



SHIN YANG SHIPPING CORPORATION BERHAD
(666062-A)

ANNUAL REPORT
2017

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Shin Yang Shipping Corporation Group

Our business is focused on shipping and shipbuilding, which represent our main core revenue streams. Our two core businesses are synergistic as we construct the vessels and also used them in our shipping operations. In supporting our core business areas, we also undertake shipping agency & forwarding services, third party logistics transportation solutions, ship repairs, modifications and maintenance works.

We are one of the very few large shipping and shipbuilding operators that construct our own vessels. Being an integrated shipping and shipbuilding operator provides us with the competitive advantage to react quickly to favourable market conditions and to quickly undertake modification of existing vessels to meet new business opportunities and reinforce our fleet robustness by timely constructing vessels for our shipping operation requirements.

Our shipping operations cover both Malaysian and International waters; ranging from South East Asia, East Asia and the Far East region to the Gulf region in the Middle East Countries. Currently, we are supported by our own fleet of 277 vessels with a total Gross Registered Tonnage (GRT) of approximately 370,600 Tonnage.

Our shipbuilding facilities are supported by three shipbuilding yards located in Kuala Baram, Miri, one in Bintulu, Sarawak and one repair yard in Ras Al Khaimah, United Arab Emirates, Middle East with a total land area of approximately 280 acres and an annual capacity to construct 60 vessels based on a hundred meter length vessel. In addition, we also have one shipbuilding yard in Tanjung Manis, Sarawak for future business expansion with a total land area of approximately 214 acres.

Vision, Mission & Philosophy

Our Vision

*To be the Premier Shipbuilder & Integrated Marine Structural Fabricators
And*

One-stop Quality Logistics Services Provider and Marine Engineering in South East Asia and Beyond.



Our Corporate Mission

To operate a Modern Integrated shipping and shipbuilding benchmarking for Excellence in providing Comprehensive, Innovative and efficient Quality services.

Adaptability to changes, and retain sustainable success and steadfast in Health, Safety, Environment and Quality Value.

Committed to achieving Quality Assurance and Management through quality planning, improvement and control.

Full concern for preserving the Environment, Health and Safety of employees, neighbouring communities and our valued customers

Corporate Information

DIRECTORS

Tan Sri Datuk Ling Chiong Ho
Ling Chiong Sing
Ling Chiong Pin
Ling Chiong Sieng (*Resigned on 9 May 2017*)
Datuk Lawrence Lai Yew Son
Koh Ek Chong
Ling Siu Chuo
Vincent Ling Lu Yew
Arshad Bin Zainuddin

AUDIT COMMITTEE

Koh Ek Chong
Chairman and Independent Non -Executive

Datuk Lawrence Lai Yew Son
Independent Non -Executive

Ling Siu Chuo
Non Independent Non -Executive

Arshad Bin Zainuddin
Independent Non -Executive

JOINT NOMINATION AND REMUNERATION COMMITTEE

Datuk Lawrence Lai Yew Son
Chairman and Independent Non -Executive

Koh Ek Chong
Independent Non -Executive

Ling Siu Chuo
Non Independent Non-Executive

Arshad Bin Zainuddin
Independent Non -Executive

REGISTERED OFFICE

Sublot 153 (Parent Lot 70)
 Jalan Kuala Baram, Kuala Baram
 98100 Miri, Sarawak
 Telephone No.: 085-428399
 Facsimile No. : 085-421428
 E-mail : syshippingcorp@shinyang.com.my
 Website : www.syshippingcorp.com.my

GROUP MANAGING DIRECTOR

Ling Chiong Sing

CHIEF EXECUTIVE OFFICER

Captain Ting Hien Liong

COMPANY SECRETARY

Richard Ling Peng Liing

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd (378993-D)
 Level 6, Symphony House
 Pusat Dagangan Dana 1,
 Jalan PJU 1A/46, 47301 Petaling Jaya
 Selangor Darul Ehsan.
 Telephone No.: 03-7849 0777
 Facsimile No. : 03-7841 8151/8152

AUDITOR

Ernst & Young (AF: 0039)
 4th Floor, Unit 4.1, Lot 698
 Wisma Yong Lung
 Pelita Commercial Centre
 98000 Miri, Sarawak
 Telephone No.: 085-423 881
 Facsimile No. : 085-413 921

PRINCIPAL BANKERS

AmBank (M) Berhad
Bank Pembangunan Malaysia Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

Main Market Bursa Malaysia Securities Berhad
Stock Name: SYSCORP
Stock Code: 5173

Profile of Board of Directors

TAN SRI DATUK LING CHIONG HO

Non-Independent Non-Executive Chairman

DATE OF APPOINTMENT

15 September 2004 (Director)

31 March 2010 (Non-Executive Chairman)

NATIONALITY/AGE

Malaysian, 65 years

Tan Sri Datuk Ling Chiong Ho has extensive experience and technical know-how toward new development and design & full construction of vessels and repair of vessels. He has been instrumental in the growth and development of the Group and had lead our Group to become an established shipping operator and leading shipbuilder in Malaysia. Tan Sri Datuk Ling is the founder and Chairman of the well diversified Shin Yang Group of Companies involving in reforestation, wood based downstream activities, property development, infrastructure projects and public toll concession, oil palm plantation, public transportation, hypermarkets and hotel businesses. He is also the Group Executive Chairman of Sarawak Oil Palms Berhad, a company listed on Bursa Malaysia Securities Berhad.

In addition to being the current Deputy Chairman of Sarawak Timber Association and Chairman of Miri Shipbuilding Association, he also serves as Advisor/Chairman/Deputy Chairman of several school boards and charitable organisations in Sarawak.

Tan Sri Datuk Ling is the brother of Ling Chiong Sing, Ling Chiong Pin, Ling Chiong Sieng and Mdm Ling Siu Chuo, directors of the Company. Tan Sri Datuk Ling is deemed connected to Shin Yang Holding Sdn Bhd, one of the substantial shareholders of the Company. He is deemed interested in various transactions between the Group and certain companies carried out in the ordinary course of business by virtue of his common directorship and/or shareholdings in these companies.

LING CHIONG SING

Group Managing Director

DATE OF APPOINTMENT

15 September 2004 (Director)

13 May 2010 (Group Managing Director)

NATIONALITY/AGE

Malaysian, 61 years

Ling Chiong Sing graduated from Taiwan in Accountancy and is responsible for the overall operational and financial management of our Group. As one of the founding members of our Group, Mr. Ling brings with him over twenty (20) years of extensive and hands-on knowledge on all aspects of our business activities ranging from international and coastal shipping, shipbuilding and ship repairs. Mr. Ling was also pioneer to our projects planning and business development, especially the expansion of our Middle East operations. Mr Ling is also the non executive director of Sarawak Oil Palms Berhad, a company listed on Bursa Malaysia Securities Berhad.

Mr. Ling also serves as the 2nd Vice President to Miri Chinese Chamber of Commerce and act as a joint committee member of the Chamber.

He is the brother of Tan Sri Datuk Ling, Ling Chiong Pin, Ling Chiong Sieng and Mdm Ling Siu Chuo who are Non Executive Chairman, Executive Directors and Non Executive Director of the Company respectively. He is deemed connected to Shin Yang Holding Sdn Bhd, one of the substantial shareholders of the Company. He is deemed interested in various transactions between the Group and certain companies carried out in the ordinary course of business by virtue of his common directorship and/or shareholdings in these companies.



Profile of Board of Directors (cont'd)

LING CHIONG PIN

Executive Director

DATE OF APPOINTMENT

30 November 2009 (*Executive Director*)

NATIONALITY/AGE

Malaysian, 63 years

Ling Chiong Pin had served as a Coastal Master of domestic tugboats for over ten (10) years during the 1970s. He is currently the Managing Director of Piasau Slipways Sdn Bhd and is responsible for all aspects of our shipbuilding and ship repair operations and brings with him extensive hands-on experience and knowledge in shipping and shipbuilding operations.

He is the brother of Tan Sri Datuk Ling, Ling Chiong Sing, Ling Chiong Sieng and Mdm Ling Siu Chuo, who are Non Executive Chairman, Group Managing Director, Executive Director and Non Executive Director of the Company respectively. He is deemed connected to Shin Yang Holding Sdn Bhd, one of the substantial shareholders of the Company. He is deemed interested in various transactions between the Group and certain companies carried out in the ordinary course of business by virtue of his common directorship and/or shareholdings in these companies.

LING CHIONG SIENG

Executive Director (Resigned on 9 May, 2017)

DATE OF APPOINTMENT

30 November 2009 (*Executive Director*)

NATIONALITY/AGE

Malaysian, 59 years

Ling Chiong Sieng had served on board vessels as a Coastal Master for domestic tugboats for many years and was instrumental in the setting up of our Group's first shipyard operations under Piasau Slipways Sdn Bhd. He brings with him extensive experience in business managements and project implementations.

He is the brother of Tan Sri Datuk Ling, Ling Chiong Sing, Ling Chiong Pin and Mdm Ling Siu Chuo, who are Non Executive Chairman, Group Managing Director, Executive Director and Non Executive Director of the Company respectively. He is deemed connected to Shin Yang Holding Sdn Bhd, one of the substantial shareholders of the Company. He is deemed interested in various transactions between the Group and certain companies carried out in the ordinary course of business by virtue of his common directorship and/or shareholdings in these companies.

DATUK LAWRENCE LAI YEW SON

Independent Non-Executive Director

DATE OF APPOINTMENT

30 November 2009 (*Independent Non-Executive Director*)

NATIONALITY/AGE

Malaysian, 57 years

Datuk Lawrence Lai is an Advocate and Solicitor by profession. He graduated with Bachelor of Law with Honours from the University of Sheffield, England in 1982 and was admitted as Barrister-At-Law of the Honourable Society of Lincoln's Inn, London, England and was called to the English Bar in 1983. He was admitted as an Advocate of the High Court of Sabah and Sarawak and called to the Sarawak Bar in 1984 and the Sabah Bar in 1986. He is currently a Notary Public and Commissioner for Oaths. Datuk Lawrence Lai was the Mayor of Miri City Council, Sarawak from year 2009 to year 2016.

On 16th October 2016, Datuk Lawrence Lai was conferred the Darjah Pangkuan Seri Melaka (D.P.S.M) which carries the title "Datuk" by Yang Di-Pertua Negeri Melaka.

Datuk Lawrence Lai is also a member of the Audit Committee and the Chairman of the Joint Remuneration and Nomination Committees. He is not related to any director and /or substantial shareholders of the Company and does not have any conflict of interest with the Group.

KOH EK CHONG

Independent Non-Executive Director

DATE OF APPOINTMENT

30 November 2009 (*Independent Non-Executive Director*)

NATIONALITY/AGE

Malaysian, 56 years

Koh Ek Chong has extensive experience in financial management and audit, taxation and financial planning. He started work in 1983 with Hii King Hiong & Company, a public accounting and audit firm and is now one of the practicing partners. Mr Koh is a fellow member of the Association of Chartered Certified Accountants (ACCA), a member of the Malaysian Institute of Accountants, associate member of the Chartered Tax Institute Malaysia and a certified member of the Financial Planning Association of Malaysia.

Mr. Koh is also the Chairman of the Audit Committee and a member of the Joint Remuneration and Nomination Committees. He is not related to any director and /or substantial shareholders of the Company and does not have any conflict of interest with the Group. Mr. Koh is also the Independent Non-Executive Director of Dayang Enterprise Holdings Berhad, a company listed on Bursa Malaysia Securities Berhad.

Profile of Board of Directors (cont'd)

LING SIU CHUO

Non-Independent Non-Executive Director

DATE OF APPOINTMENT

30 November 2009 (Non-Independent Non-Executive Director)

NATIONALITY/AGE

Malaysian, 54 years

Ling Siu Chuo started her career with Shin Yang Group of Companies in the 1980s and was later promoted to be the Manager in charge of the administration and human resources of Shin Yang Group in 1990. She has hands-on experience and knowledge of the business activities of the Shin Yang Group and related business and administrative matters involving shipping and shipbuilding activities. Presently she serves as a member of the Audit Committee and as a member of the Joint Remuneration and Nomination Committees.

She is the sister of Tan Sri Datuk Ling, Ling Chiong Sing, Ling Chiong Pin and Ling Chiong Sieng, who are Non Executive Chairman, Group Managing Director and Executive Directors of the Company respectively. She is an appointed representative of Shin Yang Holding Sdn Bhd, one of the substantial shareholders of the Company. She is deemed interested in certain transactions between the Group and certain companies carried out in the ordinary course of business by virtue of her common directorship in these companies.

VINCENT LING LU YEW

Non-Independent Executive Director

DATE OF APPOINTMENT

2 September 2016 (Non-Independent Executive Director)

NATIONALITY/AGE

Malaysian, 33 years

Vincent Ling Lu Yew graduated with a Bachelor of Civil and Construction Engineering from Curtin University of Technology, Australia in 2006. In 2007, he joined Shin Yang Shipyard as Operation Manager and was appointed as Director of Shin Yang Shipyard in March 2010. Mr. Vincent Ling oversees the day-to-day operations of our Shipbuilding and ship repair & metal fabricant operations and actively implementing continual improvements to our shipbuilding and ship repair & metal fabrication operations. He is gradually overseeing the international shipping within the Group and will gradually contribute to the strategic planning and evaluation to the international shipping sector.

He is the son of Ling Chiong Pin, the Executive Director and nephew of Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing and Ling Chiong Sieng, who are Non Executive Chairman, Group Managing Director and Executive Director of the Company respectively. He is an appointed representative of Shin Yang Holding Sdn Bhd, one of the substantial shareholders of the Company. He is deemed interested in certain transactions between the Group and certain companies carried out in the ordinary course of business by virtue of his common deemed shareholdings in these companies.

ARSHAD BIN ZAINUDDIN

Independent Non-Executive Director

DATE OF APPOINTMENT

2 September 2016 (Independent Non-Executive Director)

NATIONALITY/AGE

Malaysian, 54 years

Arshad Bin Zainuddin has extensive experience in Quality Assurance and Health Safety and Environmental activities. He started work as assistant administrator for Sarawak in 1989 with Bintulu Industrial Gas Sdn Bhd. He is currently a HSE Manager for Sarawak Region in Citra Alti Sdn Bhd, who is in charge of HSE activities for all project sites including new projects in Malaysia.

He was awarded the National General Certificate in Occupational Safety and Health in July 1994 by The National Examination Board in Occupational Safety and Health, England. He was also awarded the Chartered Member and Chartered Advanced Diploma in Logistics Management by The Chartered Institute of Logistics and Transport, United Kingdom in December 2006.

Encik Arshad is also the member of the Audit Committee and Joint Remuneration and Nomination Committees. He is not related to any director and /or substantial shareholders of the Company and does not have any conflict of interest with the Group.



Our Floating Dock 2 in operation in Miri.

Financial Calendar

FINANCIAL YEAR END

30 JUNE 2017

Announcement of results

First Quarter	29 November 2016
Second Quarter	27 February 2017
Third Quarter	31 May 2017
Fourth Quarter	30 August 2017

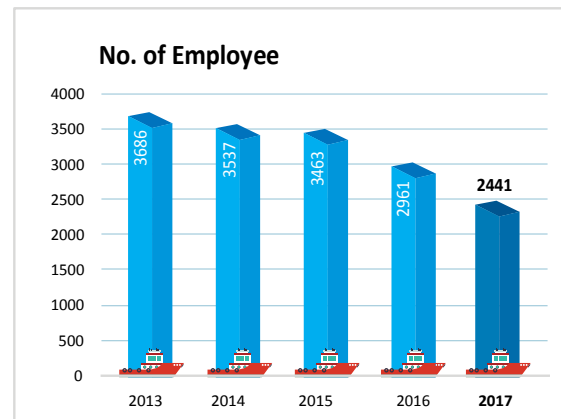
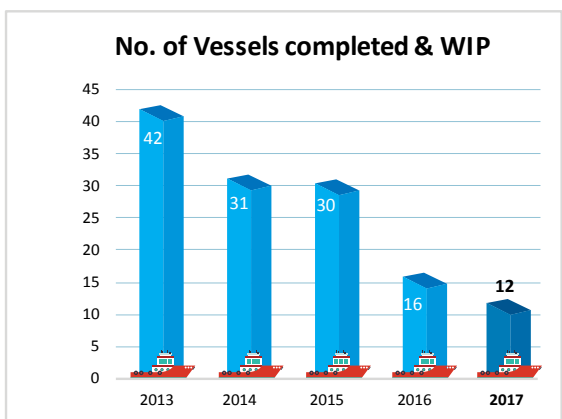
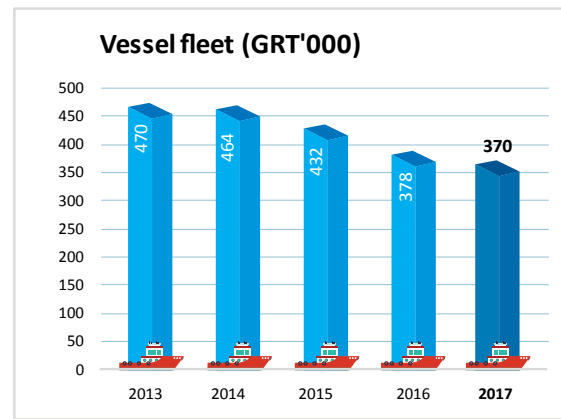
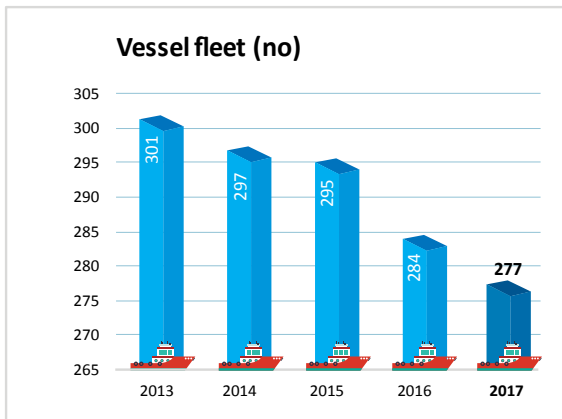
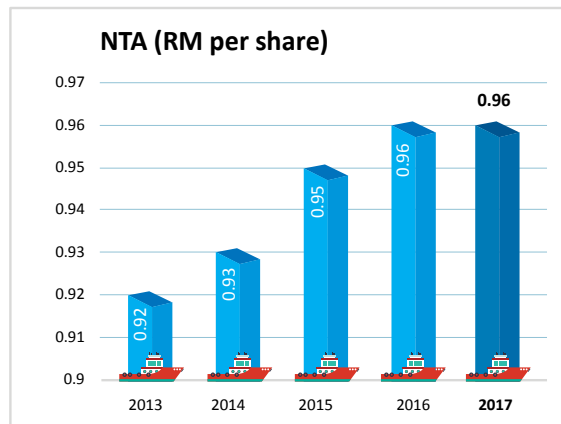
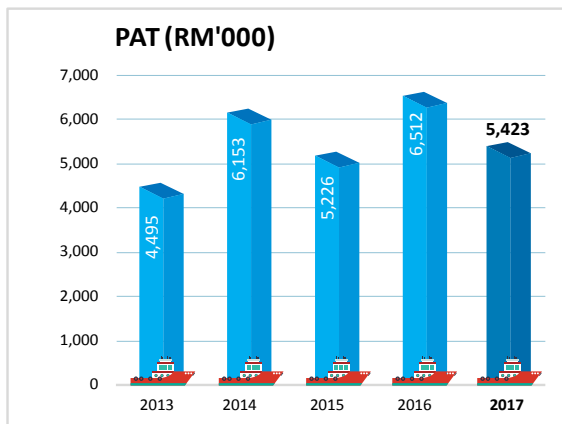
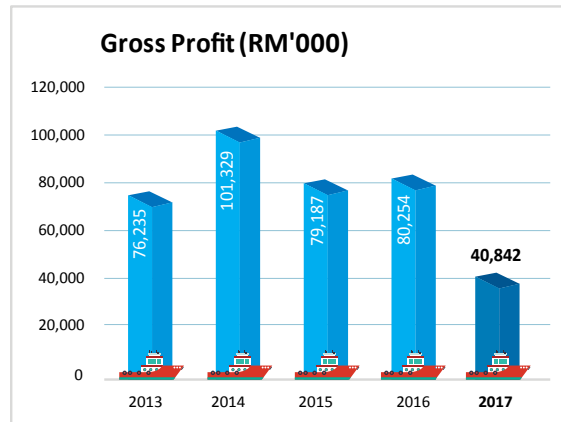
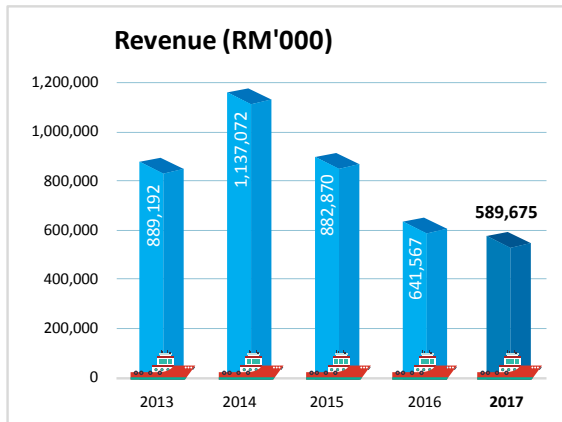
Published Annual Report And Financial Statements

Notice of Annual General Meeting	31 October 2017
12 th Annual General Meeting	5 December 2017



Our Floating Dock 1 in operation in Bintulu.

5- Years Statistic Highlights



Chairman's Statement



On behalf of the Board of Directors of Shin Yang Shipping Corporation Berhad (“The Board”), I am pleased to present the Annual Report and Audited Financial Statements of Shin Yang Shipping Corporation Group (“the Group”) for the financial year ended 30 June 2017. I also wish to thank the Jabatan Laut Malaysia under the Ministry of Transport for the National Maritime ICON award during the World Maritime Day 2017.

