of our Promoters before and after our IPO based on our Register of Substantial Shareholders' Shareholdings as at the LPD:

Promoter	Before our IPO		After our IPO – Assuming the Over-allotment Option is not exercised ⁽¹⁾			After our IPO – Assuming the Over-allotment Option is fully exercised ⁽¹⁾		
	Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares	% ⁽²⁾	% ⁽²⁾
Dato' Karim	388,315,600	-	374,091,100	-	348,687,100	-	26.12	-
Hj. Abdul Kadier	307,974,400	-	296,692,900	-	276,544,900	-	20.71	-
Dato' Awang Daud	196,389,500	-	189,195,500	-	176,347,500	-	13.21	-

Notes:

(1) Excludes Shares they may subscribe for under the Malaysian Public's portion pursuant to the Retail Offering.

(2) Based on our enlarged issued and paid-up share capital of 1,335,000,000 Shares after our IPO.

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9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

9.3.3 Shareholding of our substantial shareholders in our Company

The following table sets forth the direct and indirect shareholding of our substantial shareholders before and after our IPO based on our Register of Substantial Shareholders' Shareholdings as at the LPD:

Substantial shareholder	Before our IPO			After our IPO – Assuming the Over-allotment Option is not exercised ⁽¹⁾			After our IPO – Assuming the Over-allotment Option is fully exercised ⁽¹⁾			
	Direct		Indirect	Direct		Indirect	Direct		Indirect	
	No. of Shares	%	No. of Shares	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾	
Hj. Abdul Kadier	307,974,400	28.96	-	296,692,900	22.22	-	-	276,544,900	20.71	-
Dato' Awang Daud	196,389,500	18.46	-	189,195,500	14.17	-	-	176,347,500	13.21	-
Dato' Karim	388,315,600	36.51	-	374,091,100	28.02	-	-	348,687,100	26.12	-
CKO 1	81,546,200	7.67	-	40,846,200	3.06	-	-	40,846,200	3.06	-
COPE 2	89,374,300	8.40	-	44,774,300	3.35	-	-	44,774,300	3.35	-
KPF ⁽³⁾	-	-	81,546,200	7.67	-	40,846,200	3.06	-	-	40,846,200
COPE ⁽³⁾	-	-	81,546,200	7.67	-	40,846,200	3.06	-	-	40,846,200
Dato' Isaac Lugaun ⁽⁴⁾	-	-	89,374,300	8.40	-	44,774,300	3.35	-	-	44,774,300
Azam Bin Azman ⁽⁴⁾	-	-	89,374,300	8.40	-	44,774,300	3.35	-	-	44,774,300

Notes:

- (1) Excludes Shares they may subscribe for under the Malaysian Public's portion pursuant to the Retail Offering.
- (2) Based on our enlarged issued and paid-up share capital of 1,335,000,000 Shares after our IPO.
- (3) Deemed interested by virtue of its interest in CKO 1 pursuant to Section 6A of the Act.
- (4) Deemed interested by virtue of his interest in COPE 2 pursuant to Section 6A of the Act.

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

9.3.4 Changes in our Promoters' shareholdings in our Company for the past three years

Save as disclosed in Section 6.1.3 of this Prospectus in respect of the issuance of Shares to the Promoters and our substantial shareholders pursuant to the Pre-IPO Exercise, there are no changes in our Promoters' shareholdings in our Company for the past three years preceding the date of this Prospectus.

9.3.5 Changes in our substantial shareholders' shareholdings in our Company for the past three years

Save as disclosed in Section 6.1.3 of this Prospectus in respect of the issuance of Shares to the Promoters and our substantial shareholders pursuant to the Pre-IPO Exercise, there are no changes in our substantial shareholders' shareholdings in our Company for the past three years preceding the date of this Prospectus.

9.3.6 Involvement of our substantial shareholders in other businesses or corporations which carry on a similar trade as that of our Group or which are our customers and/or suppliers

Save as disclosed in Section 9.1.5 of this Prospectus, as at the LPD, none of our substantial shareholders have any interest, direct or indirect, in other businesses or corporations which are: (i) carrying on a similar trade as that of our Group; or (ii) our customers and/or supplier.

9.4 RELATIONSHIPS OR ASSOCIATIONS BETWEEN OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

There are no family relationships or associations between our Directors, key management, Promoters and substantial shareholders.

9.5 DECLARATION BY OUR DIRECTORS, KEY MANAGEMENT AND PROMOTERS

None of our Directors, key management or Promoters is and has been involved in any of following events (whether in or outside Malaysia):

- (i) a petition under any bankruptcy or insolvency laws was 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;
- (ii) disqualified from acting as a director of any corporation or from taking part, directly or indirectly, in the management of any corporation;
- (iii) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) any judgment was 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.

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

9.6 OTHER MATTERS

Save as disclosed in Section 9.1.10 of this Prospectus, no other amounts or material benefits-in-kind has been paid or intended to be paid to our Promoters, Directors and substantial shareholders within the two years preceding the date of this Prospectus, except for remuneration received by our Directors in the course of their employment and directors' fees, and dividends paid to our shareholders.

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10. APPROVALS AND CONDITIONS

10.1 APPROVALS AND CONDITIONS

The SC has, via its letter dated 23 November 2016, approved our IPO and our Listing under Section 214(1)(a) of the CMA and the equity requirement for public companies, subject to compliance with the following conditions:

<u>Details of condition imposed</u>	<u>Status of compliance</u>
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RHB Investment Bank, Affin Hwang IB and Serba Dinamik Holdings to fully comply with the requirements of the SC's Equity Guidelines and Prospectus Guidelines pertaining to the implementation of the Listing.	Noted
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The SAC of the SC has, via its letter dated 5 October 2016, classified our Shares as Shariah-compliant securities based on the latest audited consolidated financial statements of Serba Dinamik Group for the FYE 2015.

The SC has, via its letter dated 28 June 2016, 25 August 2016 and 23 November 2016, approved the reliefs sought by us from having to comply with certain requirements under the Equity Guidelines and the Prospectus Guidelines. The details of the reliefs sought and the corresponding conditions imposed by the SC are as follows:

<u>Reference</u>	<u>Details of relief granted</u>	<u>Condition imposed (if any)</u>	<u>Status of compliance (if any)</u>
(i)	<u>Letter dated 28 June 2016</u>		
	Equity Guidelines		
Paragraph 6, Practice Note 4, Part VI	To allow the submission of the complete list of places and the relevant details as soon as practicable but in any event, no later than three market days after the Listing.	Nil	To be complied
	Prospectus Guidelines		
Paragraphs 9.01(c) and 9.01(d) of Division 1, Part I of the Prospectus Guidelines - Equity	Relief from disclosing the direct and indirect shareholding of the ultimate beneficial ownership of the substantial shareholders of CKO 1 and COPE 2, namely Koperasi Permodalan FELDA Berhad and CMS Opus Private Equity Sdn Bhd	Nil	N/A
	Prospectus Guidelines – Procedures for Registration		
Paragraph 18.01(h) of Division 1, Part I of the Prospectus Guidelines - Equity and Paragraph 1.09(j), Chapter 1, Part II – Procedures for Registration	Relief from submitting to the SC and making available for public inspection, the interim audited financial statements of the individual subsidiaries of our Company for the interim financial period ended 30 June 2016.	Nil	N/A

10. APPROVALS AND CONDITIONS (Cont'd)

Reference	Details of relief granted	Condition imposed (if any)	Status of compliance (if any)
(ii)	<u>Letter dated 25 August 2016</u> Prospectus Guidelines		
Paragraph 12.04 of Division 1, Part I of the Prospectus Guidelines - Equity and the consequential paragraphs in relation to the incorporation of Serba Dinamik's latest audited interim financial statements in the Prospectus for public exposure purposes	Relief to allow the disclosure of:		
	(i) Serba Dinamik Group's audited consolidated financial statements for FYE 31 December 2015 as the latest available audited financial statements, although it would be more than 6 months from the date of the draft registrable prospectus; and	(1) Submission of the Prospectus for public exposure should not exceed nine months from the date of the most recent financial year for which audited financial statements have been prepared;	Complied
	(ii) Serba Dinamik Holdings' pro forma consolidated statement of comprehensive income, consolidated statement of financial position and consolidated cash flow statement, based on the audited consolidated financial statements of Serba Dinamik Group for the FYE 31 December 2015.	(2) A copy of the unaudited interim financial statements as well as the Management's Discussion and Analysis on the said statements be separately provided at the submission stage for SC's information only;	Complied
		(3) The audited interim financial statements and the updated Prospectus should be submitted to the SC at the latest two weeks prior to the confirmation of registration of the Prospectus; and	Complied
		(4) Material deviations, if any, between the unaudited interim financial statements and audited interim financial statements be highlighted and clarified to the SC, upon the submission of the required information under paragraph (3) above.	Complied

10. APPROVALS AND CONDITIONS (Cont'd)

<u>Reference</u>	<u>Details of relief granted</u>	<u>Condition imposed (if any)</u>	<u>Status of compliance (if any)</u>
(iii) <u>Letter dated 23 November 2016</u>			
Equity Guidelines			
Paragraph 6, Practice Note 4	To allow the submission of the complete list in places and the relevant details as soon as practicable but in any event, no later than three market days after Serba Dinamik Holdings' Listing.	Nil	To be complied
Prospectus Guidelines			
Paragraph 18.01(g) of Division 1, Part I of the Prospectus Guidelines – Equity and Paragraph 1.09(i), Chapter 1, Part II – Procedures for Registration	Relief from submitting to the SC and making available for public inspection the following audited financial statements: (i) PT Kubic Gasco (group level) for the FYE 2013; (ii) PT Kubic Gasco (company level) for the FYE 2013 and FYE 2015; (iii) PT Delta Conusa for the FYE 2013 and FYE 2015; (iv) PT Muaro Jambi for the FYE 2013 and FYE 2015; (v) Quantum Offshore for the FYE 2013 and FYE 2014; and (vi) Serba Dinamik London for the FYE 2013 and FYE 2014.	Nil	N/A

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10. APPROVALS AND CONDITIONS (Cont'd)

The SC has, via its letter dated 23 November 2016, approved our resultant equity structure under the equity requirement for public companies and noted that the effects of our Listing on the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company arising from the implementation of our IPO would be as follows:

Shareholders	Before Listing		(I) After Public Issue and Offer for Sale		(II) After (I) and Over-allotment option	
	No. of shares	% held	No. of shares	% held	No. of shares	% held
Bumiputera:						
- Individuals						
• Hj. Abdul Kadier	307,974,400	28.96	296,692,900	22.22	276,544,900	20.71
• Dato' Awang Daud	196,389,500	18.46	189,195,500	14.17	176,347,500	13.21
• Malaysian Public ⁽¹⁾	-	-	13,350,000	1.00	13,350,000	1.00
- Body corporate	-	-	153,525,000	11.50	153,525,000	11.50
	504,363,900	47.42	652,763,400	48.90	619,767,400	46.42
Non-Bumiputera:						
- Individuals						
• Dato' Karim	388,315,600	36.51	374,091,100	28.02	348,687,100	26.12
• Eligible Persons ⁽²⁾	-	-	21,400,000	1.60	21,400,000	1.60
• Malaysian Public ⁽¹⁾	-	-	13,350,000	1.00	13,350,000	1.00
- Body corporate						
• Institutional investors	-	-	187,775,000	14.07	246,175,000	18.44
• CKO 1	81,546,200	7.67	40,846,200	3.06	40,846,200	3.06
• COPE 2	89,374,300	8.40	44,774,300	3.35	44,774,300	3.35
	559,236,100	52.58	682,236,600	51.10	715,232,600	53.58
TOTAL	1,063,600,000	100.00	1,335,000,000	100.00	1,335,000,000	100.00

Notes:

(1) Allocation of shares to Malaysian Public is made equally to Bumiputera and non-Bumiputera.

(2) Allocation is to non-Bumiputera only.

The MITI has, via its letter dated 13 October 2016, informed that it has taken note and has no objection for us to implement the Listing on the Main Market of Bursa Securities

Bursa Securities has via its letter dated 5 December 2016, resolved to approve the admission of our Company to the Official List and the Listing of the entire issued and paid-up share capital of our Company on the "Trading/Services" sector of the Main Market of Bursa Securities.

10. APPROVALS AND CONDITIONS (Cont'd)**10.2 MORATORIUM ON OUR SHARES**

Pursuant to the Equity Guidelines, the Shares held by the Promoters, amounting to 859,979,500 Shares representing approximately 64.42% of our enlarged issued and paid-up share capital upon Listing (assuming the Over-allotment Option is not exercised) are to be placed under moratorium. In this respect, the Shares that are subject to moratorium are set out below:

Promoter	After our IPO							
	Assuming the Over-allotment Option is not exercised				Assuming the Over-allotment Option is fully exercised			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Dato' Karim	374,091,100	28.02	-	-	348,687,100	26.12	-	-
Hj. Abdul Kadier	296,692,900	22.22	-	-	276,544,900	20.71	-	-
Dato' Awang Daud	189,195,500	14.17	-	-	176,347,500	13.21	-	-
Total	859,979,500	64.42	-	-	801,579,500	60.04	-	-

Note:

(1) Based on our enlarged issued and paid-up share capital of 1,335,000,000 Shares after the IPO.

Our Promoters, who hold any of our Shares directly upon our Listing, have fully accepted the moratorium. Our Promoters will not be permitted to sell, transfer or assign any part of their interest in the Shares under moratorium for a six month period beginning from the date of our Listing.

The above restrictions do not apply:

- (a) in respect of the Shares that may be sold pursuant to the Over-allotment Option to be granted by the Promoters to the Stabilising Manager (on behalf of the Placement Manager(s)); and
- (b) to the transfer of Shares by the Promoters as contemplated under the Share Lending Agreement, provided that the restriction will apply to the Shares returned to the Selling Shareholders pursuant to the Share Lending Agreement.

The above moratorium restrictions are specifically endorsed on the share certificates representing the Shares held by our Promoters, which are under moratorium to ensure that our Company's share registrar does not register any transfer that contravenes such restrictions.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

11.1 RELATED PARTY TRANSACTIONS

Under the Listing Requirements, a "related party transaction" is a transaction entered into by a listed issuer or its subsidiaries that involves the interests, direct or indirect, of a related party. A "related party" of a listed issuer (not being a special purpose acquisition company) is:

- (i) a director having the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding six months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive of the listed issuer, its subsidiary or holding company; or
- (ii) a major shareholder which includes any person who is or was within the preceding six months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or its subsidiaries or holding company, and has or had an interest or interests in one or more voting shares in a corporation and the nominal amount of that share or the aggregate of the nominal amounts of those shares is:
 - (a) 10.00% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or
 - (b) 5.00% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation;or
- (iii) a person connected with such director or major shareholder.

Certain transactions, despite falling within the definition of a related party transaction above, are not normally regarded as related party transactions. These are detailed in Paragraph 10.08(11) of the Listing Requirements.

11.1.1 Non-recurrent related party transactions

Our Board confirms that there are no material non-recurrent related party transactions that have been entered into by our Group and related parties for the past three FYE 2013, FYE 2014 and FYE 2015, FPE 2016 and up to the LPD. Further, our Board confirms that there is no non-recurrent related party transaction proposed to be entered into by our Group and the related parties as at the date of this Prospectus.

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11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

11.1.2 Recurrent related party transactions

Related party transactions are deemed recurrent if they are entered into at least once every three years, in the ordinary course of business and are of a revenue nature necessary for the day-to-day operations of our Group.

After our Listing, we will be required to seek our shareholders' approval each time we enter into a material related party transaction in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate.

Under the Listing Requirements, related party transactions may be aggregated to determine their materiality if the terms of such transactions were agreed upon within a 12 months period, are entered into with the same party or with parties connected to one another or if the transactions involve the acquisition or disposal of securities or interests in one corporation/asset or of various parcels of land contiguous with each other.

Save as disclosed below, our Board confirms that there are no other existing or potential material recurrent related party transactions for the past three FYE 2013, FYE 2014 and FYE 2015 and up to our next AGM which is expected to be held in 2017 that we have entered into in respect of which rights and obligations are subsisting and/or proposed as at the date of this Prospectus.

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				For 12-month period ending 30 June 2017
				For the FYE (Actual)			FPE	
				2013	2014	2015	2016	(Estimated)
				RM '000	RM '000	RM '000	RM '000	RM '000
1.	SD Advance Engineering and Serba Dinamik	<u>Interested shareholders</u> • Serba Dinamik Group • Serba Dinamik Holdings	Purchase of goods by Serba Dinamik from SD Advance Engineering	11,337	10,956	9,666	6,362	17,000

Interested Director

- Dato' Karim⁽¹⁾

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				For 12-month period ending 30 June 2017 (Estimated) RM '000
				For the FYE (Actual)			FPE	
				2013 RM '000	2014 RM '000	2015 RM '000		
2.	Serba Dinamik and SD Advance Engineering	<p><u>Interested shareholders</u></p> <ul style="list-style-type: none"> Serba Dinamik Group Serba Dinamik Holdings <p><u>Interested Director</u></p> <ul style="list-style-type: none"> Dato' Karim⁽¹⁾ 	Sale of goods by Serba Dinamik to SD Advance Engineering	1,150	-	180	87	1,000
3.	SD Associates Venture and Serba Dinamik	<p><u>Interested shareholders</u></p> <ul style="list-style-type: none"> Dato' Karim⁽¹⁾ Dato' Awang Daud⁽²⁾ Hj. Abdul Kadier⁽³⁾ Serba Dinamik Group Serba Dinamik Holdings <p><u>Interested Directors</u></p> <ul style="list-style-type: none"> Dato' Karim⁽¹⁾ Dato' Awang Daud⁽²⁾ 	Purchase of goods by Serba Dinamik from SD Associates Venture	4,853	5,840	2,917	-	10,000
4.	SD Associates Venture and Serba Dinamik Group	<p><u>Interested shareholders</u></p> <ul style="list-style-type: none"> Dato' Karim⁽¹⁾ Dato' Awang Daud⁽²⁾ Hj. Abdul Kadier⁽³⁾ Serba Dinamik Holdings <p><u>Interested Directors</u></p> <ul style="list-style-type: none"> Dato' Karim⁽¹⁾ Dato' Awang Daud⁽²⁾ 	Purchase of goods by Serba Dinamik Group from SD Associates Venture	-	1,953	-	-	1,400

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
				For the FYE (Actual)				For 12-month period ending 30 June 2017 (Estimated)
				2013	2014	2015	2016	
RM '000	RM '000	RM '000	RM '000	RM '000	FPE			
5.	SD Controls and Serba Dinamik	<p><u>Interested shareholders</u></p> <ul style="list-style-type: none"> • Dato' Karim⁽¹⁾ • Serba Dinamik Group • Serba Dinamik Holdings 	Fee for services rendered by SD Controls to Serba Dinamik, such as electrical and instrumentation	1,536	498	883	-	2,600
		<p><u>Interested Director</u></p> <ul style="list-style-type: none"> • Dato' Karim⁽¹⁾ 						
6.	PT Kubic Gasco and Serba Dinamik International	<p><u>Interested shareholders</u></p> <ul style="list-style-type: none"> • Serba Dinamik Group • Serba Dinamik Holdings 	Sales of goods by Serba Dinamik International to PT Kubic Gasco	-	-	12,982	5,254	28,000
		<p><u>Interested Directors</u></p> <ul style="list-style-type: none"> • Dato' Karim⁽¹⁾ • Dato' Awang Daud⁽²⁾ 						
7.	One River Power ⁽⁴⁾ and Serba Dinamik	<p><u>Interested shareholders</u></p> <ul style="list-style-type: none"> • Serba Dinamik Group • Serba Dinamik Holdings 	Sales of goods by Serba Dinamik to One River Power (revenue generated from EPCC Contract)	-	-	6,132	4,382	216,000
		<p><u>Interested Directors</u></p> <ul style="list-style-type: none"> • Dato' Karim⁽¹⁾ • Dato' Awang Daud⁽²⁾ 						

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				For 12-month period ending 30 June 2017
				For the FYE (Actual)				
				2013	2014	2015	2016	(Estimated)
				RM '000	RM '000	RM '000	RM '000	RM '000
8.	SD Advance Engineering and Serba Dinamik Holdings	<u>Interested shareholder</u> - <u>Interested Director</u> • Dato' Karim ⁽¹⁾	Management services by Serba Dinamik Holdings to SD Advance Engineering	-	-	-	-	1,280
9.	SD Controls and Serba Dinamik Holdings	<u>Interested shareholder</u> - <u>Interested Directors</u> • Dato' Karim ⁽¹⁾	Management services by Serba Dinamik Holdings to SD Controls	-	-	-	-	450
10.	Serba Dinamik Petroleum and Serba Dinamik Holdings	<u>Interested shareholder</u> - <u>Interested Directors</u> • Dato' Karim ⁽¹⁾ • Dato' Awang Daud ⁽²⁾	Management services by Serba Dinamik Holdings to Serba Dinamik Petroleum	-	-	-	-	520
11.	Serba Dinamik Indonesia and Serba Dinamik Holdings	<u>Interested shareholder</u> - <u>Interested Directors</u> • Dato' Karim ⁽¹⁾ • Dato' Awang Daud ⁽²⁾	Management services by Serba Dinamik Holdings to Serba Dinamik Indonesia	-	-	-	-	2,000

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				For 12-month period ending 30 June 2017	
				For the FYE (Actual)					FPE
				2013	2014	2015	2016		
RM '000	RM '000	RM '000	RM '000	RM '000	(Estimated)				
12.	PT Kubic Gasco and Serba Dinamik Holdings	<u>Interested shareholder</u> - <u>major</u>	Management services by Serba Dinamik Holdings to PT Kubic Gasco	-	-	-	-	600	
		<u>Interested Directors</u>							
		• Dato' Karim ⁽¹⁾							
		• Dato' Awang Daud ⁽²⁾							
13.	Technorette Sdn Bhd and Serba Dinamik	<u>Interested shareholder</u> - ⁽⁵⁾ <u>major</u>	Purchase of goods which include property, plant and equipment and supply of services by Technorette Sdn Bhd to Serba Dinamik	104,852	164,002	231,296 ⁽⁶⁾	-	-(5)	
		<u>Interested Director</u> - ⁽⁵⁾							
14.	D'Lloyd Technologies Ltd and Serba Dinamik	<u>Interested shareholder</u> - ^{(7), (10)} <u>major</u>	Purchase of goods which includes plant equipment for the operations of Serba Dinamik	-	-	1,130	656	1,200	
		• Dato' Karim ^{(7), (10)}							
		• Dato' Awang Daud ^{(8), (10)}							
		• Hj. Abdul Kadier ^{(9), (10)}							
		• Serba Dinamik Group							
		• Serba Dinamik Holdings							
		<u>Interested Director</u>							
		• Dato' Karim ^{(7), (10)}							
		• Dato' Awang Daud ^{(8), (10)}							
		• Hj. Abdul Kadier ^{(9), (10)}							

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

Notes:

- (1) Dato' Karim is a major shareholder of Serba Dinamik Holdings, having equity interest of 36.51% as at the LPD. Dato' Karim is also deemed interested by virtue of his directorships in Serba Dinamik Holdings, Serba Dinamik, SD Advance Engineering, Serba Dinamik Petroleum, Serba Dinamik Indonesia, SD Associates Venture, SD Controls, PT Kubic Gasco and Adat Sanjung. He also holds 43.50% equity interest in SD Associates Venture as at the LPD.
- (2) Dato' Awang Daud is a major shareholder of Serba Dinamik Holdings, having equity interest of 18.46% as at the LPD. Dato' Awang Daud is also deemed interested by virtue of his directorships in Serba Dinamik Holdings, Serba Dinamik, Serba Dinamik Petroleum, Serba Dinamik Indonesia, SD Associates Venture, PT Kubic Gasco and Adat Sanjung. He also holds 22.00% equity interest in SD Associates Venture as at the LPD.
- (3) Hj. Abdul Kadier is a major shareholder of Serba Dinamik Holdings, having equity interest of 28.96% as at the LPD. Hj. Abdul Kadier is also deemed interested by virtue of his directorships in Serba Dinamik Holdings and Serba Dinamik. He also holds 34.50% equity interest in SD Associates Venture as at the LPD.
- (4) One River Power is a wholly-owned subsidiary of Pristine Falcon Sdn Bhd, which in turn is the wholly-owned subsidiary of Adat Sanjung, which is our associate.
- (5) The major shareholder and director of Technorette Sdn Bhd was previously Datin Nur Aisyah, the spouse of Dato' Karim who has since disposed her interest and resigned from Technorette Sdn Bhd with effect from 1 December 2015. Further to the disposal of interest by Datin Nur Aisyah on 1 December 2015, the transactions between our Group and Technorette Sdn Bhd are no longer deemed as related party transactions.
- (6) The transaction value provided is for a period of 1 January 2015 to 30 November 2015 as the transactions between our Group and Technorette Sdn Bhd are no longer deemed as related party transactions with effect from 1 December 2015 as Datin Nur Aisyah, the spouse of Dato' Karim had disposed her interest and resigned from Technorette Sdn Bhd.
- (7) Dato' Karim is a major shareholder of Serba Dinamik Holdings, having equity interest of 36.51% as at the LPD. Dato' Karim is deemed interested by virtue of his directorships in Serba Dinamik Holdings, Serba Dinamik Group and D'Lloyd Technologies Ltd. He also holds 63.00% equity interest in Emirtech Network Sdn Bhd as at the LPD which in turn holds 95.00% interest in D'Lloyd Technologies Ltd.
- (8) Dato' Awang Daud is a major shareholder of Serba Dinamik Holdings, having equity interest of 18.46% as at the LPD. Dato' Awang Daud is deemed interested by virtue of his directorships in Serba Dinamik Holdings, Serba Dinamik Group and D'Lloyd Technologies Ltd. He also holds 16.00% equity interest in Emirtech Network Sdn Bhd as at the LPD which in turn holds 95.00% interest in D'Lloyd Technologies Ltd.
- (9) Hj. Abdul Kadier is a major shareholder of Serba Dinamik Holdings, having equity interest of 28.96% as at the LPD. Hj. Abdul Kadier is deemed interested by virtue of his directorships in Serba Dinamik Holdings and Serba Dinamik Group. He also holds 21.00% equity interest in Emirtech Network Sdn Bhd as at the LPD which in turn holds 95.00% interest in D'Lloyd Technologies Ltd.
- (10) Deemed interested by virtue of interest in Emirtech Network Sdn Bhd pursuant to Section 6A of the Act.

Our Directors confirm that the recurrent related party transactions were carried out 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, and are not to the detriment of our minority shareholders.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

11.1.3 Transactions entered into that are unusual in their nature or conditions

There are no unusual transactions in their nature or conditions, involving goods, services, tangible or intangible assets to which we were a party in respect of the past three FYE 2013, FYE 2014, FYE 2015 and the FPE 2016.

11.1.4 Outstanding loans and guarantees

Save as disclosed in Section 12.2.9 of this Prospectus and the corporate guarantee⁽¹⁾ provided by Serba Dinamik to Adat Sanjung's wholly-owned indirect subsidiary, One River Power, for a USD15.00 million and a RM130.00 million Islamic financing facility taken to part finance the design, construction, operation and maintenance of the three small hydropower plants in Kota Marudu, Sabah, Malaysia, there are no outstanding loans (including guarantees of any kind) made by our Group to or for the benefit of our related parties in respect of the past three FYE 2013, FYE 2014, FYE 2015 and the FPE 2016.

Note:

- (1) Upon the registration of the Prospectus in respect of our Listing, the 100.00% liability of Serba Dinamik under the corporate guarantee will be reduced to a proportionate 30.00% share to reflect our equity interest in Adat Sanjung.

11.2 CONFLICTS OF INTEREST

11.2.1 Audit Committee review

Upon our Listing, the Audit Committee will review any related party transaction and conflict of interest that may arise within our Group. The Audit Committee will periodically review the procedures set by our Company to monitor related party transactions to ensure that these transactions are carried out on normal commercial terms not more favourable to the related party than those generally available to the third parties dealing at arm's length and are not to the detriment of our Company's minority shareholders. All reviews by the Audit Committee are reported to our Board for its further action.

11.2.2 Monitoring and oversight of related party transactions and conflicts of interest

Related party transactions, by their very nature, involve a conflict of interest between our Group and the related parties with whom our Group has entered into such transactions. Some of the officers of our Group and the Directors are also officers, directors and in some cases, shareholders of the related parties of our Group, as disclosed herein and, with respect to these related party transactions, may individually and in aggregate have conflicts of interest. It is the policy of our Group that all related party transactions are carried out on normal commercial terms which are not more favourable to the related party than those generally available to third parties dealing at arm's length with our Group and are not to the detriment of our minority shareholders.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

11.3 DECLARATION BY ADVISERS ON CONFLICTS OF INTEREST

11.3.1 Declaration by RHB Investment Bank

RHB Investment Bank and/or its related companies ("**RHB Banking Group**") engage in private banking, commercial banking and investment banking transactions which include, inter-alia, brokerage, securities trading, assets and fund management as well as credit transaction services. The RHB Banking Group has engaged and may in the future engage in transactions with and perform services for our Group, in addition to the roles set out in this Prospectus. In addition, any member of the RHB Banking Group may at any time, in the ordinary course of business, offer to provide their services or to engage in any transactions (in their own account or otherwise) with any member of our Group or any other entity or person, hold long or short positions, and may trade or otherwise effect transactions for their own account or the account of their customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates. This is a result of the businesses of the RHB Banking Group generally acting independently of each other and accordingly there may be situations where parts of the RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of our Group. The related companies of RHB Investment Bank may also bid for the IPO Shares to be offered under the Institutional Offering.

RHB Banking Group has in the ordinary course of its banking business, granted credit facilities to our Group. As at the LPD, RHB Banking Group has granted a total of RM152.50 million facilities to our Group, of which the outstanding amount owing by our Group to the RHB Banking Group was approximately RM76.88 million.

Our Company does not intend to channel any part of the proceeds raised from the IPO to repay any of the abovementioned outstanding amount.

Notwithstanding the above, RHB Investment Bank is not aware of any conflict of interests which exists or is likely to exist in its capacity as the Joint Principal Adviser, the Joint Bookrunner, the Managing Underwriter and the Joint Underwriter for our IPO as:

- (i) the extended credit facilities was conducted on arm's length basis and is not material as it is approximately 0.10% of RHB Bank Berhad's (the parent company of RHB Investment Bank) restated consolidated gross loans, advances and financing of RM149.58 billion as at 31 December 2015. In addition, the extended credit facilities is less than 1.00% of RHB Bank Berhad's restated consolidated NA of RM17.67 billion as at 31 December 2015;
- (ii) the extension of credit facilities arose in the ordinary course of business of RHB Banking Group in view of RHB Banking Group's extensive participation in the Malaysian banking industry; and
- (iii) the team in charge of our IPO in the RHB Banking Group is independent from the team handling the credit facilities; and
- (iv) the conduct of the RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, Islamic Financial Services Act 2013 and the RHB Banking Group's own internal controls and checks.

Our Board has confirmed that it has been informed and is aware of the situations as described above and is agreeable to the role of RHB Investment Bank as the Joint Principal Adviser, the Joint Bookrunner, the Managing Underwriter and the Joint Underwriter for our IPO.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

11.3.2 Declaration by Affin Hwang IB

Affin Hwang IB is a Participating Organisation of Bursa Securities and provides a range of services including corporate finance advisory, capital markets, structured lending, market trading and research.

Affin Hwang IB and its related and associated companies ("**AFFIN Group**") form a diversified financial group which is engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and funds management and credit transaction services businesses. The AFFIN Group has engaged and may in the future, engage in transactions with and perform services for any member of our Group, in addition to the roles set out in this Prospectus.

In addition, in the ordinary course of business, any member of the AFFIN Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of our Group and/or our shareholders, hold long or short positions in securities issued by our Group, make investment recommendation and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or for the account of its customers in debt or equity securities or senior loans of any member of our Group. This is a result of the businesses of the AFFIN Group generally acting independently of each other, and accordingly there may be situations where parts of the AFFIN Group and/or its customers currently have or in the future, may have interest or take actions that may conflict with the interest of our Group. Nonetheless, the AFFIN Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

The AFFIN Group has in the ordinary course of its banking business, granted credit facilities to our Group. As at the LPD, the AFFIN Group has granted a total of RM39.72 million facilities to our Group, of which the outstanding amount owing by our Group to the AFFIN Group was approximately RM17.59 million.

Our Company does not intend to channel any part of the proceeds raised from the IPO to repay any of the abovementioned outstanding amount.

Notwithstanding the above, Affin Hwang IB is of the view that the relationship as described above would not give rise to a situation of conflict of interest which prevents it from acting in its capacity as the Joint Principal Adviser, the Joint Bookrunner and the Joint Underwriter in relation to our IPO due to, *inter alia*, the following:

- (a) based on AFFIN Holdings Berhad's audited consolidated financial statements as at 31 December 2015, the total outstanding loan exposure of AFFIN Group to our Group is not material as it is less than 1.00% of AFFIN Holdings Berhad's total audited consolidated gross loans, advances and financing of RM43.88 billion as at 31 December 2015. In addition, the total outstanding loan exposure to our Group is less than 1.00% of AFFIN Holdings Berhad's audited consolidated NA of RM8.33 billion as at 31 December 2015. It should also be noted that:
 - (i) AFFIN Group's lending activities is strictly governed by Bank Negara Malaysia's guidelines such as the single counter party exposure limit and credit transactions and exposures with connected parties as well as its internal credit controls which monitors loan exposure to a particular sector;
 - (ii) the granting of financial facilities and services to our Group is part of the ordinary course of business of the AFFIN Group; and

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

- (iii) the conduct of the AFFIN Group in its banking and financial services business is highly regulated by authorities and is required to comply with the FSA upon which the AFFIN Group's internal controls and checks are predicated.
- (b) Affin Hwang IB, as part of the AFFIN Holdings Berhad's financial services group, is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, including the CMSA, Bursa Securities rules and Participating Organisation Directives and Guidance, which require Affin Hwang IB to have, among others, an established internal control structure, policies and procedures to identify, monitor and manage conflict of interest as well as the flow of information through segregation between different divisions and management groups; and
- (c) aside from the professional advisory fees, bookrunner fees, underwriting commission and brokerage to be earned by Affin Hwang IB as the Joint Principal Adviser, the Joint Bookrunner and the Joint Underwriter to our Company in respect of our Listing, there is no other direct interest to be derived from Affin Hwang IB in its capacity as the Joint Principal Adviser, the Joint Bookrunner and the Joint Underwriter for our IPO.

Our Board has confirmed that it has been informed and is aware of the situations as described above and is agreeable to the role of Affin Hwang IB as the Joint Principal Adviser, the Joint Bookrunner and Joint Underwriter for our IPO.

11.3.3 Declaration by AmInvestment Bank Berhad

AmInvestment Bank Berhad and/or its related and associated companies ("**AmBank Group**") form a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, commercial banking, private banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. AmBank Group's securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

In the ordinary course of their businesses, any member of AmBank Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other clients, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and/or its clients, now or in the future, may have interests or take actions that may conflict with the interests of our Group.

AmBank Group has in the ordinary course of its banking business, granted credit facilities to our Group. As at the LPD, AmBank Group has granted a total of RM70.00 million credit facilities to our Group, of which it has not been drawdown.

Our Company does not intend to channel any part of the proceeds raised from the IPO to repay any of the abovementioned outstanding amount (if any).

Notwithstanding the above, AmInvestment Bank Berhad is not aware of any conflict of interests which exists or is likely to exist in its capacity as the Joint Underwriter for our IPO as:

- (i) the extended credit facilities were conducted on arm's length basis and is not material as it represents less than 1.00% of AMMB Holdings Berhad's (being the holding company of AmBank Group) consolidated gross loans, advances and financing of RM86.51 billion as at 31 March 2016. In addition, the extended credit facilities are less than 1.00% of AMMB Holdings Berhad's consolidated NA of RM61.12 billion as at 31 March 2016;

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

- (ii) the extension of credit facilities arose in the ordinary course of business of AmBank Group in view of AmBank Group's extensive participation in the Malaysian banking industry;
- (iii) the team in charge of our IPO in the AmBank Group is independent from the team handling the credit facilities; and
- (iv) the conduct of the AmBank Group in its banking business is strictly regulated by the FSA, Islamic Financial Services Act 2013 and the AmBank Group's own internal controls and checks.

Our Board has confirmed that it has been informed and is aware of the situations as described above and is agreeable to the role of AmInvestment Bank Berhad as the Joint Underwriter for our IPO.

11.3.4 Declaration by Kenanga Investment Bank Berhad

Kenanga Investment Bank Berhad and/or its related and associated companies ("**Kenanga IB**") form a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, private banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. Kenanga IB's securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

In the ordinary course of their businesses, any member of Kenanga IB may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other clients, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the Kenanga IB and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests with Serba Dinamik Holdings and/or its subsidiaries.

Kenanga Investment Bank Berhad confirms that there is no conflict of interest in its capacity as the Joint Underwriter for our IPO.

Our Board has confirmed that it has been informed and is aware of the situations as described above and is agreeable to the role of Kenanga Investment Bank Berhad as the Joint Underwriter for our IPO.

11.3.5 Declaration by KPMG

KPMG confirms that it is not aware of any circumstances or relationships which could give rise to a conflict of interest situation in its capacity to act as the Auditors and Reporting Accountants of our Company in relation to our IPO.

11.3.6 Declaration by Albar & Partners

Albar & Partners confirms that there is no conflict of interest in its capacity as the Legal Adviser to our Company as to Malaysian law and in relation to our IPO.

11.3.7 Declaration by Zaid Ibrahim & Co

Zaid Ibrahim & Co confirms that there is no conflict of interest in its capacity as the Legal Adviser to the Joint Bookrunners, the Managing Underwriter and the Joint Underwriters as to Malaysian Law in relation to our IPO.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

11.3.8 Declaration by Vital Factor Consulting Sdn Bhd

Vital Factor Consulting Sdn Bhd is a business consulting and market research company. It provides a range of services comprising among others, business plan, master plan, feasibility study, financial modelling and assessment, commercial due diligence, information memorandum, industry and market assessment and consumer and industrial research and survey.

In addition to its role as the independent market researcher in relation to our IPO, in the ordinary course of business, Vital Factor Consulting Sdn Bhd has been engaged and may in future be engaged to undertake consulting work for our Group and our shareholders for professional fees. Having taken into consideration the above, Vital Factor Consulting Sdn Bhd confirms that there is no conflict of interest in its capacity as the independent market researcher in relation to our IPO.

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12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

12.1.1 Selected historical consolidated financial data

The following selected historical consolidated financial data for the FYE 2013, FYE 2014, FYE 2015, FPE 2015 and FPE 2016 presented below have been extracted from the Accountants' Report of Serba Dinamik Group included in Section 13 of this Prospectus.

The following selected historical consolidated financial data should be read in conjunction with the "Management Discussion and Analysis of Financial Condition, Results of Operations and Prospects" in Section 12.2 of this Prospectus and the Accountants' Report in Section 13 of this Prospectus.

	FYE			FPE	
	2013	2014	2015	Unaudited 2015	2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Selected statement of comprehensive income data:					
Revenue	536,195	755,768	1,402,942	513,037	911,726
Cost of operations	(444,881)	(644,461)	(1,170,483)	(405,672)	(745,208)
Gross profit	91,314	111,307	232,459	107,365	166,518
Other operating income	1,757	8,151	852	171	634
Administrative expenses	(23,669)	(33,645)	(51,201)	(13,231)	(24,878)
Results from operating activities	69,402	85,813	182,110	94,305	142,274
Other non-operating income	-	-	2,590	-	-
Finance income	10,198	846	2,040	718	2,022
Finance costs	(13,550)	(18,974)	(27,169)	(9,793)	(23,020)
Net finance costs	(3,352)	(18,128)	(25,129)	(9,075)	(20,998)
Share of results of equity accounted associates	(232)	-	-	-	-
PBT	65,818	67,685	159,571	85,230	121,276
Tax expense	(4,199)	(312)	(3,009)	(5,367)	(8,353)
PAT	61,619	67,373	156,562	79,863	112,923
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of employee benefits	38	18	-	-	-
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations	(287)	5,816	41,795	10,962	(14,318)
Total comprehensive income for the year/period	61,370	73,207	198,357	90,825	98,605

12. FINANCIAL INFORMATION (Cont'd)

	FYE			FPE	
	2013	2014	2015	Unaudited 2015	2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Selected statement of comprehensive income data:					
PAT attributable to:					
- Owners of the Company	58,676	63,881	156,723	79,944	112,832
- Non-controlling interests	2,943	3,492	(161)	(81)	91
PAT	61,619	67,373	156,562	79,863	112,923
Total comprehensive income attributable to:					
- Owners of the Company	58,427	69,715	198,319	90,776	98,440
- Non-controlling interests	2,943	3,492	38	49	165
Total comprehensive income for the year/period	61,370	73,207	198,357	90,825	98,605

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12. FINANCIAL INFORMATION (Cont'd)

	FYE			FPE	
	2013	2014	2015	Unaudited 2015	2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Selected statement of financial position data:					
Non-current assets	79,154	134,287	365,938	179,410	438,683
Current assets	382,318	504,984	892,889	744,418	1,117,894
Total assets	461,472	639,271	1,258,827	923,828	1,556,577
Share capital	62,090	62,090	62,090	62,090	73,979
RCPS 'A'	1,193	1,193	1,193	1,193	-
Other reserves	(18,052)	(12,075)	30,020	33,197	101,011
Retained earnings	140,350	219,577	375,100	302,665	452,431
Total equity attributable to owners of the Company/NA	185,581	270,785	468,403	399,145	627,421
Non-controlling interests	12,789	546	7,303	435	7,468
Total equity	198,370	271,331	475,706	399,580	634,889
Non-current liabilities	74,150	74,084	101,786	93,643	30,347
Current liabilities	188,952	293,856	681,335	430,605	891,341
Total liabilities	263,102	367,940	783,121	524,248	921,688
Other selected financial data:					
GP margin (%) ⁽¹⁾	17.03	14.73	16.57	20.93	18.26
Depreciation of property, plant and equipment (RM'000)	10,064	14,972	27,918	9,929	25,699
PBT margin (%) ⁽²⁾	12.28	8.96	11.37	16.61	13.30
PAT margin (%) ⁽³⁾	11.49	8.91	11.16	15.57	12.39
Basic and diluted earnings per ordinary share (RM)	0.95 ⁽⁴⁾	1.03 ⁽⁴⁾	2.52 ⁽⁴⁾	1.28 ⁽⁵⁾	1.52 ⁽⁵⁾

Notes:

- (1) Computed based on GP divided by total revenue.
- (2) Computed based on PBT divided by total revenue.
- (3) Computed based on PAT divided by total revenue.
- (4) Computed based on the PAT attributable to ordinary shareholders of RM58.68 million, RM63.88 million and RM156.72 million for FYE 2013, FYE 2014 and FYE 2015 respectively against the weighted average number of ordinary shares outstanding for the past three financial years of 62,090,458.
- (5) Computed based on the PAT attributable to ordinary shareholders of RM79.94 million and RM112.83 million for FPE 2015 and FPE 2016 respectively against the weighted average number of ordinary shares outstanding of 62,090,458 and 73,978,860 for FPE 2015 and FPE 2016 respectively.

12. FINANCIAL INFORMATION *(Cont'd)*

12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS

The following management's discussion and analysis of our financial condition and results of operations for the FYE 2013, FYE 2014, FYE 2015, FPE 2015 and FPE 2016 should be read in conjunction with the Accountants' Report included in Section 13 of this Prospectus.

This discussion and analysis contains data derived from forward-looking statements that involve risks and uncertainties. Future results may differ significantly from those stated in the forward-looking statements. Factors that may cause future results to differ significantly from those stated include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risks factors as set out in Section 5 of this Prospectus.

12.2.1 Overview of Our Business Operations

We are an energy services group providing engineering solutions to the O&G, and power generation industries with operational facilities in Malaysia, Indonesia, UAE, Bahrain and UK. Within engineering solutions, we provide O&M services and undertake EPCC works. As an energy services group, we have customers in geographical locations within Malaysia, Indonesia, Turkmenistan, India, Middle East region and UK. Please refer to Section 12.2.6.3 of this Prospectus for a breakdown of revenue by the geographical locations of our customers.

Our Group is organised into business units according to their nature of activities and has three reportable operating segments as follows:

No.	Operating segment	Description
(i)	O&M services	<p>Within O&M services, we undertake the following:</p> <ul style="list-style-type: none"> • MRO of rotating equipment, which includes gas and steam turbines, engines, motors, pumps, compressors and industrial fans; and • IRM of static equipment and structures, which includes boilers and unfired pressure vessels, piping systems and structures. <p>The MRO and IRM services among others include site assessment and inspection, repair, servicing, maintenance and overhaul of the abovementioned equipment, and its related parts and components, recalibration and upgrade of process control and instrumentation, as well as structural repair and modification, surface preparation services, corrosion prevention and painting.</p>
(ii)	EPCC works	<p>Within EPCC works, we undertake the following:</p> <ul style="list-style-type: none"> • Engineering; • Procurement and supply; • Fabrication and construction; and • Testing, installation and commissioning. <p>We offer services such as mechanical and piping, instrumentation, electrical engineering as well as electrical and instrumentation design.</p> <p>We have completed EPCC works for the following types of projects:</p>

12. FINANCIAL INFORMATION (Cont'd)

No.	Operating segment	Description
		<ul style="list-style-type: none"> • installation of piping systems; • installation of rotating and static equipment; • installation of power generation equipment and plants; • development of infrastructure; and • construction of amenities and buildings.
(iii)	Other products and services	<p>We provide other products and services which comprises:</p> <ul style="list-style-type: none"> • provision of technical training; • provision of ICT solutions and services; and • supply of products and parts;

Moving forward we will continue to provide O&M services, EPCC and other products and services. Under other products and services, moving forward, we will also be providing logistics services. Please refer to Section 7.21.1.2 of this Prospectus for further details on our future plans for the logistics centre in RAK, UAE. In addition, we intend to adopt an asset ownership business model which involves majority equity participation in potential business entities where we can contribute our expertise in terms of O&M services and EPCC works. This usually involves the development of the asset including construction of the plant or facilities, extending to operation and maintenance of the asset. In situations where we do not have the resources, technology or expertise, we would consider bringing partners with the experience or expertise to contribute to the business. Please refer to Section 7.21.1.4 of this Prospectus for further details on our future plans for the development of small gas power plants and water utilities in Indonesia.

12.2.2 Our revenue drivers

Our revenue drivers are as follows:

12.2.2.1 O&M services

For the O&M segment, we participate in tender bids for maintenance contracts to provide MRO and IRM services to potential customers within the O&G, and power generation industries. These contracts may be for either, scheduled or unscheduled engineering and maintenance work. Where we are successful in securing a tender bid, the contracts secured are typically for a period of two to five years. Revenue from these contracts are not generated at the time the contracts are awarded unless the work orders are requested by the customer and carried out in accordance with the terms of the contracts. We recognise our revenue based on work orders and contract terms, agreed billing schedule as well as based on overall performance of services rendered, while costs is recognised based on actual costs incurred. Upon the expiry of the contract, we will typically seek to participate in the tender bid for the renewal or a new contract. Our level of service and direct experience over the duration of the past contracts are expected to place us in a competitive position to be successful in our tender bid for future contracts.

12. FINANCIAL INFORMATION (Cont'd)

The O&M segment accounted for RM1.27 billion or 90.87% of our total revenue for FYE 2015, RM599.68 million or 79.35% of our total revenue for FYE 2014 and RM418.10 million or 77.97% of our total revenue for FYE 2013. For the FPE 2016, the O&M segment accounted for RM815.66 million or 89.46% of our total revenue. Please refer to Section 12.2.6.2 and Section 12.2.6.3 of this Prospectus for a breakdown of revenue by nature of activities and geographical locations of our customers and Section 7.7 of this Prospectus for a breakdown of revenue by major customers.

12.2.2.2 EPCC works

For the EPCC segment, we participate in tender bids for EPCC contracts in relation to mechanical and piping, instrumentation, electrical engineering as well as electrical and instrumentation design. These may be related to plants, facilities, road infrastructure and buildings, as well as other related systems and solutions including design and installation of process control and instrumentation, auxiliary power generation and firefighting systems for the O&G, and power generation industries. The EPCC contracts that we secure may typically be for a period of one to three years depending on the scale and specifications of the contract. We recognise our revenue and costs in proportion to the stage of completion of contracts. The stage of completion of the contract is assessed by reference to the proportion of contract costs incurred for work performed to-date against the estimated total contract costs. The EPCC contracts may be subject to variations of work order required, claims and incentive payments for performance or timeliness of completion.

The EPCC segment accounted for RM124.94 million or 8.91% of our total revenue for FYE 2015, RM90.69 million or 12.00% of our total revenue for FYE 2014, and RM106.63 million or 19.89% of our total revenue for FYE 2013. For FPE 2016, the EPCC segment accounted for RM93.84 million or 10.30% of our total revenue. Please refer to Section 12.2.6.2 and Section 12.2.6.3 of this Prospectus for a breakdown of revenue by nature of activities and geographical locations of our customers and Section 7.7 of this Prospectus for a breakdown of revenue by major customers.

12.2.2.3 Other products and services

For the other products and services segment, we also participate in tender bids called by either the principal contractor or the end customers. We recognise our revenue and costs upon the delivery and successful installation of the systems for the customers or the provision of the services required which may include equipment, software or technical training.

Other products and services accounted for RM3.09 million or 0.22% of our total revenue for FYE 2015, RM65.40 million or 8.65% of our total revenue for FYE 2014, and RM11.47 million or 2.14% of our total revenue for FYE 2013. For FPE 2016, the other products and services segment accounted for RM2.22 million or 0.24% of our total revenue.

We expect the O&M segment to remain as our main revenue contributor followed by the EPCC segment in the near future. Please refer to Section 7.21 of this Prospectus for further explanation on our future plans.

12. FINANCIAL INFORMATION (Cont'd)**12.2.3 Recent developments during FYE 2015**

For FYE 2015, as part of our on-going efforts to expand our revenue stream whilst keeping our core competencies in O&M services and EPCC works, we have undertaken the following:

12.2.3.1 Acquired a 100.00% equity interest in A R Global Engineering on 15 January 2015 for RM1.00 million

A R Global Engineering is a Malaysian-based company which is involved in process control, instrumentation and related products and services. The company commenced business on 24 February 2008. The company's core competencies include the integration of industrial automation systems, process and SCADA systems. The integration of process control and instrumentation is an integral part of our O&M and EPCC segments. Please refer to Section 7.4.3.3 of this Prospectus for further information on process control and instrumentation.

We started recognising revenue from A R Global Engineering from FYE 2015 under our EPCC segment as the products and services provided form part of the overall contract secured for EPCC contracts.

12.2.3.2 Acquired a 100.00% equity interest in Telegistics Asia on 15 January 2015 for RM180,000.00

Telegistics Asia is a Malaysian-based company that provides internet and mobile application solutions. The company commenced business on 23 August 2013. Its two key applications, Telegistics Live Stream and Telegistics Web Conferencing, have reached the commercialisation stage and been awarded a certification from TÜV Rheinland. TÜV Rheinland is a provider of technical safety and certification services. (Source: TÜV Rheinland website, <http://www.tuv.com>).

This acquisition is expected to complement our ICT business in developing and providing software and communications products and solutions. Please refer to Section 7.4.4.2 of this Prospectus for further information on our ICT solutions and services.

We started recognising revenue from Telegistics Asia from FYE 2015 under our other products and services segment.

12.2.3.3 Acquired a 100.00% equity interest in Quantum Offshore on 21 April 2015 for RM6.65 million

Quantum Offshore, a company based in the UK, is involved in the design, engineering and installation of auxiliary power generators, firefighting systems and equipment primarily for the O&G industry. The company commenced business on 17 June 1991. Its auxiliary power generation and firefighting systems commonly include process control and instrumentation systems. It holds a DNV Business Assurance Management System Certificate ISO 9001:2008 which is valid for the design and manufacture of fire pumps and power generation systems to the offshore industry. DNV GL provides certification, assessment, and verification services enabling companies in a variety of industries to advance the safety and sustainability of their business. (Source: DNV GL website, <https://www.dnvgl.com>).

12. FINANCIAL INFORMATION (Cont'd)

Quantum Offshore's capabilities include designing, specifying, procuring, installing and integrating the overall systems for the provision of auxiliary power and firefighting systems. Our auxiliary power generation units are dedicated to run specific equipment and machinery. This will further supplement our EPCC segment. Please refer to Section 7.4.3.4 of this Prospectus for further information on our auxiliary power generation and firefighting systems.

By leveraging on our existing capability in maintenance services, we are also able to provide maintenance services for the auxiliary power generation units and firefighting systems supplied to our customers.

The acquisition of Quantum Offshore provides us with the expertise and experience as well as immediate access to its customer base to further penetrate the European markets.

We started recognising revenue from Quantum Offshore from FYE 2015 under our EPCC segment as the products and services provided form part of the overall contract secured for EPCC works contracts.

12.2.3.4 Acquired a 30.00% equity interest in Adat Sanjung on 2 July 2015 for RM12.22 million

On 2 July 2015, we acquired a 30.00% equity interest in Adat Sanjung. The principal activity of Adat Sanjung is investment holding. Adat Sanjung holds a 100.00% equity interest in Pristine Falcon Sdn Bhd, which in turn holds a 100.00% equity interest in One River Power.

One River Power is the holder of three Feed-In Approvals granted by the Sustainable Energy Development Authority of Malaysia for the development of small hydropower projects in the district of Kota Marudu, Sabah, Malaysia. One River Power's small hydropower projects comprise three small hydro installations with an aggregate electricity generation capacity of 29.1 MW.

We obtained the EPCC contract for the project on 21 September 2015, valued at RM218.00 million over a project period of 18 months. As at the LPD, we have mobilised works including initial site clearance and started the procurement process for turbines.

We have also obtained a 21-year O&M contract on 16 February 2016 to operate as well as maintain the three small hydropower plants, which will commence at the commissioning and operational stage of the hydropower plants. The off-taker of the electricity will be SESB by virtue of a 21-year renewable energy power purchase agreement signed between One River Power and SESB.

The implementation of this project will utilise the expertise under our EPCC segment and also enable our participation as an effective 30.00% shareholder of the Feed-In Approvals holder, One River Power. During the construction, commissioning and operational stages, we will benefit from the EPCC contract. Upon completion and commissioning of the hydropower plant, the O&M contract is expected to contribute to our future earnings.

In summary, we will recognise revenue and/or share of results as follows:

- (i) revenue under our EPCC segment for the EPCC contract during the construction of the hydropower plant;
- (ii) revenue under our O&M segment for the O&M contract after completion and commissioning of the hydropower plant; and

12. FINANCIAL INFORMATION (Cont'd)

- (iii) share of results of our equity accounted associate company, Adat Sanjung.

We started recognising revenue contribution from the EPCC contract from FYE 2015 and are expected to continue to recognise revenue over its project period of 18 months whilst the O&M contract is expected to commence upon commissioning of the hydropower plants by the end of FYE 2017. The EPCC contract involves the design, engineering, procurement, construction, installation, commissioning, testing, operation and maintenance of the hydropower plants. Any delay in completion of the project and cost overruns will affect our revenue and profit recognition for FYE 2016 and FYE 2017.

12.2.3.5 Acquired a 51.00% equity interest in PT Kubic Gasco on 12 August 2015 for RM3.83 million

PT Kubic Gasco is a limited liability company incorporated in Indonesia on 16 February 2011 and commenced its business on 28 February 2011. The principal activities of PT Kubic Gasco are in the processing and supply of CNG. Subsequent to LPD, we commenced operations with the commissioning of the CNG plant and gas-in streaming which was conducted on 25 November 2016.

