



YINSON HOLDINGS BERHAD



ANNUAL REPORT **2017**

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OUR VISION

To be a leading provider of Floating, Production, Storage and Offloading Service to the global oil and gas industry through developing unique partnerships with our clients and also cater to their logistics and supply requirements.



OUR MISSION

Through continuity in maintaining a modern fleet of FPSOs, FSOs, and OSVs, we shall develop and implement operational strategies which best serve our clients. Our customers will have our commitment that we shall continually seek new opportunities to serve and support their growth strategy together, as partners.

THE FPSO JOURNEY

ORIGIN

LOGISTICS SERVICES

In 1984, Yinson started as a humble transport agency in Johor Bahru, with business ventures in logistics services and commodity trading. By 2007, Yinson was a leading transport company in Malaysia with 365 trucks in operation and thereafter, Yinson supplied a total of 565 trucks in its transportation services to its domestic customers.

In 2010, Yinson ventured into the marine transport business, by acquiring 5 tugboats to complement its transport and logistic services. In addition, the Group commenced its port cargo handling services in Vietnam.

TRANSFORMATION

OIL & GAS SERVICES

In 2011, Yinson entered into a consortium agreement with PetroVietnam Technical Services Corporations (PTSC), and the joint venture was subsequently awarded a contract for the provision of a floating storage and offloading vessel ("FSO") i.e. FSO PTSC Bien Dong. In 2012 and via a partnership with PTSC again, Yinson was awarded a contract for the provision of a floating production storage and offloading vessel ("FPSO") i.e. FPSO PTSC Lam Son.

The breakthrough came in early 2014 when Yinson acquired Fred. Olsen Production ASA, an established company in the FPSO industry and listed in the Norwegian Stock Exchange (Oslo Bors). Post-acquisition, Yinson inherited not only 3 FPSOs and 1 mobile offshore production unit (MOPU) contract, but also a strong and experienced FPSO team to grow the business.

PROGRESSION

5 FPSO / 1 FSO / 1 PSV / 3 AHTS

The Group had dispose all of its non-oil & gas business segments and streamline its business to be a full-fledged FPSO company in 2016.

Currently, Yinson is the 6th largest FPSO company in the global FPSO market, boasting a fleet of 5 FPSOs and 1 FSO. Yinson has a wide geographical presence e.g. West Africa, Europe and South East Asia.

**AUDITORS**

PricewaterhouseCoopers

COMPANY SECRETARY

Wong Wai Foong (F) (MAICSA 7001358)
 Tan Bee Hwee (F) (MAICSA 7021024)

REGISTERED OFFICE

No. 25, Jalan Firma 2
 Kawasan Perindustrian Tebrau IV
 81100 Johor Bahru
 Johor Darul Takzim
 Tel : 07-355 2244
 Fax : 07-355 2277

CORPORATE OFFICE

Suite 12.01, Level 12, Menara IGB
 Mid Valley City, Lingkaran Syed Putra
 59200 Kuala Lumpur
 Tel : 03-2282 8844
 Fax : 03-2282 7389
 E-mail : info@yinson.com.my
 Website : www.yinson.com.my

REGISTRAR

Securities Services (Holdings) Sdn Bhd
 Level 7, Menara Milenium
 Jalan Damanlela
 Pusat Bandar Damansara
 Damansara Heights
 50490 Kuala Lumpur
 Tel : 03-2084 9000
 Fax : 03-2094 9940

PRINCIPAL BANKERS AND FINANCIERS

AmBank (M) Berhad
 Asian Finance Bank Berhad
 Australia and New Zealand Banking Group Limited
 Bangkok Bank Berhad
 Bank Muamalat Malaysia Berhad
 Bank of China (Malaysia) Berhad
 CIMB Bank
 Export - Import Bank of Malaysia Berhad
 Hong Leong Bank Berhad
 HSBC Bank
 Intesa Sanpaolo S.p.A
 Maybank
 Oversea-Chinese Banking Corporation
 Public Bank Berhad
 Standard Chartered Bank
 The Bank of East Asia, Limited
 United Overseas Bank



YINSON HOLDINGS BERHAD

COMPANY STRATEGIES

1

High Quality Counterparties

Reputable and renowned clients and joint venture partners

2

Track Record in Operations and Maintenance

Delivering proven consistency in fleet uptime (>99%)

3

Long-term Charter Contracts

Strong order book underpinned by long term contracts, delivering sustainable cash flows to accelerate the growth of the business

4

Robust Contractual Terms

Providing protection against early contract termination, oil price and reservoir risks

5

Strong & Experienced Project Execution Teams

Delivering projects to client on time and within budget

6

Build, Own & Lease Model

7

Disciplined in Business & Financial Management

8

Strong Local Content in Operating Countries

9

Winning Contracts with Innovative Solutions

OUR GLOBAL PRESENCE

Becoming a Leading Provider in the O&G Industry



1. FPSO JOHN AGYEKUM KUFUOR
2. FPSO ADOON
3. FPSO ALLAN

4. FPSO FOUR RAINBOW
5. FSO PTSC BIEN DONG 01
6. FPSO PTSC LAM SON



FPSO ALLAN - GABON

FPSO Name	:	Allan
Charterer	:	CNR
Field	:	Olowi
Deadweight	:	145,242 tonnes
Storage Capacity	:	1.04 million barrels
Production Capacity	:	<ul style="list-style-type: none"> • Oil: 35,000 BOPD • Liquid: 50,000 BLPD • Gas Compression: 75 MMSCFD
Contract	:	1 May 2009
Commencement Date	:	
Remaining	:	Fixed: 2 years
Contract Life As At May 2017	:	Optional extension: 10 years x 1 year Total: 12 Years
Ownership	:	100% Yinson
Uptime	:	Above 99%

FPSO ADOON - NIGERIA

FPSO Name	:	Adoon
Charterer	:	Addax Petroleum
Field	:	Block OML123
Deadweight	:	244,492 tonnes
Storage Capacity	:	1.7 million barrels
Production Capacity	:	<ul style="list-style-type: none"> • Oil: 60,000 BOPD • Liquid: 140,000 BLPD • Gas: 7 MMSCFD
Contract	:	17 October 2006
Commencement Date	:	
Remaining	:	Fixed: 1.5 years
Contract Life As At May 2017	:	Optional extension: Up to 4 years Total: 5.5 years
Ownership	:	100% Yinson
Uptime	:	Above 99%



FPSO PTSC LAM SON - VIETNAM

FPSO Name	:	PTSC Lam Son
Charterer	:	PTSC
Field	:	Block 1-2/97
Storage Capacity	:	350,000 barrels
Production Capacity	:	<ul style="list-style-type: none"> • Oil: 18,000 BOPD • Liquid: 28,000 BLPD • Gas Compression: 47 MMSCFD
Contract	:	6 June 2014
Commencement Date	:	
Remaining	:	Fixed: 4.1 years
Contract Life As At May 2017	:	Optional extension: 1 + 1 +1 years Total: 7.1 Years
Ownership	:	51%: PTSC; 49%: Yinson
Uptime	:	Above 99%

Note : Contract termination to occur on 30 June 2017. However PetroVietnam intends to continue production at the site using PTSC Lam Son and negotiations are ongoing for this purpose.

Our Assets (cont'd)

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FSO PTSC BIEN DONG 01 - VIETNAM

FSO Name	: PTSC Bien Dong 01
Charterer	: PTSC
Field	: Block 05-2/05-3
Storage Capacity	: 350,000 barrels
Contract	: 7 August 2013
Commencement Date	
Remaining	: Fixed: 6.3 years
Contract Life As	Optional extension: 5 + 2 + 2 + 1 years
At May 2017	Total: 16.3 years
Ownership	: 51%: PTSC; 49%: Yinson
Uptime	: Above 99%



FPSO FOUR RAINBOW

FPSO Name	: Four Rainbow
Storage Capacity	: 600,000 barrels
Production Capacity	: • Oil: 40,000 BOPD • Liquid: 52,000 BLPD • Gas Compression: 10 MMSCFD
Ownership	: 51% Yinson; 49% Premuda

Note: For redeployment opportunity



FPSO JOHN AGYEKUM KUFUOR - GHANA

FPSO Name	: John Agyekum Kufuor
Charterer	: ENI
Field	: Offshore Cape Three Points (OCTP) Block Ghana
Storage Capacity	: 1.4 million barrels
Production Capacity	: • Oil: 58,000 BOPD • Liquid: 75,000 BLPD • Gas Injection: 165 MMSCFD • Gas Export: 210 MMSCFD
Contract Duration	: Fixed 15 years (2017 – 2032) Optional extension: 5 years Total: 20 years
Ownership	: 100% Yinson



OUR GROWTH

2011 & 2012

- JV with PTSC for FSO PTSC Bien Dong 01.
- Contract size USD331.2 million.
- 3 for 2 Rights Issue.
- JV with PTSC for FPSO PTSC Lam Son.
- Contract Size USD737.3 million.

2013

- Commenced acquisition of FOP ASA (currently known as Yinson Production AS).
- Primary Placement to new strategic shareholders.









2014

- Completed acquisition of FOP ASA (currently known as Yinson Production AS).
- 1 for 1 Rights Issue.
- Expand technical and operation team.



STRONG ORDER BOOK

Counter-party	Vessel/ Year	2016	2018	2020	2022	2024	2026
	FPSO Adoon	Firm period until October 2018		Up to 4 year option			
	FPSO Allan	Firm period until April 2019		Up to 10 year option			
	FSO PTSC Bien Dong 01	Firm period until August 2023				Up to 10 year option	
	FPSO PTSC Lam Son ⁽¹⁾	Firm period until June 2021		Up to 3 year option			
	FPSO John Agyekum Kufuor	Firm 15 year period until 2032					
	FPSO CRD Project ⁽²⁾	Firm 10 year period until 2029					

1. Notice of termination for PTSC Lam Son contract announced on 3 April 2017 and contract termination to occur on 30 June 2017.

However, PetroVietnam intends to continue production at the site using FPSO PTSC Lam Son and negotiations are ongoing for this purpose.

2. Yinson have signed a contract award for the supply, operation and maintenance of a FPSO facility for Ca Rong Do Field Development - Block 07/03 Offshore Vietnam on 26 April 2017.

2015

- Awarded the ENI OCTP Ghana FPSO contract up to USD3.256 billion.
- Private Placement.
- Issued USD100 million hybrid perpetual bond to increase the equity base of the Group.
- JV with Premuda for FPSO Four Rainbow.
- 2nd extension of FPSO Adoon's Charter Contract for a further 3 years (17 Oct 2015 to 16 Oct 2018).



2016

- Divested non-oil and gas subsidiaries, transforming Yinson into a full-fledged oil & gas service provider.
- Won award for (Highest Growth In Profit Before Tax Over Three Years) in Trading/Services, Hotels, IPC and Technology sectors - The Edge Billion Ringgit Club Awards 2016.
- Issued Senior Sukuk of RM250 million.
- Yinson's FPSO Adoon achieved 5 years Lost Time Injury Free awarded by Addax Petroleum.
- Paid special dividend of 14.6 sen per share.

2017

- Converted USD780 million conventional term loan into an Islamic Murabahah facility.
- Naming ceremony of FPSO John Agyekum Kufuor.
- Won "2016 Islamic Finance News Africa Deal of the Year" awarded by Islamic Finance News - the World's leading Islamic Finance News Provider.
- Award of Charter Contract for Ca Rong Do Field Development.



2028

2030

2032

2034

2036



Up to 5 year option

Up to 5 year option



KEY EVENTS 2016

26 JULY 2016

Completed the divestment of non-oil and gas subsidiaries, transforming Yinson into a full-fledged oil & gas service provider



15 AUG 2016

Won award for (Highest Growth In Profit Before Tax Over Three Years) in Trading/ Services, Hotels, IPC and Technology sectors - The Edge Billion Ringgit Club Awards 2016



8 NOV 2016

Issued Senior Sukuk of **RM250 million**

18 NOV 2016

Yinson's FPSO Adoon achieved 5 years Lost Time Injury Free awarded by Addax Petroleum



21 NOV 2016



PAID SPECIAL
DIVIDEND OF
14.6
SEN PER SHARE

KEY EVENTS 2017

26 JAN 2017

Converted USD780 million conventional term loan into an Islamic Murabahah facility

22 FEB 2017

Won “2016 Islamic Finance News Africa Deal of the Year” awarded by Islamic Finance News – the World’s leading Islamic Finance News Provider



3 FEB 2017

Naming ceremony of
FPSO John Agyekum Kufuor



26 APR 2017

Award of Charter Contract for
Ca Rong Do Field Development



1-4 MAY 2017

Offshore Technology Conference Houston 2017



7-9 MAY 2017

Asia Oil & Gas Conference & Exhibition 2017



Financial year ended 31 January

	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Revenue [^]	865,221	941,861	395,440	424,398	543,255
Profit before tax ^{**}	44,439	152,072	280,724	292,760	213,179
Profit after tax and minority interests [*]	33,884	139,751	247,677	224,663	197,048
Share capital [§]	200,355	258,200	516,399	546,399	1,099,462
Total equity [*]	283,788	614,368	1,459,509	2,253,384	2,406,173
Number of ordinary shares issued	200,355	258,200	1,032,798	1,092,798	1,092,798
Weighted average number of ordinary shares in issue [*]	196,225	688,075	950,475	1,067,154	1,090,185
Total assets [*]	800,898	2,207,810	2,488,216	4,839,810	6,290,329
Total borrowings ⁺	448,541	1,290,133	823,177	1,654,151	3,393,173
Basic earnings per share (sen) ^{**}	17.27	20.31	26.06	21.05	18.07
Dividends rate (sen) [*]	2.50	1.25	1.50	2.00	14.60
Total equity backing per share (RM) ^{**}	1.42	2.38	1.41	2.06	2.20
Borrowings to total equity (%) ⁺⁺	158	210	56	73	141

[^] - computed based on number of ordinary shares issued as at financial years end

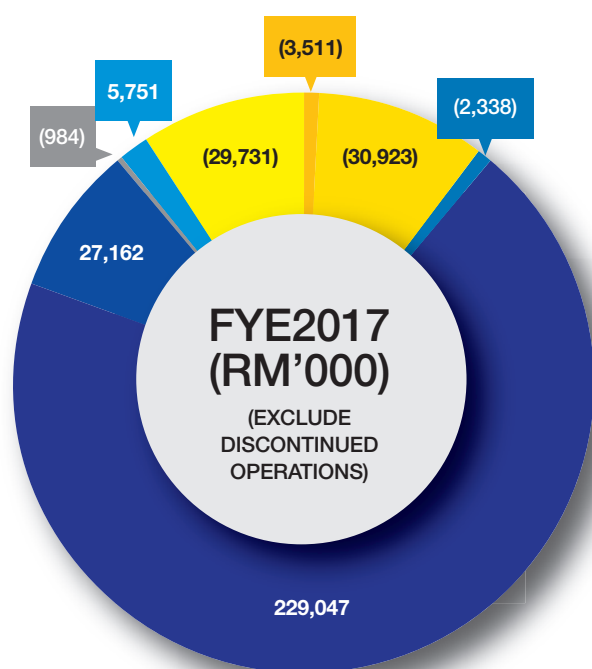
[#] - computed based on weighted average number of ordinary shares in issue as at financial years end

^{*} - amount restated for financial year 2014

⁺ - amount exclude discontinued operations for financial years 2015, 2016 and 2017

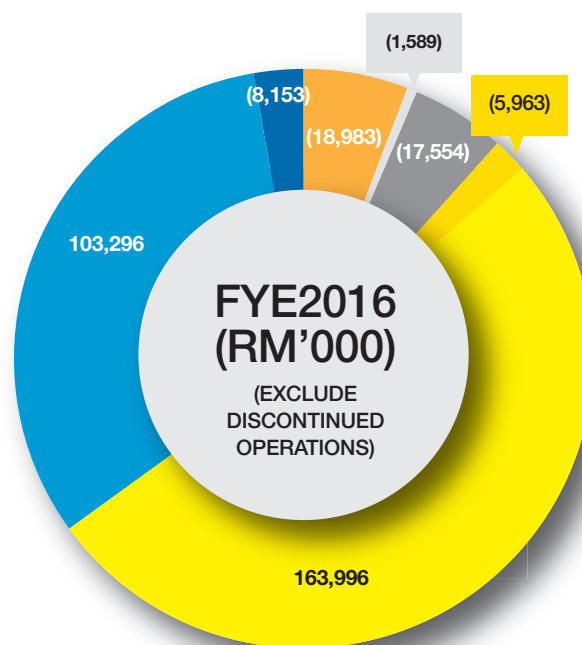
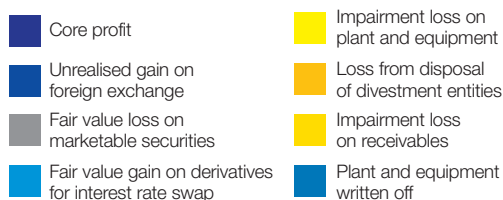
&- the new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account of RM553,063,000 become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act.