REVIEW OF RESULT PERFORMANCE

It was a year of withstanding the global and regional economic uncertainties. The international shipping market continued to face difficulties for dry bulk shipping with plunging freight rates for carrying commodity products. Locally, we analysed that the domestic and coastal shipping was the major growth covers for the local demand for infrastructure and resource based projects. However, shipbuilding for the oil and gas sector was at its weakest path due to minimization of their capital expenditures towards the oil and gas industry players. In order to sustain the maritime industry, it must be able to stand firm, consolidate its business activities and to fulfil its commitments and responsibilities to the stake holders.

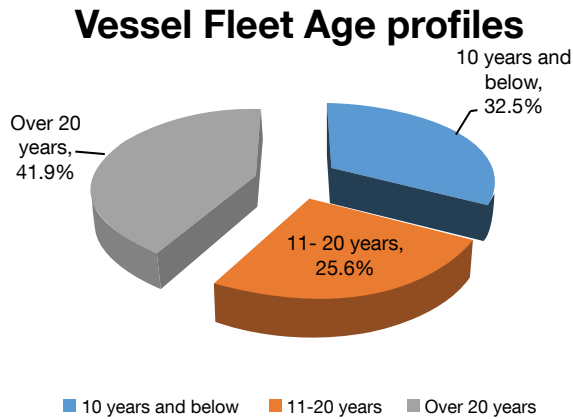
The Group delivered a maintainable performance for the year ended 30 June 2017 (FY 2017). The Group registered a gross revenue of RM589.7million, a marginal decrease of 8.1% as compared to year 2016. The decrease was mainly due to the lower revenue generated from the international shipping segments with a decrease of 20.4% compared to previous year, while the shipbuilding, ship repair and fabrication of metal structures revenue reached RM94.4million, a marginal decrease of 1.6% as compared to RM95.9million achieved in year 2016.

Accordingly, the Group registered a gross profit and net profit after tax of RM40.8million and RM5.4million respectively with an earnings per share of 0.44 sen per share as compared to 0.68 sen per share in the previous year. A slight decrease in earnings was due to higher overhead cost of operations in the shipping segments which showed a lower margin with profit of RM 42.5million as compared to RM60.4million in year 2016. The shipbuilding activities showed a further losses with four (2016: eleven) completed vessels successfully delivered to the owners from the oil and gas sector and resource based sectors.

During the year, the Group had maintained its vessel fleet at 277 vessels with Gross Revenue Tonnage (GRT) of approximately 370,622 tonnages from 284 vessels with approximate GRT of 378,387 tonnages in 2016.

Chairman's Statement (cont'd)

The vessel fleet age profiles of the Group as follows:



With the continuous improvement in terms of fleet efficiency, routes enhancement and plying speed of our vessel fleets, the Group is expected to increase its containers shipping by establishing strategic alliance with Northport authority called East Malaysia Network. Under this alliance, Northport will provide efficient and effective port services with high terminal productivity while the partners will aim to achieve economies of scale to increase shipping service frequency routes coverage between East Malaysia and West Malaysia from our existing thirteen (13) units of container vessels. The shipment of liquid bulk from the tankers and barges have showed its earnings stability.

DIVIDEND

In view of the current weak performance of the margin and our long term vision to sustain growth by substantially reinvesting its profit and taking into consideration the current completion of capital expenditures commitment, the Board has not proposed any dividend payment in the forthcoming Annual General Meeting.

REVIEW OF OPERATIONS

For the year under review, we have shipped 0.423 million cubic metres of timber products, a decrease of 13% from our eight (8) units of Twin Decker cargo vessels to the Far East regions.

Our container vessels had transported 98,075 TEU, a decrease of 7% from 105,059 TEU in 2016 from our thirteen (13) operating container vessels in our fleet.

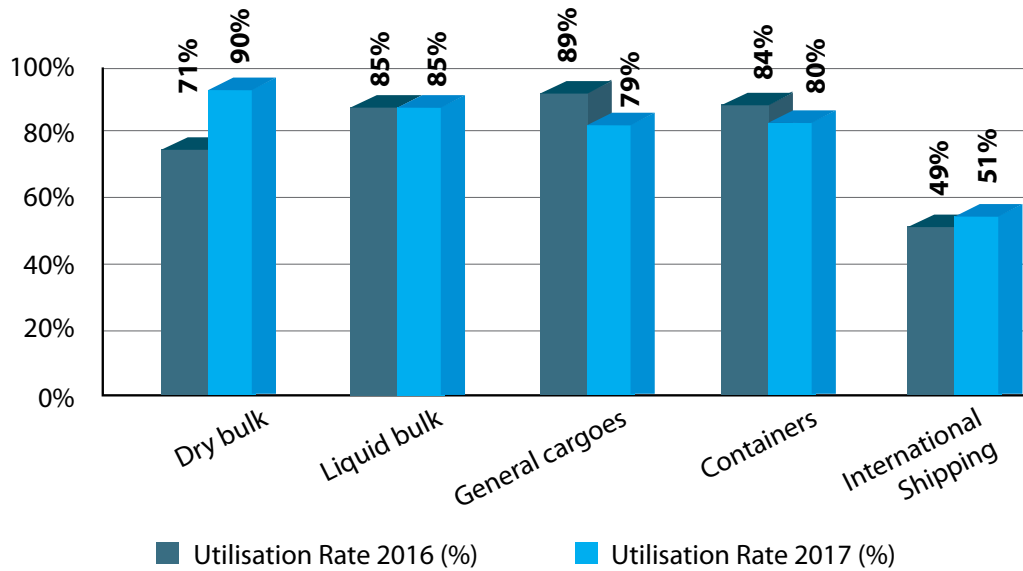
For the shipbuilding sector, we had successfully completed and delivered four (4) vessels to the ship owners with total contract sum of RM28.0 million and currently twelve (12) vessels with contract sum of RM150 million are still under construction as work in progress to be completed within the next one and half years.

Our tugboats in operation toward Miri water.

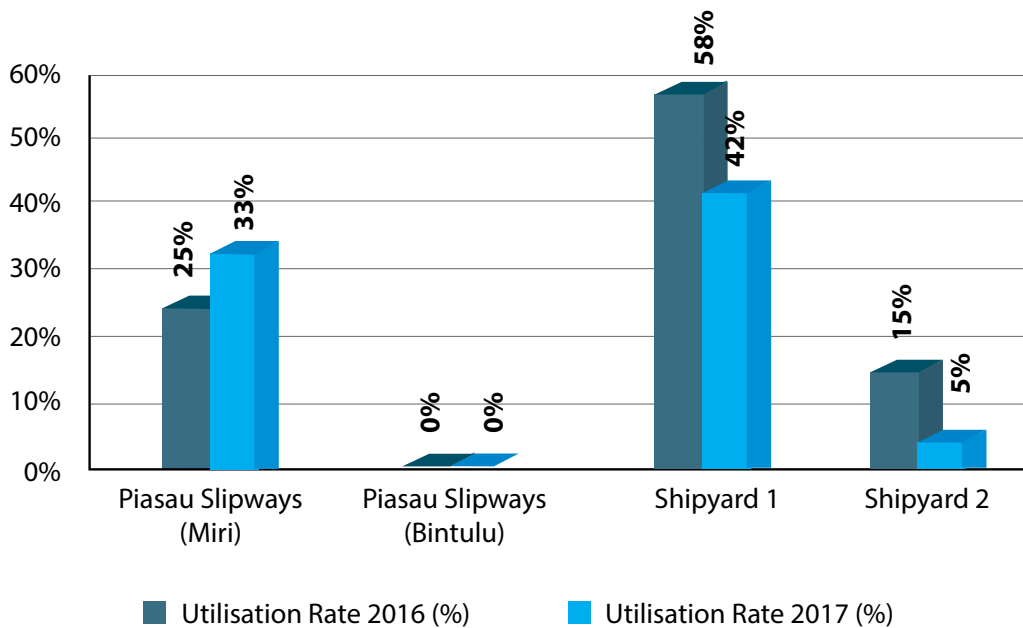


Chairman's Statement (cont'd)

Shipping Operation Utilisation Rates (%):



Shipbuilding Operation Utilisation Rates (%):



CORPORATE DEVELOPMENT

Since the Group's listing on the Main Market of Bursa Malaysia Securities Berhad on 23 June 2010, there were no major corporate exercises implemented for the year under review.

Chairman's Statement (cont'd)

CORPORATE SOCIAL RESPONSIBILITY

The Group has always been mindful of its Corporate Social Responsibility ("CSR") towards the community, its shareholders and its employees. Our community activities focus mainly on improving the living standard of local communities and promoting education among the younger generation especially in the maritime sector.

In the area of promoting education, the Group has completed the sponsor of thirty (30) students for a three year Academic education in Maritime Cadetship programme for Diploma in Nautical Studies and Diploma in Marine Engineering at the Sarawak Maritime Academy School in Sarawak. Out of the total students sponsored, some of the student graduates have been in our employment on our ocean going vessels and our shipyards.

CORPORATE GOVERNANCE

The Group believes in the maintenance of the highest standards of corporate governance practice within the group as a fundamental part of discharging our responsibility to protect and maximized shareholder values and in enhancing the continued business prosperity of the Group. The steps implemented have been reported in the Statement on Corporate Governance on page 16 to 24

PROSPECT

We are pleased to report that despite the global and regional economic challenges faced by many shipping companies and with the reduction of crude oil prices had which resulted in a cost reduction on bunker fuel costs to our shipping sectors. Furthermore, the strength of the domestic economy development and balanced consolidation of our business activities would continue to guide us to revenue earning and business achievements.

The continuous infrastructure development in Sarawak which would maintain Sarawak as one of the main priority for development, brings a lot of supporting internal spring off business activities including the requirement for shipping logistics from our container vessels, projects based on using the barges and tugs, dry and liquid bulk fleets plying South East Asian regions. The development projects in our nearby country Brunei will also utilise our barges and tugs for their new capital city development in Brunei.

In the shipbuilding sector, the emphasis is on taking aggressive steps to reduce dependency on new vessel constructions. Our newly completed 160 meters in length, with lifting capacity up to 13,000 metric tonnage (MT) and dead weight tonnages of 50,000 MT; with 3 units of 25-50MT deck crane's floating dock would enable us to carry out improved vessel maintenance works and also effectively carry out docking essential defect works to meet the niche requirements from coast guard vessels and other markets from the resource based sectors.

The challenge for the Group is to further improve its efficiency and productivity in both the fleets efficiency and shipbuilding consolidation activities. The Group shall continue to work on achieving and realising the full use of its resources.

APPRECIATIONS

It is my great pleasure, on behalf of the Board, to extend our sincere gratitude and appreciation to our employees, customers, business associates, and shareholders for their continued support and confidence in the Group.

Tan Sri Datuk Ling Chiong Ho
Chairman

Management's Discussion And Analysis

The Purpose of this review is to highlight and provide further details on financial and operating information of the Group.

1. Overview of Group's Business and Operation:-

The Group's core business are shipping, shipbuilding, ship repair and shipping and forwarding agency. Shipping sector is further classified as dry bulk, liquid bulk, containers and coastal, barges and tug and International shipping segments. Our shipping operations cover both Malaysian and International waters; ranging from South East Asia, East Asia and the Far East region to the Gulf region in the Middle East Countries. Currently, we are supported by our own fleet of 277 vessels with a total Gross Registered Tonnage (GRT) of approximately 370,600 Tonnage.

The ship repair sector was taking aggressive steps to move towards higher quality repair works such as docking essential defect works with our 160 meters in length floating dock to meet the niche requirements from coast guard vessels and other resource based players. Our shipbuilding facilities are supported by three shipbuilding yards located in Kuala Baram, Miri, one in Bintulu, Sarawak and one repair yard in Ras Al Khaimah, United Arab Emirates, Middle East with a total land area of approximately 280 acres.

2. Financial Results

For the financial year ended 30 June 2017(FYE 2017), the Group recorded a revenue of RM589.7 million, a marginal decrease of 8.1% against the previous financial year of RM641.6 million. The decrease in revenue was mainly due to lower revenue generated from the international shipping segments with a decrease of 20.4% compared to previous year.

Even with the decrease in revenue, the Group's profit before tax increased to RM3.5 million in FYE2017 from RM1.6 million in FYE2016. The increases in profits were mainly attributed from the improvement of profit margin in domestic and container shipping operations segments.

(i) Group Income Statement:

	FYE 2017 RM'million	FYE 2016 RM'million
Revenue	589.7	641.6
Profit before tax	3.5	1.6
Profit after tax	5.4	6.5
Earnings per share:		
Basic (sen)	0.44	0.68
Diluted (sen)	0.44	0.68

(ii) Group Cash Flow Statement:

	FYE 2017 RM'million	FYE 2016 RM'million
Cash flows for operating activities	215.0	114.7
Cash flows for investing activities	(76.9)	5.2
Cash flows for financing activities	(74.5)	(157.7)
Net increase/(decrease) in cash and cash equivalent	63.6	(37.8)
Cash and cash equivalent at beginning of financial year	(11.7)	25.6
Effect of exchange rate changes on cash & cash equivalent	0.1	0.5
Cash and cash equivalent at end of financial year	52.0	(11.7)

Management's Discussion And Analysis (cont'd)

2. Financial Results (Continued)

(iii) Group Statement of Financial Position:

	As at 30 June 2017 RM'000	As at 30 June 2016 RM'000
Non-current assets	1,367,891	1,387,603
Current Assets	423,394	565,519
Total Assets	1,791,285	1,953,122
Total equity	1,159,879	1,170,809
Current liabilities	453,792	582,448
Non-current liabilities	177,614	199,865
Total liabilities	631,406	782,313
Total equity and liabilities	1,791,285	1,953,122

There were significant improvement in the cash flow from operating activities. These were mainly due to strengthening in credit collection and enhanced fleet efficiency. This was also reflected in the decrease in trade receivables by 25.6% and total bank borrowing by 16.6%.

(iv) Dividend

No dividend has been declared for the financial year ended 30 June 2017.

There is no formal dividend policy and payment of a dividend is solely at the Board's discretion. The Board is guided by a series of factors, including balancing cash flow, investment and/or expansion needs, earnings, capital commitments and future financial strength of the Group and would declare dividends when the above factors are satisfied for considerations by the Board.

3. Review of Operation:

(i) Shipping Operation

a) Dry Bulk

With the consistent plying routes to the far east regions from our 8 cargo vessels which has shipped 0.423million cubic meters of cargo with the freight rate of USD35 – USD 39 per cubic meter, while on the returning bound, it was mainly on time charter for shipments of general cargo from far east regions to the Philippines, then enroute back to home region.

b) Liquid Bulk

The demand for CPO shipment for East Asia regions is stable and seasonal in demand which has the improved freight rate of USD26 – USD31 per metric ton.

During the year, the Group has entered a eight months contract of affreightment to ship methanol products from Labuan via vessel with parcel size below 1,500MT with Petronas Chemical Marketing (Labuan) LTD.

Management's Discussion And Analysis (cont'd)

3. Review of Operation: (Continued)

(i) Shipping Operation (Continued)

c) Containers and coastal

The Group is expected to stabilise its containers shipping by establishing strategic alliance with Northport authority called East Malaysia Network. Under this alliance, Northport will provide efficient and effective port services with high terminal productivity while the partners will aim to achieve economies of scale to increase shipping service frequency routes coverage between East Malaysia and West Malaysia from our existing thirteen (13) units of container vessels.

The group has lifted 98,075 TEU of containers for the year.

d) International Shipping

With the foreseen unstable demand toward the Middle East shipping in view of prolong low oil prices to fund the development projects in the Middle East regions. During the year, the Group had disposed 15% equity interest in the loss making subsidiaries in Aya Shin Yang FZC and Shin Yang Shipbuilding and Engineering RMC FZC for the total consideration of AED1,875,000.00 and AED2,250,000.00 respectively. With these disposals, the results from the loss making operation would account for the share of results based on equity interest.

(ii) Shipbuilding Operation

Weaker sentiments toward shipbuilding from the oil and gas sector was due to minimization of their capital expenditures by the oil and gas industry players. During the year, it has delivered 4 vessels that were constructed by the yards.

(iii) Ship Repair and fabrication

The ship repair sector was operating satisfactorily with the repair total of 825 units of vessels both minor and major vessels. With our completed 160 meters in length and another unit with 80 meter in length's floating docks would enable us to carry out improved vessel maintenance works and also effectively carry out docking essential defect works in the coming year. Our Ship repairs section would foresee an increase with the execution of blanket ordering Agreement with Federal Agency.

4. Outlook and Prospects:

We foreseen that the price of crude oil price remain stable which in term contributed to our anticipated stable bunker fuel costs to our shipping operation. The continuous infrastructure development in Sarawak and neighbour country, Brunei bring a lot of supporting internal spring off shipping business activities Furthermore, with the establishment of strategic alliance with Northport authority and execution for contract of affreightment to ship methanol products from Labuan will lead to a balanced consolidation of our shipping business activities that would continue to guide us to revenue earning and business achievements.

The challenge for the Group is to further improve its efficiency and productivity in both the fleets efficiency and shipbuilding consolidation activities and cost control coupled with the expected increase in freight rates, the performance of the Group is expected to be satisfactorily.

Statement on Corporate Governance

The Board is committed to ensure that high standards of corporate governance are practiced throughout the Group in discharging its responsibilities to protect and enhance shareholders' value.

The Board believes that good corporate governance adds value to the business of the Group and will ensure that this practice continues. The Board of Directors believes in playing an active role in guiding the Management through its oversight review while at the same time steer the Group's business directions and strategies.

The statement outlines how the Group has applied the principles of corporate governance and the extent of compliance with the principles, recommendations and best practices set out in the Malaysian Code on Corporate Governance 2017 ("the Code")

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD

Roles and responsibilities

The Board has the overall stewardship responsibilities of providing strategic leadership, overseeing the business conduct, identification and management of principal risks, ensuring the adequacy and integrity of internal control systems, establishing a succession plan and developing and implementing an investor relation programs.

The Board has delegated specific responsibilities to two (2) committees, namely, the Audit Committee and the Joint Nomination & Remuneration Committee, both of which discharge the duties and responsibilities within their respective terms of reference. The final decision is the responsibility of the Board after considering the recommendations of the respective committees.

Board composition and balance

The Group is led and managed by a competent Board which set the policies to enable them to lead and guide the Group to achieve its goals. The Board currently has eight (8) board members comprising three (3) Executive Directors and five (5) Non-Executive Directors, of which three (3) of them are independent. This has met the Bursa Malaysia Securities Berhad's Main Market Listing Requirements which requires nearest of one third of the Board to be Independent Directors. The profile of each director is presented on page 4 to page 6 in the Annual Report.

Together, the Directors bring with them a broad range of hands on extensive experience and expertise in the areas such as finance, corporate affairs, marine law, business acumen, logistic management and shipping and shipbuilding technical operations, which are vital to the success of the Group.

The Board believe that appointment of board members, regardless of gender, should be based on experience, character, integrity and competence as these are the essential criteria for an effective Board.

Code of Ethics and Conduct

The Board is committed to maintain a corporate culture with good ethical conduct. This is formalised through the Company's Code of Ethics and Code of Conduct which set out in the Company's Employment Letters. The Letter covers matters in relation to conflict of interest, entertainment and gifts, misuse of position, insider trading and misconduct. The directors and employees of the Group are expected to adhere to the standard of ethics and conduct set out therein.

Supply and Access of Information

All Directors have full access to information concerning the Company and the Group. The Directors are provided with the relevant agenda and a set of Board papers in sufficient time prior to every Board meeting to enable them to understand the matter and seek further explanation, where necessary in order to be properly informed before the meeting. The Board papers circulated include quarterly and annual financial statements, minutes of meeting of all Committees of the Board, report on recurrent related party transactions, internal audit reports and reports on the Group's financial, operational and corporate developments. All matters requiring Board approvals have been duly circulated prior to the Board Meeting. All proceedings of the Board Meeting are minuted and signed as correct record by the Chairman of the Meeting.

At all times, Directors have direct access to the advice and the services of the Company Secretary, Senior Management Staff as well as independent professional advisers including the external auditors. All Directors are encouraged to visit the Group's operating locations to familiarize themselves with the various operations of the Group.

Statement on Corporate Governance (cont'd)

PRINCIPLE 2 – STRENGTHEN COMPOSITION

Board Committee

The Board has delegated certain functions to the committees to assist in the execution of its responsibilities:

- **Audit Committee**

The Audit Committee comprises three Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The composition, responsibilities, detailed terms of reference and the activities of the Committee during the financial year are set out separately in the Audit Committee Report on page 27 to 29 of the Annual Report.

- **Joint Remuneration and Nomination Committee**

The Committee is responsible for recommending the remuneration framework for Directors as well as the remuneration packages of Executive Directors to the Board for approval and also recommending the right candidates with the necessary skills, knowledge, expertise and experience including his/her professionalism and integrity to fill in the Board. The Committee is also responsible to assess the effectiveness of the Board, its Committee and the performance of individual Director annually. The members of the Joint Remuneration and Nomination Committee are as follow:

Datuk Lawrence Lai Yew Son – Chairman, Independent Non –Executive Director

Koh Ek Chong - Independent Non –Executive Director

Ling Siu Chuo – Non-Independent Non-Executive Director.

Arshad Bin Zainuddin - Independent Non –Executive Director

The Committee meets as and when necessary. For the financial year ended 30 June 2017, the Committee held one meeting.

The respective Committees operate under clearly defined terms of reference and the Chairman of the respective Committees report to the Board on the outcome of the Committee Meetings.

Appointment and Retirement of Directors

The appointment of any additional directors is made as and when it is deemed necessary by the Board of Directors with due consideration given to a good mix of knowledge, skills and experiences required for the Board to discharge its duties effectively. Any proposal to appoint new directors will be discussed among the Board members and appointment to the Board will be documented in the Board resolutions.

The Articles of Association of the Company provides that one third of the Board shall retire from office and be eligible for re-election at every Annual General Meeting (“AGM”). Directors are required to retire at least once every three years.

Directors’ Remuneration

The Remuneration Committee reviews the annual salaries, incentive programmes, service arrangements and other employment conditions for the Executive Directors. They shall ensure that the Company’s Directors are fairly rewarded for their individual contributions to the Company’s overall performance and the levels of remuneration shall be sufficient to attract and retain Directors to run the Company and Group successfully. Where applicable, the Board who takes into consideration information sourced by independent consultant or survey information on comparable companies in determining the remuneration package.

The Group pays its Non-Executive Directors annual fees, which are approved annually by the shareholders. The Directors are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Group.