We acquired PT Kubic Gasco as part of our growth strategy to become an energy services group. We would be able to expand and diversify our revenue base as we widen our range of products and services to include processing and distribution of CNG. Please refer to Section 7.4.5 of this Prospectus for further information on our production of CNG.

We will generate revenue in the form of sales of CNG using the provisional CNG trading permit issued to PD Muaro Jambi, pending the issuance of the official trading permit which is expected to be issued by first quarter of 2017. We will recognise revenue from PT Kubic Gasco under a separate new business segment.

12.2.3.6 Obtained the commercial and trading licences on 22 October 2015 to facilitate the setting up of a logistic centre in RAK, UAE under Serba Dinamik RMC FZE

On 22 October 2015, we obtained the commercial and trading licences from RAK Maritime City Free Zone Authority to facilitate the setting up of a logistics centre in RAK, UAE under Serba Dinamik RMC FZE as the licensee.

The commercial licence is renewable on a yearly basis and provides for the following activities:

- (i) Oil and natural gas well equipment repair and maintenance; and
- (ii) General warehousing.

The trading licence is renewable on a yearly basis and provides for the following activities:

- (i) Oilfield and natural gas equipment; and
- (ii) Spare parts trading.

On 1 December 2015, we also secured a five year lease (with option to renew for another five years) for a 1,944 sq metre warehousing and 25,000 sq metre open yard land at RAK Port, in RAK which is one of the seven emirates of UAE.

12. FINANCIAL INFORMATION (Cont'd)

Our logistics centre will provide logistics and warehousing services. As at the LPD, the logistics centre has commenced operations.

As RAK Port operates as a marine supply base for several offshore O&G operators, we are targeting marine vessels that berth at the port to provide MRO services for their rotating equipment such as marine engines, power generation engines, propulsion systems, compressors and pumps.

We will also utilise part of the logistics centre as our service centres in the Middle East in addition to our service centre in Bahrain. Some of the activities that we will undertake at our service centre will include provision of MRO services to vessels that berth at the RAK Port. As at the LPD, we have purchased and installed eight machineries and equipment at our logistics centre to support our O&M services. Please refer to Section 7.4.4.4 of this Prospectus for further information.

We will recognise revenue from Serba Dinamik RMC FZE for MRO and IRM services under our O&M segment. Other revenue will be recognised under our other products and services segment. We are expected to recognise revenue contribution commencing from FYE 2017.

We intend to use approximately RM8.00 million of the proceeds from the Public Issue to upgrade our logistic centre. Please refer to Section 4.8 of this Prospectus for further information on the utilisation of proceeds.

12.2.3.7 Acquired a 51.00% equity interest in SD Advance Engineering on 31 December 2015 for RM25,500.00

SD Advance Engineering was incorporated in Malaysia on 9 August 2000 and is principally involved in the maintenance of microturbines and related products and services. The company commenced its business on 1 April 2001.

The activities and operations of SD Advance Engineering is complementary to our current business activities which covers engineering maintenance and services, fabrication, commissioning, overhauling and calibration of all instrumentation and control systems in the O&G industries.

SD Advance Engineering is also involved in the marketing of microturbines from Capstone where Serba Dinamik is the appointed distributor in Malaysia, Indonesia and Brunei to supply various sizes of Capstone microturbines with 30kW, 65kW, 200kW and up to 1MW of power configurations. "Capstone" and "Capstone Microturbine" are registered trademarks of Capstone Turbine Corporation. Capstone is a manufacturer of microturbine energy systems based in the United States. (Source: Capstone Turbine Corporation website, <http://www.capstoneturbine.com/>)

We started recognising revenue from SD Advance Engineering from FYE 2016 under our O&M segment as the products and services provided form part of the overall scope for maintenance contracts.

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12. FINANCIAL INFORMATION (Cont'd)

12.2.3.8 Acquired 80.00% equity interest in SD Controls on 31 December 2015 for RM40,000.00

SD Controls was incorporated in Malaysia on 24 June 2000 and is involved in testing and calibration of process control and instrumentation. The company commenced its business on 24 June 2000.

We started recognising revenue from SD Controls from FYE 2016 under our EPCC segment as the products and services provided form part of the overall scope for EPCC contracts.

Recent developments after FYE 2015 and up to the LPD

12.2.3.9 Acquisition of 100.00% equity interest in Supreme Vista Industries Sdn Bhd

On 1 January 2016, Serba Dinamik entered into a sale of shares agreement (“SSA”) with Derrick Stothard and Cheong Yook Yau (“the Vendor”), for the acquisition of 100.00% equity interest in Supreme Vista for a cash consideration of RM2,004,255.20. Supreme Vista Industries Sdn Bhd is the registered and beneficial owner of the land under PTB 1473, Mukim Tanjung Surat, Daerah Kota Tinggi, Johor, Malaysia. The acquisition is expected to be completed in the third quarter of 2017 following the payment of the balance sum which is payable in instalments until the completion date.

The balance sum of RM1,800,000.00 (“Balance Purchase Price”) shall be paid or caused to be paid by Serba Dinamik to the Vendor by 21 instalments for a period of 21 months from the date of the SSA in the following manner:

- (i) 6 instalments of RM50,000 on or before 15 January 2016 until 15 June 2016 totalling RM300,000.00; and
- (ii) 15 instalments of RM100,000.00 on or before 15 July 2016 until 15 September 2017 totalling RM1,500,000.00

The completion date will be the date of full payment of the Balance Purchase Price by Serba Dinamik.

The said land measures approximately 2.183 acres and is earmarked to be used as a site to establish our new fabrication facility for our EPCC works and IRM services in Johor, Malaysia.

We intend to use RM20.00 million of the proceeds from the Public Issue to establish the new fabrication facility. Please refer to Section 4.8 of this Prospectus for further information on the utilisation of proceeds.

12.2.3.10 Acquisition of 100.00% equity interest in Serba Dinamik Group

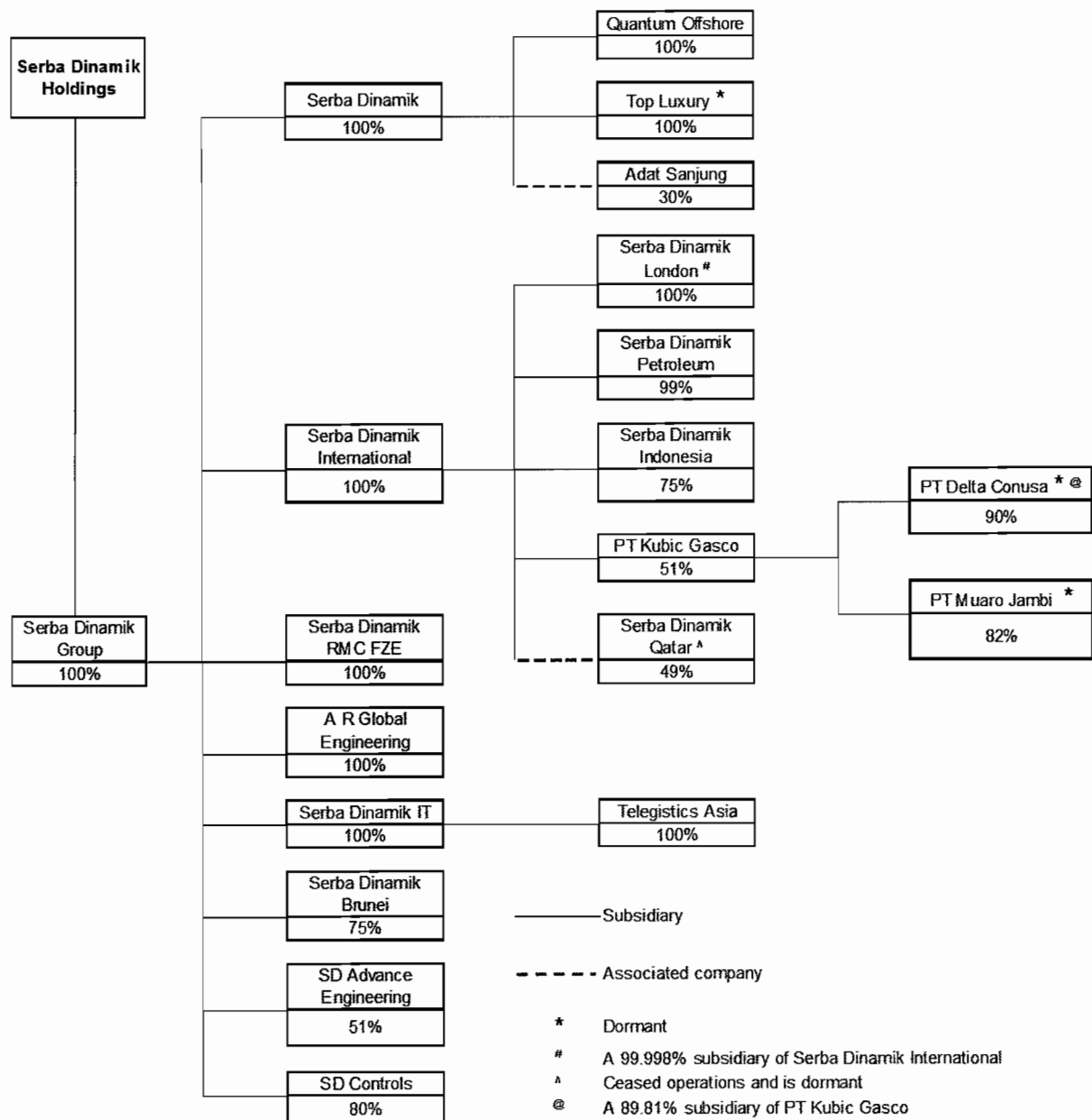
In preparation for the listing of our Company on the Main Market of Bursa Securities, we have undertaken the acquisition of Serba Dinamik Group.

Our Company was incorporated in Malaysia under the Act on 2 December 2015 as a private limited company under the name of Serba Dinamik Holdings Sdn Bhd. On 13 May 2016, our Company was converted to a public limited company to undertake the Listing.

Please refer to Section 6.1.1 of this Prospectus for the background and history of our Company.

12. FINANCIAL INFORMATION (Cont'd)

Our Group Structure as at the LPD is as set out below:



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12. FINANCIAL INFORMATION *(Cont'd)*

12.2.4 Significant Factors Affecting our Financial Condition and Results of Operations

Section 5 of this Prospectus sets out a number of risk factors relating to our business. Some of these risk factors have an impact on our revenue and operating profits. Our financial condition and results of operations have been, and are expected to be affected by, but are not limited to the following factors:

12.2.4.1 Level of activity in the O&G industry in Malaysia and overseas

Our revenue is predominantly derived from our customers in the O&G industry. Accordingly, the level of activity in the O&G industry will impact the level of demand from our customers for our products and services. Although costs incurred for our services are not directly affected by the price of oil, during periods of rising oil prices, the O&G exploration, development and production activities are expected to increase. Meanwhile, prolonged depressed O&G prices will generally lead to a curtailment in O&G activities and spending in the oil and gas industry. However, certain sectors such as maintenance of assets particularly in the production of crude oil and natural gas and downstream refineries, processing and petrochemical plants, are, to a certain extent, less affected as operations would still have to continue.

Our customers or projects are primarily in the production and refining segments of crude O&G products. In contrast to upstream exploration activities which are more susceptible to a clamp down on capex due to lower crude oil prices, our customers who are in the production stages would be focusing on making their existing wells more efficient and ensuring that interruptions in production is minimised. This would then facilitate the need for MRO and IRM services. Meanwhile, our customers that operate in the downstream O&G segment is mainly involved in, among others, refining and processing of O&G, and manufacturing of petrochemical products. These companies, which include, among others, refineries, gas processing plants, LNG liquefaction plants and petrochemical plants would be less affected as they benefit from the lower crude O&G as feedstock for their processing and manufacturing operations.

In general, O&G, and power generating assets require more maintenance as they age where they progressively accumulate wear and tear. In this respect, O&M services including MRO and IRM services are required to sustain safety, efficiency, and to satisfy regulatory requirements to ensure production facilities are running productively, efficiently and cost effectively.

Our O&M segment continued to grow where our revenue from O&M services increased from RM418.10 million for FYE 2013 to RM1.27 billion for FYE 2015, with a CAGR of 74.62% between FYE 2013 and FYE 2015. For FPE 2016, the O&M segment accounted for RM815.66 million or 89.46% of our total revenue.

12. FINANCIAL INFORMATION (Cont'd)

Our overseas revenue accounted for 65.36% of the total revenue for FYE 2015, which was derived mainly from the Middle East region and Turkmenistan. Our overseas presence also reduces our customer concentration risk given our diversified geographical customer base. During the financial years under review, we have been actively involved in the provision of engineering solution services in various countries within Middle East, mainly Qatar, UAE, and Oman. This is further demonstrated by the fact that revenue derived from Middle East increased from RM104.81 million for FYE 2013 to RM662.82 million for FYE 2015, with a CAGR of 151.48% between FYE 2013 and FYE 2015. Production of crude oil from Middle East continued to achieve a growth rate of 6.30% from 23.1 million bbl/d in 2014 compared to 24.5 million bbl/d in 2015. (*Source: IMR Report*). This indicates that despite the low crude oil prices, production of crude oil in Middle East is continuing to grow. For FPE 2016, our overseas revenue accounted for 63.27% of the total revenue which was derived mainly from the Middle East region and Indonesia.

Moving forward, we are expanding our business coverage beyond the O&G industry to the power generation industry. Please refer to Section 7.21.1.4 of this Prospectus for further information on our future plans within the power generation industry.

12.2.4.2 Our ability to secure and negotiate for projects and contracts

Our revenue is driven by our ability to secure contracts for our O&M and EPCC segments. Whilst primarily we have built a track record in providing O&M services and EPCC works to customers in the O&G industry in the past, we intend to diversify our customer base to include customers in the power generation industry. Our revenue growth will depend on our ability to secure both maintenance and EPCC contracts in the O&G, and power generation industries.

In Malaysia, we have built our reputation and business network to secure projects and contracts from our new and existing customers. We have managed to maintain a strong and sustainable relationship with our existing customers with the longest spanning over 20 years. For our overseas operations however, apart from our reputation and business network, we may need to work with our foreign business partners to secure overseas projects and contracts. Our competitive strengths and foreign business partners are expected to provide us the leverage to secure projects and/or contracts.

Our strengths include:

- (i) ranking third among companies in Malaysia providing MRO of rotating equipment to the O&G industry with 23 years track record;
- (ii) having a growing, profitable company supported by prudent financial track record;
- (iii) being a PETRONAS licensed company in Malaysia;
- (iv) having strong records in HSE and having implemented various safety and quality standards for our operations; and
- (v) having an experienced management team.

Please refer to Section 7.2 of this Prospectus on our competitive advantages and key strengths.

12. FINANCIAL INFORMATION (Cont'd)

12.2.4.3 Procurement and/or renewal and duration of contracts

The procurement and/or renewal and duration of our contracts are one of the main drivers to our revenue.

Our maintenance contracts are generally for terms of between two and five years. As the O&M services activities undertaken by our customers may be recurring in nature in view of the scheduled requirement for maintenance, our revenue growth would depend on our ability to secure new or obtain a renewal of the maintenance contracts upon the completion, expiry or termination of existing maintenance contracts. The revenue and cost components of our maintenance contracts are dependent on the nature of the contracts which is set out in Section 12.2.4.4 below.

In relation to the EPCC segment, the duration of the contracts secured by our Group would depend on the nature and complexity of the EPCC contract. One of our strategies in securing EPCC contracts is to offer O&M services after the EPCC contracts have been completed to provide us with recurring income over the period of maintenance contracts.

As the nature of our activities is service-oriented, our commitment on the service level provided throughout the contract period is critical for us. We think such commitment is important in building strong and long-term business relationships with our customers, and ensuring the sustainability and growth of our business. The commitment to service levels is also critical as the revenue from the contracts under the O&M services are dependent on work orders. Revenue from these contracts are not generated at the time the contracts are awarded unless the work orders are requested by the customer and carried out in accordance with the terms of the contracts. Our Group's results of operations and financial conditions may be materially and adversely affected if there is a decrease in the work orders issued.

12.2.4.4 Impact on margins

Our margins are affected by the direct cost of operations which mainly comprises purchases of materials such as machine and equipment parts, consumables, tools and equipment, services provided by suppliers which include a combination of mechanical, electrical and/or instrumentation work, wages and salaries, and professional fees.

The above cost components, save for manpower supply services contract costs, depend on the nature of the contracts and our customers, and are typically based on the following methods of determining our rates:

- (i) lump sum method where we negotiate and secure a contract that has a pre-determined cost value of work order but with built-in unit rates for the various types of equipment required; or
- (ii) cost plus method where we secure a contract which has a fixed mark-up to the cost value of work orders i.e. cost plus mark-up; or
- (iii) unit rate method where we agree upon fixed rates for parts, machines and services that are provided to our customers upon their requisition.

Under all three methods, we are required to estimate, manage and monitor our cost of operations to ensure adequate margins can be earned from each contract. Failure to perform the right estimate, management or monitoring of our costs for a contract will result in us deriving a lower margin on a particular contract.

12. FINANCIAL INFORMATION *(Cont'd)*

Please refer to Section 12.2.6.5 of this Prospectus for an analysis on our Group's cost of operations over the past three FYE 2013 to FYE 2015 and FPE 2016.

12.2.4.5 Dependence on skilled professionals/engineers

As an energy services group providing engineering solutions and serving customers in O&G, and power generation industries, we require certified, skilled, and experienced technical professionals to execute the projects and contracts awarded to our Group. Due to supply and demand conditions and competition among other engineering-based companies, the number of personnel with the relevant qualifications and experience in the industry may be limited. Our cost of operations may be higher if we are required to compete for such skilled and experience technical professionals.

Nonetheless, in line with our continuous requirements for skilled-based human resources, we also provide technical training as part of our other products and services segment. We have two City & Guilds Approved Centres in Bintulu, Sarawak and Paka, Terengganu in Malaysia. City & Guilds is a vocational education organisation in the UK offering more than 500 qualifications across more than 80 countries. Please refer to Section 7.4.4.1 of this Prospectus for further information on our technical training. Personnel trained by us may be hired by us upon successful completion of their respective qualifications.

12.2.4.6 Delays in completion of a project or work order for a contract

The revenue derived from a specific project or work order for a contract can be impaired by a number of factors such as delays in accessing a site, work delays due to geotechnical conditions or variations at site, delay in delivery of materials and parts sourced from overseas, for which may not be within our control.

In order to address the risk of delays, our project management team conducts periodic reviews with our customers during the entire phase of a project/contract. We will also hold periodic progress meetings with our customers' management to continuously manage our customers' expectations, work progress and be proactive to address any anticipated issues that may arise.

12.2.4.7 Impact of foreign exchange/interest rates on results of operations

For FYE 2015 and FPE 2016, 65.36% and 63.27% of our revenue were derived from countries outside of Malaysia, respectively. However, we do not use any hedging instruments in our daily operations. Therefore, we are exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of our Group entities.

Our revenue from overseas projects/contracts is typically denominated in USD. We maintain our cash inflow in a USD-denominated bank account, where it will be used to settle the portion of our cost of operations which are payable in USD. This provides us with a natural foreign currency hedge. Nonetheless, any unfavourable movements in the USD exchange rate may adversely affect our profitability. Please refer to Section 12.2.14.3 of this Prospectus for exposure to foreign currency risk.

12. FINANCIAL INFORMATION (Cont'd)

As at 30 June 2016, we have RM518.67 million of borrowings. Of our total borrowings, RM501.78 million, or 96.74%, as at 30 June 2016 are floating-rate loans. Therefore, any increase in the interest rate of our borrowings would increase our interest expense and therefore, adversely affect our profitability.

12.2.4.8 Overseas operational risks

We have expanded our products and services into Indonesia, Turkmenistan, India, UK and the Middle East region. For FYE 2015 and FPE 2016, 65.36% and 63.27% of our revenue were derived from countries outside of Malaysia, respectively. Changes in political and economic conditions in these countries could adversely affect our financial results. These political and economic uncertainties include, but are not limited to, the changes in political leadership, expropriation, nationalisation, changes in interest rates or tax rates, risks of war and global economic downturn.

12.2.4.9 Implementation of expansion plans to own and operate facilities

Our current business segments comprise:

- (i) O&M services;
- (ii) EPCC works; and
- (iii) Other products and services.

Moving forward, our growth will continue to be driven by O&M services and EPCC works, but as an extension of our core competencies in providing maintenance services, we plan to expand our asset ownership business model to diversify our revenue streams. We have started to embark on this strategy with our first CNG plant in Muaro Jambi, Sumatra in Indonesia.

The physical construction and installation of equipment in the CNG plant were completed in June 2016. Subsequent to the LPD, we commenced operations with the commissioning of the CNG plant and gas-instreaming which was conducted on 25 November 2016. Under our asset ownership business model, we will generate revenue in the form of sales of CNG using the provisional CNG trading permit issued to PD Muaro Jambi, pending the issuance of the official trading permit by the first quarter of 2017.

Moving forward, we will continue to expand on our asset ownership business model in Indonesia to own, operate and maintain small gas power plants and water utilities. We expect to generate revenue in the form of sales of power and provision of water treatment.

In addition, we intend to expand our operational facilities in Malaysia and overseas. A protracted delay in the above mentioned plans will materially affect the implementation of our business plans and consequently our financial performance. Please refer to Section 7.21 of this Prospectus on our future plans.

12. FINANCIAL INFORMATION *(Cont'd)*

12.2.5 Critical Accounting Policies

We have prepared our financial statements in accordance with the MFRS and IFRS.

In preparing our financial statements in conformity with the MFRS, we are required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

We review our estimates and underlying assumptions on an on-going basis where revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Actual results may differ from these estimates. We believe there are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in our financial statements.

12.2.6 Results of Operations

12.2.6.1 Revenue

As an engineering solutions provider, our principal sources of revenue are derived from the provision of O&M services and EPCC works. We operate within the O&G, and power generation industries, and our services have mainly been rendered for projects located in Malaysia, Indonesia, Turkmenistan and the Middle East region.

Our remaining revenue is derived from the other products and services segment, which are supportive and complementary to our provision of O&M services and EPCC works.

Our revenue grew by 40.95% from RM536.20 million in FYE 2013 to RM755.77 million in FYE 2014 and by 85.63% to RM1.40 billion in FYE 2015.

Our revenue growth from FYE 2013 to FYE 2014 was mainly due to:

- (i) maintenance and EPCC works contracts/orders being secured, including maintenance services which are recurring in nature. For FYE 2013, we had 41 maintenance contracts where approximately 1,332 work orders were requested by our customers and 20 EPCC works contracts/orders (comprising 16 EPCC works contracts and 4 EPCC works orders which arose from customers' purchase orders), which contributed to our O&M services revenue and EPCC works revenue respectively. For FYE 2014, we had 61 maintenance contracts where approximately 1,639 work orders were requested by our customers and 14 EPCC works contracts/orders (comprising 11 EPCC works contracts and 3 EPCC works orders which arose from customers' purchase orders), which contributed to our increased O&M services revenue and EPCC works revenue respectively; and
- (ii) our other products and services segment which comprises technical training, ICT solutions and services, and supply of products and parts. For FYE 2013 and FYE 2014, revenue from our other product and services segment were mainly attributed to the supply of spare parts for Ruston gas turbines for an O&G project in Oman; and

12. FINANCIAL INFORMATION (Cont'd)

- (iii) expansion in our customer base and geographical locations in terms of our customers from Malaysia to Turkmenistan and the Middle East region. In particular, the revenue derived from Turkmenistan relates to the contract secured for the provision of mechanical rotating maintenance services, whilst the revenue derived from the Middle East mainly relates to contracts secured for the provision of maintenance services for O&G projects in Qatar, UAE and Oman.

Our revenue growth from FYE 2014 to FYE 2015 was mainly due to:

- (i) maintenance and EPCC works contracts/orders being secured, including maintenance services which are recurring in nature. For FYE 2015, we had 78 maintenance contracts where approximately 1,826 work orders were requested by our customers and 24 EPCC works contracts/orders (comprising 17 EPCC works contracts and 7 EPCC works orders which arose from customers' purchase orders), which contributed to our increased O&M services revenue and EPCC works revenue respectively; and
- (ii) our enlarged customer base and geographical locations in terms of our customers from Malaysia, Indonesia, Turkmenistan and the Middle East region. The revenue derived from Turkmenistan relates to the contract secured for the provision of mechanical rotating maintenance services, whilst the revenue derived from the Middle East mainly relates to contracts secured for the provision of maintenance services for O&G projects in Qatar, UAE and Oman.

During FYE 2015, revenue from our other products and services segment which comprises technical training, ICT solutions and services, and supply of products and parts declined from FYE 2014 to FYE 2015 as no spare parts or other services were required under our major contracts for FYE 2015. Accordingly, revenue from our other products and services segment was mainly attributed to the supply of products and parts to customers through purchase orders as well as ICT solutions and services in FYE 2015.

Our revenue grew by 77.71% from RM513.04 million in the comparative period of the FPE 2015 to RM911.73 million in FPE 2016.

Our revenue growth from FPE 2015 to FPE 2016 was mainly due to:

- (i) maintenance and EPCC works contracts/orders being secured, including maintenance services which are recurring in nature. Comparatively, for FPE 2015, we had 54 maintenance contracts where approximately 685 work orders were requested by our customers and 10 EPCC works contracts/orders (comprising 8 EPCC works contracts and 2 EPCC works orders which arose from customers' purchase orders), which contributed to our O&M services revenue and EPCC works revenue respectively; and

whilst for FPE 2016, we had 68 maintenance contracts where approximately 1158 work orders were requested by our customers and 21 EPCC works contracts/orders (comprising 17 EPCC works contracts and 5 EPCC works orders which arose from customers' purchase orders), which contributed to our increased O&M services revenue and EPCC works revenue respectively;

12. FINANCIAL INFORMATION (Cont'd)

- (ii) our other products and services segment which comprises technical training, ICT solutions and services, and supply of products and parts. For FPE 2015 to FPE 2016, revenue from our other products and services segment was mainly attributed to the supply of products and parts to customers through purchase orders as well as ICT solutions and services; and
- (iii) our enlarged customer base and geographical locations in terms of our customers from Malaysia, Indonesia, Turkmenistan and the Middle East region.

12.2.6.2 Analysis of our revenue by nature of activities (i.e. operating segments)

The breakdown of our revenue by operating segments is as follows:

Operating Segment	FYE 2013		FYE 2014		FYE 2015		Unaudited FPE 2015		FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
O&M services	418,095	77.97	599,680	79.35	1,274,906	90.87	450,045	87.72	815,664	89.46
EPCC works	106,631	19.89	90,685	12.00	124,942	8.91	62,612	12.20	93,842	10.30
Other products and services	11,469	2.14	65,403	8.65	3,094	0.22	380	0.08	2,220	0.24
Total	536,195	100.00	755,768	100.00	1,402,942	100.00	513,037	100.00	911,726	100.00

O&M services is the largest revenue contributor and accounted for 77.97%, 79.35% and 90.87% of our revenue in FYE 2013, FYE 2014 and FYE 2015 respectively. O&M services had accounted for 87.72% and 89.46% of our revenue in FPE 2015 and FPE 2016 respectively.

The O&M services revenue is driven by our specialisation in the MRO of rotating equipment. Rotating equipment is a general classification of machinery and equipment that are designed to generate circular movement and motion, which is then used to move or agitate materials, e.g. gas and steam turbines, engines, motors, pumps, compressors and industrial fans. We focus on rotating equipment used within the O&G, and power generation industries.

Our O&M services revenue is also driven by our specialisation in the IRM of static equipment and structures. These include boilers and unfired pressure vessels, piping systems and structures.

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12. FINANCIAL INFORMATION (Cont'd)

The table below sets out the revenue generated from our O&M services which comprise MRO of rotating equipment and IRM of static equipment for FYE 2013, FYE 2014, FYE 2015, FPE 2015 and FPE 2016:

Operating Segment	FYE 2013		FYE 2014		FYE 2015		Unaudited FPE 2015		FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
O&M services: MRO of rotating equipment	409,156	97.86	569,048	94.89	975,148	76.49	416,876	92.63	671,486	82.32
O&M services: IRM of static equipment and structures	8,939	2.14	30,632	5.11	299,758	23.51	33,169	7.37	144,178	17.68
Total	418,095	100.00	599,680	100.00	1,274,906	100.00	450,045	100.00	815,664	100.00

MRO of rotating equipment is the largest O&M services contributor which accounted for 97.86%, 94.89%, 76.49% of our revenue in O&M services segment in FYE 2013, FYE 2014 and FYE 2015, respectively. MRO of rotating equipment accounted for 92.63% and 82.32% of our revenue in O&M services segment in FPE 2015 and FPE 2016 respectively.

IRM of static equipment and structures accounted for 2.14%, 5.11% and 23.51% of our revenue in O&M services segment in FYE 2013, FYE 2014 and FYE 2015 respectively. IRM of static equipment and structures accounted for 7.37% and 17.68% of our revenue in O&M services segment in FPE 2015 and FPE 2016 respectively.

The table below sets out the revenue generated from our operating segments locally and overseas:

Operating Segment	FYE 2013		FYE 2014		FYE 2015		Unaudited FPE 2015		FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
O&M services: Local	191,535	35.72	256,240	33.91	376,746	26.85	174,228	33.96	245,295	26.91
O&M services: Overseas	226,560	42.25	343,440	45.44	898,160	64.02	275,817	53.76	570,369	62.56
EPCC works: Local	100,112	18.67	88,723	11.74	106,178	7.57	52,208	10.18	87,385	9.58
EPCC works: Overseas	6,519	1.22	1,962	0.26	18,764	1.34	10,404	2.02	6,457	0.71
Other products and services: Local	4,289	0.80	5,864	0.77	3,094	0.22	380	0.08	2,220	0.24
Other products and services: Overseas	7,180	1.34	59,539	7.88	-	-	-	-	-	-
Total	536,195	100.00	755,768	100.00	1,402,942	100.00	513,037	100.00	911,726	100.00

Our O&M services revenue for the past three financial years and the latest financial period were supported by local and overseas contracts, which can be analysed further under our geographical locations by customers as set out in Section 12.2.6.3 of this Prospectus.

12. FINANCIAL INFORMATION (Cont'd)

Revenue from our O&M segments for both local and overseas contracts increased from FYE 2013 to FYE 2014 and to FYE 2015. Our revenue from O&M segments for both local and overseas contracts also increased from FPE 2015 to FPE 2016. Our O&M segment revenue from overseas contracts contributed increasingly to our total revenue during this period.

Our second largest revenue contributor is our EPCC segment which is mainly derived locally for the past three financial years and the latest financial period.

PETRONAS Methanol (Labuan) Sdn Bhd and PETRONAS Carigali Sdn Bhd were the major contributors to our EPCC works revenue for FYE 2013. The contract with PETRONAS Methanol (Labuan) Sdn Bhd relates to the procurement, fabrication and installation of new firefighting system (Phase 2) for Plant 1. The contract with PETRONAS Carigali Sdn Bhd is for the provision of supply, installation, testing and commissioning of bar coding and material album system.

In FYE 2014 and FYE 2015, our main EPCC works revenue contributions came from the following:

- Sarawak Shell Berhad for the design, supply and delivery of microturbine generators for E6 Field Development Project;
- PETRONAS Methanol (Labuan) Sdn Bhd for the procurement, fabrication and installation of new firefighting system (Phase 2) for Plant 1;
- Metix Malaysia Sdn Bhd for the supply and installation of piping system for The Sakura Ferroalloys Project; and
- One River Power for EPCC works of small hydropower plants in Kota Marudu, Sabah, Malaysia.

Revenue from the other products and services segment for FYE 2013 and FYE 2014 were mainly attributed to the supply of spare parts for Ruston gas turbines for an O&G project in Oman. Revenue from this segment in FYE 2015 was minimal and accounted for only 0.22% of Group revenue because no spare parts or other services were required under our major contracts that year. Accordingly, revenue from our other products and services segment was mainly attributed to the supply of products and parts to customers through purchase orders as well as ICT solutions and services in FYE 2015.

Our EPCC works revenue grew by 49.88% from FPE 2015 to FPE 2016, where a significant portion of the EPCC works revenue contributions came from the following:

- DongYang Construction Malaysia Sdn. Bhd. for the civil, infrastructure, electrical and instrumentation of Jimah East Power Plant; and
- Petrofac E&C Sdn Bhd for the supply, fabrication and painting of structural steel for the Refinery and Petrochemical Integrated Development Project.

12. FINANCIAL INFORMATION (Cont'd)

12.2.6.3 Analysis of revenue by geographical locations

The breakdown of our revenue based on the geographical locations of our customers (where our products are sold or services are rendered) is as follows:

Regions	FYE 2013		FYE 2014		FYE 2015		Unaudited FPE 2015		FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Southeast Asia										
Malaysia	295,936	55.19	350,827	46.42	486,018	34.64	226,815	44.21	334,900	36.73
Indonesia	51,310	9.57	39,353	5.21	84,397	6.02	19,893	3.88	95,100	10.43
Sub-total	347,246	64.76	390,180	51.63	570,415	40.66	246,708	48.09	430,000	47.16
Central and South Asia										
Turkmenistan	80,945	15.09	123,689	16.37	166,401	11.86	58,462	11.40	72,148	7.91
India	3,196	0.60	773	0.10	634	0.05	634	0.12	-	-
Sub-total	84,141	15.69	124,462	16.47	167,035	11.91	59,096	11.52	72,148	7.91
Middle East										
Bahrain	4,937	0.92	9,846	1.30	5,628	0.40	2,971	0.58	17,696	1.94
UAE	998	0.19	38,694	5.12	196,357	14.00	123,108	24.00	87,306	9.58
Qatar	64,769	12.08	91,566	12.12	254,723	18.16	63,865	12.45	174,679	19.16
Oman	7,180	1.34	78,333	10.36	177,791	12.67	15,781	3.08	5,907	0.65
KSA	26,924	5.02	12,286	1.63	15,964	1.13	-	-	116,895	12.82
Kuwait	-	-	9,772	1.29	12,356	0.88	904	0.17	5,872	0.65
Sub-total	104,808	19.55	240,497	31.82	662,819	47.24	206,629	40.28	408,355	44.80
Europe										
UK	-	-	629	0.08	2,673	0.19	604	0.11	1,223	0.13
Total	536,195	100.00	755,768	100.00	1,402,942	100.00	513,037	100.00	911,726	100.00

For the past three financial years and the latest financial period, our business operations were mainly focused within Malaysia, Indonesia, Turkmenistan and the Middle East. Malaysia was our main revenue contributor, and contributed 55.19%, 46.42%, 34.64% and 36.73% to our revenue for FYE 2013, FYE 2014, FYE 2015 and FPE 2016, respectively. The percentage contribution from Malaysia decreased for FYE 2014 and FYE 2015 as the revenue contribution of new business operations in Turkmenistan and the Middle East increased. In absolute terms, revenue from Malaysia continued to increase, and increased by 18.55% in FYE 2014 and by 38.53% in FYE 2015. In FPE 2016, revenue from Malaysia had increased by 47.65% from FPE 2015. However, the percentage contribution from Malaysia decreased for FPE 2016 as the revenue contribution of business operations in the Middle East continued to increase at a higher rate.

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12. FINANCIAL INFORMATION (Cont'd)

Revenue in Malaysia was mainly attributed to the provision of O&M services on maintenance contracts secured from PETRONAS Carigali Sdn Bhd, other oil majors and petrochemical companies within the PETRONAS group of companies. For FYE 2014 and FYE 2015, the increase in revenue contribution from Malaysia was due to the on-going maintenance contracts which were secured during FYE 2013 and also additional maintenance contracts secured. For FYE 2013 to FYE 2015, the main revenue contributors were PETRONAS Carigali Sdn Bhd and Sarawak Shell Berhad. These maintenance contracts mainly relate to the provision of MRO services for rotating equipment. For FYE 2013 and FYE 2014, we also provided vendor support services and supply of spare parts for microturbines to Sabah Shell Petroleum Co. Ltd.

PETRONAS Carigali Sdn Bhd continued to be the largest contributor to Malaysian revenue with a total contribution of RM138.95 million in FPE 2016 as compared to RM96.62 million in FPE 2015 which is derived from the provision of maintenance services in relation to existing contracts. Other major contributors included Sarawak Shell Berhad which accounted for RM30.66 million and RM51.76 million for FPE 2016 and FPE 2015 respectively, followed by Sabah Shell Petroleum Co. Ltd. which accounted for RM22.39 million in FPE 2016 and RM18.21 million in FPE 2015.

Revenue from Indonesia was mainly derived from the provision of O&M services to several customers involved in the O&G industry where the maintenance contracts were focused on provision of MRO services for rotating equipment maintenance works. We secured a contract with PT Ensco Sarida for provision of MRO services for centrifugal compressor and other associated equipment to its end-customer, PT Chevron Pacific Indonesia in FYE 2013 which also contributed to the revenue from Indonesia in FYE 2014, FYE 2015 and FPE 2016. Revenue from Indonesia was also generated from maintenance contracts with PT Gunawan Construction to its end-customers, PT Chevron Pacific Indonesia in FYE 2013, FYE 2014, FYE 2015 and FPE 2016, and Pertamina Group in FYE 2014, FYE 2015 and FPE 2016 for the supply of skilled manpower, equipment and tools for rotating equipment maintenance works. PT Kubic Gasco contributed to the revenue from Indonesia for FYE 2015 and FPE 2016 for EPCC works of CNG plant project in Muaro Jambi, Sumatra, Indonesia.

Revenue contribution from Turkmenistan for the past three financial years and FPE 2016 was derived under our O&M segment solely from PETRONAS Carigali Turkmenistan Sdn Bhd, a contract which was secured in FYE 2013 for the provision of MRO services for rotating equipment.

The revenue contribution from the Middle East region has increased throughout the past three financial years and FPE 2016 as we continue to build our network and secure contracts from countries in the Middle East, where their contributions increased from 19.55% in FYE 2013 to 31.82% in FYE 2014 and to 47.24% in FYE 2015. Similarly, the contribution from the Middle East region has increased from 40.28% in FPE 2015 to 44.80% in FPE 2016.

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12. FINANCIAL INFORMATION *(Cont'd)*

In the UAE, our revenue continued to increase in FYE 2014 due to our contract with Yusof Bin Ahmed Kanoo Company Limited for the provision of boilers inspection and turnaround maintenance to its end-customer, Taweelah Asia Power Company; and Suwaidi Engineering Group for the provision of manpower services for plant turnaround and overhaul of major machinery during Train 3 and Boilers 5 and 6 Turnaround to its end-customer, Abu Dhabi Gas Liquefaction Company Ltd. In FYE 2015, we continued to recognise revenue from Yusof Bin Ahmed Kanoo Company Limited. We have also recognised revenue from Suwaidi Engineering Group for the plant turnaround contract and from Energy Engineering & Services for its two end-customers, Dubai Natural Gas Company Limited and Borouge up to FPE 2016 for the provision of MRO of pressure testing, COTP, safety relief valve and other associated rotating equipment.

In Qatar, revenue contribution for FYE 2013 to FYE 2015 and FPE 2016 was derived from our maintenance contract secured with Petroserv Limited to undertake the provision of MRO services for rotating equipment for its end customers, which includes Qatar Chemical Company Ltd. In FYE 2015, we secured a contract from Process Dynamics Company for the provision of topside maintenance service, MRO of pressure testing, crude oil transfer pumps, safety relief valve and other associated rotating equipment to its end customers, which includes Qatar Petroleum. We had also secured a contract with Energy Engineering & Services for the MRO of pressure testing, COTP, safety relief valve and other associated rotating equipment to its end customers, which includes Qatar Gas Company which contributed to our increased revenue under the O&M segment for FYE 2014, FYE 2015 and FPE 2016.

In Oman, we generated revenue from maintenance contracts with Energy Machine Services LLC for an O&G project in Oman to its end-customer, Petroleum Development Oman for FYE 2013, FYE 2014, FYE 2015 and FPE 2016. Revenue for FYE 2013 and FYE 2014 however, were derived predominantly from the supply of spare parts for Ruston gas turbines as part and parcel of our maintenance contract secured from Energy Machine Services LLC to its end-customer, Petroleum Development Oman.

In KSA, we secured maintenance contracts from Elliot Gas Services Saudi Arabia Limited for the provision of skilled manpower for MRO rotating equipment services to Saudi Aramco Group which contributed to our revenue for the past three financial years. In FPE 2016, we secured maintenance contracts from Midad Industrial Services for the provision of MRO of pressure testing, COTP, safety relief valve and rotating equipment.

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12. FINANCIAL INFORMATION (Cont'd)

12.2.6.4 Analysis of revenue by subsidiaries

The breakdown of our revenue by subsidiaries is as follows:

Company	FYE 2013		FYE 2014		FYE 2015		Unaudited FPE 2015		FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Serba Dinamik Group	1,291	0.24	10,655	1.41	17,084	1.22	7,542	1.47	9,762	1.07
Serba Dinamik ⁽¹⁾	376,211	70.16	474,271	62.75	661,671	47.16	285,032	55.56	399,889	43.86
Serba Dinamik International ^{(1), (6)}	150,430	28.06	259,712	34.36	707,835	50.45	217,829	42.46	497,121	54.53
Serba Dinamik IT ⁽¹⁾	1,043	0.19	1,104	0.15	1,928	0.14	502	0.10	1,417	0.16
Serba Dinamik Indonesia ^{(2), (6)}	9,169	1.71	11,458	1.52	23,516	1.68	9,772	1.90	9,840	1.08
Serba Dinamik Petroleum ^{(2), (6)}	4,727	0.88	9,490	1.26	6,059	0.43	2,971	0.58	2,804	0.31
Serba Dinamik London ⁽²⁾	-	-	629	0.08	554	0.04	604	0.12	-	-
A R Global Engineering ⁽¹⁾	-	-	-	-	317	0.02	174	0.03	344	0.04
Telegistics Asia ⁽³⁾	-	-	-	-	252	0.02	154	0.03	23	_(7)
Quantum Offshore ⁽⁴⁾	-	-	-	-	1,802	0.13	-	-	1,223	0.13
SD Advance Engineering	-	-	-	-	-	-	-	-	6,423	0.70
SD Controls ⁽¹⁾	-	-	-	-	-	-	-	-	3,250	0.35
	542,871	101.24	767,319	101.53	1,421,018	101.29	524,580	102.25	932,096	102.23
Less: Inter-company revenue ⁽⁵⁾	(6,676)	(1.24)	(11,551)	(1.53)	(18,076)	(1.29)	(11,543)	(2.25)	(20,370)	(2.23)
Total	536,195	100.00	755,768	100.00	1,402,942	100.00	513,037	100.00	911,726	100.00

Notes:

- (1) Subsidiary of Serba Dinamik Group.
- (2) Subsidiary of Serba Dinamik International.
- (3) Subsidiary of Serba Dinamik IT.
- (4) Subsidiary of Serba Dinamik.
- (5) The consolidation adjustments are in relation to the elimination of inter-company transactions within our Group.
- (6) Average exchange rates used are as follows:

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12. FINANCIAL INFORMATION (Cont'd)

<i>Company</i>	<i>FYE 2013</i>	<i>FYE 2014</i>	<i>FYE 2015</i>	<i>FPE 2015</i>	<i>FPE 2016</i>
<i>Serba Dinamik International</i>	<i>USD3.17</i>	<i>USD3.28</i>	<i>USD3.94</i>	<i>USD3.69</i>	<i>USD4.06</i>
<i>Serba Dinamik London Quantum Offshore</i>	<i>-</i>	<i>GBP5.45</i>	<i>GBP6.01</i>	<i>GBP5.95</i>	<i>GBP5.71</i>
<i>Serba Dinamik Indonesia</i>	<i>IDR0.000302</i>	<i>IDR0.000281</i>	<i>IDR0.000292</i>	<i>IDR0.000284</i>	<i>IDR0.000306</i>
<i>Serba Dinamik Petroleum</i>	<i>BHD8.37</i>	<i>BHD9.27</i>	<i>BHD10.47</i>	<i>BHD10.07</i>	<i>BHD10.70</i>

Source: BNM

(7) Amount negligible.

Serba Dinamik was the main contributor to our Group's revenue having contributed 70.16% and 62.75% to our revenue for FYE 2013 and FYE 2014 before being overtaken by Serba Dinamik International in FYE 2015. The percentage revenue contribution reduced over the last three financial years under review as higher revenue contribution was generated from overseas via our operations under Serba Dinamik International. Serba Dinamik International was the second largest contributor to our revenue up to FYE 2014, having contributed 28.06% and 34.36% to our revenue for FYE 2013 and FYE 2014. For FYE 2015 and FPE 2016 however, Serba Dinamik International became the main contributor to our Group's revenue having contributed 50.45% and 54.53% to our revenue and overtook Serba Dinamik which contributed 47.16% and 43.86% to our revenue respectively.

The combined revenue contribution of Serba Dinamik and Serba Dinamik International were about 97% to 98% for the past three financial years and the latest financial period under review. Whilst both companies are mainly involved in the provision of O&M services and EPCC works, Serba Dinamik's revenue was primarily derived from Malaysia while Serba Dinamik International's revenue was derived from our foreign operations in the Middle East, Turkmenistan and Indonesia. In FYE 2015, we have acquired new subsidiaries namely A R Global Engineering, Telegistics Asia and Quantum Offshore that had contributed RM0.32 million or 0.02% of our total revenue, RM0.25 million or 0.02% of our total revenue and RM1.80 million or 0.13% of our total revenue, respectively.

We acquired SD Advance Engineering and SD Controls on 31 December 2015 which had contributed RM6.42 million and RM3.25 million respectively to our Group's revenue in FPE 2016.

Please refer to Section 12.2.3 of this Prospectus for further details on our recent developments.

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12. FINANCIAL INFORMATION (Cont'd)

12.2.6.5 Cost of operations

Cost of operations	FYE 2013		FYE 2014		FYE 2015		Unaudited FPE 2015		FPE2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Parts, consumables and services ⁽¹⁾	397,610	89.38	586,615	91.02	1,084,547	92.66	382,534	94.29	690,552	92.67
Professional fees ⁽²⁾	26,353	5.92	27,873	4.33	25,067	2.14	2,009	0.50	15,426	2.07
Personnel expenses ⁽³⁾	7,265	1.63	9,708	1.51	19,222	1.64	11,256	2.78	14,005	1.88
Depreciation ⁽⁴⁾	8,538	1.92	12,721	1.97	25,370	2.17	8,644	2.13	20,841	2.80
Others ⁽⁵⁾	5,115	1.15	7,544	1.17	16,277	1.39	1,229	0.30	4,384	0.58
	444,881	100.00	644,461	100.00	1,170,483	100.00	405,672	100.00	745,208	100.00

Notes:

- (1) Parts comprise machine and equipment parts, tools and equipment, microturbines, compressors, piping and metal structures. Consumables comprise oil, lubricants and fuel. Services are amounts paid to suppliers for their supply of parts and provision of services.
- (2) Include fees paid to professionals for provision of technical consultancy, technical analysis and testing as well as training services under City & Guilds.
- (3) Include wages and salaries of personnel directly related to the contracts/projects as well as technical personnel.
- (4) Depreciation of plant and equipment and tools and equipment.
- (5) Includes hiring and chartering of equipment, travelling and transportation and maintenance of own machineries and equipment.

Our cost of operations increased by 44.86% from RM444.88 million in FYE 2013 to RM644.46 million in FYE 2014 and by 81.62% to RM1.17 billion in FYE 2015. Our cost of operations also increased by 83.70% from RM405.67 million in FPE 2015 to RM745.21 million in FPE 2016.

Parts, consumables and services form a major component of our cost of operations and had increased by 47.54% from RM397.61 million in FYE 2013 to RM586.62 million in FYE 2014 and by 84.88% to RM1.08 billion in FYE 2015 due to the increase in new maintenance contracts secured by our Group, particularly in Malaysia, Turkmenistan and the Middle East. Parts, consumables and services also increased by 80.52% from RM382.54 million in FPE 2015 to RM690.55 million in FPE 2016 due to additional maintenance contracts secured by our Group, particularly in Malaysia and the Middle East.

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12. FINANCIAL INFORMATION (Cont'd)

We source for parts and services from our suppliers to facilitate our provision of O&M services. The sourcing of parts such as machine and equipment parts, forms part of the service cost charged by our suppliers. Examples of these machine and equipment parts are relief valves, sensors, nozzles, turbo chargers etc. Examples of tools and equipment are hammers, gauges, welds etc. Services provided by our suppliers include a combination of mechanical, electrical and/or instrumentation work and are necessary should the need for certain expertise arise or where additional manpower is required due to a compressed project timeline. As we undertake projects overseas in various geographical locations, it would also be cost effective for services to be performed by such suppliers due to the economies of scale that the suppliers may have in certain specialised functions and to leverage on their local source of expertise in the countries they operate.

Professional fees increased marginally from RM26.35 million in FYE 2013 to RM27.87 million in FYE 2014 due to fees paid for the provision of technical consultancy, technical analysis and testing services which may be required at times in the provision of our O&M services. Nonetheless, we were able to reduce our professional fees expense by 10.07% to RM25.07 million in FYE 2015. Professional fees increased by 667.66% from RM2.01 million in FPE 2015 to RM15.43 million in FPE 2016 due to fees paid for the provision of professional and technical consultancy, technical analysis and testing services.

In FYE 2015, personnel expenses increased by 98.00% from FYE 2014 due to the increase in manpower requirement in line with our expansion in Malaysia and overseas operations. Our number of employees (including technical and supervisory, but excluding managerial and professional, clerical and administrative, and sales and marketing) progressively increased from 253 as at 31 December 2013 to 437 as at 31 December 2014 and to 580 as at 31 December 2015. The technical and supervisory employees are mostly contract workers and their salaries are recognised under cost of operations. For FPE 2016, personnel expenses increased by 24.42% from FPE 2015 due to the increase in manpower requirement in line with our increased activities in both Malaysia and overseas operations. The increase was also as a result of higher expenses paid for overseas contract workers consistent with the growth in our overseas business.

Depreciation of plant and machinery, and tools and equipment increased progressively in line with the additions to plant and machinery of RM10.79 million, RM38.48 million and RM0.72 million in FYE 2013, FYE 2014 and FYE 2015, respectively. Additions to tools equipment was RM12.78 million, RM24.86 million and RM201.65 million in FYE 2013, FYE 2014 and FYE 2015, respectively. For FPE 2016, depreciation of plant and machinery, and tools and equipment increased in line with the additions to these assets resulting in an increase of RM12.20 million in FPE 2016 from RM8.64 million in FPE 2015.

We acquired more plant and machinery to cater to our workshop expansion. Some of the plant and machinery recently acquired include lathe machines, shaping machines, milling machines, mobile cranes, hydraulic pressing machines, forklifts and hand tools and parts. We currently operate from five different service centres in Malaysia namely, in Labuan which comprises Labuan Service Centre 1 and Labuan Service Centre 2, Paka, Bintulu and Miri. We also purchased other tools and equipment to cater to our increased business operations. For FYE 2015 and FPE 2016 we increased our purchase of tools and equipment substantially as we secured a number of contracts which required concurrent mobilisation of works. These tools and equipment include items such as copper hammers, feeler gauges (simple hand tools for measuring gaps), welds, etc.

12. FINANCIAL INFORMATION (Cont'd)

The analysis of our cost of operations, GP and GP margins by operating segments for FYE 2013, FYE 2014, FYE 2015 and FPE 2016 is set out in the subsections below.

12.2.6.6 Analysis of cost of operations by operating segments

Operating segments	FYE 2013		FYE 2014		FYE 2015		Unaudited FPE 2015		FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
O&M services	344,051	77.34	502,524	77.98	1,062,886	90.81	355,949	87.74	668,808	89.75
EPCC works	90,002	20.23	81,028	12.57	105,042	8.97	49,421	12.18	74,688	10.02
Other products and services	10,828	2.43	60,909	9.45	2,555	0.22	302	0.08	1,712	0.23
Total	444,881	100.00	644,461	100.00	1,170,483	100.00	405,672	100.00	745,208	100.00

For FYE 2013, FYE 2014 and FYE 2015, the cost of operations from our O&M segment constituted 77.34%, 77.98% and 90.81% of our total cost of operations, respectively and was in line with the revenue contribution from the O&M segment where maintenance contracts formed the bulk of our revenue. This is followed by our EPCC segment in terms of cost of operation which constituted 20.23% in FYE 2013 but reduced to 12.57% in FYE 2014 and 8.97% in FYE 2015 which was in line with the decrease in revenue contribution from our EPCC segment over the financial years under review. The cost of operations attributable to the other products and services segment was the least and consistent with the insignificant revenue contribution from this segment.

For FPE 2015 and FPE 2016, the cost of operations from our O&M segment constituted 87.74% and 89.75% of our total cost of operations, respectively. This is followed by our EPCC segment in terms of cost of operations which constituted 12.18% in FPE 2015 and 10.02% in FPE 2016. In absolute terms, cost of operations incurred in the EPCC segment had increased from RM49.42 million in FPE 2015 to RM74.69 million in FPE 2016, which was in line with the increase in revenue generated from our EPCC segment.

12.2.6.7 Analysis of GP and GP margin by operating segments

The breakdown of our GP and GP margin by operating segments is as follows:

Operating segments	FYE 2013		FYE 2014		FYE 2015		Unaudited FPE 2015		FPE 2016	
	GP RM'000	Margin %	GP RM'000	Margin %	GP RM'000	Margin %	GP RM'000	Margin %	GP RM'000	Margin %
O&M services	74,044	17.71	97,156	16.20	212,020	16.63	94,096	20.91	146,856	18.00
EPCC works	16,629	15.59	9,657	10.65	19,900	15.93	13,191	21.07	19,154	20.41
Other products and services	641	5.59	4,494	6.87	539	17.42	78	20.53	508	22.88

Our O&M segment recorded a decline in GP margin from 17.71% in FYE 2013 to 16.20% in FYE 2014 but improved to 16.63% in FYE 2015. Our O&M segment also recorded a decline in GP margin from 20.91% in FPE 2015 to 18.00% in FPE 2016. The decline in GP margin under O&M segment was due to the increase in cost of operations of the O&M segment.

12. FINANCIAL INFORMATION (Cont'd)

For our EPCC segment, GP margin decreased from 15.59% in FYE 2013 to 10.65% in FYE 2014 but increased to 15.93% in FYE 2015. For our EPCC segment, GP margin had marginally decreased from 21.07% in FPE 2015 to 20.41% in FPE 2016. The GP margin from EPCC segment is driven by the nature, type and specification of EPCC works projects secured and can vary from year to year depending on the progress of works. For FYE 2013, we had 20 EPCC works contracts/orders (comprising 16 EPCC works contracts and 4 EPCC works orders which arose from customers' purchase orders) whilst for FYE 2014, we had 14 EPCC works contracts/orders (comprising 11 EPCC works contracts and 3 EPCC works orders which arose from customers' purchase orders), and for FYE 2015, we had 24 EPCC works contracts/orders (comprising 17 EPCC works contracts and 7 EPCC works orders which arose from customers' purchase orders), that contributed to our EPCC works revenue for the respective financial years.

For FPE 2015, we had 10 EPCC works contracts/orders (comprising 8 EPCC works contracts and 2 EPCC works orders which arose from customers' purchase orders) whilst for FPE 2016, we had 21 EPCC works contracts/orders (comprising 17 EPCC works contracts and 5 EPCC works orders which arose from customers' purchase orders), that contributed to our EPCC works revenue for the respective financial periods.

Each of these EPCC works contracts have different works specification, mobilisation timing and deliverables in terms of procurement, types of products required, fabrication and construction, testing, installation and commissioning. Accordingly, each EPCC works contracts will have different revenue and cost structures resulting in different margins being earned. We maintain our competitiveness by undertaking EPCC works that is mainly focused on minor fabrication works including, among others, steel structures, piping systems, installation of rotating and static equipment as well as construction of plants, amenities and buildings.