FYE2017 vs FYE2016 PROFIT AFTER TAX (RM'000)



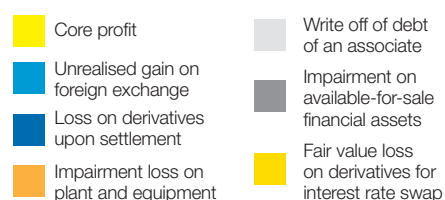
Reported PAT = RM 194,473

Core PAT = RM 229,047



Reported PAT = RM 215,050

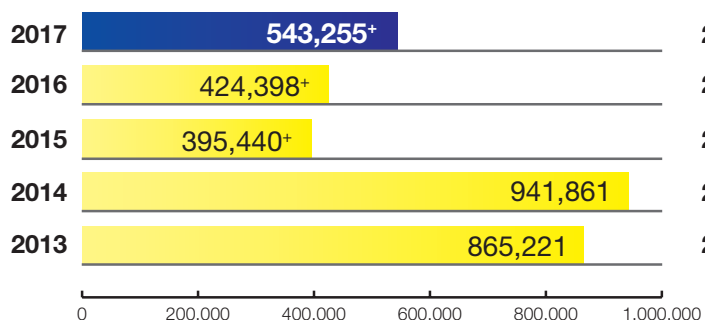
Core PAT = RM 163,996



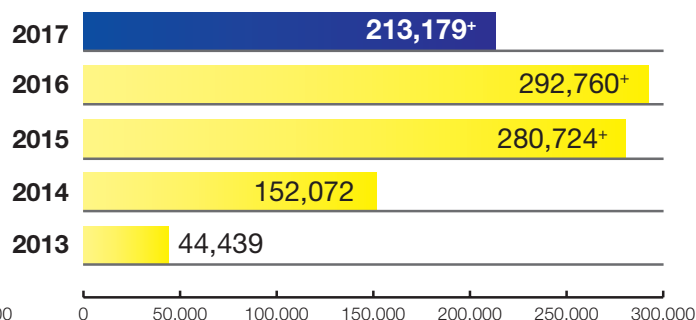
Group Financial Highlights (cont'd)

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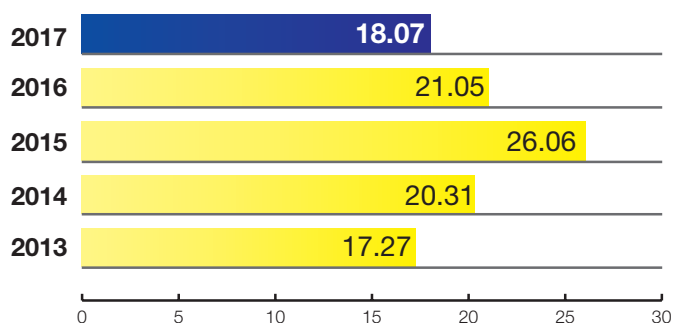
REVENUE (RM'000)

RM543,255⁺ excludes discontinued operations

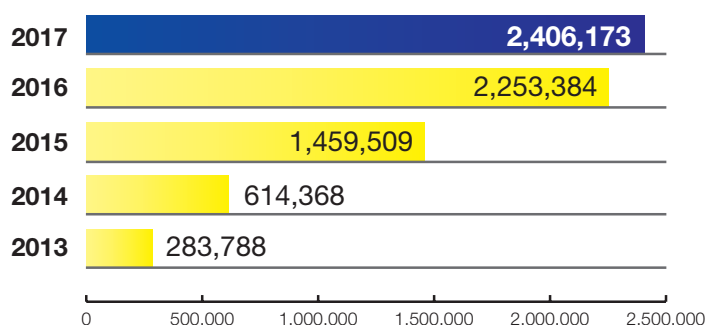
PROFIT BEFORE TAX (RM'000)

RM213,179⁺ excludes discontinued operations

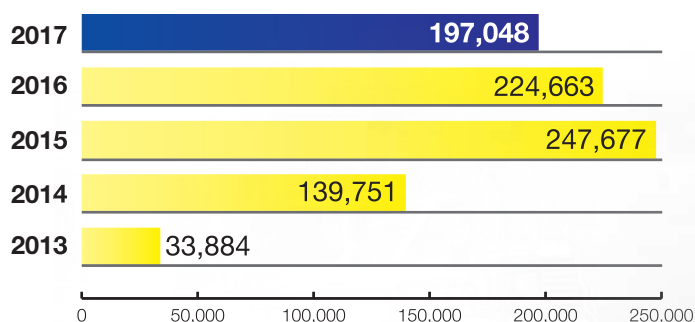
BASIC EARNINGS PER SHARE (SEN)

18.07sen

TOTAL EQUITY (RM'000)

RM2,406,173

PROFIT AFTER TAX AND MINORITY INTERESTS (RM'000)

RM197,048

BOARD OF DIRECTORS



Mr Lim Han Weng

Non-Independent Executive
Director and Group Executive
Chairman

Mdm Bah Kim Lian

Non-Independent
Executive Director

Mr Lim Chern Yuan

Non-Independent Executive
Director and Group Chief
Executive Officer

Mr Lim Han Joeh

Non-Independent
Non-Executive Director



**Dato' Mohamad Nasir
bin Ab Latif**

Non-Independent
Non-Executive Director

**Dato' Wee Hoe Soon @
Gooi Hoe Soon**

Independent Non-Executive
Director

**Datuk Syed Zaid bin Syed
Jaffar Albar**

Senior Independent Non-
Executive Director

**Datuk Raja Zaharaton binti
Raja Zainal Abidin**

Independent Non-Executive
Director

PROFILE OF BOARD OF DIRECTORS

MR LIM HAN WENG

Non-Independent Executive Director and Group Executive Chairman
Male, Malaysian, Aged 65

Mr Lim Han Weng is the founder and first director of the Company and was appointed as the Managing Director of Yinson on 9 March 1993 and as the Chairman in 2009. Armed with the experience gained while working with Lori Malaysia Bhd, a transport company, he embarked into the transport and trading business in 1984 under the partnership with his wife, Mdm Bah Kim Lian in Yinson Transport (M) Sdn Bhd. He is the main catalyst and driving force in the formulation and implementation of Yinson Group's corporate and business strategy until the baton of managing the day-to-day work of Yinson was handover to his son, Mr Lim Chern Yuan in 2014. He remains the largest shareholder in Yinson and continue his oversight on Yinson's directions and overall performance.

Qualification : HSC (STPM)

Directorships of Other Public Companies : Nil

Membership of Board Committees : Employees' Share Scheme Committee

Family Relationship : Spouse of Mdm Bah Kim Lian
Brother of Mr Lim Han Joei
Father of Mr Lim Chern Yuan and Mr Lim Chern Wooi



Profile of Board of Directors (cont'd)

017



MR LIM CHERN YUAN

Non-Independent Executive Director and Group Chief Executive Officer
Male, Malaysian, Aged 33

Mr Lim Chern Yuan was appointed as the Executive Director of Yinson on 28 September 2009. He started his career in Yinson as a Business Development Executive in 2005. In 2007, he was promoted to Senior General Manager, before attaining the current role as Yinson's Group Chief Executive Officer since 3 January 2014. Under his visionary leadership, Yinson has transformed into the 6th largest independent FPSO operator worldwide, with global footprints in South East Asia, Europe, and West Africa. He oversees the overall performance of Yinson together with the Group Executive Chairman and holds a key strategic role in formulating the strategic planning of the organisation. He is primarily responsible for the overall conception, communication, accomplishment and sustainability of Yinson's short to long term strategic initiatives.

Qualification	: Bachelor of Commerce – University of Melbourne (Australia)
Directorships of Other Public Companies	: Nil
Membership of Board Committees	: Employees' Share Scheme Committee (Chairman)
Family Relationship	: Son of Mr Lim Han Weng & Mdm Bah Kim Lian Brother of Mr Lim Chern Wooi



MDM BAH KIM LIAN

Non-Independent Executive Director
Female, Malaysian, Aged 65

Mdm Bah was appointed as Executive Director of Yinson on 9 March 1993. She assisted Mr Lim Han Weng in the general administration of the Group's operations in the transport business and constantly maintaining close relationships with Yinson's customers and affiliates. She also sits on the board of other subsidiaries of Yinson Group.

Qualification	: MCE (SPM)
Directorships of Other Public Companies	: Nil
Membership of Board Committees	: Nil
Family Relationship	: Spouse of Mr Lim Han Weng Sister-in-law of Mr Lim Han Joei Mother of Mr Lim Chern Yuan & Mr Lim Chern Wooi



MR LIM HAN JOEI

Non-Independent Non-Executive Director
Male, Malaysian, Aged 58

Mr Lim Han Joei was appointed as the Executive Director of Yinson on 30 January 1996. On 11 August 2016, he was re-designated as Non-Independent Non-Executive Director. Upon graduation from University in 1984, he took up the position of Operations Manager in Yinson Transport (M) Sdn Bhd before he assumed the position of Executive Director of Yinson Corporation Sdn Bhd in 1986. Upon his re-designation, Mr Joei continue to contribute to the Board and Yinson Group with his vast experience in Yinson.

Qualification	: Bachelor Degree in Civil Engineering, Monash University (Melbourne, Australia)
Directorships of Other Public Companies	: Nil
Membership of Board Committees	: Nil
Family Relationship	: Brother of Mr Lim Han Weng Brother-in-law of Mdm Bah Kim Lian

**DATO' MOHAMAD NASIR BIN AB LATIF**

Non-Independent Non-Executive Director
Male, Malaysian, Aged 59

Dato' Nasir was appointed as Non-Independent Non-Executive Director of Yinson on 11 August 2016. He started his career with the Employees Provident Fund Board in 1982 and has held several positions before being promoted to Deputy Chief Executive Officer (Investment). The positions held include as State Enforcement Officer (1990-1995), Senior Research Officer, Manager and Senior Manager in the Investment and Economics Research Department (1995-2003) and General Manager of the International Equity Investment Department (July 2009-2013).

Qualification : Bachelor in Social Science, majoring in Economics, Universiti Sains Malaysia
Certified Diploma in Accounting and Finance, ACCA
Master of Science in Investment Analysis - University of Stirling (United Kingdom)

Directorships of Other Public Companies : United Plantations Berhad
Plus Malaysia Berhad

Membership of Board Committees : Nil

Family Relationship : Nil

**DATO' WEE HOE SOON @ GOOI HOE SOON**

Independent Non-Executive Director
Male, Malaysian, Aged 57

Dato' Gooi was appointed as Independent Non-Executive Director of Yinson on 11 August 2016. He has more than 30 years of experience in the fields of accounting and corporate finance and was Finance Director of several private and public listed companies. He had been instrumental in the successful implementation of several corporate exercises, which included merger and acquisition and corporate debt restructuring exercises undertaken by public listed companies. In 1999, Dato' Gooi was appointed to the Board of Avenue Capital Resources Berhad as a Non-Executive Director and subsequently appointed as Group Managing Director in 2001 and Deputy Chairman in 2004; holding this last post until 2006. He was also the CEO/Executive Director-Dealing of Avenue Securities Sdn Bhd. In 2008, Dato' Gooi was appointed to the Board of EON Bank Berhad and was subsequently appointed Chairman of the Board in 2009, a position that he held until May, 2012. In 2009, he was appointed to the Board of Amity Bond Sdn Bhd (formerly known as EON Capital Berhad) and in the same year assumed Chairmanship, a position that he continues to hold.

Qualification : Member of The Malaysian Association of Certified Public Accountants
Member of Malaysian Institute of Accountants

Directorships of Other Public Companies : AIA Berhad
Hup Seng Industries Bhd
Perusahaan Sadur Timah Malaysia (Perstima) Berhad

Membership of Board Committees : Audit and Risk Management Committee (Chairman)
Nominating and Remuneration Committee
Employees' Share Scheme Committee

Family Relationship : Nil

Profile of Board of Directors (cont'd)

019



DATUK SYED ZAID BIN SYED JAFFAR ALBAR

Senior Independent Non-Executive Director
Male, Malaysian, Aged 63

Datuk Syed Zaid was appointed as a Senior Independent Non-Executive Director of Yinson on 19 August 2016. He was called to the Malaysian Bar as an advocate and solicitor of the High Court of Malaya in 1980. He has been in active legal practice for over 37 years.

Datuk Syed Zaid is the Managing Partner of an established law firm in Kuala Lumpur and heads the firm's Islamic Finance practice and oversees the Banking & Finance and Corporate/Commercial practice groups. He also contributes his legal experience as an appointed member of the Appeals Committee of Bursa Malaysia Securities Berhad.

Datuk Syed Zaid was named by The Asia Pacific Legal 500: the Guide to Asia's Commercial Law Firms, as a "Leading Individual" in the area of Banking & Finance in Malaysia from 2003 until 2013. He received peer and client recognition for 3 consecutive years at the ALB Malaysia Law Awards as "Dealmaker of the Year" 2014-2016; and as "Managing Partner of the Year" in 2014, 2015 and 2017.

Qualification	: B.A. (Hons) Law, University of Westminster London Barrister-at-Law of the Honourable Society of Lincoln's Inn
Directorships of Other Public Companies	: Malaysia Building Society Berhad Malaysian Pacific Industries Berhad Motorsports Association of Malaysia
Membership of Board Committees	: Audit and Risk Management Committee Nominating and Remuneration Committee (Chairman) Employees' Share Scheme Committee
Family Relationship	: Nil



DATUK RAJA ZAHARATON BINTI RAJA ZAINAL ABIDIN

Independent Non-Executive Director
Female, Malaysian, Aged 69

Datuk Raja Zaharaton was appointed as Independent Non-Executive Director of Yinson on 11 August 2016. She has served the Government of Malaysia in various capacities for 34 years from 1971 to 2005. Principally her main task has been policy analyses and financial evaluation. Her last post in Government was Director General of the Economic Planning Unit (EPU), Prime Minister's Department. Upon retirement, the Government of Malaysia appointed her as Chairman of Technology Park Malaysia Corporation Sdn Bhd from January 2006 to December 2008. Subsequent to that, the Government appointed her as Chairman of Ninebio Sdn Bhd from January 2009 for a two year period. She was then appointed as Chairman of Global Maritime Ventures Berhad, a subsidiary of Bank Pembangunan Malaysia Berhad from June 2014 until April 2017. She is also a Director of her family-owned company Kumpulan RZA Sdn Bhd and its subsidiary Raza Sdn Bhd, as well as its associate companies, ASTRA Capital Sdn Bhd and ARECA Capital Sdn Bhd.

Qualification	: Bachelor Degree in Economics, University of Malaya Masters in Economics, University of Leuven (Belgium)
Directorships of Other Public Companies	: Taliworks Corporation Berhad Media Prima Berhad and its subsidiaries, namely Big Tree Outdoor Sdn Bhd & Primeworks Studios Sdn Bhd
Membership of Board Committees	: Audit and Risk Management Committee Nominating and Remuneration Committee Employees' Share Scheme Committee
Family Relationship	: Nil

Conviction for Offences within the past 5 years (other than traffic offences)

None of the Directors have any convictions for offences other than traffic offences.