The determination of remuneration packages of Directors are determined by the Board as a whole and individuals are required to abstain from discussion of their own remuneration.

Statement on Corporate Governance (cont'd)

PRINCIPLE 2 – STRENGTHEN COMPOSITION (Continued)

Directors' Remuneration (Continued)

The aggregate and range of the Directors' remuneration for the Company for the financial year ended 30 June 2017 are as follows:

Aggregate of remuneration

	Directors	
	Executive* RM'000	Non- Executive RM'000
Fees	-	92
Other Remuneration	-	178
Salaries	930	-
Bonus	80	-
EPF	68	-
Total	1,078	270

Range of remuneration	Number of Directors	
	Executive*	Non-Executive
Below RM50,000	-	4
RM250,001 to RM300,000	2	1
RM400,001 to RM450,000	1	-
RM750,001 to RM800,000	1	-

* This include the Director, who resigned during the financial year.

Details of the Directors' remuneration are set out in applicable bands of RM50,000 in accordance with Appendix 9C Part A(11) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Whilst the Code prescribed for individual disclosure of directors' remuneration packages, the Board is of the view Directors' remuneration are appropriately and adequately addressed by the band disclosure method adopted by the Board.

PRINCIPLES 3 – REINFORCE INDEPENDENCE

Clear division of responsibilities between the Chairman and Chief Executive Officer

The positions of the Chairman and the Chief Executive Officer are held by two different individuals. Tan Sri Datuk Ling is the Chairman whereas Captain Ting Hien Liong is the Company's Chief Executive Officer.

The distinct and separate roles of the Chairman and Chief Executive Officer, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making. The chairman is responsible for leadership, orderly conduct and working of the Board, whereas the Chief Executive Officer is responsible for the management of the Group's business.

Tenure of Independent Directors

The Board complied with the recommendation of the MCCG 2017 that the tenure of an independent Director should not exceed a cumulative term of nine (9) years. The Board noted that none of the independent Non-Executive Directors have served on the Board for more than nine (9) years.

Statement on Corporate Governance (cont'd)

PRINCIPLES 3 – REINFORCE INDEPENDENCE (Continued)

Annual Assessment of Independence of Independent Director

The Board, through the Nominee Committee, assesses the independence of Independent Directors annually. The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Company and his involvement in any significant transaction with the Company.

Based on the assessment of the independence of the Independent Non-Executive Directors conducted by the Nomination Committee on 30 August 2017, the Board is satisfied that all Independent Non-Executive Directors are able to provide check and balance to the Board's decision making process and bring independent and objective judgement to board deliberations.

The Board composition has met the Main Market Listing Requirements and the MCCG 2017 for a balanced board which is fulfilled with Independent Directors constituting one-third of the Board.

Shareholders' approval for the Continuance in Office as Independent Directors

The Board would seek shareholders' approval at the AGM if an Independent Director who has served in that capacity for more than nine (9) years shall remain as an Independent Director.

The Joint Remuneration and Nomination Committee will assess the independence of the Independent Director based on the assessment criteria developed by the Nomination Committee, and recommended to the Board for recommendation to shareholders for approval. Justification for the Board's recommendation would be provided to shareholders, where applicable.

PRINCIPLE 4 – FOSTER COMMITMENT

Time Commitment

Directors are expected to give sufficient time to carry out their duties and responsibilities. In line with paragraph 15.06 of the Listing Requirements of Bursa Malaysia Securities Berhad in relation to the restriction on directorship in listed companies, all Directors of the Company complied with the limits on directorships held in the public listed companies.

Board Meeting

Board meetings are scheduled in advance to enable all directors to plan ahead. The Board meets at least four times a year with additional meetings to be convened as and when the Board's approval and guidance is required.

During the financial year ended 30 June 2017, the Board met a total of four times. Details of the attendance are as follows:

No	Directors	Status of Directorship	Attendance at meetings
1	Tan Sri Datuk Ling Chiong Ho	Non-Independent Non-Executive Chairman	4 out of 4 (100%)
2	Ling Chiong Sing	Group Managing Director	4 out of 4 (100%)
3	Ling Chiong Pin	Executive Director	4 out of 4 (100%)
4	Ling Chiong Sieng	Executive Director (Resigned on 9 May 2017)	2 out of 3 (67%)
5	Datuk Lawrence Lai Yew Son	Independent Non-Executive Director	4 out of 4 (100%)
6	Koh Ek Chong	Independent Non-Executive Director	4 out of 4 (100%)
7	Ling Siu Chuo	Non-Independent Non-Executive Director	4 out of 4 (100%)
8	Vincent Ling Lu Yew	Executive Director (Appointed on 2 September 2016)	3 out of 3 (100%)
9	Arshad Bin Zainuddin	Independent Non-Executive Director (Appointed on 2 September 2016)	3 out of 3 (100%)

Statement on Corporate Governance (cont'd)

PRINCIPLE 4 – FOSTER COMMITMENT (Continued)

Board Meeting (Continued)

At the Board Meeting, strategies and performance of the Group are being reviewed and evaluated in the light of any changing circumstances whether economic, social or political. Although all the Directors have an equal responsibility for the Group's operation and performance, the role played by the Independent Non-Executive Directors are vital to ensure that strategies formulated or transactions proposed by the management are amply discussed in an unbiased and independent manner, taking into account the interest not only of the Group but also the shareholders, employees, customers, suppliers, business associates, environment and community at large.

Directors' Training

All the Directors have attended and completed the Mandatory Accreditation Programme ("MAP") prescribed by the Bursa Malaysia Training Sdn Bhd. The Directors are also encouraged to attend the Continuing Education Programme ("CEP") organized by accredited organisations as and when necessary to keep abreast with the latest development that are relevant to the Group.

The Directors having during the financial year ended 30 June 2017, attended the trainings covered a range of topics which provided the Directors with updates on business trends and management, risk management, corporate governance, financial and audit. These trainings are regarded as appropriate in providing the Directors with continuous education and enhancement of their knowledge and skill in discharging of their responsibilities as directors of the Company

PRINCIPLES 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

The Board aims to present a balanced, meaningful assessment of the Group's financial position and prospects primarily through its annual report and quarterly interim financial results. In the process of preparing these financial statements, the Board, with the assistance of the Audit Committee, reviewed the accounting policies and practices to ensure that they are consistently applied throughout the financial year. In cases where judgment and estimates were made, they were based on reasonableness and prudence. The financial statements have been prepared in conformity with the applicable approved accounting standards.

The Statement by Directors pursuant to the Companies Act 2016 is set out on page 34 of this Report.

Relationship with Auditors

Through the Audit Committee, the Group maintained a formal and transparent professional relationship with the internal and external auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia. The Audit Committee meets with the external auditors at least once a year to review audit plans and to facilitate exchange of view on issues requiring attention. Key features of the Audit Committee's term of reference are set out on page 27 to 29 of the Annual Report.

Directors' Responsibility Statement

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which have been made out in accordance with applicable financial reporting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

- Adopted appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured that all applicable accounting standards have been followed; and
- Prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

Statement on Corporate Governance (cont'd)

PRINCIPLES 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING (Continued)

Directors' Responsibility Statement (Continued)

The Directors have the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enables them to ensure the financial statements comply with the Companies Act 2016 and the Listing Requirements of Bursa Securities.

In addition, the Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Such systems, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss and fraud.

PRINCIPLES 6 – RECOGNISE AND MANAGE RISK

The Board acknowledges that it is responsible for maintaining a sound system of internal control which provides reasonable assurance of effective and efficient operations, and compliance with regulations as well as with internal procedures and guidelines.

The Statement on Risk Management and Internal Control is set out on page 25 to 26 of the annual report.

The Internal Audit function reports directly to the Audit Committee. The activities carried out by the Internal Audit Department for the financial year ended 30 June 2017 are set out in the Audit Committee Report presented on page 29 of this Annual Report.

PRINCIPLES 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board recognises the importance of timely dissemination of accurate information pertaining to the Group's business activities and financial performance to its shareholders, investors and other stakeholders.

The Group's financial results, announcements, annual report and circulars can be accessed from the Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com. In addition, shareholders and investors may also access other information about the Group via the Company's corporate website at www.syshippingcorp.com.my.

PRINCIPLES 8 – STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Group recognized the importance of effective and timely communication with shareholders and investors to keep them informed on the Group's latest business and corporate developments. Such information is disseminated via the Company's quarterly financial results, various announcements, annual reports, circulars to shareholders made from time to time and notices of general meeting. The policy of the Group is to maintain an active dialogue with its shareholders with the intention of giving shareholders a clear and precise picture of the Group's performance and position.

The Group Managing Director and Financial Controller cum Company Secretary hold dialogues with the institutional investors and presentations to analysts to keep them updated on the Group's performance, business expansion plans and other matters related to shareholders' interest.

The Group's Annual General Meeting ("AGM") is the principal avenue for dialogue and interaction with the shareholders. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed and about the Group's operations in general. Where it is not possible to provide immediate answers, the Chairman will undertake to furnish the necessary shareholders with a written answer after the AGM. The Chairman of the Board also addresses the shareholders on the review of the Group's operation for the financial year and outlines the prospect of the Group for the subsequent financial year in the Chairman's statement on page 9 to 12. Resolutions tabled and passed at the AGM are released to Bursa Malaysia on the same day to enable the public to be informed of the outcome.

The Group's website, www.syshippingcorp.com.my allows all the shareholders and investors to gain access to the information about the Group.

At all times, investors and shareholders may contact the Company Secretary for information of the Group.

Statement on Corporate Governance (cont'd)

ADDITIONAL COMPLIANCE INFORMATION

i) Shares Buy-back

There were no shares buy-back arrangements during the financial year ended 30 June 2017.

ii) Imposition of Sanction and / or Penalties

There were no sanctions and/or penalties on the Company or its subsidiaries, directors or management by the relevant regulatory bodies during the financial year ended 30 June 2017.

iii) Non-Audit Fees

The amount of non-audit fees paid to the external auditor, Messer Ernst & Young, by the Company and its subsidiaries during the financial year ended 30 June 2017 amounted to RM45,000 for the professional services rendered as follows:

Company	Review of Internal Control System (RM)	Tax Fee (RM)	Total (RM)
Shin Yang Shipping Corporation Berhad	4,000	2,000	6,000
Its subsidiaries	-	39,000	39,000
Total (RM)	4,000	41,000	45,000

iv) Variation of Results

There were no material variances between the audited results of the financial year ended 30 June 2017 and the announced unaudited results.

v) Profit Guarantee

There were no profit guarantees given by the Company and its subsidiaries.

vi) Revaluation Policy

The Group does not adopt a policy of regular revaluation.

Statement on Corporate Governance (cont'd)

ADDITIONAL COMPLIANCE INFORMATION (Continued)

vii) Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

The RRPT entered into by the Group during the financial year ended 30 June 2017 were as follows:

	Name of Related Parties	Nature of transaction with the Related Parties	Business Activities of Related Parties	Manner of relationship in the Related Parties		Financial Year Ended 30 June 2017 Actual (RM'000)
				Director	Shareholder	
Shin Yang Holding Sdn Bhd and Companies related to Shin Yang Holding Sdn Bhd						
1.	Shin Yang Holding Group ⁽¹⁾	Provision of shipping services by the Group	Wood-based products manufacturing, reforestation and oil palm operations, quarry operation, construction and engineering, transportation services and logistics, parts & hardware supplies, diesel and bunker supplies, glue manufacturing, sales of marine equipment and electrical engineering	Yes	Yes	131,516
2.	Shin Yang Holding Group ⁽¹⁾	Provision of fabrication services by the Group	Wood-based products manufacturing, reforestation and oil palm operations, quarry operation, construction and engineering, transportation services and logistics, parts & hardware supplies, diesel and bunker supplies, glue manufacturing and electrical engineering	Yes	Yes	5,279
3.	Shin Yang Holding Group ⁽¹⁾	Purchase of marine hardware supplies and spare parts by the Group	Trading house and transportation and haulage service	Yes	Yes	13,893
4.	Shin Yang Holding Group ⁽¹⁾	Rental of properties by the Group	Investment and properties holding and construction & engineering	Yes	Yes	409
5.	Shin Yang Holding Group ⁽¹⁾	Purchase of transportation services and hotel accommodation by the Group	Investment holding, transportation and haulage services, provision of bus services, ticketing agents and provision of hotel accommodation	Yes	Yes	11,462
6.	Piasau Gas Sdn Bhd and Shin Yang Services Sdn Bhd ⁽²⁾	Purchase of industrial gas, diesel and bunker by the Group	Industrial gas manufacturing and trading house	Yes	Yes	7,869

Statement on Corporate Governance (cont'd)

ADDITIONAL COMPLIANCE INFORMATION (Continued)

vii) Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

The RRPT entered into by the Group during the financial year ended 30 June 2017 were as follows:

	Name of Related Parties	Nature of transaction with the Related Parties	Business Activities of Related Parties	Manner of relationship in the Related Parties		Financial Year Ended 30 June 2017 Actual (RM'000)
				Director	Major Shareholder	
Companies connected to the Directors or Person Connected to the Directors						
7.	Ling Family Group ⁽³⁾	Provision of shipping services by the Group	Equipment and machinery supplies, tyre retreading, oil palm planting, marketing of logs, wet market supply in hypermarket, glue manufacturing and barrage management	Yes	Yes	6,844
8.	Ling Family Group ⁽³⁾	Provision of fabrication services by the Group	Equipment and machinery supplies, scrap metal dealer, oil palm planting and barrage management	Yes	Yes	405
9.	Ling Family Group ⁽³⁾	Purchase of marine hardware supplies and spare parts by the Group	Ration supplier and trading house	Yes	Yes	1,937
10.	Ling Family Group ⁽³⁾	Rental of property by the Group	Provision of berthing facilities and letting of properties	Yes	Yes	21
11.	Ling Family Group ⁽³⁾	Purchase of transportation services and accommodation services by the Group	Public transportation and provision of hotel accommodation.	Yes	Yes	16

(1) Subsidiary companies of Shin Yang Holding Sdn Bhd, which Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing and Ling Chiong Pin who are the Directors and Major Shareholders. Shin Yang Holding Sdn. Bhd. is the holding company of Shin Yang Shipping Corporation Berhad.

(2) Associated companies of Shin Yang Holding Group

(3) Companies in which Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing, Ling Chiong Pin, Ling Siu Chuo and Vincent Ling Lu Yew have substantial interests and/or directorships.

Statement on Risk Management and Internal Control

The Board affirms its commitment to maintain a sound system of internal control in the Group to safeguard shareholders' investment and the assets of the Group. Pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirement, the Board is pleased to provide the following statement on internal control, which outlines the nature and scope of internal controls of the Group during the financial year ended 30 June 2017.

BOARD RESPONSIBILITY

The Board acknowledges its responsibilities is fully committed to maintain a sound internal control environment to safeguard Shareholders' investments and Group's assets. The Board has an overall responsibility for the Group's system of internal control and its effectiveness, as well as reviewing its adequacy and integrity. The system of internal control consists of financial controls, operational and compliance controls and risk management procedures of the Group.

In view of the limitations that are inherent in any system of internal control, our system is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. The Board continuously evaluates appropriate measures to strengthen the transparency and efficiency of its operations taking into account the requirements for sound and appropriate internal control and management information system of the Group.

MANAGEMENT RESPONSIBILITY

The management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying, assessing, monitoring and reporting risk and internal control, as well as taking proper actions to address risks. The management has further assured the Board that the Group's risk management and internal control system are operating adequately and effectively in all material aspects.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Internal Control for inclusion in the annual report for the financial year ended 30 June 2017 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

KEY COMPONENTS OF INTERNAL CONTROL ENVIRONMENT

The Board has made risk assessment an on-going exercise to effectively identify, evaluate, manage and review any changes in the risks faced by the businesses in the Group. The risk management process involves all business and functional units of the Group identifying significant risks which impact the achievement of business objectives of the Group. The Group has established procedures for reporting and monitoring of risks and controls. Regular reviews are conducted with additional procedures to be carried out as and when required.

The Audit Committee has been delegated to oversee the risk management activities and approve appropriate risk management procedures and measurement methodologies for the Group.

OTHER KEY COMPONENTS OF INTERNAL CONTROL ENVIRONMENT

Board Meeting

The Board meets at least quarterly and has a formal agenda on matters for discussion and approval. Presentation of board papers, comprehensive explanation and feedback from the board members are the prerequisites to arriving at a decision.

Organisational structure with defined responsibility and authority

We have in place an organisational structure with defined responsibility lines and authority to facilitate response to changes in the business environment and accountability for operational performance. Capital and non-capital expenditures and acquisition and disposal of investment interests are subject to appropriate approval processes and evaluations.

Statement on Risk Management and Internal Control (cont'd)

OTHER KEY COMPONENTS OF INTERNAL CONTROL ENVIRONMENT (CONTINUED)

Operational policies and procedures

The documented policies and procedures form an integral control system to safeguard the Group's assets against material losses and ensure completeness and accuracy of financial information. The documents consist of memorandum, circulars and letters, which are continuously being revised and updated to meet operational needs.

We have business planning and budgetary system in place to manage performance of the business activities, which compared with the actual performance against set targets on a periodic basis.

Internal Audit

The Internal Audit Department which reports quarterly to the Audit Committee, reviews on the internal control system and the effectiveness of risk control areas of the Group.

STRENGTH IN INTERNAL CONTROL

There were no material losses incurred during the financial year as a result of weaknesses in internal control and the Board and Management continue to take measures to strengthen the control environment within the Group.

Audit Committee Report

MEMBERS	<p>Koh Ek Chong, CA(M), FCCA, ATII. Chairman and Independent Non –Executive Director</p> <p>Datuk Lawrence Lai Yew Son Independent Non –Executive Director</p> <p>Ling Siu Chuo Non-Independent Non-Executive Director</p> <p>Arshad Bin Zainuddin (Appointed on 2 September 2016) Independent Non –Executive Director</p>
TERM OF REFERENCE	<p>The Audit Committee was established in 2010 to serve as a Committee of the Board, with the terms of reference as set out below:</p>
COMPOSITION OF THE COMMITTEE	<ul style="list-style-type: none"> • The Committee shall comprise not less than three members. • All members of the Committee must be non-executive directors, with a majority of them being independent directors. • All members of the Committee should be financially literate and at least one member of the Committee must be a member of Malaysian Institute of Accountants (“MIA”) • No alternate director shall be appointed as a member of the Committee • The Chairman who shall be elected by the members of the Committee must be an independent non-executive director. • The presence of a majority of independent non-executive directors shall form a quorum for the audit committee meeting.
DUTIES AND RESPONSIBILITIES	<ul style="list-style-type: none"> • Provide assistance to the Board of Directors in fulfilling its fiduciary responsibilities relating to the corporate accounting practices for the Company and Group. • Maintain a direct line of communication between the Board and the external and internal auditors. • Review and monitor to ensure that an adequate system of risk management for the management to safeguard the Group’s assets and operations. • Prepare reports, if the circumstances arise or at least once a year, to the Board summarising the work performed in fulfilling the Committee’s primary responsibilities. • Any other activities, as authorised by the Board. • Act upon the Board’s request to direct and where appropriate supervise any special projects or investigation considered necessary and review investigation reports on any major issues with regard to the management of the Group. • Report promptly to Bursa Securities Malaysia Berhad on any matter reported to the Board, which has not been satisfactorily resolved resulting in a breach of Bursa Malaysia Main Market Listing Requirement.
AUTHORITY	<ul style="list-style-type: none"> • The Committee is authorised to seek any information it requires from employees, who are required to co-operate with any request made by the Committee. • The Committee shall have full and unlimited access to any information pertaining to the Group as well as direct communication to the internal and external auditors and with some senior management of the Group. • The Committee shall have the resources that are required to perform its duties. The Committee can obtain at the expenses of the Group, outside legal or other independent professional advice it considers necessary. • The Committee shall be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Audit Committee Report (cont'd)

PROCEEDINGS	<ul style="list-style-type: none"> • The Secretary of the Company shall be the Secretary of the Audit Committee; • Audit Committee shall meet not less than four times a year. Prior to the meeting, the Secretary shall send notice to all Committee members at least seven days prior to the meeting; • Minutes of each meeting shall be kept at the registered office of the Company and circulated to all members within 14 days after each meeting; • Minutes shall be confirmed at the following meeting of the Committee; • No Director or employee shall attend any meeting of the Committee except at the Audit Committee's invitation, specific to the relevant meeting; and • Decisions of the Committee shall as far as possible be by consensus, failing which the decision will be by a simple majority.
FINANCIAL PROCEDURE AND FINANCIAL REPORTING	<p>Review the quarterly results and the year end financial statements, prior to the approval of the Board, focusing particularly on:-</p> <ul style="list-style-type: none"> • Any significant changes to accounting policies and practices; • Significant adjustments arising from the audits; • Compliance with accounting standards and other legal requirements; and • going concern assumption.
RELATED PARTY TRANSACTIONS	<p>Monitor any related party transaction and conflict of interest situation that may arise within the Group, including any transaction, procedure or course of conduct that raises question on integrity of Directors and management.</p>
AUDIT REPORTS	<ul style="list-style-type: none"> • Prepare the annual Audit Committee report to the Board which includes the composition of the Audit Committee, its terms of reference, number of meetings held, a summary of its activities and the existence of an Internal Audit unit and summary of the activities of that unit for inclusion in the Annual Report; and • Review the Board's statements on compliance with the Malaysian Code of Corporate Governance for inclusion in the Annual Report.
INTERNAL CONTROL	<ul style="list-style-type: none"> • To consider annually the internal control system and risk management framework adopted within the Group and to be satisfied that the methodology employed allows identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner that will allow the Group to minimise losses and maximize opportunities; • To ensure that the system of internal control is soundly conceived and in place, effectively administered and regularly monitored; • To cause reviews to be made of the extent of compliance with established internal policies, standards, plans and procedures; • To obtain assurance that proper plans for control have been developed prior to the commencement of major areas of change within the Group; and • To recommend to the Board steps to improve the system of internal control derived from the findings of the internal and external auditors and from the consultations of the Audit Committee itself.
INTERNAL AUDIT	<ul style="list-style-type: none"> • Review and approve the yearly internal audit plan. • Review the adequacy of the internal audit scope, functions, and resources of the internal audit and that it has the necessary authority to carry out its works. • Review the results of the internal audit and ensure that appropriate action is taken by the management on the recommendations of the internal audits. • Review the performance of the internal audit to ensure that they are able to exercise independence in discharging their duties. • Approve any appointment or termination of the staff members of the internal audit functions.