Overall, GP margin from the EPCC segment was lower in FYE 2014 as compared to FYE 2013 due to the following:

- For FYE 2013, we managed to secure a higher number of EPCC works contracts/orders that were negotiated with better pricing which led to our GP margin of 15.59% for FYE 2013; and
- Whilst for FYE 2014, we secured a lower number of EPCC works contracts/orders that yielded a lower margin as a majority were short term in nature and were awarded based on competitive pricing as a result of the overall uncertainty in the industries which we operate in.

For FYE 2015, the EPCC segment had higher GP margin in FYE 2015 as compared to FYE 2014 as we managed to secure a higher number of EPCC works contracts/orders that were negotiated with better pricing which led to higher GP margin for FYE 2015.

Our GP margin had marginally decreased from 21.07% in FPE 2015 to 20.41% in FPE 2016 due to the progress of works undertaken to date and recognition of revenue within the EPCC segment.

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12. FINANCIAL INFORMATION (Cont'd)

The revenue contribution for FYE 2013 and FYE 2014 for other products and services segment was mainly attributed to the supply of spare parts for Ruston gas turbines for an O&G project in Oman, as part and parcel of the maintenance contract related to the project, which yielded low profit margin. For FYE 2015, the revenue contribution was derived from the provision of IT services, education and training, which yielded higher profit margin. For FPE 2016, the increase in GP margin from 20.53% in FPE 2015 to 22.88% in FPE 2016 for other products and services was due to low overhead costs incurred in the provision of IT and training services.

Improved GP margin in FPE 2015 was a result of increased revenue contribution from the overseas market via Serba Dinamik International, which command higher average margins compared to the Malaysian market. Besides, the depreciation of the Malaysian Ringgit against the USD has a favourable impact to the Group via its participation in the Turkmenistan project. As discussed in Section 12.2.6.4 of the Prospectus, for FYE 2015 onwards, Serba Dinamik International became the main contributor to the Group's revenue and the contribution continued to grow in FPE 2016, contributing to 54.53% of the Group's revenue. Hence, our margins improved in FPE 2016 in comparison with FYE 2013, FYE 2014, and FYE 2015.

12.2.6.8 Other operating income

The breakdown of our other operating income is as follows:

	FYE 2013		FYE 2014		FYE 2015		Unaudited FPE 2015		FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Grants	-	-	5,673	69.60	-	-	-	-	-	-
Foreign exchange gain, unrealised	-	-	105	1.29	-	-	-	-	491	77.44
Rental income	43	2.45	19	0.23	130	15.26	130	76.02	39	6.15
Others	1,714	97.55	2,354	28.88	722	84.74	41	23.98	104	16.41
Total	1,757	100.00	8,151	100.00	852	100.00	171	100.00	634	100.00

In FYE 2014, we received two grants as follows:

- (i) RM1.20 million from the Ministry of Finance relating to the Strategic Action for Youth 1Malaysia Programme

The Government's intention was to implement the Say 1Malaysia Programme ("Programme") to provide strategic, professional and high impact training and skills for youth and individuals. On 19 February 2014, Serba Dinamik received the Letter of Award from the Government and agreed to provide the programme in accordance to the terms and conditions set out in the Strategic Action for Youth 1Malaysia Programme's agreement.

12. FINANCIAL INFORMATION (Cont'd)

The Programme involved 30 trainees, with priority given to unemployed individuals and individuals with household income of less than RM5,000.00 per month. Upon completing the Programme, Serba Dinamik shall ensure that at least 70.00% of the trainees who have been elected for or selected to attend the Programme should be able to gain employment with salary prospect of not less than RM2,500 per month within six months after completing the Programme. The trainees were given certificate of attendance to certify that they have satisfactorily and completely fulfilled all requirements for the studies and if required, to sit for certification examination to complete the Programme. The Programme was for a duration of six months during FYE 2014. It was financed 100.00% via the RM1.20 million grant. The Programme has since been completed and met its objectives.

(ii) RM4.47 million from TERAJU

Serba Dinamik had on 15 October 2013 entered into a facilitation grant agreement with TERAJU for a grant to fund part of the costs and expense for workshops construction and purchase of machineries and equipment for our MRO workshops within Malaysia ("**Project**") i.e. Bintulu Service Centre in Bintulu, Sarawak and Labuan Service Centres in Federal Territory of Labuan. Any other costs and expense incurred by us in completing the Project shall be borne by us.

The Bintulu Service Centre provides services in relation to onshore activities. The Bintulu Service Centre is supported by the Miri Service Centre.

Offshore activities are conducted primarily in the Labuan Service Centres. Labuan Service Centre 1 provides services for fabrication works, but due to its limited space, Labuan Service Centre 2 was set up.

Our obligations inter alia, as set out in the TERAJU grant are as follows:

- (i) to carry out and complete the project within the agreed project period and in strict compliance with all applicable laws, rules and regulations of all the authority having jurisdiction over the Project;
- (ii) take all appropriate measures exercising expected competency using due care and skill, and where necessary by engaging project consultants, to ensure that the Project complies with the terms and conditions of the agreement; and
- (iii) prepare and submit to Teraju Bumiputera Corporation (a Company representing TERAJU) quarterly progress reports of the project that are verified by the project consultants.

The TERAJU grant will be utilised in the form of reimbursement. The process of the grant's application and drawdown is as follows:

- (i) applicant i.e. Serba Dinamik submits an application to TERAJU for financial assistance for its proposed works, services and/or purchases;

12. FINANCIAL INFORMATION (Cont'd)

- (ii) grant approval is given by TERAJU upon successful application by Serba Dinamik and a facilitation grant agreement is entered into between Serba Dinamik and TERAJU upon fulfilment of all conditions precedent imposed by TERAJU for the granting of the grant;
- (iii) Serba Dinamik is to perform the works, services and/or purchases as per the terms and conditions of the facilitation grant agreement;
- (iv) Serba Dinamik is to submit a drawdown notice to TERAJU after the completion of the works, services and/or purchases together with the relevant supporting documents in accordance to the terms and conditions of the grant;
- (v) TERAJU's or its consultant would assess the adequacy, accuracy and completeness of the drawdown notice; and
- (vi) pursuant to the report, TERAJU will disburse the grant value to Serba Dinamik, subject to the terms and conditions of the grant.

Following Serba Dinamik's application for the TERAJU grant on the Project, TERAJU had in principle approved the amount of RM4.95 million to fund part of the costs and expense of the Project. We monitor our TERAJU grant application periodically to follow up on our grant application status as well as on our drawdown notice to TERAJU. We monitor and record the total grants received to-date in our books within our Group Finance & Account Department. The amount of drawdowns allowed shall be within the grant amount/limit, without specification as to how many applications/drawdowns are allowed. We had drawn down RM4.47 million of the TERAJU grant which is the final approved amount as agreed by TERAJU to fund part of the costs and expense of the Project in FYE 2014. Hence, the balance of RM0.48 million (i.e. being the TERAJU grant amount of RM4.95 million applied for less RM4.47 million drawn down by Serba Dinamik) of the TERAJU grant will no longer be available for further drawdowns as the Project has been completed.

We did not utilise similar grants in FYE 2013 and FYE 2015 and FPE 2016.

Serba Dinamik had on 30 March 2015 entered into a facilitation grant agreement with TERAJU for a grant to fund part of the costs and expense for a grant for the proposed construction and renovation of workshops and purchase of machineries in relation to the business development of the companies in Sarawak, Labuan and Sabah for the provision of maintenance and repairs of rotating equipment for Murphy's operations and Keabangan Petroleum Operating Company Sdn Bhd's Sabah operations. Following Serba Dinamik's application for the TERAJU grant on the said project, TERAJU had in principle approved the amount of RM4.66 million to fund part of the costs and expense of the said project. We had recently submitted a full drawdown notice of RM4.66 million to TERAJU. The drawdown notice is currently being processed by TERAJU to determine the value of draw down. We expect the grant amount to be disbursed by FYE 2016 or first quarter of 2017.

Others relates to discounts granted by suppliers and gains on disposal of property, plant and equipment.

12. FINANCIAL INFORMATION (Cont'd)

12.2.6.9 Administrative expenses

The breakdown of our administrative expenses is as follows:

	FYE 2013		FYE 2014		FYE 2015		Unaudited FPE 2015		FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Personnel expenses	3,110	13.14	7,904	23.49	25,458	49.72	3,810	28.80	9,148	36.77
Professional fees	2,160	9.13	3,185	9.47	9,693	18.93	3,068	23.19	4,228	16.99
Depreciation	1,526	6.45	2,251	6.69	2,548	4.98	1,285	9.71	4,858	19.53
Foreign exchange loss	1,670	7.05	521	1.55	2,559	5.00	1,170	8.84	999	4.01
Other administrative expenses	15,203	64.23	19,784	58.80	10,943	21.37	3,898	29.46	5,645	22.70
	23,669	100.00	33,645	100.00	51,201	100.00	13,231	100.00	24,878	100.00

Our administrative expenses primarily consist of personnel expenses, professional fees, depreciation of property, plant and equipment, foreign exchange loss, write-offs/impairment and provisions, and other administrative expenses. Personnel expenses include salary and wages, staff training expenses, staff travel expenses, employee retirement plan contributions, medical claims and directors' remuneration. The professional fees incurred include legal fees, consultation fees, secretarial fees, audit fees, taxation and assessment fees. Other administrative expenses include office expenses, maintenance, marketing, levies and rentals, utilities and office amenities made by us.

Our administrative expenses increased by 42.15% from RM23.67 million in FYE 2013 to RM33.65 million in FYE 2014. This was mainly due to personnel expenses which increased from RM3.11 million in FYE 2013 to RM7.90 million in FYE 2014. Our administrative expenses increased by 88.03% from RM13.23 million in FPE 2015 to RM24.88 million in FPE 2016. This was mainly due to personnel expenses which had increased from RM3.81 million in FPE 2015 to RM9.15 million in FPE 2016. The increase in personnel expenses was in line with the increase in the number of employees employed as a result of expansion of our business.

The number of employees (including managerial and professional, clerical and administrative, and sales and marketing, and others but excluding technical and supervisory) was 122 as at 31 December 2013 and 148 as at 31 December 2014 to 208 as at 31 December 2015.

The higher professional fees for FYE 2015 was due to the appointment of professional advisers for our corporate exercises undertaken for the acquisition of new subsidiaries namely PT Kubic Gasco, A R Global Engineering, Quantum Offshore and Adat Sanjung. For FPE 2016, the professional fees include fees payable to advisers for our IPO.

Depreciation charged out under administrative expenses is mainly on buildings, motor vehicles, furniture, fittings and office equipment, and office renovation. Depreciation of plant and machinery, and tools and equipment are charged out under cost of operations instead as set out in Section 12.2.6.5 of this Prospectus.

12. FINANCIAL INFORMATION (Cont'd)

We do not use any hedging instruments in our daily operations. Therefore, we are exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of our Group entities and may realise a gain or loss on foreign exchange on a year to year basis. Our revenue from our overseas projects/contracts is typically denominated in USD. We maintain our cash inflow in a USD-denominated bank account, where it will be used to settle the portion of our cost of operations which are payable in USD. This provides us with a natural foreign currency hedge.

Other administrative expenses comprise utilities, travelling and transport expenses and maintenance of office equipment and motor vehicles as well as office expenses such as printing, stationaries and courier charges. Travelling and transport expenses include flight tickets, hotel charges, fuel charges, road tax and insurance.

12.2.6.10 Other non-operating income

We have other non-operating income of RM2.59 million only for FYE 2015. This relates to recognition of the excess of the fair value of assets and liabilities acquired over the cost of acquisition arising from our acquisition of PT Kubic Gasco, SD Advance Engineering and SD Controls during the financial year.

We did not have other non-operating income in FYE 2013, FYE 2014 and FPE 2016.

12.2.6.11 Finance income and finance costs

Our finance income and finance costs are as set out below:

	FYE 2013	FYE 2014	FYE 2015	Unaudited FPE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Finance income	10,198	846	2,040	718	2,022
Finance costs	13,550	18,974	27,169	9,793	23,020

Finance income relates to interest income from term deposits placed with financial institutions, save for FYE 2013 where there was also a RM9.82 million one-off finance income recognition that arose from the MFRS application on the accounting for the RCPS of Serba Dinamik International. Our finance income decreased by 91.71% from RM10.20 million in FYE 2013 to RM0.85 million in FYE 2014. Finance income increased to RM2.04 million in FYE 2015 from FYE 2014 due to the increase in term deposits placed with financial institutions.

Finance costs relates to our interest expense on borrowings taken for project financing and to finance acquisition of companies. Our finance costs increased by 40.03% from RM13.55 million in FYE 2013 to RM18.97 million in FYE 2014, as a result of increased borrowings due to the additional facilities secured during FYE 2014. Borrowings increased from RM150.72 million as at 31 December 2013 to RM211.22 million as at 31 December 2014.

12. FINANCIAL INFORMATION (Cont'd)

Our finance costs increased by 43.20% from RM18.97 million in FYE 2014 to RM27.17 million in FYE 2015, as a result of the new short term facilities secured to finance on-going projects. This was in line with our increased borrowings from RM211.22 million as at 31 December 2014 to RM473.33 million as at 31 December 2015. We have substantial short-term borrowings (payable within 12 months) as opposed to long-term borrowings. Our short-term borrowings comprise mostly secured trade facilities, revolving credits and bank overdrafts. We have taken on additional short-term borrowings to cater to our overseas contracts in the Middle East where we require up-front cash to satisfy some of our contract requirements in terms of purchase of parts, tools and equipment, and manpower mobilisation.

Our finance costs increased by 135.07% from RM9.79 million in FPE 2015 to RM23.02 million in FPE 2016, as a result of the new short term facilities secured to finance on-going projects as well as the RCPS redemption completed during the period. This was in line with our increased borrowings from RM288.46 million as at 30 June 2015 to RM518.67 million as at 30 June 2016.

12.2.6.12 Share of results of equity-accounted associate

Our share of profit of equity-accounted associate, net of tax, reflects the results of our associate i.e. Weir-Serba Engineering Sdn Bhd (now known as Serba Engineering Sdn Bhd). We had increased our equity interest in the company from 30.00% to 81.00% during FYE 2014. The company therefore ceased to be an associate in FYE 2014 and became our subsidiary. Accordingly, there were no share of results from associate recorded in FYE 2014. Following our intention to dispose of this company, the investment in the company was presented as a non-current asset held for sale and it was not consolidated during FYE 2014. The company had since been disposed of during FYE 2015 due to a mutual decision to discontinue the business. There was no material impact on our business from the said disposal.

12.2.6.13 PBT and PBT margin

	FYE 2013	FYE 2014	FYE 2015	Unaudited FPE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
PBT	65,818	67,685	159,571	85,230	121,276
PBT margin	12.28%	8.96%	11.37%	16.61%	13.30%

Our PBT increased by 2.84% from RM65.82 million in FYE 2013 to RM67.69 million in FYE 2014. Our PBT margin decreased from 12.28% in FYE 2013 to 8.96% in FYE 2014 due to the higher cost of operations in FYE 2014.

Our PBT increased substantially from RM67.69 million in FYE 2014 to RM159.57 million in FYE 2015 following the significant increase in revenue of 85.63% from the previous year. Consequently, our PBT margin increased from 8.96% in FYE 2014 to 11.37% in FYE 2015.

Our PBT increased by 42.29% from RM85.23 million in FPE 2015 to RM121.28 million in FPE 2016 following the significant increase in revenue by 77.71% from FPE 2015. However, our PBT margin had decreased from 16.61% in FPE 2015 to 13.30% in FPE 2016 due to higher financing cost in FPE 2016 as detailed in Section 12.2.6.11 of this Prospectus.

12. FINANCIAL INFORMATION (Cont'd)

12.2.6.14 Tax expense

The taxation and effective tax rates of our Group are as follows:

	FYE 2013	FYE 2014	FYE 2015	Unaudited FPE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Taxation recognised in the statement of profit or loss	4,199	312	3,009	5,367	8,353
Statutory tax rate (%)	25.00	25.00	25.00	25.00	24.00
Effective tax rate (%)	6.38	0.46	1.89	6.30	6.89

We are subject to income tax at the applicable statutory tax rates in Malaysia and overseas where we have foreign subsidiaries. Nonetheless, our effective tax rates in FYE 2013, FYE 2014, FYE 2015 and FPE 2016 were lower than the statutory tax rates due to the following tax treatments adopted by us which led to our lower tax expense:

- (i) Under the preferential tax treatment given to Labuan entities incorporated or registered under the Labuan Companies Act 1990, such entity can qualify and elect to pay tax of RM20,000 per annum under Section 7(1) of the Labuan Offshore Business Activity Tax Act, 1990. In this respect, our subsidiary, Serba Dinamik International which was incorporated in Labuan Malaysia qualified and elected to pay tax of RM20,000.00 per annum; and
- (ii) Our Group generates income in Malaysia and overseas. Income derived from sources outside Malaysia and received in Malaysia is exempt from Malaysian income tax by virtue of Subparagraph 28(1), Schedule 6 of the Income Tax Act 1967.

FYE 2013

Tax expense was higher in FYE 2013 due to under provisioning of tax liability in FYE 2012 as there was no provisioning of deferred tax liability made in FYE 2012. Accordingly, such under provisioning of tax liability in FYE 2012 was adjusted and accounted for as tax expense in FYE 2013. Deferred tax is recognised when there is temporary difference between accounting value and tax value due to different depreciation rates used for accounting purpose and tax purpose. Accounting depreciation rate is based on estimated useful lives of the assets whilst tax depreciation is governed by Schedule 3 of Income Tax Act 1967.

FYE 2014

Our tax expense decreased from RM4.20 million in FYE 2013 to RM0.31 million in FYE 2014. The tax expense was lower in FYE 2014 due to the over provisioning of tax liability of RM0.94 million in FYE 2013, which was adjusted and set-off against tax expense in FYE 2014. The over provisioning of tax liability was mainly due to non-deductible expenses arising from interest expense. In arriving at the initial tax computation, it was estimated that RM4.77 million was restricted i.e. non-deductible. However, in the final tax computation, the actual interest restricted amounted to RM0.72 million only. Further, Serba Dinamik International (a subsidiary with PBT of RM33.09 million for FYE 2013 and RM32.27 million for FYE 2014 respectively) had elected to pay RM20,000.00 per annum under Section 7(1) of the Labuan Offshore Business Activity Tax Act, 1990.

12. FINANCIAL INFORMATION (Cont'd)**FYE 2015**

In FYE 2015, our tax expense increased to RM3.01 million. Tax expense was higher in FYE 2015 due to higher PBT earned in Malaysia in FYE 2015 as compared to FYE 2014. Nonetheless, the effective tax rate in FYE 2015 remained low at 1.89% due to the over provisioning of the deferred tax liability of RM1.94 million in FYE 2014, which was adjusted and set-off against tax expense in FYE 2015. The over provision of deferred tax liability of RM1.94 million was due to lower adjusted business income of our Group as compared to the initial estimate for FYE 2014.

FPE 2016

For FPE 2016, our effective tax rate was higher at 6.89% as compared to 1.89% in FYE 2015. The higher effective tax rate in FPE 2016 was mainly due to the under provisioning of deferred tax liability of RM1.54 million in FYE 2015 following over estimation of unutilised capital allowances within Serba Dinamik Group in FYE 2015. It was estimated that the Group would have unutilised capital allowances of RM18.64 million, but the actual unutilised capital allowance was RM1.06 million due to higher adjusted business income in the final tax computation for Year Assessment ("YA") 2015. The higher adjusted business income is mainly due to the higher actual expenses attributable to foreign income being added back (non-deductible) of RM156.36 million as compared to the initial estimation of RM141.76 million. As a result, there was a higher utilisation of capital allowances to offset the adjusted business income resulting in lower unutilised capital allowances carried forward. The under provision of deferred tax liability of RM1.54 million was subsequently being adjusted and accounted for as tax expense in FPE 2016. The increase in effective tax rate from FYE 2015 to FPE 2016 was also attributable to higher taxable profit from Serba Dinamik in FPE 2016 as compared to FYE 2015. The estimated taxable profit subject to Malaysian income tax for Serba Dinamik was RM6.43 million in FPE 2016 as compared to RM2.26 million in FYE 2015.

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12. FINANCIAL INFORMATION (Cont'd)

12.2.6.15 PAT and PAT margin

	FYE 2013	FYE 2014	FYE 2015	Unaudited FPE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
PAT	61,619	67,373	156,562	79,863	112,923
PAT margin	11.49%	8.91%	11.16%	15.57%	12.39%

Our PAT increased by 9.34% from RM61.62 million in FYE 2013 to RM67.37 million in FYE 2014. However, PAT margin decreased from 11.49% in FYE 2013 to 8.91% in FYE 2014 due to higher cost of operations and finance costs incurred in FYE 2014.

Our PAT increased by 132.38% from RM67.37 million in FYE 2014 to RM156.56 million in FYE 2015. Our PAT increased significantly due to a significant increase in revenue during FYE 2015 which also contributed to an increase of PAT margin from 8.91% in FYE 2014 to 11.16% in FYE 2015.

Our PAT increased by 41.40% from RM79.86 million in FPE 2015 to RM112.92 million in FPE 2016 due to a significant increase in revenue during FPE 2016.

12.2.6.16 Other comprehensive income

Our other comprehensive income comprises the following two items:

Other comprehensive income, net of tax	FYE 2013	FYE 2014	FYE 2015	Unaudited FPE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Remeasurement of employee benefits	38	18	-	-	-
Foreign currency translation differences for foreign operations	(287)	5,816	41,795	10,962	(14,318)

(i) Remeasurement of employee benefits

In accordance with Indonesian Labor Law No.13/2003, we provide post-employment benefits to the eligible employees of our indirect subsidiary Serba Dinamik Indonesia upon terminating their employment or upon attaining their retirement age. The benefits payable are determined based on employees' length of services and compensation at termination or retirement.

We operate the post-employment benefits plan for eligible employees of our indirect subsidiary Serba Dinamik Indonesia who are Indonesians aged above 20 years and with continuous service of at least a year from the date of hire. The benefits payable on retirement are based on length of service, input factor and base pay. The retirement age is 55 for employees of the company. The post-employment benefit plan exposes us to actuarial risks such as longevity risk, financial risks such as change in discount rates and demographic risk such as turnover rate not being borne out.

12. FINANCIAL INFORMATION (Cont'd)

FYE 2013 and FYE 2014 figures arose from actuarial gain arising from financial assumptions used which includes average years of service of employees, annual discount rate, salary increment rate, normal pension rate and mortality rate.

We have not undertaken any remeasurement of employee benefits for FPE 2015 and FPE 2016 as such remeasurement is only undertaken as at their respective financial year end of 31 December 2015 and 31 December 2016.

(ii) Foreign currency translation differences for foreign operations

Our subsidiary, Serba Dinamik International which is incorporated in Labuan Malaysia uses USD as its functional currency based on its primary economic environment of business operations where its revenue and profits are derived from contracts undertaken overseas.

Accordingly, the foreign currency translation differences arose due to the translation of Serba Dinamik International results of operation and financial position for the respective financial years.

Serba Dinamik International's assets and liabilities are translated to RM at exchange rates at the end of the reporting year whilst its income and expenses are translated to RM at exchange rates at average monthly rates. The closing rates and average rates are set out below:

RM rates to USD1.00	FYE 2013	FYE 2014	FYE 2015	FPE 2015	FPE 2016
Closing rate used for the statement of financial position	3.28	3.50	4.29	3.79	4.02
Average rate used for the statement of profit or loss and other comprehensive income	3.17	3.28	3.94	3.69	4.05

Source: BNM

Please refer to Section 12.2.14.3 of this Prospectus for exposure to foreign currency risk.

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12. FINANCIAL INFORMATION (Cont'd)

12.2.7 Liquidity and capital resources**12.2.7.1 Working capital**

Our working capital is funded through cash generated from our operating activities, credit extended by our suppliers, credit lines and borrowings from financial institutions, as well as our existing cash and cash equivalents.

As at 30 June 2016, we have cash and cash equivalents of RM60.06 million and total borrowings of RM518.67 million. Our cash and cash equivalents exclude bank overdrafts of RM7.17 million and deposits of RM111.14 million pledged with financial institutions for banking facilities granted to us. As at 30 June 2016, we have working capital of RM226.55 million being the difference between current assets of RM1.12 billion and current liabilities of RM891.34 million.

After taking into consideration our working capital resources, funding requirements for capital commitments and the estimated net proceeds from the Public Issue, our Board is of the view that we will have sufficient working capital for a period of 12 months from the date of this Prospectus.

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12. FINANCIAL INFORMATION (Cont'd)

12.2.7.2 Cash flows

A summary of our cash flows for the periods indicated are set out below:

Our cash and cash equivalents are mostly held in RM and USD as we operate overseas. Where cash are held in USD, there will be exchange rate fluctuations on the cash held.

There are no legal, financial or economic restrictions on our subsidiaries' ability to transfer funds, subject to availability of distributable reserves and compliance with financial covenants, to our Company in the form of cash dividends, and/or loans or advances.

	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	FPE 2016 RM'000
Net cash (used in)/from operating activities	(8,892)	51,201	158,538	83,709
Net cash used in investing activities	(33,601)	(78,669)	(316,066)	(122,139)
Net cash from financing activities	51,408	38,009	211,847	22,459
Net increase/(decrease) in cash and cash equivalents	8,915	10,541	54,319	(15,971)
Cash and cash equivalents at the beginning of year	2,231	11,708	22,300	77,521
Effect of exchange rate fluctuations on cash held	562	51	902	(1,488)
Cash and cash equivalents at end of year	11,708	22,300	77,521	60,062
Cash and cash equivalents comprise the following:				
Term deposits placed with licensed banks	36,021	53,236	105,787	111,135
Cash and bank balances	21,022	26,813	88,827	67,230
	57,043	80,049	194,614	178,365
Less:				
Bank overdrafts	(9,314)	(4,513)	(11,306)	(7,168)
Pledged deposits	(36,021)	(53,236)	(105,787)	(111,135)
	11,708	22,300	77,521	60,062

12.2.7.3 Net cash (used in)/from operating activities

For FPE 2016, we generated operating profit before working capital changes of RM169.35 million. After taking into account the key items set out below, our net cash from operating activities was RM83.71 million:

- (i) RM54.84 million increase in inventories to cater for on-going and recurring contracts;
- (ii) RM180.43 million increase in trade and other receivables. Both trade and other receivables increased due to the increase in operations both locally and overseas; and

12. FINANCIAL INFORMATION (Cont'd)

- (iii) RM152.95 million increase in trade and other payables. Trade and other payables also correspondingly increased due to the increase in operations both locally and overseas.

For FYE 2015, we generated operating profit before working capital changes of RM211.48 million. After taking into account the key items set out below, our net cash from operating activities was RM158.54 million:

- (i) RM10.78 million increase in inventories to cater for on-going and recurring contracts;
- (ii) RM166.00 million increase in trade and other receivables. Both trade and other receivables increased due to the increase in operations both locally and overseas;
- (iii) RM119.61 million increase in trade and other payables. Trade and other payables also correspondingly increased due to the increase in operations both locally and overseas; and
- (iv) RM4.24 million in tax refund.

For FYE 2014, we generated operating profit before working capital changes of RM100.80 million. After taking into account the key items set out below, our net cash from operating activities was RM51.20 million:

- (i) RM52.75 million increase in inventories. Inventories increased due to higher contracts secured and increase in operations;
- (ii) RM40.32 million increase in trade and other receivables. Both trade and other receivables increased due to our increased operations both locally and overseas;
- (iii) RM47.83 million increase in trade and other payables; and
- (iv) RM2.08 million in tax paid and RM2.28 million in interest paid.

For FYE 2013, we generated operating profit before working capital changes of RM79.24 million. After taking into account the key items set out below, our net cash used in operating activities was RM8.89 million:

- (i) RM72.09 million increase in inventories. Inventory level was increased to cater for on-going and incoming contracts;
- (ii) RM44.30 million increase in trade and other receivables;
- (iii) RM33.57 million increase in trade and other payables; and
- (iv) RM0.93 million in tax paid and RM4.38 million in interest paid.

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12. FINANCIAL INFORMATION (Cont'd)

12.2.7.4 Net cash used in investing activities

For FPE 2016, we recorded net cash used in investing activities of RM122.14 million comprising mainly:

- (i) RM107.32 million used in acquisition of property, plant and equipment which was mainly attributed to the purchase of tools and equipment, plant and machinery, and land; and
- (ii) RM5.35 million increase in term deposits pledged to banks.

For FYE 2015, we recorded net cash used in investing activities of RM316.06 million comprising mainly:

- (i) RM213.75 million used in acquisition of property, plant and equipment. Out of this amount, RM201.65 million was attributed to purchase of tools and equipment to support our increased business and another RM7.30 million for the purchase of building;
- (ii) RM52.55 million increase in term deposits pledged to banks;
- (iii) RM30.06 million increase in other investments. This amount constitute fixed deposits placed with licensed banks with maturities exceeding three months;
- (iv) RM12.22 million used for the acquisition of our associate, Adat Sanjung; and
- (v) RM9.77 million used for the acquisition of our subsidiaries namely A R Global Engineering, Telegistics Asia, Quantum Offshore, PT Kubic Gasco, SD Advance Engineering and SD Controls.

For FYE 2014, we recorded net cash used in investing activities of RM78.67 million comprising mainly:

- (i) RM61.88 million used in acquisition of property, plant and equipment. The additions were mainly for plant and machinery, and tools and equipment; and
- (ii) RM17.22 million increase in term deposits pledged to bank.

For FYE 2013, we recorded net cash used in investing activities of RM33.60 million comprising mainly:

- (i) RM24.52 million used in acquisition of property, plant and equipment. The additions were mainly for plant and machinery, and tools and equipment; and
- (ii) RM9.78 million increase in term deposits pledged to bank.

12.2.7.5 Net cash from financing activities

For FPE 2016, we recorded net cash from financing activities of RM22.46 million comprising mainly:

- (i) RM58.10 million net proceeds from loans and borrowings, primarily of drawdowns on trade loans, revolving credits and bank overdrafts used to finance new contracts; and
- (ii) RM35.15 million of interest paid and net repayment of finance lease liabilities and repayment of financing cost for the RCPS of Serba Dinamik International.

12. FINANCIAL INFORMATION (Cont'd)

For FYE 2015, we recorded net cash from financing activities of RM211.85 million comprising mainly:

- (i) RM243.36 million net proceeds from loans and borrowings, primarily of drawdowns on trade loans, revolving credits and bank overdrafts used to finance new contracts;
- (ii) RM30.31 million of interest paid and net repayment of finance lease liabilities; and
- (iii) RM0.70 million in dividends paid.

For FYE 2014, we recorded net cash from financing activities of RM38.01 million comprising mainly:

- (i) RM64.44 million net proceeds from loans and borrowings, primarily of drawdowns on trade loans and revolving credits;
- (ii) RM8.08 million for net repayment of term loans; and
- (iii) RM18.35 million of interest paid and net repayment finance lease liabilities.

For FYE 2013, we recorded net cash from financing activities of RM51.41 million comprising mainly:

- (i) RM35.00 million proceeds from issuance of non-voting redeemable convertible preference shares to two separate funds namely, COPE-KPF Opportunities 1 Sdn Bhd and COPE Opportunities 2 Sdn Bhd;
- (ii) RM41.11 million net proceeds from loans and borrowings; and
- (iii) RM15.76 million for net repayment of term loans and RM8.94 million of interest paid and net repayment finance lease liabilities.

12.2.8 Capex and material divestitures

12.2.8.1 Capex

We incurred capex for the following financial years/period, the breakdown of which is as follows:

	FYE 2013	FYE 2014	FYE 2015	Unaudited FPE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold land	-	-	9	9	3,668
Buildings	-	-	7,300	-	-
Plant and machinery	10,790	38,484	717	463	38,117
Motor vehicles	1,763	4,817	2,010	748	2,340
Furniture, fittings and office equipment	428	1,431	746	427	871
Tools and equipment	12,781	24,864	201,653	39,091	53,954
Office renovation	127	360	584	357	224
Work in progress	-	-	2,071	-	10,780
Total	25,889	69,956	215,090	41,095	109,954

12. FINANCIAL INFORMATION (Cont'd)

In FYE 2013, we incurred capex on tools and equipment of RM12.78 million to facilitate the increased number of contracts and work orders received. In FYE 2014, we incurred higher capex to acquire plant and machinery of RM38.48 million to expand our operational facilities. In FYE 2015, tools and equipment was the highest capex incurred by us of RM201.65 million to cater to the increase in business operations of our Group.

The increase in capex for the past three financial years was in line with our growth in revenue with the increased number of contracts secured from FYE 2013 to FYE 2015.

In FPE 2015, we incurred a total capex of RM39.09 million for the purchase of additional tools and equipment to cater to the increase in number of secured contracts which required concurrent mobilisation of works as well as to support future growth in operating capacity. In FPE 2016, capex for plant and machinery as well as tools and equipment were RM38.12 million and RM53.95 million respectively which were a result of our business expansion both locally and overseas. Capex on work progress refers to the undergoing works in our CNG plant in Muaro Jambi Indonesia. Once the plant is completed, the total amount in construction work in progress will be transferred to the appropriate category of assets accordingly.

Our actual capex may vary from our planned capex amounts due to our ability to generate sufficient cash flows from our operations, our ability to obtain adequate financing for these planned capex, demand for our products and services, governmental policies regarding the industries in which we operate and the condition of the Malaysian and foreign countries' economy in which we operate in. In addition, our planned capex does not include any expenditure for potential acquisitions or investments that we may evaluate from time to time.

We expect to meet our capex requirements through our cash and cash equivalents on hand, and the cash generated from future operations. Our ability to obtain financing and to make timely repayments of our debt obligations are subject to various uncertainties, including our future results of operations and cash flows.

12.2.8.2 Material divestitures

For the FYE 2013, FYE 2014 and FYE 2015 and up to the LPD, we do not have any material divestitures.

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12. FINANCIAL INFORMATION (Cont'd)

12.2.9 Loans and Borrowings

As at 30 June 2016, our total outstanding loans and bank borrowings, all of which were interest-bearing, amounted to RM518.67 million as set out below:

	Interest Rate Terms	Short term (Payable within 12 Months) RM'000	Long term (Payable after 12 Months) RM'000	Total RM'000
Term loans -secured	4.65%- 15.50%	6,303	10,993	17,296
Finance lease liabilities -secured	1.05%-5.84%	2,825	6,605	9,430
Bank overdrafts - secured	9.00%	7,168	-	7,168
Bankers acceptance – secured	3.50%	300	-	300
Revolving credits - secured	7.85-9.10%	206,809	-	206,809
Trade loan - secured	3.00%-4.00%	277,671	-	277,671
Total				518,674
Gearing ratio⁽¹⁾				0.82

Note:

(1) Computed based on total borrowings divided by total equity of Serba Dinamik Group of RM634.89 million as at 30 June 2016.

The major borrowings we incurred as at 30 June 2016 are revolving credits and secured trade loans which accounted for 93.41% of our total borrowings. Revolving credits of RM206.81 million and secured trade loans of RM277.67 million were used to finance new and existing contracts in hand.

Term loans of RM17.30 million relate to the purchase of property, plant and equipment. Finance lease liabilities of RM9.43 million were mainly used to finance the purchase of motor vehicles, while bank overdrafts of RM7.17 million were used to finance our regular day-to-day operations and RM0.30 million bankers' acceptances were used to finance purchases from our suppliers.

Revolving credits as well as trade loans increased in line with our increase in working capital requirement which supported our revenue growth for FPE 2016.

The bank overdrafts, bankers' acceptances and revolving credits facilities of our Group are secured by, among others, the following:

- (i) legal charges over leasehold land and certain buildings of our Group; and
- (ii) facility agreement and term deposits.

The term loans are secured by, among others, the following:

- (i) general and supplemental facility agreement;
- (ii) first and second legal charges over leasehold land and certain buildings of our Group;
- (iii) legal charges over plant and machinery as well as tools and equipment of our Group;
- (iv) legal charges over assets that belong to the Directors of our Group; and

12. FINANCIAL INFORMATION (Cont'd)

(v) corporate guarantee from Serba Dinamik Group.

For further details on the legal charges over our material properties and material equipment, please refer to Annexure B of this Prospectus under Encumbrances on Property.

Finance lease liabilities of our Group are secured on the respective finance lease assets i.e. plant and machinery, motor vehicles, tools and equipment.

The trade loans are secured by, among others, the following:

(i) term deposits; and

(ii) corporate guarantee from Serba Dinamik Group.

Please refer to the Accountants' Report in Section 13 under Note 26.3 (b) (i) of this Prospectus for the breakdown of maturity profile of our financial liabilities. As at the LPD, we do not have any non-interest bearing borrowings.

As at 30 June 2016, the total outstanding loan and bank borrowings denominated in RM, USD and IDR currency are as set out below:

Currency	FPE 2016 RM'000
RM	221,764
USD	289,730 ⁽¹⁾
IDR	7,180 ⁽²⁾
Total outstanding loan and bank borrowings	518,674

Notes:

(1) Translated based on the exchange rate of USD1.00 to RM4.023 as at 30 June 2016.

(2) Translated based on the exchange rate of IDR100.00 to RM0.030 as at 30 June 2016.

As at 30 June 2016, our floating and fixed rate borrowings are set out below:

Borrowings	As at 30 June 2016		Total RM'000
	⁽¹⁾ Floating Rate Borrowings RM'000	⁽²⁾ Fixed Rate Borrowings RM'000	
Borrowings	501,776	16,898	518,674

Notes:

(1) Comprise revolving credits, term loans and trade loans.

(2) Comprise finance lease liabilities, bank overdrafts and bankers' acceptances.

We have not defaulted on payments of principal sums and/or interests in respect of any borrowings throughout FYE 2013, FYE 2014, FYE 2015 as well as FPE 2016 and the subsequent financial period up to LPD. As at the LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangements or borrowings which can materially affect our Group's financial position and results of business operations.

12. FINANCIAL INFORMATION (Cont'd)

Currently, our Group does not have any interest rate hedging policy. We will monitor the interest rate movements and will take necessary steps to minimise interest rate risk whenever deemed appropriate such as implementing a hedging policy.

12.2.10 Material Commitment

As at the LPD, we have no material commitment for capex, save for our total investment of approximately USD1.12 million (exchange rate of USD1.00 to RM4.43 as at the LPD) for the 0.8 MW gas power plant for Ambon City Centre Shopping Mall.

Please refer to Section 7.21.1.4 (i) of this Prospectus for more details of the 0.8 MW gas power plant in Ambon Island, Indonesia.

12.2.11 Material litigation, claims and arbitration

As at the LPD, we are not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Directors have no knowledge of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect our financial or business position.

12.2.12 Contingent liabilities

As at the LPD, save as disclosed below, our Directors are not aware of any contingent liabilities incurred by us or our subsidiaries, which upon becoming enforceable, may have a material effect on our financial position or our subsidiaries:

- (i) Adat Sanjung's wholly-owned indirect subsidiary, One River Power had obtained Islamic financing facilities from two financial institutions as follows:
 - (a) A RM130.00 million Islamic financing facility on 12 February 2016 where a corporate guarantee was given by Serba Dinamik on 7 July 2016 as security for the RM130.00 million Islamic financing facility; and
 - (b) A USD15.00 million (exchange rate of USD1.00 to RM4.43 as at the LPD) Islamic financing facility on 12 February 2016 where a corporate guarantee was given by Serba Dinamik on 12 February 2016 as security for the USD15.00 million Islamic financing facility.

The Islamic financing facilities were undertaken to part finance the design, construction, operation and maintenance of the three small hydropower plants in Kota Marudu, Sabah Malaysia. The abovementioned corporate guarantees were given by Serba Dinamik as security for the facilities as part of the terms of the facilities obtained by One River Power from the financial institutions.

The corporate guarantee is to unconditionally and irrevocably guarantee, by way of continuing guarantee, as principal debtor and not merely as surety, the proper and punctual payment by One River Power of the guaranteed sum together with all costs, expenses, profits and other amounts incurred in recovering the same; the due and punctual observance, performance and discharge by One River Power of all the terms, covenants, conditions, stipulations, undertakings on the part of One River Power as contained in the other security/transaction documents and that Serba Dinamik shall pay the guaranteed sum upon first written demand by the financial institutions.

12. FINANCIAL INFORMATION (Cont'd)

The 100% corporate guarantee on the RM130.00 million and USD15.00 million Islamic financing facilities shall be reduced to a proportionate 30% share of the corporate guarantee based on our equity interest in Adat Sanjung upon the registration of the Prospectus in respect of our Listing. The provision of the corporate guarantee to our associate, Adat Sanjung's wholly-owned indirect subsidiary, One River Power, falls within the definition of "provision of financial assistance" under paragraph 8.23(1)(iii) of the Listing Requirements. Accordingly, upon the registration of the Prospectus in respect of our Listing, the corporate guarantee will be reduced to a proportionate 30% share to reflect our equity interest in Adat Sanjung.

- (ii) Our subsidiary, A R Global Engineering, which was acquired on 15 January 2015, submitted its tax filings for YA 2012, YA 2013 and YA 2014 after the respective tax filing deadlines. Accordingly, the possible penalties that may be imposed on A R Global Engineering by the Inland Revenue Board Malaysia ("IRB") range from RM2,000 to RM107,000.

Another subsidiary, Telegistics Asia, which was also acquired on 15 January 2015, submitted its tax filing for YA 2014 after the tax filing deadline. Accordingly, the possible penalties that may be imposed on Telegistics Asia by the IRB range from RM200 to RM20,000.

As at the LPD, we have not received any requisitions from the IRB on the penalties.

12.2.13 Key financial ratios

Our key financial ratios are as follows:

	Audited as at 31 December			Unaudited	Audited
	2013	2014	2015	as at 30 June 2015	as at 30 June 2016
Trade receivables turnover (days) ⁽¹⁾	102.45	90.73	76.14	94.29 ⁽⁶⁾	95.70 ⁽⁶⁾
Trade payables turnover (days) ⁽²⁾	34.23	44.41	49.60	54.60 ⁽⁷⁾	70.81 ⁽⁷⁾
Inventory turnover (days) ⁽³⁾	90.32	97.70	66.84	103.33 ⁽⁸⁾	62.82 ⁽⁸⁾
Current ratio (times) ⁽⁴⁾	2.02	1.72	1.31	1.74 ⁽⁹⁾	1.25 ⁽⁹⁾
Gearing ratio (times) ⁽⁵⁾	0.76	0.78	1.00	0.72 ⁽¹⁰⁾	0.82 ⁽¹⁰⁾

Notes:

- (1) Computed based on average trade receivables divided by revenue for the respective financial years multiplied by 365 days.
- (2) Computed based on average trade payables divided by cost of operations for the respective financial years multiplied by 365 days.
- (3) Computed based on average inventories divided by the cost of operations for the respective financial years multiplied by 365 days.
- (4) Computed based on current assets over current liabilities as at the respective financial year end.
- (5) Computed based on total borrowings divided by total equity as at the respective financial year end.

12. FINANCIAL INFORMATION (Cont'd)

- (6) *Computed based on average trade receivables divided by revenue for the financial period multiplied by 182 days.*
- (7) *Computed based on average trade payables divided by cost of operations for the financial period multiplied by 182 days.*
- (8) *Computed based on average inventories divided by the cost of operations for the financial period multiplied by 182 days.*
- (9) *Computed based on current assets over current liabilities as at the end of the financial period.*
- (10) *Computed based on total borrowings divided by total equity as at the end of the financial period.*

12.2.13.1 Trade receivables turnover period and ageing analysis

Our trade receivables turnover period decreased from 102 days in FYE 2013 to 91 days in FYE 2014 to 76 days in FYE 2015. Our trade receivables turnover period in FYE 2013 and FYE 2014 of 102 days and 91 days respectively were higher than the normal credit period of up to 90 days granted as we had granted extended credit terms of up to 120 days to some of our customers based on customers' request. The decrease in our trade receivables turnover period in FYE 2014 and FYE 2015 was due to improvement in collections from our customers.

Our trade receivables turnover period increased from 76 days in FYE 2015 to 96 days in FPE 2016 due to slower repayment from the customers during FPE 2016. Debts exceeding the average credit terms of 90 days amounted to RM77.71 million or 13.50% of the total trade receivables in FPE 2016 as compared to RM11.84 million or 3.09% of the total trade receivables in FYE 2015.

The debts exceeding the average credit terms of 90 days are mainly attributable to Serba Dinamik International and Serba Dinamik as per the table below: -

Company	FYE 2015 RM'000	FPE 2016 RM'000
Serba Dinamik International	-	23,862
Serba Dinamik	11,839	53,843
Total debts exceeding 90 days	11,839	77,705

Our trade receivables turnover period was 94 days in FPE 2015. It remained marginally higher at 96 days in FPE 2016 due to debts of RM23.86 million in Serba Dinamik International which exceeded the average credit terms of 90 days.

12. FINANCIAL INFORMATION (Cont'd)

Our ageing analysis for trade receivables is as follows:

	<u>Audited as at 31 December</u>			<u>Unaudited</u>	<u>Audited</u>
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>as at 30 June</u>	<u>as at 30 June</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>2015</u>	<u>2016</u>
Not past due	119,693	143,653	347,506	194,741	529,256
Past due between 0 to 30 days	32,065	31,101	35,265	60,818	37,525
Past due between 31 and 120 days	16,628	25,817	183	73,640	4,954
Past due more than 120 days	5,210	1,544	264	246	3,833
Total trade receivables	<u>173,596</u>	<u>202,115</u>	<u>383,218</u>	<u>329,445</u>	<u>575,568</u>

Our normal credit period offered on trade receivables is between 30 to 90 days from the date of invoice. Other credit terms are assessed and approved on a case-by-case basis.

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12. FINANCIAL INFORMATION (Cont'd)

As at 31 December 2015, RM35.71 million or 9.32% of trade receivables exceeded our prescribed credit period. These overdue trade receivables were related to various projects. A significant portion of these overdue trade receivables are regular customers that have been transacting with us. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually. As at 31 December 2015, we only recorded RM0.18 million of trade receivables which are past due between 31 to 120 days and RM0.26 million past due more than 120 days, which are deemed to have higher credit risk.

As at 30 June 2015, RM134.70 million or 40.89% of trade receivables exceeded our prescribed credit period. These overdue trade receivables were related to various projects. We recorded RM73.64 million of trade receivables which are past due between 31 to 120 days and RM0.25 million past due more than 120 days, which are deemed to have higher credit risk.

As at 30 June 2016, our trade receivables that exceeded our prescribed credit period reduced to RM46.31 million or 8.05%. This was due to improvement in collections from our customers. We recorded RM4.95 million of trade receivables which are past due between 31 to 120 days and RM3.83 million past due more than 120 days, which are deemed to have higher credit risk.

Ageing Analysis of Trade Receivables as at 30 June 2016

	Within credit period	Exceeding credit period		Total
	Not past due	Between 0- 30 days Past Due	More than 30 days Past Due	
Trade receivables (RM'000)	529,255	37,525	8,788	575,568
Percentage of total trade receivables (%)	91.95	6.52	1.53	100.00
Amount collected subsequent to FPE 2016 up to the LPD (RM'000)	513,767	33,665	4,759	552,191
Percentage collected (%)	89.26	5.85	0.83	95.94
Trade receivables net of subsequent collections (RM'000)	15,488	3,860	4,029	23,377
Percentage of total trade receivables net of subsequent collections (%)	2.69	0.67	0.70	4.06

As at the LPD, we have collected RM552.19 million or 95.94% out of a total of RM575.57 million outstanding trade receivables.

12. FINANCIAL INFORMATION (Cont'd)

There were no bad debts provisions/impairment of trade receivables for FYE 2013, FYE 2014 and FYE 2015.

The Board is of the view that no further impairment is required for trade receivables as at the LPD.

12.2.13.2 Trade payables turnover and aging analysis

Trade payables turnover period for FYE 2013, FYE 2014 and FYE 2015 are within the normal credit terms granted by our creditors which range from 30 to 90 days. The trade payables turnover days had increased marginally over the past three financial years i.e. 34 days in FYE 2013, 44 days in in FYE 2014 and 50 days in FYE 2015 was due to better relationships and consequently, longer credit terms given by some of our suppliers.

This is also revealed by the trade payables turnover days which increased from 55 days in FPE 2015 to 71 days in FPE 2016. We have higher trade payable turnover days of 55 days in FPE 2015 and 71 days in FPE 2016 due to better relationships and longer credit terms given by some of our suppliers. Despite a higher trade payables turnover period in FPE 2015 and FPE 2016, it is within the normal credit period given by our trade creditors.

Our trade payables are recognised at their original invoice amounts which represent their fair value on initial recognition.

As at the LPD, there is no dispute in respect of trade payables and no legal action initiated by our suppliers to demand for payment.

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12. FINANCIAL INFORMATION (Cont'd)

Ageing Analysis of Trade Payables as at 30 June 2016

	Within credit period	Exceeding credit period		Total
		Not past due	Between 0 to 30 Days Past Due	
Trade payables (RM'000)	285,813	54,083	17,905	357,801
Percentage of total trade payables (%)	79.88	15.12	5.00	100.00
Amount paid subsequent to FPE 2016 up to LPD (RM'000)	264,257	51,121	3,480	318,858
Percentage paid (%)	73.86	14.29	0.97	89.12
Trade payables net of subsequent payments (RM'000)	21,556	2,962	14,425	38,943
Percentage of total trade payables net of subsequent payments (%)	6.02	0.83	4.03	10.88

As at 30 June 2016, our outstanding total trade payables were RM357.80 million with RM17.91 million or 5.00% of our total trade payables that were past due more than 30 days. Our outstanding total trade payables increased from RM222.07 million as at 31 December 2015 to RM357.80 million as at 30 June 2016 in line with the increased level of business operations undertaken in FPE 2016.

As at the LPD, approximately RM318.86 million or 89.12% of our total outstanding trade payables have been paid.

The amounts still remain unpaid as at the LPD is RM38.94 million or 10.88% of the total trade payables.

12. FINANCIAL INFORMATION (Cont'd)

12.2.13.3 Inventories

	Audited as at 31 December			Unaudited as at 30 June 2015	Audited as at 30 June 2016
	2013	2014	2015		
	RM'000	RM'000	RM'000	RM'000	RM'000
Inventories ⁽¹⁾	146,127	198,880	229,804	261,778	284,643
Cost of operations	444,881	644,461	1,170,483	405,672	745,208
Inventory turnover period(days) ⁽²⁾	90.32	97.70	66.84	103.33 ⁽³⁾	62.82 ⁽³⁾

Notes:

- (1) Closing inventories for the respective financial years/period.
- (2) Computed based on average inventories divided by the cost of operations for the respective financial years multiplied by 365 days.
- (3) Computed based on average inventories divided by the cost of operations for the respective financial periods multiplied by 182 days.

The inventory turnover period increased from 90 days in FYE 2013 to 98 days in FYE 2014 due to the higher contracts secured in FYE 2014. The higher contracts secured required us to hold higher level of inventories to support our increased operations. Inventory turnover days decreased from 98 days in FYE 2014 to 67 days in FYE 2015 due to a lower level of inventories held as compared to cost of operations following efforts to streamline our storage capacity and inventory purchases.

Inventory turnover period decreased from 103 days in FPE 2015 to 63 days in FPE 2016 due to a lower level of inventories held as compared to cost of operations following efforts to streamline our storage capacity and inventory purchases.

Despite being a service provider, we have a high inventory turnover period as we need to pre-order materials on site, spare parts and consumables and keep them ready on site at our customers' premises in order to perform our maintenance services or EPCC works. This pre-ordering of materials on site, spare parts and consumables enables the work orders to be completed faster, hence reducing the downtime for our clients due to maintenance works.

The Board is of the view that no further impairment is required for inventory as at the LPD.

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12. FINANCIAL INFORMATION (Cont'd)

12.2.13.4 Current ratio

Our current ratio is as follows:

	Audited as at 31 December			Unaudited as at	Audited as at
	2013	2014	2015	30 June 2015	30 June 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Current assets	382,318	504,984	892,889	744,418	1,117,894
Current liabilities	188,952	293,856	681,335	430,605	891,341
Current ratio (times) ⁽¹⁾	2.02	1.72	1.31	1.73	1.25

Note:

(1) Computed based on current assets over current liabilities as at the respective financial year/period end.

Our current ratio decreased from 2.02 times as at 31 December 2013 to 1.72 times as at 31 December 2014. Current assets increased by RM122.67 million from FYE 2013 to FYE 2014 arising mainly from increases in inventories, trade and other receivables and cash and cash equivalents which is in line with our increased revenue in FYE 2014. Current liabilities also increased by RM104.90 million from FYE 2013 to FYE 2014, arising mainly from increased in trade and other payables and short-term borrowings in FYE 2014.

Our current ratio decreased from 1.72 times as at 31 December 2014 to 1.31 times as at 31 December 2015. Our current assets and current liabilities increased by RM387.91 million and RM387.48 million from FYE 2014 to FYE 2015 respectively, resulting in a lower current ratio in FYE 2015. Our business operations increased due to higher amount of contracts undertaken where revenue increased from RM755.77 million to RM1.40 billion from FYE 2014 to FYE 2015. Accordingly, our trade and other receivables increased by RM209.47 million whilst trade and other payables increased by RM136.98 million from FYE 2014 to FYE 2015. Short-term borrowings increased by RM250.51 million whilst cash and cash equivalents increased by RM114.57 million from FYE 2014 to FYE 2015.

Our current ratio decreased from 1.73 times as at FPE 2015 to 1.25 times as at FPE 2016. Current assets increased by RM373.48 million from FPE 2015 to FPE 2016 arising mainly from increases in inventories, trade and other receivables and cash and cash equivalents which is in line with our increased revenue in FPE 2016.

Current liabilities also increased by RM460.74 million from FPE 2015 to FPE 2016, arising mainly from the increase in trade and other payables and short-term borrowings in FPE 2016 which made up RM887.40 million of the current liabilities respectively.

12. FINANCIAL INFORMATION (Cont'd)

12.2.13.5 Gearing ratio

Our gearing ratio is set out below:

	Audited as at 31 December			Unaudited as at 30 June 2015	Audited as at 30 June 2016
	2013	2014	2015		
Gearing ratio ⁽¹⁾	0.76	0.78	1.00	0.72	0.82
Net gearing ratio ⁽²⁾	0.47	0.48	0.59	0.43	0.54

Notes:

- (1) Computed based on total borrowings divided by total equity as at the respective financial year end.
- (2) Computed based on total borrowings, net of cash and cash equivalents, divided by total equity as at the respective financial year end.

Our gearing ratio increased marginally from 0.76 times as at 31 December 2013 to 0.78 times as at 31 December 2014 mainly due to the increase in loans and borrowings by RM60.49 million. Our gearing ratio further increased from 0.78 times as at 31 December 2014 to 1.00 times as at 31 December 2015 mainly due the increase in loans and borrowings by RM262.11 million in FYE 2015.

We have substantial short-term borrowings as opposed to long-term borrowings. Our short-term borrowings were RM440.93 million as compared to long-term borrowings of RM32.40 million for FYE 2015. Our short-term borrowings comprise mostly of secured trade loans, revolving credits and bank overdrafts. We have taken on additional short-term borrowings to cater to our overseas contracts in the Middle East where we require up-front cash to satisfy some of our contract requirements in terms of purchase of raw materials, tools and equipment, and manpower mobilisation.

Our gearing ratio increased from 0.72 times in FPE 2015 to 0.82 times in FPE 2016 mainly due to the increase in loans and borrowings by RM45.34 million as a result of additional facilities secured during the financial period, loans and borrowings of our acquired subsidiary, PT Kubic Gasco which was used to finance the construction and purchase of equipment of its CNG plant and additional utilisation of our existing facilities. Our loans and borrowings are mainly short-term borrowings of RM501.08 million as compared to long-term borrowings of RM17.60 million for FPE 2016.