KEY MANAGEMENT



Mr Lim Chern Yuan

Non-Independent Executive
Director and Group Chief
Executive Officer

Mr Daniel Bong Ming Enn

Group Chief Strategy Officer

Mr Tan Fang Fing

Group Chief Financial Officer

Mr Eirik Arne Wold Barclay

Chief Executive Officer,
Offshore Production

**Mr Flemming Grønnegaard**

Chief Operation Officer,
Offshore Production

Mr Andrew Choy Wei Nung

Head of Legal,
Offshore Production

**Dato' Mohamed Sabri bin
Mohamed Zain**

Chief Executive Officer,
Yinson Energy

Mr Lim Chern Wooi

Chief Executive Officer,
Marine

PROFILE OF KEY MANAGEMENT



MR LIM CHERN YUAN

Non-Independent Executive Director and Group Chief Executive Officer
Male, Malaysian, Aged 33

Mr Lim Chern Yuan was appointed as the Director of Yinson on 28 September 2009. He started his career in Yinson as a Business Development Executive in 2005. In 2007, he was promoted to Senior General Manager, before attaining the current role as Yinson's Group Chief Executive Officer since 3 January 2014. Under his visionary leadership, Yinson has transformed into the 6th largest independent FPSO operator worldwide, with global footprints in South East Asia, Europe, and West Africa. He oversees the overall performance of Yinson together with the Group Executive Chairman and holds a key strategic role in formulating the strategic planning of the organisation. He is primarily responsible for the overall conception, communication, accomplishment and sustainability of Yinson's short to long term strategic initiatives.

Qualification : Bachelor of Commerce - University of Melbourne (Australia)

Directorships of Other Public Companies : Nil

Membership of Board Committees : Employees' Share Scheme Committee (Chairman)

Family Relationship : Son of Mr Lim Han Weng & Mdm Bah Kim Lian
Brother of Mr Lim Chern Wooi



MR DANIEL BONG MING ENN

Group Chief Strategy Officer
Male, Malaysian, Aged 36

Mr Daniel Bong started his career in international audit and advisory firms, covering engagements with a wide spectrum of industries. Thereafter, he moved on to a local real estate investment fund, covering corporate finance and corporate planning. In 2011, he joined Yinson Group as General Manager in Corporate Finance and Strategy Development, and thereafter promoted to Group Chief Strategy Officer on 3 January 2014. His current responsibilities include overseeing the corporate finance, corporate legal, corporate secretary, treasury, taxation advisory, investor relations, strategic planning and development of Yinson Group. He has been instrumental to the growth of Yinson, transforming from the former logistic and trading company to the current offshore production and marine industries based company. He works closely with the Group Executive Chairman and Group Chief Executive Officer in creating, communicating, executing and sustaining short to long term strategic initiatives within the organisation.

Qualification : Chartered Accountant, Malaysia Institute of Accountant (MIA)
Chartered Accountant, Institute of Singapore Chartered Accountant (ISCA)
Fellow member (FCCA), Association of Chartered Certified Accountant (ACCA)
Master of Science in Accounting and Financial Management

Directorships of Other Public Companies : Nil

Family Relationship : Nil

Profile of Key Management (cont'd)

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MR TAN FANG FING

Group Chief Financial Officer
Male, Malaysian, Aged 60

Mr Tan started his career as an audit assistant with Cooper & Lybrand from 1983 and left the firm in 1988 as a qualified accountant. He later joined Touche Ross & Tohmatsu in Singapore as an audit senior for a year. In 1990, he joined the subsidiary of a public listed company as an accountant and worked for one and a half year. He was the Group Accountant of Yinson from 1994 and promoted to Group Chief Financial Officer since 1 September 2014.

Qualification : Fellow member (FCCA), Association of Chartered Certified Accountant (ACCA)
Chartered Accountant, Malaysian Institute of Accountants (MIA)
Master in Business Administration- University of Dayton (USA)

Directorships of Other : Nil
Public Companies

Family Relationship : Nil



MR EIRIK ARNE WOLD BARCLAY

Chief Executive Officer, Offshore Production
Male, Norwegian, Aged 45

Mr Eirik Barclay was appointed Chief Executive Officer (CEO) of Yinson Offshore Production Division on 3 January 2014 following the acquisition of Fred. Olsen Production ASA, where Eirik had been the CEO since 1 January 2012, by Yinson Group. Eirik has worked in the offshore oil industry since 1999, having previously held the positions of CEO of Songa Floating Production and Vice President, Business Development of BW Offshore.

Eirik Barclay started his career with Schlumberger Oilfield Services working as a Field Engineer before moving on to work for Aker Kvaerner Process Systems.

Qualification : Master of Engineering- Norwegian University of Science & Technology (Trondheim, Norway)
Master in Energy Management- ESCP/IFP (Paris) and BI (Oslo)

Directorships of Other : Nil
Public Companies

Family Relationship : Nil

**MR FLEMMING GRØNNEGAARD**

Chief Operation Officer, Offshore Production
Male, Danish, Aged 47

Mr Flemming Grønnegaard was appointed Chief Operations Officer of Yinson Offshore Production Division in April 2015. Flemming has worked in the offshore oil/shipping industry since 2001, having previously held the positions of Vice President, Operations at Teekay Petrojarl, and Group Technical Director at Svitser (A.P.Moller Maersk). Flemming started his career with Maersk Ship Design working as a Project Engineer before moving on to work for APM Terminals as Director of Crane & Engineering Services.

Qualification : Master of Engineering- Danish Technical University
(Lyngby, Denmark)

Directorships of Other : Nil
Public Companies

Family Relationship : Nil

**MR ANDREW CHOY WEI NUNG**

Head of Legal, Offshore Production
Male, Singaporean, Aged 53

Mr Andrew Choy is experienced in legal practice across the upstream Oil and Gas industry, with a firm grounding in commercial and corporate work generally. He is the author of The Singapore Corporate Director's Manual. Appointed as Head of Legal of Yinson Offshore Production Division since 1 February 2014, he is primarily responsible for providing advice and support to Yinson on all legal issues and documentation, and generally leading on any matters which require legal input or consideration.

Qualification : Member, Honourable Society of Gray's Inn
Barrister-at-Law, England and Wales
Advocate & Solicitor, Singapore
Arbitrator, Chartered Institute of Arbitrators/
Singapore Institute of Arbitrators
Certified Auditor, Quality Management System (ISO 9001:2008)
Certified Auditor, International Safety Management (ISM)
Certified Auditor, International Ship and Port Facility Security (ISPS)

Directorships of Other : Nil
Public Companies

Family Relationship : Nil

Profile of Key Management (cont'd)

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DATO' MOHAMED SABRI BIN MOHAMED ZAIN

Chief Executive Officer, Yinson Energy
Male, Malaysian, Aged 61

Dato' Sabri has more than 38 years of experience in the international oil and gas industry. He started his career with PETRONAS since 1978. He was General Manager for International Operations before being transferred as President of White Nile Petroleum Operating Company in Sudan (WNPOC) in 2008. He joined MISC Berhad as Vice President of Offshore Business Unit in 2010. In 2013, he was appointed as President for GOM Resources Sdn. Bhd. and Puncak Oil & Gas Sdn Bhd. He joined Yinson on 16 May 2014 as Chief Executive Officer of Yinson Energy Sdn Bhd. He sits on the Board of Barakah Offshore Petroleum Berhad as Independent Non-Executive Chairman and Sona Petroleum Berhad as Non-Independent Non-Executive Director.

Qualification : Bachelor of Science in Petroleum Engineering - University of Wyoming, USA

Directorships of Other Public Companies : Barakah Offshore Petroleum Berhad
Sona Petroleum Berhad

Family Relationship : Nil



MR LIM CHERN WOUI

Chief Executive Officer, Marine
Male, Malaysian, Aged 31

Mr Lim Chern Wooi started his career in Yinson as Business Development Executive in June 2008. He was then promoted to Chief Executive Officer for Yinson Marine Division on 3 January 2014. He holds several directorships in subsidiaries of the Marine Division. He oversees the operation and business of marine segments including Offshore Support Vessel (OSV), tugs and barges.

Qualification : Bachelor of Applied Science- RMIT University (Melborne, Australia)
Master of Business Administration- RMIT University (Melborne, Australia)
Quality Management System (ISO 9001:2008)
Environmental Management System (ISO 14001:2004)
Occupational Health and Safety Management System (OHSAS 18001: 2007)
Certified Auditor, International Safety Management (ISM)
Certified Auditor, International Ship and Port Facility Security (ISPS)

Directorships of Other Public Companies : Nil

Family Relationship : Son of Mr Lim Han Weng & Mdm Bah Kim Lian
Brother of Mr Lim Chern Yuan

Conviction for Offences within the past 5 years (other than traffic offences)

None of the senior management have any convictions for offences other than traffic offences.

CHAIRMAN'S STATEMENT



MR LIM HAN WENG
Group Executive Chairman

DEAR SHAREHOLDERS,

For this financial year under review, Yinson Holdings Berhad ("Yinson", "we" or the "Group") has progressed further in the oil and gas ("O&G") sector and I am pleased to inform the shareholders that we are now a full-fledged floating production storage and offloading ("FPSO") player. Upon the completion of the divestment of our non-O&G business segments on 26 July 2016, we have been dedicating all our efforts and focus in growing and maintaining the FPSO business, with hopes that the Group will reap the fruits of our labour in the short to mid-term. To see the Group evolved from a humble transport agency to an international FPSO player, I am filled with much joy and am also excited to see what is in store for Yinson in the near future.

The reporting format for this financial year under review will be different than the previous years as we introduce the first Sustainability Report for the Group. This is in line with Bursa Malaysia Securities Berhad ("Bursa Securities") guidelines to govern the sustainable development of listed companies in the country. We laud Bursa Securities action in this respect of encouraging businesses in Malaysia to operate with transparency and integrity. In Yinson, we endeavour to conduct our business in a sustainable manner and we wish to describe to our shareholders our plans and goals in achieving our Sustainability vision through our Sustainability Report.

BUSINESS OVERVIEW

The Group's FYE2017 ended on mixed notes. On the positive note, we are proud to see the conversion works on our largest FPSO project to date, FPSO John Agyekum Kufuor ("FPSO JAK"), completed after two years of hard work from our technical and engineering team. A naming ceremony was held in February 2017 in which the vessel was named after the former president of Ghana, His Excellency Mr John Agyekum Kufuor and FPSO JAK set sail for Ghana on 1 March 2017. I am pleased to inform the shareholders that the vessel has arrived safely in Ghana on 11 April 2017 and the FPSO is currently in preparation for the installation and commissioning phase. FPSO JAK will be working at the Offshore Cape Three Points ("OCTP") block, located in the Tano Basin, approximately 60 KM off the coast of Ghana for Eni Ghana Exploration and Production Ltd ("Eni Ghana").

Separately on the financing of FPSO JAK, the Group completed the conversion of its existing USD780.0 million conventional syndicated term loan into an Islamic Murabahah term financing facility on 26 January 2017. With the completion of the conversion, Yinson is expecting to regain its Shariah-Compliant Security status by returning to the list of Shariah-Compliant Securities of the Securities Commission Malaysia in 2017. In addition, this Islamic facility was marked as the largest Islamic facility for FPSOs financing to date, which recently won the Islamic Finance News Africa Deals of the Year 2016.

On 20 January 2017, the Group was awarded a Letter of Intent from Talisman Vietnam 07/03 B.V. (a wholly owned subsidiary of Repsol S.A.) to enter into exclusive negotiations for the provision of a FPSO in the Ca Rong Do Field Development located in Block 07/03 in the Eastern Sea Offshore Vietnam and the contract was signed on 26 April 2017 in Vietnam.



On 3 April 2017, we announced the news in relation to our joint venture project with PetroVietnam Technical Services Corporation ("PTSC") for FPSO PTSC Lam Son wherein our joint venture company with PTSC, PTSC Asia Pacific Pte. Ltd. ("PTSC AP") received a termination notice from the charterer, PTSC under the Bareboat Charter Contract dated 28 December 2012. The termination notice was a result of a termination notice served on PTSC on 31 March 2017 by the Lam Son Joint Operation Company ("LSJOC"), due to the intended liquidation of LSJOC which is scheduled to occur on 30 June 2017.

The Group is not deterred by the termination notice and we see this event as an opportunity for us to rebase our costs to provide a more cost-efficient solution for our future clients and to also immediately deleverage the Group with the early termination payment that PTSC AP is entitled to. Furthermore, PTSC AP was informed by PetroVietnam of the intention to potentially continue deployment of FPSO PTSC Lam Son in Vietnam despite the liquidation of LSJOC. While the rights and interests of our joint venture will be governed under the Bareboat Charter Contract, the team in Yinson with our joint venture partner, PTSC will collaborate closely to engage discussion with PetroVietnam to continue deployment of our FPSO on the field after 30 June 2017. In the meantime, we will continue to focus on executing our obligations under the charter, operations and maintenance contract dated 27 January 2015 for FPSO JAK and to deliver our best to our client, Eni Ghana.

FINANCIAL PERFORMANCE

Despite the continued challenging and prolonged low oil price environment from the previous financial year, we are grateful the Group recorded a commendable growth in revenue of 28.0% since its divestment of non-oil and gas business in July 2016. For FYE2017, the Group reported a full year revenue of RM543.3 million as compared to RM424.4 million in the previous financial year. The profit after tax stood at RM196.8 million, a 8.8% reduction from RM215.8 million a year ago after certain impairments were made to its assets value mainly from uncertainty in future business environment and less favourable foreign exchange translation.

We are pleased to still be able to create shareholders' value for this financial year under review and meet our dividend obligations to shareholders. After the completion of our divestment exercise of non-core businesses, Yinson announced and paid a special dividend of 14.6 sen per share for FYE2017, amounting to a total pay-out of RM159.1 million. Yinson also proposed a final dividend of 2.0 sen per share for FYE2017 to be tabled to the shareholders for approval at the forthcoming Annual General Meeting. Despite the challenging operational environment, the Group's strong and adequate financial governance continues to allow Yinson to consistently reward our shareholders.

MOVING FORWARD

The World Floating Production System Market Forecast 2017-2021 reports that the floating production systems market is poised for recovery in 2017 with FPSOs representing the largest segment of the market both in terms of numbers and forecasted capex.

On the backdrop of uncertain micro and macro economic environment, Yinson will strive to secure valuable opportunities on favourable terms for both the Group and our clients. The Group's long term charter and strong contracts have been the key to striving in this current unfavourable market environment.

The Group remains vigilant in prudent operational and financial management. As a full-fledged FPSO specialist, we pride ourselves in maintaining strong project executions for every FPSO asset to run close to 100% uptime and we intend to maintain it that way.



Chairman's Statement (cont'd)

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For FYE2018, we will focus on strengthening the Group's balance sheet by expanding our shareholders fund through issuance of equity-like instruments, leveraging on existing strong business partnerships and developing new partnerships for our current and future projects. Therefore, we are optimistic that the Group will be able to rise up and meet the headwinds in the O&G sector.

APPRECIATION

On behalf of the Board of Directors of the Company ("Board"), I would like to record our appreciation to Dato' Ir Adi Azmari bin B.K. Koya Moideen Kutty, Tuan Haji Hassan bin Ibrahim, Mr Kam Chai Hong, and Mr Bah Koon Chye who resigned from the Board in August 2016, for their dedication and contribution throughout their tenure of service in Yinson.

To further strengthen the Group, we have fortified the Board with new directors. We would like to welcome Dato' Mohamad Nasir bin Ab Latif, the representative from Employees Provident Fund Board as the Non-Independent Non-Executive Director, Dato' Wee Hoe Soon @ Gooi Hoe Soon and Datuk Raja Zaharaton binti Raja Zainal Abidin, both as the Independent Non-Executive Directors and Datuk Syed Zaid bin Syed Jaffar Albar as the Senior Independent Non-Executive Director. In addition, Mr Lim Han Joeh has been re-designated as Non-Independent Non-Executive Director.

Our appreciation goes out to the government, regulators, clients, associates, financiers, vendors, advisers and respective stakeholders for your continuous support to Yinson, enabling us to sail forward with our aspirations to be a leading FPSO provider to the global O&G sector.

To our management team and people, we would like to express our sincere gratitude for your commitment, hard work and loyalty through the good and tough times.

MR LIM HAN WENG

Group Executive Chairman
Yinson Holdings Berhad



MANAGEMENT DISCUSSION AND ANALYSIS

The oil market's continued slump from 2015 has shaped the first half of 2016 as a challenging period. Oil and gas ("O&G") majors around the world have taken substantive measures in reducing its expenditure in all areas to sustain operations. In general, readjustment of budgets and rationalisation of expenditure were implemented by O&G majors throughout 2016. Despite the challenging environment, the oil market recovered slightly during the fourth quarter of 2016, after OPEC's decision to reverse its loose supply policy via an agreement signed between OPEC and non-OPEC countries on 30 November 2016. The shift of policy by OPEC facilitated the recovery process with oil prices improving to around USD55 per barrel by end of 2016 and continue to remain in a tight range of USD50-USD55 per barrel since. On the other hand, the gas market responds to factors unrelated to oil markets and the gas sectors was not as heavily impacted compared to the oil market.