Audit Committee Report (cont'd)

EXTERNAL AUDIT	<ul style="list-style-type: none"> • Review with the external auditors and approve the yearly external audit plan. • Review the objectivity of the external auditors and their services, including non-audit services and professional fees, so as to ensure a proper balance between objectivity and value for money. • Review the external audit reports and to evaluate their findings and recommendations for actions to be taken.
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MEETING During the financial year ended 30 June 2017, five committee meetings were held. A record of the attendance to these meetings is as follows:

	No of Meeting attended
Koh Ek Chong, CA (M)	5/5
Datuk Lawrence Lai Yew Son	5/5
Ling Siu Chuo	5/5
Arshad Bin Zainuddin (Appointed on 2 September 2016)	4/4

The Committee also meet with the external auditors once in the financial year.

INTERNAL AUDIT FUNCTION Internal Audit has been set up to undertake independent regular reviews of the system of internal control so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. The Internal Audit reports directly to the Committee with an independent and objective report on the state of internal control of the various operating units within the Group.

During the year, The Internal Audit carried out a total four (4) audits and reviews covering the Group's operations. The costs incurred by the Internal Audit for the financial year was RM163,682.47.

The Committee carried out its duties in accordance with its terms and reference during the year.

ACTIVITIES A summary of activities of the Committee during the year under review were as follows:

- Reviewed the quarterly financial results announcements before recommending for the Board's approval, focusing particularly on;
 - o The changes in or implementation of major accounting policy;
 - o The significant or unusual events;
 - o Compliance with accounting standards;
 - o Disclosure and other legal requirements
- Reviewed the related party transactions entered into by the Group and conflict of interest situation that may arise.
- Reviewed the internal auditors' scope of works and audit plans for the year.
- Reviewed the internal auditors' reports, which highlighted audit issues, recommendations and management response.
- Reviewed the appointment of external auditors and their independence and effectiveness.
- Reviewed the external auditors' scope of works and audit plans for the year.
- Reviewed the audited financial statements of the Group with external auditor prior submission to the Board for their consideration and approval, including issues and findings noted in the course of the audit of the Group's financial statement.
- Considered and recommended to the Board for approval the audit fees payable to the external auditors.

CONCLUSION For the financial year under review and up to the date of issuance of the financial statements, the Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. There were no material losses that have arisen from any inadequacy or failure of the Group's system of internal control which required additional disclosure in the financial statements.

The improvement of the system of internal controls is an on-going process and the Board maintains on-going commitment to strengthen the Group's control environment and processes. This statement is reviewed and approved by the Board of Directors in the meeting dated 30 October 2017 and had been reviewed by the external auditors.

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Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and property holding. The subsidiary companies are involved in the provision of domestic and regional, and international shipping services, shipbuilding, ship repair, shipping and forwarding agency and fabrication of metal structures.

Other information relating to the subsidiaries are disclosed in Note 15 to the financial statements.

RESULTS

	Group RM	Company RM
Profit net of tax	5,422,698	52,294
Profit attributable to:		
Owners of the Company	5,337,944	52,294
Non-controlling interests	84,754	-
	5,422,698	52,294

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIRECTORS

The names of the Directors of the Company in office since the beginning of the financial year and at the date of this report are:

Tan Sri Datuk Ling Chiong Ho	
Ling Chiong Sing	
Lawrence Lai Yew Son	
Ling Chiong Pin	
Ling Chiong Sieng	(Resigned on 9.5.2017)
Koh Ek Chong	
Ling Siu Chuo	
Vincent Ling Lu Yew	(Appointed on 2.9.2016)
Arshad Bin Zainuddin	(Appointed on 2.9.2016)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full time employee of the Company as shown in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which a Director is a member or with a company in which a Director has a substantial financial interest, except as disclosed in Note 32 to the financial statements.

Directors' Report (cont'd)

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	At	Number of Ordinary Shares		At
	1 July 2016	Acquired	Sold	30 June 2017
Direct interest				
Ordinary shares of the Company:				
Tan Sri Datuk Ling Chiong Ho	34,802,669	-	-	34,802,669
Ling Chiong Sing	34,802,669	-	-	34,802,669
Ling Chiong Pin	34,802,668	-	-	34,802,668
Vincent Ling Lu Yew	100,000	-	-	100,000
Ling Siu Chuo	36,000,009	-	-	36,000,009
Lawrence Lai Yew Son	330,000	-	-	330,000
Koh Ek Chong	119,000	-	-	119,000
Ordinary shares of the holding company (Shin Yang Holding Sendirian Berhad):				
Tan Sri Datuk Ling Chiong Ho	6,250,000	-	-	6,250,000
Ling Chiong Sing	6,250,000	-	-	6,250,000
Ling Chiong Pin	6,250,000	-	-	6,250,000

Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing and Ling Chiong Pin, by virtue of their interests in the ordinary shares of the holding company, Shin Yang Holding Sendirian Berhad, are deemed to have an interest in the ordinary shares of all the Company's subsidiaries and the other subsidiaries of Shin Yang Holding Sendirian Berhad to the extent that the holding company has an interest.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the direct interests of Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing, Ling Chiong Pin and Ling Siu Chuo in subsidiaries of Shin Yang Holding Sendirian Berhad other than Shin Yang Shipping Corporation Berhad and its subsidiaries.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 11 to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

Directors' Report (cont'd)

- b) At the date of this report, the Directors are not aware of any circumstances which would render:
- i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- e) At the date of this report, there does not exist:
- i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- f) In the opinion of the Directors:
- i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remunerations are disclosed in Note 9 to the financial statements.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 31 October 2017

Koh Ek Chong

Ling Siu Chuo

Statement By Directors

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **Koh Ek Chong** and **Ling Siu Chuo**, being two of the Directors of **Shin Yang Shipping Corporation Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 39 to 105 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of their financial performance and cash flows for the year then ended.

The information set out in Note 40 to the financial statements has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 31 October 2017

Koh Ek Chong

Ling Siu Chuo

Statutory Declaration

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, **Richard Ling Peng Liing**, being the Officer primarily responsible for the financial management of **Shin Yang Shipping Corporation Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 39 to 106 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
above named **Richard Ling Peng Liing** at
Miri in the State of Sarawak on 31 October 2017

Richard Ling Peng Liing

Before me,
Lee Chuan Ann
Commissioner For Oaths (No. Q046)
1st Floor, Lot 809
Bintang Jaya Commercial Centre
Jalan Bintang, 98000 Miri, Sarawak.

Independent Auditors' Report

to the members of Shin Yang Shipping Corporation Berhad - 666062-A
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Shin Yang Shipping Corporation Berhad, which comprise statements of financial position as at 30 June 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 39 to 105.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Recoverability of carrying amounts of vessels

As at 30 June 2017, the carrying amount of vessels of the Group was at RM715,104,347 which represented 39.92% of the Group's total assets.

The continuing depressed economic conditions in the shipping industry was identified by the management as an indication that the carrying amounts of certain vessels may be impaired.

For these vessels with indication of impairment, management estimates the recoverable amount of a vessel based on the higher of its value in use ("VIU") and its fair value less costs to sell ("FV") which was compared to its carrying value. If the recoverable amount is lower, the carrying value of the asset is reduced to its estimated recoverable amount and the difference is regarded as an impairment loss.

Value in use is the present value of the future cash flows expected to be derived from the vessel. The FV represents an estimate of the amount received in the event the vessel is sold on a willing buyer and a willing seller basis. The FV on the vessels was based on valuation by an independent valuer, or recent disposal by the Group.

Independent Auditors' Report

to the members of Shin Yang Shipping Corporation Berhad - 666062-A
(Incorporated in Malaysia) (cont'd)

Key Audit Matters (Cont'd)

Recoverability of carrying amounts of vessels (Cont'd)

Based on the outcome of the impairment assessment, the Group made an impairment charge of RM10.5 million during the year.

The impairment assessment of the vessels is significant to our audit due to its magnitude and the use of significant estimates in determining the recoverable amount.

We evaluated management's assessment of impairment indications for vessels. In respect of FV of vessels, our audit procedures included considering the objectivity, independence and expertise of the external valuer and assessing the valuation model and significant estimates used by the external valuer, and comparisons with recent transactions involving other similar vessels. In respect of VIU, our audit procedures included assessment of the methodology applied and the key assumptions.

In addition, we evaluated the adequacy of the Group's disclosures regarding the impairment of these vessels as disclosed in Note 2.9, Note 3(d) and Note 14 to the financial statements.

Recoverability of trade receivables

As at 30 June 2017, as disclosed in Note 20 to the financial statements, the Group had trade receivables of RM224,190,796 before provisions for impairment of RM16,588,152.

The determination as to whether a trade receivable is collectable involves management judgement. Specific factors management considers include the age of the balances, location of customers, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of counterparties. Management uses this information to determine whether a provision for impairment is required either for a specific transaction or for a customer's balance overall.

Based on the outcome of the review by management, the Group made a provision for impairment charge of RM13.9 million during the year. The impairment loss was taken to profit or loss.

We focused on this area because it requires a high level of management judgement and due to the materiality of the amounts involved.

For trade receivable balances where a provision for impairment was recognised, we evaluated the management's judgement by making reference to the ageing of the balances, the customer's historical payment patterns and whether any post year-end payments had been received up to the date of completing our audit procedures. We also obtained corroborative evidence including correspondence supporting any disputes between the parties involved, attempts by management to recover the amounts outstanding and on the credit status of significant counterparties where available.

We tested aged balances where no provision was recognised to ascertain that there were no indicators of impairment. This included testing if payments had been received since the year-end, reviewing historical payment patterns and any correspondence with customers on expected settlement dates.

In addition, we evaluated the adequacy of the Group's disclosures regarding the impairment of trade receivables as disclosed in Note 2.13, Note 3(b) and Note 20 to the financial statements.

Independent Auditors' Report

to the members of Shin Yang Shipping Corporation Berhad - 666062-A
(Incorporated in Malaysia) (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent Auditors' Report

to the members of Shin Yang Shipping Corporation Berhad - 666062-A
(Incorporated in Malaysia) (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Company Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

Other reporting responsibilities

The supplementary information set out in Note 40 on page 106 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Miri, Malaysia

31 October 2017

Yong Nyet Yun
2708/04/18 (J)
Chartered Accountant

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Revenue	4	589,675,142	641,567,341	4,416,622	4,429,622
Cost of services		(548,832,672)	(561,313,785)	(1,434,164)	(1,267,652)
Gross profit		40,842,470	80,253,556	2,982,458	3,161,970
Other items of income					
Dividend income	5	3,780	2,700	-	-
Other income	6	97,815,836	36,412,850	847,639	1,703,968
Other items of expense					
Administrative expenses		(50,915,612)	(46,860,885)	(2,904,177)	(2,734,086)
Other expenses		(52,654,183)	(27,530,054)	-	-
Operating profit		35,092,291	42,278,167	925,920	2,131,852
Finance income	7	859,804	1,128,344	795,652	927,983
Finance costs	8	(24,569,857)	(31,518,137)	(1,669,278)	(1,369,338)
Share of results of associates		(7,881,915)	(10,282,961)	-	-
Profit before tax	9	3,500,323	1,605,413	52,294	1,690,497
Income tax expense	12	1,922,375	4,906,539	-	(1,574)
Profit, net of tax		5,422,698	6,511,952	52,294	1,688,923
Other comprehensive income					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Foreign currency translation		466,310	4,929,659	-	-
Total comprehensive income for the year		5,889,008	11,441,611	52,294	1,688,923
Profit/(loss) attributable to:					
Owners of the Company		5,337,944	8,178,399	52,294	1,688,923
Non-controlling interests		84,754	(1,666,447)	-	-
		5,422,698	6,511,952	52,294	1,688,923
Total comprehensive income attributable to:					
Owners of the Company		5,746,438	12,184,016	52,294	1,688,923
Non-controlling interests		142,570	(742,405)	-	-
		5,889,008	11,441,611	52,294	1,688,923
	Note	Group			
		2017 Sen	2016 Sen		
Earnings per share attributable to equity holders of the Company:					
Basic	13	0.44	0.68		

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

Statements of Financial Position

as at 30 June 2017

	Note	2017 RM	Group 2016 RM	2017 RM	Company 2016 RM
Assets					
Non-current assets					
Property, plant and equipment	14	1,145,607,322	1,383,651,630	53,555,289	54,339,109
Investment in subsidiaries	15	-	-	1,036,431,176	1,036,431,176
Investment in associates	16	7,431,484	1,837,586	682,500	682,500
Other investments	17	241,200	44,000	-	-
Other receivable	20	212,547,208	-	-	-
Intangible asset	18	2,063,893	2,069,794	-	-
		1,367,891,107	1,387,603,010	1,090,668,965	1,091,452,785
Current assets					
Inventories	19	47,264,903	44,968,234	-	-
Trade and other receivables	20	281,706,266	466,329,505	124,420,383	165,983,944
Other current assets	21	8,464,768	22,711,405	-	-
Tax recoverable		2,914,670	1,063,156	62,700	73,601
Cash and bank balances	23	83,042,956	30,446,908	64,326,918	14,757,730
		423,393,563	565,519,208	188,810,001	180,815,275
Total assets		1,791,284,670	1,953,122,218	1,279,478,966	1,272,268,060
Equity and liabilities					
Equity attributable to owners of the Company					
Share capital	29	1,216,972,062	1,200,000,000	1,216,972,062	1,200,000,000
Share premium	29	-	16,972,062	-	16,972,062
Retained earnings		228,201,958	222,864,014	7,530,344	7,478,050
Other reserves	30	(288,938,943)	(289,347,437)	-	-
		1,156,235,077	1,150,488,639	1,224,502,406	1,224,450,112
Non-controlling interests		3,643,803	20,320,876	-	-
Total equity		1,159,878,880	1,170,809,515	1,224,502,406	1,224,450,112

Statements of Financial Position

as at 30 June 2017 (cont'd)

	Note	2017 RM	Group 2016 RM	2017 RM	Company 2016 RM
Current liabilities					
Loans and borrowings	24	322,602,988	374,095,633	22,837,604	23,395,142
Trade and other payables	25	130,456,646	204,931,556	15,834,395	20,134,806
Other current liabilities	26	521,998	3,126,850	-	-
Tax payable		209,938	293,620	-	-
		453,791,570	582,447,659	38,671,999	43,529,948
Net current (liabilities)/assets		(30,398,007)	(16,928,451)	150,138,002	137,285,327
Non-current liabilities					
Loans and borrowings	24	101,632,017	134,769,732	16,304,561	4,288,000
Deferred tax liabilities	27	55,184,896	58,005,966	-	-
Deferred income	28	20,797,307	7,089,346	-	-
		177,614,220	199,865,044	16,304,561	4,288,000
Total liabilities		631,405,790	782,312,703	54,976,560	47,817,948
Net assets		1,159,878,880	1,170,809,515	1,224,502,406	1,224,450,112
Total equity and liabilities		1,791,284,670	1,953,122,218	1,279,478,966	1,272,268,060

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

Statements of Changes in Equity

for the year ended 30 June 2017

2017 Group	Equity attributable to owners of the Company, total RM					Share capital RM	Share premium RM	Other reserves RM	Retained earnings RM	Non-controlling interests RM
	Equity, the Company, total RM	Equity attributable to owners of the Company, total RM	Share capital RM	Share premium RM	Other reserves RM					
Opening balance at 1 July 2016	1,170,809,515	1,150,488,639	1,200,000,000	16,972,062	(289,347,437)	222,864,014	20,320,876			
Profit, net of tax	5,422,698	5,337,944	-	-	-	5,337,944	84,754			
Other comprehensive income	466,310	408,494	-	-	408,494	-	57,816			
Total comprehensive income	5,889,008	5,746,438	-	-	408,494	5,337,944	142,570			
Transactions with owners										
Disposal of subsidiaries	(6,704,141)	-	-	-	-	-	(6,704,141)			
Return of capital by a subsidiary	(8,869,500)	-	-	-	-	-	(8,869,500)			
Acquisition of subsidiaries	445,000	-	-	-	-	-	445,000			
Dividend paid to non-controlling interests	(1,691,002)	-	-	-	-	-	(1,691,002)			
Transfer pursuant to Companies Act 2016 (Note 2.2(a))	-	-	16,972,062	(16,972,062)	-	-	-			
Closing balance at 30 June 2017	1,159,878,880	1,156,235,077	1,216,972,062	-	(288,938,943)	228,201,958	3,643,803			
2016 Group										
Opening balance at 1 July 2015	1,160,167,028	1,138,304,623	1,200,000,000	16,972,062	(293,353,054)	214,685,615	21,862,405			
Profit, net of tax	6,511,952	8,178,399	-	-	-	8,178,399	(1,666,447)			
Other comprehensive income	4,929,659	4,005,617	-	-	4,005,617	-	942,042			
Total comprehensive income	11,441,611	12,184,016	-	-	4,005,617	8,178,399	(742,405)			
Transactions with owners										
Dividend paid to non-controlling interests	(799,124)	-	-	-	-	-	(799,124)			
Closing balance at 30 June 2016	1,170,809,515	1,150,488,639	1,200,000,000	16,972,062	(289,347,437)	222,864,014	20,320,876			

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

Statements of Changes in Equity

for the year ended 30 June 2017 (cont'd)

	Equity, total RM	Share capital RM	Share premium RM	Retained earnings RM
2017 Company				
Opening balance at 1 July 2016	1,224,450,112	1,200,000,000	16,972,062	7,478,050
Profit, net of tax, representing total comprehensive income	52,294	-	-	52,294
Transfer pursuant to Companies Act 2016 (Note 2.2(a))	-	16,972,062	(16,972,062)	-
Closing balance at 30 June 2017	1,224,502,406	1,216,972,062	-	7,530,344
2016 Company				
Opening balance at 1 July 2015	1,222,761,189	1,200,000,000	16,972,062	5,789,127
Profit, net of tax, representing total comprehensive income	1,688,923	-	-	1,688,923
Closing balance at 30 June 2016	1,224,450,112	1,200,000,000	16,972,062	7,478,050

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

Statements of Cash Flows

for the year ended 30 June 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Operating activities					
Profit before tax		3,500,323	1,605,413	52,294	1,690,497
<u>Adjustments for:</u>					
Interest income	7	(859,804)	(1,128,344)	(795,652)	(927,983)
Dividend income	4,5	(3,780)	(2,700)	(1,640,000)	(1,925,000)
Interest expenses	8	24,569,857	31,511,505	1,669,278	1,369,338
Depreciation of property, plant and equipment	14	102,389,255	102,774,471	1,338,406	1,076,878
Fair value gain on investment securities	6	(197,200)	-	-	-
Impairment loss on investment in associates	9	6,691,543	-	-	-
Impairment loss on property, plant and equipment	9	10,464,427	-	-	-
Impairment loss on trade receivables	9	13,887,993	3,245,241	-	-
Inventories written down	9	393,523	-	-	-
Loss on disposal of property, plant and equipment	9	24,255,435	18,318,575	-	-
Unrealised gain on foreign exchange	6,8,9	(6,355,546)	(9,910,581)	(847,639)	(1,703,968)
Property, plant and equipment written off	9	5,485,134	1,225,949	-	-
Gain on disposal of subsidiaries	6	(47,849,344)	-	-	-
Share of results of associates		7,881,915	10,282,961	-	-
Total adjustments		140,753,408	156,317,077	(275,607)	(2,110,735)
Operating cash flows before changes in working capital		144,253,731	157,922,490	(223,313)	(420,238)
<u>Changes in working capital</u>					
(Increase)/Decrease in inventories		(2,223,309)	23,247,979	-	-
(Increase)/Decrease in trade and other receivables		(97,851,961)	51,849,096	(36,189,240)	(47,986)
Decrease in other current assets		12,258,771	5,153,113	-	-
Increase/(Decrease) in trade and other payables		134,029,424	(49,665,114)	(4,153,980)	4,226,905
(Decrease)/Increase in other current liabilities		(2,604,852)	2,331,729	-	-
Related companies balances		53,607,814	(43,346,777)	(1,725,845)	(1,297,488)
Net change in subsidiaries balances		-	-	80,829,854	(7,214,627)
Total changes in working capital		97,215,887	(10,429,974)	38,760,789	(4,333,196)
Cash flows from/(used in) operations		241,469,618	147,492,516	38,537,476	(4,753,434)
Income tax paid		(2,822,298)	(3,196,015)	(69,399)	(73,601)
Income tax refunded		80,300	1,089,636	80,300	39,733
Interest paid		(24,569,857)	(31,836,864)	(1,669,278)	(1,369,338)
Interest received		859,804	1,128,344	795,652	927,983
Net cash flows from/(used in) operating activities		215,017,567	114,677,617	37,674,751	(5,228,657)

Statements of Cash Flows

for the year ended 30 June 2017 (cont'd)

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Investing activities					
Dividend received		3,780	2,700	990,000	1,925,000
Purchase of property, plant and equipment		(128,575,044)	(87,895,414)	(554,586)	(23,374,374)
Proceeds from disposal of property, plant and equipment		56,266,627	93,116,890	-	-
Proceeds from disposal of subsidiaries	15	4,251,316	-	-	-
Return of capital by a subsidiary		(8,869,500)	-	-	-
Net cash flows (used in)/from investing activities		(76,922,821)	5,224,176	435,414	(21,449,374)
Financing activities					
Dividend paid to non-controlling interests		(1,691,002)	(799,124)	-	-
Proceeds from loans and borrowings		29,180,000	30,307,480	15,500,000	4,000,000
Repayment of loans and borrowings		(100,088,100)	(157,340,669)	(1,933,435)	(1,287,600)
Net movement in trade financing		(2,344,065)	(32,870,769)	-	-
Net movement in cash at bank restricted in use		-	3,000,000	-	3,000,000
Proceeds from issuance of shares to non-controlling interests		445,000	-	-	-
Net cash flows (used in)/from financing activities		(74,498,167)	(157,703,082)	13,566,565	5,712,400
Net increase/(decrease) in cash and cash equivalents		63,596,579	(37,801,289)	51,676,730	(20,965,631)
Cash and cash equivalents at 1 July		(11,745,001)	25,603,061	12,650,188	33,615,819
Effect of exchange rate changes		186,556	453,227	-	-
Cash and cash equivalents at 30 June	23	52,038,134	(11,745,001)	64,326,918	12,650,188

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

Notes to the Financial Statements

30 June 2017

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Sublot 153 (Parent Lot 70), Jalan Kuala Baram, Kuala Baram 98100 Miri, Sarawak.