Short term borrowings remained as a source of working capital.

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12. FINANCIAL INFORMATION (Cont'd)

12.2.14 Financial risk management

We have exposure to the following risks from our normal course of business:

- (i) credit risk;
- (ii) liquidity risk; and
- (iii) market risk.

12.2.14.1 Credit risk

Our exposure to credit risk arises principally from our receivables from customers.

Our major customers are primarily O&G companies. In order to minimise our exposure to credit risk, we review the credit worthiness of our major counterparties prior to entering into any contract or transaction with our customers.

We have credit policies in place and we use ageing analysis to monitor the credit quality of our trade receivables.

As at 30 June 2016, we recorded RM4.95 million of trade receivables which are past due between 31 to 120 days and RM3.83 million past due more than 120 days, which are deemed to have higher credit risk.

12.2.14.2 Liquidity risk

Our exposure to liquidity risk arises principally from our various payables, loans and borrowings. We maintain sufficient level of cash and cash equivalents and banking facilities to meet our day-to-day operational and working capital needs by closely monitoring our contracts' progress and actual cash flows. The bank facilities that we have are deemed adequate by our management to ensure, as far as possible, that we will have sufficient liquidity to meet our liabilities as and when they fall due.

12.2.14.3 Market risk

- (i) Foreign currency risk

We are exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of our subsidiaries. The currencies giving rise to this risk is primarily USD, in which most of our contracts outside Malaysia are denominated.

As at 30 June 2016 and up to LPD, our exposure to USD primarily consists of borrowings, cash and cash equivalents, trade payables and trade receivables.

- (ii) Interest rate risk

Our fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. Our variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. We are also exposed to interest rate risk on the term deposits placed with licensed financial institutions.

As at 30 June 2016, our exposure to interest rate risk arises predominantly from floating rate financial instruments which stood at RM501.78 million or 96.74% of our total loans and borrowings.

12. FINANCIAL INFORMATION (Cont'd)

Our investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

(iii) Other price risks

Equity price risk arises from our investments in equity securities. We monitor equity investments made on a portfolio basis. Investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by our management.

12.2.15 Treasury Policies and Objectives

Our treasury objectives are to maintain sufficient working capital to finance our operations and meet our anticipated commitments arising from operational expenditure and financial liabilities by maintaining adequate liquidity and credit facilities. We manage our liquidity to help ensure access to sufficient funding at acceptable costs to meet our business needs and financial obligations throughout our business cycles.

Our liquidity and funding objectives are designed to meet our funding requirements, which include primarily purchases of parts, consumables and services, wages and salaries, interest and principal payments on outstanding borrowings, and general obligations such as administrative expenses and term deposits pledged for banking facilities. We have historically relied on cash generated from our operating activities, credit extended by our suppliers, credit lines such as bank overdrafts, bankers' acceptances, revolving credits, term loans and other types of borrowings including Islamic funding from financial institutions. Our funding objective is to obtain the most suitable type of financing and favourable cost of funding as our financing needs arise. Borrowings are negotiated with a view to secure the best possible terms and rates of interest.

Our cash and cash equivalents are mostly held in RM and USD as we operate overseas. We have borrowings denominated in both RM and USD. Our revenue from overseas projects/contracts is typically denominated in USD. We do not use any hedging instruments in our daily operations. We maintain our cash inflow in a USD-denominated bank account, where it will be used to settle the portion of our cost of operation which are payable in USD. This provides us with a natural foreign currency hedge. Our Board reviews the foreign currency risks and strategies as needed to mitigate adverse impacts that may result from fluctuations in foreign currency exchange rates.

Please refer to Section 12.2.4.7 of this Prospectus on the impact of foreign exchange/interest rates on results of operations.

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12. FINANCIAL INFORMATION (Cont'd)

12.2.16 Significant changes

Save for the implementation of the new business plans as discussed under Section 7.3.2 of this Prospectus, there are no other significant changes that have occurred, which may have a material effect on our financial position and results of operation since our last FYE 2015 and FPE 2016.

12.2.17 Impact of Government, Economic, Fiscal or Monetary Policies

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 5.2.4 and Section 12.2.4.8 of this Prospectus.

12.2.18 Inflation

We do not believe that inflation has had a material impact on our business, financial condition or results of our operations. However, if we were to experience significantly higher inflation, we may not be able to fully offset such higher costs through price increases. Our failure or inability to do so could adversely affect our ability to secure maintenance and EPCC contracts at competitive bids which would in turn affect our business, financial condition and results of operations.

12.2.19 Order Book

We do not maintain an order book due to the nature of our business which are mainly in the provision of O&M services and are based on maintenance contracts. Revenue from the maintenance contracts are dependent on work orders. Revenue from these contracts are not generated at the time the contracts are awarded unless the work orders are requested for by the customer and carried out in accordance with the terms of the contracts. The tenure for our work orders are similar across the countries which we operate in but may vary according to the nature of works requested by our customers. For example, work orders for O&M services relating to small pumps can be completed within two days, while work orders for O&M services such as plant turnaround may take up to three months to complete.

In the case for our EPCC works contracts, we have 12 EPCC works contracts in hand valued at approximately RM359.34 million secured in Malaysia, USD3.70 million secured in Qatar, USD42.80 million secured in UAE and USD15.64 million secured in Oman. As at LPD, we have recognised revenue from our EPCC works contracts which amounted to RM100.98 million from Malaysia, USD2.25 million from Qatar and USD5.34 million from Oman respectively. Outstanding EPCC works are estimated at RM258.36 million from Malaysia, USD1.45 million from Qatar, USD42.80 million from UAE and USD10.30 million from Oman respectively as summarised in the table below:

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12. FINANCIAL INFORMATION (Cont'd)

Country	No. of EPCC works contracts	EPCC works contracts period		Value of EPCC works contracts	Amount recognised as revenue	Outstanding amount
		Tenure	Remaining			
Malaysia	8	11 months to 5 years	11 months to 3 years	RM359.34 million	RM100.98 million	RM258.36 million
Qatar	2	3 years	3 months	USD3.70 million	USD2.25 million	USD1.45 million
UAE	1	2 years	2 years	USD42.80 million	-	USD42.80 million
Oman	1	4 years	6 months	USD15.64 million	USD5.34 million	USD10.30 million

Please refer to Section 7.6 of this Prospectus for further information on the nature of our contracts.

12.2.20 Trend Analysis

As at the LPD, our Board confirms to the best of their knowledge and belief after due enquiry, that there are no:

- (i) 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 financial performance, position and operations, other than those discussed in this Section 12, Section 5 and Section 7 of this Prospectus;
- (ii) material commitment for capex, save as disclosed in Section 12.2.10 of this Prospectus;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations, save as discussed in this Section 12 and Section 5 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that have resulted in a material impact on our revenue and/or profits, save for the future plans and strategies as discussed in Section 7.3.2 of this Prospectus;
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical financial statements not indicative of the future financial performance and position, other than those discussed in this Section 12 and Section 5 of this Prospectus; and
- (vi) 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 liquidity and capital resources, other than those discussed in this Section 12 and Section 5 of this Prospectus.

Our Board is assured about our future prospects given the outlook of the O&G, and power generation industries as set out in Section 8 of this Prospectus, our competitive strengths as set out in Section 7.2 of this Prospectus and our commitment to implement the business strategies and future plans as set out in Section 7.3 of this Prospectus.

12. FINANCIAL INFORMATION *(Cont'd)*

12.3 CAPITALISATION AND INDEBTEDNESS

The following information should be read in conjunction with the Reporting Accountants' Letter on the Pro Forma Consolidated Statements of Financial Position set out in Section 12.5 of this Prospectus.

The table below sets out our Group's capitalisation and long-term indebtedness as at 31 October 2016 based on our unaudited management accounts as at 31 October 2016 and as adjusted for the effects of the IPO, Listing and the utilisation of proceeds arising from the Public Issue as set out in Section 4.8 of this Prospectus ("**IPO, Listing and the Utilisation**").

The pro forma financial information below does not represent our actual capitalisation and long term debt indebtedness as at 31 October 2016 and is provided for illustrative purposes only.

Our long-term debt indebtedness is not guaranteed by any third party.

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12. FINANCIAL INFORMATION (Cont'd)

	<u>Unaudited</u>	<u>As adjusted</u>
	<u>As at 31 October 2016</u>	<u>After our IPO, Listing and the Utilisation</u>
	RM	RM
Long-term debt		
Term loans - secured	23,099,022	23,099,022
Finance lease liabilities - secured	11,298,587	11,298,587
	<u>34,397,609</u>	<u>34,397,609</u>
Equity attributable to owners of the Company	664,406,212	1,053,706,212
Non-controlling interests	6,931,715	6,931,715
Total capitalisation	<u>671,337,927</u>	<u>1,060,637,927</u>
Total capitalisation and indebtedness⁽¹⁾	705,735,536	1,095,035,536

Note:

(1) Computed based on total long-term debt plus total equity.

12.4 SELECTED PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DATA

The selected consolidated statements of financial position data has been derived from the Pro Forma Consolidated Statements of Financial Position set out in Section 12.5 of this Prospectus.

The Pro Forma Consolidated Statements of Financial Position has been compiled based on the financial statements of the Group for the FPE 2016, which was prepared in accordance with the approved accounting standards and in a manner consistent with the format of the statement of financial position and the accounting policies adopted by our Group. The financial statements of the Serba Dinamik Group for the FPE 2016 were prepared in accordance with the MFRS and IFRS.

The selected pro forma consolidated statements of financial position data as at 30 June 2016 has been prepared for illustrative purposes only to show the effects of our IPO, Listing and the Utilisation, had these transactions been effected on 30 June 2016.

The selected pro forma consolidated statements of financial position data should be read in conjunction with the Reporting Accountants' Letter on the Pro Forma Consolidated Statements of Financial Position as set forth in Section 12.5 of this Prospectus

The selected pro forma consolidated statements of financial position data is not necessarily indicative of the financial position that would have been attained had the abovementioned transactions actually occurred on 30 June 2016. The selected pro forma consolidated statements of financial position data has been prepared for illustrative purposes only, and because of its nature, may not give a true picture of the actual financial position of our Group.

12. FINANCIAL INFORMATION (Cont'd)

	<u>As at FPE 2016</u>	<u>Pro Forma I</u> <u>After our IPO,</u> <u>Listing and</u> <u>Utilisation</u>
	RM	RM
Assets		
Property, plant and equipment	421,733,922	421,733,922
Investment in associates	12,220,000	12,220,000
Other investments	106,090	106,090
Intangible assets	4,158,980	4,158,980
Deferred tax assets	463,681	463,681
Total non-current assets	<u>438,682,673</u>	<u>438,682,673</u>
Inventories	284,643,272	284,643,272
Trade and other receivables	604,786,881	604,786,881
Deposits and prepayments	5,428,469	5,428,469
Current tax assets	3,113,512	3,113,512
Other investments	41,556,689	41,556,689
Cash and cash equivalents	178,364,743	507,664,743
Total current assets	<u>1,117,893,566</u>	<u>1,447,193,566</u>
Total assets	<u>1,556,576,239</u>	<u>1,885,876,239</u>
Equity		
Share capital	531,800,000	667,500,000
Share premium	-	260,456,965
Other reserves	77,899,140	77,899,140
Merger reserve	(434,709,541)	(434,709,541)
Retained earnings	452,403,041	445,546,076
Equity attributable to owners of the Company	<u>627,392,640</u>	<u>1,016,692,640</u>
Non-controlling interests	7,467,534	7,467,534
Total equity	<u>634,860,174</u>	<u>1,024,160,174</u>
Liabilities		
Deferred tax liabilities	12,352,024	12,352,024
Loans and borrowings	17,597,837	17,597,837
Employee benefits	396,672	396,672
Total non-current liabilities	<u>30,346,533</u>	<u>30,346,533</u>
Trade and other payables	386,349,515	386,349,515
Loans and borrowings	501,076,237	441,076,237
Current tax payable	3,943,780	3,943,780
Total current liabilities	<u>891,369,532</u>	<u>831,369,532</u>
Total liabilities	<u>921,716,065</u>	<u>861,716,065</u>
Total equity and liabilities	<u>1,556,576,239</u>	<u>1,885,876,239</u>
Number of ordinary shares of RM0.50 each	1,063,600,000	1,335,000,000
Net assets (RM)	627,392,640	1,016,692,640
Net assets per share (RM)	0.59	0.76
Net tangible assets per share (RM)	0.59	0.76

12. FINANCIAL INFORMATION (Cont'd)

12.5 REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION



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The Board of Directors
Serba Dinamik Holdings Berhad
No. 8-5, Pusat Dagangan UMNO Shah Alam,
Lot 8, Persiaran Damai, Seksyen 11
40100, Shah Alam
Selangor Darul Ehsan

Date: 14 November 2016

Dear Sir,

Serba Dinamik Holdings Berhad (“Serba Dinamik Holdings” or the “Company”)
Report on the compilation of pro forma consolidated statements of financial position for inclusion in the Company’s prospectus in connection with the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of Serba Dinamik Holdings and its wholly-owned subsidiary, namely Serba Dinamik Group Berhad (“Serba Dinamik Group”) (collectively, the “Group” and individually the “Group Entities”) prepared by the management of the Group (the “Management”). The pro forma consolidated statements of financial position as at 30 June 2016 and related notes as set out in Attachment A have been stamped by us for identification purposes. The applicable criteria on the basis of which the Management has compiled the pro forma consolidated statements of financial position are specified in Chapter 12 of the *Prospectus Guidelines* issued by the Securities Commission Malaysia (“Prospectus Guidelines”) and described in Note 3 of Attachment A.

The pro forma consolidated statements of financial position have been compiled by the Management to illustrate the impact of the events or transactions as set out in Note 2 of Attachment A on the Group’s financial position as at 30 June 2016, as if the events or transactions as set out in Note 2 of Attachment A had taken place on 30 June 2016. As part of this process, information about the Group’s financial position has been extracted by the Management from the financial statements of the Group for the financial period ended 30 June 2016, on which an audit report has been issued.

Management’s Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Management is responsible for compiling the pro forma consolidated statements of financial position on the basis described in Note 3 in Attachment A as required by the Prospectus Guidelines.

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KPMG, a partnership established under Malaysian law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity.



12. FINANCIAL INFORMATION (Cont'd)



Serba Dinamik Holdings Berhad
Report on the compilation of pro forma consolidated statements of
financial position in relation to the listing of and quotation for the
entire issued and paid-up share capital of the Company on the Main
Market of Bursa Malaysia Securities Berhad
 14 November 2016

Reporting Accountants' Independence and Quality Control

We have complied with the independence and other ethical requirement of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the pro forma consolidated statements of financial position has been compiled, in all material respects, by the Management on the basis described in Note 3 in Attachment A.

We conducted our engagement in accordance with International Standards on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Management has compiled, in all material respects, the pro forma consolidated statements of financial position on the basis described in Note 3 in Attachment A.

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 pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of the pro forma consolidated statements of financial position included in the prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Management in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effects to those criteria; and
- the pro forma consolidated statements of financial position reflects the proper application of those adjustments to the unadjusted financial information.

12. FINANCIAL INFORMATION (Cont'd)

Serba Dinamik Holdings Berhad
Report on the compilation of pro forma consolidated statements of
financial position in relation to the listing of and quotation for the
entire issued and paid-up share capital of the Company on the Main
Market of Bursa Malaysia Securities Berhad
 14 November 2016

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the pro forma consolidated statements of financial position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

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

Opinion

In our opinion, the pro forma consolidated statements of financial position has been compiled, in all material respects, on the basis stated in Note 3 in Attachment A.

Other Matters

Our report on the pro forma consolidated statements of financial position has been prepared for inclusion in the prospectus of the Company in connection with the listing of and quotation for the entire issued and paid-up share capital of Serba Dinamik Holdings on the Main Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes.

Yours faithfully,

KPMG
 Firm Number: AF 0758
 Chartered Accountants

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

12. FINANCIAL INFORMATION (Cont'd)**Attachment A****Serba Dinamik Holdings Berhad**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

1. Introduction

The pro forma consolidated statements of financial position of Serba Dinamik Holdings Berhad (“Serba Dinamik Holdings” or the “Company”) and its subsidiaries (collectively, the “Group” and individually the “Group Entities”) has been prepared for inclusion in the prospectus of the Company in connection with the initial public offering of ordinary shares of RM0.50 each in the Company (“IPO”) and listing of and quotation for the entire issued and paid up share capital of Serba Dinamik Holdings on the Main Market of Bursa Malaysia Securities Berhad (“Listing”) (“Prospectus”).

2. IPO**2.1 Public Issue**

The public issue of 271,400,000 new ordinary shares of RM0.50 each in the Company (“Issue Shares”) representing 20.3% of the enlarged issued and paid-up share capital of the Company at a price of RM1.50 per Issue Share.

2.2 Offer for Sale

The offer for sale by Dato’ Dr. Ir. Mohd. Abdul Karim Bin Abdullah, Tn. Hj. Abdul Kadier Bin Sahib, Dato’ Awang Daud Bin Awang Putera, COPE-KPF Opportunities 1 Sdn. Bhd. (“CKO 1”) and COPE Opportunities 2 Sdn. Bhd. (“COPE 2”) (collectively, the “Selling Shareholders”) up to 118,000,000 existing ordinary shares of RM0.50 each in the Company (“Offer Shares”) representing 8.8% of the enlarged issued and paid-up share capital of the Company at a price of RM1.50 per Offer Share.

2.3 Utilisation of Proceeds

The Company will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale of approximately RM177,000,000 will accrue entirely to the Selling Shareholders of the Offer Shares.

The proceeds from the Public Issue of RM407,100,000 is intended to be utilised as follows:

	RM
Expansion of business and operational facilities	300,000,000
Working capital	29,300,000
Repayment of bank borrowings / financing	60,000,000
Estimated listing expenses	17,800,000
	<u>407,100,000</u>

The estimated listing expenses totalling RM17,800,000 comprise professional fees, fees to authorities, underwriting, placement and brokerage fees and miscellaneous expenses. RM10,943,035 of the listing expenses will be written off against share premium and the remaining RM6,856,965 will be charged to the profit or loss account.

The Selling Shareholders will bear their own professional fees and placement fee, as well as other miscellaneous expenses in respect of the IPO (before the over-allotment option), which is estimated to be approximately RM3.8 million.



12. FINANCIAL INFORMATION (Cont'd)**Serba Dinamik Holdings Berhad**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

3. Basis of preparation of the Pro Forma Consolidated Statements of Financial Position

The Pro Forma Consolidated Statements of Financial Position has been compiled based on the financial statements of the Group for the financial period ended 30 June 2016, which was prepared in accordance with the approved accounting standards as defined in the Financial Reporting Act 1997, and in a manner consistent with the format of the statement of financial position and the accounting policies adopted by the Group.

The financial statements of Serba Dinamik Holdings for the financial period ended 30 June 2016 were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"). The Pro Forma Consolidated Statements of Financial Position does not include the effects of the adoption of MFRS issued by the Malaysian Accounting Standards Board which are effective for the annual period beginning on 1 January 2017.

The auditors' report of the audited financial statements of Serba Dinamik Holdings for the financial period ended 30 June 2016 were not subject to any qualification, modification or disclaimer of opinion.

The Pro Forma Consolidated Statements of Financial Position is not necessarily indicative of the financial position that would have been attained had the IPO actually occurred at the respective dates. The Pro Forma Consolidated Statements of Financial Position has been prepared for illustrative purposes only, and because of its nature, may not give a true picture of the actual financial position of the Group.

4. Pro forma adjustments to the Pro Forma Consolidated Statements of Financial Position

The Pro Forma Consolidated Statements of Financial Position incorporates the following events or transactions:

- (i) Pro Forma I – IPO

Pro Forma I incorporates the effects of the Public Issue, Offer for Sale and Utilisation of Proceeds as detailed in Note 2.

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12. FINANCIAL INFORMATION (Cont'd)

Attachment A

Serba Dinamik Holdings Berhad

Pro Forma Consolidated Statements of Financial Position and the notes thereon

5. Pro Forma Consolidated Statements of Financial Position

The Pro Forma Consolidated Statements of Financial Position of the Group as at 30 June 2016 as set out below has been prepared for illustrative purposes only to show the effects of the IPO as set out in Note 2 had these transactions been effected on 30 June 2016, and should be read in conjunction with Note 3 and Note 4.

		As at 30 June 2016 RM	IPO RM	Pro Forma I After the IPO RM
Assets				
Property, plant and equipment		421,733,922	-	421,733,922
Investment in associates		12,220,000	-	12,220,000
Other investments		106,090	-	106,090
Intangible assets		4,158,980	-	4,158,980
Deferred tax assets		463,681	-	463,681
Total non-current assets		438,682,673	-	438,682,673
Inventories		284,643,272	-	284,643,272
Trade and other receivables		604,786,881	-	604,786,881
Deposits and prepayments		5,428,469	-	5,428,469
Current tax assets		3,113,512	-	3,113,512
Other investments		41,556,689	-	41,556,689
Cash and cash equivalents	(a)	178,364,743	329,300,000	507,664,743
Total current assets		1,117,893,566	329,300,000	1,447,193,566
Total assets		1,556,576,239	329,300,000	1,885,876,239
Equity				
Share capital	(b)	531,800,000	135,700,000	667,500,000
Share premium	(c)	-	260,456,965	260,456,965
Other reserves		77,899,140	-	77,899,140
Merger reserve		(434,709,541)	-	(434,709,541)
Retained earnings	(d)	452,403,041	(6,856,965)	445,546,076
Equity attributable to owners of the Company		627,392,640	389,300,000	1,016,692,640
Non-controlling interests		7,467,534	-	7,467,534
Total equity		634,860,174	389,300,000	1,024,160,174
Liabilities				
Deferred tax liabilities		12,352,024	-	12,352,024
Loans and borrowings		17,597,837	-	17,597,837
Employee benefits		396,672	-	396,672
Total non-current liabilities		30,346,533	-	30,346,533
Trade and other payables		386,349,515	-	386,349,515
Loans and borrowings	(e)	501,076,237	(60,000,000)	441,076,237
Current tax payable		3,943,780	-	3,943,780
Total current liabilities		891,369,532	(60,000,000)	831,369,532
Total liabilities		921,716,065	(60,000,000)	861,716,065
Total equity and liabilities		1,556,576,239	329,300,000	1,885,876,239



12. FINANCIAL INFORMATION (Cont'd)

Attachment A

Serba Dinamik Holdings Berhad

Pro Forma Consolidated Statements of Financial Position and the notes thereon

5. Pro Forma Consolidated Statements of Financial Position (continued)

Supplementary Information

	Note	As at 30 June 2016	IPO	Pro Forma I After the IPO
Number of ordinary shares of RM0.50 each		1,063,600,000		1,335,000,000
Net assets (RM)*		627,392,640		1,016,692,640
Net assets per share (RM)		0.59		0.76
Net tangible assets per share (RM)		0.59		0.76

* Net assets represent equity attributable to owners of the Company

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12. FINANCIAL INFORMATION (Cont'd)

Attachment A

Serba Dinamik Holdings Berhad
Pro Forma Consolidated Statements of Financial Position and the notes thereon

5.1 Effects on the pro forma consolidated statements of financial position

(a) Movement in cash and cash equivalents

	RM
Balance as at 30 June 2016	178,364,743
Effects of pro forma I:	
- Proceeds from the IPO	407,100,000
- Utilisation of proceeds from the IPO	
(i) Repayment of bank borrowings / financing	(60,000,000)
(ii) Estimated listing expenses	<u>(17,800,000)</u>
Pro forma I	<u>507,664,743</u>

(b) Movement in share capital

	RM
Balance as at 30 June 2016	531,800,000
Effects of pro forma I:	
- IPO	<u>135,700,000</u>
Pro forma I	<u>667,500,000</u>

(c) Movement in share premium

	RM
Balance as at 30 June 2016	-
Effects of pro forma I:	
- IPO	271,400,000
- Utilisation of proceeds from the IPO	
(i) Estimated listing expenses	<u>(10,943,035)</u>
Pro forma I	<u>260,456,965</u>

(d) Movement in retained earnings

	RM
Balance as at 30 June 2016	452,403,041
Effects of pro forma I:	
- Utilisation of proceeds from the IPO	(6,856,965)
(i) Estimated listing expenses	
Pro forma I	<u>445,546,076</u>



12. FINANCIAL INFORMATION (Cont'd)**Attachment A****Serba Dinamik Holdings Berhad**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

(e) Movement in loans and borrowings (current)

	RM
Balance as at 30 June 2016	501,076,237
Effects of pro forma I:	
- Utilisation of proceeds from the IPO	
(i) Repayment of bank borrowings / financing	<u>(60,000,000)</u>
Pro forma I	<u>441,076,237</u>

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12. FINANCIAL INFORMATION (Cont'd)

12.6 DIVIDEND POLICY

It is the policy of our Board in recommending dividends to allow shareholders to participate in our profits, as well as to retain adequate reserves for our future growth. The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividend for the year is subject to our shareholders' approval.

As we are a holding company, our Company's income, and therefore our ability to pay dividends, is dependent upon the dividends and other distributions we receive from our subsidiaries and associates.

The payment of dividends by our subsidiaries and associates will depend upon their distributable profits, operating results, financial condition, capex plans, debt servicing and other obligations or business plans and applicable laws or agreements restricting their ability to pay dividends or other distributions. In addition, changes in applicable accounting standards may also affect the ability of our subsidiaries and associates, and consequently, our ability, to declare and pay dividends.

The actual dividend that our Board may recommend or declare in respect of any particular financial year or period will subject to the factors outlined below as well as any other factors deemed relevant by our Board. Upon recommendation by our Board, we will, *inter alia*, take into account various factors as set out below to determine the level of dividend payments:

- (i) our level of cash, gearing and return on equity and retained earnings;
- (ii) our expected financial performance;
- (iii) our projected levels of capex and other investment plans;
- (iv) our working capital requirements; and
- (v) any contractual restrictions and/or commitments.

After taking into consideration the abovementioned factors under items (i) to (v), it is the intention of our Board to adopt a dividend payout ratio of at least 30% of our PAT attributable to the owners of our Company for each financial year, excluding any unrealised income from adjustments due to accounting policies that are non-cash in nature.

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

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

13. ACCOUNTANTS' REPORT

KPMG (Firm No.AF0758)
Chartered Accountants
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P.O.Box 679
93714 Kuching
Malaysia

The Board of Directors
Serba Dinamik Holdings Berhad
8-5, Pusat Dagangan UMNO Shah Alam,
Lot 8, Persiaran Damai, Seksyen 11,
40100, Shah Alam,
Selangor Darul Ehsan.

14 November 2016

Dear Sirs,

Reporting Accountant's opinion on the financial statements contained in the accountants' report of Serba Dinamik Group Berhad

We have audited the financial statements of Serba Dinamik Group Berhad and its subsidiaries (the "Group"), which comprise the statements of financial position as at 30 June 2016, 31 December 2015, 31 December 2014 and 31 December 2013 of the Group, and the statements of comprehensive income, changes in equity and cash flows of the Group for the years then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 2 to 99. The historical financial statements of the Group has been prepared for inclusion in the prospectus of Serba Dinamik Holdings Berhad in connection with the proposed listing of and quotation for the entire issued and paid-up share capital of Serba Dinamik Holdings on the Main Market of Bursa Securities Malaysia Berhad ("Prospectus").

Directors' Responsibility

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

Reporting Accountant's Responsibility

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

*Serba Dinamik Group Berhad
(Company No. 663460 - T)
Accountants' Report on the
consolidated financial statements*

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group as of 30 June 2016, 31 December 2015, 31 December 2014 and 31 December 2013 and of their financial performance and cash flows for the years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Other matters

This report has been prepared solely to comply with the Prospectus Guidelines – Equity issued by the Securities Commission Malaysia and for inclusion in the prospectus of Serba Dinamik Holdings Berhad in connection with the proposed listing of and quotation for the entire enlarged issued and paid-up share capital of Serba Dinamik Holdings Berhad on the Main Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

The six months comparatives for the statements of profit or loss and other comprehensive income, changes in equity, cash flows and their related explanatory information for the financial period ended 30 June 2015 have not been audited.

KPMG
Firm Number: AF 0758
Chartered Accountants

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

Kuching

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
 (Company No. 663460 – T)
 (Incorporated in Malaysia)
 and its subsidiaries

Consolidated statements of financial position as at 31 December 2013, 2014, 2015 and 30 June 2016

	Note	30.6.2016 RM	31.12.2015 RM	31.12.2014 RM	31.12.2013 RM
Assets					
Property, plant and equipment	3	421,733,922	349,324,495	134,082,374	79,072,305
Investment in associates	4	12,220,000	12,220,000	-	36,480
Other investments	5	106,090	160,295	141,442	-
Intangible assets	6	4,158,980	4,163,810	-	-
Deferred tax assets	7	463,681	69,463	62,762	45,475
Total non-current assets		<u>438,682,673</u>	<u>365,938,063</u>	<u>134,286,578</u>	<u>79,154,260</u>
Inventories	8	284,643,272	229,803,652	198,879,869	146,126,686
Trade and other receivables	9	604,786,881	431,022,607	221,552,187	176,620,191
Deposits and prepayments	10	5,428,469	4,446,868	2,990,066	2,308,851
Assets classified as held for sale	11	-	-	309,842	-
Current tax assets		3,113,512	2,938,984	1,202,921	219,432
Other investments	5	41,556,689	30,062,353	-	-
Cash and cash equivalents	12	178,364,742	194,614,161	80,049,024	57,042,512
Total current assets		<u>1,117,893,565</u>	<u>892,888,625</u>	<u>504,983,909</u>	<u>382,317,672</u>
Total assets		<u><u>1,556,576,238</u></u>	<u><u>1,258,826,688</u></u>	<u><u>639,270,487</u></u>	<u><u>461,471,932</u></u>
Equity					
Share capital	13.1	73,978,860	62,090,458	62,090,458	62,090,458
Redeemable convertible preference shares 'A'	13.1	-	1,192,542	1,192,542	1,192,542
Share premium	13.2	23,111,598	-	-	-
Other reserves	13.3	77,899,140	30,019,639	(12,075,400)	(18,052,467)
Retained earnings		452,431,722	375,100,044	219,577,096	140,350,666
Total equity attributable to owners of the Company		<u>627,421,320</u>	<u>468,402,683</u>	<u>270,784,696</u>	<u>185,581,199</u>
Non-controlling interests	14	7,467,534	7,303,054	546,440	12,789,052
Total equity		<u><u>634,888,854</u></u>	<u><u>475,705,737</u></u>	<u><u>271,331,136</u></u>	<u><u>198,370,251</u></u>

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
 (Company No. 663460 – T)
 (Incorporated in Malaysia)
 and its subsidiaries

Consolidated statements of financial position as at 31 December 2013, 2014, 2015 and 30 June 2016
 (continued)

	Note	30.6.2016 RM	31.12.2015 RM	31.12.2014 RM	31.12.2013 RM
Liabilities					
Deferred tax liabilities	7	12,352,024	5,151,871	3,113,000	2,388,000
Loans and borrowings	15	17,597,837	32,396,113	20,789,039	27,950,653
Other financial liabilities	16	-	63,834,392	49,837,909	43,571,005
Employee benefits	17	396,672	403,678	343,669	240,416
Total non-current liabilities		<u>30,346,533</u>	<u>101,786,054</u>	<u>74,083,617</u>	<u>74,150,074</u>
Trade and other payables	18	386,320,834	239,027,028	102,050,658	64,337,511
Loans and borrowings	15	501,076,237	440,933,660	190,428,790	122,773,171
Current tax payable		3,943,780	1,374,209	876,286	1,840,925
Other financial liabilities	16	-	-	500,000	-
Total current liabilities		<u>891,340,851</u>	<u>681,334,897</u>	<u>293,855,734</u>	<u>188,951,607</u>
Total liabilities		<u>921,687,384</u>	<u>783,120,951</u>	<u>367,939,351</u>	<u>263,101,681</u>
Total equities and liabilities		<u><u>1,556,576,238</u></u>	<u><u>1,258,826,688</u></u>	<u><u>639,270,487</u></u>	<u><u>461,471,932</u></u>

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
(Company No. 663460 – T)
(Incorporated in Malaysia)
and its subsidiaries

Consolidated statements of profit or loss and other comprehensive income for the years ended 31 December 2013, 2014, 2015, six months period ended for 30 June 2015 and 30 June 2016

	Note	1.1.2016 - 30.6.2016 RM	1.1.2015 - 30.6.2015 RM	1.1.2015 - 31.12.2015 RM	1.1.2014 - 31.12.2014 RM	1.1.2013 - 31.12.2013 RM
Revenue	19	911,725,902	513,036,919	1,402,942,005	755,768,477	536,195,358
Cost of sales/services		(745,208,052)	(405,672,140)	(1,170,482,712)	(644,460,790)	(444,880,631)
Gross profit		<u>166,517,850</u>	<u>107,364,779</u>	<u>232,459,293</u>	<u>111,307,687</u>	<u>91,314,727</u>
Other operating income		634,065	170,893	852,213	8,151,096	1,757,275
Administrative expenses		(24,878,043)	(13,230,992)	(51,201,428)	(33,645,162)	(23,669,301)
Results from operating activities	20	<u>142,273,872</u>	<u>94,304,680</u>	<u>182,110,078</u>	<u>85,813,621</u>	<u>69,402,701</u>
Other non-operating income		-	-	2,590,420	-	-
Finance income	21	<u>2,022,117</u>	<u>717,845</u>	<u>2,040,164</u>	<u>845,736</u>	<u>10,197,588</u>
Finance costs	21	(23,020,442)	(9,793,157)	(27,169,682)	(18,973,829)	(13,550,081)
Net finance costs		(20,998,325)	(9,075,312)	(25,129,518)	(18,128,093)	(3,352,493)
Share of results of equity accounted associates		-	-	-	-	(231,893)
Profit before tax		<u>121,275,547</u>	<u>85,229,368</u>	<u>159,570,980</u>	<u>67,685,528</u>	<u>65,818,315</u>
Tax expense	22	(8,353,298)	(5,366,573)	(3,008,604)	(312,193)	(4,199,252)
Profit for the year		<u>112,922,249</u>	<u>79,862,795</u>	<u>156,562,376</u>	<u>67,373,335</u>	<u>61,619,063</u>

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
(Company No. 663460 – T)
(Incorporated in Malaysia)
and its subsidiaries

Consolidated statements of profit or loss and other comprehensive income for the years ended 31 December 2013, 2014, 2015, six months period ended for 30 June 2015 and 30 June 2016 (continued)

	Note	1.1.2016 - 30.6.2016 RM	1.1.2015 - 30.6.2015 RM	1.1.2015 - 31.12.2015 RM	1.1.2014 - 31.12.2014 RM	1.1.2013 - 31.12.2013 RM
Other comprehensive income, net of tax						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of employee benefits	17	-	-	-	18,019	38,484
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations		(14,318,045)	10,962,108	41,794,572	5,816,000	(287,218)
Total comprehensive income for the year		<u>98,604,204</u>	<u>90,824,903</u>	<u>198,356,948</u>	<u>73,207,354</u>	<u>61,370,329</u>
Profit for the financial year attributable to:						
- Owners of the Company		112,831,678	79,943,481	156,723,748	63,881,094	58,675,921
- Non-controlling interests		90,571	(80,686)	(161,372)	3,492,241	2,943,142
Profit for the year		<u>112,922,249</u>	<u>79,862,795</u>	<u>156,562,376</u>	<u>67,373,335</u>	<u>61,619,063</u>
Total comprehensive income attributable to:						
- Owners of the Company		98,439,724	90,775,632	198,318,787	69,715,113	58,427,187
- Non-controlling interests		164,480	49,271	38,161	3,492,241	2,943,142
Total comprehensive income for the year		<u>98,604,204</u>	<u>90,824,903</u>	<u>198,356,948</u>	<u>73,207,354</u>	<u>61,370,329</u>
Basic and diluted earnings per ordinary share		1.52	1.28	2.52	1.03	0.95

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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Consolidated statements of changes in equity for the years ended 31 December 2013, 2014, 2015 and 30 June 2016

	<i>Attributable to owners of the Company</i>					Total equity RM
	<i>Share capital</i> RM	<i>Redeemable preference shares 'A' RM</i>	<i>Other reserves RM</i>	<i>Retained earnings RM</i>	<i>Non- controlling interests RM</i>	
At 1 January 2013	62,090,458	-	(343,359)	81,641,614	9,845,910	153,234,623
Remeasurement of employee benefits	-	-	-	38,484	-	38,484
Foreign currency translation differences for foreign operations	-	-	(287,218)	-	-	(287,218)
Total other comprehensive income for the year	-	-	(287,218)	38,484	-	(248,734)
Profit for the year	-	-	-	58,675,921	2,943,142	61,619,063
Total comprehensive income for the year	-	-	(287,218)	58,714,405	2,943,142	61,370,329
Transfer to other reserves	-	-	5,299	(5,353)	-	(54)
Put option	-	-	(17,427,189)	-	-	(17,427,189)
Issuance of redeemable convertible preference shares 'A'	-	1,192,542	-	-	-	1,192,542
At 31 December 2013	<u>62,090,458</u>	<u>1,192,542</u>	<u>(18,052,467)</u>	<u>140,350,666</u>	<u>12,789,052</u>	<u>198,370,251</u>
	(Note 13.1)	(Note 13.1)	(Note 13.3)			

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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Consolidated statements of changes in equity for the years ended 31 December 2013, 2014, 2015 and 30 June 2016 (continued)

	-----Attributable to owners of the Company----- -----Non-distributable-----/Distributable					
	Share capital RM	Redeemable convertible preference shares 'A' RM	Other reserves RM	Retained earnings RM	Non- controlling interests RM	Total equity RM
At 1 January 2014	62,090,458	1,192,542	(18,052,467)	140,350,666	12,789,052	198,370,251
Remeasurement of employee benefits	-	-	-	18,019	-	18,019
Foreign currency translation differences for foreign operations	-	-	5,816,000	-	-	5,816,000
Total other comprehensive income for the year	-	-	5,816,000	18,019	-	5,834,019
Profit for the year	-	-	-	63,881,094	3,492,241	67,373,335
Total comprehensive income for the year	-	-	5,816,000	63,899,113	3,492,241	73,207,354
Transfer to other reserves	-	-	161,067	(280,338)	-	(119,271)
Acquisition from non-controlling interests	-	-	-	15,607,655	(15,734,853)	(127,198)
At 31 December 2014	62,090,458	1,192,542	(12,075,400)	219,577,096	546,440	271,331,136
	(Note 13.1)	(Note 13.1)	(Note 13.3)			

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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Consolidated statements of changes in equity for the years ended 31 December 2013, 2014, 2015 and 30 June 2016 (continued)

	<i>Attributable to owners of the Company</i>					Non- controlling interests RM	Total equity RM
	<i>Share capital RM</i>	<i>Share preference shares 'A' RM</i>	<i>Other reserves RM</i>	<i>Retained earnings RM</i>	<i>Total RM</i>		
At 1 January 2015	62,090,458	1,192,542	(12,075,400)	219,577,096	270,784,696	546,440	271,331,136
Foreign currency translation differences for foreign operations	-	-	41,595,039	-	41,595,039	199,533	41,794,572
Total other comprehensive income for the year	-	-	41,595,039	-	41,595,039	199,533	41,794,572
Profit for the year	-	-	-	156,723,748	156,723,748	(161,372)	156,562,376
Total comprehensive income for the year	<u>62,090,458</u>	<u>1,192,542</u>	<u>41,595,039</u>	<u>156,723,748</u>	<u>198,318,787</u>	<u>38,161</u>	<u>198,356,948</u>
Dividend paid	-	-	-	(700,800)	(700,800)	-	(700,800)
Acquisition of subsidiaries	-	-	-	-	-	6,718,453	6,718,453
Transfer to capital redemption reserve	-	-	500,000	(500,000)	-	-	-
At 31 December 2015	<u>62,090,458</u>	<u>1,192,542</u>	<u>30,019,639</u>	<u>375,100,044</u>	<u>468,402,683</u>	<u>7,303,054</u>	<u>475,705,737</u>
	(Note 13.1)	(Note 13.1)	(Note 13.3)				

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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Consolidated statements of changes in equity for the years ended 31 December 2013, 2014, 2015 and 2016 (continued)

	-----Attributable to owners of the Company----- -----Non-distributable-----/Distributable						Non- controlling interests RM	Total equity RM
	Share capital RM	Share premium RM	Redeemable convertible shares 'A' RM	Other reserves RM	Retained earnings RM	Total RM		
At 1 January 2016	62,090,458	-	1,192,542	30,019,639	375,100,044	468,402,683	7,303,054	475,705,737
Foreign currency translation differences for foreign operations	-	-	-	(14,391,954)	-	(14,391,954)	73,909	(14,318,045)
Total other comprehensive income for the year	-	-	-	(14,391,954)	-	(14,391,954)	73,909	(14,318,045)
Profit for the year	-	-	-	-	112,831,678	112,831,678	90,571	112,922,249
Total comprehensive income for the year	-	-	-	(14,391,954)	112,831,678	98,439,724	164,480	98,604,204
Issue of ordinary shares (Note 13.1.2)	11,888,102	-	-	-	-	11,888,102	-	11,888,102
Dividend paid	-	-	-	-	-	-	-	-
Share option exercised	-	-	(1,192,542)	26,771,455	-	25,578,913	-	25,578,913
Acquisition of subsidiaries	-	-	-	-	-	-	-	-
Transfer to share premium for share option exercised	-	23,111,598	-	-	-	23,111,598	-	23,111,598
Transfer to capital redemption reserve	-	-	-	35,500,000	(35,500,000)	-	-	-
At 30 June 2016	73,978,560	23,111,598	-	77,899,140	452,431,722	627,421,020	7,467,534	634,888,554
	(Note 13.1)	(Note 13.2)	(Note 13.1)	(Note 13.1)	(Note 13.3)			

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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Consolidated statements of cash flows for the years ended 31 December 2013, 2014, 2015, six months period ended for 30 June 2015 and 30 June 2016

	1.1.2016 - 30.6.2016 RM	1.1.2015 - 30.6.2015 RM	1.1.2015 - 31.12.2015 RM	1.1.2014 - 31.12.2014 RM	1.1.2013 - 31.12.2013 RM
Cash flows from operating activities					
Profit before tax	121,275,547	85,229,368	159,570,980	67,685,528	65,818,315
Adjustments for:					
Allowance for diminution in value of other investments	54,205	-	-	-	-
Depreciation of property, plant and equipment (Note 3)	25,699,032	9,928,889	27,918,100	14,972,037	10,063,662
Gain on disposal of property, plant and equipment	-	-	-	-	(316,398)
Unrealised foreign exchange loss/(gain)	896,585	221,364	1,351,262	(104,936)	50,347
Finance income (Note 21)	(2,022,117)	(717,845)	(2,040,164)	(845,736)	(10,197,588)
Finance costs (Note 21)	23,020,442	9,793,157	27,169,682	18,973,829	13,550,081
Share of results of equity accounted associates	-	-	-	-	231,893
Post employment benefits (Note 17)	(7,006)	-	60,009	121,272	35,677
Property, plant and equipment written off	431,051	-	-	-	1,247
Gain on bargain purchase on acquisition of subsidiaries [Note 29(i)(a)]	-	-	(2,590,420)	-	-
Loss on disposal of asset held for sale	-	-	36,480	-	-
Operating profit before changes in working capital	169,347,739	104,454,933	211,475,929	100,801,994	79,237,236
Changes in working capital:					
Inventories	(54,839,620)	(47,120,327)	(10,784,718)	(52,753,183)	(72,087,496)
Trade and other receivables*	(180,430,834)	(145,518,164)	(166,004,528)	(40,323,552)	(44,297,316)
Trade and other payables	152,949,718	111,912,467	119,613,002	47,830,228	33,567,930
Cash generated from/(used in) operations	87,027,003	23,728,909	154,299,685	55,555,487	(3,579,646)
Tax refund/(paid)	849,022	(749,051)	4,238,727	(2,076,394)	(934,627)
Interest paid	(4,167,596)	(1,377,450)	-	(2,278,589)	(4,377,956)
Net cash from/(used in) operating activities	83,708,429	21,602,408	158,538,412	51,200,504	(8,892,229)

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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Consolidated statements of cash flows for the years ended 31 December 2013, 2014, 2015, six months periods ended for 30 June 2015 and 30 June 2016 (continued)

	1.1.2016 - 30.6.2016 RM	1.1.2015 - 30.6.2015 RM	1.1.2015 - 31.12.2015 RM	1.1.2014 - 31.12.2014 RM	1.1.2013 - 31.12.2013 RM
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment	-	-	-	-	328,300
Acquisition of property, plant and equipment [Note (i)]	(107,318,093)	(40,835,092)	(213,749,978)	(61,884,076)	(24,524,183)
Interest received	2,022,117	717,845	2,040,164	845,736	376,653
Increase in term deposits pledged to banks	(5,347,088)	(34,596,113)	(52,551,497)	(17,215,356)	(9,782,241)
Increase in other investment (Note 5)	(11,494,336)	(3,249,271)	(30,062,353)	-	-
Subscription of additional interest in a former associate	-	-	-	(273,362)	-
Purchase of other investments	-	-	(18,853)	(141,442)	-
Acquisition of an associate	-	-	(12,220,000)	-	-
Proceeds from disposal of a subsidiary	-	-	273,362	-	-
Purchase of intangible assets	(1,574)	-	(10,761)	-	-
Acquisition of subsidiaries	-	(7,834,750)	(9,766,793)	-	-
Net cash used in investing activities	(122,138,974)	(85,797,381)	(316,066,709)	(78,668,500)	(33,601,471)
Cash flows from financing activities					
Interest paid	(18,852,846)	(8,415,707)	(27,169,682)	(16,695,240)	(8,014,832)
Proceeds from issuance of Redeemable Convertible Preference Shares ("RCPS")	-	-	-	-	35,000,000
Net repayment of term loans	(12,384,743)	(8,517,892)	-	(8,078,877)	(15,760,957)
Net repayment of finance lease liabilities	(3,907,640)	(836,912)	(3,143,175)	(1,655,370)	(928,605)
Net proceeds from loans and borrowings	58,104,527	88,872,559	243,360,161	64,438,730	41,112,987
Disposal of RCPS	(500,000)	(500,000)	(500,000)	-	-
Dividend paid	-	-	(700,800)	-	-
Net cash from financing activities	22,459,298	70,602,048	211,846,504	38,009,243	51,408,593
Net (decrease)/increase in cash and cash equivalents	(15,971,247)	6,407,075	54,318,207	10,541,247	8,914,893
Effect of exchange rate fluctuations on cash held	(1,488,118)	43,519	902,439	51,476	562,308
Cash and cash equivalents at beginning of year	77,521,142	22,300,496	22,300,496	11,707,773	2,230,572
Cash and cash equivalents at end of year [Note (ii)]	<u>60,061,777</u>	<u>28,751,090</u>	<u>77,521,142</u>	<u>22,300,496</u>	<u>11,707,773</u>

*Net of unrealised foreign exchange differences

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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Consolidated statements of cash flows for the years ended 31 December 2013, 2014, 2015, six months periods for 30 June 2015 and 30 June 2016 (continued)

Notes:

(i) Acquisition of property, plant and equipment

During the year, the Group acquired property, plant and equipment as follows:

	1.1.2016 - 30.6.2016 RM	1.1.2015 - 30.6.2015 RM	1.1.2015 - 31.12.2015 RM	1.1.2014 - 31.12.2014 RM	1.1.2013 - 31.12.2013 RM
Paid in cash	107,318,093	40,835,092	213,749,978	61,884,076	24,524,183
In the form of finance leases	2,635,572	260,000	1,340,381	7,380,056	1,364,900
Other payables	-	-	-	691,900	-
Total (see Note 3)	109,953,665	41,095,092	215,090,359	69,956,032	25,889,083

(ii) Cash and cash equivalents

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

	1.1.2016 - 30.6.2016 RM	1.1.2015 - 30.6.2015 RM	1.1.2015 - 31.12.2015 RM	1.1.2014 - 31.12.2014 RM	1.1.2013 - 31.12.2013 RM
Term deposits placed with licensed banks	111,134,527	93,002,565	105,787,439	53,235,942	36,020,586
Cash and bank balances	67,230,215	32,308,002	88,826,722	26,813,082	21,021,926
Total (see Note 12)	178,364,742	125,310,567	194,614,161	80,049,024	57,042,512
Less: Bank overdrafts (Note 15)	(7,168,438)	(3,556,912)	(11,305,580)	(4,512,586)	(9,314,153)
Less: Deposits pledged (Note 12)	(111,134,527)	(93,002,565)	(105,787,439)	(53,235,942)	(36,020,586)
	60,061,777	28,751,090	77,521,142	22,300,496	11,707,773

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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Notes to the consolidated financial statements

Serba Dinamik Group Berhad (the “Company”) is a public limited liability company, incorporated and domiciled in Malaysia. The address of its registered office is No. 8-5, Pusat Dagangan UMNO Shah Alam, Lot 8, Persiaran Damai Seksyen 11, 40100 Shah Alam, Selangor Darul Ehsan.

The consolidated financial statements of the Company as at and for the financial years/periods ended 30 June 2016, 30 June 2015, 31 December 2015, 31 December 2014 and 31 December 2013 comprise the financial statements of the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in associates.

The Company is principally engaged in investment holding and provision of management services while the principal activities of the subsidiaries are stated in Note 30.

On 25 May 2016, the shareholders of the Company entered into the Share Purchase Agreement with Serba Dinamik Holdings Berhad (“Serba Dinamik Holdings”) for the purchase by Serba Dinamik Holdings from the shareholders of the entire issued and paid-up share capital of the Company, 73,978,860 ordinary shares of RM1.00 each, at a total consideration of RM531,799,999 to be satisfied by the issuance of a total of 1,063,599,998 ordinary shares of RM0.50 each in Serba Dinamik Holdings to each of the shareholder. Since then, Serba Dinamik Holdings became the holding company of the Company.

The acquisition of shares forms part of the internal reorganisation of the Company and its group of companies in relation to the initial public offering of the ordinary shares in Serba Dinamik Holdings and the proposed listing of Serba Dinamik Holdings on the Main Market of Bursa Malaysia Securities Berhad.

1. Basis of preparation**(a) Statement of compliance**

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards.

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

MFRS / Amendment / Interpretation	Effective date
Amendments to MFRS 107, <i>Statement of Cash Flows</i> - <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 112, <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 2, <i>Share-based Payments</i> - <i>Clarification and Measurement of Share-based Payment Transactions</i>	1 January 2018

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRS / Amendment / Interpretation	Effective date
Amendments to MFRS 7, <i>Financial Instruments Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>	1 January 2018
MFRS 9, <i>Financial Instruments</i>	1 January 2018
MFRS 15, <i>Revenue from Contracts with Customers</i>	1 January 2018
MFRS 16, <i>Leases</i>	1 January 2019
Amendments to MFRS 10, <i>Consolidated Financial Statements</i> and MFRS 128, <i>Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be confirmed

The Group plans to apply:

- from the annual period beginning on 1 January 2017 for Amendments to MFRS 107 and Amendments to MFRS 12, which are effective for annual period beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual period beginning on or after 1 January 2018, except for Amendments to MFRS 2 which is assessed as presently not applicable.
- from the annual period beginning on 1 January 2019 for MFRS 16, which is effective for annual period beginning on or after 1 January 2019.

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

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

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue Barter Transactions Involving Advertising Services*. Upon adoption MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

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

13. ACCOUNTANTS' REPORT (Cont'd)

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1. Basis of preparation (continued)**(a) Statement of compliance (continued)****(ii) MFRS 9, *Financial Instruments***

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is expected that the Group's investment in unquoted shares will be measured at fair value through other comprehensive income.

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

(b) Basis of measurement

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

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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2. Significant accounting policies

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

(a) Basis of consolidation

(i) *Subsidiaries*

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

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

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

(ii) *Business combinations*

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

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) *Business combinations (continued)*

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

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

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) *Acquisitions of non-controlling interests*

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

(iv) *Loss of control*

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) *Associates*

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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2. Significant accounting policies (continued)**(a) Basis of consolidation (continued)****(v) Associates (continued)**

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

(vi) Non-controlling interests

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

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

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2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vii) *Transactions eliminated on consolidation*

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

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) *Foreign currency transactions*

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

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

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

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

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

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

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

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2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) *Operations denominated in functional currencies other than Ringgit Malaysia ("RM") (continued)*

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) *Initial recognition and measurement*

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

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

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

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2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) *Financial instrument categories and subsequent measurement*

The Group categorises financial instruments as follows:

Financial assets

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

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

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

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

(b) *Held-to-maturity investments*

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

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

(c) *Loans and receivables*

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

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2. Significant accounting policies (continued)**(c) Financial instruments (continued)****(ii) Financial instrument categories and subsequent measurement (continued)****Financial assets (continued)****(d) Available-for-sale financial assets**

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

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

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

Financial liabilities

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

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

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

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

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2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

(iv) *Regular way purchase or sale of financial assets*

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) the derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) *Derecognition*

A financial asset or a part thereof is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

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2. Significant accounting policies (continued)**(c) Financial instruments (continued)****(v) Derecognition (continued)**

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

(d) Property, plant and equipment**(i) Recognition and measurement**

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

(ii) Subsequent costs

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

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2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

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

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

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Plant and machinery	10 years
Motor vehicles	5 years
Furniture, fittings and office equipment	10 years
Tools and equipment	10 years
Office renovation	10 years

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

(e) Leased assets

(i) Finance lease

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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2. Significant accounting policies (continued)

(e) Leased assets (continued)

(i) *Finance lease (continued)*

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

(ii) *Operating lease*

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

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

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

(f) Intangible assets

(i) *Goodwill*

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(ii) *Other intangible assets*

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates.

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2. Significant accounting policies (continued)**(f) Intangible assets (continued)****(iv) Amortisation**

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of an intangible assets. Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Inventories

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

The cost of inventories is determined on the first-in first-out cost basis. The cost of inventories include expenditure in acquiring the inventories and bringing them to their existing location and condition.

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

(h) Assets held for sale

Assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is allocated to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, and financial assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Equity accounting of equity-accounted associate ceases once classified as held for sale or distribution.

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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2. Significant accounting policies (continued)**(i) Cash and cash equivalents**

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

(j) Impairment**(i) Financial assets**

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

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

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

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

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

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2. Significant accounting policies (continued)

(j) Impairment (continued)

(i) *Financial assets (continued)*

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

(ii) *Other assets*

The carrying amounts of other assets (except for inventories [refer Note 2(g)] and deferred tax assets [refer Note 2(q)] are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

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

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

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

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

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2. Significant accounting policies (continued)**(j) Impairment (continued)****(ii) Other assets (continued)**

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(k) Equity instruments

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

(i) Ordinary shares

Ordinary shares are classified as equity.

(ii) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Group's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(l) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component.

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, when the number of shares to be issued does not vary with changes in their fair value.

The proceeds are first allocated to the liability component, determined based on the fair value of a similar liability that does not have a conversion feature or similar associated equity component. The residual amount is allocated as the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

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2. Significant accounting policies (continued)

(l) Compound financial instruments (continued)

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest and losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

(m) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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2. Significant accounting policies (continued)

(m) Employee benefits (continued)

(iii) *Defined benefit plans (continued)*

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) *Warranties*

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) *Site restoration*

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

13. ACCOUNTANTS' REPORT (Cont'd)**Serba Dinamik Group Berhad**
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and its subsidiaries**2. Significant accounting policies (continued)****(n) Provisions (continued)****(iii) Onerous contracts**

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(o) Revenue and other income**(i) Goods sold**

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Services rendered

Revenue from services rendered is recognised in profit or loss based on work orders and contract terms, agreed billing schedule as well as based on overall performance of services rendered.