Amidst such backdrop in the O&G market, the Group managed to deliver positive results throughout FYE2017 and recorded RM196.8 million profit after tax as compared to FYE2016 of RM215.8 million. The positive result was mainly attributable to higher revenue recorded of RM118.9 million as compared with a lower corresponding cost of sales increase of RM9.8 million.

FYE2017 ended on mix notes for the Group. We saw a few achievements, one of them being the timely completion of the conversion works on FPSO John Agyekum Kufuor ("FPSO JAK"). On 20 January 2017, the Group secured a Letter of Intent from Talisman Vietnam 07/03 B.V. ("Talisman") to enter into exclusive negotiations for the supply of a FPSO for the Ca Rong Do ("CRD") Field Development, located in Vietnam and the contract was signed on 26 April 2017 in Vietnam. FPSO JAK is expected to contribute positively to the Group's results in

MR LIM CHERN YUAN
Group Chief Executive Officer

Management Discussion and Analysis (cont'd)

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REVENUE
543.3
million

28.0%

GROSS
PROFIT
MARGIN

50.1%



NET PROFIT
MARGIN

36.2%

FYE2018 whilst the FPSO CRD project is expected to contribute positively to the Group's results in FYE2020, upon the commencement of their respective charter.

Furthermore, our operations team based in Oslo was also awarded a letter of commendation from our client, Addax Petroleum Development (Nigeria) Ltd. ("Addax") for operating FPSO Adoon with a track record of zero Loss Time Injury ("LTI") for 5 consecutive years.

On the other hand, we made an announcement on 3 April 2017 that our joint venture company with PetroVietnam Technical Services Corporation ("PTSC"), PTSC Asia Pacific Pte. Ltd. ("PTSC AP") received a notice of termination for convenience in respect of the bareboat charter contract entered with PTSC (being the bareboat charterer) on 28 December 2012 and the said contract will terminate effective on 30 June 2017 with early termination payment payable to PTSC AP.

OVERALL FINANCIAL PERFORMANCE

	FYE2017 RM'000	FYE2016 RM'000
Extract - Income Statements		
Revenue	543,255	424,398
Cost of sales	271,355	261,519
Gross profit	271,900	162,879
Profit before tax	213,179	292,760
Profit after tax	196,755	215,821
Gross profit margin	50.1%	38.4%
Net profit margin	36.2%	50.9%
Extract - Statements of financial position		
Total assets	6,290,329	4,839,810
Cash and bank balances	633,922	416,187
Total liabilities	3,884,156	2,586,426
Loans and borrowings	3,393,173	1,654,151
Total equity	2,406,173	2,253,384
Financial indicator		
Return on equity	8.2%	9.6%
Gearing ratio	1.41	0.73
Net gearing ratio	1.15	0.55
Operating result by Segment		
Marine	145,344	159,866
Other operations	16,819	79,694
Share of results of joint ventures & associates	83,330	93,714

We are pleased that the overall financial performance for the financial year under review remains relatively strong compared to the previous year despite strong headwinds in the O&G sector.

The recorded revenue of RM543.3 million represents a growth of 28.0% mainly attributable to additional marine services approximately RM101.0 million provided to the West Africa region which is of non-recurring nature. For the same period, cost of sales had only increased by 3.8%, which was attributable to stern project management and cost control efficiency. Despite better gross profit recorded with a





higher revenue, the profit before tax (PBT) is lower by 27.2% and stood at RM213.2 million due to prolonged global O&G sector uncertainty which has caused certain value of assets owned by our subsidiaries and joint ventures to be written down after stringently assessing their recoverable amounts. Lower foreign exchange ("forex") gain of the USD against RM during the financial year under review has also resulted in lower reported favorable forex effect. The PBT is further affected by the reversal of accrued reimbursement on additional taxes related to a foreign operation which was recognised in the previous financial year upon advice by our tax agent.

Nevertheless, the profit after tax (PAT) reduction rate is much lower at 8.8% to close at RM196.8 million after off-setting a corresponding amount of tax expenses reversal associated to the aforementioned accrued reimbursement on additional taxes reversal.

The Group's total assets increased significantly to RM6,290 million from RM4,840 million a year ago. Similarly, the Group's total liabilities has grown from RM2,586 million to RM3,884 million in light of the project financing of FPSO JAK. The Group's assets and liabilities position will continue to increase as we enter the new financial year 2018 with further loan drawn in support of completing the project and will be reflected accordingly in the form of a higher gearing ratio.

In addition to the reported financials, the Group analyses performance through its core business activities as well. The core profit after tax for the current financial year is RM229.0 million, 39.6% higher as compared to RM164.0 million in the previous year as depicted in the pie chart in page 12 - Group Financial Highlights. This is calculated by excluding expense items as indicated in the pie chart in page 12 - Group Financial Highlights e.g. significant items such as unrealised forex gain, impairment loss on receivables and impairment loss on plant and equipment, which project a better reflection of the core business activities' earnings for the reported financial year under review.

STRONG FOUNDATION

Throughout FYE2016, the FPSO industry have experienced increasing challenges in the form of projects cancellation, renegotiations of existing contractual terms and intensification of price competition. In view of the weak outlook to the O&G sector, the Group has taken proactive measures to ensure the sustainability of the business from all angles. On the contracting front, we have maintained the Group's contracting model which is based on the following pillars:

(I)
**STRONG
COUNTERPARTIES**

(II)
**LONG-TERM
CONTRACTS**

(III)
**BANKABLE
CONTRACTUAL
TERMS**

(IV)
**SOLID
TERMINATION
MITIGATION**

This contracting model has proven to be our reliable shelter in weathering out the stormy market conditions. One of the key features in our contracting model via termination protection is to ensure that the Group is able to recoup our costs and expenses in the event of a contract termination through early termination payment. Such compensation scheme will help cushion the adverse financial impact against the Group.

Based on the said contracting model, Yinson is undeterred despite the notice of termination for convenience served on PTSC AP by PTSC, due to the liquidation of the end-client, Lam Son Joint Operation Company ("LSJOC"), as announced by the Company on 3 April 2017. PTSC AP and its shareholders' interests are safeguarded via solid termination mitigation terms as PTSC AP is entitled to receive an early termination payment from PTSC pursuant to the terms of the bareboat charter contract. In any event, we are also optimistic that our opportunity in Vietnam will continue to remain firm as PTSC AP was informed by its client, Vietnam Oil & Gas Group ("PetroVietnam") of the intention to potentially continue utilising FPSO PTSC Lam Son in Vietnam notwithstanding the liquidation of LSJOC.



Management Discussion and Analysis (cont'd)

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FUELING THE GROWTH

For FYE2017, fiscal steps have been taken to strengthen the Group's balance sheet which is an important foundation of a profit-making organisation. We have developed a funding strategy based on the concept of "capital asset velocity", wherein we capitalise current and future resources via among others, investment opportunities and acquisition or disposal of assets to generate further revenue, which is re-capitalised in other investment opportunities. Guided by this funding strategy, the Group has successfully raised a sukuk murabahah programme of up to RM500 million in October 2016 and the Group has since issued our inaugural sukuk worth RM250 million in nominal value as at to date. It is also our target for Yinson to regain its status as a Shariah-Compliant securities in the Main Market of Bursa Malaysia Securities Berhad and to accomplish this, we carried out an exercise to refinance our existing conventional project financing to a murabahah term financing facility of the same value i.e. up to USD780 million. This Shariah conversion exercise was successfully completed end of January 2017. In addition, the exercise was awarded the "2016 Islamic Finance News Africa Deal of the Year" by the Islamic Finance News on 22 February 2017 and the Group is proud to be part of this award-winning exercise.

To reposition the Group, we have undertaken a corporate exercise to divest our non-O&G business to Liannex Asia Pacific Sdn Bhd for a total cash consideration of RM168 million and the divestment exercise was completed on 26 July 2016. Through this divestment exercise, we reorganised the Group by transforming Yinson into a pure Offshore Production services company. This is in line with the Board and management's vision to streamline the Group's business as O&G centric, as intended when the Group acquired Yinson Production AS (formerly known as Fred. Olsen Production ASA) in 2013. With our resources now focused in the Offshore Production business, we strive to sustain and expand the Group's business as one of the world's leading FPSO provider, in accordance with the Group's Vision statement.

SOLID TECHNICAL AND OPERATIONS

Good health, safety and environmental quality ("HSEQ") practices is our top priority and the Group's aspirational goal is *zero harm to people and the environment*. We recognise that the health and safety of our people and the environment cannot be compromised for the sake of profit. Often, the damages and losses caused to people and the environment due to a failure in good HSEQ practices are irreversible. Therefore, keeping our HSEQ on the highest level will remain as our recurring goal, notwithstanding stellar achievements in the past because accidents do happen.

On the operations front, our team has performed exceptionally well in operating and maintaining our assets. The excellent performance of our operations team is further affirmed by our client, Addax which has commended the team for running our vessel in Nigeria, FPSO Adoon with a track record of zero LTI for 5 consecutive years via a letter of commendation dated 22 November 2016. We endeavour to maintain high productivity and high operational discipline as demonstrated by our operations team to best serve our clients.

The project execution team have also performed outstandingly by demonstrating high productivity and efficiency in their work. The project execution team's performance was sterling as the conversion work on FPSO JAK recorded more than 18 million working hours with zero-LTI as at sail away date on 1 March 2017. The team's impressive performance was also evidenced by the timely completion of conversion works on FPSO JAK. The naming ceremony for the FPSO was held on 3 February 2017 in Singapore and the FPSO was named after the former president of Ghana, His Excellency John Agyekum Kufuor in the presence of Ghana's current First Lady, Her Excellency Mrs Rebecca Akufo-Addo. FPSO JAK set sail from Singapore on 1 March 2017 and the vessel arrived in Ghana on 11 April 2017. FPSO JAK will be operating in the Sankofa-Gye Nyame field in the Tano Basin under the Offshore Cape Three Points ("OCTP") project, Ghana pursuant to our charter contract with Eni Ghana Exploration and Production Ltd by July 2017.



QUEST TO GROW FURTHER

Meeting our clients' needs in the FPSO market is paramount to our growth as a group. It is our mission to support our clients' growth strategy together as partners in projects, not merely as contractors. As such, part of the Group's business development strategy is forging not only business relationships but partnerships built on trust. As demonstrated via our strong order book, we intend to partner our clients in long-term projects that is sustainable not only to the Group, but also to our clients. The signing of the contract with Talisman for the supply of a FPSO for the CRD Field Development, is in line with our business development strategy and we strive to forge more partnerships via participation in selected tender exercises.

In order for us to deliver to our clients, it is important for us to understand the areas of operation well from all angles, whether it is the law and regulations of the country, local cultures or the livelihood of the community which may be impacted by the activities we carry out. As such, the Group looks into forming strategic alliances with strong local partners to facilitate our efforts into discerning the locality we operate in. For example, through the partnership with PTSC in Vietnam and Oil and Marine Agencies (Ghana) Limited ("OMA") in Ghana, we gained not only knowledge about local cultures and customs of the respective countries but also the opportunities available therein. One of the benefits that we have gained is local talent and they have been most valuable in making our projects successful. By joining hands and involving local talents in our operations, we not only contribute back to the community but we also gain fiscally through lower operation costs.

Further, it is not only our goal to localise but it is our intention to adapt in our areas of operation. Adaptation allows us to integrate with the environment and community, thus allowing us to serve our clients better in the respective areas through the knowledge and experience we gain from the ground. The ability to adapt is important to the Group as it helps us to evolve according to market trends and ultimately, sustain the Group's growth by constant improvement in the way we run the FPSO business.

FORTIFYING THE GROUP

Our target for FYE2018 is to fortify the Group further so that we are anchored safely in the face of challenges. The Group would also like to take this opportunity to fortify the sustainable development of the Group by enhancing the Group's internal control system, improve on safety culture and develop our people through better human resource development programmes to increase the Group's efficiency and productivity. Notwithstanding the soft market, we see this period as a great opportunity to reassess and make improvements in our organisation, in our processes and in our human capital so that we stay ahead of our



Management Discussion and Analysis (cont'd)

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competitors by maintaining our edge in the business. By evaluating the Group's strengths and weaknesses, the Management will be able to identify the areas of concerns, weed out ineffective structures and processes with a view to restructure the Group in maximising the resources available in the organisation.

Therefore, the Group has formed committees and working groups dedicated on improving systems and processes within the organisation. The committees and working groups are accountable to the Management and the Board. Part of their responsibilities include reviewing the existing policies and procedures of the Group, reassessing the Group's risk appetite and risk register, identifying problem areas, recommending controls to address the issues and thereafter, to monitor the progress of the controls in place in order to determine whether the controls are effective to resolve the areas of concerns.


The Group also intends to strengthen the unity of our workforce by reinforcing a set of shared values between the organisation and our people. Since the successful acquisition of Fred. Olsen Production ASA (now known as Yinson Production AS) until today, we are grateful that the organisation has a low employee turnover rate and our human capital is still growing, despite the challenging market where job security is a major concern. By reestablishing and reinforcing our shared values, our efforts will be aligned towards the common goals set by the Group and working towards achieving them. On a long-term, we envision for these shared values to be deeply entrenched in the organisation, thus forming a "Yinson Culture" that our people can identify with notwithstanding the geographical and cultural differences.

We believe our people are the most valuable assets of the Group. Without their contribution, the Group will not be able to progress to where we are today and therefore, we endeavour to put in every effort to make every person count in our organisation through continued emphasis on developing our human capital.

OUTLOOK

We are optimistic that the Group will remain profitable in the next financial year. The Group has put in place reasonable measures to mitigate foreseeable business risks for the coming year and with our strong team, the Group will remain resilient even in a challenging environment. We also hope to see transformation within the Group with enhanced internal control measures which will boost sustainable development of the Group's business.





The Board of Yinson Holdings Berhad (“Yinson” or the “Company”) recognises the importance of adopting high standards of corporate governance in the Company in order to safeguard stakeholders’ interests as well as enhancing shareholders’ value. As such, the Board strives to embed in Yinson and its subsidiaries (“Yinson Group” or the “Group”) a culture that aims to balance conformance requirements with the need to deliver long-term strategic success through performance, without compromising on personal or corporate ethics and integrity.

This statement on corporate governance (“Statement”) sets out how the Company has applied the 8 Principles of the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”) and observed the 26 Recommendations supporting the Principles during the financial year following the release of the MCCG 2012 by the Securities Commission in late March 2012. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observation, including the reasons thereof and, where appropriate, the alternative practice, if any, is mentioned in this Statement.

Principle 1 - Establish clear Roles and Responsibilities of the Board and Management

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- reviewing and adopting a strategic plan for the company, addressing the sustainability of the Group’s business;
- overseeing the conduct of the Group’s business and evaluating whether or not its businesses are being properly managed;
- identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- ensuring that all candidates appointed to Senior Management positions are of sufficient calibre, including having in place a process to provide for the orderly succession of Senior Management personnel and members of the Board;
- overseeing the development and implementation of a shareholder communication policy; and
- reviewing the adequacy and integrity of the Group’s internal control and management information systems.

The Board delegates specific responsibilities and functions to various committees namely, Audit and Risk Management Committee, Nominating and Remuneration Committee and Employees’ Share Scheme Committee (collectively referred to as “Board Committees”). The function, roles and responsibilities of the Board Committees as well as, the authorities delegated by the Board are clearly defined in the respective terms of reference, which are reviewed and updated as and when necessary.

On 20 December 2016, the Board established the Employees’ Share Scheme Committee (“ESSC”) to assist the Board in implementing and administering the Employees’ Share Scheme within the Group, merged the Audit Committee and Risk Management Committee into Audit and Risk Management Committee (“ARMC”) as well as, renamed Nomination and Remuneration Committee to Nominating and Remuneration Committee (“NRC”).

The Board receives regular status reports, updates and briefing pertaining to activities and recommendations from the Board Committees. The ultimate responsibility for decision making, however, lies with the Board.

The Board through the ARMC reviews the adequacy and effectiveness of the risk management, identify potential critical risks that could potentially impact the ability of Yinson Group to realise its objectives and evaluates the controls in place on an ongoing basis and to ensure the key risks of the Group are properly managed and mitigated.