The immediate and ultimate holding company of the Company is Shin Yang Holding Sendirian Berhad, a company incorporated in Malaysia.

The Company is principally engaged in investment holding and property holding. The subsidiary companies are involved in the provision of domestic and regional, and international shipping services, shipbuilding, ship repair, shipping and forwarding agency and fabrication of metal structures.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have also been prepared on the historical cost basis except as disclosed in the accounting policies below.

On 15 September 2016, the Companies Act 2016 ("New Act") was enacted and it replaces the Companies Act, 1965 in Malaysia with effect from 31 January 2017. The key changes of the New Act on the financial statements are disclosed in Note 2.2.

The financial statements are presented in Ringgit Malaysia ("RM").

2.2 Changes in regulatory requirements and accounting policies

(a) Changes in regulatory requirements

Companies Act 2016 ("New Act")

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and the Company upon the commencement of the New Act on 31 January 2017 are:

- the removal of authorised share capital
- the ordinary shares of the Company will cease to have par or nominal value; and
- the Company's share premium will become part of the share capital

Notes to the Financial Statements

30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in regulatory requirements and accounting policies (Continued)

(b) Changes in accounting policies

On 1 July 2016, the Group and the Company adopted the following new MFRSs, Amendments to MFRSs and Annual Improvements to MFRSs:

- Annual Improvements to MFRSs 2012 – 2014 Cycle
- Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants
- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 127: Equity Method in Separate Financial Statements
- Amendments to MFRS 101: Disclosure Initiatives
- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investments Entities - Applying the Consolidation Exception
- MFRS 14 Regulatory Deferral Accounts

The adoption of the above new MFRSs, Amendments to MFRSs and Annual Improvements to MFRSs did not have any effect on the financial performance or position of the Group and of the Company.

2.3 Amendments/standards issued but not yet effective

The amendments/standards issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are listed below. The Group and the Company intend to adopt these amendments/standards, if applicable, when they become effective.

MFRS effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 107: Disclosure Initiatives
- Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to MFRSs 2014 – 2016 Cycle: Amendments to MFRS 12: Disclosure of Interests in Other Entities

MFRS effective for annual periods beginning on or after 1 January 2018

- MFRS 9: Financial Instruments
- MFRS 15: Revenue from Contracts with Customers
- Clarifications to MFRS 15: Revenue from Contracts with Customers
- Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions
- Amendment to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 : Insurance Contracts
- Amendment to MFRS 140: Transfer of Investment Property
- IC Interpretation 22 : Foreign Currency Transactions and Advance Consideration
- Annual Improvements to MFRSs 2014 – 2016 Cycle: Amendments to MFRS 1: First-time Adoption of Financial Reporting Standards
- Annual Improvements to MFRSs 2014 – 2016 Cycle: Amendments to MFRS 11 and MFRS 128 : Investment in Associates and Joint Ventures

MFRS effective for annual periods beginning on or after 1 January 2019

- MFRS 16: Leases

MFRS effective date to be announced

- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Notes to the Financial Statements

30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Amendments/standards issued but not yet effective (Continued)

Unless otherwise described below, the new MFRSs, Amendments to MFRSs, IC Interpretation and Annual Improvements to MFRSs above are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except for the changes in presentation and disclosures of financial information arising from the adoption of all the above MFRSs, Amendments to MFRSs, IC Interpretation and Annual Improvements to MFRSs.

The Directors are currently assessing the impact that the adoption of the standards below will have on the financial position and performance:

(a) MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

(b) MFRS 9 Financial Instruments

In November 2015, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but restatement of comparative information is not compulsory. The Group is currently assessing the impact of MFRS 9 and plans to adopt the new standard on the required effective date.

(c) MFRS 16 Leases

The scope of MFRS 16 includes leases of all assets, with certain exception. A lease is define as contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

MFRS 16 eliminates the distinction between finance and operating leases for leases under MFRS 117. MFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Notes to the Financial Statements

30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Amendments/standards issued but not yet effective (Continued)

(c) MFRS 16 Leases (Continued)

Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in index or rate use to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective transition approach. The standard's transition provisions permit certain reliefs. Early application is permitted, but not before an entity applies MFRS 15. The Group is currently assessing the impact of MFRS 16 and plans to adopt the new standard on the required effective date.

The other new MFRSs, Amendments to MFRSs, IC Interpretation and Annual Improvements to MFRSs above are expected to have no significant impact on the financial statements of the Group and of the Company upon their application except for changes in presentation and disclosures financial information arising from the adoption of all these new MFRSs, Amendments to MFRSs, IC Interpretation and Annual Improvements to MFRSs.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

Notes to the Financial Statements

30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation (Continued)

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

Notes to the Financial Statements

30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Transactions with non-controlling interests

Non-controlling interests represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

Notes to the Financial Statements

30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis, less estimated residual value over the estimated useful lives of the assets as follows:

Leasehold land	Ranging from 17 to 60 years
Wharf	20 years
Buildings, jetty, and slipways	20 – 50 years
Dry docking expenses	2.5 - 5 years
Motor vehicles	5 – 10 years
Office equipment, furniture and fittings	5 – 10 years
Shipping equipment and machinery	3 – 20 years
Plant and machinery	10 years
Vessels	10 – 20 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Intangible assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Notes to the Financial Statements

30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets (Continued)

Goodwill (Continued)

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.11 Investment in associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

Notes to the Financial Statements

30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Investment in associates (Continued)

An associate is equity accounted for from the date on which the investee becomes an associate.

Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.12 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss and loans and receivables.

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

Notes to the Financial Statements

30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (Continued)

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.13 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Notes to the Financial Statements

30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.15 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.16 Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined on a first-in-first-out basis. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. In arriving at the net realisable value, due allowance is made for all damaged, obsolete and slow moving items.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements

30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities.

Other financial liabilities

The Group's and the Company's financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.19 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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Notes to the Financial Statements

30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.22 Leases

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.23 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Revenue from services

Commission received, bill of lading charges and other services are recognised net of discounts as and when the services are performed.

(b) Freight and charter hire

Freight, chartering and hiring are recognised on a time-apportioned basis.

(c) Construction contracts

Revenue from construction contracts is accounted for by the percentage of completion method as described in Note 2.15.

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(e) Rental income

Revenue is recognised on an accrual basis unless collectibility is in doubt.

Notes to the Financial Statements

30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to the Financial Statements

30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.26 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.28 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.29 Fair value measurements

The Group and the Company measure financial instruments at fair value at each reporting date.

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

Notes to the Financial Statements

30 June 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.29 Fair value measurements (Continued)

The principal or the most advantageous market must be accessible to by the Group and the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset 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.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair values in measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1	-	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	-	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3	-	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy as explained above.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2.5 to 60 years. These are common life expectancies applied in the shipbuilding and ship chartering industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 14. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 146.26% (2016: 320.09%) variance in the Group's profit for the year.

Notes to the Financial Statements

30 June 2017

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (Continued)

b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 20. If the present value of estimated future cash flows decreases by 10% from management's estimates, the Group's allowance for impairment will increase by RM49,425,347 (2016: RM46,632,950).

c) Construction contracts

The Group recognises construction contract revenue and expenses in the statement of profit or loss and other comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that construction contract costs incurred for work performed to date bear to the estimated total construction contract costs.

Significant judgement is required in determining the stage of completion, the extent of the construction contract costs incurred, the estimated total construction contract revenue and costs, as well as the recoverability of the construction contract costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists and machinery suppliers.

The carrying amounts of assets and liabilities of the Group arising from construction contracts activities are disclosed in Note 22. A 10% difference in the estimated total construction contract costs would result in approximately 6.51% (2016: 61.90%) variance in the Group's profit or loss.

d) Impairment of vessels

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on valuation performed by independent ship valuers, available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

The Group performed a review of the recoverable amount of vessels with indication of impairment during the financial year. The review resulted in the recognition of impairment losses as disclosed in Note 14. A 5% difference in the fair value less cost to sale ("FVLCS") of vessels would result in increase/(decrease) of the Group's profit for the year as follows:

	2017 %	2016 %
Increase in FVLCS	(14.95)	-
Reduction in FVLCS	14.95	-

Notes to the Financial Statements

30 June 2017

4. REVENUE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Charterage and hiring charges	68,863,173	100,312,683	-	-
Freight and lighterage charges	420,029,713	439,820,391	-	-
Shipbuilding	30,840,640	29,970,118	-	-
Ship repairs and other services	63,520,854	65,909,910	-	-
Bill of lading charges	4,926,722	4,813,475	-	-
Commission received	961,418	228,142	-	-
Dividend income from subsidiaries	-	-	1,640,000	1,925,000
Rental income	532,622	512,622	2,776,622	2,504,622
	589,675,142	641,567,341	4,416,622	4,429,622

5. DIVIDEND INCOME

Dividend income from investment securities	3,780	2,700	-	-
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6. OTHER INCOME

Gain on disposal of subsidiaries (Note 15)	47,849,344	-	-	-
Gain on foreign exchange				
- Realised	8,650,101	10,918,210	-	-
- Unrealised	6,949,106	15,246,346	847,639	1,703,968
Fair value gain on investment securities	197,200	-	-	-
Miscellaneous income	33,978,791	10,028,926	-	-
Rental income	191,294	219,368	-	-
	97,815,836	36,412,850	847,639	1,703,968

7. FINANCE INCOME

Interest income from:				
- Short term deposits	843,712	1,014,250	795,652	927,983
- Associates	-	105,091	-	-
- Others	16,092	9,003	-	-
	859,804	1,128,344	795,652	927,983

Notes to the Financial Statements

30 June 2017

8. FINANCE COSTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest expenses on:				
- Bank overdrafts	2,625,118	3,069,088	122,633	133,900
- Bankers acceptances	7,134,612	7,455,745	-	-
- Obligations under finance leases	837,179	1,493,498	-	-
- Term loans	9,730,220	14,060,099	577,069	312,382
- Revolving credits	3,495,835	4,584,734	969,576	923,056
- Trust receipts	746,893	1,047,564	-	-
- Others	-	126,136	-	-
	24,569,857	31,836,864	1,669,278	1,369,338
Less : Interest expenses capitalised in:				
- Property, plant and equipment (Note 14)	-	(325,359)	-	-
	24,569,857	31,511,505	1,669,278	1,369,338
Net foreign exchange loss	-	6,632	-	-
	24,569,857	31,518,137	1,669,278	1,369,338

9. PROFIT BEFORE TAX

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
The following items have been included in arriving at profit before tax:				
Employee benefits expense (Note 10)	89,980,279	107,994,469	2,070,641	2,232,260
Non-executive directors' fee (Note 11)	339,481	319,260	270,360	250,360
Auditors' remunerations				
- Current year	165,383	183,919	40,000	27,000
- Underprovision in previous years	1,000	9,375	-	9,500
Depreciation of property, plant and equipment (Note 14)	102,389,255	102,774,471	1,338,406	1,076,878
Impairment loss on trade receivables (Note 20)	13,887,993	3,245,241	-	-
Impairment loss on investment in associates (Note 16)	6,691,543	-	-	-
Impairment loss on property, plant and equipment (Note 14)	10,464,427	-	-	-
Loss on disposal of property, plant and equipment	24,255,435	18,318,575	-	-
Hiring charges	3,500,340	7,760,498	-	-
Inventories written down	393,523	-	-	-
Property, plant and equipment written off	5,485,134	1,225,949	-	-
Loss on foreign exchange				
- Realised	1,917,439	3,291,536	-	-
- Unrealised	593,560	5,329,133	-	-
Rental expenses	1,161,909	6,942,794	-	-

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10. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries and wages	85,580,724	103,363,997	1,926,867	2,059,452
Social security contributions	495,286	472,130	3,374	1,697
Contributions to defined contribution plan	3,904,269	4,158,342	140,400	171,111
	89,980,279	107,994,469	2,070,641	2,232,260

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM1,716,461 (2016: RM1,836,900) and RM1,077,800 (2016: RM1,145,300) respectively as further disclosed in Note 11.

11. DIRECTORS' REMUNERATION

The details of remuneration receivable by Directors of the Company during the year are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Executive:				
Salaries and other emoluments	1,505,436	1,620,000	930,000	960,000
Bonus	110,500	90,000	80,000	80,000
Defined contribution plan	100,525	126,900	67,800	105,300
Total executive directors' remuneration (Note 10)	1,716,461	1,836,900	1,077,800	1,145,300
Non-Executive:				
Fees (Note 9)	339,481	319,260	270,360	250,360
Total Non-executive directors' remuneration	339,481	319,260	270,360	250,360
Total directors' remuneration	2,055,942	2,156,160	1,348,160	1,395,660

The number of Directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors	
	2017	2016
Executive Directors:		
RM250,001 – RM300,000	2	1
RM400,001 – RM450,000	1	-
RM750,001 – RM800,000	1	2
Non-Executive Directors:		
Below RM50,000	4	3
RM250,001 – RM300,000	1	1

Notes to the Financial Statements

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12. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 30 June 2017 and 2016 are:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Statement of profit or loss and other comprehensive income:				
Current income tax:				
Malaysian income tax	884,364	1,431,192	-	-
Under/(Over)provision in previous years	13,658	(1,376,811)	-	1,574
Withholding tax	673	-	-	-
	898,695	54,381	-	1,574
Deferred income tax (Note 27):				
Origination or reversal of temporary differences	29,701	(5,143,948)	-	-
(Over)/Underprovision in previous years	(2,850,771)	183,028	-	-
	(2,821,070)	(4,960,920)	-	-
Income tax expense recognised in profit or loss	(1,922,375)	(4,906,539)	-	1,574

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 June 2017 and 2016 are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before tax	3,500,323	1,605,413	52,294	1,690,497
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	840,078	385,299	12,551	405,719
Adjustments:				
Income not subject to tax	(13,462,391)	(2,873,819)	(597,033)	(870,952)
Non-deductible expenses	8,242,148	5,645,222	422,861	220,547
Effect of tax incentives	-	(7,204,526)	-	-
Deferred tax assets not recognised during the year	5,272,385	246,157	161,621	244,686
Under/(Over)provision of tax expenses in previous years	13,658	(1,376,811)	-	1,574
(Over)/Underprovision of deferred tax in previous years	(2,850,771)	183,028	-	-
Others	21,845	88,911	-	-
Withholding tax	673	-	-	-
Income tax expense recognised in profit or loss	(1,922,375)	(4,906,539)	-	1,574

Notes to the Financial Statements

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12. INCOME TAX EXPENSE (CONTINUED)

Current income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year.

The subsidiaries enjoy tax exempt profits arising from its operations of seagoing vessels, under Section 54A of the Income Tax Act, 1967.

The profits of the subsidiaries from United Arab Emirates ("UAE") are not subject to income tax as there are no taxes imposed by the federal government of UAE.

13. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The following reflect the profit and share data used in the computation of basic earnings per share for the years ended 30 June:

	2017	2016
	RM	RM
Profit attributable to ordinary equity holders of the Company	5,337,944	8,178,399
	2017	2016
Number of ordinary shares in issue during the year	1,200,000,000	1,200,000,000
	2017	2016
	Sen	Sen
Basic earnings per share for profit for the year	0.44	0.68

The diluted earnings per share for the Group is not presented as there were no potential dilutive ordinary shares outstanding at the reporting date.

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14. PROPERTY, PLANT AND EQUIPMENT

Group	Land, Buildings, Jetty, Wharf and Slipways* RM	Dry Docking Expenses RM	Motor Vehicles RM	Office Equipment, Furniture and Fittings RM	Shipping Equipment and Machinery RM	Plant and Machinery RM	Vessels RM	Capital work-in-progress RM	Total RM
Cost:									
At 1 July 2015	346,720,360	33,945,098	9,603,209	17,668,920	165,674,424	81,922,709	1,476,503,935	72,374,431	2,204,413,086
Additions	22,968,816	4,803,238	488,304	256,898	1,156,930	41,979	4,282,525	54,459,083	88,457,773
Transfers	1,875,454	-	-	-	286,685	52,952,188	58,551,984	(113,666,311)	-
Disposals	-	(8,967,904)	-	-	(2,595,644)	(10,000)	(133,743,087)	-	(145,316,635)
Written off	-	(1,389,112)	-	(15,439)	(650,231)	(5,680)	-	-	(2,060,462)
Exchange translation-differences	1,381,157	1,381,298	97,513	243,462	1,200,304	-	12,465,815	-	16,769,549
At 30 June 2016 and 1 July 2016	372,945,787	29,772,618	10,189,026	18,153,841	165,072,468	134,901,196	1,418,061,172	13,167,203	2,162,263,311
Additions	10,200	8,449,088	114,237	1,161,678	4,253,806	5,609,298	111,429,583	518,154	131,546,044
Transfers	5,947,865	-	-	-	-	-	2,562,500	(8,510,365)	-
Disposals	-	-	(238,000)	-	(1,626,340)	(27,500)	(111,178,484)	(46,680)	(113,117,004)
Written off	-	(10,962,637)	-	(400)	(930,663)	-	(817,369)	-	(12,711,069)
Disposal of subsidiaries	(20,225,111)	(14,010,383)	(1,709,663)	(3,789,274)	(18,152,169)	-	(204,432,676)	-	(262,319,276)
Exchange translation-differences	1,432,217	1,387,584	115,587	256,882	1,254,632	-	12,044,945	-	16,491,847
At 30 June 2017	360,110,958	14,636,270	8,471,187	15,782,727	149,871,734	140,482,994	1,227,669,671	5,128,312	1,922,153,853

Notes to the Financial Statements

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14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Land, Buildings, Jetty, Wharf and Slipways*	Dry Docking Expenses	Motor Vehicles	Office Equipment, Furniture and Fittings	Shipping Equipment and Machinery	Plant and Machinery	Vessels	Capital work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 2015	58,379,379	16,114,637	6,133,530	9,109,567	89,335,721	48,504,095	477,504,297	-	705,081,226
Charge for the year	8,422,911	6,888,581	720,117	1,739,902	12,984,838	7,108,985	64,940,676	-	102,806,010
Disposals	-	(5,997,485)	-	-	(1,879,928)	(9,999)	(25,993,758)	-	(33,881,170)
Written off	-	(344,222)	-	(15,062)	(471,681)	(3,548)	-	-	(834,513)
Exchange translation differences	165,697	477,166	44,830	58,137	387,452	-	4,306,846	-	5,440,128
At 30 June 2016 and 1 July 2016	66,967,987	17,138,677	6,898,477	10,892,544	100,356,402	55,599,533	520,758,061	-	778,611,681
Charge for the year	8,531,328	3,571,289	691,239	1,603,187	12,284,310	7,046,693	68,661,209	-	102,389,255
Impairment loss (Note 9)	-	-	-	-	-	-	10,464,427	-	10,464,427
Disposals	-	-	(238,000)	-	(1,162,170)	(27,499)	(31,167,273)	-	(32,594,942)
Written off	-	(5,554,179)	-	(400)	(853,998)	-	(817,358)	-	(7,225,935)
Disposal of subsidiaries	(4,294,480)	(7,687,533)	(941,494)	(1,791,662)	(6,752,684)	-	(60,350,112)	-	(81,817,965)
Exchange translation differences	230,749	802,328	59,626	105,988	504,949	-	5,016,370	-	6,720,010
At 30 June 2017	71,435,584	8,270,582	6,469,848	10,809,657	104,376,809	62,618,727	512,565,324	-	776,546,531
Net carrying amount:									
At 30 June 2016	305,977,800	12,633,941	3,290,549	7,261,297	64,716,066	79,301,663	897,303,111	13,167,203	1,383,651,630
At 30 June 2017	288,675,374	6,365,688	2,001,339	4,973,070	45,494,925	77,864,267	715,104,347	5,128,312	1,145,607,322

Notes to the Financial Statements

30 June 2017

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

* Land, buildings, jetty, wharf and slipways

Group	Leasehold Land RM	Leasehold Land and Buildings RM	Buildings RM	Slipways RM	Wharf and Jetty RM	Total RM
Cost:						
At 1 July 2015	132,432,026	10,309,160	113,442,400	87,790,766	2,746,008	346,720,360
Additions	-	22,968,816	-	-	-	22,968,816
Transfer from capital work-in-progress	-	1,088,816	-	786,638	-	1,875,454
Exchange translation differences	-	-	373,742	1,007,415	-	1,381,157
At 30 June 2016 and 1 July 2016	132,432,026	34,366,792	113,816,142	89,584,819	2,746,008	372,945,787
Additions	-	10,200	-	-	-	10,200
Transfer from capital work-in-progress	5,028,085	919,780	-	-	-	5,947,865
Disposal of subsidiaries	-	-	(3,493,366)	(16,731,745)	-	(20,225,111)
Exchange translation differences	-	-	383,797	1,048,420	-	1,432,217
At 30 June 2017	137,460,111	35,296,772	110,706,573	73,901,494	2,746,008	360,110,958
Accumulated depreciation and impairment loss:						
At 1 July 2015	10,784,076	446,401	13,683,148	32,671,237	794,517	58,379,379
Charge for the year	1,675,999	228,246	2,080,384	4,295,925	142,357	8,422,911
Exchange translation differences	-	-	123	165,574	-	165,697
At 30 June 2016 and 1 July 2016	12,460,075	674,647	15,763,655	37,132,736	936,874	66,967,987
Charge for the year	1,675,999	489,668	2,080,384	4,143,029	142,248	8,531,328
Disposal of subsidiaries	-	-	-	(4,294,480)	-	(4,294,480)
Exchange translation differences	-	-	95	230,654	-	230,749
At 30 June 2017	14,136,074	1,164,315	17,844,134	37,211,939	1,079,122	71,435,584
Net carrying amount:						
At 30 June 2016	119,971,951	33,692,145	98,052,487	52,452,083	1,809,134	305,977,800
At 30 June 2017	123,324,037	34,132,457	92,862,439	36,689,555	1,666,886	288,675,374

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14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	* Land and Buildings RM	Office Equipment, Furniture and Fittings RM	Capital work-in-progress RM	Total RM
Cost:				
At 1 July 2015	28,400,439	5,190,305	1,088,816	34,679,560
Additions	22,968,816	-	405,558	23,374,374
Transfers	1,088,816	-	(1,088,816)	-
At 30 June 2016 and 1 July 2016	52,458,071	5,190,305	405,558	58,053,934
Additions	10,200	30,164	514,222	554,586
Transfers	919,780	-	(919,780)	-
At 30 June 2017	53,388,051	5,220,469	-	58,608,520
Accumulated depreciation:				
At 1 July 2015	1,068,843	1,569,104	-	2,637,947
Charge for the year (Note 9)	467,151	609,727	-	1,076,878
At 30 June 2016 and 1 July 2016	1,535,994	2,178,831	-	3,714,825
Charge for the year (Note 9)	728,573	609,833	-	1,338,406
At 30 June 2017	2,264,567	2,788,664	-	5,053,231
Net carrying amount:				
At 30 June 2016	50,922,077	3,011,474	405,558	54,339,109
At 30 June 2017	51,123,484	2,431,805	-	53,555,289

Notes to the Financial Statements

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14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

*Land and Buildings

Company	Long Term Leasehold Land RM	Long Term Leasehold Land and Buildings RM	Buildings RM	Total RM
Cost:				
At 1 July 2015	2,164,309	10,309,160	15,926,970	28,400,439
Additions	-	22,968,816	-	22,968,816
Transfers	-	1,088,816	-	1,088,816
At 30 June 2016 and 1 July 2016	2,164,309	34,366,792	15,926,970	52,458,071
Additions	-	10,200	-	10,200
Transfers	-	919,780	-	919,780
At 30 June 2017	2,164,309	35,296,772	15,926,970	53,388,051
Accumulated depreciation:				
At 1 July 2015	-	446,401	622,442	1,068,843
Charge for the year	-	228,246	238,905	467,151
At 30 June 2016 and 1 July 2016	-	674,647	861,347	1,535,994
Charge for the year	-	489,668	238,905	728,573
At 30 June 2017	-	1,164,315	1,100,252	2,264,567
Net carrying amount:				
At 30 June 2016	2,164,309	33,692,145	15,065,623	50,922,077
At 30 June 2017	2,164,309	34,132,457	14,826,718	51,123,484

The Company is in the process of obtaining the land title for the long term leasehold land and building.