(iii) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

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2. Significant accounting policies (continued)**(o) Revenue and other income (continued)****(iii) Construction contracts (continued)**

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(iv) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(v) Rental income

Rental income is recognised in profit or loss as it accrues, based on rates agreed with tenants.

(vi) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

(vii) Dividend income

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

(viii) Interest income

Interest income is recognised in profit or loss as it accrues, taking into account the effective yield on the asset.

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Serba Dinamik Group Berhad
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2. Significant accounting policies (continued)

(o) Revenue and other income (continued)

(ix) *Management fees*

Management fees are recognised in profit or loss as it accrues at contracted rates.

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

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

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

(q) Income tax

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

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

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

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Serba Dinamik Group Berhad
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2. Significant accounting policies (continued)

(q) Income tax (continued)

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

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

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

(r) Earnings per ordinary share

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

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(s) Operating segments

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

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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2. Significant accounting policies (continued)**(t) Contingent liabilities**

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

(u) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset of a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

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3. Property, plant and equipment

	Freehold land RM	Long-term leasehold land (Unexpired lease term > 50 years) RM	Short-term leasehold land (Unexpired lease term < 50 years) RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Tools and equipment RM	Office renovation RM	Work in progress RM	Total RM
At 1 January 2013	55,000	600,000	936,000	6,843,000	24,100,187	5,134,001	2,427,936	47,112,038	1,176,537	-	88,384,699
Additions	-	-	-	-	10,790,396	1,763,119	427,879	12,780,804	126,885	-	25,889,083
Write-offs	-	-	-	-	-	-	(1,385)	-	-	-	(1,385)
Disposals	-	-	-	-	-	(358,633)	-	-	-	-	(358,633)
Effect of movement in exchange rates	-	-	-	-	-	(13,637)	(8,788)	(29,285)	-	-	(51,710)
At 31 December 2013/ 1 January 2014	55,000	600,000	936,000	6,843,000	34,890,583	6,524,850	2,845,642	59,863,557	1,303,422	-	113,862,054
Additions	-	-	-	-	38,483,915	4,817,024	1,430,803	24,863,858	360,432	-	69,956,032
Effect of movement in exchange rates	-	-	-	-	8,960	339	86	3,449	-	-	12,834
At 31 December 2014/ 1 January 2015	55,000	600,000	936,000	6,843,000	73,383,458	11,342,213	4,276,531	84,730,864	1,663,854	-	183,830,920
Acquisition of subsidiaries (Note 29)	291,000	-	-	-	2,249	143,627	127,056	403,472	-	8,054,567	9,021,971
Additions	8,553	-	-	7,300,000	717,330	2,009,559	746,225	201,653,406	584,325	2,070,961	215,090,359
Effect of movement in exchange rates	20,000	-	-	-	14,433,436	198,743	62,697	7,336,437	-	(298,387)	21,752,926
Adjustments	-	-	-	-	(8,960)	(4,342)	(42,977)	107,655	-	-	51,376
At 31 December 2015	374,553	600,000	936,000	14,143,000	88,527,513	13,689,800	5,169,532	294,231,834	2,248,179	9,827,141	429,747,552

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Serba Dinamik Group Berhad
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3. Property, plant and equipment (continued)

	Freehold land RM	Long-term leasehold land (Unexpired lease term > 50 years) RM	Short-term leasehold land (Unexpired lease term < 50 years) RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Tools and equipment RM	Office renovation RM	Work in progress RM	Total RM
<i>Cost (continued)</i>											
At 1 January 2016	374,553	600,000	936,000	14,143,000	88,527,513	13,689,800	5,169,532	294,231,834	2,248,179	9,827,141	429,747,552
Additions	3,668,000	-	-	-	38,117,369	2,339,607	871,084	53,954,137	223,618	10,779,850	109,953,665
Effect of movement in exchange rates	(6,165)	-	-	-	(3,856,845)	(42,800)	(20,048)	(9,249,135)	-	(189,591)	(13,364,584)
Adjustments	-	-	-	-	-	-	-	435,199	-	-	435,199
Written-off	-	-	-	-	-	(431,051)	-	-	-	-	(431,051)
At 30 June 2016	4,036,388	600,000	936,000	14,143,000	122,788,037	15,555,556	6,020,568	339,372,035	2,471,797	20,417,400	526,340,781

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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3. Property, plant and equipment (continued)

	Freehold land RM	Long-term leasehold land (Unexpired lease term > 50 years) RM	Short-term leasehold land (Unexpired lease term < 50 years) RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Tools and equipment RM	Office renovation RM	Work in progress RM	Total RM
Depreciation											
At 1 January 2013	-	40,000	178,136	695,842	4,287,493	2,953,344	1,541,657	14,678,242	687,026	-	25,061,740
Depreciation for the year (Note 20)	-	10,000	16,087	136,860	2,863,070	999,993	229,904	5,700,388	107,360	-	10,063,662
Write-offs	-	-	-	-	-	-	(138)	-	-	-	(138)
Disposals	-	-	-	-	-	(346,731)	-	-	-	-	(346,731)
Effect of movement in exchange rates	-	-	-	-	-	12,211	973	(1,968)	-	-	11,216
At 31 December 2013 / 1 January 2014	-	50,000	194,223	832,702	7,150,563	3,618,817	1,772,396	20,376,662	794,386	-	34,789,749
Depreciation for the year (Note 20)	-	10,000	16,087	136,860	4,754,307	1,640,348	276,877	8,017,270	120,288	-	14,972,037
Effect of movement in exchange rates	-	-	-	-	(4,534)	(363)	(476)	(7,867)	-	-	(13,240)
At 31 December 2014/ 1 January 2015	-	60,000	210,310	969,562	11,900,336	5,258,802	2,048,797	28,386,065	914,674	-	49,748,546
Depreciation for the year (Note 20)	-	10,000	16,288	237,473	8,704,617	1,794,505	382,329	16,611,592	161,296	-	27,918,100
Effect of movement in exchange rates	-	-	-	-	922,201	21,604	39,348	1,747,483	-	-	2,730,636
Adjustments	-	-	-	-	4,534	(21,757)	(13,908)	56,906	-	-	25,775
At 31 December 2015	-	70,000	226,598	1,207,035	21,531,688	7,053,154	2,456,566	46,802,046	1,075,970	-	80,423,057

13. ACCOUNTANTS' REPORT (Cont'd)

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3. Property, plant and equipment (continued)

	Freehold land RM	Long-term leasehold land (Unexpired lease term > 50 years) RM	Short-term leasehold land (Unexpired lease term < 50 years) RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Tools and equipment RM	Office renovation RM	Work in progress RM	Total RM
<i>Depreciation</i> (continued)											
At 1 January 2016	-	70,000	226,598	1,207,035	21,531,688	7,053,154	2,456,566	46,802,046	1,075,970	-	80,423,057
Depreciation for the period (Note 20)	-	5,000	8,144	150,361	5,305,268	1,520,919	668,752	17,941,452	99,136	-	25,699,032
Effect of movement in exchange rates	-	-	-	-	(620,181)	(7,673)	(14,119)	(826,894)	-	-	(1,468,867)
Adjustments	-	-	-	-	-	-	(46,363)	-	-	-	(46,363)
At 30 June 2016	-	75,000	234,742	1,357,396	26,216,775	8,566,400	3,064,836	63,916,604	1,175,106	-	104,606,859
<i>Carrying amounts</i>											
At 31 December 2013/ 1 January 2014	55,000	550,000	741,777	6,010,298	27,740,020	2,906,033	1,073,246	39,486,895	509,036	-	79,072,305
At 31 December 2014/ 1 January 2015	55,000	540,000	725,690	5,873,438	61,483,122	6,083,411	2,227,734	56,344,799	749,180	-	134,082,374
At 31 December 2015/ 1 January 2016	374,553	530,000	709,402	12,935,965	66,995,825	6,636,646	2,712,966	247,429,788	1,172,209	9,827,141	349,324,495
At 30 June 2016	4,036,388	525,000	701,258	12,785,604	96,571,262	6,989,156	2,955,732	275,455,431	1,296,691	20,417,400	421,733,922

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3. Property, plant and equipment (continued)**3.1 Leased property, plant and equipment**

The carrying amounts of the property, plant and equipment under finance leases are as follows:

	30.6.2016 RM	31.12.2015 RM	31.12.2014 RM	31.12.2013 RM
Plant and machinery	7,753,851	4,446,802	10,198,653	10,781,107
Motor vehicles	6,100,242	4,950,471	4,292,372	2,444,547
Tools and equipment	-	-	6,783,322	3,755,951
	<u>13,854,093</u>	<u>9,397,273</u>	<u>21,274,347</u>	<u>16,981,605</u>

3.2 Security

The assets under finance leases are charged to secure the finance lease liabilities of the Group (see Note 15).

The following property, plant and equipment are charged as security for certain borrowings of the Group (see Note 15).

	30.6.2016 RM	Carrying amounts		31.12.2013 RM
		31.12.2015 RM	31.12.2014 RM	
Buildings	13,851,379	12,928,522	5,873,438	5,862,298
Leasehold land	1,534,372	1,239,402	1,265,690	1,291,777
Plant and machinery, tools and equipment	2,205,084	3,703,616	9,936,181	148,339
	<u>17,590,835</u>	<u>17,871,540</u>	<u>17,075,309</u>	<u>7,292,414</u>

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4. Investment in associates

	30.6.2016 RM	31.12.2015 RM	31.12.2014 RM	31.12.2013 RM
Unquoted shares, at cost	12,396,538	12,396,538	176,538	268,373
Share of post-acquisition reserve	(176,538)	(176,538)	(176,538)	(231,893)
	<u>12,220,000</u>	<u>12,220,000</u>	<u>-</u>	<u>36,480</u>

The particulars of the associates are as follows:

Associate	Country of incorporation	Principal activities	Effective ownership interest and voting interest			
			30.6.2016 %	31.12.2015 %	31.12.2014 %	31.12.2013 %
Serba Dinamik International Qatar	Qatar	Dormant	49	49	49	49
Weir-Serba Engineering Sdn. Bhd.*	Malaysia	Asset management reverse engineering	-	-	^	30
Adat Sanjung Sdn. Bhd.*	Malaysia	Investment holding	30	30	-	-

* Audited by another firm of Chartered Accountants.

^ The Group has increased its interest from 30% to 81% in 2014. Hence, the company ceased to be an associate of the Group (see Note 11).

Reconciliation of net assets

	Adat Sanjung Sdn. Bhd. RM
As at 31 December 2015 and 30 June 2016	
Group's share of net assets	1,701
Goodwill	12,218,299
Carrying amount in the statement of financial position	<u>12,220,000</u>
	Weir-Serba Engineering Sdn. Bhd. RM
As at 1 January 2014	
Group's share of net assets	<u>36,480</u>

13. ACCOUNTANTS' REPORT (Cont'd)

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5. Other investments

	30.6.2016 RM	31.12.2015 RM	31.12.2014 RM	31.12.2013 RM
<i>Non-current</i>				
Available-for-sale financial assets				
- quoted shares in Malaysia	106,090	160,295	141,442	-
<i>Current</i>				
Loans and receivables				
- Fixed deposits placed with licensed banks with original maturities exceeding three months	41,556,689	30,062,353	-	-
<i>Representing items:</i>				
- Market value of quoted shares (Note 26.4)	106,090	160,295	117,195	-

6. Intangible assets

	Note	Goodwill RM	License and rights RM	Total RM
<i>Cost</i>				
At 1 January 2015		-	-	-
Acquisition through business combination	29	3,831,875	300,520	4,132,395
Additions		-	10,761	10,761
Effect of movement in exchange rate		-	20,654	20,654
At 31 December 2015		3,831,875	331,935	4,163,810
Effect of movement in exchange rate		-	(4,830)	(4,830)
At 30 June 2016		3,831,875	327,105	4,158,980

Goodwill arose from the acquisition of subsidiaries in the previous financial year.

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating activities which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of this goodwill is mainly allocated to a subsidiary, which hold a DNV Business Assurance Management System Certification ISO 9001:2008, which is valid for the design and manufacture of fire pumps and power generation systems to the offshore industry. It is based on its value in use, determined by future cash flows to be generated by the subsidiary.

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7. Deferred tax (continued)

Movements in deferred tax during the year are as follows:

	At 1.1.2013 RM	Recognised in profit or loss RM	At 31.12.2013/ 1.1.2014 RM	At 1.1.2014/ 1.1.2015 RM	Recognised in profit or loss RM	Effect of movement in exchange rate RM	At 31.12.2014/ 1.1.2015 RM	Acquisition of subsidiaries RM	Recognised in profit or loss RM	Effect of movement in exchange rate RM	At 31.12.2015/ 1.1.2016 RM
Property, plant and equipment	(4,620)	(2,683,380)	(2,688,000)	(4,668,000)	(1,980,000)	-	(4,668,000)	(16,891)	(7,217,980)	-	(11,902,871)
Post employment benefits	36,556	8,919	45,475	62,762	15,258	2,029	62,762	-	23,871	(17,170)	69,463
Capital allowances carried forward	-	-	-	1,141,000	1,141,000	-	1,141,000	-	5,773,000	-	6,914,000
Others	-	300,000	300,000	414,000	114,000	-	414,000	-	(577,000)	-	(163,000)
	<u>31,936</u>	<u>(2,374,461)</u>	<u>(2,342,525)</u>	<u>(3,050,238)</u>	<u>(709,742)</u>	<u>2,029</u>	<u>(3,050,238)</u>	<u>(16,891)</u>	<u>(1,998,109)</u>	<u>(17,170)</u>	<u>(5,082,408)</u>
		(Note 22)			(Note 22)			(Note 29)	(Note 22)		

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7. Deferred tax (continued)

Movements in deferred tax during the year are as follows:

	At 1.1.2016 RM	Recognised in profit or loss RM	Effect of movement in exchange rate RM	At 30.6.2016 RM
Property, plant and equipment	11,902,871	288,153	-	12,191,024
Post employment benefits	(69,463)	(392,877)	(1,341)	(463,681)
Capital allowances carried forward	(6,914,000)	6,914,000	-	-
Others	163,000	(2,000)	-	161,000
	<u>5,082,408</u>	<u>6,807,276</u>	<u>(1,341)</u>	<u>11,888,343</u>
		(Note 22)		

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

8. Inventories

	30.6.2016 RM	31.12.2015 RM	31.12.2014 RM	31.12.2013 RM
<i>At cost</i>				
Materials on site	273,449,866	206,234,514	106,846,120	132,823,590
Spare parts and consumables	11,193,406	23,569,138	92,033,749	13,303,096
	<u>284,643,272</u>	<u>229,803,652</u>	<u>198,879,869</u>	<u>146,126,686</u>
<i>Recognised in profit or loss</i>				
- inventories recognised as cost of sales/services	<u>502,182,202</u>	<u>315,006,274</u>	<u>539,706,927</u>	<u>402,171,814</u>

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9. Trade and other receivables

	30.6.2016	31.12.2015	31.12.2014	31.12.2013
	RM	RM	RM	RM
<i>Trade</i>				
Trade receivables	575,568,401	383,218,228	202,114,951	173,596,139
Accrued billings	8,712,990	31,743,855	18,762,483	-
	<u>584,281,391</u>	<u>414,962,083</u>	<u>220,877,434</u>	<u>173,596,139</u>
<i>Non-trade</i>				
Other receivables	20,505,490	16,060,524	451,006	709,867
Amounts due from Directors (Note 9.2)	-	-	223,747	2,314,185
	<u>20,505,490</u>	<u>16,060,524</u>	<u>674,753</u>	<u>3,024,052</u>
Total	<u><u>604,786,881</u></u>	<u><u>431,022,607</u></u>	<u><u>221,552,187</u></u>	<u><u>176,620,191</u></u>

9.1 Trade receivables denominated in foreign currencies comprise the following amounts.

	30.6.2016	31.12.2015	31.12.2014	31.12.2013
	RM	RM	RM	RM
United States Dollar ("USD")	330,860,478	193,708,134	87,112,286	101,422,203
	<u><u>330,860,478</u></u>	<u><u>193,708,134</u></u>	<u><u>87,112,286</u></u>	<u><u>101,422,203</u></u>

9.2 Amounts due from Directors are unsecured, interest free and repayable on demand.

10. Deposits and prepayments

	30.6.2016	31.12.2015	31.12.2014	31.12.2013
	RM	RM	RM	RM
Deposits	1,727,799	2,015,040	1,454,036	463,571
Prepayments	3,700,670	2,431,828	1,536,030	1,845,280
	<u>5,428,469</u>	<u>4,446,868</u>	<u>2,990,066</u>	<u>2,308,851</u>

On 1 January 2016, the Group entered into a sale of shares agreement for the acquisition of 100% equity interest in Supreme Vista Industries Sdn. Bhd. for a cash consideration of RM2,004,255. The acquisition is expected to be completed in the third quarter of 2017 following the payment of the balance sum, which is payable in instalments until the completion date. The completion date will be the date of final and full payment by the Group.

Included in the prepayments is an amount of RM504,255 (31.12.2015: Nil; 31.12.2014: Nil; 31.12.2013: Nil) paid for this acquisition.

13. ACCOUNTANTS' REPORT (Cont'd)

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11. Assets classified as held for sale

On 12 August 2014, the Group has increased its interest in Serba Engineering Sdn. Bhd. (formerly known as Weir-Serba Engineering Sdn. Bhd.) from 30% to 81% for a consideration of RM273,362 satisfied in cash. As a result, Serba Engineering Sdn. Bhd. has become a subsidiary of the Group.

Following the Group's commitment to sell the subsidiary, the investment in subsidiary is presented as non-current asset held for sale and no consolidation of financial statements is required. Disposal of the subsidiary has completed during the year.

12. Cash and cash equivalents

	30.6.2016	31.12.2015	31.12.2014	31.12.2013
	RM	RM	RM	RM
Cash and bank balances	67,230,215	88,826,722	26,813,082	21,021,926
Deposits placed with licensed banks	111,134,527	105,787,439	53,235,942	36,020,586
	<u>178,364,742</u>	<u>194,614,161</u>	<u>80,049,024</u>	<u>57,042,512</u>

12.1 Term deposits are pledged for banking facilities granted to the Group (see Note 15).

12.2 Cash and bank balances include the following balances denominated in foreign currency:

	30.6.2016	31.12.2015	31.12.2014	31.12.2013
	RM	RM	RM	RM
USD	<u>73,931,968</u>	<u>55,608,579</u>	<u>7,920,097</u>	<u>6,049,813</u>

12.3 Included in the term deposits of the Group is an amount of RM6,752,390 (31.12.2015: RM26,636,526; 31.12.2014: RM21,943,097; 31.12.2013: RM29,271,329) which bears interest ranging from 2.40% to 3.75% (31.12.2015: 1.80% to 4.06%; 31.12.2014: 3.1% to 4.76%; 31.12.2013: 2.80% to 4.00%) per annum. The remaining term deposits pledged are placed in Islamic Structured deposits/investment with tenor at least 5 years maintained with a licensed bank. The principal and profit earned would not be released back to the Group but included in the 5 years Islamic Structured deposits/investment.

13. ACCOUNTANTS' REPORT (Cont'd)

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13. Capital and reserves

13.1 Share capital

	Amount			Number of shares		
	30.6.2016 RM	31.12.2015 RM	31.12.2014 RM	31.12.2015 RM	31.12.2014 RM	31.12.2013 RM
<i>Ordinary shares of RM1.00 each</i>						
<i>Authorised</i>						
Opening balance	70,000,000	70,000,000	70,000,000	70,000,000	70,000,000	70,000,000
Created during the financial period (Note 13.1.1)	30,000,000	-	-	-	-	-
Closing balance	100,000,000	70,000,000	70,000,000	70,000,000	70,000,000	70,000,000
<i>Issued and fully paid</i>						
Opening balance	62,090,458	62,090,458	62,090,458	62,090,458	62,090,458	62,090,458
Issued during the financial period (Note 13.1.2)	11,888,402	-	-	11,888,402	-	-
Closing balance	73,978,860	62,090,458	62,090,458	73,978,860	62,090,458	62,090,458

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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13. Capital and reserves (continued)

13.1 Share capital (continued)

	Amount				Number of shares			
	30.6.2016	31.12.2015	31.12.2014	31.12.2013	30.6.2016	31.12.2015	31.12.2014	31.12.2013
	RM	RM	RM	RM	RM	RM	RM	RM
<i>Redeemable convertible preference shares 'A' of USD 1.00 each</i>								
- Equity	-	1,192,542	1,192,542	1,192,542	-	-	-	-
- Other financial liabilities (Note 16.1)	-	39,743,431	30,127,655	25,143,816	-	131,772	131,772	131,772
	<u>-</u>	<u>40,935,973</u>	<u>31,320,197</u>	<u>26,336,358</u>	<u>-</u>	<u>131,772</u>	<u>131,772</u>	<u>131,772</u>

13.1.1 On 16 May 2016, the authorised share capital of the Company was increased from RM70,000,000 to RM100,000,000 by the creation of 30,000,000 additional ordinary shares of RM1.00 each.

13.1.2 The Company issued 11,888,402 units of ordinary shares equivalent to 16.07% of the issued and paid-up capital of the Company as consideration for a share swap exercise, which was completed on 16 May 2016 (see Note 16.1).

13. ACCOUNTANTS' REPORT (Cont'd)

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13. Capital and reserves**13.2 Share premium**

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

13.3 Other reserves

	Note	Amount			
		30.6.2016 RM	31.12.2015 RM	31.12.2014 RM	31.12.2013 RM
Foreign currency translation reserve	13.3.1	41,608,664	46,936,498	5,185,423	(630,577)
Statutory reserve	13.2.2	290,476	10,330	166,366	5,299
Put options	13.3.3	-	(17,427,189)	(17,427,189)	(17,427,189)
Capital redemption reserve	13.3.4	36,000,000	500,000	-	-
		<u>77,899,140</u>	<u>30,019,639</u>	<u>(12,075,400)</u>	<u>(18,052,467)</u>

13.3.1 Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

13.3.2 Statutory reserve

In accordance with the provisions of the Bahrain Commercial Companies Law, Decree Number 21 of 2012 in a indirect subsidiary's Memorandum and Articles of Association, an amount equivalent to 10% of the indirect subsidiary's net profit before appropriation is required to be transferred to a non-distributable reserve account until such time as a minimum of 50% of the share capital is set aside.

13.3.3 Put options

Put option is the fair value of written put options issued to two external parties. The written put options give the two external parties the right to require the Group to acquire the redeemable convertible preference shares owned by them (see Note 16.2).

13.3.4 Capital redemption reserve

Capital redemption reserve represents redeemable preference shares redeemed by a subsidiary for which amounts equivalents to the nominal value of such shares are transferred from retained earnings.

13. ACCOUNTANTS' REPORT (Cont'd)

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14. Non-controlling interests

The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows:

	PT Serba Dinamik Indonesia	PT Kubic Gasco	SD Advance Engineering Sdn. Bhd.	Other individually immaterial subsidiaries	Total
30.6.2016					
NCI percentage of ownership interest and voting interest	25%	49%	49%		
Carrying amount of NCI	619,468	5,760,261	887,442	200,363	7,476,534
Profit/(loss) allocated to NCI	22,745	(207,363)	85,010	190,179	90,571

Summarised financial information before intra-group elimination**30.6.2016**

Non-current assets	6,456,064	22,588,176		57,298	
Current assets	17,764,241	1,352,757	8,745,227		
Non-current liabilities	(475,268)	(5,317,317)	(8,933)		
Current liabilities	(20,766,264)	(10,826,324)	(6,982,486)		
Net assets	<u>2,978,773</u>	<u>7,797,292</u>	<u>1,811,106</u>		
Revenue	9,840,085	-	6,422,834		
Profit/(loss) for the period	90,980	(423,189)	173,491		
Total comprehensive income/(loss)	<u>90,980</u>	<u>(423,189)</u>	<u>173,491</u>		

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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14. Non-controlling interests (continued)

	PT Serba Dinamik Indonesia	PT Kubic Gasco	SD Advance Engineering Sdn. Bhd.
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30.6.2016 (continued)

Summarised financial information before intra-group elimination (continued)

Cash flows from operating activities	70,583	7,602,825	15,201
Cash flows from investing activities	(977,329)	(11,917,306)	(809)
Cash flows from financial activities	(299,703)	4,533,960	-
Net (decrease)/increase in cash and cash equivalents	(1,206,449)	219,479	14,392
Dividends paid to NCI	-	-	-

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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14. Non-controlling interests

The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows:

31.12.2015	PT Serba Dinamik Indonesia	PT Kubic Gasco	SD Advance Engineering Sdn. Bhd.	Other individually immaterial subsidiaries	Total
NCI percentage of ownership interest and voting interest	25%	49%	49%		
Carrying amount of NCI	742,413	5,266,048	830,926	463,667	7,303,054
Profit/(loss) allocated to NCI	161,434	(378,033)	-	55,227	(161,372)

Summarised financial information before intra-group elimination**31.12.2015**

Non-current assets	5,820,331	11,540,790	64,104		
Current assets	16,097,555	8,652,012	9,965,909		
Non-current liabilities	(18,246,017)	(6,917,133)	(9,171)		
Current liabilities	(702,216)	(2,528,632)	(8,325,075)		
Net assets	<u>2,969,653</u>	<u>10,747,037</u>	<u>1,695,767</u>		
Revenue	23,516,356	-	-		
Profit/(loss) for the year	645,736	(771,496)	-		
Total comprehensive income/(loss)	<u>645,736</u>	<u>(771,496)</u>	<u>-</u>		

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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14. Non-controlling interests (continued)

31.12.2015 (continued)

Summarised financial information before intra-group elimination (continued)

	PT Serba Dinamik Indonesia	PT Kubic Gasco	SD Advance Engineering Sdn. Bhd.
Cash flows from operating activities	110,625	(10,250,138)	201,978
Cash flows from investing activities	(3,404,289)	(2,008,742)	(41,131)
Cash flows from financial activities	2,972,792	6,047,746	11,176
Net (decrease)/increase in cash and cash equivalents	(320,872)	(6,211,134)	172,023
Dividends paid to NCI	-	-	-

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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14. Non-controlling interests (continued)

31.12.2014	PT Serba Dinamik Indonesia	Serba Dinamik Sdn. Bhd.	Other individually immaterial subsidiaries	Total
NCI percentage of ownership interest and voting interest	25%	10%		
Carrying amount of NCI	527,702	-	18,738	546,440
Profit allocated to NCI	28,902	3,447,237	16,102	3,492,241

Summarised financial information before intra-group elimination**31.12.2014**

Non-current assets	2,166,357	72,604,413	
Current assets	9,547,468	297,497,092	
Non-current liabilities	(864,822)	(23,889,265)	
Current liabilities	(8,738,197)	(189,585,687)	
Net assets	<u>2,110,806</u>	<u>156,626,553</u>	
Revenue	11,458,253	474,271,461	
Profit for the year	115,610	34,472,374	
Total comprehensive income	<u>115,610</u>	<u>34,472,374</u>	

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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14. Non-controlling interests (continued)

PT Serba Dinamik Indonesia	Serba Dinamik Sdn. Bhd.
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31.12.2014 (continued)**Summarised financial information before intra-group elimination (continued)**

Cash flows from operating activities	54,776	46,630,960
Cash flows from investing activities	(1,525,619)	(34,176,932)
Cash flows from financial activities	2,353,477	(11,192,218)
Net increase in cash and cash equivalents	<u>882,634</u>	<u>1,261,810</u>
Dividends paid to NCI	<u>-</u>	<u>-</u>

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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14. Non-controlling interests (continued)

31.12.2013	Serba Dinamik Sdn. Bhd.	Other individually immaterial subsidiaries	Total
NCI percentage of ownership interest and voting interest	10%		
Carrying amount of NCI	12,215,418	573,634	12,789,052
Profit allocated to NCI	2,942,810	332	2,943,142

Summarised financial information before intra-group elimination

31.12.2013	
Non-current assets	53,431,611
Current assets	269,958,696
Non-current liabilities	(31,485,653)
Current liabilities	(169,750,475)
Net assets	<u>122,154,179</u>
Revenue	376,210,539
Profit for the year	29,428,097
Total comprehensive income	<u>29,428,097</u>

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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14. Non-controlling interests (continued)

31.12.2013 (continued)

**Serba
Dinamik
Sdn. Bhd.**

Summarised financial information before intra-group elimination (continued)

Cash flows from operating activities	(4,715,329)
Cash flows from investing activities	(10,373,625)
Cash flows from financial activities	16,217,162
Net increase in cash and cash equivalents	<u>1,128,208</u>
Dividends paid to NCI	<u>-</u>

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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15. Loans and borrowings

	30.6.2016 RM	31.12.2015 RM	31.12.2014 RM	31.12.2013 RM
<i>Non-current</i>				
Term loans – secured	10,993,142	26,607,973	13,714,254	25,050,053
Finance lease liabilities - secured	6,604,695	5,788,140	7,074,785	2,900,600
	<u>17,597,837</u>	<u>32,396,113</u>	<u>20,789,039</u>	<u>27,950,653</u>
<i>Current</i>				
Bank overdrafts - secured	7,168,438	11,305,580	4,512,586	9,314,153
Bankers' acceptances - secured	300,000	300,000	300,000	300,000
Term loans - secured	6,303,177	4,812,076	12,794,600	11,128,212
Revolving credits - secured	206,808,443	190,583,565	117,914,157	101,059,364
Finance lease liabilities – secured	2,825,382	2,278,433	2,521,943	971,442
Trade loan - secured	277,670,797	231,654,006	52,385,504	-
	<u>501,076,237</u>	<u>440,933,660</u>	<u>190,428,790</u>	<u>122,773,171</u>
Total	<u>518,674,074</u>	<u>473,329,773</u>	<u>211,217,829</u>	<u>150,723,824</u>

(i) Security

The bank overdrafts, bankers' acceptances and revolving credits facilities of the Group are secured by the following:

- (a) legal charges over on leasehold land and certain buildings of the Group (see Note 3.2).
- (b) secured by the facility agreement and term deposits (see Note 5 and Note 12).
- (c) jointly and severally guaranteed by the Directors of the Company.

The export factoring facility is jointly and severally guaranteed by the Directors of the Company in their personal capacities.

The term loans of the Group are secured by the following:

- (a) General and supplemental facility agreement.
- (b) First and second legal charges over leasehold land and certain buildings of the Group (see Note 3.2).
- (c) Legal charges over plant and machinery as well as tools and equipment of the Company (see Note 3.2).
- (d) Legal charges over assets belong to the Directors of the Company.
- (e) Jointly and severally guaranteed by the Directors of the Company.
- (f) Corporate guarantee from the Company.

13. ACCOUNTANTS' REPORT (Cont'd)

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15. Loans and borrowings (continued)**(i) Security (continued)**

Finance lease liabilities of the Group are secured on the respective finance lease assets (see Note 3.1).

The trade loan of the Group are secured by the following:

- (a) secured by term deposits (see Notes 5 and 12);
- (b) jointly and severally guaranteed by the Directors of the Company; and
- (c) corporate guarantee from the Company.

(ii) Significant covenants on loans and borrowings

The Group is required to maintain a gearing ratio not exceeding 2.00 times (31.12.2015: 2.00; 31.12.2014: 2.00; 31.12.2013: 2.00) in respect of the banking facilities granted by three licensed bank (31.12.2015: two; 31.12.2014: one; 31.12.2013: one) to the Group. The total outstanding borrowings of the Group with the said bank as at 30 June 2016 are RM137,245,567 (31.12.2015: RM25,641,631; 31.12.2014: RM39,826,641; 31.12.2013: RM23,963,705). The Group has not breached the covenants.

In addition, a subsidiary of the Group is required to maintain a ratio between the amount due from subsidiaries and associates as well as amount owing to subsidiaries and associates of not more than 1.0 time for the Islamic Treasury Facilities secured during the year which has been complied with.

13. ACCOUNTANTS' REPORT (Cont'd)

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15. Loans and borrowings (continued)

(iii) Finance lease liabilities

Finance lease liabilities are payable as follows:

	30.6.2016		31.12.2015	
	Minimum lease payments RM	Interest RM	Minimum lease payments RM	Interest RM
		Principal RM		Principal RM
Less than one year	3,283,644	458,262	2,723,186	444,753
Between one and two years	3,182,934	554,739	2,657,108	457,777
Between two and five years	2,411,656	175,356	1,982,181	165,408
More than five years	1,863,719	123,519	1,867,637	95,601
	<u>10,741,953</u>	<u>1,311,876</u>	<u>9,230,112</u>	<u>1,163,539</u>
		<u>9,430,077</u>		<u>8,066,573</u>

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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15. Loans and borrowings (continued)

(iii) Finance lease liabilities

Finance lease liabilities are payable as follows:

	31.12.2014		31.12.2013	
	Minimum lease payments RM	Interest RM	Minimum lease payments RM	Interest RM
				Principal RM
Less than one year	3,105,270	583,327	1,130,979	159,537
Between one and two years	2,607,605	405,956	969,963	121,226
Between two and five years	4,715,024	430,789	1,631,989	183,958
More than five years	619,854	30,953	633,027	29,195
	<u>11,047,753</u>	<u>1,451,025</u>	<u>4,365,958</u>	<u>493,916</u>
				<u>3,872,042</u>

13. ACCOUNTANTS' REPORT (Cont'd)

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16. Other financial liabilities

	Note	30.6.2016 RM	31.12.2015 RM	31.12.2014 RM	31.12.2013 RM
<i>Non-current</i>					
Redeemable convertible preference shares 'A' of USD1.00 each	16.1	-	39,743,431	30,127,655	25,143,816
Written put options	16.2	-	23,590,961	19,210,254	17,427,189
Redeemable convertible preference shares 'B' of RM1.00 each	16.3	-	500,000	500,000	1,000,000
			- 63,834,392	49,837,909	43,571,005
<i>Current</i>					
Redeemable convertible preference shares 'B' of RM1.00 each	16.3	-	-	500,000	-
			- 63,834,392	50,337,909	43,571,005
			- 63,834,392	49,837,909	43,571,005

Notes:

16.1 Redeemable convertible preference shares 'A'

On 6 June 2013, a subsidiary issued 131,772 redeemable convertible preference shares ("RCPS") 'A' of USD1.00 each at a premium of USD82.00 per share for a total consideration of RM35,000,000 satisfied in cash.

The RCPS 'A' confer upon the holders thereof the following rights and privileges and are subject to the following conditions:

- (i) The RCPS 'A' holders are entitled to fixed cumulative preferential dividends at a rate of 7% per annum out of the RCPS 'A'.
- (ii) RCPS holders are not entitled to any voting right.
- (iii) All or any part of the RCPS 'A' can be redeemed by the holders when the events specified in the term sheets exist, at any time upon giving at least one month's notice to the subsidiary and it shall be redeemed at the redemption price to be calculated based on pre-determined formula in the term sheets.
- (iv) Each RCPS 'A' shall be convertible, at the option of the holders thereof, at any time on or before 5th anniversary from the date of issuance but prior to redemption, and without the payment of additional consideration by the holders thereof, into such number of fully paid shares. The RCPS conversion price shall be equal to original acquisition price per RCPS 'A'.
- (v) The RCPS 'A' holders have the right on a winding-up or other repayment of capital, to payment, in priority to the ordinary shares of the subsidiary.
- (vi) The RCPS 'A' holders are entitled to participate in any profits or surplus assets pari passu with the ordinary shareholders of the subsidiary.

13. ACCOUNTANTS' REPORT (Cont'd)

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16. Other financial liabilities (continued)

16.1 Redeemable convertible preference shares 'A' (continued)

Redemption

On 8 March 2016, the Group notified the RCPS 'A' holders its intention to exercise the Share Swap Right as defined in the Share Subscription Agreement. The Group will purchase the 131,772 units of RCPS "A" held by the RCPS holders, and in consideration thereof, the Group will issue 11,888,402 units of ordinary shares equivalent to 16.07% of the issued and paid-up capital of the Company. The share swap was completed on 16 May 2016. The RCPS "A" held by the Group was then converted into 131,772 ordinary shares in Serba Dinamik International Ltd on 30 May 2016.

16.2 Written put options

The Group has written options to two external parties. These put options provide the two external parties the right to require the Group to acquire RCPS "A" owned by them.

On 6 June 2013, the Company has entered into a Put Option Agreement simultaneously with the Share Subscription Agreement with the RCPS holders, granting them an option to require the Company to purchase the RCPS held by the RCPS holders immediately prior to the exercise of the options.

The Option holders have an option to require the Company to purchase the shares at any time from the date of shareholders agreement and expiring on the date of the option holders cease to be shareholders of the subsidiary.

The Option holders do have the option to exercise the option at one year commencing on the date of the 4th anniversary of the subscription date and immediately prior to the date of 5th anniversary of the subscription date.

The Group has ceased the Put Option Agreement with the RCPS holders simultaneously as the Group exercised the Share Swap Right as defined in the Share Subscription Agreement.

16.3 Redeemable convertible preference shares 'B'

On 15 April 2004, another subsidiary of the Company issued 1,000,000 RCPS 'B' of RM1.00 each for a total consideration of RM1,000,000 satisfied in cash and classified as debt instrument.

The salient features of the RCPS 'B' are as follows:

- (a) The RCPS 'B' holders have the right to fixed cumulative preferential net dividend of 10% per annum of the RCPS Issue Price, after the deduction or withholding of any applicable tax which is required to be deducted or withheld and which are customarily or usually deducted or withheld by the subsidiary, in respect of each RCPS;
- (b) The RCPS 'B' holders have the right on a winding-up or other repayment of capital, to payment, in priority to the ordinary shares of the subsidiary;

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16. Other financial liabilities (continued)**16.3 Redeemable convertible preference shares 'B' (continued)**

- (c) The RCPS 'B' holders do not carry any rights to participate in the profits or surplus assets of the subsidiary;
- (d) The RCPS 'B' are convertible to ordinary shares of the subsidiary at the option of the RCPS holders; and
- (e) The RCPS 'B' holders are entitled to request or instruct the subsidiary to redeem the RCPS 'B' at any time based on the market price.

Security

The RCPS 'B' are jointly and severally guaranteed by the Directors of the Company.

Redemption

500,000 units RCPS were redeemed during the financial period ended 31 December 2015 and subsequently 500,000 units RCPS were redeemed during the financial period ended 30 June 2016.

17. Employment benefits

In accordance with Indonesian Labor Law No.13/2003, the Group provides post employment benefits to the eligible employees of an indirect subsidiary upon terminating their employment or upon attaining retirement age. The benefits payable are determined based on employees length of services and compensation at termination or retirement.

The Group operates the post employment benefits plan for eligible employees of an indirect subsidiary who are Indonesians with age above 20 years and continuous service of at least a year from date of hire. The benefits payable on retirement are based on length of service, input factor and base pay. The retirement age is 55 for employees of the subsidiary. The post employment benefit plan exposes the Group to actuarial risks such as longevity risk, financial risks such as change in discount rates and demographic risk such as turnover rate not being borne out.

The following table shows a reconciliation from the opening balance to the closing balance for defined benefit liability and its components.

	30.6.2016 RM	31.12.2015 RM	31.12.2014 RM	31.12.2013 RM
Balance at 1 January	403,678	343,669	240,416	243,223
Included in profit or loss (Note 20)				
Current service cost	(7,006)	60,009	121,272	35,677
Included in other comprehensive income				
Remeasurement gain				
Actuarial gain arising from				
- Financial assumption	-	-	(18,019)	(38,484)
Balance at 30 June/31 December	<u>396,672</u>	<u>403,678</u>	<u>343,669</u>	<u>240,416</u>

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17. Employment benefits (continued)*Actuarial assumptions*

Principal actuarial assumptions at the end of the reporting date

	30.6.2016	31.12.2015	31.12.2014	31.12.2013
Average years of service of employees	3.00 years	2.45 years	3.83 years	3.83 years
Annual discount rate	9%	9% p.a.	9% p.a.	9% p.a.
Salary increment rate	8%	7% p.a.	8% p.a.	8% p.a.
Normal pension rate	60 years	55 years	55 years	55 years
Mortality rate	Table Mortality Indonesia (TMI)	Table Mortality Indonesia (TMI)	Table Mortality Indonesia (TMI)	Table Mortality Indonesia (TMI)

Sensitivity analysis

There is no sensitivity analysis performed as any change will be insignificant to the Group.

18. Trade and other payables

	30.6.2016 RM	31.12.2015 RM	31.12.2014 RM	31.12.2013 RM
<i>Trade</i>				
Trade payables	357,800,659	222,066,011	96,027,235	60,787,053
<i>Non-trade</i>				
Other payables	22,763,259	12,869,610	4,084,938	2,585,254
Accrued expenses	3,823,373	3,936,993	918,485	619,726
Amount due to Directors (Note 18.1)	1,933,543	154,414	20,000	345,478
Provision	-	-	1,000,000	-
	<u>28,520,175</u>	<u>16,961,017</u>	<u>6,023,423</u>	<u>3,550,458</u>
Total	<u>386,320,834</u>	<u>239,027,028</u>	<u>102,050,658</u>	<u>64,337,511</u>

18.1 Amounts due to Directors are interest free, unsecured and repayable on demand.

18.2 Trade and other payables denominated in foreign currencies include the following amounts:

	30.6.2016 RM	31.12.2015 RM	31.12.2014 RM	31.12.2013 RM
USD	121,729,810	72,746,784	38,932,657	17,882,682
GBP	2,521,261	3,519,851	2,818,638	944,916

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18. Trade and other payables (continued)

18.3 Included in other payables of the Group is an amount of RM500,000 (31.12.2015; 500,000; 31.12.2014: RM1,000,000; 31.12.2013: RM1,000,000) due to a counterparty which is unsecured and bears interest ranging from 10% to 12% (31.12.2015: 10% to 12%; 31.12.2014: 10% to 12%; 31.12.2013: 10% to 12%) per annum.

19. Revenue

	1.1.2016 - 30.6.2016 RM	1.1.2015 - 30.6.2015 RM	1.1.2015 - 31.12.2015 RM	1.1.2014 - 31.12.2014 RM	1.1.2013 - 31.12.2013 RM
Operation and maintenance	815,663,553	450,045,304	1,274,906,005	599,680,477	536,195,358
Engineering, procurement, construction and commissioning	93,841,916	62,611,789	124,942,000	90,685,000	-
Others	2,220,433	379,826	3,094,000	65,403,000	-
	<u>911,725,902</u>	<u>513,036,919</u>	<u>1,402,942,005</u>	<u>755,768,477</u>	<u>536,195,358</u>

20. Results from operating activities

	1.1.2016 - 30.6.2016 RM	1.1.2015 - 30.6.2015 RM	1.1.2015 - 31.12.2015 RM	1.1.2014 - 31.12.2014 RM	1.1.2013 - 31.12.2013 RM
Results from operating activities are arrived at after charging:					
Auditors remuneration					
- KPMG	150,000	99,500	199,000	173,000	139,000
- Others	-	-	163,637	24,500	24,500
Allowance for diminution in value of other investment	54,205	-	-	-	-
Depreciation of property, plant and equipment (Note 3)	25,699,032	9,928,889	27,918,100	14,972,037	10,063,662
Foreign exchange loss					
- realised	273,520	777,738	1,207,412	521,448	1,619,312
- unrealised	896,585	221,364	1,351,262	-	50,347
Post employment benefit (Note 17)	-	-	60,009	121,272	35,677
Personnel expenses (including key management personnel):					
- contributions to state plans	863,872	1,460,218	1,460,218	1,088,538	783,640
- wages, salaries and others	22,289,550	15,065,740	46,185,185	24,626,784	17,044,737
Property, plant and equipment written off	431,051	-	-	-	-
Rental expenses	358,633	61,776	61,776	186,366	38,970
Hiring and chartering of equipment	216,073	400,087	400,087	3,254,381	2,438,310
	<u>216,073</u>	<u>400,087</u>	<u>400,087</u>	<u>3,254,381</u>	<u>2,438,310</u>

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20. Results from operating activities (continued)

	1.1.2016 - 30.6.2016 RM	1.1.2015 - 30.6.2015 RM	1.1.2015 - 31.12.2015 RM	1.1.2014 - 31.12.2014 RM	1.1.2013 - 31.12.2013 RM
and after crediting:					
Employment benefits (Note 17)	7,006	-	-	-	-
Bargain purchase on acquisition of subsidiaries (Note 29)	-	-	2,590,420	-	-
Rental income	38,790	130,394	130,394	19,239	43,354
Government grants received	-	-	-	5,672,544	-
Foreign exchange gain - unrealized	490,541	-	-	104,936	-
Gain on disposal of property, plant and equipment	-	-	-	-	316,398
	<u>7,006</u>	<u>-</u>	<u>2,590,420</u>	<u>5,791,779</u>	<u>359,752</u>

21. Finance income and costs

	1.1.2016 - 30.6.2016 RM	1.1.2015 - 30.6.2015 RM	1.1.2015 - 31.12.2015 RM	1.1.2014 - 31.12.2014 RM	1.1.2013 - 31.12.2013 RM
Finance income					
Interest income of financial assets that are not at fair value through profit or loss:					
- term deposits	1,893,839	716,529	2,032,230	845,736	376,617
- other finance income	128,278	1,316	7,934	-	36
- RCPS 'A'	-	-	-	-	9,820,935
	<u>2,022,117</u>	<u>717,845</u>	<u>2,040,164</u>	<u>845,736</u>	<u>10,197,588</u>

Finance costs

Interest expense of financial liabilities that are not at fair value through profit or loss:					
- finance leases	24,084	295,603	40,012	391,145	215,270
- RCPS 'A'	6,571,450	-	4,962,058	4,712,363	2,432,635
- RCPS 'B'	99,000	69,000	176,500	86,250	93,125
- term loans, revolving credits and bankers' acceptances	7,699,664	2,864,362	14,309,111	10,181,512	6,431,095
- bank overdrafts	131,237	287,088	430,472	269,948	1,489,058
- overdue, late payment and trade interest	3,654,262	1,308,610	2,012,161	2,278,589	2,888,898
- trade loan	4,775,847	4,952,048	5,203,854	1,054,022	-
- other finance costs	64,898	16,446	35,514	-	-
	<u>23,020,442</u>	<u>9,793,157</u>	<u>27,169,682</u>	<u>18,973,829</u>	<u>13,550,081</u>

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22. Tax expense

Recognised in profit or loss

	1.1.2016 - 30.6.2016 RM	1.1.2015 - 30.6.2015 RM	1.1.2015 - 31.12.2015 RM	1.1.2014 - 31.12.2014 RM	1.1.2013 - 31.12.2013 RM
Current tax expense					
Malaysian - current year	383,458	517,166	804,891	461,600	1,838,000
- prior years	628,828	(446,086)	(185,775)	(944,598)	(83,400)
Overseas - current year	533,736	92,606	391,379	85,449	70,191
	1,546,022	163,686	1,010,495	(397,549)	1,824,791
Deferred tax expense (Note 7)					
- current year	5,270,276	7,150,887	3,943,109	709,742	(41,539)
- prior years	1,537,000	(1,948,000)	(1,945,000)	-	2,416,000
	6,807,276	5,202,887	1,998,109	709,742	2,374,461
	<u>8,353,298</u>	<u>5,366,573</u>	<u>3,008,604</u>	<u>312,193</u>	<u>4,199,252</u>

Reconciliation of tax expense

	1.1.2016 - 30.6.2016 RM	1.1.2015 - 30.6.2015 RM	1.1.2015 - 31.12.2015 RM	1.1.2014 - 31.12.2014 RM	1.1.2013 - 31.12.2013 RM
Profit after tax	112,922,249	79,862,795	156,562,376	67,373,335	61,619,063
Total tax expense	8,353,298	5,366,573	3,008,604	312,193	4,199,252
Profit excluding tax	<u>121,275,547</u>	<u>85,229,368</u>	<u>159,570,980</u>	<u>67,685,528</u>	<u>65,818,315</u>
Income tax calculated using Malaysian tax rate of 24% (31.12.2015: 25%; 31.12.2014: 25%; 31.12.2013: 25%) ^	29,106,000	21,307,000	39,893,000	16,921,000	16,454,000
Tax exempt income under Labuan Business Activity Tax *	(20,140,000)	(11,770,000)	(28,078,000)	(8,107,400)	(5,985,100)
Effect of tax rate in foreign jurisdictions	145,470	(202,341)	391,836	70,191	61,272
Non-deductible expenses	678,000	1,459,000	1,274,543	2,128,000	2,867,280
Tax exempt income	(997,000)	(455,000)	(905,000)	(1,418,000)	(2,455,000)
Tax exempt income under Promotion of Investment Act #	-	-	-	-	(17,800)
Profit of foreign source not subject to Malaysia tax	(2,605,000)	(2,578,000)	(7,437,000)	(8,337,000)	(9,058,000)
	<u>6,187,470</u>	<u>7,760,659</u>	<u>5,139,379</u>	<u>1,256,791</u>	<u>1,866,652</u>
Under/(Over) provision in prior years	2,165,828	(2,394,086)	(2,130,775)	(944,598)	2,332,600
	<u>8,353,298</u>	<u>5,366,573</u>	<u>3,008,604</u>	<u>312,193</u>	<u>4,199,252</u>

13. ACCOUNTANTS' REPORT (Cont'd)

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22. Tax expense (continued)

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

* *Under the preferential tax treatment given to Labuan entities incorporated or register under the Labuan Companies Act 1990, a subsidiary has qualified and elected to pay tax of RM20,000 per annum.*

A subsidiary has been granted pioneer status under the Promotion of Investment Act, 1986 for a period of ten years commencing 12 August 2012, which exempts the subsidiary's income derive from the provision of customised software solutions from income tax.

23. Compensations to key management personnel

Compensations paid/payable to key management personnel are as follows:

	1.1.2016 - 30.6.2016 RM	1.1.2015 - 30.6.2015 RM	1.1.2015 - 31.12.2015 RM	1.1.2014 - 31.12.2014 RM	1.1.2013 - 31.12.2013 RM
Directors of the Company					
- fees	247,941	216,934	478,236	376,728	386,336
- other short-term employee benefits	527,001	536,788	1,152,178	768,523	682,300
	<u>774,942</u>	<u>753,722</u>	<u>1,630,414</u>	<u>1,145,251</u>	<u>1,068,636</u>
Other key management personnel					
- fees	108,375	136,455	256,807	187,200	283,836
- other short-term employee benefits	19,680	83,838	183,994	167,676	29,430
	<u>128,055</u>	<u>220,293</u>	<u>440,801</u>	<u>354,876</u>	<u>313,266</u>
	<u><u>902,997</u></u>	<u><u>974,015</u></u>	<u><u>2,071,215</u></u>	<u><u>1,500,127</u></u>	<u><u>1,381,902</u></u>

Other key management personnel comprise persons other than the Directors of group entities, having authority and responsibility for planning, directing and controlling the activities of the group entities either directly or indirectly.

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24. Earnings per ordinary share

Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share at 30 June 2016, 30 June 2015, 31 December 2015, 31 December 2014 and 31 December 2013 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	1.1.2016 - 30.6.2016 RM	1.1.2015 - 30.6.2015 RM	1.1.2015 - 31.12.2015 RM	1.1.2014 - 31.12.2014 RM	1.1.2013 - 31.12.2013 RM
Profit attributable to ordinary shareholders	112,831,678	79,943,481	156,723,748	63,881,094	58,675,921
Weighted average number of ordinary shares at end of year	73,978,860	62,090,458	62,090,458	62,090,458	62,090,458
Basic and diluted earnings per ordinary share	1.52	1.28	2.52	1.03	0.95

25. Operating segment

The Group has three reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Group Chief Executive Officer (being the Chief Operating Decision Maker), reviews internal management reports quarterly. The following describes the operations in each of the Group's reportable segments.

- O&M - Operations and maintenance which includes maintenance, repair and overhaul of rotating equipment, inspection, repair and maintenance of static equipment and structure, maintenance of process control and instrumentation, and other related services.
- EPCC - Engineering, procurement, construction and commissioning which includes, among others, piping system, process control and instrumentation, equipment installation, power generation plant, gas compression plant, auxiliary power generation and fire-fighting system, and other related services.
- Others - Technical training, ICT solutions, and supply of products and parts.

There are varying levels of integration between the reportable segments. Inter-segment pricing is determined on negotiated terms.

Performance is measured based on segment profit before tax as included in the internal management reports. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

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25. Operating segment (continued)

	O&M				EPCC				
	1.1.2016 - 30.6.2016 RM	1.1.2015 - 30.6.2015 RM	1.1.2015 - 31.12.2015 RM	1.1.2014 - 31.12.2014 RM	1.1.2016 - 30.6.2016 RM	1.1.2015 - 30.6.2015 RM	1.1.2015 - 31.12.2015 RM	1.1.2014 - 31.12.2014 RM	1.1.2013 - 31.12.2013 RM
Revenue from external customers	815,663,553	450,045,304	1,274,906,005	599,680,477	93,841,916	62,611,789	124,942,000	90,685,000	106,631,000
Segment profit	146,855,315	94,096,228	212,020,293	97,156,687	19,153,732	13,190,305	19,900,000	9,657,000	16,629,000
Included in the segment profit or loss									
Depreciation of property plant and equipment	21,180,102	7,771,558	23,008,886	10,227,037	2,057,965	755,124	2,235,659	1,547,000	1,725,000
Unallocated depreciation of property, plant and equipment	-	-	-	-	-	-	-	-	-

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25. Operating segment (continued)

	<i>Others</i>						<i>Consolidated</i>					
	1.1.2015 -		1.1.2015 -		1.1.2013 -		1.1.2015 -		1.1.2014 -		1.1.2013 -	
	1.1.2016 -	30.6.2015	31.12.2015	31.12.2014	31.12.2014	31.12.2013	1.1.2016 -	30.6.2015	31.12.2015	31.12.2014	31.12.2013	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Revenue from external customers	2,220,433	379,826	3,094,000	65,403,000	11,469,000	911,725,902	513,036,919	1,402,942,005	755,768,477	536,195,358		
Segment profit	508,803	78,246	539,000	4,494,000	641,000	166,517,850	107,364,779	232,459,293	111,307,687	91,314,727		
Unallocated costs						(24,243,978)	(13,060,099)	(47,758,795)	(25,494,066)	(21,912,026)		
Finance income						2,022,117	717,845	2,040,164	845,736	10,197,588		
Finance costs						(23,020,442)	(9,793,157)	(27,169,682)	(18,973,829)	(13,550,081)		
Share of results of equity accounted associates						-	-	-	-	(231,893)		
Profit before tax						121,275,547	85,229,368	159,570,980	67,685,528	65,818,315		
Income tax expense						(8,353,298)	(5,366,573)	(3,008,604)	(312,193)	(4,199,252)		
Profit for the year						112,922,249	79,862,795	156,562,376	67,373,335	61,619,063		
Included in the segment profit or loss												
Depreciation of property plant and equipment	58,604	21,503	63,664	1,116,000	185,000	23,296,671	8,548,185	25,308,209	12,890,037	8,672,662		
Unallocated depreciation of property, plant and equipment	-	-	-	-	-	2,402,361	1,380,704	2,609,891	2,082,000	1,391,000		

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25. Operating segment (continued)

Geographical segments

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

Revenue	1.1.2016 - 30.6.2016 RM	1.1.2015 - 30.6.2015 RM	1.1.2015 - 31.12.2015 RM	1.1.2014 - 31.12.2014 RM	1.1.2013 - 31.12.2013 RM
Malaysia	334,900,057	226,815,323	486,018,194	350,827,496	295,936,433
Qatar	174,679,330	63,864,702	254,722,927	91,565,793	64,768,839
Saudi Arabia	116,894,574	-	-	-	-
United Arab Emirates	87,305,583	123,107,878	196,356,670	38,693,747	997,967
Oman	-	-	177,791,070	78,332,814	7,180,011
Turkmenistan	72,148,157	58,462,026	166,401,376	123,689,020	80,945,139
Indonesia	95,099,727	19,892,851	84,397,456	39,353,852	51,309,733
Other countries	30,698,474	20,894,139	37,254,312	33,305,755	35,057,236
Consolidated	911,725,902	513,036,919	1,402,942,005	755,768,477	536,195,358

Assets	30.6.2016 RM	31.12.2015 RM	31.12.2014 RM	31.12.2013 RM
Malaysia	409,306,673	346,005,063	132,268,578	78,547,260
Indonesia	29,044,000	19,739,000	1,984,000	558,000
Other countries	332,000	194,000	34,000	49,000
Consolidated	438,682,673	365,938,063	134,286,578	79,154,260

Major customers

The following are the major customers individually accounting for 10% or more of group revenue for current and prior years:

	Revenue					Segment
	1.1.2016 - 30.6.2016 RM	1.1.2015 - 30.6.2015 RM	1.1.2015 - 31.12.2015 RM	1.1.2014 - 31.12.2014 RM	1.1.2013 - 31.12.2013 RM	
Customer A	23,107,762	75,051,692	224,196,558	20,242,299	-	O&M
Customer B	138,950,365	81,643,259	217,632,362	152,003,549	119,068,331	O&M/EPCC/Others
Customer C	72,007,638	53,992,215	166,401,376	123,689,020	80,945,139	O&M

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26. Financial instruments

26.1 Categories of financial instruments

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

- (i) Loans and receivables (“L&R”);
(ii) Financial liabilities measured at amortised cost (“FL”); and
(iii) Available for sale financial assets (“AFS”).