The Board together with the ARMC, play a critical role in overseeing the enterprise-wide approach to risk management to protect the Group’s assets. Through the risk oversight process, the Board understands the portfolio of inherent risks of Yinson Group, considered the risks against the risk appetite of the Management and monitored the execution of the risk action plan by the Management to manage the risks. The Board is alerted on a timely basis of any new risks that could lead to excessive risk taking.

The Board has separated management oversight and operational executive functions in the Company. The Board is responsible for management oversight and the operational executive functions are delegated to the Management Committee, which includes, amongst others, development and implementation of business strategies, policies and decision making on important matters regarding day-to-day business. The Management Committee on an ongoing basis, review the achievement of Business Divisions/Units against targets and budgets approved by the Board, to ensure the business remains on course to achieve Group’s strategic objectives. The Management Committee led by the Group Chief Executive Officer (“GCEO”), is supported by a management team with the requisite experience and skills. The Management Committee is formally constituted with written terms of reference.

Succession planning is in place to ensure orderly management transition for upward or lateral movement and strategic continuity for every critical position in the Group. Training and development programs have been planned and are being implemented towards developing potential successors for the identified Senior Management positions. The compensation and benefit policies of the Group are aimed to attract and retain high quality employees as potential successors.

The Board oversees the development and implementation of policy concerning the effective communication with shareholders, other stakeholders and the public. Communication to our shareholders and other stakeholders are made via shareholders’ meeting, financial and other reporting, corporate website and investment market communication. The GCEO and Group Chief Strategy Officer (“GCSO”) together with the Investor Relation unit have been actively engaging the market and shareholders of the Company.

Statement on Corporate Governance (cont'd)

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(i) Board Charter

To enhance accountability, the Board has established clear functions reserved for the Board and those delegated to Management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. Key matters reserved for the Board include, inter-alia, the approval of annual budgets, quarterly and annual financial statements for announcement, major investments, borrowings and expenditure as well as monitoring of the Group's financial and operating performance. Such delineation of roles is clearly set out in the Board Charter ("Charter"), which serves as a reference point for Board activities. The Charter provides guidance for Directors and Management regarding the responsibilities of the Board, its Committees and Management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities. The Board had uploaded the Charter on the Company's website at www.yinson.com.my in line with Recommendation 1.7 of the MCCG 2012.

(ii) Code of Ethics and Whistleblower Policy

The Board has established a Code of Ethics of the Group, setting out the standards of conduct expected from Directors and employees to advocate good corporate behaviour. The Board recognises the importance of adhering to the Code of Ethics and has taken measures to put in place a process to ensure its compliance.

The Board has adopted a Whistleblower Policy and is committed to transparency, integrity and accountability in the conduct of its business and affairs. It expects wrongdoings such as fraud, corruption, serious financial impropriety and gross mismanagement to be reported and actions to be taken where appropriate. The Board will address the disclosure in an appropriate, timely manner and given fair treatment to both whistleblower and the alleged wrongdoer. The whistleblower's identity is protected unless otherwise required by law or for the purpose of proceedings. The whistleblower will be protected from reprisal as a direct consequence of making a disclosure and to safeguard such person's confidentiality.

Both Code of Ethics and Whistleblower Policy are available on the Company's website at www.yinson.com.my.

(iii) Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact of the Group's business on the environmental, economic, social and governance ("ESG") aspects is taken into consideration as well as the future risks and opportunities. The Board has on 29 June 2016 approved the establishment of a Sustainability Committee of which its members comprising Senior Management team, to support and advice the Board in relation to embedding sustainability principles and practices throughout Yinson Group's overall business strategies, policies, processes and practices to ensure the continuity of the Group. The Sustainability Committee is formally constituted with written terms of reference.

Whilst the Group embraces sustainability in its operations and supply chain, the Board is in the midst to formalise a Sustainability Policy, addressing the ESG aspects to be incorporated in the Group's strategy. The Yinson's Sustainability Report 2017 as approved by the Board discloses the sustainability strategies and agendas of the Group.

(iv) Access to Information and Advice

Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters for decisions to be made on an informed basis and effective discharge of the Board's responsibilities.

Adequate Board and Board Committee papers are disseminated to all Directors at least seven (7) days prior to the Board and Board Committee meetings to enable them to obtain further explanation, where necessary and to facilitate decision making by the Board and to deal with matters arising from such meetings. Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in accordance with established procedures set out in the Board Charter in furtherance of their duties.

(v) Company Secretary

The Board is assisted by qualified and competent Company Secretary whose appointment or removal is determined by the Board. The Board is regularly updated and advised by the Company Secretary on statutory and regulatory requirements, and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities.

The key roles of Company Secretary include issuing notice and agenda of meeting together with relevant papers, to the Board and Board Committees ahead of each meeting and also ensure that deliberations and discussion at meetings are accurately minuted and kept in the minutes books.

Principle 2 - Strengthen Composition of the Board

During the financial year, there were changes to the Board members in August 2016, where our Independent Directors, namely Dato' Ir Adi Azmari bin B.K. Koya Moideen Kutty, Mr Kam Chai Hong and Tuan Haji Hassan bin Ibrahim and our Executive Director, namely Mr Bah Koon Chye have resigned from the Board. In place thereof, Dato' Mohamad Nasir bin Ab Latif, the representative from Employees Provident Fund Board ("EPF") has been appointed as Non-Independent Non-Executive Director, Dato' Wee Hoe Soon @ Gooi Hoe Soon and Datuk Raja Zaharaton binti Raja Zainal Abidin, both as Independent Non-Executive Directors and Datuk Syed Zaid bin Syed Jaffar Albar as Senior Independent Non-Executive Director. In addition, Mr Lim Han Joeeh has been re-designated as Non-Independent Non-Executive Director.

Following the change of Directors, the Board consists of eight (8) members, comprising three (3) Executive Directors, two (2) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. This composition fulfils the requirements as set out under the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), which stipulate that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be Independent. The profile of each Director is set out on pages 16 to 19 of this Annual Report. The Directors, with their diverse backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as entrepreneurship, finance, taxation, accounting and audit, legal and economics.

Nominating and Remuneration Committee

The membership of the NRC changed in August 2016 and the new NRC members which comprises exclusively Independent Non-Executive Directors, are as follows:

- Datuk Syed Zaid bin Syed Jaffar Albar
(NRC Chairman, Senior Independent Non-Executive Director)
- Dato' Wee Hoe Soon @ Gooi Hoe Soon
(NRC Member, Independent Non-Executive Director)
- Datuk Raja Zaharaton binti Raja Zainal Abidin
(NRC Member, Independent Non-Executive Director)

The NRC is formally constituted with written terms of reference, a copy of which is set out in the NRC Terms of Reference, available on the Company's website at www.yinson.com.my.

The main activities undertaken by the NRC were as follows:

- a) Reviewed the structure of the remuneration package for each of the Executive Directors;
- b) Oversee the remuneration package of Senior Management recommended by GCEO;
- c) Reviewed the size, structure and composition of Board and Board Committees in terms of the mix of skills, experience, independence, diversity and other qualities of the Board;
- d) Assessed the effectiveness and efficiency of the Board as a whole, the Board Committees and contribution of each Director;
- e) Performed annual assessment of Independent Directors to confirm their state of independence;
- f) Reviewed attendance of Directors at Board/Board Committees, to ensure compliance to minimum attendance requirement of Board meetings of not less than fifty percent (50%) of the total meetings held during the financial year; and
- g) Reviewed and ensure all Directors undergo continuous training and kept abreast of all regulatory changes and developments in the business environment.

Selection and Appointment of Directors

The NRC is responsible for making recommendations for any new appointment to the Board. In making these recommendations, the NRC considers the required mix of skills, experiences, core competencies, independence, time commitment and other qualities which the Directors shall bring to the Board. Any new nomination received will be assessed, deliberate and consider at the NRC meeting. The shortlisted candidates shall be invited by the NRC for an interview session prior to recommending to the Board for approval.

During the financial year under review, the past NRC members had conducted interview sessions with the new directors. The shortlisted candidates were evaluated on their background, experience, past and current directorships, time commitment and mix of skills which complements the Board. The past NRC members are pleased with the new candidates and believed that the new candidates can contribute, complement and improve the dynamism of the Board structure with vast experience from legal, finance, economics to business.

Shareholders' interests are further enhanced with the addition of a new board member, Dato' Mohamed Nasir bin Ab Latif as Non-Independent Non-Executive Director, representing EPF, a major shareholder of the Company.

Statement on Corporate Governance (cont'd)

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Assessment of Directors

The Board evaluation comprises Performance Evaluation of the Board and various Board Committees, Director's Self and Peer Evaluation and Independent Directors' Self-Assessment. The assessment of the Board is based on four (4) main areas relating to Board structure, Board operations, Board and Chairman's roles and responsibilities and Board Committees' role and responsibilities. For Director's Self and Peer Evaluation, the assessment criteria include abilities and competencies, contribution and performance, calibre and personality, technical knowledge, objectivity and the level of participation at Board and Committee meetings including his contribution to Board processes and the business strategies and performance of the Group. The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Group and his involvement in any significant transaction with the Group according to the criteria set in the Listing Requirements of Bursa Securities. The Board had conducted an internally facilitated Board assessment for the financial year under review. Directors provide anonymous feedback on their peers' performance and individual performance contributions to the Board. The review supported the Board's decision to endorse all retiring Directors standing for re-election.

The Board are satisfied with the overall performance of individual Director, Board and Board Committees for the financial year under review, including the character, experience, integrity, competence and time to effectively discharge his/her role as a Director or GCEO of the Company. Certain assessment criteria in the Performance Evaluation have been amended for improvement in the evaluation process.

Board Diversity

Where board diversity is concerned, the Board does not adopt any formal policy on diversity (for gender, age, ethnicity and nationality) in considering the board composition and does not have a specific policy on setting targets for female candidates. To enhance the Board's effectiveness, the Board ensures its members have the relevant skills, experience, expertise and time commitment. The Board believe that selection of Directors should not be based on any gender discrimination or preferences, as it is equally important to have the right mix of skills at the Board in order to enable the Board and Board Committees to carry out their duties effectively. Consideration of mix of skill, independence and diversity in the Board are being considered by the NRC during selection, appointment and assessment process. During the financial year under review, the Board has two (2) female Directors, representing one-fourth (1/4) of the Board.

Directors' Remuneration

The Group aims to set the levels of remuneration in such a way that it supports the strategies and long-term vision of the Group as well as provides adequate motivational incentive for Directors to pursue the long-term growth and success of the Group. The levels of remuneration should be sufficient to attract and retain the Directors needed to run the Group successfully and in line with industry standards. The Remuneration Policy sets out the remuneration principles and framework for Executive Directors and Non-Executive Directors of the Company, is available on the Company's website at www.yinson.com.my.

Remuneration packages for Executive Directors are structured so as to link rewards to corporate and individual performance. The remuneration of Executive Directors includes salary, bonus, allowance and benefits-in-kind.

The guidelines on bonuses in respect of the financial year ended 31 January 2017 and annual increment for financial year ending 31 January 2018 in respect of Executive Directors, including the GCEO were recommended for the Board's approval. The quantum of the annual performance bonus is dependent on the operating results of the Group, taking into account the prevailing business conditions.

The remuneration of Non-Executive Directors is determined by the Board. The level of remuneration reflects the experience, level of responsibilities and time commitment undertaken by them. Currently, the Non-Executive Directors are paid Directors' fees and attendance allowance for each Board/Committee meeting they attended. The Non-Executive Directors do not participate in discussion of their own remuneration.

The details of the remuneration (Company and Group basis) of the Directors of the Company, including Directors who resigned during the year, in aggregate, with categorisation into appropriate components, distinguishing between Executive and Non-Executive Directors during the financial year ended 31 January 2017, are as follows:

	Fees RM	Salaries RM	Allowances RM	Bonuses RM	Total RM
Company Level					
Executive Directors	211,093	4,731,100	981,709	623,700	6,547,602
Non-Executive Directors	548,470	-	139,785	-	688,255
Total	759,563	4,731,100	1,121,494	623,700	7,235,857
Group Level					
Executive Directors	211,093	5,391,100	1,071,333	623,700	7,297,226
Non-Executive Directors	548,470	-	139,785	-	688,255
Total	759,563	5,391,100	1,211,118	623,700	7,985,481

The number of Directors of the Company, including Directors who resigned during the year, whose remuneration band falls within the following successive bands of RM50,000 (Company and Group basis) is as follows:

Company Level

Range of remuneration	Executive	Non-Executive
RM1 to RM50,000	2	1
RM50,001 to RM100,000	-	6
RM100,001 to RM150,000	-	1
RM350,001 to RM400,000	1	-
RM2,750,001 to RM2,800,000	1	-
RM3,300,001 to RM3,350,000	1	-

Group Level

Range of remuneration	Executive	Non-Executive
RM50,001 to RM100,000	-	7
RM100,001 to RM150,000	-	1
RM150,001 to RM200,000	1	-
RM350,001 to RM400,000	1	-
RM600,001 to RM650,000	1	-
RM2,750,001 to RM2,800,000	1	-
RM3,300,001 to RM3,350,000	1	-

Principle 3 – Reinforce Independence of the Board

The Board recognises that a strong independent element of the Board is essential to ensure a balance of power and authority. The roles and responsibilities of the Chairman and GCEO are clearly segregated to further enhance and preserve a balance of authority and accountability. The Group Executive Chairman, Mr Lim Han Weng provides overall leadership to the Board, without comprising the principle of collective responsibility for Board's decisions while the GCEO, Mr Lim Chern Yuan focuses primarily on formulation and implementation of Group's business strategies, oversees the implementation of policies and decision adopted by the Board as well as supervises the day to day management, operations and business development of the Group. The GCEO is supported by fellow Executive Directors and Executive Management team with requisite experience and skills.

The Board takes cognisance that the MCCG 2012 recommends a majority composition of Independent Directors where the Chairman of the Board is a Non-Independent Director to ensure a balance of power and authority. After due consideration, the Board has decided to depart from this recommendation. However, in doing so, the Board remains steadfast with regard to the importance of having the right composition of Board and strives to maintain the minimum one-third requirement of Independent Directors.

Despite our Chairman is an executive member of the Board, the Board has the presence of Independent Directors with distinguished records and credentials to ensure that there is independence of judgement. The Board was satisfied that notwithstanding the executive position, the Chairman has continued to discharge his duties effectively and has shown tremendous commitment and has played an integral role in the stewardship of Yinson Group. In addition, the Chairman has significant financial interest in the Company and accordingly, the Board is of the view that he is well placed to act on behalf of shareholders and in their best interest.

The Independent Non-Executive Directors bring to bear objective and independent views, advice and judgment on the interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the communities in which the Group conducts its business. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

The Board noted the recommendation of MCCG 2012 on the tenure of an independent director should not exceed a consecutive service of nine (9) years or a cumulative term of nine (9) years with intervals. In the event of any retention of Director as independent director, shareholders' approval shall be sought at every annual general meeting with strong justification.

The Company had obtained shareholders' approval during the Annual General Meeting held on 29 June 2016 for the retention of the Dato' Ir Adi Azmari bin B.K. Koya Moideen Kutty, Mr Kam Chai Hong and Tuan Haji Hassan bin Ibrahim who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years each. Subsequent thereto, the Company has taken necessary steps for conformance to the MCCG 2012 through the resignation of the above Independent Non-Executive Directors and in place thereof, the appointment of three new Independent Non-Executive Directors namely, Datuk Syed Zaid bin Syed Jaffar Albar, Dato' Wee Hoe Soon @ Gooi Hoe Soon and Datuk Raja Zaharaton binti Raja Zainal Abidin.

Statement on Corporate Governance (cont'd)

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Principle 4 – Foster Commitment of Directors

The Board met five (5) times during the financial year under review and the meetings were scheduled in advance towards the end of the year to facilitate the Directors in planning their meeting schedule for the following year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committees papers, which are prepared by Management, provide the relevant facts and analysis for the convenience of Directors. The meeting agenda, the relevant reports and Board papers are furnished to Directors and Board Committees members at least seven (7) days before the meeting to allow the Directors sufficient time to study for effective discussion and decision making at the meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings.

Interested Directors declared their interests and abstained from deliberations and decisions in matters in which they are interested and also abstained from voting on the related resolutions at Board meetings / general meetings of the Company.