Assets held under finance leases

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM2,971,000 (2016: RM237,000) by means of finance leases. The cash outflows on acquisition of property, plant and equipment amounted to RM128,575,044 (2016: RM87,895,414).

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14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Assets held under finance leases (Continued)

The carrying amount of property, plant and equipment held under finance leases at the reporting date were as follows:

	Group	
	2017 RM	2016 RM
Motor vehicles	523,710	498,545
Plant and machinery	23,353,864	26,361,892
Vessels	2,316,150	4,011,300
Capital work-in-progress	-	215,250
	26,193,724	31,086,987

Assets pledged as security

In addition to assets held under finance leases, the net carrying amount of property, plant and equipment pledged for borrowings as referred in Note 24 are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Land and buildings	173,727,593	154,010,724	50,203,706	28,010,568
Vessels	610,771,069	560,998,035	-	-
	784,498,662	715,008,759	50,203,706	28,010,568

Depreciation charge for the year is allocated as follows:

Statement of profit or loss and other comprehensive income (Note 9)	102,389,255	102,774,471	1,388,406	1,076,878
Inventories (Note 19)	-	31,539	-	-
	102,389,255	102,806,010	1,388,406	1,076,878

In 2016, included in property, plant and equipment was interest expenses capitalised amounting to RM325,359.

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2017 RM	2016 RM
Unquoted shares, at cost	1,036,431,176	1,036,431,176

Notes to the Financial Statements

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15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are shown as follows:

Name of subsidiaries	Country of Incorporation	Principal activities	% of ownership interest held by the Group		% of ownership interest held by non-controlling interests	
			2017 %	2016 %	2017 %	2016 %
Danum Shipping Sdn. Bhd.	Malaysia	International shipping operations for liquid chemical products	100	100	-	-
Piasau Slipways Sdn. Bhd.	Malaysia	Shipbuilding and ship repairing, and fabrication of metal structures	100	100	-	-
Shinline Sdn. Bhd.	Malaysia	International shipping operations	100	100	-	-
Shin Yang Shipping Sdn. Bhd.	Malaysia	Domestic and regional shipping operations	100	100	-	-
Shin Yang Shipyard Sdn. Bhd.	Malaysia	Shipbuilding and ship repairing, and fabrication of metal structures	100	100	-	-
Thailine Sdn. Bhd.	Malaysia	International shipping operations	100	100	-	-
Hock Leong Shipping Sdn. Bhd.	Malaysia	Shipping agency	70	70	30	30
Subsidiary of Danum Shipping Sdn. Bhd.						
Micaline Sdn. Bhd.	Malaysia	International shipping operations	-	55	-	45
Sinar Asiamas Sdn. Bhd.	Malaysia	International shipping operations	55	-	45	-
Subsidiary of Micaline Sdn. Bhd.						
Bayshore Shipping Services Pte. Ltd. **	Singapore	Providers of commercial management, marketing of ships and ship managers	-	69.80	-	30.20
Subsidiaries of Shin Yang Shipping Sdn. Bhd.						
Shin Yang FZC	United Arab Emirates	Investment holding, trading of vessels and engaged in offshore and marine related shipping business	90.00	90.00	10.00	10.00
PT. Shinline**	Indonesia	Investment holding	99.50	99.50	0.50	0.50
Gemilang Raya Maritime Sdn. Bhd.**	Malaysia	Investment holding	60.00	-	40.00	-

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15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Country of Incorporation	Principal activities	% of ownership			
			% of ownership interest held by the Group		% of ownership interest held by non-controlling interests	
			2017	2016	2017	2016
			%	%	%	%
Subsidiaries of Shin Yang FZC						
Aya Shin Yang FZC	United Arab Emirates	Offshore and marine related shipping business	-	79.60*	-	20.40
Shin Yang Shipbuilding and Engineering RMC FZC	United Arab Emirates	Ship repair and fabrication	-	60.00	-	40.00

* In 2016, 19.60% of equity interest was indirectly held through Marsol Shin Yang LLC as disclosed in Note 16.

** Audited by a firm other than Ernst & Young.

Acquisition of a subsidiary

Gemilang Raya Maritime Sdn. Bhd.

During the year, the Group acquired 60% equity interest in a newly incorporated company, Gemilang Raya Maritime Sdn. Bhd. for a cash consideration of RM600,000.

Sinar Asiamas Sdn. Bhd.

During the year, the Group has incorporated a new subsidiary, Sinar Asiamas Sdn. Bhd. The issued and paid up share capital of Sinar Asiamas Sdn. Bhd. is RM100,000.

Disposal of a subsidiary of Danum Shipping Sdn. Bhd.

Micaline Sdn. Bhd.

The Group disposed of its 55% equity interest in Micaline Sdn. Bhd. for a cash consideration of RM1,204,500. Micaline Sdn. Bhd. has ceased to be the subsidiary of the Group.

Disposal of subsidiaries of Shin Yang FZC

Aya Shin Yang FZC

The Group disposed of 150 ordinary shares in Aya Shin Yang FZC for a cash consideration of AED1,875,000. Aya Shin Yang FZC has ceased to be the subsidiary of the Group and becomes an associated company.

Shin Yang Shipbuilding & Engineering RMC FZC

The Group disposed of 150 ordinary shares in Shin Yang Shipbuilding & Engineering RMC FZC for a cash consideration of AED2,250,000. Shin Yang Shipbuilding & Engineering RMC FZC has ceased to be the subsidiary of the Group and becomes an associated company.

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15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The disposal had the following effects on the financial position of the Group as at the end of the year:

	2017 RM	2016 RM
Property, plant and equipment	180,501,311	-
Goodwill	5,901	-
Investment in associates	4,216	-
Inventories	363,626	-
Trade and other receivables	60,317,042	-
Other current assets	1,292,272	-
Cash and bank balances	1,784,129	-
Trade and other payables	(270,497,095)	-
Loans and borrowings	(4,282,970)	-
Tax payable	(39,432)	-
Net identifiable liabilities	(30,551,000)	-
Less: Foreign exchange reserve	(375,596)	-
Less: Non-controlling interest	(6,704,141)	-
Less: Reclassification to associates	(4,183,162)	-
Net liabilities disposed	(41,813,899)	-
Total disposal proceeds	(6,035,445)	-
Gain on disposal to the Group (Note 6)	(47,849,344)	-
Disposal proceeds settled by:		
Cash	6,035,445	-
Cash inflows arising on disposals:		
Cash consideration	6,035,445	-
Cash and cash equivalents of subsidiaries disposed	(1,784,129)	-
Net cash inflows on disposals	4,251,316	-

Non-controlling interests

Summarised financial information of Micaline Sdn. Bhd. which has non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

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15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(i) Summarised statements of financial position

	Micaline Sdn. Bhd.	
	2017	2016
	RM	RM
Non-current assets	-	19,889
Current assets	-	54,105,263
Total assets	-	54,125,152
Current liabilities	-	28,057,489
Total liabilities	-	28,057,489
Net assets	-	26,067,663
Equity attributable to equity holders of the Company	-	14,337,215
Non-controlling interests	-	11,730,448

(ii) Summarised statements of profit or loss and other comprehensive income

Revenue	-	40,045,444
Profit for the year, representing total comprehensive income	-	8,126,303
Total comprehensive income attributable to equity holders of the Company	-	7,938,149
Total comprehensive income attributable to the non-controlling interests	-	188,154
	-	8,126,303

(iii) Summarised cash flows

Net cash flows used in operating activities	-	(31,643,511)
Net cash flows from investing activities	-	70,749,466
Net cash flows used in financing activities	-	(38,430,730)
Net increase in cash and cash equivalents	-	675,225
Cash and cash equivalents at beginning of the year	-	393,967
Effect of foreign exchange rate	-	10,609
Cash and cash equivalents at end of the year	-	1,079,801

In 2017, none of the subsidiaries with non-controlling interests are material to the Group. Accordingly, the disclosure requirements of MFRS 12, Disclosure of Interests in Other Entities, are not presented.

Notes to the Financial Statements

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16. INVESTMENT IN ASSOCIATES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Unquoted shares, at cost	14,562,186	12,744,090	682,500	682,500
Less: Unrealised profit on transactions with associates	(20,797,307)	(16,298,665)	-	-
	(6,235,121)	(3,554,575)	682,500	682,500
Share of post acquisition reserves	(439,159)	(1,697,185)	-	-
	(6,674,280)	(5,251,760)	682,500	682,500
Less: Impairment (Note 9)	(6,691,543)	-	-	-
Add: Transfer to deferred income (Note 28)	20,797,307	7,089,346	-	-
	7,431,484	1,837,586	682,500	682,500

Details of the associates are as follows:

Name of Company	Country of Incorporation	Principal Activities	Percentage of equity held	
			2017 %	2016 %
Melinau Shipping Sdn. Bhd.*	Malaysia	Shipping and forwarding agency	39	39
Associates of Shin Yang FZC				
Al Ghaith Shin Yang L.L.C.	United Arab Emirates	Offshore and marine related shipping business	49	49
Marsol Shin Yang L.L.C.	United Arab Emirates	Offshore and marine related shipping business	49	49
Deena Shipping L.L.C.	United Arab Emirates	Offshore and marine related shipping business, cargo services and chartering	49	49
Aya Shin Yang FZC#	United Arab Emirates	Offshore and marine related shipping business	45	-
Shin Yang Shipbuilding & Engineering RMC FZC#	United Arab Emirates	Ship repair and fabrication	45	-
Associate of Al Ghaith Shin Yang L.L.C.				
Al Ghaith Shin Yang (L) Berhad	Malaysia	Inactive	49	49
Associates of Marsol Shin Yang L.L.C.				
Marsol Shin Yang (L) Berhad	Malaysia	Inactive	49	49
Aya Shin Yang FZC	United Arab Emirates	Offshore and marine related shipping business	-	40

Notes to the Financial Statements

30 June 2017

16. INVESTMENT IN ASSOCIATES (CONTINUED)

Details of the associates are as follows: (Continued)

Name of Company	Country of Incorporation	Principal Activities	Percentage of equity held	
			2017 %	2016 %
Associate of Aya Shin Yang FZC				
Trelco Shin Yang (L) Berhad	Malaysia	Inactive	49	49
Associate of PT Shinline				
PT. Baruna Adiprasetya*	Indonesia	International shipping and shipping agency	49	49

* Audited by a firm other than Ernst & Young.

Refer to Note 15

The Group has not recognised losses relating to Deena Shipping L.L.C., Aya Shin Yang FZC and PT Baruna Adiprasetya where its share of losses exceeds the Group's interest in these associates. The Group's cumulative share of unrecognised losses at the reporting date was RM40,043,974 (2016: RM7,445,190) of which RM13,114,334 (2016: RM1,630,843) was the share of the current year's losses. The Group has no obligation in respect of these losses.

The Group contingent liabilities in respect of its associates are disclosed in Note 31.

Summarised financial information in respect of the Group's material associates is set out below. The summarised financial information represents the amount in the MFRS financial statements of the associates and not the Group's share of those amounts.

(a) Summarised statements of financial information

2017	Shin Yang FZC RM	Aya Shin Yang FZC RM	Shin Yang Shipbuilding & Engineering RMC FZC RM	Deena Shipping L.L.C. RM	Total RM
Assets and liabilities					
Current assets	6,461,656		34,868,604	23,829,800	65,160,060
Non-current assets	168,112,986		27,951,943	3,341,721	199,406,650
Total assets	174,574,642		62,820,547	27,171,521	264,566,710
Current liabilities	254,368,276		34,131,034	58,944,645	347,443,955
Total liabilities	254,368,276		34,131,034	58,944,645	347,443,955
Net (liabilities)/assets	(79,793,634)		28,689,513	(31,773,124)	(82,877,245)

Notes to the Financial Statements

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16. INVESTMENT IN ASSOCIATES (CONTINUED)

(a) Summarised statements of financial information (Continued)

2016	Al Ghaith Shin Yang L.L.C. RM	Marsol Shin Yang L.L.C. RM	Total RM
Assets and liabilities			
Current assets	13,615,006	15,356,057	28,971,063
Non-current assets	62,474,796	81,490,803	143,965,599
Total assets	76,089,802	96,846,860	172,936,662
Current liabilities	57,385,202	63,924,602	121,309,804
Non-current liabilities	32,271,546	-	32,271,546
Total liabilities	89,656,748	63,924,602	153,581,350
Net (liabilities)/assets	(13,566,946)	32,922,258	19,355,312

The assets and liabilities of Al Ghaith Shin Yang L.L.C. and Marsol Shin Yang L.L.C. are no longer material as at 30 June 2017.

(b) Summarised statements of profit or loss and other comprehensive income

2017	Shin Yang Aya Shin Yang FZC RM	Shin Yang Shipbuilding & Engineering RMC FZC RM	Al Ghaith Shin Yang L.L.C. RM	Marsol Shin Yang L.L.C. RM	Deena Shipping L.L.C. RM	Total RM
Revenue	2,515,575	3,227,295	9,352,435	6,006,315	8,316,501	29,418,121
(Loss)/Profit for the year, representing total comprehensive income	(12,678,401)	2,382,552	14,473,889	(35,123,093)	(5,943,513)	(36,888,566)

Notes to the Financial Statements

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16. INVESTMENT IN ASSOCIATES (CONTINUED)

(b) Summarised statements of profit or loss and other comprehensive income (Continued)

2016	Al Ghaith Shin Yang L.L.C. RM	Marsol Shin Yang L.L.C. RM	Total RM
Revenue	13,767,998	15,663,500	29,431,498
Loss for the year, representing total comprehensive income	(15,261,703)	(6,648,249)	(21,909,952)

(c) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates

2017	Shin Yang Aya & Engineering FZC RM	Shin Yang Shipbuilding & Engineering RMC FZC RM	Deena Shipping L.L.C. RM	Total RM
Group's share of net assets	-	12,910,281	-	12,910,281
Carrying value of Group's interest in associates	-	12,910,281	-	12,910,281

2016	Al Ghaith Shin Yang L.L.C. RM	Marsol Shin Yang L.L.C. RM	Total RM
Group's share of net (liabilities)/assets	-	767,211	767,211
Carrying value of Group's interest in associates	-	767,211	767,211

17. OTHER INVESTMENTS

	Group	
	2017 RM	2016 RM
Quoted shares in Malaysia, at cost	-	56,500
Less: Impairment loss	-	(12,500)
	-	44,000
Wholesale money market fund quoted in Malaysia, at market value	241,200	-
	241,200	44,000

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18. INTANGIBLE ASSET

Goodwill

Cost:

At 1 July 2016/2015	2,069,794	2,069,794
Less: Disposal of a subsidiary	(5,901)	-
At 30 June 2017/2016	2,063,893	2,069,794

Carrying amount of goodwill on business acquisition is related to the acquisition of a shipping agency in prior years. The Group performed its annual impairment test in June 2017 and 2016.

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are 10.0% - 12.0% (2016: 10.0% - 12.0%) and 2.0% (2016: 2.0%) respectively.

Management determined budgeted profit margin based on past performance and its expectations of the market conditions. The pre-tax discount rates used reflected specific risks relating to the shipping industry. The forecasted growth rates were based on management's estimate which did not exceed the long term average growth rate for the industry.

19. INVENTORIES

	2017 RM	Group 2016 RM
Consumables	36,212,096	35,562,105
Petrol, oil and lubricants on board	4,625,977	2,629,888
Completed vessel	4,950,000	5,343,523
Work-in-progress		
- Others	673,325	692,403
- Vessels	803,505	740,315
	47,264,903	44,968,234

Included in completed vessels and vessels work-in-progress incurred during the financial year are:

Depreciation of property, plant and equipment (Note 14)	-	31,539
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Notes to the Financial Statements

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20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current				
Trade receivables				
Third parties	153,143,882	124,351,195	-	-
Due from related companies	56,894,729	131,111,687	-	-
Due from associates	14,152,185	26,771,270	-	-
	224,190,796	282,234,152	-	-
Less: Allowance for impairment third parties	(16,588,152)	(3,225,693)	-	-
Trade receivables, net	207,602,644	279,008,459	-	-
Other receivables				
Refundable deposits	2,246,937	9,107,994	92,530	107,838
Other receivables	12,157,792	61,151,042	137,095	28,283
Dividend receivable	-	-	650,000	-
Due from related companies	8,473	46,560	8,473	14,373
Due from subsidiaries	-	-	80,514,164	160,681,795
Due from associates	34,071,420	111,344,450	40,018,121	3,947,155
Due from holding company	25,619,000	5,671,000	3,000,000	1,204,500
	74,103,622	187,321,046	124,420,383	165,983,944
	281,706,266	466,329,505	124,420,383	165,983,944
Non-current				
Amount due from associates	212,547,208	-	-	-
Total trade and other receivables	494,253,474	466,329,505	124,420,383	165,983,944
Add: Cash and bank balances (Note 23)	83,042,956	30,446,908	64,326,918	14,757,730
Total loans and receivables	577,296,430	496,776,413	188,747,301	180,741,674

Related companies are companies within Shin Yang Holding Sendirian Berhad Group.

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 7 to 90 day (2016: 7 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables of the Group is an amount of RM5,113,590 (2016: RM6,106,841) due from companies in which certain Directors have substantial financial interests.

Notes to the Financial Statements

30 June 2017

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	2017 RM	Group 2016 RM
Neither past due nor impaired	63,404,488	55,170,297
1 to 30 days past due not impaired	39,474,726	38,523,619
31 to 60 days past due not impaired	19,701,708	28,167,938
61 to 90 days past due not impaired	12,799,379	14,845,445
91 to 120 days past due not impaired	6,914,927	14,904,718
More than 121 days past due not impaired	65,307,416	127,396,442
Impaired	144,198,156	223,838,162
	16,588,152	3,225,693
	224,190,796	282,234,152

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM144,198,156 (2016: RM223,838,162) that are past due at the reporting date but not impaired.

The balances of receivables that are past due but not impaired are unsecured in nature.

Notes to the Financial Statements

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20. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	2017 RM	Group 2016 RM
Total receivables	16,588,152	3,225,693
Less: Allowance for impairment	(16,588,152)	(3,225,693)
	-	-
Movement in allowance accounts:		
At 1 July	3,225,693	257,991
Charge for the year (Note 9)	13,887,993	3,245,241
Written off	(534,836)	(264,974)
Exchange differences	9,302	(12,565)
At 30 June	16,588,152	3,225,693

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments and there are doubts as to the recoverability. These receivables are not secured by any collateral or credit enhancements.

(b) Amounts due from associates

Amounts due from two associates of RM212,547,208 (2016: Nil) are repayable over 5 years and subject to an interest charge at cost of fund plus margin per annum commencing 1 July 2017. Amounts due from other associates are unsecured, non-interest bearing and are repayable on demand.

(c) Amounts due from related companies, subsidiaries and holding company

These amounts are unsecured, non-interest bearing and are repayable on demand.

The amount due from holding company is in respect of proceeds from the disposal of a subsidiary. The amount has been settled subsequent to the year end.