	Carrying amount RM	L&R/ (FL) RM	AFS RM
30.6.2016			
Financial assets/(liabilities)			
Other investments	41,662,779	41,556,689	106,090
Trade and other receivables	604,786,881	604,786,881	-
Cash and cash equivalents	178,364,742	178,364,742	-
Trade and other payables	(386,320,834)	(386,320,834)	-
Loans and borrowings	(518,674,074)	(518,674,074)	-
	<u> </u>	<u> </u>	<u> </u>
31.12.2015			
Financial assets/(liabilities)			
Other investments	30,222,648	30,062,353	160,295
Trade and other receivables	431,022,607	431,022,607	-
Cash and cash equivalents	194,614,161	194,614,161	-
Trade and other payables	(239,027,028)	(239,027,028)	-
Loans and borrowings	(473,329,773)	(473,329,773)	-
Other financial liabilities	(63,834,392)	(63,834,392)	-
	<u> </u>	<u> </u>	<u> </u>
31.12.2014			
Financial assets/(liabilities)			
Other investments	141,442	-	141,442
Trade and other receivables	221,552,187	221,552,187	-
Cash and cash equivalents	80,049,024	80,049,024	-
Trade and other payables	(102,050,658)	(102,050,658)	-
Loans and borrowings	(211,217,829)	(211,217,829)	-
Other financial liabilities	(50,337,909)	(50,337,909)	-
	<u> </u>	<u> </u>	<u> </u>
31.12.2013			
Financial assets/(liabilities)			
Trade and other receivables	176,620,191	176,620,191	-
Cash and cash equivalents	57,042,512	57,042,512	-
Trade and other payables	(64,337,511)	(64,337,511)	-
Loans and borrowings	(150,723,824)	(150,723,824)	-
Other financial liabilities	(43,571,005)	(43,571,005)	-
	<u> </u>	<u> </u>	<u> </u>

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26. Financial instruments (continued)

26.2 Net gains and losses arising from financial instruments

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

	1.1.2016 - 30.6.2016 RM	1.1.2015 - 30.6.2015 RM	1.1.2015 - 31.12.2015 RM	1.1.2014 - 31.12.2014 RM	1.1.2013 - 31.12.2013 RM
Net gains/(losses) on:					
Available-for-sale financial assets	-	-	(81,147)	-	-
Loans and receivables	2,384,380	716,529	2,040,164	845,736	376,653
Financial liabilities measured at amortised cost	(24,190,547)	(10,792,259)	(27,169,682)	(18,973,829)	(11,117,446)
	<u>(21,806,167)</u>	<u>(10,075,730)</u>	<u>(25,210,665)</u>	<u>(18,128,093)</u>	<u>(10,740,793)</u>

26.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

(a) Credit risk

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

Receivables from external parties

(i) Risk management objectives, policies and processes for managing the risk

The principal customers of the Group are major oil and gas companies. The Group uses ageing analysis to monitor the credit quality of the receivables.

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26. Financial instruments (continued)

26.3 Financial risk management (continued)

(a) Credit risk (continued)

Receivables from external parties (continued)(ii) *Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position. Cash and cash equivalents are only placed with licensed banks/institutions.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

As at the end of the reporting period, there are no significant concentrations of credit risk other than trade receivable due from three (31.12.2015: two; 31.12.2014: four; 31.12.2013: two) counterparty of RM235,802,194 (31.12.2015: RM98,831,439; 31.12.2014: RM99,259,231; 31.12.2013: RM92,567,655).

The exposure of credit risk for receivables as at the end of the reporting period by geographic region is:

	30.6.2016	31.12.2015	31.12.2014	31.12.2013
	RM	RM	RM	RM
Malaysia	278,698,586	147,774,797	88,988,037	71,317,426
Asia	10,773,795	35,474,136	25,742,410	8,102,363
Middle East	286,091,162	196,242,192	85,406,858	94,097,383
Europe	4,858	3,727,103	1,977,646	78,967
	<u>575,568,401</u>	<u>383,218,228</u>	<u>202,114,951</u>	<u>173,596,139</u>

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26. Financial instruments (continued)

26.3 Financial risk management (continued)

(a) Credit risk (continued)

Receivables from external parties (continued)(iii) *Impairment losses*

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross RM	Impairment RM	Net RM
30.6.2016			
Not past due	529,255,525	-	529,255,525
Past due 0 - 30 days	37,524,867	-	37,524,867
Past due 31 - 120 days	4,954,721	-	4,954,721
Past due more than 120 days	3,833,288	-	3,833,288
	<u>575,568,401</u>	<u>-</u>	<u>575,568,401</u>
31.12.2015			
Not past due	347,505,794	-	347,505,794
Past due 0 - 30 days	35,265,777	-	35,265,777
Past due 31 - 120 days	182,953	-	182,953
Past due more than 120 days	263,704	-	263,704
	<u>383,218,228</u>	<u>-</u>	<u>383,218,228</u>
31.12.2014			
Not pass due	143,653,132	-	143,653,132
Past due 0 - 30 days	31,100,928	-	31,100,928
Past due 31 - 120 days	25,816,666	-	25,816,666
Past due more than 120 days	1,544,225	-	1,544,225
	<u>202,114,951</u>	<u>-</u>	<u>202,114,951</u>

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26. Financial instruments (continued)

26.3 Financial risk management (continued)

(a) Credit risk (continued)

Receivables from external parties (continued)(iii) *Impairment losses* (continued)

	Gross RM	Impairment RM	Net RM
31.12.2013			
Not pass due	119,692,581	-	119,692,581
Past due 0 - 30 days	32,064,904	-	32,064,904
Past due 31 - 120 days	16,628,171	-	16,628,171
Past due more than 120 days	5,210,483	-	5,210,483
	<u>173,596,139</u>	<u>-</u>	<u>173,596,139</u>

Other investments(i) *Risk management objectives, policies and processes for managing the risk*

Investments are allowed only in liquid securities in licensed financial institutions.

(ii) *Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the Group has only invested in domestic securities. The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Other investments of the Group (see Note 5) are categorised as available-for-sale financial assets. The Group does not have overdue investments that have not been impaired.

The investments are unsecured.

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26. Financial instruments (continued)
26.3 Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

Risk management objectives, policies and processes for managing the risk

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

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

(i) Maturity analysis

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

30.6.2016	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM	More than 5 years RM
Finance lease liabilities							
- secured	9,430,077	1.05 - 5.84	10,741,953	3,283,644	3,182,934	2,411,656	1,863,719
Bank overdraft – secured	7,168,438	9.00	7,168,438	7,168,438	-	-	-
Revolving credits - secured	206,808,443	7.85 - 9.10	206,808,443	206,808,443	-	-	-
Term loans – secured	17,296,319	4.65 – 15.50	19,422,624	9,133,253	4,809,454	5,452,567	27,350
Bankers' acceptance							
- secured	300,000	3.5	300,000	300,000	-	-	-
Trade loan – secured	277,670,797	3.00 - 4.00	277,670,797	277,670,797	-	-	-
Trade and other payables	386,320,834	-	386,320,834	386,320,834	-	-	-
	<u>904,994,908</u>		<u>908,433,089</u>	<u>890,685,409</u>	<u>7,992,388</u>	<u>7,864,223</u>	<u>1,891,069</u>

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26. Financial instruments (continued)

26.3 Financial risk management (continued)

(b) Liquidity risk (continued)

(i) Maturity analysis (continued)

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

	31.12.2015	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM	More than 5 years RM
Redeemable convertible preference shares 'A'		39,743,431	6.85	45,709,053	-	-	45,709,053	-
Written put option		23,590,961	6.85	34,422,814	-	-	34,422,814	-
Redeemable convertible preference shares 'B'		500,000	8.00	540,000	-	-	-	540,000
Finance lease liabilities - secured		8,066,573	1.05-9.55	9,230,112	2,723,186	2,657,108	1,982,181	1,867,637
Bank overdraft - secured		11,305,580	9.00	11,305,580	11,305,580	-	-	-
Revolving credits - secured		190,583,565	3.00-9.10	190,583,565	190,583,565	-	-	-
Term loans - secured		31,420,049	4.65-15.50	35,342,830	12,154,116	12,781,057	7,884,459	2,523,198
Bankers' acceptance - secured		300,000	3.50	300,000	300,000	-	-	-
Trade loan - secured		231,654,006	3.00-4.00	231,654,006	231,654,006	-	-	-
Trade and other payables		239,027,028	-	239,027,028	239,027,028	-	-	-
		<u>776,191,193</u>		<u>798,114,988</u>	<u>687,747,481</u>	<u>15,438,165</u>	<u>89,998,507</u>	<u>4,930,835</u>

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26.3 Financial risk management (continued)

(b) Liquidity risk (continued)

(i) Maturity analysis (continued)

31.12.2014	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM	More than 5 years RM
Redeemable convertible preference shares 'A'	30,127,655	6.85	37,199,609	-	-	-	37,199,609
Written put option	19,210,254	6.85	26,813,375	-	-	-	26,813,375
Redeemable convertible preference shares 'B'	1,000,000	8.00	1,080,000	540,000	-	-	540,000
Finance lease liabilities - secured	9,596,728	1.05-4.62	11,047,753	3,105,270	2,607,605	4,715,024	619,854
Bank overdraft - secured	4,512,586	9.00	4,512,586	4,512,586	-	-	-
Revolving credits - secured	117,914,157	3.00-9.10	117,914,157	117,914,157	-	-	-
Term loans - secured	26,508,854	4.65-8.60	31,493,469	16,106,367	4,851,001	6,010,780	4,525,321
Bankers' acceptance - secured	300,000	3.50	300,000	300,000	-	-	-
Trade loan - secured	52,385,504	2.80-3.33	52,385,504	52,385,504	-	-	-
Trade and other payables	102,050,658	-	102,050,658	102,050,658	-	-	-
	<u>363,606,396</u>		<u>384,797,111</u>	<u>296,914,542</u>	<u>7,458,606</u>	<u>10,725,804</u>	<u>69,698,159</u>

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26. Financial instruments (continued)

26.3 Financial risk management (continued)

(b) Liquidity risk (continued)

(i) Maturity analysis (continued)

	31.12.2013	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM	More than 5 years RM
Redeemable convertible preference shares 'A'	25,143,816	25,143,816	6.85	34,027,765	-	-	-	34,027,765
Written put option	17,427,189	17,427,189	6.85	25,428,930	-	-	-	25,428,930
Redeemable convertible preference shares 'B'	1,000,000	1,000,000	8.00	1,080,000	-	-	-	1,080,000
Finance lease liabilities - secured	3,872,042	3,872,042	2.35-10.00	4,365,958	1,130,979	969,963	1,631,989	633,027
Bank overdraft - secured	9,314,153	9,314,153	9.00	9,314,153	9,314,153	-	-	-
Revolving credits - secured	101,059,364	101,059,364	3.00-9.10	101,059,364	101,059,364	-	-	-
Term loans - secured	36,178,265	36,178,265	4.35-8.60	44,798,359	14,632,932	12,676,806	12,433,294	5,055,327
Bankers' acceptance - secured	300,000	300,000	3.50	300,000	300,000	-	-	-
Trade and other payables	64,337,511	64,337,511	-	64,337,511	64,337,511	-	-	-
	<u>258,632,340</u>	<u>258,632,340</u>		<u>284,712,040</u>	<u>190,774,939</u>	<u>13,646,769</u>	<u>14,065,283</u>	<u>66,225,049</u>

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26. Financial instruments (continued)

26.3 Financial risk management (continued)

(c) Market risk

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

Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk is primarily U.S. Dollar ("USD").

(i) Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the financial currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	30.6.2016 RM	31.12.2015 RM	31.12.2014 RM	31.12.2013 RM
<i>Denominated in USD</i>				
Trade receivables	7,755,240	3,724,442	751,190	74,936,048
Cash and cash equivalents	3,750,625	1,915,476	1,064,260	736,356
Secured bank loans	(4,856,630)	(757,963)	(14,868,848)	(19,363,419)
Trade payables	(5,485,461)	(2,637,609)		- (1,084,452)
Net exposure in the statement of financial position	<u>1,163,774</u>	<u>2,244,346</u>	<u>(13,053,398)</u>	<u>55,224,533</u>

(ii) Currency risk sensitivity analysis

A 10% (31.12.2015: 10%; 31.12.2014: 10%; 31.12.2013: 10%) strengthening of the Ringgit Malaysia ("RM") against USD at the end of the reporting period would have decreased equity and post-tax profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remained constant.

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26. Financial instruments (continued)

26.3 Financial risk management (continued)

(c) Market risk (continued)

Currency risk (continued)

(ii) Currency risk sensitivity analysis (continued)

	Profit or loss			
	30.6.2016	31.12.2015	31.12.2014	31.12.2013
	RM	RM	RM	RM
USD				
In Group	81,464	168,326	(979,005)	4,151,825

A 10% (31.12.2015:10%; 31.12.2014: 10%; 31.12.2013: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. The Group is also exposed to interest rate risk on the term deposits placed with licensed banks. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

(i) Risk management objectives, policies and processes for managing the risk

The Group monitors its exposure to changes in interest rates on a regular basis. Borrowings are negotiated with a view to securing the best possible terms including rates of interest, to the Group.

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26. Financial instruments (continued)

26.3 Financial risk management (continued)

(c) Market risk (continued)

Interest rate risk (continued)

(ii) *Exposure to interest rate risk*

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

	30.6.2016 RM	31.12.2015 RM	31.12.2014 RM	31.12.2013 RM
<i>Fixed rate instruments</i>				
Financial assets	152,691,216	135,849,792	53,235,942	36,020,586
Financial liabilities	(16,898,515)	(83,506,545)	(64,746,323)	(57,057,200)
	<u>135,792,701</u>	<u>52,343,247</u>	<u>(11,510,381)</u>	<u>(21,036,614)</u>
<i>Floating rate instruments</i>				
Financial liabilities	(501,775,559)	(453,657,620)	(196,808,515)	(137,237,627)

(iii) *Interest rate risk sensitivity analysis*

Fair value sensitivity analysis for fixed rate instruments

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

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26. Financial instruments (continued)

26.3 Financial risk management (continued)

(c) Market risk (continued)

Interest rate risk (continued)(iii) *Interest rate risk sensitivity analysis* (continued)*Cash flow sensitivity analysis for variable rate instruments*

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

	Profit or loss	
	100bp increase RM	100bp decrease RM
Floating rate instruments		
- 30.6.2016	(3,763,316)	3,763,316
- 31.12.2015	(3,402,432)	3,402,432
- 31.12.2014	(1,476,064)	1,476,064
- 31.12.2013	(1,029,282)	1,029,282
	<u> </u>	<u> </u>

Other price risk

Equity price risk arises from the Group’s investments in equity securities.

(i) *Risk management objectives, policies and processes for managing the risk*

Management monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by management.

There is no sensitivity analysis performed as any change will be insignificant to the Group.

26.4 Fair value information

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

The fair value of other investments is disclosed in Note 5, which is based on their quoted closing market prices and the net asset value of the unit trust at their reporting date.

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26. Financial instruments (continued)

26.4 Fair value information (continued)

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

	Fair value of financial instruments carried at fair value		Fair value of financial instruments not carried at fair value		Total fair value RM	Carrying amount RM
	Level 1 RM	Total RM	Level 3 RM	Total RM		
30.6.2016						
Financial assets						
Other investments	106,090	106,090	-	-	106,090	106,090
Financial liabilities						
Redeemable convertible preference shares	-	-	-	-	-	-
Term loans	-	-	10,993,142	10,993,142	-	10,993,142
Finance lease liabilities	-	-	6,604,695	6,604,695	-	6,604,695
	-	-	17,597,837	17,597,837	-	17,597,837

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26. Financial instruments (continued)

26.4 Fair value information (continued)

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

31.12.2015 Financial assets Other investments	Fair value of financial instruments carried at fair value		Fair value of financial instruments not carried at fair value		Total fair value RM	Carrying amount RM
	Level 1 RM	Total RM	Level 3 RM	Total RM		
	160,295	160,295	-	-	160,295	160,295
Financial liabilities						
Redeemable convertible preference shares	-	-	39,743,431	39,743,431	-	39,743,431
Term loans	-	-	26,607,973	26,607,973	-	26,607,973
Finance lease liabilities	-	-	5,788,140	5,788,140	-	5,788,140
	-	-	72,139,544	72,139,544	-	72,139,544

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26. Financial instruments (continued)

26.4 Fair value information (continued)

	Fair value of financial instruments carried at fair value		Fair value of financial instruments not carried at fair value		Total fair value	Carrying amount
	Level 1	Total	Level 3	Total	value	RM
	RM	RM	RM	RM	RM	RM
31.12.2014						
Financial assets						
Other investments	117,195	117,195	-	-	117,195	117,195
Financial liabilities						
Redeemable convertible preference shares	-	-	30,127,655	30,127,655	-	30,127,655
Term loans	-	-	13,714,254	13,714,254	-	13,714,254
Finance lease liabilities	-	-	7,074,785	7,074,785	-	7,074,785
	-	-	50,916,694	50,916,694	-	50,916,694
31.12.2013						
Financial liabilities						
Redeemable convertible preference shares	-	-	25,143,816	25,143,816	-	25,143,816
Term loans	-	-	25,050,053	25,050,053	-	25,050,053
Finance lease liabilities	-	-	2,900,600	2,900,600	-	2,900,600
	-	-	53,094,469	53,094,469	-	53,094,469

13. ACCOUNTANTS' REPORT (Cont'd)

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 (Company No. 663460 – T)
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26. Financial instruments (continued)

26.4 Fair value information (continued)

Policy on transfer between levels

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

Level 1 fair value

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

Level 2 fair value

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

Non-derivative financial liabilities

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

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year. (31.12.2015, 31.12.2014 and 31.12.2013: no transfer in either directions)

Level 3 fair value

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

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and input used
Term loans, finance lease liabilities and redeemable convertible preference share	Discounted cash flow using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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27. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group's strategy, which was unchanged from 2013, was to maintain the debt-to-equity ratio not exceeding 2.00 times. The debt-to-equity ratios at 30 June 2016, 31 December 2015, 31 December 2014 and at 31 December 2013 were as follows:

	30.6.2016 RM	31.12.2015 RM	31.12.2014 RM	31.12.2013 RM
Total loans and borrowings (Note 15)	518,674,074	473,329,773	211,217,829	150,723,824
Less: Cash and cash equivalents (Note 12)	(178,364,742)	(194,614,161)	(80,049,024)	(57,042,512)
Less: Other investments (Note 5)	(41,556,689)	(30,062,353)	-	-
	<u>298,752,643</u>	<u>248,653,259</u>	<u>131,168,805</u>	<u>93,681,312</u>
	30.6.2016 RM	31.12.2015 RM	31.12.2014 RM	31.12.2013 RM
Total equity	<u>634,888,854</u>	<u>475,705,737</u>	<u>271,331,136</u>	<u>198,370,251</u>
Debt-to-equity ratio	<u>0.47</u>	<u>0.52</u>	<u>0.48</u>	<u>0.47</u>

There was no change in the Group's approach to capital management during the financial year.

The Group is also required to maintain a maximum debt-to-equity ratio of 2.00 to comply with bank covenants, failing which, the banks may call an event of default. The Group has not breached this covenant (see Note 15).

28. Related parties***Identity of related parties***

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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28. Related parties (continued)

Significant related party transactions (continued)

The Group has related party relationships with its significant investors, subsidiaries, associates and key management personnel.

Significant related party transactions, other than compensations paid to key management personnel (see Note 23) and those disclosed elsewhere in the financial statements, are as follows:

	1.1.2016 - 30.6.2016	1.1.2015 - 30.6.2015	1.1.2015 - 31.12.2015	1.1.2014 - 31.12.2014	1.1.2013 - 31.12.2013
	RM	RM	RM	RM	RM
<i>Transactions with companies/ corporations in which certain substantial shareholders have or are deemed to have substantial interests</i>					
<u>Nature of transactions</u>					
Management fee income	(1,000,000)	-	-	-	-
Purchase of goods	(93,021)	(53,200)	(12,583,599)	(18,749,469)	(16,189,977)
Services rendered	25,679	(323,546)	(883,233)	(498,200)	(1,536,344)
Provision of training	-	(57,373)	(555,836)	-	(93,734)
	=====	=====	=====	=====	=====
<i>Transactions with a company/ corporation in which certain substantial shareholders had or was deemed to have substantial interests*</i>					
<u>Nature of transactions</u>					
Purchase of goods	-	(89,101,419)	(183,746,350)	(150,230,469)	(104,852,362)
Provision of training	-	-	-	-	(57,373)
Services rendered	-	-	-	-	(323,546)
Purchase of property, plant and equipment	-	(15,577,802)	(47,550,082)	(13,771,344)	-
	=====	=====	=====	=====	=====

* The major shareholder and director of the related party was previously the spouse of a Director of the Group who has since disposed her interest and resigned from the related party with effect from 1 December 2015. Further to the disposal of interest on 1 December 2015, the transactions between the Group and the related party are no longer deemed as related party transactions.

The above transactions are based on negotiated terms. All the outstanding balances are unsecured and expected to be settled in cash.

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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29. Acquisition of subsidiaries

(i) Year ended 31 December 2015

(a) Acquisition of subsidiaries

On 15 January 2015, the Group acquired 100% equity interest in Telegistics Asia Sdn. Bhd. for total consideration of RM180,000.

On 15 January 2015, the Group acquired 100% equity interest in A R Global Engineering Sdn. Bhd. for total consideration of RM1,000,000.

On 21 April 2015, the Group acquired 100% equity in Quantum Offshore Limited for a total consideration of RM6,654,750.

On 12 August 2015, the Group has acquired 51% equity interest in PT Kubic Gasco for a total consideration of RM3,827,842.

On 31 December 2015, the Group acquired 80% and 51% equity interest in SD Controls Sdn. Bhd. and SD Advance Engineering Sdn. Bhd. respectively, for a total consideration of RM65,500.

	Note	Recognised fair value at date of acquisition RM
Property, plant and equipment	3	9,021,971
Intangible assets	6	300,520
Trade and other receivables		35,741,875
Inventories		31,422
Current tax recoverable		11,247
Cash and cash equivalents		1,850,299
Trade and other payables		(22,344,313)
Loans and borrowings		(7,313,481)
Current tax payable		(188,559)
Deferred tax liabilities	7	(16,891)
Non-controlling interests		(6,718,453)
Net identifiable assets and liabilities		<u>10,375,637</u>
Goodwill	6	3,831,875
Bargain purchase credited to statements of profit or loss and other comprehensive income	20	(2,590,420)
Purchase consideration		<u>11,617,092</u>
Less: Cash and cash equivalents acquired		(1,850,299)
Net cash outflow on acquisition		<u><u>9,766,793</u></u>

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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29. Acquisition of subsidiaries (continued)**(i) Year ended 31 December 2015 (continued)****(b) Incorporation of new subsidiaries**

Serba Dinamik (B) Sdn. Bhd. (“Serba Dinamik Brunei”) was incorporated on 16 April 2015 with authorised share capital of BND100,000. The total paid-up share capital is BND100,000 comprising of 100,000 ordinary shares of BND1 each and 75,000 ordinary shares were issued and fully subscribed by the Group. As a result, the Group owns 75% in Serba Dinamik Brunei.

Serba Dinamik RMC FZE (“Serba Dinamik RMC FZE”) was incorporated on 22 October 2015 with authorised share capital of AED1,000,000. The total issued and paid-up share capital is AED1,000,000 comprising of 1,000 ordinary shares of AED1,000 each and 1,000 ordinary shares were issued and fully subscribed by the Group. As a result, the Group owns 100% in Serba Dinamik RMC FZE.

(ii) Year ended 31 December 2014**(a) Acquisition of subsidiaries**

In January 2014, the Group through its wholly owned subsidiary Serba Dinamik International Ltd acquired 50,000 ordinary shares of GBP1.00 each in Serba Dinamik International Ltd (London) (“Serba Dinamik London”) for GBP50,000. As a result, Serba Dinamik London became a 99.998% owned subsidiary of the Group.

The acquisition of the above mentioned subsidiary has no material impact on the results of the Group for the financial year.

(b) Change in investment in existing subsidiary

On 15 December 2014, the Group acquired the remaining 10% equity interest in Serba Dinamik Sdn Bhd (“Serba Dinamik”) not already owned by the Group from a Director of the Group, for a purchase consideration of RM55,000, satisfied via cash consideration of RM0.01 per share. As a consequence, Serba Dinamik became a wholly owned subsidiary of the Group.

The acquisition of 10% remaining equity interests in Serba Dinamik has resulted in a change in the Group’s share of net assets of RM15,662,655 which was adjusted against the Group’s reserve at the date of completion of the transaction. The Group has also derecognised the minority interest of RM12,242,612.

(c) Incorporation of a new subsidiary

Top Luxury Sdn Bhd (“Top Luxury”) was incorporated on 27 June 2014 with authorised share capital of RM400,000. The total paid-up share capital is RM2 comprising of 2 ordinary shares of RM1.00 each issued and fully subscribed by the wholly owned subsidiary, Serba Dinamik. As a result, the Group owns 100% in Top Luxury.

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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30. Details of subsidiaries

Company	Country of incorporation	Effective interest %	Principal activities
<u>Direct subsidiaries</u>			
Serba Dinamik Sdn. Bhd. (“Serba Dinamik”)	Malaysia	100	Operation and maintenance (“O&M”) of plants and facilities, engineering, procurement, construction and commissioning (“EPCC”), technical training and related products and services, education and training
Serba Dinamik International Ltd. (“Serba Dinamik International”)	Malaysia	100	O&M of plants and facilities, EPCC, and related products and services
Serba Dinamik IT Solutions Sdn. Bhd. (“Serba Dinamik IT”)	Malaysia	100	Information and communications technology software and solutions
AR Global Engineering Sdn. Bhd.	Malaysia	100	Process control, instrumentation and related products and services
SD Advance Engineering Sdn. Bhd.*	Malaysia	51	Maintenance of microturbines and related products and services
SD Controls Sdn. Bhd.*	Malaysia	80	Testing and calibration of process control and instrumentation
Serba Dinamik (B) Sdn. Bhd.^	Brunei Darussalam	75	O&M of plants and facilities, EPCC and related products and services
Serba Dinamik Oilfield Centre RMC FZE#	United Arab Emirates	100	Maintenance, repair and overhaul, fabrication and logistics services
<u>Indirect subsidiaries</u>			
<u>Held through Serba Dinamik</u>			
Quantum Offshore Limited^^	United Kingdom	100	Design, engineering and installation of auxiliary power generators and firefighting systems and equipment
Top Luxury Sdn. Bhd.	Malaysia	100	Dormant

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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30. Details of subsidiaries (continued)

<u>Company</u>	<u>Country of incorporation</u>	<u>Effective interest</u> %	<u>Principal activities</u>
<u>Indirect subsidiaries (continued)</u>			
<u>Held through Serba Dinamik International</u>			
PT Serba Dinamik Indonesia*	Republic of Indonesia	75	O&M of plants and facilities, EPCC and related products and services
Serba Dinamik International Petroleum Services W.L.L.*	Kingdom of Bahrain	99	O&M of plants and facilities, EPCC and related products and services
Serba Dinamik International Ltd (London)^	United Kingdom	99.998	Inspection, repair and maintenance of static equipment and structures, and related products and services
PT Kubic Gasco*	Republic of Indonesia	51	Processing and supply of compressed natural gas
<u>Held through PT Kubic Gasco</u>			
PT Delta Conusa Gas**	Republic of Indonesia	45.80	Dormant
PT Muaro Jambi Energi**	Republic of Indonesia	41.82	Dormant
<u>Held through Serba Dinamik IT</u>			
Telegistics Asia Sdn. Bhd.	Malaysia	100	Internet and mobile applications solutions

* Audited by firms of Chartered Accountants other than member firms of KPMG International

^ The company is exempted from statutory audit as permitted by the authority in the relevant country

Newly incorporated company in October 2015 and as such no auditors has been appointed

^ The company is exempted from statutory audit as permitted by the authority in the relevant country. However, in 2015, the company opted for voluntary audit and was audited by firms of Chartered Accountants other than member firms of KPMG International

** Not audited as the company has total assets of less than IDR50 billion as per the regulatory requirement in the Republic of Indonesia. Further, the company is dormant and has no obligations to any financial institutions

13. ACCOUNTANTS' REPORT (Cont'd)

Serba Dinamik Group Berhad
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31. Comparative figure

The six months comparatives for the statements of profit or loss and other comprehensive income, changes in equity, cash flows and their related explanatory information for the financial period ended 30 June 2015 have not been audited.

14. DIRECTORS' REPORT

**SERBA DINAMIK HOLDINGS BERHAD** (1167905-P)

7-5, Pusat Dagangan UMNO Shah Alam, Lot 8, Persiaran Damai, Seksyen 11,
40100 Shah Alam, Selangor Darul Ehsan, Malaysia.
Tel : (+603) 5511 3213 (Hunting Line) Fax : (+603) 5511 3212
Email : serbadk@e-serbadk.com Website : www.e-serbadk.com

Registered Office:

No. 8-5, Pusat Dagangan UMNO Shah Alam
Lot 8, Persiaran Damai, Seksyen 11
40100 Shah Alam
Selangor Darul Ehsan
Malaysia

Date: 22 December 2016

The Shareholders
SERBA DINAMIK HOLDINGS BERHAD

Dear Sir/Madam

On behalf of the Board of Directors of Serba Dinamik Holdings Berhad ("**Serba Dinamik Holdings**"), we wish to report after due inquiry that during the period from 30 June 2016 (being the date to which the last audited financial statements of Serba Dinamik Holdings and its subsidiaries ("**Serba Dinamik Holdings Group**") have been made up) to the date of this letter (being a date not earlier than 14 days before the issue of this Prospectus):

- (a) the business of the Serba Dinamik Holdings Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of the Serba Dinamik Holdings Group which have adversely affected the trading or the values of the assets of the Serba Dinamik Holdings Group;
- (c) the current assets of the Serba Dinamik Holdings Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in this Prospectus, there are no contingent liabilities by reason of any guarantees or indemnities given by the Serba Dinamik Holdings Group;
- (e) there has been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums in relation to any borrowings since the last audited financial statements of the Serba Dinamik Holdings Group; and
- (f) save as disclosed in this Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of the Serba Dinamik Holdings Group since the last audited financial statements of the Serba Dinamik Holdings Group.

Yours faithfully
For and on behalf of the Board of Directors of
SERBA DINAMIK HOLDINGS BERHAD


DATO' DR. IR. MOHD ABDUL KARIM BIN ABDULLAH
Group Managing Director/Group Chief Executive Officer

15. ADDITIONAL INFORMATION

15.1 SHARE CAPITAL

- (i) Save as disclosed in this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than 12 months after the date of the issue of this Prospectus.
- (ii) As at the date of this Prospectus, we have only one class of shares in our Company, namely ordinary shares of RM0.50 each, all of which rank equally with one another. There are no special rights attached to our Shares.
- (iii) Save as disclosed in this Prospectus, our Company has not issued or proposed to issue any shares, stocks or debentures as fully or partly paid-up in cash or otherwise, within the two years preceding from the date of this Prospectus.
- (iv) Save for the Issue Shares reserved for subscription by the Eligible Persons as disclosed in Section 4.3.2.1 of this Prospectus, there is currently no other subscription scheme involving our Directors and employees in the share capital of our Company or any of our subsidiaries.
- (v) Save as disclosed in this Prospectus, and save as provided for under our Articles as reproduced in Section 15.2 below and the Act, there are no other restrictions upon the holding or voting or transfer of our Shares or the interests in any of our Company or our subsidiaries or upon the declaration or payment of any dividend or distribution thereon.
- (vi) As at the date of this Prospectus, none of the share capital of our Company or any of our subsidiaries is under option, or agreed conditionally or unconditionally to be put under option.

15.2 EXTRACTS OF OUR ARTICLES

The following provisions are reproduced from our Articles and are qualified in its entirety by the provisions of our Articles and by applicable law. The words, terms and expressions appearing in the following provisions shall bear the same meanings used in our Articles unless they are otherwise defined herein or the context otherwise requires.

WORDS	MEANINGS
Act	The Companies Act, 1965 and any statutory modification, amendment or re-enactment thereof for the time being in force and all subsidiary legislation made thereunder.
Articles	These Articles of Association as originally framed or altered from time to time by special resolution.
Central Depositories Act	Securities Industry (Central Depositories) Act, 1991 and any statutory modification, amendment or re-enactment thereof for the time being in force and includes all subsidiary legislation made thereunder.
Company	SERBA DINAMIK HOLDINGS BERHAD (Company No.: 1167905-P)
Deposited Security	A security standing to the credit of a Securities Account and includes securities in a Securities Account that is in suspense.
Depository	Bursa Malaysia Depository Sdn Bhd (Company No.: 165570-W) and its successors-in-title.

15. ADDITIONAL INFORMATION (Cont'd)

<u>WORDS</u>	<u>MEANINGS</u>
Directors	The Directors for the time being of the Company and includes alternate Directors, unless otherwise stated.
Listing Requirements	The Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad, including any modification, or amendment that may be made to the Listing Requirements from time to time and such practice notes or circulars as may be issued by Bursa Malaysia Securities Berhad, from time to time.
Market Day	A day on which the Stock Exchange is open for trading in securities.
Member	Unless otherwise expressed to the contrary, includes any person/persons for the time being holding shares in the Company and whose name appears in the Register of Members (except the Depository or its nominee company), including a Depositor who shall be treated as if he were a member pursuant to Section 35 of the Central Depositories Act, but excludes the Depository in its capacity as bare trustee.
Non Deposited Security	A security of the Company which is not a Deposited Security.
Record of Depositors	A record provided by the Depository to the Company under Chapter 24.0 of the Rules.
Rules	The Rules of the Depository including any amendments that may be made from time to time.
Securities Account	An account established by the Depository for a Depositor for the recording of deposits of securities and for dealings in such securities by the Depositor as permitted under the Central Depositories Act and/or the Rules.
Share	A share in the share capital of the Company and includes a preferred or deferred as well as an ordinary share and also stock and any security which carries any power of voting with respect to the management of the Company.
Stock Exchange	Bursa Malaysia Securities Berhad (Company No.: 635998-W) or such other name as it may assume from time to time and such other stock exchange, if any, upon which the shares of the Company may be listed and quoted.

15. ADDITIONAL INFORMATION (Cont'd)

(i) Transfer of Shares**“39 Restriction on transfer**

Subject to the restrictions imposed by these Articles, the Act, the Listing Requirements and the provisions of any written law and all rules and regulations made thereunder including the Central Depositories Act and the Rules (with respect to the transfer of Deposited Security), Shares shall be transferable, but every transfer must be in writing and in such form prescribed and approved by the Stock Exchange and the Registrar of Companies (as the case may be), or such form as may from time to time be prescribed under the Act or approved by the Stock Exchange or such authorities of the stock exchange on which the Company's Shares are listed.

40. Transferor's right

Subject to the Central Depositories Act and the Rules, any member may transfer all or any of the shares by instrument in writing in the form prescribed and approved by the Stock Exchange and the Registrar of Companies (as the case may be). The instrument of transfer of any share shall be executed by or on behalf of the transferor and the transferee respectively, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Record of Depositors (as the case may be) in respect thereof.

41. Transfer of securities

Subject to these Articles, there shall be no restriction on the transfer of fully-paid-up shares except where required by law. The transfer of any listed security or class of listed security of the Company shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, respectively, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

42. Refusal to register transfers

- (1) Subject to the restrictions imposed by these Articles and the provisions of any other law, there shall be no restrictions on the transfer of fully paid securities. No shares shall be in any circumstances be knowingly transferred to any infant, bankrupt or person of unsound mind. In case of Deposited Securities, the Depository may refuse to register any transfer of deposited security that does not comply with the Central Depositories Act and the Rules.
- (2) The Directors may decline to register the transfer of a share (not being fully paid share) to a person of whom they shall not approve, and they may also decline to register the transfer of a share on which the Company has a lien or any transfer of shares, whether fully paid up or not, made to an infant or person of unsound mind.
- (3) If the Directors decline to register any transfer they shall within one month after the date on which the transfer was lodged with the Company send to the transferor and the transferee notice of the refusal.

15. ADDITIONAL INFORMATION (Cont'd)

43. Suspension of registers

The registration of transfers may be suspended at such times and for such period as the Directors may from time to time determine not exceeding in the whole 30 days in any year. The Company shall before it closes its register give notice of such intended book closure (in the case of the Register of Members) in accordance with the Act. Subject always to the Listing Requirements of the Stock Exchange, at least ten Market Days' notice of intention to close the said register shall be given to the Stock Exchange. The said notice shall state the purpose or purposes for which the register is being closed. At least three Market Days prior notice shall be given to the Depository to prepare the appropriate Record of Depositors provided that where the Record of Depositors is required in respect of corporate actions, at least seven Market Days prior notice shall be given to the Depository.

44. Renunciation

Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

45. Non-liability for the Company's Directors and officer in respect of transfer

- (1) Neither the Company nor its Directors nor any of its Officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other Officers, be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. In every such case, the person registered as transferee, his executors, administrators and assigns, alone shall be entitled to be recognized as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.
- (2) Neither the Company nor its Directors nor any of its officers shall incur any liability for the act of the Depository in registering or acting upon a transfer of shares made by a Member or any persons entitled to the shares by reason of the death, bankruptcy or insanity of the Members although the same may by reason of any fraud or other cause not known to the Company or its Directors or the Depository or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee, of the particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto."

15. ADDITIONAL INFORMATION (Cont'd)**(ii) Remuneration of Directors****“100. Directors’ remuneration**

The remuneration of the Directors for a calendar year, and every subsequent calendar year thereafter shall be such amount as may be determined by a fixed sum, and not by a commission on or percentage of profits or turnover, by an ordinary resolution of the Company in general meeting, and shall unless any resolution otherwise provides, be divisible among the Directors in such proportions and manner as the Directors may agree, or failing such agreement, be divisible equally except that any Director holding office for part of a year in respect of which such fees are payable, shall be entitled to a proportionate part of such fees related to the period during which he has held office. Unless such amount so determined as aforesaid is subsequently varied by an ordinary resolution, such amount shall be applicable for all calendar years subsequent to the passing of the ordinary resolution approving the determination of that amount. Where already determined, such fees shall not be increased except by an ordinary resolution of the Company in general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

101. Reimbursement of expenses

- (1) The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending Board Meetings of the Company.
- (2) If any Director whether he holds an executive or non-executive position in the Company, being willing shall be called upon to perform extra services or to make any special arrangements in going or residing away from his country of domicile or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing if he holds an executive position in the Company, either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) and if he holds a non-executive position in the Company, either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of profits or turnover) and such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors.

104. Remuneration of Chief Executive Officer and executive Director

The remuneration of a Chief Executive Officer or Chief Executive Officers or executive Directors pursuant to these Articles and subject to the terms of any agreement entered into in any particular case shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes.”

15. ADDITIONAL INFORMATION (Cont'd)**(iii) Voting and Borrowing Powers of Directors****“126. Borrowing powers of Directors**

Subject to Article 128, the Directors may from time to time at their discretion raise or borrow for the purpose of the Company such sums of money as they think proper and may also raise or secure the payment of such money in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of debentures or debenture stock of the Company, or other securities (whether at par or at a discount or premium or otherwise), charged upon all or any part of the property of the Company (both present and future) including uncalled capital, or by means of charges, mortgages, bonds and dispositions in security or bonds or cash deposit, with or without power of sale, and upon such other terms and conditions as the Directors shall think fit. The Directors may exercise all the powers of the Company to guarantee and give guarantees or indemnities for payment of money, the performance of contracts or obligations or for the benefit or interest of the Company or its subsidiaries.

127. Borrowings for unrelated third parties prohibited

The Directors shall not borrow any money or mortgage or charge any of the Company or its subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of any unrelated third party unless it is permitted by the Listing Requirements.

128. Debentures may be assignable

Debentures, debenture stock or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

140. Declaration of Interest and restriction of voting

A Director who is in any way, whether directly or indirectly interested in a contract or proposed contract or arrangement with the Company shall declare the nature of his interest in accordance with the provisions of the Act. A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly, an interest, and if he does so vote, his vote shall not be counted.”

(iv) Changes in Capital and Variation of Class Rights**“3. Issue of Shares**

(1) Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares and subject always to the provisions of the Act and to these Articles, and to the provisions of any resolution of the Company, the shares of the Company shall be under the control of the Directors who may allot and issue or otherwise dispose of the same to such persons, and on such terms and conditions with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting or return of share capital, and either at par or at a premium or otherwise and at such time or times as the Directors may think fit, but the Directors in making any issue of Shares shall comply with the following conditions:

15. ADDITIONAL INFORMATION (Cont'd)

- (a) no Director shall participate in an issue of shares or options to employees of the Company and its subsidiary companies unless the shareholders in general meeting have approved of the specific allotment to be made to such Director;
- (b) no Shares shall be issued at a discount, except in compliance with the provisions of Section 59 of the Act;
- (c) the rights attaching to Shares of a class other than ordinary shares shall be expressed in the resolutions passed for creating the same;
- (d) in the case of shares offered to the public for subscription the amount payable on application on each share shall not be less than 5.00% of the nominal amount of the shares;
- (e) no issue of Shares shall be made which will have the effect of transferring a controlling interest in the Company to any person or corporation without the prior approval of the Members in general meeting;
- (f) subject to any direction to the contrary that may be given by the Company in general meeting, and Article 3(1)(g) below any original shares for the time being unissued and not allotted and any new shares from time to time to be created shall before they are issued be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under these Articles;
- (g) notwithstanding Article 3(1)(f) above, the Company may in the following circumstances only apply to the Committees of the Stock Exchange to waive the requirement of convening extraordinary general meetings to obtain shareholders' approval for further issues of shares (other than bonus or rights issues):
 - (i) in the case of an issue of shares for a consideration other than cash where the aggregate issues of shares in any one financial year of the Company do not exceed 10.00% of the issued capital of the Company; and

15. ADDITIONAL INFORMATION (Cont'd)

- (ii) in the case of an issue of shares for cash where the aggregate issues of shares in any one financial year of the Company do not exceed 5.00% of the issued capital of the Company and at the preceding annual general meeting of the Company, general approval has been obtained by Ordinary Resolution to the issues of shares not exceeding 5.00% of the then issued capital of the Company for cash prior to the next annual general meeting.

(2) Allotment and despatch of certificates for an issue

- (i) Every share certificate shall be sealed in accordance with these Articles and Section 100 of the Act and shall comply with the requirements of these Articles, such Section and the applicable Listing Requirements and (where applicable) the Central Depositories Act and the Rules. Every Member shall be entitled to receive share certificates (in respect of shares that are not deposited securities) in reasonable denominations for his holding. If any such Member shall require more than one certificate in respect of the shares registered in his name, he shall pay such fee as the Directors may from time to time determine and which the Company may be permitted to charge by law and by the Stock Exchange plus any stamp duty levied by the Government from time to time.
- (ii) Subject to the provisions of the Act, the Central Depositories Act and the Rules, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled or purchaser or by a member company of the Stock Exchange, whether on its own account or on behalf of its client, as the Directors of the Company shall require, and (in the case of defacement or wearing out) on delivery of the old certificate and in any case on payment of such sum not exceeding RM3.00 or such sum as shall from time to time be fixed by the Stock Exchange. In case of destruction, loss or theft, a shareholder or person entitled to such renewed certificate shall also bear the loss and pay to the Company all expenses incidental to the investigation by the Company of the evidence of such destruction or loss.
- (iii) Subject to the Act, the Central Depositories Act, the Rules and the rules and requirements of the Stock Exchange, the Company shall ensure that any new issue of securities for which listing is sought, is made by way of crediting the Securities Account of the allottee with such securities, save and except for Non Deposited Securities. The Company shall notify the Depository of the name of the allottee or entitled person and all such particulars required by the Depository to make the appropriate entries in the Securities Account of such allottee or entitled person and deliver to the Depository the appropriate scrip or jumbo certificate registered in the name of the Depository or its nominee:
 - (a) in respect of an issue to the public, within eight Market Days of the final application date;
 - (b) in respect of a rights issue within eight Market Days of the final application date for the rights issue;

15. ADDITIONAL INFORMATION (Cont'd)

- (c) in respect of a bonus issue within ten Market Days of the books closing date for the bonus issue;
- (d) in respect of an issuance of shares pursuant to an employees' share option scheme within eight Market Days of the date of receipt of notice of exercise of the option duly accompanied by the requisite payment;
- (e) in respect of an issuance of shares arising from the conversion or the exercise of the convertible securities within eight Market Days of the date of receipt of a subscription form duly accompanied by the requisite payment; or
- (f) such other period as may be prescribed under the Listing Requirements or by the relevant exchange from time to time.

7. Modification of class rights

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued Shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. To every such separate general meeting, the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least two persons holding or representing by proxy one-third of the issued shares of the class provided if any such separate general meeting shall be adjourned by reason of there being no quorum present, and at the adjourned meeting, a quorum shall not be present within half an hour from the time appointed for such adjourned meeting, those holders of the shares of the class in question who are present in person or by proxy shall be a quorum. Any holder of shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply."

15.3 LIMITATION ON THE RIGHT TO HOLD SECURITIES AND/OR EXERCISE VOTING RIGHTS

As our Shares are proposed for quotation on the Official List of the Main Market of Bursa Securities, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his/her Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer his/her Shares to the Minister of Finance, Inc. and such Shares may not be traded on Bursa Securities.

Dealing in Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository by means of entries in the securities account of that depositor.

A depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of the Shares shall be deemed to be a shareholder of our Company and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

15. ADDITIONAL INFORMATION (Cont'd)

Subject to the above, there is no limitation on the right to own securities in our Company, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise voting rights on such securities, which is imposed by Malaysian law or by the constituent documents of our Company.

15.4 GENERAL INFORMATION

- (i) Save as disclosed in Section 4.9 of this Prospectus, no commissions, discounts, brokerages or other special terms have been paid or is payable by our Company within the two years immediately preceding the date of this Prospectus for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any Shares in or debentures of our Company and in connection with the issue or sale of any capital of our Company and no Director or Promoter or expert is or are entitled to receive any such payment or any other benefits.
- (ii) Apart from the listing sought on the Main Market of Bursa Securities, our Company is not listed on any other stock exchange.
- (iii) The date and time of the opening and closing of the application of the Retail Offering are set out in the Indicative Timetable, Section 4.2 and Section 16.1 of this Prospectus, respectively.
- (iv) During the last financial year of our subsidiaries and up to the LPD, there were no:
 - (a) public take-over offers by third parties in respect of our Shares; and
 - (b) public take-over offers by our Company in respect of other companies' shares.
- (v) Save for withholding tax, as at the LPD, there are no governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and the remittance of profits of our foreign subsidiaries and associate to Malaysia.

15.5 MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and our Directors confirm that there are no proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect our financial or business position.

15.6 MATERIAL CONTRACTS

Save as disclosed below, we have not entered into any material contracts that are not entered in the ordinary course of business during the two years preceding the date of this Prospectus:

15.6.1 Share Sale and Purchase Agreement dated 2 July 2015

Agreement dated 2 July 2015 between Serba Dinamik (as the buyer) and Fariz Azman Bin Zainul Azman (as the vendor) ("**Fariz Azman**") whereby Serba Dinamik agreed to purchase 3,000 ordinary shares of RM1.00 each from Fariz Azman, representing 30.00% of the total issued and paid-up share capital in Adat Sanjung, for a total cash consideration of RM12,220,000.00 upon the terms and subject to the conditions contained in the agreement. This agreement was completed on 20 November 2015.

15. ADDITIONAL INFORMATION (Cont'd)**15.6.2 Shareholders Agreement dated 2 July 2015**

Agreement dated 2 July 2015 between Fariz Azman, Serba Dinamik and Adat Sanjung (collectively, the "**Shareholders**") ("**Shareholders Agreement**") whereby the Shareholders had entered into the Shareholders Agreement to regulate the relationship between the existing shareholders of Adat Sanjung and Serba Dinamik on the completion of the Share Sale and Purchase Agreement dated 2 July 2015, upon the terms and subject to the conditions contained in the agreement.

15.6.3 Sale and Purchase Agreement (for Shares) dated 21 April 2015

Agreement dated 21 April 2015 between Peter Tudor, John Nicholas Bone, Ruth Heseltine Tudor and Debra Ann Bone (collectively as vendors), Serba Dinamik (as the buyer) and Serba Dinamik Group (as the guarantor) whereby Serba Dinamik agreed to purchase from Peter Tudor, John Nicholas Bone, Ruth Heseltine Tudor and Debra Ann Bone, collectively, 2,000 ordinary A shares (owned as to 1,000 shares by each of Peter Tudor and John Nicholas Bone) and 2,000 ordinary B shares (owned as to 1,000 shares by each of Ruth Heseltine Tudor and Debra Ann Bone) in Quantum Offshore, for a total cash consideration of GBP1,250,000.00 and an additional earn-out payment to be calculated in accordance with the agreement, upon the terms and subject to the conditions contained in the agreement. This agreement was completed on 21 April 2015.

15.6.4 Sale and Purchase Agreement dated 17 March 2015

Agreement dated 17 March 2015 between Serba Dinamik (as purchaser) and Pantas Pelangi Sdn Bhd (as vendor) ("**Pantas Pelangi**") whereby Serba Dinamik agreed to purchase from Pantas Pelangi all that piece of freehold land measuring approximately 2,041.61 sq metre held under title number H.S.(D) 151567, PT 69951, Mukim Kapar, Daerah Klang, Negeri Selangor together with a unit of industrial building, for a total cash consideration of RM4,800,000.00 upon the terms and subject to the conditions contained in the agreement. This agreement was completed on 21 September 2015.

15.6.5 Share Purchase Agreement dated 25 May 2016

Agreement dated 25 May 2016 between Dato' Karim, Hj. Abdul Kadier, Dato' Awang Daud, CKO 1 and COPE 2 (collectively as vendors) and Serba Dinamik Holdings (as buyer) whereby Dato' Karim, Hj. Abdul Kadier, Dato' Awang Daud, CKO 1 and COPE 2 agreed to sell and Serba Dinamik Holdings agreed to buy 100.00% of the issued and paid-up share capital in Serba Dinamik Group for a total purchase consideration of RM531,799,999.00 reflected as 1,063,599,998 consideration shares in Serba Dinamik Holdings, upon the terms and subject to the conditions contained in the agreement. This agreement was completed on 31 May 2016.

15.6.6 Retail Underwriting Agreement dated 8 December 2016

Agreement dated 8 December 2016 entered into between our Company, the Managing Underwriter and the Joint Underwriters to jointly underwrite 48,100,000 Issue Shares under the Retail Offering at a total managing underwriting fee and an underwriting commission calculated at the rate of 0.50% and 1.75% of the Retail Price, respectively, multiplied by the number of Issue Shares underwritten pursuant to the Retail Offering in accordance with the terms of the Retail Underwriting Agreement.

15. ADDITIONAL INFORMATION (Cont'd)**15.7 CONSENTS**

The written consents of the Joint Principal Advisers, the Joint Bookrunners, the Managing Underwriter, the Joint Underwriters, the Legal Advisers, the principal bankers, the Share Registrar and the Issuing House as listed in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and the Reporting Accountants for the inclusion of its name, the Accountants' Report and the Reporting Accountants' letter on the Pro Forma Consolidated Statements of Financial Position and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of the Independent Market Researcher for the inclusion of its name, the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

15.8 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of 12 months from the date of this Prospectus:

- (i) our Memorandum and Articles;
- (ii) the contract which our Group is dependent on as referred to in Section 7.20 of this Prospectus and our material contracts as referred to in Section 15.6 of this Prospectus;
- (iii) the audited financial statements of our subsidiaries, namely, Serba Dinamik Group, Serba Dinamik, Serba Dinamik International, A R Global Engineering, Serba Dinamik IT, SD Advance Engineering, SD Controls, Top Luxury, Serba Dinamik Petroleum, Serba Dinamik Indonesia and Telegistics Asia for the past three FYE 2013, FYE 2014 and FYE 2015;
- (iv) the audited financial statements of our Group and Company for FPE 2016;
- (v) the audited financial statements of Quantum Offshore and Serba Dinamik London for FYE 2015;
- (vi) the audited financial statements (group level) of PT Kubic Gasco for FYE 2014 and FYE 2015;
- (vii) the audited financial statements (company level) of PT Kubic Gasco for FYE 2014;
- (viii) the audited financial statements of PT Delta Conusa and PT Muaro Jambi for FYE 2014;
- (ix) the Reporting Accountants' Letter on the Pro Forma Consolidated Statements of Financial Position as included in Section 12.5 of this Prospectus;
- (x) the Accountants' Report as included in Section 13 of this Prospectus;
- (xi) the IMR Report as included in Section 8 of this Prospectus;
- (xii) the Directors' Report as included in Section 14 of this Prospectus; and
- (xiii) the letters of consent referred to in Section 15.7 of this Prospectus.

15. ADDITIONAL INFORMATION *(Cont'd)***15.9 RESPONSIBILITY STATEMENTS**

Our Directors, the Promoters and the Selling Shareholders have seen and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm that, after making all reasonable enquiries and, to the best of their knowledge and belief, there is no false or misleading statement or other facts which, if omitted, would make any statement in this Prospectus false or misleading.

RHB Investment Bank, being the Joint Principal Adviser, the Joint Bookrunner, the Managing Underwriter and the Joint Underwriter, acknowledge that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all materials facts relating to our Listing.

Affin Hwang IB, being the Joint Principal Adviser, the Joint Bookrunner and the Joint Underwriter for our IPO, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts relating to our Listing.

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16. PROCEDURES FOR APPLICATION

16.1 OPENING AND CLOSING OF APPLICATIONS

Applications for our Issue Shares under the Retail Offering will be accepted and closed at the time and date stated below:

OPENING OF THE RETAIL OFFERING: 10:00 a.m., 30 DECEMBER 2016.

CLOSING OF THE RETAIL OFFERING: 5:00 p.m., 19 JANUARY 2017.