During the financial year under review, the numbers of Board of Directors' meeting attended by each director are as follow:

Directors	Designation	Number of meetings Attended by Member	%
Lim Han Weng	Executive Director / Group Executive Chairman	5/5	100.0
Lim Chern Yuan	Executive Director / Group Chief Executive Officer	5/5	100.0
Bah Kim Lian	Executive Director	5/5	100.0
Lim Han Joeh ¹	Non-Independent Non-Executive Director	5/5	100.0
Dato' Mohamad Nasir bin Ab Latif ²	Non-Independent Non-Executive Director	2/2	100.0
Datuk Syed Zaid bin Syed Jaffar Albar ³	Senior Independent Non-Executive Director	2/2	100.0
Dato' Wee Hoe Soon @ Gooi Hoe Soon ²	Independent Non-Executive Director	2/2	100.0
Datuk Raja Zaharaton binti Raja Zainal Abidin ²	Independent Non-Executive Director	2/2	100.0
Bah Koon Chye ⁴	Executive Director	3/3	100.0
Dato' Ir Adi Azmari bin B.K. Koya Moideen Kutty ⁵	Senior Independent Non-Executive Director	3/3	100.0
Kam Chai Hong ⁴	Independent Non-Executive Director	3/3	100.0
Tuan Haji Hassan bin Ibrahim ⁴	Independent Non-Executive Director	2/3	66.7

¹ Re-designated from Executive Director to Non-Independent Non-Executive Director on 11 August 2016

² Appointed as Director on 11 August 2016

³ Appointed as Director on 19 August 2016

⁴ Resigned as Director on 11 August 2016

⁵ Resigned as Director on 19 August 2016

All Directors complied with the minimum attendance requirement of more than 50% of the total Board meetings held during the financial year.

As stipulated in the Charter, the Directors are required to devote sufficient time and efforts to carry out their responsibilities. The Board obtains this commitment from Directors at the time of their appointment. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees.

The Board also obtains commitment from Directors that they shall not sit on the boards of more than five (5) listed issuers and before accepting any new directorship, whether the directorship is on a listed or unlisted issuer, they shall notify the Chairman include an indication of time that will be spent on the new appointment.

Directors' Training – Continuing Education Programmes

The Board is mindful of the importance for its members to undergo continuous training to be apprised of changes to regulatory requirements and the impact such regulatory requirements have on the Group. During the financial year under review, the Board has undertaken an assessment of the training needs of each Director and Directors have attended various trainings includes briefings, seminars and conferences conducted by relevant regulatory authorities and professional bodies as well as internal officers. As the Group's business had grown, the Board is mindful of the need to attend training relating to the technical knowledge of the business, especially the Executive Directors.

For the newly appointed Directors, apart from ensuring their attendance to the Mandatory Accreditation Programme, they had undergone an induction programme conducted by GCEO and other Senior Management of the Company in which they were briefed on the nature of the Group's business and its culture, corporate strategy, general responsibilities and compliance obligations of Directors. The new Directors had also visited a vessel of the Group in Singapore for a better understanding of the components and structure of FPSO.

The training attended by the Directors during the financial year ended 31 January 2017 comprises the following:

Name of Director	Details of Programme
Lim Han Weng	<ul style="list-style-type: none"> • Business Sustainability
Lim Chern Yuan	<ul style="list-style-type: none"> • Business Sustainability • 17th FPSO World Congress 2016 • Sustainability Engagement Series for Directors/Chief Executive Officer
Bah Kim Lian	<ul style="list-style-type: none"> • Business Sustainability
Lim Han Joeh	<ul style="list-style-type: none"> • Business Sustainability
Dato' Mohamad Nasir bin Ab Latif	<ul style="list-style-type: none"> • Asia Leaders in Financial Institutions (ALFI) Beijing Module 3 • Asia Leaders in Financial Institutions (ALFI) New York Module 4 • Asia Leaders in Financial Institutions (ALFI) Singapore Module 5 • New Companies Bill 2015 • 2016 AVCJ Private Equity & Venture Forum in Hong Kong • 8th Southeast Asia Institutional Investment Forum in Singapore
Datuk Syed Zaid bin Syed Jaffar Albar	<ul style="list-style-type: none"> • Introduction to MFRS 9: Financial Instruments • The Most Innovative Companies – Four Factors That Differentiate Leaders • Anti-Money Laundering and Counter Financing of Terrorism - Recent Lessons learnt from the Industry • Trans Pacific Partnership Agreement (TPPA) • Risk Management Programme: 'I Am Ready To Manage Risk' • Revised Auditor Reporting Standards - A Double Edged Sword • AMLATFPUAA 2001: The Law & Compliance
Dato' Wee Hoe Soon @ Gooi Hoe Soon	<ul style="list-style-type: none"> • Invitation to Special Lecture 'Technological Progress and Economic Development' • Industry Briefing on Directors Register Implementation • FIDE Forum - Distinguished Board Leadership Series - 'Avoiding Financial Myopia' • BNM FIDE Forum - Dialogue with Deputy Governor on the Corporate Governance Concept Paper • An Exclusive Session for Directors: Implementation of FIDE Forum's Directors • FIDE Forum - FinTech: Business Opportunity or Disruptor • Capital Market Director Programme (CMDP) <ul style="list-style-type: none"> - Module 2B: Business challenges and regulatory expectations - What directors need to know (Fund Management) - Module 3: Risk oversight and compliance - Action plan for Board of Directors - Module 4: Current and emerging regulatory issues in the capital market
Datuk Raja Zaharaton binti Raja Zainal Abidin	<ul style="list-style-type: none"> • SIDC Capital Market Directors Program: <ul style="list-style-type: none"> - Module 2B: Business challenges and regulatory expectations - What directors need to know (Fund Management) • SIDC Capital Market Directors Program: <ul style="list-style-type: none"> - Module 3: Risk oversight and compliance - Action plan for Board of Directors - Module 4: Current and emerging regulatory issues in the capital market • Board of Directors' Training, Taliworks Corporation Berhad on 'Listing Requirements, Directors' Dealing in Securities and Insider Trading, and Proposed Amendments to Malaysian Code on Corporate Governance 2016' • Board of Directors' Training, Taliworks Corporation Berhad on 'Budget, Corporate tax and other highlights' • Board of Directors' Workshop, Media Prima Berhad on: <ul style="list-style-type: none"> - The Open Source Organisation - New Leadership & Management Imperatives for the Digital Age; and - Global Entertainment and Media Outlook 2016 - 2020

The Company Secretary normally circulates the relevant statutory and regulatory requirements from time to time for the Board's reference and briefs the Board on the updates, where applicable. The Group Chief Financial Officer and External Auditors also brief the ARMC members on any changes to the Financial Reporting Standards that affect the Group's financial statements for the financial year under review.

Following the implementation of the new Companies Act 2016, the Board has been provided with highlights of the changes and advisory on directors' obligations and duties.

Statement on Corporate Governance (cont'd)

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Principle 5 – Uphold Integrity in Financial Reporting by the Company

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of Group's results to Bursa Securities, the annual financial statements of the Group and Company as well as the Chairman's statement and review of the Group's operations in the Annual Report, where relevant.

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the reporting period and of their results and cash flows for the period then ended. A statement by the Directors of their responsibilities for the financial statements is incorporated within the Directors' Report and Statement by Directors.

In assisting the Board to discharge its duties on financial reporting, the ARMC are entrusted with the responsibility to uphold integrity in financial reporting. The members of the ARMC comprising wholly of Independent Non-Executive Directors, with Dato' Wee Hoe Soon @ Gooi Hoe Soon as the Committee Chairman. The ARMC has on 20 December 2016 formally took up the role of Risk Management at Board Committee level. The composition of the ARMC, including its roles and responsibilities, are set out in the Report on Audit and Risk Management Committee on pages 51 to 53 of this Annual Report. One of the key responsibilities of the ARMC in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with the provisions of the Companies Act 2016, Listing Requirements and applicable accounting standards. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.

During the financial year under review, the ARMC met with the external auditors three (3) times without the presence of the Executive Directors and Senior Management staff. This is to encourage free and honest exchange of view and opinion between both parties.

The Board recognise the importance of the independence and capability of external auditors to bear on the reliability and quality to the annual financial statements prepared for the stakeholders. The Group maintains a formal and transparent relationship with its external auditors, in seeking professional advice and ensuring compliance with the applicable accounting standards.

The ARMC annually review the appointment/re-appointment (resignation and dismissal, if any) of external auditors and the audit fee; and recommend the same to the Board for consideration and approval. The ARMC will consider the state of independence and the performance of the external auditors during its review.

On an annual basis and prior to the commencement of the audit engagement, the external auditors present the Audit Planning Memorandum and provide written assurance to the ARMC on their independence in relation to the audit to be performed and their commitment to communicate to the ARMC on their independence status throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

Matters that require the Board's attention are highlighted by the external auditors to the ARMC and the Board, through the issuance of management papers and reports. The ARMC and external auditors exchange information and advice, for achieving mutual understanding regarding important audit issues, risk evaluations relating to internal control audits and other matters.


The roles of the ARMC in relation to the internal audit and external audit are set out in the Report on Audit and Risk Management Committee of this Annual Report.

PricewaterhouseCoopers have been appointed as the new External Auditors of the Company at the last Annual General Meeting. During the financial under review, the ARMC are satisfied on their audit performance and state of independence.

Principle 6 – Recognise and Manage Risks of the Group

The Board regards risk management and internal controls as an integral part of the overall management processes to safeguard shareholders' investment and the Group's assets. The following represent the key elements of the Group's risk management and internal control structure:

- (a) An organisational structure in the Group with formally defined lines of responsibility and delegation of authority;
- (b) Review and approval of annual business plan and budget of all major business units by the Board. This plan sets out the key business objectives of the respective business units, the major risks and opportunities in the operations and ensuing action plans;
- (c) Quarterly review of the Group's business performance by the Board, which also covers the assessment of the impact of changes in business and competitive environment;
- (d) Active participation and involvement by GCEO in the day-to-day running of the major businesses and regular discussions with the senior management of smaller business units on operational issues; and
- (e) Monthly financial reporting by the subsidiaries to the holding company.



The Enterprise Risk Management framework provide Management with structured policies and procedures to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an ongoing basis, including remedial measures to be taken to address the risks vis-à-vis the risk parameters of the Group.

During the Board meeting held in December 2016, the Board had adopted the suggestion from Audit Committee members and accepted the proposal from the Management to have a separate Board level risk management committee and Management level risk management committee. The Board level risk management function has been incorporated into the existing Audit Committee and the name of the Audit Committee was changed to ARMC. The Management level risk management function has been assumed by the Management Committee.

In establishing and reviewing the system of risk management and internal control, the Directors recognise that this can only provide reasonable but not absolute assurance against the risk of material misstatement or loss or fraud.

The state of internal control within the Group is set out in the Statement on Risk Management and Internal Control on pages 48 to 50 of this Annual Report.

In line with the MCG 2012 and the Listing Requirements of Bursa Securities, the Company has in place an in-house Internal Audit function, which reports directly to the ARMC on the adequacy and effectiveness of the Group's internal controls. The Internal Audit is guided by internal auditing standards promulgated by the Institute of Internal Auditors Inc, a globally recognised professional body for internal auditors.

The Internal Audit function is independent of the activities it audits and the scope of work it covered during the financial year under review is provided in the Report on Audit and Risk Management Committee set out on pages 51 to 53 of this Annual Report.

Principle 7 – Ensure Timely and High Quality Disclosure

The Board has formalised Corporate Disclosure Policy to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. The Corporate Disclosure Policy adopted by the Group is in line with the requirements sets out in the Listing Requirements of Bursa Securities and indicates the election of a spokesperson to be responsible for the oversight and coordination of the disclosure of material information to the markets.

To augment the process of disclosure, the Board has earmarked a dedicated section for corporate governance on the Company's website, where information on the Company's announcements to the regulators, the Board Charter, Board Committee's Terms of Reference, Policies, rights of shareholders and the Company's Annual Report may be accessed.

The Board has also formalised Shareholder Communication Policy to promote effective communication and provide shareholders with full and timely information about the Company, to fairly and accurately represent the Company so that investors and potential investors can make proper informed investment decisions and others can have a balanced understanding of the Company and its objectives.

The Corporate Disclosure Policy and Shareholder Communication Policy are available on the Group's website at www.yinson.com.my.

Principle 8 – Strengthen Relationship between the Company and its Shareholders

(i) Shareholder Participation at General Meeting

The Annual General Meeting ("AGM") is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification.

The Notice of AGM is circulated to shareholders at least twenty-one (21) clear days before the date of the meeting to enable them to go through the Annual Report and papers supporting the resolutions proposed. At the AGM of the Company held on 29 June 2016, none of the shareholders propose poll voting although shareholders were informed by the Chairman of their right to demand a poll at the commencement of the general meetings. All the resolutions set out in the Notice of the last AGM were put to vote by a show of hands and duly passed. The outcome of the AGM was announced to Bursa Securities on the same meeting day.

Statement on Corporate Governance (cont'd)

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The shareholders are encouraged to participate in the question and answer session in relation to financial performance or Group's operations in and during each proposed resolution prior to voting by shareholders. The Board, relevant Senior Management personnel, auditors and advisers (if required) are present at the general meeting to provide clarification on shareholders' queries.

In line with Paragraph 8.29A of the Listing Requirements of Bursa Securities, moving forward, all resolutions put to general meetings will be voted by poll. Independent Scrutineers will be appointed to observe the poll voting process to ensure voting procedures are carried out properly by the poll administrator and verify the results of poll voting prior to declaration of result by the Chairman.

(ii) Communication and Engagement with Shareholders and Prospective Investors

The Board recognises the importance of being transparent and accountable to the Company's shareholders and prospective investors. The various channels of communications are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at www.yinson.com.my where shareholders and prospective investors can access corporate information, annual reports, press releases, financial information, company announcements and share prices of the Company. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, info@yinson.com.my to which stakeholders can direct their queries or concerns.

However, any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder group.

(iii) Investor Relations

The Company takes into consideration the shareholder's rights to access information relating to the Company and has thusly, taken measures to enable the Company to communicate effectively with its shareholders, prospective investors, stakeholders and public generally with the intention of giving them a clear picture of the Group's performance and operations. The Group has a dedicated electronic mail, ir@yinson.com.my to which shareholders can direct their queries or concerns.



OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD

Audit and Non-Audit Fees

The amount of audit and non-audit fees paid or payable to the Company's external auditors for the services rendered to the Company and the Group for the financial year ended 31 January 2017 are as follows:

Particulars	Company RM'000	Group RM'000
Audit Fees	205	1,880
Non-Audit Fees	-	82
Percentage of Non-Audit Fees over Audit Fees	N/A	4.36%

Employees' Share Scheme ("ESS")

During the financial year ended 31 January 2017, a total of 4,000,000 options at RM2.80 each were issued to the eligible employees of the Group, including Executive Directors of the Company with 3 vesting periods. No options granted are exercisable during the financial year.

The Directors and Group Chief Executive Officer were granted 600,000 options, out of the 4,000,000 options and none were exercisable during the financial year.

The aggregate maximum number of options or shares granted to the Directors and Senior Management are not more than 80% of the total options offered. During the financial year and since commencement of the ESS, 44.75% were allocated to the Directors and Senior Management of the Group.

Material Contracts Involving Directors' and Major Shareholders' Interests

There were no material contracts (not being contracts entered into in the ordinary course of business), which have been entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests during the financial year ended 31 January 2017.



Statement on Corporate Governance (cont'd)

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Status of Utilisation of Proceeds Raised from Corporate Proposals

As at 31 January 2017, the proceeds from the following corporate proposal have been fully utilised:

Corporate Proposal	Total Proceed RM'000	Utilised RM'000	Unutilised RM'000
Disposal of Subsidiaries To propose special dividend, repay bank borrowings and defray corporate exercise related expenses	220,877	220,877	-

Recurrent Related Party Transactions of Revenue or Trading Nature

The Company had at its 23rd AGM held on 29 June 2016 obtained a shareholders' general mandate pursuant to paragraph 10.09 of the Listing Requirements permitting the Yinson Group to enter into recurrent related party transactions ("RRPTs") of a revenue and trading nature which are necessary for day-to-day operations and are in the ordinary course of the business of the Yinson Group ("Shareholders' Mandate"). The Shareholders' Mandate shall lapse at the conclusion of the forthcoming AGM unless authority for the renewal is obtained from the shareholders. As at 20 April 2017, the aggregated actual value of RRPTs entered into by the Yinson Group do not exceed the estimated aggregated values of the RRPT approved under the Shareholders' Mandate.