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21. OTHER CURRENT ASSETS

	2017 RM	Group 2016 RM
Prepaid operating expenses	8,464,768	9,286,659
Amount due from customers on contracts (Note 22)	-	13,424,746
	<hr/> 8,464,768	<hr/> 22,711,405

22. AMOUNT DUE FROM CUSTOMERS FOR CONTRACT WORK-IN-PROGRESS

	2017 RM	Group 2016 RM
Shipbuilding construction contract costs incurred to date	2,279,387	20,601,768
Attributable profits	238,615	1,290,936
	<hr/> 2,518,002	<hr/> 21,892,704
Less: Progress billings	(3,040,000)	(11,594,808)
	<hr/> (521,998)	<hr/> 10,297,896
Presented as:		
Amount due from customers on contract (Note 21)	-	13,424,746
Amount due to customers on contract (Note 26)	(521,998)	(3,126,850)
	<hr/> (521,998)	<hr/> 10,297,896

23. CASH AND BANK BALANCES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash at banks and on hand	18,742,956	11,959,724	1,826,918	7,653
Short term deposits with licensed banks	64,300,000	18,487,184	62,500,000	14,750,077
	<hr/> 83,042,956	<hr/> 30,446,908	<hr/> 64,326,918	<hr/> 14,757,730

Notes to the Financial Statements

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23. CASH AND BANK BALANCES (CONTINUED)

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	83,042,956	30,446,908	64,326,918	14,757,730
Bank overdrafts	(31,004,822)	(42,191,909)	-	(2,107,542)
Cash and cash equivalents	52,038,134	(11,745,001)	64,326,918	12,650,188

24. LOANS AND BORROWINGS

	Maturity	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Current					
Secured:					
Bank overdrafts	On demand	8,337,913	7,014,532	-	-
Revolving credits	2018	41,000,000	45,000,000	20,000,000	20,000,000
Bankers acceptances	2018	40,410,000	26,559,000	-	-
Term loans	2018	52,072,869	85,405,878	2,837,604	1,287,600
Obligations under finance leases (Note 31 (c))	2018	7,358,336	11,439,773	-	-
		149,179,118	175,419,183	22,837,604	21,287,600
Unsecured:					
Bank overdrafts	On demand	22,666,909	35,177,377	-	2,107,542
Revolving credits	2018	33,120,000	16,500,000	-	-
Trust receipts	2018	12,108,961	15,784,026	-	-
Bankers acceptances	2018	105,528,000	130,668,000	-	-
Term loan		-	547,047	-	-
		173,423,870	198,676,450	-	2,107,542
		322,602,988	374,095,633	22,837,604	23,395,142

Notes to the Financial Statements

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24. LOANS AND BORROWINGS (CONTINUED)

	Maturity	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Non-current					
Secured:					
Term loans	2019 - 2027	98,334,591	126,466,583	16,304,561	4,288,000
Obligations under finance leases (Note 31 (c))	2019 - 2021	3,297,426	8,120,800	-	-
		101,632,017	134,587,383	16,304,561	4,288,000
Unsecured:					
Term loan		-	182,349	-	-
		101,632,017	134,769,732	16,304,561	4,288,000
Total loans and borrowings		424,235,005	508,865,365	39,142,165	27,683,142

The remaining maturities of the loans and borrowings as at the reporting date are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
On demand or within one year	322,602,988	374,095,633	22,837,604	23,395,142
Later than 1 year but not later than 2 years	46,098,019	58,050,075	2,837,604	1,287,600
Later than 2 years but not later than 5 years	45,601,292	70,805,380	6,362,812	3,000,400
Later than 5 years	9,932,706	5,914,277	7,104,145	-
	424,235,005	508,865,365	39,142,165	27,683,142

Bank overdrafts

The bank overdrafts are secured by charges over leasehold land and buildings of the Group as stated in Note 14 and guaranteed by certain Directors of the Company.

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 14).

Revolving credits

Revolving credits are secured by charges over leasehold land and buildings of the Company and of the Group as stated in Note 14 and guaranteed by certain Directors of the Company.

Bankers acceptances

Bankers' acceptances are secured by charges over leasehold land and buildings of the Group as stated in Note 14 and guaranteed by certain Directors of the Company.

Term loans

These loans are secured by legal charges over certain vessels and leasehold land and buildings of the Group as stated in Note 14 and guaranteed by certain Directors of the Company.

Notes to the Financial Statements

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24. LOANS AND BORROWINGS (CONTINUED)

The ranges of interest rates during the financial year for loans and borrowings are as follows:

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
Bank overdrafts	7.40 - 8.29	7.50 - 8.60	-	7.60
Fixed rates - loans	4.71 - 5.25	4.71 - 5.25	-	-
Floating rates - loans	4.74 - 6.00	4.95 - 7.85	4.86 - 4.91	5.04
Revolving credits	4.06 - 5.92	4.86 - 5.53	4.92 - 5.92	4.86 - 5.19
Bankers acceptances	3.82 - 4.71	3.75 - 5.01	-	-
Trust receipts	4.78 - 4.79	5.04 - 5.97	-	-
Obligations under finance leases	4.66 - 5.46	4.40 - 6.20	-	-

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables				
Third parties	81,744,050	112,265,183	-	-
Due to associates	69,651	11,937,877	-	-
Due to related companies	9,753,265	16,935,541	-	-
Due to holding company	4,188	-	-	-
	91,571,154	141,138,601	-	-
Other payables				
Accrued operating expenses	21,490,126	21,057,129	333,613	149,355
Deposits				
- Related companies	-	-	229,437	225,437
- Others	4,063,208	1,599,998	28,000	24,000
GST payable	3,389	3,986,778	3,389	3,986,778
Other payables	11,621,496	27,051,196	377,424	736,273
Due to associates	-	6,719,678	-	-
Due to directors	572,861	1,441,678	-	-
Due to related companies	1,080,343	1,856,503	74,432	14,677
Due to subsidiaries	-	-	14,788,100	14,998,286
Due to holding company	54,069	79,995	-	-
	38,885,492	63,792,955	15,834,395	20,134,806
Total trade and other payables	130,456,646	204,931,556	15,834,395	20,134,806
Total trade and other payables	130,456,646	204,931,556	15,834,395	20,134,806
Add: Loans and borrowings (Note 24)	424,235,005	508,865,365	39,142,165	27,683,142
Total finance liabilities carried at amortised cost	554,691,651	713,796,921	54,976,560	47,817,948

Notes to the Financial Statements

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25. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 day (2016: 30 to 90 day) terms. Included in trade payables of the Group is an amount of RM13,376,022 (2016: RM22,493,996) due to companies in which certain Directors have substantial financial interests.

(b) Other payables

These amounts are non-interest bearing. Included in other payables of the Group and of the Company is an amount of RM167,886 (2016: RM1,042,227) and RM900 (2016: RM1,000) respectively due to companies in which certain Directors of the Company have substantial financial interests.

(c) Amounts due to associates, Directors, related companies, holding company and subsidiaries

These amounts are unsecured, non-interest bearing and are repayable on demand.

26. OTHER CURRENT LIABILITIES

	2017 RM	Group 2016 RM
Amount due to customers for contract work (Note 22)		
- Third parties	233,328	2,793,416
- Related company	288,670	333,434
	521,998	3,126,850

27. DEFERRED TAX LIABILITIES

	As at 1 July 2015 RM	Recognised in profit or loss RM	As at 30 June 2016 RM	Recognised in profit or loss RM	As at 30 June 2017 RM
Group					
Deferred tax liabilities:					
Property, plant and equipment	109,214,796	5,028,698	114,243,494	(11,141,360)	103,102,134
Unrealised gain on foreign exchange	1,746,784	(1,101,626)	645,158	109,697	754,855
	110,961,580	3,927,072	114,888,652	(11,031,663)	103,856,989
Deferred tax assets:					
Unabsorbed capital allowances	(46,974,307)	(1,414,676)	(48,388,983)	7,784,268	(40,604,715)
Unutilised reinvestment allowances	(1,020,387)	(4,126,574)	(5,146,961)	(2,053,039)	(7,200,000)
Unutilised tax losses	-	(3,346,742)	(3,346,742)	2,479,364	(867,378)
	(47,994,694)	(8,887,992)	(56,882,686)	8,210,593	(48,672,093)
	62,966,886	(4,960,920)	58,005,966	(2,821,070)	55,184,896

Notes to the Financial Statements

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27. DEFERRED TAX LIABILITIES (CONTINUED)

Unrecognised tax losses and capital allowances

At the reporting date, the Group has unrecognised tax losses and capital allowances of approximately RM20,282,499 (2016: Nil) and RM2,535,120 (2016: Nil) respectively that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability.

28. DEFERRED INCOME

Deferred income represents the excess of the Group's share of the unrealised gain on disposal of vessels to its associates over the investment in the associates.

29. SHARE CAPITAL

Issued and Fully Paid

	Share Capital RM	Share Premium RM	Total RM
Group/Company			
Balance as at 1 July 2015, 30 June 2016 and 1 July 2016	1,200,000,000	16,972,062	1,216,972,062
Transfer from share premium account pursuant to the Companies Act 2016	16,972,062	(16,972,062)	-
Balance as at 30 June 2017	1,216,972,062	-	1,216,972,062

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

The Companies Act 2016 ("Act") which became effective on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium of RM16,972,062 for purposes as set out in Section 618(4) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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30. OTHER RESERVES

	Merger Deficits Reserve RM	Foreign Currency Translation Reserve RM	Total RM
Group			
At 1 July 2015	(298,506,891)	5,153,837	(293,353,054)
Other comprehensive income:			
Exchange differences on translation of the financial statements of foreign entities	-	4,929,659	4,929,659
Less: Non-controlling interests	-	(924,042)	(924,042)
	-	4,005,617	4,005,617
At 30 June 2016 and 1 July 2016	(298,506,891)	9,159,454	(289,347,437)
Other comprehensive income:			
Exchange differences on translation of the financial statements of foreign entities	-	466,310	466,310
Less: Non-controlling interests	-	(57,816)	(57,816)
	-	408,494	408,494
At 30 June 2017	(298,506,891)	9,567,948	(288,938,943)

Merger deficits reserve

The merger deficits reserve represents the difference between the value of the considerations paid and the reserves of the two "acquired" entities, Shin Yang Shipping Sdn. Bhd. and Danum Shipping Sdn. Bhd. as a consequent of applying the pooling of interest method.

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

31. COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	504,789	2,532,007	-	148,502

Notes to the Financial Statements

30 June 2017

31. COMMITMENTS (CONTINUED)

(b) Operating lease commitments

On 1 July 2009, a subsidiary company, Shin Yang Shipbuilding & Engineering RMC FZC entered into a lease contract with SAQR Port Authority, Hulayla Industrial Park to lease an industrial plot of land for the purpose of carrying out shipbuilding, offshore fabrication and marine related services. The contract will be for 25 years, commencing from the date of the contract or the date at which Hulayla Industrial Park becomes operational, whichever is the latest, at an annual rent of AED5,100,000.

Future minimum rentals payable under operating leases at the reporting date are as follows:

	2017 RM	Group 2016 RM
Not later than 1 year	-	5,598,545
Later than 1 year but not later than 5 years	-	22,394,182
Later than 5 years	-	78,379,636
	-	106,372,363

Following the Group's partial disposal of Shin Yang Shipbuilding & Engineering RMC FZC, Shin Yang Shipbuilding & Engineering RMC FZC becomes an associated company. The Group has no obligation in respect of this commitment.

(c) Finance lease commitments

The Group has finance leases for certain items of property, plant and equipment (Note 14). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2017 RM	Group 2016 RM
Minimum lease payments:		
Not later than 1 year	7,700,213	12,166,154
Later than 1 year but not later than 2 years	2,199,820	6,930,880
Later than 2 years but not later than 5 years	1,255,484	1,430,489
Total minimum lease payments	11,155,517	20,527,523
Less: Amounts representing finance charges	(499,755)	(966,950)
Present value of minimum lease payments	10,655,762	19,560,573

Notes to the Financial Statements

30 June 2017

31. COMMITMENTS (CONTINUED)

(c) Finance lease commitments (Continued)

	2017 RM	Group 2016 RM
Present value of payments:		
Not later than 1 year	7,358,336	11,439,773
Later than 1 year but not later than 2 years	2,103,978	6,706,110
Later than 2 years but not later than 5 years	1,193,448	1,414,690
Present value of minimum lease payments	10,655,762	19,560,573
Less: Amount due within 12 months (Note 24)	(7,358,336)	(11,439,773)
Amount due after 12 months (Note 24)	3,297,426	8,120,800

32. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company and related parties took place at terms agreed between the parties during the financial year:

	2017 RM	Company 2016 RM
Purchase of property, plant and equipment		
- Subsidiary companies	860	-
- Related companies	30,164	-
Purchase of goods and services from		
- Subsidiary companies	3,181	6,867
- Related companies	41,937	39,973
Rental income from		
- Subsidiary companies	(2,244,000)	(1,992,000)
- Related companies	(236,622)	(236,622)
- Associates	(250,000)	(240,000)
- Associate of holding company	(46,000)	(36,000)

Notes to the Financial Statements

30 June 2017

32. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Sale and purchase of goods and services (Continued)

	2017 RM	Group 2016 RM
Sale of goods and services to		
- Related companies	(130,702,021)	(139,650,064)
- Associates	-	(13,814,771)
Purchase of goods and services from		
- Related companies	24,173,184	24,996,472
- Associates	20,940	780,753
Sale of property, plant and equipment		
- Related companies	(11,600)	(15,000)
Purchase of property, plant and equipment		
- Related companies	100,584	569,197
- Associates	8,525,516	282,525
Rental income		
- Related companies	(248,142)	(247,062)
- Associates	(433,281)	(436,929)
Interest income		
- Associates	-	(105,091)
Rental expenses charged by:		
- Related companies	423,960	36,600
Management fee received		
- Associates	(3,180,328)	(3,321,983)
Interest expenses		
- Associates	-	96,331
<hr/>		
Transactions with companies in which certain Directors have substantial financial interests:		
Sales of goods and services	(13,539,487)	(18,136,400)
Sales of property, plant and equipment	-	(130,515)
Purchase of goods and services	15,619,196	15,836,009
Purchase of property, plant and equipment	578,012	5,041,540
Rental income	(46,000)	-
Rental expenses	42,000	42,000

Notes to the Financial Statements

30 June 2017

32. RELATED PARTY TRANSACTIONS (CONTINUED)

Related companies:

Related companies are companies within Shin Yang Holding Sendirian Berhad Group.

(b) Remuneration of key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Short-term employee benefits	4,153,934	4,707,498	1,657,421	1,675,093
Defined contribution plan	335,717	327,624	117,120	153,540
	4,489,651	5,035,122	1,774,541	1,828,633

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair values of financial instruments not carried at fair value

Set out below, is a comparison of the carrying amounts and fair values of the Group's financial instruments, by class, other than those with carrying amounts which are reasonable approximations of fair values:

Group	Carrying amount		Fair value	
	2017 RM	2016 RM	2017 RM	2016 RM
Financial liabilities:				
Interest-bearing loans and borrowings				
- Non-current obligations under finance leases	3,297,426	8,120,800	3,293,798	8,115,238
- Non-current term loans, fixed rates	36,626,058	56,810,958	35,675,545	55,289,749

The methods and assumptions used to estimate the fair values of the financial instruments not carried at fair value are as follows:

Loans, advances and financing

The fair values of fixed rate loans/financing with remaining maturity of less than one year and variable rate loans/financing are estimated to approximate their carrying amounts. For fixed rate loans/financing with remaining maturity of more than one year, the fair values are estimated based on discounted cash flows using prevailing market rates of loans/financing of similar credit risks and maturity. The fair values of impaired loans/financing are represented by their carrying amounts, net of any collective and individual assessment allowances, being the expected recoverable amount.

Notes to the Financial Statements

30 June 2017

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values:

	Note
Trade and other receivables	20
Trade and other payables	25
Loans and borrowings (current and non-current, except non-current fixed rates loans and borrowings)	24

Financial guarantees

Fair value is determined based on the probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default

34. FAIR VALUE MEASUREMENT

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 30 June are as follows:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30 June 2017				
Asset measured at fair value:				
Other investments	-	241,200	-	241,200
Liabilities for which fair values are disclosed:				
Interest-bearing loans and borrowings				
- Non-current obligations under finance leases	-	3,293,798	-	3,293,798
- Non-current term loans, fixed rates	-	35,675,545	-	35,675,545

Notes to the Financial Statements

30 June 2017

34. FAIR VALUE MEASUREMENT (CONTINUED)

Fair value hierarchy (Continued)

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30 June 2016				
Asset measured at fair value:				
Other investments	-	-	-	-
Liabilities for which fair values are disclosed:				
Interest-bearing loans and borrowings				
- Non-current obligations under finance leases	-	8,115,238	-	8,115,238
- Non-current term loans, fixed rates	-	55,289,749	-	55,289,749

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company is exposed to financial risks arising from their operations and the use of financial instruments. The Group's overall financial risk management strategy seeks to minimise potential adverse effects of financial performance of the Group. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

Financial risk management policies are periodically reviewed and approved by the Board of Directors and executed by the management. The audit committee of Shin Yang Shipping Corporation Berhad provides independent oversight to the effectiveness of the risk management process.

It is and has been throughout the current and previous financial year, the Group's and the Company's policy that no derivatives shall be undertaken.

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

(a) Credit risk

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

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statement of financial position.
- A nominal amount of RM193,862,199 (2016: RM239,957,397) relating to corporate guarantee provided by the Company to subsidiaries' borrowings.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

Notes to the Financial Statements

30 June 2017

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group adopts a prudent approach to managing its liquidity risk. The Group always maintains sufficient cash and cash equivalents, and has available funding through a diverse source of committed and uncommitted credit facilities from various banks.

Analysis of financial instruments by remaining contractual maturities

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
At 30 June 2017				
Financial liabilities:				
Trade and other payables	130,456,646	-	-	130,456,646
Loans and borrowings	332,660,359	99,659,048	10,824,514	443,143,921
Total undiscounted financial liabilities	463,117,005	99,659,048	10,824,514	573,600,567
At 30 June 2016				
Financial liabilities:				
Trade and other payables	204,931,556	-	-	204,931,556
Loans and borrowings	387,813,160	138,789,200	6,198,144	532,800,504
Total undiscounted financial liabilities	592,744,716	138,789,200	6,198,144	737,732,060
Company				
At 30 June 2017				
Financial liabilities:				
Trade and other payables	15,834,395	-	-	15,834,395
Loans and borrowings	23,857,285	11,412,474	7,926,360	43,196,119
Financial guarantee contracts*	193,862,199	-	-	193,862,199
Total undiscounted financial liabilities	233,553,879	11,412,474	7,926,360	252,892,713
At 30 June 2016				
Financial liabilities:				
Trade and other payables	20,134,806	-	-	20,134,806
Loans and borrowings	23,923,043	4,656,070	-	28,579,113
Financial guarantee contracts*	239,957,397	-	-	239,957,397
Total undiscounted financial liabilities	284,015,246	4,656,070	-	288,671,316

* Based on the maximum amount that can be called under the financial guarantee contracts.

Notes to the Financial Statements

30 June 2017

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk

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

The Group's and the Company's exposure to market risk for changes in interest rates arise primarily from their loans and borrowings.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM160,857 (2016: RM208,804) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the respective functional currency of Group entities, primarily Ringgit Malaysia (RM) and United Arab Emirates Dirham (AED). The foreign currencies in which these transactions are denominated are mainly United Arab Emirates Dirham (AED) and United States Dollars (USD). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group does not enter into forward contracts to hedge foreign currency risk.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD and AED against RM exchange rate, with all other variables held constant.

	Group	
	Profit net of tax	
	2017	2016
	RM	RM
USD/RM - strengthen by 5%	8,790,597	8,533,038
USD/RM - weaken by 5%	(8,790,597)	(8,533,038)
<hr/>		
AED/RM - strengthen by 5%	54,494	(2,594)
AED/RM - weaken by 5%	(54,494)	2,594
<hr/>		
USD/AED - strengthen by 5%	(3,393,732)	(3,837,578)
USD/AED - weaken by 5%	3,393,732	3,837,578
<hr/>		
RM/AED - strengthen by 5%	(51,409)	(1,473,457)
RM/AED - weaken by 5%	51,409	1,473,457
<hr/>		

Notes to the Financial Statements

30 June 2017

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (Continued)

	Company	
	2017	2016
	RM	RM
AED/RM - strengthen by 5%	57,755	-
AED/RM - weaken by 5%	(57,755)	-
<hr/>		
USD/RM - strengthen by 5%	488,835	458,951
USD/RM - weaken by 5%	(488,835)	(458,951)
<hr/>		

36. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders value. In order to maintain or achieve an optimal capital structure, the Group may adjust the dividend payment, return capital to shareholders, obtain new financing facilities or dispose assets to reduce borrowings.

Management monitors capital based on the Group's and the Company's gearing ratio. The Group and the Company are also required by certain banks to maintain a gearing ratio of not exceeding certain percentage varying between 100% and 200%. The Group's and the Company's strategies are to maintain gearing ratio of not exceeding 100%.

The gearing ratio is calculated as total loans and borrowings divided by equity capital.

	Note	Group		Company	
		2017	2016	2017	2016
		RM	RM	RM	RM
Loans and borrowings	24	424,235,005	508,865,365	39,142,165	27,683,142
<hr/>					
Total equity		1,159,878,880	1,170,809,515	1,224,502,406	1,224,450,112
<hr/>					
Gearing ratio		37%	43%	3%	2%
<hr/>					

37. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- I. Shipbuilding, ship repair and fabrication of metal structures.
- II. Domestic and regional shipping segment which carries out shipping business in coastal and regional routes within Malaysia and ASEAN region.
- III. International shipping segment which carries out shipping business in United Arab Emirates and international routes to Japan, Korea, China, Philippines and ASEAN region.
- IV. Others consist of the business of shipping agency.