Our Directors and the Managing Underwriter may decide, upon consultation with the SC to extend the closing date and/or time for applications to any later date(s) and/or time(s). If they decide to extend the closing date and/or time for the applications, the Price Determination Date and dates for the balloting of applications for Issue Shares under the Retail Offering, allotment/transfer of our IPO Shares to the successful applicants and our Listing may be extended accordingly. Any extension will be announced in widely circulated Bahasa Malaysia and English daily newspapers within Malaysia.

Late applications will not be accepted.

16.2 METHODS OF APPLICATION AND CATEGORY OF INVESTORS

16.2.1 Application for the Issue Shares under the Retail Offering

Applications for the Issue Shares pursuant to the Retail Offering may be made using any one of the following:

Type of application form	Category of investor
WHITE Application Form or Electronic Share Application ⁽¹⁾ or Internet Share Application ⁽²⁾	Malaysian Public (for individuals)
WHITE Application Form only	Malaysian Public (for non-individuals, e.g. corporations, institutions, etc.)
PINK Application Form only	Eligible Persons

Notes:

(1) *The following surcharge per Electronic Share Application will be charged by the Participating Financial Institutions:*

- (i) *Affin Bank Berhad – No fee will be charged for application by their account holders;*
- (ii) *AmBank (M) Berhad – RM1.00;*
- (iii) *CIMB Bank Berhad – RM2.50;*
- (iv) *HSBC Bank Malaysia Berhad – RM2.50;*
- (v) *Maybank – RM1.00;*
- (vi) *Public Bank – RM2.00;*
- (vii) *RHB Bank Berhad – RM2.50; and*
- (viii) *Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50.*

(2) *The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institutions:*

- (i) *Affin Bank Berhad (www.affinOnline.com) – No fee will be charged for application by their account holders;*
- (ii) *Affin Hwang IB (trade.affinwang.com) – No fee will be charged for application by their account holders;*

16. PROCEDURES FOR APPLICATION *(Cont'd)*

- (iii) CIMB Bank Berhad (www.cimbclicks.com.my) – RM2.00 for applicants with CDS accounts held with CIMB and RM2.50 for applicants with CDS accounts with other ADAs;
- (iv) CIMB Investment Bank Berhad (www.eipocimb.com) – RM2.00 for payment via CIMB Bank Berhad or Maybank;
- (v) Maybank (www.maybank2u.com.my) – RM1.00;
- (vi) Public Bank (www.pbepbank.com) – RM2.00; and
- (vii) RHB Bank Berhad (www.rhbgroup.com) – RM2.50.

You must have a CDS account before you can submit your application by way of Application Form or Electronic Share Application as well as Internet Share Application.

Eligible Persons who have made applications using the PINK Application Form may still apply for the Issue Shares offered to the Malaysian Public using the WHITE Application Form, the Electronic Share Application or the Internet Share Application.

However, applicants using the WHITE Application Form and the PINK Application Form are not allowed to submit multiple applications in the same category of application. Further, applicants who have submitted their applications using the WHITE Application Form are not allowed to make additional applications using the Electronic Share Application and the Internet Share Application and *vice versa*.

16.2.2 Application for IPO Shares under the Institutional Offering

Malaysian institutional and selected investors being allocated the IPO Shares under the Institutional Offering (other than the Bumiputera institutional and selected investors approved by the MITI) will be contacted directly by the Joint Bookrunners and shall follow the instructions as communicated by the Joint Bookrunners.

Bumiputera institutional and selected investors approved by the MITI who have been allocated the IPO Shares will be contacted directly by the MITI and should follow the instructions as communicated through the MITI.

16.3 PROCEDURES FOR APPLICATION AND ACCEPTANCE

Applications must be made in relation with and subject to the terms of this Prospectus and our Memorandum and Articles. You agree to be bound by our Memorandum and Articles.

16.3.1 Applications by the Malaysian Public under the Retail Offering (WHITE Application Form, Electronic Share Application or Internet Share Application)

Eligibility

You can only apply for the Issue Shares allocated to the Malaysian Public if you meet the following requirements:

- (i) you must have a CDS account. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs listed in Section 17 of this Prospectus;
- (ii) you must be one of the following:
 - (a) a Malaysian citizen who is at least 18 years old as at the closing date of the Retail Offering with a Malaysian address;

16. PROCEDURES FOR APPLICATION (Cont'd)

- (b) a corporation/institution incorporated in Malaysia where there is a majority of Malaysian citizens on your board of directors/trustee and if you have a share capital, more than half of your issued share capital, excluding preference share capital, is held by Malaysian citizens; or
- (c) a superannuation, co-operative, foundation, provident or pension fund established or operating in Malaysia.

We will not accept applications from trustees, persons under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations/institutions referred to in item (ii) (b) or (c) above or the trustees thereof; and

- (iii) you are not a director or an employee of the Issuing House or their immediate family members.

Applications by the Malaysian Public must be made on the WHITE Application Form provided or by way of Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application. The amount payable in full upon application is RM1.50 per Issue Share.

Applicants using the WHITE Application Form are not allowed to submit multiple applications in the same category of application. Further, applicants who have submitted their applications using WHITE Application Form are not allowed to make additional applications using the Electronic Share Application and the Internet Share Application, and vice versa.

16.3.2 Application by the Eligible Persons (PINK Application Form)

Eligible Persons will be provided separately with PINK Application Form and letters from us detailing their respective allocations. The applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus. The amount payable in full upon application is RM1.50 per Issue Share.

However, the Eligible Persons may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectuses delivered to them free of charge, or to obtain the printed Prospectuses from the designated locations as stated in the letter detailing their respective allocations as well as from the following locations as stated below:

- (i) Our Company;
- (ii) Issuing House; and
- (iii) ADAs disclosed in Section 17 of this Prospectus.

Any delivery charges, if applicable, will be borne by our Company.

Eligible Persons are not precluded from making an additional application under the Malaysian Public category using either the WHITE Application Form, the Electronic Share Application or the Internet Share Application.

16. PROCEDURES FOR APPLICATION (Cont'd)**16.4 PROCEDURES FOR APPLICATION BY WAY OF AN APPLICATION FORM UNDER THE RETAIL OFFERING TO THE MALAYSIAN PUBLIC**

Each application for the Issue Shares under the Retail Offering must be made on the correct Application Form for the relevant category of investors issued together with this Prospectus and must be completed in accordance with the notes and instructions contained therein in the respective category of Application Form. The Application Form together with the notes and instructions contained therein shall constitute an integral part of this Prospectus. Applications which do not conform **STRICTLY** to the terms of this Prospectus or the respective category of Application Form or notes and instructions or which are illegible may not be accepted at the absolute discretion of our Directors.

Full instructions for the application for the Issue Shares offered and the procedures to be followed are set out in the Application Form. All applicants are advised to read the Application Form and the notes and instructions therein carefully.

The Malaysian Public should follow the following procedures in making their applications under the Retail Offering:

Step 1: Obtain application documents

Obtain the relevant Application Form together with the Official "A" and "B" envelopes and a copy of this Prospectus.

The WHITE Application Form can be obtained subject to availability from the following parties:

- (i) RHB Investment Bank;
- (ii) Affin Bank Berhad;
- (iii) Affin Hwang IB;
- (iv) Participating organisations of Bursa Securities;
- (v) Members of the Association of Banks in Malaysia;
- (vi) Members of the Malaysian Investment Banking Association;
- (vii) Issuing House; and
- (viii) Our Company.

Step 2: Read this Prospectus

In accordance with Section 232(2) of the CMSA, the Application Form is accompanied by this Prospectus. You are advised to read and understand this Prospectus before making your application.

Step 3: Complete the relevant Application Form

You must complete the relevant Application Form legibly and **STRICTLY** in accordance with the notes and instructions contained therein and in this Prospectus.

16. PROCEDURES FOR APPLICATION (Cont'd)**(i) Personal particulars**

You must ensure that your personal particulars submitted in your application is identical with the records maintained by Bursa Depository. You are required to inform Bursa Depository promptly of any changes to your personal particulars.

If you are an individual and you are not a member of the armed forces or police, your name and national registration identity card (“**NRIC**”) number must be the same as:

- (a) your NRIC;
- (b) any valid temporary identity document issued by the National Registration Department from time to time; or
- (c) your “Resit Pengenalan Sementara (KPPK 09)” issued pursuant to Peraturan 5(5), Peraturan-peraturan Pendaftaran Negara 1990.

If you are a member of the armed forces or police, your name and your armed forces or police personnel number, as the case may be, must be exactly as that stated in your authority card.

For corporations/institutions, the name and certificate of incorporation number must be the same as that stated in the certificate of incorporation or the certificate of change of name, where applicable.

If you are a non-Malaysian (in the case of PINK Application Form), your name and passport number must be exactly as that stated in your passport.

Our Company together with the Issuing House will not issue any acknowledgement of receipt of your Application Form or application monies.

(ii) CDS account number

You must state your CDS account number in the space provided in the Application Form. Invalid or nominee or third party CDS accounts will **not** be accepted.

(iii) Details of payment

You must state the details of your payment in the appropriate boxes provided in the Application Form.

(iv) Number of Issue Shares applied

Applications must be for at least 100 Issue Shares or multiples of 100 Issue Shares for applicants using the WHITE and PINK Application Form.

Step 4: Prepare appropriate form of payment

You must prepare the correct form of payment in RM for the FULL amount payable for the Issue Shares based on the Retail Price, which is RM1.50 per Issue Share.

Payment must be made out in favour of “**MIH Share Issue Account No. 579**” and crossed “**A/C PAYEE ONLY**” and endorsed on the reverse side with your name and address. We only accept the following forms of payment:

- (a) banker’s draft or cashier’s order purchased within Malaysia only and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputera applicants);
- (b) money order or postal order (for applicants from Sabah and Sarawak only); or

16. PROCEDURES FOR APPLICATION (Cont'd)

- (c) Guaranteed Giro Order ("**GGO**") from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputera applicants).

We will not accept applications with excess or insufficient remittances or inappropriate forms of payment.

Step 5: Finalise application

Insert the relevant Application Form together with payment and a legible photocopy of your identification document (NRIC/valid temporary identity document issued by the National Registration Department/"Resit Pengenalan Sementara (KPPK 09)"/authority card for armed forces or police personnel/certificate of incorporation or certificate of change of name for corporate or institutional applicant or passport (where applicable)) into the Official "A" envelope and seal it.

Write your name and address on the outside of the Official "A" and "B" envelopes. The name and address written must be identical to your name and address as per your NRIC/"Resit Pengenalan Sementara (KPPK 09)"/valid temporary identity document issued by the National Registration Department/authority card for armed forces or police personnel/certificate of incorporation or the certificate of change of name, where applicable.

Affix an 80 sen stamp on the Official "A" envelope and insert the Official "A" envelope into the Official "B" envelope.

Step 6: Submit application

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents can be submitted using one of the following methods:

- (i) despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn Bhd (Company No. 258345-X)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

or

P.O. Box 8269
Pejabat Pos Kelana Jaya
46785 Petaling Jaya
Selangor Darul Ehsan

or

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the Drop-In Boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan,

so as to arrive not later than 5:00 p.m. on 19 January 2017, or such later date or dates as the Directors and the Managing Underwriter may decide upon consultation with the SC ("**Closing Date**").

16. PROCEDURES FOR APPLICATION *(Cont'd)*

16.5 PROCEDURES FOR APPLICATION BY WAY OF AN ELECTRONIC SHARE APPLICATION

Only Malaysian individuals may apply for our Issue Shares made available to the Malaysian Public under the Retail Offering by way of Electronic Share Application.

16.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- (i) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for our Issue Shares at an ATM belonging to other Participating Financial Institutions;
- (ii) you **must have a CDS account**;
- (iii) you are advised to read and understand this Prospectus before making the application; and
- (iv) you may apply for Issue Shares via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out in Section 16.5.3 of this Prospectus. You are to submit at least the following information through the ATM, where the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so:
 - (a) Personal Identification Number (PIN);
 - (b) MIH Share Issue Account No. 579;
 - (c) CDS account number;
 - (d) number of Issue Shares applied for and/or the RM amount to be debited from the account; and
 - (e) confirmation of several mandatory statements as set out in Section 16.5.3 of this Prospectus.

16.5.2 Participating Financial Institutions

Electronic Share Application may be made through an ATM of the following Participating Financial Institutions and their branches:

- (i) Affin Bank Berhad;
- (ii) AmBank (M) Berhad;
- (iii) CIMB Bank Berhad;
- (iv) HSBC Bank Malaysia Berhad;
- (v) Maybank;
- (vi) Public Bank;
- (vii) RHB Bank Berhad; or
- (viii) Standard Chartered Bank Malaysia Berhad (at selected branches only).

16. PROCEDURES FOR APPLICATION *(Cont'd)*

16.5.3 Terms and conditions of Electronic Share Application

The procedures for Electronic Share Application at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("**Steps**"). For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in "**Steps for Electronic Share Application through a Participating Financial Institution's ATM**" in Section 16.5.1 of this Prospectus. The Steps set out the actions that the applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application.

You must have a CDS account to be eligible to use the Electronic Share Application.

The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will **not** be accepted.

Upon the completion of your Electronic Share Application transaction at the ATM, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or the Issuing House. The Transaction Record is for your records and should not be submitted with any Application Form.

Upon the closing of the Retail Offering on 19 January 2017 at 5:00 p.m. ("**Closing Date and Time**"), the Participating Financial Institutions shall submit a magnetic tape containing their respective customers' applications for our Issue Shares to the Issuing House as soon as practicable but not later than 12:00 p.m. of the second business day after the Closing Date and Time.

You will be allowed to make only one application and shall not make any other application for our Issue Shares under the Retail Offering to the Malaysian Public, whether at the ATMs of any Participating Financial Institution or using Internet Share Application or using the WHITE Application Form.

You must ensure that you use your own CDS account number when making an Electronic Share Application. If you operate a joint account with any Participating Financial Institution, you must ensure that you enter your own CDS account number when using an ATM card issued to you in your name. Your application will be rejected if you fail to comply with the foregoing.

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below and in Section 16.7 of this Prospectus:

- (i) The Electronic Share Application shall be made in relation with and subject to the terms of this Prospectus and our Memorandum and Articles.
- (ii) You are required to confirm the following statements (by pressing pre-designated keys (or buttons) on the ATM keyboard) and undertake that the following information given are true and correct:
 - (a) you have attained 18 years of age as at the Closing Date and Time;
 - (b) you are a Malaysian citizen residing in Malaysia;
 - (c) you have read this Prospectus and understood and agreed with the terms and conditions of the application;

16. PROCEDURES FOR APPLICATION *(Cont'd)*

- (d) the Electronic Share Application is the only application that you are submitting for our Issue Shares for Malaysian Public; and
- (e) you hereby give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to the Issuing House and other relevant authorities.

The application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institutions. By doing so, you shall be deemed to have confirmed each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 134 of the FSA and Section 45 of the SICDA to the disclosure by the relevant Participating Financial Institutions or Bursa Depository, as the case may be, of any of your particulars to the Issuing House, or any relevant regulatory bodies.

- (iii) **You confirm that you are not applying for our Issue Shares as a nominee of any other person and that any Electronic Share Application that you make is made by you as the beneficial owner. You shall only make one Electronic Share Application and shall not make any other application for our Issue Shares, whether at the ATMs of any Participating Financial Institution or using Internet Share Application or on the WHITE Application Form.**
- (iv) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (v) You agree and undertake to subscribe for or purchase and to accept the number of Issue Shares applied for as stated on the Transaction Record or any lesser number of Issue Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate any lesser number of such Issue Shares or not to allot or allocate any Issue Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the pre-designated keys (or buttons) on the ATM keyboard) of the number of Issue Shares applied for shall signify, and shall be treated as, your acceptance of the number of Issue Shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles.
- (vi) We reserve the right not to accept any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason thereof. Due consideration will be given to the desirability of allotting or allocating the Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for our Issue Shares.
- (vii) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful application. If your Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies without interest into your account with that Participating Financial Institution within two Market Days after the receipt of confirmation from the Issuing House. The Issuing House shall inform the Participating Financial Institutions of the non-successful or partially successful application within two Market Days after the balloting date. You may check your account on the fifth Market Day from the balloting date.

16. PROCEDURES FOR APPLICATION (Cont'd)

If your Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into your account with the Participating Financial Institution within two Market Days after the receipt of confirmation from the Issuing House. A number of applications will, however, be held in reserve to replace any successfully balloted applications, which are subsequently rejected. For such applications, which are subsequently rejected, the application monies without interest will be refunded to applicants by the Issuing House by crediting into your account with the Participating Financial Institution not later than ten Market Days from the date of the final ballot, at your own risk.

Should you encounter any problems in your application, you may refer to the Participating Financial Institutions.

- (viii) You request and authorise us:
- (a) to credit our Issue Shares allocated to you into your CDS account; and
 - (b) to issue share certificate(s) representing such shares allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (ix) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, the Issuing House or the Participating Financial Institution and irrevocably agree that if:
- (a) our Company or the Issuing House does not receive your Electronic Share Application; and
 - (b) data relating to your Electronic Share Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to us or the Issuing House,
- you shall be deemed not to have made an Electronic Share Application and you shall not make any claim whatsoever against our Company, the Issuing House or the Participating Financial Institution for the Issue Shares applied for or for any compensation, loss or damage.
- (x) All of your particulars in the records of the relevant Participating Financial Institution at the time you make your Electronic Share Application shall be deemed to be true and correct, and we, the Issuing House and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (xi) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Share Application will be rejected. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allotment will be sent to your registered address last maintained with Bursa Depository.
- (xii) By making and completing an Electronic Share Application, you agree that:
- (a) in consideration of us agreeing to allow and accept the applications for Issue Shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;

16. PROCEDURES FOR APPLICATION (Cont'd)

- (b) we, the Participating Financial Institutions, Bursa Depository and the Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application to our Company due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - (c) notwithstanding the receipt of any payment by or on our behalf, the notice of successful allocation for prescribed securities issued in respect of our Issue Shares for which your Electronic Share Application has been successfully completed is the only confirmation for the acceptance of your offer to subscribe for and purchase the said Issue Shares;
 - (d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue of our Issue Shares allocated to you; and
 - (e) you agree that in relation to any legal action, proceedings or disputes arising out of or in relation with the contract between the parties and/or the Electronic Share Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies of Malaysia and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (xiii) If you are successful in your application, our Directors reserve the right to require you to appear in person at the registered office of the Issuing House within 14 days of the date of the notice issued to you to ascertain your application is genuine and valid. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (xiv) The Issuing House, on the authority of our Directors, reserves the right to reject applications which do not conform to these instructions.

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16. PROCEDURES FOR APPLICATION *(Cont'd)*

16.6 PROCEDURES FOR APPLICATION BY WAY OF AN INTERNET SHARE APPLICATION

Only Malaysian individuals may apply for our Issue Shares made available to the Malaysian Public by way of Internet Share Application.

Please read carefully and follow the terms of this Prospectus, the procedures, terms and conditions for Internet Share Application and the procedures set out on the internet financial services website of the Internet Participating Financial Institution before making an Internet Share Application.

Step 1: Set up of account

Before making an application by way of Internet Share Application, you **must have all** of the following:

- (a) an existing account with access to internet financial services with:
 - (i) Affin Bank Berhad at (www.affinOnline.com) (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
 - (ii) Affin Hwang IB at (trade.affinhwang.com) (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
 - (iii) CIMB Bank Berhad at (www.cimbclicks.com.my) (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
 - (iv) CIMB Investment Bank Berhad at (www.eipocimb.com); or
 - (v) Maybank at (www.maybank2u.com.my) (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
 - (vi) Public Bank at (www.pbebank.com) (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
 - (vii) RHB Bank Berhad at (www.rhbgroup.com) (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); and
- (b) a user identification and PIN/password for the internet financial services facility and an individual CDS account registered in your name (and not in a nominee's name) and in the case of a joint account an individual CDS account registered in your name which is to be used for the purpose of the application if you are making the application instead of a CDS account registered in the joint account holder's name.

Step 2: Read this Prospectus

You are advised to read and understand this Prospectus before making your application.

Step 3: Apply through Internet

We have set out possible steps for an application of our Issue Shares via Internet Share Application below for illustration purposes only.

Please note that the actual steps for Internet Share Application through the internet financial services website of a particular Internet Participating Financial Institution may differ from the steps outlined below.

- (i) Connect to the internet financial services website of the Internet Participating Financial Institution with which you have an account.
- (ii) Log in to the internet financial services facility by entering your user identification and PIN/password.

16. PROCEDURES FOR APPLICATION *(Cont'd)*

- (iii) Navigate to the section of the website on applications in respect of our IPO.
- (iv) Select the counter in respect of our Issue Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (v) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (vi) At the next screen, complete the online application form.
- (vii) Check that the information contained in the online application form, such as the share counter, NRIC number, CDS account number, number of Issue Shares applied for and the account number of the account with a financial institution ("**Authorised Financial Institution**") to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
- (viii) After selecting the designated hyperlink on the screen, you will have to confirm and undertake that the following mandatory statements are true and correct:
 - (a) you are at least 18 years of age as at the Closing Date and Time;
 - (b) you are a Malaysian citizen residing in Malaysia;
 - (c) you have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;
 - (d) you agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus, before making the Internet Share Application;
 - (e) the Internet Share Application is the only application that you are submitting for our Issue Shares for Malaysian Public;
 - (f) you authorise the financial institution with whom you have an account to deduct the full amount payable for our Issue Shares from your account with the said Authorised Financial Institution;
 - (g) you give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 134 of the FSA and Section 45 of the SICDA) for the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
 - (h) you are not applying for our Issue Shares as a nominee of any other person and the application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and

16. PROCEDURES FOR APPLICATION *(Cont'd)*

- (i) you authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, Bursa Securities or other relevant parties in connection with our Retail Offering, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with our Retail Offering. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (ix) Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment for our Retail Offering.
- (x) You must pay for our Issue Shares through the website of the Authorised Financial Institution, failing which the Internet Share Application is **not completed**, despite the display of the Confirmation Screen. "**Confirmation Screen**" refers to the screen which appears or is displayed on the internet financial services website, which confirms that the Internet Share Application has been completed and states the details of your Internet Share Application, including the number of Issue Shares applied for, which can be printed out by you for your records.
- (xi) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment for the Issue Shares is being made. Subsequently, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website.
- (xii) You are advised to print out the Confirmation Screen for reference and records.

16.7 TERMS AND CONDITIONS

An application under the Retail Offering is subject to the following additional terms and conditions:

- (i) You are required to pay the Retail Price of RM1.50 for each Issue Share you have applied for.
- (ii) You can submit only one application for the Issue Shares offered to the Malaysian Public. For example, if you submit an application using the WHITE Application Form, you cannot submit an Electronic Share Application or Internet Share Application, and vice versa.

However, if you have made an application under the PINK Application Form, you can still apply for the Issue Shares offered to the Malaysian Public using the WHITE Application Form or by way of Electronic Share Application or the Internet Share Application.

The Issuing House, acting under the authority of our Directors, has the discretion to reject applications that appear to be multiple applications under each category of application.

We wish to caution you that if you submit more than one application in your own name or by using the name of others, with or without their consent, you will be committing an offence under Section 179 of the CMSA and may be punished with a minimum fine of RM1.00 million and a jail term of up to ten years under Section 182 of the CMSA.

16. PROCEDURES FOR APPLICATION *(Cont'd)*

- (iii) Each application under the WHITE Application Form, the PINK Application Form, the Electronic Share Application and the Internet Share Application must be for at least 100 Issue Shares or multiples of 100 Issue Shares.
- (iv) Your application must be made in connection with and subject to this Prospectus and our Memorandum and Articles. You agree to be bound by our Memorandum and Articles should you be allotted any of our Shares.
- (v) Your submission of an application does not necessarily mean that your application will be successful. Any submission of application is irrevocable.
- (vi) We or the Issuing House will not issue any acknowledgement of receipt of your application or application monies.
- (vii) You must ensure that your personal particulars submitted in your application and/or your personal particulars as recorded by the Internet Participating Financial Institution are correct, accurate and identical with the records maintained by Bursa Depository. Otherwise, your application will be rejected. You will have to promptly notify Bursa Depository of any change in your address, failing which the notification letter of successful allocation will be sent to your registered/correspondence address last maintained with Bursa Depository.
- (viii) No application shall be deemed to have been accepted by reason of remittances having been presented for payment.

Our acceptance of your application to subscribe for or purchase our Issue Shares shall be constituted by the issue of notices of allotment for our Issue Shares to you.
- (ix) Submission of your CDS account number in your application include your authority/consent in accordance with Malaysian laws of the right of Bursa Depository, the Participating Financial Institution and the Internet Participating Financial Institution (as the case may be) to disclose information pertaining to your CDS account and other relevant information to us, the Issuing House and any relevant regulatory bodies (as the case may be).
- (x) **You agree to accept our decision as final should we decide not to allot any Issue Shares to you.**
- (xi) Additional terms and conditions for Electronic Share Application are as follows:
 - (a) You agree and undertake to subscribe for or purchase and to accept the number of Issue Shares applied for as stated in the Transaction Record or any lesser amount that may be allotted or allocated to you.
 - (b) Your confirmation by pressing the key or button on the ATM shall be treated as your acceptance of the number of Issue Shares allotted to you.
 - (c) Should you be allotted any Issue Shares, you shall be bound by our Memorandum and Articles.
 - (d) You confirm that you are not applying for our Issue Shares as a nominee of other persons and that your Electronic Share Application is made on your own account as a beneficial owner.
 - (e) You request and authorise us to credit our Issue Shares allotted to you into your CDS account and to issue share certificate(s) representing those Issue Shares allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.

16. PROCEDURES FOR APPLICATION (Cont'd)

- (f) You acknowledge that your application is subject to electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events which are not in our control, or the control of the Issuing House, the Participating Financial Institution or Bursa Depository. You irrevocably agree that you are deemed not to have made an application if we or the Issuing House do not receive your application or your application data is wholly or partially lost, corrupted or inaccessible to us or the Issuing House. You shall not make any claim whatsoever against us, the Issuing House, the Participating Financial Institution or Bursa Depository.
 - (g) You irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue of our Issue Shares allotted to you.
 - (h) You agree that in the event of legal disputes arising from the use of the Electronic Share Application, the mutual rights, obligations and liabilities shall be determined under the laws of Malaysia and be bound by the decisions of the Courts of Malaysia.
- (xii) Additional terms and conditions for Internet Share Application are as follows:

THE TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. PLEASE REFER TO THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS FOR THE EXACT TERMS AND CONDITIONS AND INSTRUCTIONS.

- (a) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application, which would result in the internet financial services website displaying the Confirmation Screen. You are required to complete your Internet Share Application by the close of the Retail Offering mentioned in Section 16.1 of this Prospectus.
- (b) You irrevocably agree and undertake to subscribe for or purchase and to accept the number of Issue Shares applied for as stated on the Confirmation Screen or any lesser amount that may be allotted to you. Your confirmation by clicking the designated hyperlink on the relevant screen of the website shall be treated as your acceptance of the number of Issue Shares allotted to you.
- (c) You request and authorise us to credit the Issue Shares allotted to you into your CDS account and to issue share certificate(s) representing those Issue Shares allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send them to Bursa Depository.

16. PROCEDURES FOR APPLICATION (Cont'd)

- (d) You irrevocably agree and acknowledge that the Internet Share Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond our control and the control of the Issuing House, the Internet Participating Financial Institution and/or the Authorised Financial Institution. If, in any such event, we, the Issuing House and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Share Application and/or payment, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is wholly or partially lost, corrupted, destroyed or inaccessible for any reason, you shall be deemed not to have made an Internet Share Application and you shall have no claim whatsoever against us, the Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution.
- (e) You irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue of our Issue Shares allotted to you.
- (f) You agree that in the event of legal disputes arising from the use of Internet Share Application, the mutual rights, obligations and liabilities shall be determined under the laws of Malaysia and be bound by the decisions of the Courts of Malaysia.
- (g) You shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by us, the Issuing House and/or the Internet Participating Financial Institution for reasons of multiple applications, suspected multiple applications, inaccurate and/or incomplete details provided by the applicant, or any other cause beyond the control of the Internet Participating Financial Institution.
- (h) You are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Share Application.
- (i) In making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, the Promoters, the Joint Principal Advisers, the Managing Underwriter, the Joint Underwriters and any other person involved in the Retail Offering shall not be liable for any information not contained in this Prospectus which may have been relied by you in making the Internet Share Application.

16.8 AUTHORITY OF OUR DIRECTORS AND THE ISSUING HOUSE

Applicants will be selected in a manner to be determined by our Directors. Due consideration will be given to the desirability of allotting our Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

The Issuing House, on the authority of our Directors, reserves the right to:

- (i) reject applications which do not conform to the instructions in this Prospectus, or which are illegible, incomplete or inaccurate;
- (ii) reject or accept any application, in whole or in part, on a non-discriminatory basis without giving any reason therefor; and

16. PROCEDURES FOR APPLICATION *(Cont'd)*

- (iii) bank in all application monies including those from unsuccessful/partially successful applicants which would subsequently be refunded (where applicable) without interest by registered post or by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository.

If you are successful in your application, our Directors reserve the right to require you to appear in person at the registered office of the Issuing House within 14 days of the date of the notice issued to you to ascertain your application is genuine and valid. Our Directors are not responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16.9 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription in the Retail Offering, the Issuing House will conduct a ballot in the manner approved by our Directors to determine acceptance of applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of distributing our Issue Shares to a reasonable number of applicants for the purpose of broadening our shareholding base and establishing an adequate market in the trading of our Shares. Pursuant to the Listing Requirements, we need to have at least 25.00% of our Shares in the hands of a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing. We expect to achieve this at the point of our Listing. In the event our Listing does not proceed due to the inability to meet the minimum public shareholding spread requirements or for any other reason(s), monies paid in respect of all applications will be returned in full without interest.

In the event of an under-subscription subject to the clawback and reallocation as set out in Section 4.3.3 of this Prospectus, all the Issue Shares not applied for under the Retail Offering will be subscribed by the Managing Underwriter and the Joint Underwriters pursuant to the Retail Underwriting Agreement.

Where your successfully balloted application under the WHITE Application Form is subsequently rejected, the full amount of your application monies, will be refunded without interest to you within ten Market Days from the date of the final ballot of the application list to your address maintained with Bursa Depository or by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository.

Where your successfully balloted application under the Electronic Share Application or the Internet Share Application is subsequently rejected, the full amount of your application monies will be refunded without interest to you by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution, respectively.

16.10 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your application, we will refund your application monies without interest in the following manner.

16.10.1 For applications by way of an Application Form

- (i) The application monies or the balance of it, as the case may be, will be refunded to you via the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by registered post to your last address maintained with Bursa Depository (for partially successful applications) within ten Market Days from the date of the final ballot.

16. PROCEDURES FOR APPLICATION (Cont'd)

- (ii) If your application was rejected because you did not provide a CDS account number, your application monies will be sent to the address stated in the NRIC or "Resit Pengenalan Sementara (KPPK 09)" or any valid temporary identity document issued by the National Registration Department from time to time at your own risk.
- (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected or unsuccessful or only partly successful will be refunded without interest by the Issuing House as per item (i) and (ii) above (as the case may be).
- (iv) The Issuing House reserves the right to bank in all application monies from unsuccessful applicants. These monies will be refunded by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by ordinary/registered post to your address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be) within ten Market Days from the date of the final ballot.

16.10.2 For applications by way of an Electronic Share Application

- (i) The Issuing House shall inform the Participating Financial Institutions of the non-successful or partially successful application within two Market Days after the balloting date. The application monies or the balance of it will be credited without interest or any share of revenue or benefit arising therefrom into your account with the Participating Financial Institution within two Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the fifth Market Day from the balloting date.
- (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected will be refunded without interest or any share of revenue or benefit arising therefrom by the Issuing House by crediting into your account with the Participating Financial Institution not later than ten Market Days from the date of the final ballot. For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Participating Financial Institution will credit the application monies (or any part thereof) without interest within two Market Days after the receipt of confirmation from the Issuing House.

16.10.3 For applications by way of an Internet Share Application

- (i) The Issuing House shall inform the Internet Participating Financial Institutions of the non-successful or partially successful application within two Market Days after the balloting date. The Internet Participating Financial Institution will arrange with the Authorised Financial Institution to refund the application monies or the balance of it into your account without interest or other benefit arising therefrom with the Authorised Financial Institution within two Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the fifth Market Day from the balloting date.

16. PROCEDURES FOR APPLICATION *(Cont'd)*

- (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected will be refunded without interest or any share of revenue or benefit arising therefrom by the Issuing House by crediting into your account with the Internet Participating Financial Institution not later than ten Market Days from the date of the final ballot. For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will credit the application monies (or any part thereof) into your account without interest within two Market Days after the receipt of confirmation from the Issuing House.

16.11 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (i) The Issue Shares allotted to you will be credited into your CDS account. We will not be issuing any physical share certificates to you. You shall not be entitled to withdraw any deposited securities held jointly by Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.
- (ii) A notice of allotment will be despatched to you at the address last maintained with Bursa Depository where you have an existing CDS account at your own risk prior to our Listing. This is your only acknowledgement of acceptance of the applications.
- (iii) In the event that the Final Retail Price is lower than the Retail Price, the difference will be refunded to you without any interest thereon. The refund in the form of cheques will be despatched by ordinary post to the address maintained with Bursa Depository for applications made via WHITE Application Form or by crediting into your account with the Participating Financial Institution for applications made via the Electronic Share Application or by crediting into your account with the Internet Participating Financial Institution for applications made via the Internet Share Application, within ten Market Days from the date of final ballot of application, at your own risk.

16.12 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

<u>Mode of application</u>	<u>Parties to direct the queries</u>
Application Form	Issuing House
Electronic Share Application	Participating Financial Institutions
Internet Share Application	(i) Internet Participating Financial Institution (ii) Authorised Financial Institution

If you are applying for the Issue Shares as a member of the Malaysian Public, you may check the status of your application by calling the Issuing House at +603 7841 8289 or your ADA at the telephone number as stated in Section 17 of this Prospectus between five to ten Market Days (during office hours only) after the balloting date.

17. LIST OF ADAS

The list of ADAs and their respective addresses, telephone numbers and broker codes are as follows:

Name	Address and telephone number	Broker code
KUALA LUMPUR		
AFFIN HWANG IB	2 nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr Ismail 60000 Kuala Lumpur Tel. No.: +603 7710 6688	068-009
AFFIN HWANG IB	Mezzanine & 3 rd Floor Chulan Tower No. 3 Jalan Conlay 50450 Kuala Lumpur Tel. No.: +603 2143 8668	068-018
AFFIN HWANG IB	No. 38A & 40A Jalan Midah 1 Taman Midah Cheras 56000 Kuala Lumpur Tel. No.: +603 9130 8803	068-021
ALLIANCE INVESTMENT BANK BERHAD	17 th Floor, Menara Multi-Purpose Capital Square 8 Jalan Munshi Abdullah 50100 Kuala Lumpur Tel. No.: +603 2604 3333	076-001
AMINVESTMENT BANK BERHAD	15 th Floor Bangunan AmBank Group 55 Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: +603 2036 2633	086-001
BIMB SECURITIES SDN BHD	Level 32 Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel. No.: +603 2691 8887	024-001
CIMB INVESTMENT BANK BERHAD	Level 17, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel. No.: +603 2261 8888	065-001
FA SECURITIES SDN BHD	A-10-17 & A-10-1 Level 10, Menara UOA Bangsar No. 5 Jalan Bangsar Utama 1 59000 Kuala Lumpur Tel. No.: +603 2288 1676	021-002
HONG LEONG INVESTMENT BANK BERHAD	Level 7, Menara HLA No. 3 Jalan Kia Peng 50450 Kuala Lumpur Tel. No.: +603 2168 1168/ +603 2710 1168	066-001

17. LIST OF ADAS (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker code</u>
KUALA LUMPUR (Cont'd)		
HONG LEONG INVESTMENT BANK BERHAD	Level 25 & 26 Menara LGB No. 1, Jalan Wan Kadir Taman Tun Dr Ismail 60000 Kuala Lumpur Tel. No.: +603 7723 6300	066-002
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel. No.: +603 2117 1888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor 7-0-8 Jalan 3/109F Danau Business Center Danau Desa 58100 Kuala Lumpur Tel. No.: +603 7984 7796	054-003
INTER-PACIFIC SECURITIES SDN BHD	No. 33-1 (First Floor) Jalan Radin Bagus Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel. No.: +603 9056 2921	054-007
JUPITER SECURITIES SDN BHD	Level 8 & 9 Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: +603 2034 1888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11 th - 14 th Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel. No.: +603 2171 0228	053-001
KENANGA INVESTMENT BANK BERHAD	Level 8, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: +603 2164 9080	073-001
KENANGA INVESTMENT BANK BERHAD	M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel. No.: +603 4297 8806	073-001
KENANGA INVESTMENT BANK BERHAD	1 st Floor West Wing ECM Libra Building 8, Jalan Damansara Endah, Damansara Heights 50490 Kuala Lumpur Tel. No.: +603 2089 2888	073-021

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
KUALA LUMPUR (Cont'd)		
KENANGA INVESTMENT BANK BERHAD	1 st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: +603 2178 1133	073-029
M & A SECURITIES SDN BHD	Level 1 - 3, No. 45 & 47 and No. 43-6 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel. No.: +603 2282 1820	057-002
M & A SECURITIES SDN BHD	22A-1 Jalan Kuchai Maju 1 Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200 Kuchai Lama Tel. No.: +603 7983 9890	057-004
MALACCA SECURITIES SDN BHD	55-1, Jalan Metro Perdana Barat 1 Taman Usahawan Kepong 52100 Kuala Lumpur Tel. No.: +603 6241 8595	012-009
MALACCA SECURITIES SDN BHD	No. 76-1, Jalan Wangsa Delima 6 Pusat Bandar Wangsa Maju (KLSC) Setapak 53300 Kuala Lumpur Tel. No.: +603 4144 2565	012-012
MAYBANK INVESTMENT BANK BERHAD	Level 5-13, MaybanLife Tower Dataran Maybank No. 1 Jalan Maarof 59000 Kuala Lumpur Tel. No.: +603 2297 8888	098-001
MERCURY SECURITIES SDN BHD	L-7-2, No. 2, Jalan Solaris Solaris Mont Kiara 50480 Kuala Lumpur Tel. No.: +603 6203 7227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	Level 9, 10, 11, 12 Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: +603 2173 8888	026-001
PM SECURITIES SDN BHD	Mezzanine & 1 st Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel. No.: +603 2146 3000	064-001
PUBLIC INVESTMENT BANK BERHAD	27 th Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No.: +603 2268 3000	051-001

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
KUALA LUMPUR (Cont'd)		
RHB INVESTMENT BANK	Level 1, Tower 3, RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel. No.: +603 9287 3888	087-001
RHB INVESTMENT BANK	Level 4, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel. No.: +603 2333 8333	087-018
RHB INVESTMENT BANK	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima Kepong 52100 Kuala Lumpur Tel. No.: +603 6257 5869	087-028
RHB INVESTMENT BANK	No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel. No.: +603 4280 4798	087-054
RHB INVESTMENT BANK	Ground, 1 st , 2 nd & 3 rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel. No.: +603 9058 7222	087-058
TA SECURITIES HOLDINGS BERHAD	Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel. No.: +603 2072 1277	058-003
UOB KAY HIAN SECURITIES (M) SDN BHD	N-1-3, Plaza Damas 60 Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel. No.: +603 6205 6000	078-004
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 19 th Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel. No.: +603 2147 1888	078-010
SELANGOR DARUL EHSAN		
AFFIN HWANG IB	16 th , 18 th - 20 th Floor Plaza Masalam 2 Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel. No.: +603 5513 3288	068-002

17. LIST OF ADAS (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker code</u>
SELANGOR DARUL EHSAN (Cont'd)		
AFFIN HWANG IB	East Wing & Central Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS16/1 47500 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 5635 6688	068-010
AFFIN HWANG IB	3 rd & 4 th Floor, Wisma Meru No. 1 Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel. No.: +603 3343 9999	068-019
AFFIN HWANG IB	Lot 229, 2 nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7729 8016	068-020
AFFIN HWANG IB	No.79-1 & 79-2 Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel. No.: +603 3322 1999	068-023
AMINVESTMENT BANK BERHAD	4 th Floor, Plaza Damansara Utama 2, Jalan SS21/60, 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7710 6613	086-001
CIMB INVESTMENT BANK BERHAD	Level G & Level 1 Tropicana City Office Tower No. 3, Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7717 3388	065-001
JF APEX SECURITIES BERHAD	6 th Floor, Menara Apex Off Jalan Semenyih Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel. No.: +603 8736 1118	079-001
JF APEX SECURITIES BERHAD	16 th Floor, Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7620 1118	079-002

17. LIST OF ADAS (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker code</u>
SELANGOR DARUL EHSAN (Cont'd)		
JF APEX SECURITIES BERHAD	Block J-6-3A, Setia Walk PSN Wawasan Pusat Bandar Puchong 47160 Puchong Selangor Darul Ehsan Tel. No.: +603 5879 0163	079-004
JUPITER SECURITIES SDN BHD	No 42 - 46, 3 rd Floor Jalan SS19/1D 47500 Subang Jaya Selangor Darul Ehsan Tel. No.: +603 5632 4838	055-004
KENANGA INVESTMENT BANK BERHAD	55C (2 nd Floor) Jalan USJ 10/1F 47610 UEP Subang Jaya Selangor Darul Ehsan Tel. No.: +603 8024 1773	073-006
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2 nd Floor, The Curve No.6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: +603 7725 9095	073-016
KENANGA INVESTMENT BANK BERHAD	Level 1 East Wing Wisma Consplant 2 7 Jln SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel. No.: +603 5621 2118	073-001
KENANGA INVESTMENT BANK BERHAD	No. 35, Ground, 1 st & 2 nd Floor Jalan Tiara 3, Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel. No.: +603 3348 8080	073-035
MALACCA SECURITIES SDN BHD	No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel. No.: +603 5636 1533	012-002
MALACCA SECURITIES SDN BHD	No. 58A & 60A, 1 st Floor Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan Tel. No. :+603 7876 1533	012-003
MALACCA SECURITIES SDN BHD	No. 39-2, Jalan Temenggung 21/9 Seksyen 9, Bandar Mahkota Cheras 43200 Cheras Selangor Darul Ehsan Tel. No. :+603 9011 5913	012-011

17. LIST OF ADAS (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker code</u>
SELANGOR DARUL EHSAN (Cont'd)		
MAYBANK INVESTMENT BANK BERHAD	Suite 8.02, Level 8, Menara Trend Intan Millennium Square 68 Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No.: +603 3050 8888	098-003
MAYBANK INVESTMENT BANK BERHAD	Level 1, No. 3, Wisma Bentley Music Jalan PJU 7/2 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7718 8888	098-004
PM SECURITIES SDN BHD	No. 157, Jalan Kenari 23A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel. No.: +603 8070 0773	064-003
PM SECURITIES SDN BHD	No.18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel. No.: +603 3341 5300	064-007
RHB INVESTMENT BANK	24, 24M, 24A, 26M, 28M, 28A, 30, 30M & 30A Jalan SS2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7873 6366	087-011
RHB INVESTMENT BANK	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel. No.: +603 8736 3378	087-045
RHB INVESTMENT BANK	First Floor 10 & 11 Jalan Maxwell 48000, Rawang Selangor Darul Ehsan Tel. No.: +603 6092 8916	087-047
RHB INVESTMENT BANK	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1 1/2, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel. No.: +603 3343 9180	087-048

17. LIST OF ADAS (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker code</u>
SELANGOR DARUL EHSAN (Cont'd)		
RHB INVESTMENT BANK	Unit 1B, 2B & 3B Jalan USJ 10/1J 47610 UEP Subang Jaya Selangor Darul Ehsan Tel. No.: +603 8022 1888	087-059
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40000 Shah Alam Selangor Darul Ehsan Tel. No.: +603 5192 0202	096-001
SJ SECURITIES SDN BHD	101B, Jalan SS15/5A 47500 Subang Jaya Selangor Darul Ehsan Tel. No.: +603 5631 7888	096-002
SJ SECURITIES SDN BHD	No. 47-2 Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel. No.: +603 3322 1915	096-004
SJ SECURITIES SDN BHD	No. A-3-11 Block Alamanda 10 Boulevard Lebuhraya Sprint, PJU 6A 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7732 3862	096-005
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel. No.: +603 8025 1880	058-005
TA SECURITIES HOLDINGS BERHAD	2 nd Floor, Wisma TA No.1A, Jalan SS 20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7729 5713	058-007
MELAKA		
CIMB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel. No. : +606 2898 800	065-001

17. LIST OF ADAS (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker code</u>
MELAKA (Cont'd)		
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang 75250 Melaka Tel. No. : +606 3371 533	012-001
KENANGA INVESTMENT BANK BERHAD	71 (A & B) & 73 (A & B) Jalan Merdeka, Taman Melaka Raya 75000 Melaka Tel. No.: +606 2881 720	073-028
KENANGA INVESTMENT BANK BERHAD	22A & 22A-1, 26 & 26-1, Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel. No.: +606 3372 550	073-034
MERCURY SECURITIES SDN BHD	No. 81, 81A, 81B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel. No.: +606 2921 898	093-003
PM SECURITIES SDN BHD	No. 6-1, Jalan Lagenda 2 Taman 1 Lagenda 75400 Melaka Tel. No.: +606 2880 050	064-006
RHB INVESTMENT BANK	No.19, 21 & 23 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel. No.: +606 2833 622	087-002
RHB INVESTMENT BANK	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel. No.: +606 2825 211	087-026
TA SECURITIES HOLDINGS BERHAD	59, 59A & 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel. No.: +606 2862 618	058-008
UOB KAY HIAN SECURITIES (M) SDN BHD	7-2 Jalan PPM8 Malim Business Park 75250 Melaka Tel. No.: +606 3352 511	078-014
PERAK DARUL RIDZUAN		
AFFIN HWANG IB	21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel. No.: +605 8066 688	068-003

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
PERAK DARUL RIDZUAN (Cont'd)		
AFFIN HWANG IB	2 nd & 3 rd Floor No.22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel. No.: +605 2559 988	068-015
CIMB INVESTMENT BANK BERHAD	Ground, 1 st , 2 nd & 3 rd Floor No. 8, 8A-8C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel. No.: +605 2088 688	065-001
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No.: +605 2530 888	066-003
KENANGA INVESTMENT BANK BERHAD	Ground, 1 st , 2 nd & 4 th Floor 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No.: +605 2422 828	073-022
KENANGA INVESTMENT BANK BERHAD	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel. No.: +605 6222 828	073-026
KENANGA INVESTMENT BANK BERHAD	Ground Floor, No 25 & 25A Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel. No.: +605 6939 828	073-031
M&A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel. No.: +605 2419 800	057-001
MALACCA SECURITIES SDN BHD	No. 3, 1 st Floor Persiaran Greenhill 30450, Ipoh Perak Darul Ridzuan Tel No.: +605 2541 533	012-013
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor), Level 1 & 2 42 Persiaran Greentown 1 Pusat Perdagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel. No.: +605 2453 400	098-002

17. LIST OF ADAS (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker code</u>
PERAK DARUL RIDZUAN (Cont'd)		
RHB INVESTMENT BANK	Ground & 1 st Floor No. 17, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel. No.: +605 6236 498	087-014
RHB INVESTMENT BANK	Ground & 1 st Floor No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel. No.: +605 6921 228	087-016
RHB INVESTMENT BANK	21 - 25 Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel. No.: +605 2415 100	087-023
RHB INVESTMENT BANK	Ground Floor No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel. No.: +605 8088 229	087-034
RHB INVESTMENT BANK	Ground Floor No. 72, Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel. No.: +605 4651 261	087-044
RHB INVESTMENT BANK	No. 1 & 3, 1 st Floor Jalan Wawasan Satu Taman Wawasan Jaya 34200 Parit Buntar Perak Darul Ridzuan Tel. No.: +605 7170 888	087-052
TA SECURITIES HOLDINGS BERHAD	Ground, 1 st & 2 nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel. No.: +605 2531 313	058-001
UOB KAY HIAN SECURITIES (M) SDN BHD	27-1, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel. No.: +605 6216 010	078-009
UOB KAY HIAN SECURITIES (M) SDN BHD	153A Jalan Raja Musa Aziz 30303 Ipoh Perak Darul Ridzuan Tel. No.: +605 2411 290	078-013

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
PULAU PINANG		
AFFIN HWANG IB	Level 2, 3, 4, 7 & 8 Wisma Sri Pinang 60 Green Hall 10200 Penang Tel. No.: +604 2636 996	068-001
AFFIN HWANG IB	No. 2 & 4, Jalan Perda Barat Bandar Perda 14000 Penang Tel. No.: +604 5372 882	068-006
ALLIANCE INVESTMENT BANK BERHAD	Ground & Mezzanine Floor Bangunan Barkath, 21 Lebu Pantai, 10300 Georgetown Penang Tel. No.: +604 2611 688	076-015
AMINVESTMENT BANK BERHAD	3 rd Floor, Menara Liang Court No. 37, Jalan Sultan Ahmad Shah 10050 Penang Tel. No.: +604 2261 818	086-004
CIMB INVESTMENT BANK BERHAD	Ground Floor Level 2, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: +604 2385 900	065-001
INTER-PACIFIC SECURITIES SDN BHD	Canton Square Level 2 (Unit 1) & Level 3 No. 56 Cantontment Road 10250 Penang Tel. No.: +604 2268 288	054-002
JF APEX SECURITIES BERHAD	368-2-5, Jalan Burmah Belissa Row 10350 Pulau Tikus Pulau Pinang Tel. No.: +604 2289 118	079-005
JUPITER SECURITIES SDN BHD	20-1, Persiaran Bayan Indah Bayan Bay, Sungai Nibong 11900 Bayan Lepas Pulau Pinang Tel. No.: +604 6412 881	055-003
KENANGA INVESTMENT BANK BERHAD	7 th , 8 th & 16 th Floor Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Penang Tel. No.: +604 2283 355	073-023

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
PULAU PINANG (Cont'd)		
M & A SECURITIES SDN BHD	332H-1 & 332G-2 Harmony Square Jalan Perak 11600 Georgetown Penang Tel. No.: +604 2817 611	057-005
M & A SECURITIES SDN BHD	216, 216A, 218 & 218A Pengkalan Weld Lebuh Macallum 10030 Penang Tel. No.: +604 2617 611	057-008
MALACCA SECURITIES SDN BHD	No. 39-1, Jalan Lenggong Vantage Point 11600 Jelutong, Penang Tel. No.: +604 8981 525	012-004
MALACCA SECURITIES SDN BHD	48 Jalan Todak 2 13700 Seberang Jaya Pulau Pinang Tel. No.: +604 3905 669	012-006
MALACCA SECURITIES SDN BHD	No. 17, 1 st Floor Persiaran Bayan Indah Taman Bayan Indah 11900 Bayan Lepas Pulau Pinang Tel. No.: +604 6421 533	012-007
MALACCA SECURITIES SDN BHD	No. 9-1-37, Taman Kheng Tian Jalan Van Praagh 11600, Jelutong Penang Tel. No.: +604 2816 822	012-014
MAYBANK INVESTMENT BANK BERHAD	Lot 1.02, 1 st Floor Bangunan KWSP Jalan Sultan Ahmad Shah 10050 Georgetown Pulau Pinang Tel. No.: +604 2196 888	098-006
MERCURY SECURITIES SDN BHD	Ground, 1 st , 2 nd & 3 rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Tel. No.: +604 3322 123	093-001
MERCURY SECURITIES SDN BHD	2 nd Floor, Standard Chartered Bank Chambers 2 Lebuh Pantai 10300 Pulau Pinang Tel. No.: +604 2639 118	093-004

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
PULAU PINANG (Cont'd)		
MERCURY SECURITIES SDN BHD	D'Piazza Mall 70-1-22 Jalan Mahsuri 11900 Bandar Bayan Baru Pulau Pinang Tel. No.: +604 6400 822	093-006
PM SECURITIES SDN BHD	Level 3, Wisma Wang 251-A, Jalan Burmah 10350 Pulau Pinang Tel. No.: +604 2273 000	064-004
RHB INVESTMENT BANK	Ground, 1 st & 2 nd Floor No. 2677 Jalan Chain Ferry Taman Inderawasih, 13600 Seberang Prai Penang Tel. No.: +604 3900 022	087-005
RHB INVESTMENT BANK	Ground, 1 st & 2 nd Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Penang Tel. No.: +604 5402 888	087-015
RHB INVESTMENT BANK	64 & 64-D Ground - 3 rd & 5 th - 8 th Floor Lebuh Bishop 10200 Penang Tel. No.: +604 2634 222	087-033
RHB INVESTMENT BANK	Ground & 1 st Floor No. 15-G-5, 15-G-6, 15-1-5, 15-1-6, 15-2-5, 15-2-6 & 15-2-24 Medan Kampung Relau Bayan Point 11950 Penang Tel. No.: +604 6404 888	087-042
SJ SECURITIES SDN BHD	12 th Floor, Office Tower Hotel Royal Penang No 3 Jalan Larut 10050 Georgetown Pulau Pinang Tel. No.: +604 228 9836	096-003
TA SECURITIES HOLDINGS BERHAD	3 rd Floor, Bangunan Heng Guan No. 171, Jalan Burmah 10050 Pulau Pinang Tel. No.: +604 2272 339	058-010
UOB KAY HIAN SECURITIES (M) SDN. BHD.	1 st Floor Bangunan Heng Guan No. 171, Jalan Burmah 10050 Penang Tel. No.: +604 2299 318	078-002

17. LIST OF ADAS (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker code</u>
PULAU PINANG (Cont'd)		
UOB KAY HIAN SECURITIES (M) SDN. BHD.	Ground & 1 st Floor No.2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Penang Tel. No.: +604 5541 388	078-003
KEDAH DARUL AMAN		
AFFIN HWANG IB	No. 70A, 70B, 70C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel. No.: +604 4256 666	068-011
ALLIANCE INVESTMENT BANK BERHAD	Lot T-30, 2 nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel. No.: +604 7317 088	076-004
RHB INVESTMENT BANK	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel. No.: +604 4204 888	087-017
RHB INVESTMENT BANK	35, Ground Floor Jalan Suria 1 Jalan Bayu 09000 Kulim Kedah Darul Aman Tel. No.: +604 4964 888	087-019
RHB INVESTMENT BANK	Ground & 1 st Floor 214-A, 214-B, 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel. No.: +604 7209 888	087-021
UOB KAY HIAN SECURITIES (M) SDN. BHD.	Lot 4, 5 & 5A, 1 st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel. No.: +604 7322 111	078-007
NEGERI SEMBILAN DARUL KHUSUS		
AFFIN HWANG IB	1 st Floor 105, 107 & 109 Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: +606 7612 288	068-007

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
NEGERI SEMBILAN DARUL KHUSUS (Cont'd)		
AFFIN HWANG IB	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel. No.: +606 4553 188	068-013
KENANGA INVESTMENT BANK BERHAD	1C & 1D, Ground & 1 st Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: +606 7655 998	073-033
MAYBANK INVESTMENT BANK BERHAD	Wisma HM No. 43 Jalan Dr. Krishnan 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: +606 7669 555	098-005
PM SECURITIES SDN. BHD	1 st & 3 rd Floor 19 - 21 Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: +606 7623 131	064-002
RHB INVESTMENT BANK	Ground, 1 st & 2 nd Floor No. 32 & 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: +606 7641 641	087-024
RHB INVESTMENT BANK	Ground & Mezzanine Floor No. 346 & 347 Batu 1/2, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel. No.: +606 6461 234	087-046
JOHOR DARUL TAKZIM		
AFFIN HWANG IB	Level 7, Johor Bahru City Square Office Tower, No. 106 - 108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel. No.: +607 2222 692	068-004
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1 st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel. No.: +607 7717 922	076-006
AMINVESTMENT BANK BERHAD	3 rd Floor, Penggaram, Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel. No.: +607 4342 282	086-001