The transactions in the Shareholders' Mandate sought at the 23rd AGM generally relates to the entities of the non-O&G business segments. Following the completion of the divestment of the Company's non-O&G business segments on 26 July 2016, the Company do not intend to seek shareholders' approval for the renewal of the Shareholders' Mandate at the forthcoming AGM.

The Company will continue implement a set of procedures and guidelines to monitor the RRPTs and ensure the RRPTs are undertaken at arm's length and on Yinson's normal commercial terms which are not more favourable to the related parties than those generally available to the public and not prejudicial to the minority shareholders. Pursuant to Paragraph 10.09(1)(a) and 10.12 of the Listing Requirements, the Company shall immediately announce to Bursa Securities when (i) the consideration, value of the assets, capital outlay or costs of the aggregated RRPTs is RM1 million or more; or (ii) the percentage ratio of such aggregated RRPTs is 1% or more, whichever is higher.

The details of the recurrent related party transactions of a revenue or trading nature conducted pursuant to Shareholders' Mandate during the financial year ended 31 January 2017 between the Company and/or its subsidiaries companies with related parties are disclosed on page 140 of the Financial Statements.

Statement made in accordance with the resolution of the Board of Directors dated 20 April 2017.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of the Company ("Board") is committed in maintaining a robust system of risk management and internal control. In this respect, we are pleased to provide the following statement which outlines the nature and scope of risk management and internal control of the Group for the financial year ended 31 January 2017.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility towards maintaining solid risk management and internal control systems to safeguard our shareholders' investments and the Group's assets. The Board is responsible for reviewing the adequacy and effectiveness of the Group's current risk management and internal control systems to ensure the systems remain relevant and applicable for the Group. The systems of risk management and internal control of the Group encompass various types of controls including those of operational, environmental and compliance in nature, as well as internal financial controls for the purpose of managing the risks of the Group. However, the Board acknowledges that notwithstanding having a robust risk management and internal control systems in place, the systems do not eliminate the risk of failure to achieve the Group's corporate objectives. Whilst there is no absolute assurance against all risks including material misstatement, loss and fraud, the systems are expected to guard the Group from identified risks captured in the Group's overall risk matrix.

The Board has implemented an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives and strategies throughout the period. The process is regularly reviewed by the Board in accordance with the Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Companies. Further, the Management Committee has also appointed Risk Coordinators who act as central contacts and guides for enterprise risk management ("ERM") issues within the Group. The Risk Coordinators are responsible, among others, to coordinate the issuance and implementation of the Group's ERM standards throughout the Group, developing and updating the ERM system of the Group, conducting ERM trainings and workshops within the Group and thereafter, to report periodically to the Management Committee and the Audit and Risk Management Committee of their progress and findings.

The Board does not have formal oversight over the risk management and internal control systems of its joint ventures and associate companies, as the Board does not have any direct control over the joint ventures and associate companies' operations. Nevertheless, the Group's interest is safeguarded through board representations in the joint ventures and associate companies and/or monitoring controls imposed by the Group. These board representations and/or monitoring controls provide the Board with information to measure the performance of the Group's investments in the joint ventures and associate companies.

Summarised below are the main features of the Group's risk management and internal control system:

1. RISK MANAGEMENT STRUCTURE

The Board regards risk management as an integral part of business operations. The Board via the Audit and Risk Management Committee explicitly assumes the responsibility of identifying principle risks and ensuring implementation of a risk management system, and reviewing the adequacy and integrity of the Company's internal control and management information system. The principle roles and responsibilities of the Board in risk management include:

- Determine risk management policy;
- Approve risk management framework;
- Overall risk management oversight;
- Communication with shareholders and other stakeholders; and
- Review the risk profile of the Group.

The Board approves the risk management strategies but delegates authority for day-to-day risk management decisions to Management and business unit heads. In fulfilling its oversight responsibility, the Board as a whole or through delegation to the Management Committee ("MC") and assisted by the Group's Risk Coordinators, review adequacy, integrity and implementation of appropriate systems for risk management. The Risk Coordinators have also been tasked to conduct a review of the current risk matrix of the Group and to enforce the integration of the Group's Risk Management standards across the Group.

The main processes of the ERM Policy and Framework involve:

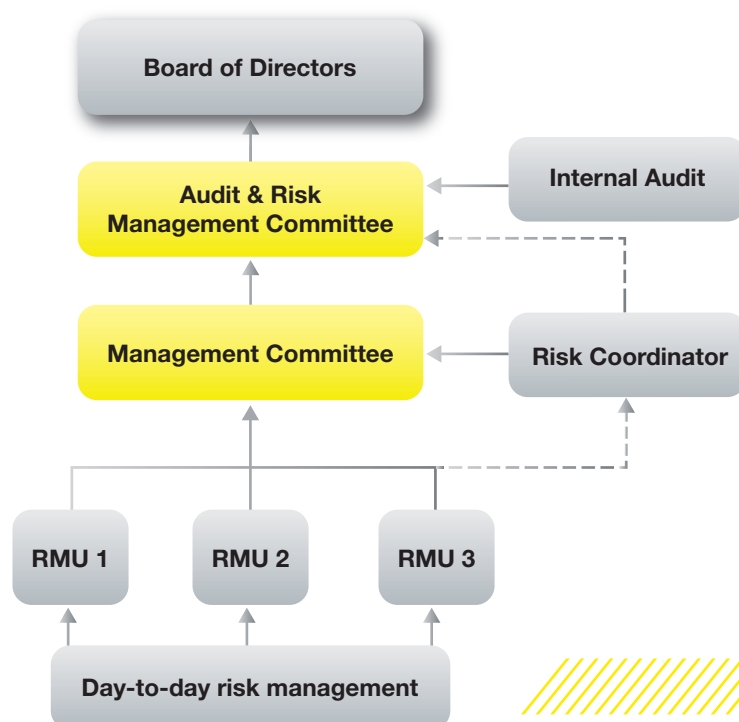
- the identification of each business risk;
- the assessment or evaluation of the identified business risk;
- ensure the control or the way the risk is managed in line with the needs of the Group's policies and strategies; and
- constant monitoring and communicating of risks associated with any activity, function or process in a way that enables the Group to minimise losses and optimise opportunities.

During the Board meeting held in December 2016, the Board had adopted the suggestion from Audit Committee members and accepted the proposal from the management to have a separate Board level risk management committee and management level risk management committee. The Board level risk management function has been incorporated into the existing Audit Committee and the name of the Audit Committee has been changed to Audit and Risk Management Committee ("ARMC"). The management level risk management function has been resumed by the MC.

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

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The following diagram illustrating the relationship and reporting functions of the respective department and committee on Group's risk management and internal control.



Note: RMU - Risk Management Unit

2. INTERNAL CONTROL STRUCTURE

The key elements of the Group's internal control structure are described as below:

- DOCUMENTED POLICIES AND PROCEDURES**
 Internal policies and procedures are established and documented in manuals, which are reviewed and revised periodically to meet changes in business, operational and mandatory requirements. Prior to the implementation of internal policies and procedures throughout the Group, such documents are tabled to the MC for the first review. Once the MC approves the documents, the same will be tabled to the ARMC, together with the Board, for final review and approval.
- LINE OF REPORTING AND RESPONSIBILITY**
 The organisation structure includes defined lines of reporting and delegation of authority (including limit of authority), responsibility and accountability to the Board Committees (including the ARMC) and the operating units. Besides the established Board Committees, the Board is supported operationally by the MC which consist of senior members of the organisation including the Group Chief Executive Officer and Group Chief Strategy Officer.
- EXPERIENCED MANAGEMENT TEAM**
 The Board relies on the executive management team of individuals, forming the MC of the Group, possessed with rich industry experiences to lead and manage the business of the Group on an overall basis. The MC and management team actively participates in the day-to-day tasks to plan, operate and manage the operations and strategy of the Group in achieving its objectives within the boundaries of the Group's risk register and risk matrix. The scope of responsibilities, duties and authority of the MC are defined within its Terms of Reference, as approved and authorised by the Board.
- REVIEW AND MONITORING PROCESS**
 The MC conduct quarterly monitoring and review of the Group's operations and performance, including financial results and forecasts of all business operations within the Group.
- MONTHLY MANAGEMENT ACCOUNTS**
 The Finance Department monitors the activities and performance of the subsidiaries through the monthly management accounts and ensures accounting and disclosure practices comply to the Group's requirements.

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

- **OPERATIONS REVIEW AND MONITORING**

Operations review of the Group are constantly monitored by the Board and ARMC with up-to-date reports provided by MC. The MC meets periodically to assess, evaluate and discuss the daily operations and performance of the Group, including tabling issues within the business for deliberations within the MC. Regular management meetings are held between the respective members of the MC and the mid-level management team to assess performance of the respective business units.

- **RECURRENT RELATED PARTY TRANSACTIONS**

All recurrent related party transactions are dealt with in accordance with the Listing Requirements and reviewed by the ARMC and the Board at the respective meeting.

BOARD'S COMMENTARY ON THE SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board has received assurance from the Group Chief Executive Officer and Group Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Group.

The Board is of the view that the risk management and internal control systems in place for the year under review and up to the date of approval of this statement for inclusion in the annual report is adequate and effective to safeguard the shareholders' investment, the interest of customers, employees and other stakeholders, and the Group's assets.

INTERNAL AUDIT FUNCTION

The Group has in place an independent in-house Internal Audit function, which provides the Board, through the ARMC, with assurance on the adequacy and effectiveness of the Group's system of internal control and management information system.

The Internal Audit function adopts a risk-based approach in executing the internal audit plan that focuses on various business units and functions within the Group. The Internal Audit function reports directly to the ARMC on the outcome of its appraisal of the risk management activities. The Internal Audit plan is reviewed and approved by the ARMC. The internal audit reports were submitted and presented to ARMC to review the internal audit findings and action plans taken by Management to address the audit findings and concerns raised in the internal audit report. The Internal Audit function also follows up on the status of Management's action plans on internal audit findings.

During the financial year under reviewed, the Board did not aware and has not been made aware of any material weaknesses or lapses in internal control system of the Group. The Board continues to take measures in strengthening the risk management and internal control systems of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Listing Requirement of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the Recommended Practice Guide ("RPG") 5 (Revised): Guidance for Auditors on Engagement to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. RPG 5 does not require the external auditors to consider whether the Statement on Risk Management and Internal Control covers all risks and controls or to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

This Statement on Risk Management and Internal Control was made in accordance with a resolution of the Board on 3 April 2017.



REPORT ON AUDIT AND RISK MANAGEMENT COMMITTEE

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The Board of Directors of Yinson ("Board") is pleased to present the Report on Audit and Risk Management Committee for the financial year ended 31 January 2017 in accordance with Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

COMPOSITION AND MEETINGS

The Audit Committee was established by the Board on 5 March 1996 and renamed to Audit and Risk Management Committee on 20 December 2016.

The composition of the Audit and Risk Management Committee ("ARMC") as at the date of this Report, and the attendance of each member at the ARMC meetings held during the financial year under review, are as follows:

Composition of ARMC Designation	Date of Appointment/ Resignation	No. of meetings Attended	%
Dato' Ir Adi Azmari bin BK Koya Moideen Kutty <i>Chairman, Senior Independent Non-Executive Director</i>	Resigned on 19 August 2016	3/3	100.0
Mr Kam Chai Hong <i>Member, Independent Non-Executive Director</i>	Resigned on 11 August 2016	3/3	100.0
Tuan Haji Hassan bin Ibrahim <i>Member, Independent Non-Executive Director</i>	Resigned on 11 August 2016	2/3	66.7
Dato' Wee Hoe Soon @ Gooi Hoe Soon <i>Chairman, Independent Non-Executive Director</i>	Appointed on 11 August 2016	2/2	100.0
Datuk Raja Zaharaton binti Raja Zainal Abidin <i>Member, Independent Non-Executive Director</i>	Appointed on 11 August 2016	2/2	100.0
Datuk Syed Zaid bin Syed Jaffar Albar <i>Member, Senior Independent Non-Executive Director</i>	Appointed on 19 August 2016	2/2	100.0

The ARMC comprising wholly of Independent Non-Executive Directors. All members of the ARMC have a working familiarity with basic finance and accounting practices, and one of its members, Dato' Wee Hoe Soon @ Gooi Hoe Soon, is a member of the Malaysian Institute of Accountants.

The ARMC had met five (5) times during the financial year under review, scheduled in advance to facilitate the ARMC in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. ARMC papers, which are prepared by Management, provide the relevant facts and analysis for the convenience of ARMC.

The meeting agenda, the relevant reports and ARMC papers are furnished to ARMC members at least seven (7) days before the meeting to allow the ARMC members sufficient time to study, for effective discussion and decision making at the meetings. At the quarterly ARMC meetings, the ARMC reviews the risk management and internal control, financial reporting, internal and external audit functions within the Group. All pertinent issues discussed at ARMC meetings in arriving at decisions, conclusions or recommendations are properly recorded by the Company Secretary by way of minutes of meetings.

Interested ARMC declared their interests and abstained from deliberations and decisions in matters in which they are interested and also abstained from voting on the related resolutions at ARMC meetings/Board meetings/general meetings of the Company.

TERMS OF REFERENCE

The ARMC is formally constituted with written terms of reference. The terms of reference of the ARMC are set out in the ARMC Terms of Reference, available on the Group's website at www.yinson.com.my.

SUMMARY OF WORK PERFORMED

During the financial year under review, the ARMC carried out its duties in accordance with its terms of reference and the activities are summarised as follows:

- a) Risk Management & Internal Control
 - Reviewed the adequacy and effectiveness of the risk management, Group's internal control system and management information system;
 - Reviewed the extent of compliance with established internal policies, standards, plans, procedures, laws and regulations;
 - Recommended to the Board steps to improve the system of internal control derived from the findings of the internal and external auditors;
 - Discussed and reviewed risk profile;
- b) Financial Reporting
 - Reviewed the unaudited quarterly financial results of the Group, prior to be released to Bursa Securities;
 - Reviewed the annual audited financial statements of the Group together with external auditors' management letter and management's response;
- c) Internal Audit
 - Reviewed and approved the proposed revisions to the Internal Audit Charter;
 - Reviewed and approved the internal audit plan;
 - Discussed with the internal auditors on its scope of works, functions, adequacy and competency of resources and co-ordination with external auditors;
 - Reviewed the reports prepared by the Internal Auditors on the state on internal control of the Group;
 - Monitored the outcome of the audits and follow-up audits conducted to ascertain all action plans were adequately implemented to address the key risks;
 - Reviewed and monitored the Recurrent Related Party Transactions;
- d) External Audit
 - Discussed with the external auditor the annual audit plan, nature and scope of audit as well as audit procedures, prior to the commencement of audit;
 - Conducted three (3) private sessions with external auditors in March, May and December 2016 respectively, without the presence of Executive Directors and Management;
 - Reviewed the external auditors' audit findings for the financial year under review;
 - Reviewed with the external auditors the Statement on Risk Management and Internal Control of the Group for inclusion in the Annual Report;
 - Reviewed the overall performance of the external auditors, including assessment of their independence, technical competency, resources and reasonableness of their audit fees and non-audit fees;
 - Considered, deliberated and recommended to the Board on the appointment of Messrs PricewaterhouseCoopers as external auditors in place of Messrs. Ernst & Young, to hold office until the conclusion of next Annual General Meeting;
- e) Other Matters
 - Reviewed the following draft Circular to Shareholders and recommended the same to the Board for approvals:
 - Proposed renewal of the existing shareholders' mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and proposed new shareholders' mandate for new Recurrent Related Party Transactions of a Revenue or Trading Nature;
 - Prepared report on ARMC to the Board which includes the composition of the ARMC, the reference to its terms of reference, number of meetings held, a summary of its works and the existence of an Internal Audit function and a summary of the works of Internal Audit function for inclusion in the annual report;
 - Reviewed the Statement on Corporate Governance for inclusion in the Annual Report; and
 - Reviewed and recommended the dividend pay-out.