Notes to the Financial Statements

30 June 2017

37. SEGMENT INFORMATION (CONTINUED)

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	Shipbuilding, Ship Repair and Fabrication of Metal Structures RM	Domestic and Regional Shipping RM	International Shipping RM	Others RM	Consolidation Adjustments and Eliminations RM	Notes	Per Consolidated Financial Statements RM
30 June 2017							
Revenue:							
External customers	94,361,495	305,929,763	183,923,041	5,460,843	-		589,675,142
Inter-segment	40,027,424	6,733,835	1,561,001	5,170,510	(53,492,770)	A	-
Total revenue	134,388,919	312,663,598	185,484,042	10,631,353	(53,492,770)		589,675,142
Results:							
Finance income	34,871	16,092	6,126	802,715	-		859,804
Dividend income	-	-	1,997,228	-	(1,993,448)		3,780
Depreciation	14,353,611	45,198,059	33,317,402	1,416,213	8,103,970		102,389,255
Share of results of associates	-	-	-	-	(7,881,915)		(7,881,915)
Other non-cash expenses	393,523	1,805	36,527,292	-	-	B	36,922,620
Segment (loss)/profit	(20,686,765)	42,466,608	(37,073,492)	2,616,003	16,177,969	C	3,500,323
Assets:							
Investment in associates	-	-	12,301,886	2,260,300	(7,130,702)	D	7,431,484
Additions to non-current assets	9,810,015	29,608,177	113,550,856	797,696	(22,220,700)	E	131,546,044
Segment assets	597,487,309	776,351,710	702,823,146	271,403,723	(556,781,218)		1,791,284,670
Segment liabilities	330,668,728	352,821,199	356,785,238	68,680,548	(477,549,923)	F	631,405,790

Notes to the Financial Statements

30 June 2017

37. SEGMENT INFORMATION (CONTINUED)

	Shipbuilding, Ship Repair and Fabrication of Metal Structures RM	Domestic and Regional Shipping RM	International Shipping RM	Others RM	Consolidation Adjustments and Eliminations RM	Notes	Per Consolidated Financial Statements RM
30 June 2016							
Revenue:							
External customers	95,880,028	309,282,641	231,078,575	5,326,097	-		641,567,341
Inter-segment	127,200,619	19,664,151	4,036,148	6,079,903	(156,980,821)	A	-
Total revenue	223,080,647	328,946,792	235,114,723	11,406,000	(156,980,821)		641,567,341
Results:							
Finance income	60,901	9,003	683,130	937,739	(562,429)		1,128,344
Dividend income	-	-	906,075	-	(903,375)		2,700
Depreciation	14,433,589	44,367,663	42,895,498	1,130,331	(52,610)		102,774,471
Share of results of associates	-	-	-	-	(10,282,961)	B	(10,282,961)
Other non-cash expenses	2,694,756	4,828	1,744,142	27,464	-		4,471,190
Segment (loss)/profit	(11,786,877)	60,405,660	(40,217,237)	5,161,399	(11,957,532)	C	1,605,413
Assets:							
Investment in associates	-	312,664	10,567,090	2,177,000	(11,219,168)		1,837,586
Additions to non-current assets	35,466,866	36,111,478	8,706,861	23,395,299	(15,222,731)	D	88,457,773
Segment assets	704,796,131	876,232,586	904,576,001	263,064,246	(795,546,746)	E	1,953,122,218
Segment liabilities	390,367,496	490,680,185	552,240,719	62,992,173	(713,967,870)	F	782,312,703

Notes to the Financial Statements

30 June 2017

37. SEGMENT INFORMATION (CONTINUED)

A Inter-segment revenues are eliminated on consolidated.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2017 RM	2016 RM
Inventories written down	9	393,523	-
Property, plant and equipment written off	9	5,485,134	1,225,949
Impairment loss on trade receivables	9	13,887,993	3,245,241
Impairment loss on investment in associates	9	6,691,543	-
Impairment loss on property, plant and equipment	9	10,464,427	-
		36,922,620	4,471,190

C The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated statement of profit or loss and other comprehensive income:

	2017 RM	2016 RM
Share of results of associates	(7,881,915)	(10,282,961)
Dividend from subsidiaries	(2,983,448)	(2,828,375)
Profit from inter-segment sales	35,147,302	1,101,193
Depreciation	(8,103,970)	52,611
	16,177,969	(11,957,532)

D Additions to non-current assets consist of:

Property, plant and equipment	131,546,044	88,457,773
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E The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2017 RM	2016 RM
Property, plant and equipment	(30,619,572)	(37,270,963)
Investment in associates	(7,130,702)	(11,219,168)
Intangible assets	2,063,893	2,069,794
Inter-segment assets	(521,094,837)	(749,126,409)
	(556,781,218)	(795,546,746)

Notes to the Financial Statements

30 June 2017

37. SEGMENT INFORMATION (CONTINUED)

F The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2017 RM	2016 RM
Cumulative preference shares	(100,000)	(100,000)
Inter-segment liabilities	(477,449,923)	(713,867,870)
	(477,549,923)	(713,967,870)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2017 RM	2016 RM	2017 RM	2016 RM
Malaysia	501,653,328	458,772,145	1,013,979,313	1,252,023,621
United Arab Emirates	33,772,811	92,222,809	131,578,767	131,578,767
Singapore	53,621,560	77,174,168	-	-
Brunei	-	9,960,384	-	-
Indonesia	-	574,824	49,242	49,242
Japan	30,747	1,200,246	-	-
China and others	596,696	1,662,765	-	-
	589,675,142	641,567,341	1,145,607,322	1,383,651,630

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2017 RM	2016 RM
Property, plant and equipment	1,145,607,322	1,383,651,630

38. DIVIDEND

There were no dividends paid in respect of the financial year ended 30 June 2017 (2016: Nil).

39. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 30 June 2017 were authorised for issue in accordance with a resolution of the Directors on 31 October 2017.

Supplementary Information

30 June 2017

40. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED

The breakdown of the retained earnings of the Group and of the Company as at 30 June 2017 into realised and unrealised earnings is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Total retained earnings of the Company and its subsidiaries:				
- Realised	737,106,167	708,329,680	6,682,705	5,774,082
- Unrealised	(25,981,742)	(24,857,933)	847,639	1,703,968
	711,124,425	683,471,747	7,530,344	7,478,050
Total share of losses from associates	(7,130,702)	(10,906,504)	-	-
Less: Consolidation adjustments	(475,791,765)	(449,701,229)	-	-
Total retained earnings	228,201,958	222,864,014	7,530,344	7,478,050

Analysis of Shareholdings

As At 16 October 2017

Authorised Share Capital	:	3,000,000,000.00
Issued & Fully Paid	:	1,200,000,000.00
Voting Right	:	One vote Per Share

ANALYSIS BY SIZE SHAREHOLDINGS As at 16 October 2017

Size of Shareholdings	No. of Holders	%	No. of Securities	%
Less than 100	6	0.25	292	0.00
100 - 1,000	157	6.55	127,100	0.01
1,001 - 10,000	991	41.33	6,113,208	0.51
10,001 - 100,000	993	41.41	38,099,400	3.17
100,001 - 59,999,999 (*)	250	10.43	495,247,204	41.27
60,000,000 and above (**)	1	0.04	660,412,796	55.03
Total	2,398	100.00	1,200,000,000	100.00

Total Holders	2,398
Total Paid Up	1,200,000,000

Notes:

- * - Less than 5% of issued holdings
- ** - 5% and above of issued holdings

DIRECTORS' SHAREHOLDINGS As at 16 October 2017

No	Name of Director	No. of Shares held through Nominees	No. of Shares held through own name	Total Shareholdings	%
1	TAN SRI DATUK LING CHIONG HO	-	34,802,669	34,802,669	2.90
2	LING CHIONG SING	-	34,802,669	34,802,669	2.90
3	LING CHIONG PIN	-	34,802,668	34,802,668	2.90
4	LAWRENCE LAI YEW SON	-	330,000	330,000	0.03
5	KOH EK CHONG 119,000 shares held through Kenanga Nominees (Tempatan) Sdn Bhd	119,000	-	119,000	0.01
6	LING SIU CHUO	-	36,000,009	36,000,009	3.00
7	VINCENT LING LU YEW	-	100,000	100,000	0.01
8	ARSHAD BIN ZAINUDDIN	-	-	-	-
TOTAL		119,000	140,838,015	140,957,015	11.75

Total Paid-Up Capital as at 16 October 2017 1,200,000,000

INFORMATION ON SUBSTANTIAL SHAREHOLDERS As at 16 October 2017

Names	Shareholdings	%
SHIN YANG HOLDING SENDIRIAN BERHAD	660,412,796	55.03

Paid-Up Capital as at 16 October 2017 1,200,000,000

Analysis of Shareholdings

As At 16 October 2017 (cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

As At 16 October 2017

Names	Shareholding	%
1 SHIN YANG HOLDING SENDIRIAN BERHAD	660,412,796	55.03
2 CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS-PB)	36,271,700	3.02
3 LING SIU CHUO	36,000,009	3.00
4 LING CHIONG HO	34,802,669	2.90
5 LING CHIONG SING	34,802,669	2.90
6 LING CHIONG PIN	34,802,668	2.90
7 LING CHIONG SIENG	34,802,668	2.90
8 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BUMIMAS WANGI SDN. BHD.	29,198,300	2.43
9 LEMBAGA TABUNG HAJI	25,619,200	2.13
10 LING SIEW TING	24,000,006	2.00
11 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CAHAYA SURIAMAJU SDN. BHD.	18,665,600	1.56
12 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR S.K. UNIMAS SDN. BHD.	18,603,700	1.55
13 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAJU BUMIRAYA SDN. BHD.	16,841,100	1.40
14 KONG EIK MING	12,461,800	1.04
15 HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS SINGAPORE BRANCH (A/C CLIENTS-FGN)	10,012,300	0.83
16 CAHAYA SURIAMAJU SDN. BHD.	7,500,000	0.63
17 ADINAMAJU SDN BHD	6,290,400	0.52
18 TIE TECK HUAT	5,010,100	0.42
19 WONG OO LING	4,527,300	0.38
20 KONG YUNG KONG	4,496,800	0.37
21 BUMIMAS WANGI SDN. BHD.	4,000,000	0.33
22 SHINLINE CORPORATION SDN. BHD.	3,290,515	0.27
23 CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH SHIOU CHERNG (J D B TUNGGAL BR-CL)	3,000,000	0.25
24 YAW CHOONG YEW	2,840,000	0.24
25 UOBM NOMINEES (ASING) SDN BHD UNITED OVERSEAS BANK NOMINEES (PTE) LTD FOR PERRA GROUP LIMITED	2,800,000	0.23
26 CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR PACIFIC DIVIDEND FUND	2,789,600	0.23
27 LING CHING HUONG	2,780,000	0.23
28 CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR WONG TIING SONG (PB)	2,771,000	0.23
29 TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING LEONG HUA	2,260,000	0.19
30 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU NGUOK SING	2,083,300	0.17
Total	1,083,736,200	90.31

*Paid-up Capital as at 16 October 2017

1,200,000,000

Properties of the Group

A summary of the land and buildings owned by our Group is as follows:-

No.	Name of Registered Owner and Postal Address/Title Identification	Description and existing Use	Date of Expiry of Lease / Tenure / Approximate Age of Building/	Date of Valuation	Approximate land area	Adjusted NBV as at 30 June 2017 (RM'000)
1.	Piasau Slipways Sdn Bhd Plot 91 - 93 all under Lot No. 659, Block 12, Buan Land District, Tanjung Manis, Sarawak	Vacant industrial land.	Parent lot title under perpetuity ⁽¹⁾ / Aged 10 years	5th October 2009	25.2542 Ha	7,871
2.	Shin Yang Shipyard Sdn Bhd Plot 94 - 100 all under Lot No. 659, Block 12, Buan Land District, Tanjung Manis, Sarawak	Vacant industrial land.	Parent lot title under perpetuity ⁽¹⁾ / Aged 10 years	5th October 2009	61.9774 Ha	28,156
3.	Piasau Slipways Sdn Bhd Lot No. 1098, Block 37, Kemena Land District, Sarawak	Industrial land erected with the warehouses, winch & slipways used as shipping fabrication yard and dockyard.	Parent lot title under perpetuity ⁽¹⁾ / Aged 7-10 years	16th November 2009	7.006 Ha	14,025
4.	Shin Yang Shipyard Sdn Bhd Lot 263, Block 1, Kuala Baram Land District, Miri, Sarawak (formerly known as Lot 211, Block 1, Kuala Baram Land District, Miri, Sarawak)	Industrial land erected with the workshops cum office buildings, winch house, warehouse & slipways, buildings used as shipping fabrication yard & dockyard.	Leasehold of 60 years expiring 14.07.2055 / Aged 4-17 years	2nd November 2009	13.02 Ha	11,827
5.	Piasau Slipways Sdn Bhd Lot 208, Block 1 and Lot 523, Kuala Baram Land District, Miri, Sarawak	Two contiguous parcels of industrial lands erected with the double storey office cum stores, workshops, winch house, 4-rail slipways, shipyard buildings used as shipping fabrication yard, dockyard and office.	Lot 208 - leasehold of 60 years expiring 17.09.2055 / Aged 4-9 years Lot 523 - leasehold of 60 years expiring 07.01.2048 / Aged 10-14 years	9th September 2009	Lot 208 2.273 Ha Lot 523 5.119 Ha	8,590
6.	Shin Yang Shipyard Sdn Bhd Plot 1 to Plot 13 all under Lot 70, Block 3, Kuala Baram Land District, Miri, Sarawak	A collective parcel of thirteen industrial land erected with the double storey offices, 4 shipyard buildings, workshops, & launching ways buildings used as shipping fabrication yard, dockyard and office.	Parent lot title under leasehold for 99 years expiring on 20.02.2102 ⁽¹⁾ / Aged 4-10 years	21st August 2009	78.217 Ha	41,018
7.	Shin Yang Shipyard Sdn Bhd Sublot 153 under Lot 70, Block 3, Kuala Baram Land District, Miri, Sarawak	Industrial land erected with the office building.	Parent lot title under leasehold for 99 years expiring on 20.02.2102 ⁽¹⁾ / Aged 3-9 years	15th September 2009	1.81 Ha	15,642
8.	Shin Yang Shipping Corporation Berhad Lot No.25, Kota Kinabalu Industrial Park, Off Jalan Sepangar Bay, Kota Kinabalu, Sabah	Industrial land erected with the office building & factory, warehouse and container yards.	Leasehold of 99 years expiring 31.12.2098 / Aged 5 years	N/A	4.076 Ha	9,460
9.	Shin Yang Shipping Corporation Berhad KM10.9, Jalan Batu Sapi-Lintas Sibuga Sandakan, Sabah	Residential Zoned land erected with the front office with open sided store.	Leasehold of 999 years expiring on 12.01.2901 / Aged 4 years	N/A	1.607 Ha	2,164
10.	Shin Yang Shipping Corporation Berhad Lot 31, Lebuhr Sultan Mohamed 1, Kawasan Perusahaan Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan	Industrial land erected with 2-storey office building & factory, warehouses and container yards.	Leasehold of 99 years expiring on 30.6.2105 / Aged 1 year	N/A	2.947 Ha	22,912

Notes:-

⁽¹⁾ Titles awaiting for subdivision and amalgamation.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 12th Annual General Meeting of the Company will be held at Conference Room, Level 5, Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak on Tuesday, 5th December 2017 at 11:00 a.m. for the following purposes:-

AGENDA

- | | | |
|----|---|-----------------------|
| 1. | To table the Audited Financial Statements for the financial year ended 30 June 2017 together with the Reports of the Directors and Auditors thereon. | (Resolution 1) |
| 2. | To approve the Directors' fees for the financial year ended 30 June 2017. | (Resolution 2) |
| 3. | To re-elect the following Directors who retire pursuant to Article 89 of the Company's Constitution and being eligible, offer themselves for re-election. | |
| | i) Mr. Ling Chiong Sing | (Resolution 3) |
| | ii) Datuk Lawrence Lai Yew Son | (Resolution 4) |
| | iii) Mdm. Ling Siu Chuo | (Resolution 5) |
| 4. | To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. | (Resolution 6) |

Special Business:

- | | | |
|----|--|-----------------------|
| 5. | To consider and, if thought fit, to pass the following Ordinary Resolutions with or without modifications:- | |
| | (i) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed RRPT Mandate") | (Resolution 7) |
| | <p>"THAT subject always to the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company and its subsidiary companies ("Group") to enter into recurrent related party transactions of a revenue or trading nature with those related parties as stated in Section 2.2 of the Circular to Shareholders dated 31st October 2017 ("Circular"), which are necessary for the day-to-day operations of the Group ("RRPT") subject further to the following:</p> | |
| | <p>a. That the RRPT are in the ordinary course of business and are made on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those available to the public and not to the detriment of the minority shareholders;</p> | |
| | <p>b. That disclosure will be made in the annual report of the Company of the breakdown of the aggregate value of transactions conducted pursuant to the Proposed RRPT Mandate during the financial year based on information such as the types of the RRPT made and names of the related parties involved in each type of the RRPT made and their relationship with the Company; and</p> | |
| | <p>c. That such approval shall continue to be in force until: -</p> <ul style="list-style-type: none"> • the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; • the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340 (2) of the Companies Act 2016 ("Act") but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of the Act; or • revoked or varied by resolution passed by the shareholders in a general meeting, whichever is the earlier; | |

Notice of Annual General Meeting (cont'd)

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed RRPT Mandate.

AND THAT the estimated value given on the RRPT as outlined in Section 2.2 of the Circular being provisional in nature, the Directors of the Company be hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review methods or procedures outlined in Section 2.5 of the Circular.”

(ii) Proposed Renewal of Authority On Shares Buy Back.

(Resolution 8)

“**THAT** subject to the Company’s compliance with all the applicable rules, regulations, orders and guidelines made pursuant to the Companies Act, 2016 (“**the Act**”), the Company’s Constitution and Bursa Malaysia Securities Berhad’s (“**Bursa Securities**”) Main Market Listing Requirements (“**Listing Requirements**”), the Directors of the Company be and are hereby authorized to purchase shares at any time such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors in their absolute discretion deem and expedient in the interest of the Company provided that:

- a. the aggregate number of ordinary shares which may be purchased and retained by the Company at any point of time pursuant to this resolution shall not exceed 3.33% of the total issued and paid up share capital of the Company;
- b. the amount of funds to be allocated by the Company pursuant to this resolution not exceed the retained earnings and/or share premium of the Company as at 30 June 2017;and
- c. the shares so purchased by the Company pursuant to this resolution may at the discretion of the Directors be: -
 - retained as treasury shares; and/or cancelled; and/or
 - resold on the market of Bursa Securities in accordance to the Listing Requirements; and/or
 - distributed as dividends to the shareholders; and/or
 - dealt in any other manners prescribed by the applicable rules, regulations and orders made pursuant to the Act, the Listing Requirements and any other relevant authority for the time being in force;

AND THAT such authority conferred by the shareholders of the Company upon passing of the resolution will continue to be in force until the conclusion of the next Annual General Meeting of the Company, unless by a resolution passed at that meeting, the authority is renewed; or the expiration of the period within which the next Annual General Meeting is required to be held pursuant to Section 340(2) of the Act but must not extended to such extensions as may be allowed pursuant to Section 340(4) of the Act; or until the authority is revoked or varied by a resolution passed by the shareholders in a general meeting, whichever occurs first;

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the resolution.

6. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board of Directors

RICHARD LING PENG LIING (MIA 9688)
Company Secretary

Miri, Sarawak
31st October 2017

Notice of Annual General Meeting (cont'd)

Explanatory Notes on Special Business

- (a) The Agenda 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of Shareholders of the Company and hence, agenda 1 is not put forward for voting.
- (b) The proposed Ordinary Resolution 7, if passed, will authorize the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature. This authority, unless revoked or varied by the Company at the general meeting, will expire at the conclusion of the next AGM of the Company.
Please refer to the Circular to Shareholders dated 31 October 2017 for further information.
- (c) The proposed Ordinary Resolution 8, if passed, will empower the Company to purchase the Company's shares up to 3.33% of the issued and paid up share capital of the Company.
Please refer to the Statement on Shares Buy-Back dated 31 October 2017 for further information.

Notes:-

- (1) Pursuant to Section 334 of the Companies Act 2016, a member shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
 - (2) A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.
 - (3) Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
 - (4) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
 - (5) If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
 - (6) In respect of deposited securities, only members whose names appear on the Record of Depositors on 24 November 2017, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
 - (7) To be valid, this form, duly completed must be deposited at the Registered Office of the Company not less than forty-eight (48) hours before the time for holding the meeting.
- The Registered office of the Company is at Sublot 153 (Parent Lot 70), Jalan Kuala Baram, Kuala Baram, 98100 Miri, Sarawak.*

**SHIN YANG SHIPPING CORPORATION BERHAD**(Company No. 666062-A)
(Incorporated in Malaysia)

No. of ordinary shares held
CDS Account No

I/We _____ NRIC/ Company No _____

of _____

being a member/members of **Shin Yang Shipping Corporation Berhad** hereby appoint

Name of Proxy	NRIC / Passport No.	Proportion of Shareholdings (%)
and/or failing him/her		

or Chairman of the Meeting as *my/our proxy to vote for* me/us and on* my/our behalf at the Twelve (12th) Annual General Meeting of the Company to be held at the Conference Room, Level 5, Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak on Tuesday, 5th December 2017 at 11.00 am and, at any adjournment thereof. The proxy is to vote on the resolutions set out in the Notice of Annual General Meeting as indicated with an "X" in the appropriate spaces.

NO.	RESOLUTIONS	FOR	AGAINST
1	To table the Audited Financial Statements for the financial year ended 30 June 2017 together with the Reports of the Directors and Auditors thereon.		
2	To approve the Directors' fees for the financial year ended 30 June 2017.		
3	To re-election of retiring director: Mr. Ling Chiong Sing		
4	To re-election of retiring director: Datuk Lawrence Lai Yew Son		
5	To re-election of retiring director: Mdm. Ling Siu Chuo		
6	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.		
SPECIAL RESOLUTIONS			
7	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
8	Proposed Renewal of Authority on Share Buy-Back		

(Please indicate with an "X" in the space provided above on how you wish your proxy to vote. If no instruction is given this form will be taken to authorise the proxy to vote at his/her discretion)

Dated this _____ day of _____ 2017

Signature and/or Common Seal of Shareholders**Notes:**

- (1) Pursuant to Section 334 of the Companies Act 2016, a member shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
- (2) A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.
- (3) Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (4) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- (5) If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
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The Registered office of the Company is at Sublot 153 (Parent Lot 70), Jalan Kuala Baram, Kuala Baram, 98100 Miri, Sarawak.



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Stamp

SHIN YANG SHIPPING CORPORATION BERHAD

(Company No. 666062-A)

Sublot 153 (Parent Lot 70),
Jalan Kuala Baram, Kuala Baram,
98100 Miri, Sarawak,
Malaysia.

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Step by Step To Excellence



SHIN YANG SHIPPING CORPORATION BERHAD (666062-A)
SubLot 153 (Parent Lot 70),
Jalan Kuala Baram,
Kuala Baram, 98100 Miri,
Sarawak, Malaysia.