17. LIST OF ADAS (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker code</u>
JOHOR DARUL TAKZIM (Cont'd)		
AMINVESTMENT BANK BERHAD	18 th Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel. No.: +607 3343 855	086-001
CIMB INVESTMENT BANK BERHAD	No 73, Ground Floor No 73A & 79A, First Floor Jalan Kuning Dua 80400 Johor Bahru Johor Darul Takzim Tel. No.: +607 2405 888	065-001
INTER-PACIFIC SECURITIES SDN. BHD.	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel. No.: +607 2231 211	054-004
JUPITER SECURITIES SDN BHD	30-1, Jalan Molek 1/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel. No.: +607 3538 878	055-002
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No.: +607 3333 600	073-004
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel. No.: +607 9333 515	073-009
KENANGA INVESTMENT BANK BERHAD	No. 33 & 35 (A&B), Ground Floor Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel. No.: +607 7771 161	073-010
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel. No.: +606 9782 292	073-001
KENANGA INVESTMENT BANK BERHAD	No. 24, 24A & 24B Jalan Penjaja 3 Kim Park Centre 83000 Batu Pahat Johor Darul Takzim Tel. No.: +607 4326 963	073-001

17. LIST OF ADAS (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker code</u>
JOHOR DARUL TAKZIM (Cont'd)		
KENANGA INVESTMENT BANK BERHAD	Suite 16-02, 16-03 & 16-03 Level 16, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel. No.: +607 2237 423	073-019
KENANGA INVESTMENT BANK BERHAD	57, 59 & 61 Jalan Ali 84000 Muar Johor Darul Takzim Tel. No.: +606 9531 222	073-024
KENANGA INVESTMENT BANK BERHAD	Ground Floor, 234 Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel. No.: +607 4678 885	073-001
KENANGA INVESTMENT BANK BERHAD	916, Ground Floor Jalan Bakek 82000 Pontian Johor Darul Takzim Tel. No.: +607 6861 121	073-037
M & A SECURITIES SDN BHD	Suite 5.3A, Level 5 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No.: +607 3381 233	057-003
M & A SECURITIES SDN BHD	No 27, 27A & 27B Jalan Molek 3/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel. No.: +607 3351 988	057-007
MALACCA SECURITIES SDN BHD	74 Jalan Serampang Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No.: +607 3351 533	012-005
MALACCA SECURITIES SDN BHD	1735-B Jalan Sri Putri 4 Taman Putri Kulai 81000 Kulajaya Johor Darul Takzim Tel. No.: +607 6638 877	012-010
MALACCA SECURITIES SDN BHD	Lot 880, Batu 3 ½ Jalan Salleh 84000 Muar Johor Darul Takzim Tel. No.: +606 9536 948	012-015

17. LIST OF ADAS (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker code</u>
JOHOR DARUL TAKZIM (Cont'd)		
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No.: +607 3316 992	093-005
PM SECURITIES SDN. BHD	Ground & 1 st Floor No. 43 & 43A Jalan Penjaja 3 Taman Kim's Park Business Centre 83000 Batu Pahat Johor Darul Takzim Tel. No.: +607 4333 608	064-008
RHB INVESTMENT BANK	6 th Floor, Wisma Tiong Hua 8, Jalan Keris Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel. No.: +607 2788 821	087-006
RHB INVESTMENT BANK	53, 53-A & 53-B Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel. No.: +607 4380 288	087-009
RHB INVESTMENT BANK	No. 33-1, 1 st & 2 nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel. No.: +606 9538 262	087-025
RHB INVESTMENT BANK	Ground & 1 st Floor No. 119 dan 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel. No.: +607 5577 628	087-029
RHB INVESTMENT BANK	Ground, 1 st & 2 nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel. No.: +607 9321 543	087-030
RHB INVESTMENT BANK	Ground & 1 st Floor No. 40 Jalan Haji Manan 86000 Kluang Johor Darul Takzim Tel. No.: +607 7769 655	087-031

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
JOHOR DARUL TAKZIM (Cont'd)		
RHB INVESTMENT BANK	Ground, 1 st & 2 nd Floor No. 10 Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel. No.: +607 6626 288	087-035
RHB INVESTMENT BANK	Ground, 1 st & 2 nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel. No.: +606 9787 180	087-038
RHB INVESTMENT BANK	No. 2, 1 st Floor Jalan Makmur Taman Sri Aman 58300 Labis Johor Darul Takzim Tel. No.: +607 9256 881	087-039
RHB INVESTMENT BANK	Ground, 1 st & 2 nd Floor No. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel. No.: +607 3522 293	087-043
TA SECURITIES HOLDINGS BERHAD	7A, Jalan Genuang Perdana Taman Genuang Perdana 85000 Segamat Johor Darul Takzim Tel. No.: +607 9435 278	058-009
TA SECURITIES HOLDINGS BERHAD	15, Jalan Molek 1/5A Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel. No.: +607 3647 388	058-011
UOB KAY HIAN SECURITIES (M) SDN. BHD.	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel. No.: +607 3332 000	078-001
UOB KAY HIAN SECURITIES (M) SDN. BHD.	No. 42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel. No.: +607 6637 398	078-005
UOB KAY HIAN SECURITIES (M) SDN. BHD.	No. 70, Jalan Rosmerah 2/17 Taman Johor Jaya 81000 Johor Bahru Johor Darul Takzim Tel. No.: +607 3513 218	078-006

17. LIST OF ADAS (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker code</u>
JOHOR DARUL TAKZIM (Cont'd)		
UOB KAY HIAN SECURITIES (M) SDN. BHD.	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel. No.: +607 5121 633	078-008
PAHANG DARUL MAKMUR		
ALLIANCE INVESTMENT BANK BERHAD	Ground, Mezzanine & 1 st Floor B-400, Jalan Berserah 25300 Kuantan Pahang Darul Makmur Tel. No.: +606 5660 800	076-002
CIMB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. A-27, Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel. No.: +609 5057 800	065-001
JUPITER SECURITIES SDN BHD	2 nd Floor, Lot No 25 Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel. No.: +609 2234 136	055-005
KENANGA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Lorong Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel. No.: +606 5171 698	073-027
MALACCA SECURITIES SDN BHD	P11-3, Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel. No.: +609 2220 993	012-008
RHB INVESTMENT BANK	B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel. No.: +606 5173 811	087-007
RHB INVESTMENT BANK	Ground & 1 st Floor 98, Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel. No.: +606 2234 943	087-022
RHB INVESTMENT BANK	Ground & 1 st Floor No 76-A Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel. No.: +605 4914 913	087-041

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
KELANTAN DARUL NAIM		
RHB INVESTMENT BANK	No. 3953-H, Ground & 1 st Floor Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel. No.: +606 7430 077	087-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel. No.: +609 7432 288	058-004
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1 st Floor Lot 712, Sek 9, PT 62 Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: +609 7473 906	078-015
TERENGGANU DARUL IMAN		
ALLIANCE INVESTMENT BANK BERHAD	Ground & Mezzanine Floor Wisma Kam Choon 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman Tel. No.: +606 6317 922	076-009
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1 st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel. No.: +609 6238 128	021-001
RHB INVESTMENT BANK	Ground & 1 st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel. No.: +606 8583 109	087-027
RHB INVESTMENT BANK	1 st Floor, 59 Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel. No.: +609 6261 816	087-055
UOB KAY HIAN SECURITIES (M) SDN BHD	37-B, 1 st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel. No.: +609 6224 766	078-016

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
SARAWAK		
AFFIN HWANG IB	Ground Floor & 1 st Floor No.1, Jalan Pending 93450 Kuching Sarawak Tel. No.: +6082 341 999	068-005
AFFIN HWANG IB	No. 282, 1 st Floor Park City Commercial Centre Phase 4 Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel. No.: +6086 330 008	068-016
AMINVESTMENT BANK BERHAD	1 st Floor No. 162, 164, 166 & 168 Jalan Abell 93100 Kuching Sarawak Tel. No.: +6082 244 791	086-001
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26, Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel. No.: +6082 358 606	065-001
CIMB INVESTMENT BANK BERHAD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel. No.: +6084 367 700	065-001
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel. No.: +6085 435 577	073-002
KENANGA INVESTMENT BANK BERHAD	Level 2-4, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel. No.: +6082 338 000	073-003
KENANGA INVESTMENT BANK BERHAD	Ground & 1 st Floor Lorong Kampung Datu 3 96000 Sibu Sarawak Tel. No.: +6084 313 855	073-012
KENANGA INVESTMENT BANK BERHAD	Ground Floor of Survey Lot No. 4203 Parkcity Commerce Square Phase 6, Jalan Diwarta 97000 Bintulu Sarawak Tel. No.: +6086 337 588	073-018

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
SARAWAK (Cont'd)		
KENANGA INVESTMENT BANK BERHAD	Suites 9 & 10, 3 rd Floor, Yung Kong Abell Lot 365 Abell Road 93100 Kuching Sarawak Tel. No.: +6082 248 877	073-036
MERCURY SECURITIES SDN BHD	1 st Floor 16, Jalan Getah 96100 Sarikei Sarawak Tel. No.: +6084 659 019	093-007
RHB INVESTMENT BANK	Yung Kong Abell Units No. 1-10, 2 nd Floor Lot 365, Section 50, Jalan Abell 93100 Kuching Sarawak Tel. No.: +6082 250 888	087-008
RHB INVESTMENT BANK	2 nd Floor, Lot 1268 & Lot 1269 Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel. No.: +6085 422 788	087-012
RHB INVESTMENT BANK	102 Pusat Pedada Jalan Pedada 98000 Sibu Sarawak Tel. No.: +6084 329 100	087-013
RHB INVESTMENT BANK	Ground & 1 st Floor No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel. No.: +6086 311 770	087-053
TA SECURITIES HOLDINGS BERHAD	12G, 12H & 12I Jalan Kampong Datu 96000 Sibu Sarawak Tel. No.: +6084 319 998	058-002
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 1265, 1 st Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: +6085 324 128	078-017
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1 st Floor No 16, Lorong Intan 6 96000 Sibu Sarawak Tel No.: +6084 252 737	078-018

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
SABAH		
AFFIN HWANG IB	Suite 1-9-E1, 9 th Floor CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel. No.: +6088 311 688	068-008
CIMB INVESTMENT BANK BERHAD	1 st & 2 nd Floor Central Building No.28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel. No.: +6088 328 878	065-001
KENANGA INVESTMENT BANK BERHAD	Level 8, Wisma Great Eastern 68 Jalan Gaya 88000 Kota Kinabalu Sabah Tel. No.: +6088 236 188	073-032
RHB INVESTMENT BANK	2 nd Floor, 81 & 83, Jalan Gaya 88000 Kota Kinabalu Sabah Tel. No.: +6088 269 788	087-010
RHB INVESTMENT BANK	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah Mile 4 North Road 91000 Sandakan Sabah Tel. No.: +6089 229 286	087-057
UOB KAY HIAN SECURITIES (M) SDN BHD	11, Equity House, Block K Sadong Jaya Karamunsing 88100 Kota Kinabalu Tel. No.: +6088 234 090	078-011
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 177 & 178, Ground Floor Block 17, Phase 2, Prima Square Mile 4, North Road 90000 Sandakan Sabah Tel. No.: +6089 218 681	078-012

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS

A.1 DETAILS OF OUR MAJOR LICENCES, PERMITS AND APPROVALS

Details of our major licences, permits and approvals for our operations as at the LPD together with the salient conditions imposed are as follows:

A.1.1 Operational licences

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
1.	Serba Dinamik	PETRONAS/ License to Supply Product/Service to Exploration and Oil/Gas companies Malaysia/ Licence No.: 266724-K	License to supply equipment and provide services to exploration and oil/gas companies in Malaysia for the following categories: <u>Approved licence categories</u> (i) PE1240500 Electrical - Generators - Micro Turbine Generator (Agent: Capstone Turbine Corporation) (ii) PR1030100 Rotating Equip- Primemover - Gas Turbine (Agent: Turbine Efficiency Group Limited) (iii) PS1050101 Health, Safety & Environment Syst - Protect Equip-Personal Protection Equipment - General Equipment (iv) PS1050102 Health, Safety & Environment Syst - Protect Equip-Personal Protection Equipment - Specialised Equipment	30 May 2016	Valid until 29 May 2019	(i) This license is not transferable to any company/other party. (ii) This license will be revoked if Serba Dinamik is found to be in the process of liquidation, winding-up or dissolution. (iii) Serba Dinamik shall inform PETRONAS on any changes related to its equity ownership, board of directors and management personnel within 14 days from the date of such change. Failure to do so will result in the revocation of this licence.	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
(v)		PW2010500	Workshop Tools & Equip Tools - Pneumatic			(iv) Serba Dinamik is not allowed to take another corporation as its principal, agent, sub-contractor or otherwise to provide any service or supply of any facility, fittings or equipment on its behalf without prior written consent from PETRONAS.	
(vi)		PW2010900	Workshop Tools & Equip - Tools - Mechanic Hand Tools				
(vii)		SG3010200	Geomatics Services - General Survey - Hydrographic Survey				
(viii)		SG3010400	Geomatics Services - General Survey - Meteorological Survey (Agent: MeteoGroup Ireland Limited (formerly known as Nowcasting International Limited))			(v) This approval is not an agreement/ guarantee that Serba Dinamik will be called to participate in a tender or quotation by PETRONAS or its subsidiaries.	
(ix)		SI2020100	Instrumentation Maint - Pneumatic/Hydraulic Ctrlers				
(x)		SI2030100	Instrumentation Maint - Electronic/Digital Controllers				
(xi)		SI2030300	Instrumentation Maint - Electronic/Digital transmitters				
(xii)		SI2030500	Instrumentation Maint - Safeguarding/Safety System				

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
(xiii)		SI2050200	Instrumentation Maint - Advanced process ctrl system				
(xiv)		SI2050300	Instrumentation Maint - Fiber Optics				
(xv)		SI2050400	Instrumentation Maint - Instrument Cabling & Wiring Works				
(xvi)		SI2050500	Instrumentation Maint - Pilot Ignitor & Flame Scanner				
(xvii)		SL2060400	Leasing & Rental - ICT Equipment - Software License Leasing				
(xviii)		SM2010100	Manpower Supply - Labour Supply				
(xix)		SM2020100	Manpower Supply - Technician				
(xx)		SM2020400	Manpower Supply - Coded Welders				
(xxi)		SM2030200	Manpower Supply - Const Technical Personnel				
(xxii)		SM5010200	Mechanical Eng Maint - Boilers				

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
(xxiii)	SM5010300	Mechanical Eng Maint - Stripper & Corrugated Plate Interceptor					
(xxiv)	SM5010500	Mechanical Eng Maint - Furnaces, Fired Heaters & Flares					
(xxv)	SM5010600	Mechanical Eng Maint - Reactors					
(xxvi)	SM5010700	Mechanical Eng Maint - Pressure & Unpressurised Vessel					
(xxvii)	SM5020100	Mechanical Engineering & Maintenance - Rotating Equipment/ Movables Repair & Maintenance - Engines					
(xxviii)	SM5020201	Mechanical Engineering & Maintenance - Rotating Equipment/ Movables Repair & Maintenance - Turbines - Steam Turbine					
(xxix)	SM5020202	Mechanical Engineering & Maintenance - Rotating Equipment/ Movables Repair & Maintenance - Turbines - Gas Turbine					

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
(xxx)			SM5020203 Mechanical Engineering & Maintenance - Rotating Equipment/ Movables Repair & Maintenance - Turbines - Hydraulic Turbine				
(xxxi)			SM5020303 Mechanical Engineering & Maintenance - Rotating Equipment/ Movables Repair & Maintenance - Compressors - Reciprocating/Screw Gas Compressor				
(xxxii)			SM5020304 Mechanical Engineering & Maintenance - Rotating Equipment/ Movables Repair & Maintenance - Compressors - Centrifugal Gas Compressor				
(xxxiii)			SM5020401 Mechanical Engineering & Maintenance - Rotating Equipment/ Movables Repair & Maintenance - Pumps - Centrifugal Pump				
(xxxiv)			SM5020402 Mechanical Engineering & Maintenance - Rotating Equipment/ Movables Repair & Maintenance - Pumps - Positive Displacement Pump				

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
(xxxv)		SM5020500	Mechanical Engineering & Maintenance - Rotating Equipment/ Movables Repair & Maintenance - Blower & Fan				
(xxxvi)		SM5020600	Mechanical Engineering & Maintenance - Rotating Equipment/ Movables Repair & Maintenance - Gear Box				
(xxxvii)		SM5020700	Mechanical Engineering & Maintenance - Rotating Equipment/ Movables Repair & Maintenance - Agitator, Mixer & Extruder				
(xxxviii)		SM5021300	Mechanical Engineering & Maintenance - Rotating Equipment/ Movables Repair & Maintenance - Turbo Expander				
(xxxix)		SM5080100	Mechanical Maintenance - Machining - Workshop Machining				
(xl)		SM5170100	Mechanical Eng Maint - Topside Piping & Structural				

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
(xli)			SM5170200 Mechanical Eng Maint - Living Quarters				
(xlii)			SO2020102 Offshore Facilities Const - Major Fabrication - Onshore Facilities				
(xliii)			SO2020201 Offshore Facilities Construction - Minor Onshore Fabrication - Minor Onshore Fabrication - Civil Works				
(xliv)			SO2020203 Offshore Facilities Construction - Onshore Fabrication - Minor Onshore Fabrication - Minor Onshore Fabrication - Mechanical				
(xlv)			SS1010000 Special Categories Maint - Materials Preservation				
(xlvi)			SS1020100 Special Categories Maint - CBM Data Collection, Monitoring & Analysis				

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
2.	Serba Dinamik	DOSH/ Registration No.: BT 21/571	Certificate of registration to act as a manufacturer of unfired pressure vessels.	8 April 2014	Valid until 8 April 2017	(i) DOSH must be duly informed should there be any changes, addition, or transfer of any officers, machineries and premises. Failure to inform DOSH may result in the cancellation of this licence. (ii) Approval must first be obtained prior to the carrying out of any construction, works or designs. (iii) The manufacture work of unfired pressure vessels should be conducted at the address below: Lot 11285, Taman Industri Paka, 23100 Paka, Terengganu, or any other places where unfired vessels were installed.	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
						(iv) Serba Dinamik is required to inform DOSH of its first unfired pressure vessels production after the approval of the licence. The officer of DOSH from its headquarters should regulate the manufacturing process of the unfired vessels.	
						(v) Serba Dinamik is required to inform DOSH of the approved design list and production of unfired vessels every three months.	
						(vi) The renewal of this licence must be made within three months prior to its expiration.	
3.	Serba Dinamik	DOSH/ Registration No.: BP 21/316	Certificate of registration to act as a gas contractor.	24 March 2015	Valid until 23 March 2018	(i) DOSH must be duly informed of any changes, addition or transfer in relation to the company name, address and technical personnel.	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
						(ii) Serba Dinamik must ensure that it has under its employment at least one Malaysian qualified welder, working permanently with Serba Dinamik. Any welding work must be made in accordance with the Welding Procedure Specification and such specifications must be approved by DOSH.	
						(iii) Every welding company should keep welding logbook. This is to ensure the on-going welding activities are up to the recognised standard.	
						(iv) The renewal of this certificate of registration must be made within three months prior to its expiration.	

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
4.	Serba Dinamik	DOSH/ Registration No.: BT 21/440	Certificate of registration to act as repairer of steam boilers and unfired pressure vessels.	24 March 2015	Valid until 23 March 2018	(i) DOSH must be duly informed should there be any changes, addition, or transfer of any officers, machinery and premises. Failure to inform DOSH may result in the cancellation of this licence. (ii) Consent for design from DOSH must first be obtained prior to conducting any repair work. (iii) Serba Dinamik must ensure that it has under its employment at least one Malaysian qualified welder, working permanently with Serba Dinamik. Any welding work must be made in accordance with the Welding Procedure Specification and such specifications must be approved by DOSH.	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
						(iv) Every welding company should keep welding logbook. This is to ensure the on-going welding activities are up to the recognised standard.	
						(v) The approved activities should be conducted in the premises with the following registered addressed: (a) Lot 973, Blk 26, Kidurong Light Industrial Estate, P.O.Box 1097, 97008, Bintulu, Sarawak; and (b) Lot 11285, Taman Industri Paka, 23100 Paka, Dungun, Terengganu Darul Iman;	
						or any other places where steam boilers and unfired pressure vessels were installed.	

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
						(vi) Factory inspection should be carried out routinely as regulated. The result of inspection should be observed and be improved. The tracked record of every factory should be improved to ensure the traceability.	
						(vii) The renewal of this certificate of registration must be made within three months prior to its expiration.	
5.	Serba Dinamik	Sarawak Federal Treasury, under the Ministry of Finance/ Certificate of Registration No. KQ709701151034 9551	Certificate of registration with the Ministry of Finance in supply/services sector and sub-sectors in the following categories: (i) Code 020101 – Furniture, laboratory furniture and equipment made of wood/rattan/fabric/steel/plastic; (ii) Code 020804 – Safety gear, equipment and accessories; (iii) Code 060102 – Industrial chemicals;	10 November 2014	Valid until 9 November 2017	(i) The certificate issued is the government's property and the government reserves the rights to revoke/ suspend/cancel the certificate of registration if Serba Dinamik is subject to disciplinary action.	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
			(iv) Code 090101 – Building materials;			(ii) The Ministry of Finance reserves the right to make site visits or audit at any time without prior notice. The failure of Serba Dinamik to comply with the conditions of registration and/or codes may result in the certificate of registration to be suspended/cancelled and Serba Dinamik, its shareholders and its board of directors may be subject to disciplinary action which includes blacklisting, without prior notice.	
			(v) Code 120401 – Safety equipment, security and security control;				
			(vi) Code 120601 – Fire prevention system;				
			(vii) Code 120602 – Fire control equipment;				
			(viii) Code 130101 – Machine and workshop equipment;				
			(ix) Code 130201 – Power generator, equipment, spare parts and accessories (secondary);				
			(x) Code 130202 – Machine and specific equipment;				
			(xi) Code 130401 – Industrial equipment;				
			(xii) Code 130402 – Industrial equipment;				
			(xiii) Code 140101 – Motor and spare parts;				
			(xiv) Code 140201 – Power station, equipment, spare parts, accessories (primary);			(iii) The renewal of this certificate of registration must be made within three months prior to its expiration.	

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
			(xv) Code 140301 – Electric cables and accessories;				
			(xvi) Code 140302 – Electric wire and accessories;				
			(xvii) Code 220502 – Container and tank;				
			(xviii) Code 220504 – Machine and workshop materials;				
			(xix) Code 220507 – Water pump and component;				
			(xx) Code 220702 – Sand blasting and paint;				
			(xxi) Code 221104 – Labour force;				
			(xxii) Code 221106 – Stevedore;				
			(xxiii) Code 221108 – Mooring; and				
			(xxiv) Code 221110 – Training, trainers and moderators/ negotiators.				

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
6.	Serba Dinamik	SIRIM Berhad/ Certificate Registration/ Registration Reference S0139	Certificate of registration with SIRIM Berhad in supply/services sector as certified under the Certificate No. KQ70970115101349551 issued by the Ministry of Finance. Refer to item 5 above.	29 April 2015	Valid until 9 November 2017	(i) Any changes of Serba Dinamik's information including the change of Board of Directors, the change of address, and the status of Serba Dinamik, must be informed to SIRIM Berhad as soon as possible to update the changes. (ii) SIRIM Berhad has the rights to cancel, suspend the registration of Serba Dinamik without any notice, if the information provided is found to be false. (iii) SIRIM Berhad has the rights to select any supplier/contractor registered with Serba Dinamik for quotations purposes. (iv) Registration will be suspended or cancelled in the event that:	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
						(a) the licensee or any of its owners, shareholders or directors are involved in any illegal or criminal activities and found guilty by the courts in Malaysia or other jurisdictions.	
						(b) failure of the Company to complete the contract signed with SIRIM Berhad.	
						(c) refusal to contract after the award of the contract has been granted.	
						(d) allow the Certificate to be used by other individual/ company.	

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
						(e) amending the certificate for fraudulent purposes or any other purposes.	
						(f) Serba Dinamik is found to be in colluding with other companies for tender/ quotations of price with SIRIM Berhad.	
						(v) Period of registration is two years and will automatically expire in accordance with the validity period of Ministry of Finance/CIDB except when the supplier provide to SIRIM Berhad the latest certificate by the Ministry of Finance/CIDB/Pusat Khidmat Kontrktor.	
						(vi) Serba Dinamik must apply for renewal of registration three months before the expiry of the validity period.	

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
7.	Serba Dinamik	Bintulu District Office	Licence to provide maintenance service machine trouble shooting, manpower supply and equipment.	4 October 2016	Valid until 4 October 2017	-	Complied
8.	Serba Dinamik	Bureau Veritas Certification (Malaysia) Sdn Bhd/ ISO 14001:2004 Certificate	Certificate to certify that the management system of Serba Dinamik in its premise located at Lot 11285, Taman Industri Paka, 23100 Paka, Dungun Terengganu Darul Iman has been audited and is found to be in accordance with the requirement of the management standard for the scope of repair, maintenance, installation and commissioning of rotating equipment and related plant e.g. pumps, compressors, turbines, gearboxes and valves is in accordance with the requirements of ISO 14001:2004.	23 December 2015	Valid until 14 September 2018	-	Complied
9.	Serba Dinamik	CIDB/ Certificate of Registration/ Registration No.:	Certificate of registration to act as registered contractor recognised by the CIDB in accordance with Part VI, Construction Industry Development Board Act, 1994. Serba Dinamik is registered with CIDB for the grades under the categories: G7, B (Building Construction), G7, CE (Civil Engineering Works) and G7, ME (Mechanical & Electrical).	17 February 2015	Valid until 16 February 2018	This certificate of registration must be renewed at least 60 days prior to its expiration.	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
10.	Serba Dinamik	Global Ventures Holdings Berhad/ Certificate of Registration/ Certificate No. B- 01071200148-01	Certificate of registration to act as registered vendor of Felda Global Ventures Holdings Berhad to participate in any bid or tender in FELDA group of companies in the fields of mechanical engineering, electrical engineering, provisions of hardware and software, provisions of network and system development.	1 July 2015	Valid until 30 June 2018	This certificate of registration must be renewed 30 days prior to its expiration.	Complied
11.	Serba Dinamik	IQ Net and SIRIM QAS International Sdn Bhd/ OHSAS 18001:2007	Certificate to certify that Serba Dinamik has implemented and maintained an occupational health and safety management system which fulfils the requirements of OHSAS 18001:2007 for the provision of on-site maintenance, servicing and overhauling for all kind of turbo machinery and instrumentation.	25 August 2014	Valid until 3 September 2017	-	Complied
12.	Serba Dinamik International	IQ Net and SIRIM QAS International Sdn Bhd/ ISO 9001:2008/ Certificate No. AR6122	Certificate to certify that Serba Dinamik International has implemented and maintained a quality management system which fulfils the requirements of ISO 9001:2008 for the provision of maintenance and services for mechanical equipment (rotating and static)	5 June 2014	Valid until 4 June 2017	-	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
13.	Serba Dinamik	Sarawak Federal Treasury, under the Ministry of Finance/ Certificate Registration Companies/ Certificate No. KQ709701151013 49551	Certificate of registration with the Ministry of Finance in the field of supply and services.	10 November 2014	Valid until 9 November 2017	(i) Serba Dinamik is prohibited from effecting any changes to its shareholders or directors within six months from the date of registration (ii) This certificate shall be suspended/ revoked, in the following events: (a) Serba Dinamik, its directors or any of its management personnel has committed and found guilty of any criminal or civil charges in the courts of Malaysia or any other jurisdiction;	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

Licensee/ Contractor No.	Approving authority/Issuer/ Certificate/Licen se/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
					(b) the withdrawal by Serba Dinamik of any bid before a tender is considered or rejection of tender after an offer was made;	
					(c) failure by Serba Dinamik to perform any contractual obligations with the Government;	
					(d) tempering of the certificate of registration with fraudulent intention or any reason whatsoever;	
					(e) allowing the certificate of registration to be misused by any other individual or corporation; and	

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
						(f) Serba Dinamik making any price arrangement with any other corporations in furtherance of any Government tender or sub- contracting any obligation without prior agreement with the relevant Government agency.	
						(iii) This certificate of registration must be renewed three months prior to its expiration.	
14.	Serba Dinamik	Sarawak Federal Treasury, under the Ministry of Finance/ Certificate Registration of Company/	Certificate of recognition as a Bumiputera company.	21 January 2015	Valid until 9 November 2017	(i) Serba Dinamik must ensure that: (a) 51.00% or more of the equity ownership of Serba Dinamik is held by Bumiputera; and	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
		Certificate No. BPQ70970115101 399824				(b) the majority of the members of the board of directors, chief executive officer, managing director or general manager or any other key posts, officers of the Company at management levels and employees are Bumiputera.	
						(ii) Any changes in the information must be informed to the Ministry of Finance immediately. It should be updated online at the website www.eperolehan.gov.my within 21 days from the date of such changes.	

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licencse/ certificate	Validity period	Salient conditions	Status/ Compliance
15.	Serba Dinamik	SIRIM International Sdn Bhd/ Certificate Registration Company/ Certificate No. SR 0295	Certificate to certify that Serba Dinamik has implemented an Occupational Health and Safety Management Systems complying with OHSAS 18001:2007 for the provision of on-site maintenance, servicing and overhauling for all kind of turbo machinery and instrumentation.	25 August 2014	Valid from 4 September 2014 until 3 September 2017	-	Complied
16.	Serba Dinamik	CIDB/ Certificate Procurement Government Projects/ Certificate No. 1970709- SL039472	License to affirm that Serba Dinamik is registered with CIDB for the certificate of registration for the procurement of government projects as a contractor for the grades under the categories: G7, B (Building Construction), G7, CE (Civil Engineering Works) and G7, ME (Mechanical & Electrical).	30 June 2015	Valid until 16 February 2018	(i) This certificate must be submitted together with the Contractor Registration of Certificate to participate in any tender of government project or project of government related agency. This certificate must be renewed together with Registration Certificate issued by CIDB. (ii) Serba Dinamik/ Certificate Holder may not lend, lease, transfer, allow or cause to allow anything which may cause this certificate to be used by a person not named for	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
17.	Serba Dinamik	Tenaga Nasional Berhad/ TNB Registration No: 3002457/ Other Registration: PPK0931/2015	To certify that Serba Dinamik is registered as Services Supplier and Contractor.	22 April 2015	Valid Until 9 November 2017	<p>the use of the license to obtain Government procurements.</p> <p>(iii) Only the officers of Serba Dinamik named in this certificate to sign Serba Dinamik's contractual document or to authorise Serba Dinamik's employees to accept the document of offer.</p> <p>(iv) Any changes in information must be informed to CIDB within 21 days from the date of such changes.</p> <p>The validity period of this certificate is subject to the validity period of the registration certificate of the Ministry of Finance, CIDB and any related professional certificates.</p>	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licen se/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
18.	Serba Dinamik IT	PETRONAS/ License to Supply Product/Service to Exploration and Oil/Gas companies in Malaysia/ Licence No. 919896-A	License to supply product/service to exploration and oil/gas companies in Malaysia for the following categories: <u>Approved licence categories:</u> (i) L-SC3080300 - Consultancy Services - ICT Consultancy (Self-operated) (ii) L-SC3110100 - Consultancy Services - Specialised Skill Training - ICT Training Services (Self-operated)	11 December 2014	Valid until 8 December 2017	(i) This license is not transferable to any company/other party. (ii) This license will be revoked if the Serba Dinamik IT is found to be in the process of liquidation, winding-up or dissolution. (iii) Serba Dinamik IT shall inform PETRONAS on any changes related to Serba Dinamik IT's position such as equity ownership, board of directors and management staff within 14 days. Failure to do so will result in the revocation of this licence.	
						(iv) Serba Dinamik IT is not allowed to take another company as its principal, agent, sub- contractor or otherwise to provide any service or supply of any	

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licen ce/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
						facility, fittings or equipment on its behalf without prior written consent from PETRONAS.	
						(v) This approval is not an agreement/ guarantee that Serba Dinamik IT will be called to participate in a tender or quotation by PETRONAS or its subsidiaries.	
						(vi) Failure to fulfil any of the conditions in this licence may result in the revocation, suspension or blacklisting of this licence at any time.	
19.	Serba Dinamik RMC FZE	RAKMC Authority/ License No.: RMC 10 15 003	Oil and natural gas well equipment repair and maintenance; ports and marine construction contracting; ship management and operation; general warehousing.	22 October 2016	Valid until 21 October 2017	(i) License type: Commercial (ii) Legal status: Free Zone Establishment	Complied
20.	Serba Dinamik RMC FZE	RAKMC Authority/ License No.: RMC 10 15 004T	Oil and natural gas equipment and spare parts trading.	22 October 2016	Valid until 21 October 2017	(i) License type: Trading (ii) Legal status: Free Zone Establishment	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Licensee/ Contractor	Approving authority/Issuer/ Certificate/Licence/ Registration No.	Description of licence/ approval	Date of licence/ certificate	Validity period	Salient conditions	Status/ Compliance
21.	PT Kubic Gasco Refer to note (1) below	Trade Business Licence issued by Head of One Stop Integrated Service Agency of Muaro Jambi Regency/ License No. 503/06/61/BPTSP /II/2016	Trading of natural gas of Muaro Jambi Regency.	3 February 2016	Valid during the activity of PT Kubic Gasco and shall be renewed every five years	-	Complied
22.	PT Gasco	Business Location Permit issued by Head of One Stop Integrated Service Agency/ Permit No. 503/011/90/BPTS P/II/2016	In relation to the business location of PT Kubic Gasco's office, having its address at KM. 48 RT 15 Bukit Baling Village, Kecamatan/District Sekernan.	3 February 2016	Valid for a period for three years and shall be renewed every one year	-	Complied

Note:

- (1) *PT Kubic Gasco has entered into an operational cooperation agreement with PD Muaro Jambi, a district owned company, on 16 March 2016 to collaborate in the commercial operations of the CNG plant in Muaro Jambi, Sumatra, Indonesia. PD Muaro Jambi has a gas supply agreement with PT Pertamina EP for the supply of natural gas to support power generation and industries in Muaro Jambi, Sumatra, Indonesia and its surrounding areas. PT Kubic Gasco will be responsible for providing financing, management and engineering expertise to develop and operate the plant, under the operational cooperation agreement.*
- Pending the issuance of an official CNG trading permit, PD Muaro Jambi has obtained a provisional CNG Trading Permit from the Ministry of Energy and Mineral Resources of Indonesia on 22 March 2016 which is valid for a period of two years from the date of issuance of the permit. The provisional CNG Trading Permit was issued for the purpose of equipping the plant's facilities, running equipment calibration, and preparation of the relevant documents for the commissioning of the CNG plant. The official CNG trading permit is expected to be issued by first quarter of 2017. Please refer to Section 7.4.5 of the Prospectus for further details on this CNG plant.*

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT**B.1 MATERIAL PROPERTIES OWNED BY OUR GROUP**

The details of the material land and buildings owned by us are set out below:

No.	Name of registered owner/ (Beneficial owner, if applicable)/ Lot no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC	Built-up area/ Land area (sq metre)	Encumbrances on property	NBV as at 30 June 2016 (RM unless otherwise stated)
1.	Serba Dinamik No. 6-1 to No. 6-5; No. 7-1 to No. 7-5; and No. 13-1 to No. 13-5, Persiaran Damai Seksyen 11, 40100 Shah Alam, Selangor Darul Ehsan/ No. 8-5, Persiaran Damai Seksyen 11, 40100 Shah Alam, Selangor Darul Ehsan/ Leasehold for a period of 99 years and expiring on 12 May 2095	15 units of office space within five-storey Terrace Retail Building Currently used as office space by Serba Dinamik Holdings Group	27 April 1999	2,279.00/ N/A	Refer to Note (1) below	4,497,149.94
2.	PM2440, Lot 9717, Kampung Cacar, Mukim Kuala Paka, Daerah Dungun, Terengganu/ Lot 11285, Taman Industri Paka, 23100 Paka, Dungun, Terengganu/ Leasehold for a period of 60 years and expiring on 31 August 2059	An industrial land developed with a single- storey detached office building, a single-storey partly open sided detached workshop, a single storey detached building used as training room/quality assurance & quality control office/HSE & logistic office/surau and a guard house Currently used as workshop and service centre by Serba Dinamik	10 March 2009	1,096.47/ 4,000.00	Charge created by Serba Dinamik in favour of Maybank registered on 16 January 2006 Charge created by Serba Dinamik in favour of Maybank registered on 16 January 2006	454,653.63

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

No.	Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC	Built-up area/ Land area (sq metre)	Encumbrances on property	NBV as at 30 June 2016 (RM unless otherwise stated)
3.	Lot 973, Block 26 Kemena Land District, Kidurong Industrial Estate, Bintulu, Sarawak/ Lot 973, Blk 26, Kidurong Light Industrial Estate, P.O. Box 1097, 97008, Bintulu, Sarawak/ Leasehold for a period of 60 years and expiring on 29 February 2060	An industrial land improved with a partly covered workshop shed, office, store, training building and a guard house/ Currently used as workshop and service centre by Serba Dinamik	Refer to Notes (2) and (3) below	689.90/ 4,061.00	(i) Charge created by Serba Dinamik in favour of Bumiputra Commerce Bank Berhad (now known as CIMB Bank Berhad) registered on 04 November 2003 for RM2,000,000.00 vide L.6585/2003 (includes caveat) (ii) Charge created by Serba Dinamik in favour of Bumiputra Commerce Bank Berhad (now known as CIMB Bank Berhad) registered on 09 August 2006 for RM2,500,000.00 vide L.3862/2006 (includes caveat) (subject to charge L.6585/2003)	390,855.70
4.	Lot 5845, Block 5 Kuala Baram Land District, Kuala Baram/ Lutong Road, Miri, Sarawak/ Lot 5845 Block 5 Kuala Baram Land District, Kuala Baram, 98000 Lutong Road, Miri, Sarawak/ Leasehold for a period of 60 years and expiring on 6 December 2069	An agricultural land improved with a double-storey office, a workshop and a guard house/ Currently used as workshop and service centre by Serba Dinamik	Refer to Notes (4) and (5) below	603.87/ 10,816.00	Nil	525,000.00

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

No.	Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC	Built-up area/ Land area (sq metre)	Encumbrances on property	NBV as at 30 June 2016 (RM unless otherwise stated)
5.	HSD 151567 PT 69951, Lot No. 18, Lorong Sungai Puloh 1A/KU6, Taman Teknologi Gembilang, 42100 Klang, Selangor Darul Ehsan/ Lot No.18, Lorong Sungai Puloh 1A/KU6, Taman Teknologi Gembilang, 42100 Klang, Selangor Darul Ehsan/ Freehold	A unit of industrial building with a three- storey office block annexed thereto/ Currently used as a factory by Serba Dinamik	1 July 2014	1,309.92/ 2,041.61	(i) Charge created by Serba Dinamik in favour of Public Islamic Bank Berhad registered on 1 July 2015 (ii) Charge created by Serba Dinamik in favour of Public Islamic Bank Berhad registered on 9 December 2015 (iii) Charge created by Serba Dinamik in favour of Public Islamic Bank Berhad registered on 9 December 2015	4,704,000.00
6.	CNG plant, Muaro Jambi, Indonesia Jl.Lintas Timur KM48 RT15 Desa Bukit Baling Kecamatan Sekernan, Kabupaten Muaro Jambi, Provinsi Jambi, Indonesia/ Jl.Lintas Timur KM48 RT15 Desa Bukit Baling Kecamatan Sekernan, Kabupaten Muaro Jambi, Provinsi Jambi, Indonesia/	A unit of office building, a cafeteria and a control room building with equipment (including compressor, gas turbine, dryer and dispenser for gas)/	Refer to (6) below	Total build-up - 4,430 for the office building and 11,200 for CNG mother station area/ 30,020	Nil	1,721,181.41

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

No.	Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./ Postal address/ Tenure	Description of property/ Existing use	Date of issuance of CCC	Built-up area/ Land area (sq metre)	Encumbrances on property	NBV as at 30 June 2016 (RM unless otherwise stated)
	N/A	Currently being used as office space and will also be used for the purpose of a CNG plant upon the plant's commissioning				
		Refer to Note (7) below				

Notes:

- (1) The 15 units of office space located at Pusat Dagangan UMNNO Shah Alam, Lot 8, Persiaran Damai Seksyen 11, 40100 Shah Alam, Selangor Darul Ehsan have been charged by Serba Dinamik in favour of various banks, as follows:-
- (i) five units held under the unit No. 6-1 to No. 6-5 have been charged in favour of Maybank Islamic on 16 May 2012 and 18 September 2012;
- (ii) five units held under the unit No. 13-1 to No. 13-5 have been charged in favour of Maybank on 25 October 2011 and 18 January 2012; and
- (iii) five units held under the unit No. 7-1 to No. 7-5 have been charged in favour of Public Bank on 6 July 2007.
- (2) Serba Dinamik was granted an approval on 28 September 2016 for Lot 973, Block 26 Kemena Land District, Kidurong Industrial Estate, Bintulu, Sarawak for the development of land in accordance with the approved plan. The approval shall be valid for a period of 24 months from 24 August 2016, being the date of the approved plan, subject to certain conditions imposed on Serba Dinamik including amongst others height restriction and permitted floor usage of the office, store and workshop. The approval shall lapse if the works covered by the building plans have not been commenced within 24 months from 24 August 2016. In the event Serba Dinamik is unable to procure the CCC as stipulated in Note (3) below, we expect to relocate our workshop and operations to a suitable industrial area and be fully operational within six months from the date of such relocation. A majority of the work orders are executed in situ (at client's site) and hence, the relocation of the workshop and operations, if any would not have material impact on the Group's business operations as a whole. Serba Dinamik will still be able to continue to provide services at alternative locations such as other third party providers as the tools and equipment are similar to other service centres and workshops of the same capacity. We will make the appropriate disclosure to Bursa Securities in our quarterly report as an update on the status of compliance until the CCC and fire certificate are obtained or the workshop and operations have been relocated.
- (3) The company and its consultant are in the process of preparing an application for the CCC. The CCC is expected to be issued within 12 to 24 months from the date of the submission of the building plans. In addition, the building does not have a fire certificate. Serba Dinamik will make the application for the fire certificate as soon as the CCC is approved and expects to procure the issuance of the fire certificate within six months from the date of issuance of the CCC. We will make the appropriate disclosure to Bursa Securities in our quarterly report as an update on the status of compliance until the CCC and fire certificates are obtained.

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

- (4) *Serba Dinamik was granted a provisional approval on 4 April 2016 for temporary usage of Lot 5845, Block 5 Kuala Baram Land District, Kuala Baram/Lutong Road, Miri, Sarawak for "Light Industrial Development" for five years effective from 11 January 2016, being the date of the approved plan, subject to certain conditions being satisfied by Serba Dinamik. The provisional approval may be renewed for another five years after the expiry of the initial provisional approval for temporary usage. Serba Dinamik undertakes to apply for CCC for this property prior to the expiry of the provisional approval for temporary usage.*
- (5) *The restriction of interest states that this land is to be used only for agricultural purposes. Serba Dinamik will apply for the conversion of the land use from agricultural use to commercial use by end January 2017. The company and its consultant are in the process of preparing an application for the said conversion. The successful conversion of the land use is expected to be obtained within 12 to 24 months from the date of submission for application for conversion. In the event Serba Dinamik is unable to procure the successful conversion of the land within the period as stipulated above, we expect to relocate our workshop and operations to a suitable industrial area and be fully operational within six months from the date of such relocation. A majority of the work orders are executed in situ (at client's site) and hence, the relocation of the workshop and operations, if any would not have material impact on the Group's business operations as a whole. Serba Dinamik will still be able to continue to provide services at alternative locations such as other third party providers as the tools and equipment are similar to other service centres and workshops of the same capacity. We will make the appropriate disclosure to Bursa Securities in our quarterly report as an update on the status of compliance until the CCC and fire certificate are obtained or the workshop and operations have been relocated.*
- (6) *Our Indonesian solicitors, Messrs Temmy Taher & Partners had on 19 May 2016, confirmed that there is no CCC (or its equivalent) is issued by the relevant authorities for occupying the CNG Plant. In Indonesia, a Certificate of Building's Worthiness to be Occupied (Sertifikat Layak Huni) is only applicable for apartments and sky rise buildings and as such is not required for the purpose of this CNG Plant.*
- (7) *A provisional CNG trading permit has been issued to PD Muaro Jambi from the Ministry of Energy and Mineral Resources of Indonesia on 22 March 2016 which is valid for a period of two years from the date of issuance of the permit. The provisional CNG trading permit was issued for the purpose of equipping the plant's facilities, running equipment calibration and preparation of the relevant documents for the commissioning of the CNG plant, pending the issuance of an official trading permit. Subsequent to LPD, we commenced operations with the commissioning of the CNG plant and gas-in streaming, which was conducted on 25 November 2016. The official trading permit is expected to be issued by first quarter of 2017. Please refer to Annexure A of this Prospectus for details of the licences, permits and approvals for the CNG plant's operations and Section 7.4.5 and Section 7.6.3 of this Prospectus for the production capacity of the CNG plant.*

In addition to the material lands and buildings owned by us as disclosed above, our Group also owns a four-storey intermediate terrace shop house currently being used as an office space in Lot 932, Block 31 Kemena Land District, Tanjong Batu Road, Bintulu, Sarawak. The CCC for this building was issued on 23 March 1988.

Save as disclosed above, none of the properties disclosed are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties. No valuations have been conducted on any of the properties disclosed above.

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

B.2 PROPERTIES LEASED/TENANTED BY OUR GROUP

The details of material properties leased/tenanted by us are set out below:

No.	Name of lessor/lessee or landlord/tenant or grantor/grantee/ Lot no./ Postal address	Description of property/ Existing use	Date of issuance of CCC	Built-up area/ Land area/(Tenanted/Leased Area) (sq metre)	Tenure/ (Date of expiry)	Rental per month (RM unless otherwise stated)
1.	Seah Kiat Heng @ Seah Kiat Lim (as lessor) and Serba Dinamik (as lessee)/ Lot No. 3B (1R1/05), Ranca-rancha Light Industrial Estate, off Jalan Ranca-rancha, 87000, Federal Territory of Labuan, held under PN8433	One unit of warehouse cum office / Currently used as a workshop and service centre by Serba Dinamik	Refer to Note (1) below	1,277.3	Three years commencing from 1 December 2014 to 30 November 2017	20,000.00
2.	CSH Holdings Sdn Bhd (as lessor) and Serba Dinamik (as lessee)/ Lot 9, Jalan Arsat, MPL Light Industrial Estate, Federal Territory of Labuan	One unit of workshop cum office building with an annexed surau/ Currently used as a workshop by Serba Dinamik	Refer to Note (2) below	260.12	Three years commencing from 1 August 2016 to 30 July 2018	20,000.00
3.	Ras Al Khaimah Port (as lessor) and Serba Dinamik RMC (as lessee)/ MRO and Logistics Centre, Warehouse Shed 2.8 PO Box 5130, RAK Maritime City Free Zone, Ras al-Khaimah, UAE	One unit of warehouse building/ Industrial purposes including general storage, warehousing, trading and office administration Currently used as office, service centre and logistics centre	Refer to Note (3) below	1,944	Five years commencing from 1 December 2015	AED625,000.00 per annum

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

No.	Name of lessor/lessee or landlord/tenant or grantor/grantee/ Lot no./ Postal address	Description of property/ Existing use	Date of issuance of CCC	Built-up area/ Land area/(Tenanted/Leased Area) (sq metre)	Tenure/ (Date of expiry)	Rental per month (RM unless otherwise stated)
4.	Ras Al Khaimah Port (as lessor) and Serba Dinamik RMC (as lessee)/ Land PO Box 5130, RAK Maritime City Free Zone, Ras al-Khaimah, UAE	Vacant land and will later be used as minor fabrication overhaul facility in the future	Refer to Note (3) below	25,000	Five years commencing from 1 December 2015	AED408,240.00 per annum

Notes:

- (1) Serba Dinamik Group had on 22 April 2016 on behalf of Serba Dinamik, wrote to the landlord to obtain the relevant CCC for the service centre on Lot No. 3B (1R1/05), Ranza-ranza Light Industrial Estate, off Jalan Ranza-ranza, Federal Territory of Labuan. The landlord's property consultant had on 23 June 2016 submitted the relevant documents requested by the Jabatan Perancangan & Kawalan Bangunan, Perbadanan Labuan on behalf of the landlord in relation to the landlord's application for CCC. Subsequently, the landlord was informed that the local authority was unable to trace any record regarding the related initial development on this property and was advised to submit a fresh building plan application in order for the certificate of fitness for occupation to be processed upon obtaining the building plan's approval. Serba Dinamik was also informed that the process to obtain the certificate of fitness for occupation in respect of this property may take up to six months. If the landlord fails to obtain the approval within 12 months from our Listing, we will relocate this service centre and our operations to an alternative suitable location which has a valid CCC with fire certificate and be fully operational within 6 months from the expiry of the 12-month period. In addition, the building does not have a fire certificate. Serba Dinamik will use its best endeavours to assist the landlord to procure the issuance of the fire certificate within six months following the issuance of the CCC. A majority of the work orders are executed in situ (at client's site) and hence, the relocation of the service centre and our operations, if any would not have material impact on the Group's business operations as a whole. Serba Dinamik will still be able to continue to provide services at alternative locations such as other third party providers as the tools and equipment are similar to other service centres and workshops of the same capacity. We will make the appropriate disclosure to Bursa Securities in our quarterly report as an update on the status of compliance until the CCC and fire certificate are obtained or the service centres and operations have been relocated.

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

- (2) *Serba Dinamik Group had on 22 April 2016 wrote to the landlord to obtain the relevant CCC for the service centre on Lot 9, Jalan Arsat, MPL Light Industrial Estate, Federal Territory of Labuan. If the landlord fails to obtain the approval within 12 months from our Listing, we will relocate this service centre and our operations to an alternative suitable location which has a valid CCC with fire certificate and be fully operational within six months from the expiry of the 12-month period. In addition, the building does not have a fire certificate. Serba Dinamik will use its best endeavours to assist the landlord to procure the issuance of the fire certificate within six months following the issuance of the CCC. A majority of the work orders are executed in situ (at client's site) and hence, the relocation of the service centre and our operations, if any would not have material impact on the Group's business operations as a whole. Serba Dinamik will still be able to continue to provide services at alternative locations such as other third party providers as the tools and equipment are similar to other service centres and workshops of the same capacity. We will make the appropriate disclosure to Bursa Securities in our quarterly report as an update on the status of compliance until the CCC and fire certificate are obtained or the service centre and operations have been relocated.*
- (3) *Our UAE solicitors, Messrs Pinsent Masons had on 12 May 2016 confirmed that the RAK Port Authority does not issue a CCC nor its equivalent for the operations of the MRO and Logistics Centre. However, an evidence of fitness of a property is a pre-requisite for the RAK Maritime City to issue licences for a company's operation and by this virtue, Serba Dinamik RMC has satisfied the requirement for fitness of property considering that it has obtained its operation licences from the RAK Maritime City.*

In addition to the material lands and buildings leased/tenanted by us as disclosed above, our Group also rents/leases properties such as office spaces for general, corporate and administrative purposes. The following properties leased/tenanted by our Group are not deemed to be material for the business operations of our Group. Our Group will continue to use its best endeavour to ensure that the premises leased/tenanted for its operations have all the necessary CCC and deemed fit for occupation, save for:

- (i) Lot B19, Rancha-Rancha Light Industrial Estate, off Jalan Rancha-Rancha, 87000, Federal Territory of Labuan, currently leased from Perbadanan Labuan, is a vacant land and as such does not have a CCC;
- (ii) No. 6 Gate 1825 Road 5232 Ras Zuwayed 952, Kingdom of Bahrain, currently leased from Mohamed Jassim A.AL Zayani and used as a service centre by Serba Dinamik Petroleum. Our Bahrain solicitors, Messrs Mohamed Ali Al Watani & Associates had on 17 May 2016 confirmed that there is no CCC issued by the authority in Bahrain for occupancy of premises;
- (iii) No. 65, BLD 8, Road 1901 Manama/ALHOORA 319, Kingdom of Bahrain, currently leased from Ali Mohammed Al Musalam and used as an office space by Serba Dinamik Petroleum. Messrs Mohamed Ali Al Watani & Associates had on 17 May 2016 confirmed that there is no CCC issued by the authority in Bahrain for occupancy of premises;
- (iv) Unit 5, Tregonigge Industrial Estate, Falmouth, Cornwall, TR11 4SN, UK, currently leased from Michael Alan James Hockin and Diane Julie Hockin, respectively, and used as an office space by Quantum Offshore. Our England solicitors, Messrs Setfords Solicitors had on 24 May 2016 confirmed that there is no CCC issued for this building save for a Building Regulations Certificate dated 11 December 1997 which certified that this building has been constructed in accordance with approved building plans and prevalent building standards in the UK. However, the Building Regulations Certificate is not necessarily equivalent to the CCC in Malaysia even though it is the closest to our building regulations certificate as compared to the CCC in Malaysia. Further, by practice, the local council in the UK would not have typically issued a building regulations certificate for buildings constructed prior to year 2000;

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

- (v) Trident Court, 1 Oakcroft Road, Chessington, Surrey, KT9 1BD, UK, currently leased from Arvan Limited and used as an office space by Serba Dinamik London. Messrs Setfords Solicitors had on 24 May 2016 confirmed that there is no CCC issued for this building. Further, by practice, the local council in the UK would not have typically issued a building regulations certificate for buildings constructed prior to year 2000;
- (vi) Graha Tunas Building, Floor 3, Jl Warung Jati Barat No 63, South Jakarta, DKI Jakarta Postal Code 12740, currently being leased from PT Tunas Anugra Persada and used as office space by PT Kubic Gasco, PT Muaro Jambi, PT Delta Conusa and PT Serba Dinamik respectively. Messrs Temmy Taher & Partners had on 19 May 2016, confirmed that there is no CCC or its equivalent issued by the relevant authorities for occupying this office space. In Indonesia, a Certificate of Building's Worthiness to be Occupied (Sertifikat Layak Huni) is only applicable for apartments and sky rise buildings and as such is not required for the purpose of this building; and
- (vii) Jl. Aman Field No. 3, Pematang Pudu, Mandau, Bengkalis, Riau, currently being leased from Mrs. Erniwati and used as an office space by PT Serba Dinamik. Messrs Temmy Taher & Partners had on 19 May 2016 confirmed that there is no CCC or its equivalent issued by the relevant authorities for occupying this office space. In Indonesia, a Certificate of Building's Worthiness to be Occupied (Sertifikat Layak Huni) is only applicable for apartments and sky rise buildings and as such is not required for the purpose of this building.

Save as disclosed above, none of the properties disclosed are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties.

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ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**B.3 MATERIAL EQUIPMENT**

The material plants and equipment used by our operations are set out below:

Description	NBV as at LPD (unless indicated otherwise)
	RM '000
Plant and equipment classified as property, plant and equipment	
The building, plant and machinery of the CNG plant ⁽¹⁾	1,721,181.41 ⁽²⁾
Plant and equipment classified as tools and equipment	
Fully hydraulic terrain mobiles	2,213,778.49
Plant and equipment classified as tools and equipment	
CNC plasma and flame cutting machine, high velocity oxy-fuel spray system, hydraulic bundle extractor, Faro laser line probe	1,454,072.33
Total	5,389,032.23

Note:

- (1) *Being property No. 6 (i) as set out in Section B.1 of Annexure B of this Prospectus. Please refer to Section 7.4.5 of this Prospectus for further information of the CNG plant.*
- (2) *Audited NBV as at 30 June 2016.*

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