Report on Audit and Risk Management Committee (cont'd)

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INTERNAL AUDIT FUNCTION

The Internal Audit function is carried out by an in-house Internal Audit Department ("IAD") of Yinson Group. IAD assists the ARMC in discharging its duties and responsibilities, and is independent of the activities they audit. IAD reports directly to the ARMC on the adequacy and effectiveness of the Group's internal controls. The ARMC is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

During the financial year under review, IAD had revised the Internal Audit Charter and carried out audits according to the internal audit plan which had been approved by the ARMC. Internal audits were carried out to provide assurance that internal controls are established and operating as intended to achieve effective and efficient operations and adherence to applicable policies, guidelines and procedures. IAD had conducted independent reviews and risk exposures evaluation relating to the operations, related party transactions and management information system. In performing such reviews, recommendations for improvements and enhancements to the existing internal control system and work processes are made.

The Head of IAD had attended all the ARMC meetings while the internal audit reports, incorporating audit recommendations and management's responses were issued to the ARMC and the management of the respective operations. The Management is responsible for ensuring that corrective actions are taken within the required timeframe. All findings identified by IAD are tracked and followed up on a quarterly basis and the status of the implementation is reported to the ARMC accordingly.

At the Board meetings, the ARMC Chairman highlights key internal audit issues and overall decisions and resolutions made during the ARMC meetings to the Board members.

The total cost incurred for maintaining the Internal Audit function for the year under review was approximately RM505,000.00.

This Report on ARMC was made in accordance with the approval of the Board on 20 April 2017.



STATEMENT ON DIRECTORS' RESPONSIBILITY

The Directors are required to prepare the financial statements which give a true and fair view of the financial position of the Group and of the Company as at 31 January 2017, and of the results and cash flows of the Group and of the Company for the financial year then ended, in accordance with the requirements of Malaysia Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of Companies Act 2016.

In preparing the financial statements the Directors have,

- used appropriate accounting policies that are consistently applied;
- made judgments and estimates that are prudent and reasonable with advice from certain industry professional where applicable;
- ensured that all applicable MFRS and IFRS reporting requirements have been followed; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company.

The Directors are also responsible for safeguarding the assets of the Group and the Company by taking reasonable steps for preventing and detecting of fraud and other irregularities.



FINANCIAL STATEMENTS

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The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2017.

Principal activities

The principal activities of the Company are investment holding and provision of management services. The principal activities of the Group are disclosed in Note 20 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

Financial results

	Group RM'000	Company RM'000
Profit from continuing operations, net of tax	194,473	145,963
Profit from discontinued operations, net of tax	2,282	—
Profit for the financial year	<u>196,755</u>	<u>145,963</u>
Attributable to:		
Owners of the parent	197,048	145,963
Non-controlling interests	(293)	—
	<u>196,755</u>	<u>145,963</u>

Dividends

Dividends paid since the end of the previous financial year are as follows:

	RM'000
In respect of the financial year ended 31 January 2016:	
Final single tier dividend of 2.0 sen per share, on 1,089,567,140 ordinary shares, paid on 29 August 2016	21,791
In respect of the financial year ended 31 January 2017:	
Single tier special dividend of 14.6 sen per share, on 1,089,567,140 ordinary shares, paid on 21 November 2016	159,077
	<u>180,868</u>

The Directors recommend a final single tier dividend of 2.0 sen per share in respect of the current financial year for shareholders' approval at the forthcoming Annual General Meeting. The current financial statements does not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 January 2018.

Reserves and provisions

All material transfers to or from reserves and provisions during the financial year are disclosed in the financial statements.

Issue of shares and debentures

There were no new ordinary shares or debentures issued during the financial year.

Treasury shares

During the financial year ended 31 January 2017, the Company repurchased 4,607,200 of its issued share from open market on Bursa Malaysia Securities Berhad ("Bursa Malaysia") for total consideration paid, including transaction costs of RM12,632,862. The average price paid for the shares repurchased was approximately RM2.74 per share and was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance to Section 127(6) of the Companies Act 2016.

Details of the treasury shares are set out in Note 29 to the financial statements.

Employees' Share Scheme

On 3 November 2015, the Company obtained all required approvals and complied with the requirements pertaining to the Employees' Share Scheme ("ESS"). Subsequently, the Company issued its first offer of option a total of 4,000,000 options on 23 December 2016 to eligible employees of the Group, including Executive Directors of the Company with 3 vesting periods. The options for unissued share are exercisable at RM2.80 per share in 3 tranches upon fulfilling the vesting condition and shall expire on 2 November 2020.

No options for unissued share are exercisable during the financial year.

The salient features and other terms of the ESS are disclosed in Note 30 to the financial statements.

The number of unissued shares granted under the ESS during the financial year and the number of unissued shares outstanding at the end of the financial year are as follows:

	Number of options over unissued ordinary shares			Outstanding as at 31.1.2017
	Outstanding as at 1.2.2016	Granted	Exercised	
Date of offer				
23 December 2016				
– first tranche	–	1,333,333	–	1,333,333
– second tranche	–	1,333,333	–	1,333,333
– third tranche	–	1,333,334	–	1,333,334
	–	4,000,000	–	4,000,000

No person to whom the option for unissued share has been granted as disclosed above has any right to participate by virtue of the option in any share issue of any other company.

Directors

The name of the Directors of the Company in office during the financial year and during the period commencing from the end of the financial year to the date of this report are:

Lim Han Weng	
Bah Kim Lian	
Lim Han Joeeh	
Lim Chern Yuan	
Dato' Wee Hoe Soon @ Gooi Hoe Soon	(appointed on 11 Aug 2016)
Dato' Mohamad Nasir Bin AB Latif	(appointed on 11 Aug 2016)
Datuk Raja Zaharaton Binti Raja Zainal Abidin	(appointed on 11 Aug 2016)
Datuk Syed Zaid Bin Syed Jaffar Albar	(appointed on 19 Aug 2016)
Dato' Ir Adi Azmari Bin B.K. Koya Moideen Kutty	(resigned on 19 Aug 2016)
Bah Koon Chye	(resigned on 11 Aug 2016)
Kam Chai Hong	(resigned on 11 Aug 2016)
Tuan Haji Hassan bin Ibrahim	(resigned on 11 Aug 2016)

Directors' benefits

During and at the end of the financial year, there was no subsist arrangements to which the Company is a party, being arrangements with the objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than share options granted under the ESS.

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 remuneration received or due and receivable by the Directors as shown in Note 12 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 39 to the financial statements.

Directors' Remuneration

Details of Directors' remuneration are set out in Note 12 to the financial statements.

Directors' Report (cont'd)

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Directors' interests

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, none of Directors who held office at the end of the financial year held any shares or options over unissued shares or debentures in the Company or its subsidiaries are as follows:

	1.2.2016	Number of ordinary shares		31.1.2017
		Acquired	Sold	
Shares in the Company				
<i>Direct interest:</i>				
Lim Han Weng	227,601,000	—	—	227,601,000
Bah Kim Lian	91,077,600	—	—	91,077,600
Lim Han Joeh	41,310,376	—	—	41,310,376
Lim Chern Yuan	61,200	—	—	61,200
Dato' Wee Hoe Soon @ Gooi Hoe Soon (+)	6,127,220	—	—	6,127,220
<i>Indirect interest:</i>				
Lim Han Weng ⁽¹⁾	138,912,400	—	—	138,912,400
Bah Kim Lian ⁽²⁾	229,890,200	—	—	229,890,200

(1) Indirect interest held through Liannex Corporation (S) Pte Ltd pursuant to Section 8 of the Companies Act 2016 and includes the interests of his spouse and children

(2) Indirect interest held through her spouse and children

(+) Appointed on 11 August 2016

	Number of options over unissued ordinary shares			
	1.2.2016	Granted	Exercised	31.1.2017
Share options in the Company				
<i>Direct interest:</i>				
Lim Han Weng	—	320,000	—	320,000
Lim Chern Yuan	—	280,000	—	280,000
<i>Indirect interest:</i>				
Lim Han Weng ⁽¹⁾	—	460,000	—	460,000
Bah Kim Lian ⁽²⁾	—	780,000	—	780,000

(1) Indirect interest held through his children

(2) Indirect interest held through her spouse and children

Lim Han Weng and Bah Kim Lian by virtue of their interests in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

Other than as disclosed above, according to the register of Directors' shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares and options over unissued shares in the Company or shares, options over unissued shares and debentures of its related corporations during the financial year.

Statutory information on the financial statements

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (a) 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
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render 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; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) 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.

As at the date of this report, there does not exist:

- (a) there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.

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, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

In the opinion of the Directors:

- (a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than disclosed in the financial statements under Note 9 and Note 10; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature 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.

Subsidiaries

Details of subsidiaries are set out in Note 20 to the financial statements.

Auditors' Remuneration

Details of auditors' remuneration are set out in Note 10 to the financial statements.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 3 April 2017. Signed on behalf of the Board of Directors:

Lim Han Weng
Director

Bah Kim Lian
Director

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Lim Han Weng and Bah Kim Lian, being two of the Directors of Yinson Holdings Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 63 to 158 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 31 January 2017 and of their financial performance and the cash flows for the year then ended.

The information set out in Note 50 to the financial statements on page 159 have 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 of Directors in accordance with a resolution dated 3 April 2017.

Lim Han Weng
Director

Bah Kim Lian
Director

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, Tan Fang Fing, being the officer primarily responsible for the financial management of Yinson Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 63 to 159 are, to the best of my knowledge and belief 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 abovenamed Tan Fang Fing)
at Johor Bahru in the State of Johor)
on 3 April 2017) Tan Fang Fing

Before me,

Commission for Oaths

INCOME STATEMENTS

For the financial year ended 31 January 2017

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		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<u>Continuing operations</u>					
Revenue	7	543,255	424,398	130,766	28,007
Cost of sales	8	(271,355)	(261,519)	—	—
Gross profit		271,900	162,879	130,766	28,007
Other items of income					
Interest income		5,761	4,015	36,079	33,284
Other income	9	7,439	164,187	39,584	66,479
Other items of expenses					
Administrative expenses	10	(122,937)	(91,521)	(31,126)	(38,903)
Finance costs	13	(32,314)	(40,514)	(29,136)	(28,809)
Share of results of joint ventures		82,457	92,165	—	—
Share of results of associates		873	1,549	—	—
Profit before tax		213,179	292,760	146,167	60,058
Income tax expense	14	(18,706)	(77,710)	(204)	(171)
Profit for the financial year from continuing operations		194,473	215,050	145,963	59,887
<u>Discontinued operations</u>					
Profit for the financial year from discontinued operations	47	2,282	771	—	—
Profit for the financial year		196,755	215,821	145,963	59,887
Attributable to:					
Owners of the parent		197,048	224,663	145,963	59,887
Non-controlling interests		(293)	(8,842)	—	—
		196,755	215,821	145,963	59,887
Earnings per share (EPS) attributable to owners of the parent (sen per share)					
EPS of the Group					
Basic	15(a)	18.1	21.1		
Diluted	15(b)	18.1	N/A		
Continuing operations					
Basic EPS	15(a)	17.8	21.1		
Diluted EPS	15(b)	17.8	N/A		
Discontinued operations					
Basic EPS	15(a)	0.3	**		
Diluted EPS	15(b)	0.3	N/A		

** Represents 0.02 sen per share

The notes on pages 73 to 158 are an integral part of these consolidated financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 January 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit for the financial year	196,755	215,821	145,963	59,887
Other comprehensive income/ (expenses):				
Items that will be reclassified subsequently to profit or loss:				
– Cash flows hedge reserve	47,670	(149,701)	–	–
– Exchange differences on translation of foreign operations	141,940	143,111	–	–
– Transfer from held for sale reserve following the disposal of subsidiaries and associate	(9,575)	–	–	–
– Net fair value loss on available-for-sale financial assets	–	(7,272)	–	–
– Reclassification of cumulative loss of AFS reserve recognised as impairment loss to profit or loss	–	18,622	–	–
Other comprehensive income for the financial year	180,035	4,760	–	–
Total comprehensive income for the financial year	376,790	220,581	145,963	59,887
Attributable to:				
Owners of the parent	377,141	227,823	145,963	59,887
Non-controlling interests	(351)	(7,242)	–	–
	376,790	220,581	145,963	59,887

STATEMENTS OF FINANCIAL POSITION

As at 31 January 2017

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	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Assets					
Non-current assets					
Property, plant and equipment	17	4,609,661	2,997,573	1,286	1,652
Investment properties	18	29,931	—	—	—
Intangible assets	19	27,611	22,540	10,746	7,694
Investment in subsidiaries	20	—	—	793,390	793,390
Investment in joint ventures	21	725,545	598,263	200,445	200,445
Investment in associates	22	2,599	2,039	79	79
Other receivables	25	10,165	9,417	417,605	504,627
		5,405,512	3,629,832	1,423,551	1,507,887
Current assets					
Inventories	24	5,309	3,585	—	—
Trade and other receivables	25	166,812	223,010	220,555	124,396
Other current assets	26	45,770	13,438	1,531	903
Tax recoverable		5,708	3,486	307	313
Other investments	23	27,296	76,916	—	—
Cash and bank balances	27	633,922	416,187	7,490	39,940
		884,817	736,622	229,883	165,552
Assets of disposal group classified as held for sale	47	—	473,356	—	154,182
		884,817	1,209,978	229,883	319,734
Total assets		6,290,329	4,839,810	1,653,434	1,827,621

Statements of Financial Position

As at 31 January 2017 (cont'd)

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Equity and liabilities					
Equity					
Share capital	28	1,099,462	546,399	1,099,462	546,399
Share premium		–	553,063	–	553,063
Treasury shares	29	(12,633)	–	(12,633)	–
Reserves	31	245,774	65,377	304	–
Retained earnings	32	636,110	649,235	155,655	190,560
Equity attributable to owners of the parent					
		1,968,713	1,814,074	1,242,788	1,290,022
Perpetual securities issued by a subsidiary	46	437,460	437,460	–	–
Non-controlling interests		–	1,850	–	–
Total equity		2,406,173	2,253,384	1,242,788	1,290,022
Non-current liabilities					
Loans and borrowings	33	3,170,819	1,446,630	278	22,853
Unfavourable contracts	35	26,563	44,860	–	–
Other payables	37	–	–	353,507	418,019
Derivatives	38(b)	102,031	149,701	–	–
Deferred tax liabilities	36(b)	5,450	26,773	–	–
		3,304,863	1,667,964	353,785	440,872
Current liabilities					
Loans and borrowings	33	222,354	207,521	44,729	54,762
Unfavourable contracts	35	21,258	19,942	–	–
Trade and other payables	37	299,767	422,153	12,132	41,965
Derivatives	38(a)	425	6,177	–	–
Tax payables	36(a)	35,489	34,170	–	–
		579,293	689,963	56,861	96,727
Liabilities directly associated with the disposal group classified as held for sale	47	–	228,499	–	–
		579,293	918,462	56,861	96,727
Total liabilities		3,884,156	2,586,426	410,646	537,599
Total equity and liabilities		6,290,329	4,839,810	1,653,434	1,827,621

The notes on pages 73 to 158 are an integral part of these consolidated financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 January 2017

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Attributable to owners of the parent										
	Share capital RM'000 (Note 28)	Share premium RM'000 (Note 28)	Treasury share RM'000 (Note 29)	Foreign currency translation reserve RM'000 (Note 31 (a))	Held for sale reserve RM'000	Cash flows hedge reserve RM'000 (Note 31 (c))	Available-for-sale reserve RM'000 (Note 31 (b))	Share-based option reserve RM'000 (Note 31 (d))	Retained earnings RM'000 (Note 32)	Total RM'000
								Perpetual securities of a subsidiary RM'000 (Note 46)	Non-controlling interests RM'000	Total equity RM'000
Group										
2017										
As at 1 February 2016	546,399	553,063	-	207,953	7,125	(149,701)	-	-	649,235	1,814,074
								437,460	1,850	2,253,384
Discontinued operations	-	-	-	(2,450)	2,450	-	-	-	-	-
Profit for the financial year	-	-	-	-	-	-	-	-	197,048	197,048
Other comprehensive income	-	-	-	141,998	(9,575)	47,670	-	-	-	180,093
Total comprehensive income	-	-	-	139,548	(7,125)	47,670	-	-	197,048	377,141
Transactions with owners										
Cash dividends (Note 16)	-	-	-	-	-	-	-	-	(180,868)	(180,868)
Accrued perpetual securities distribution by a subsidiary	-	-	-	-	-	-	-	-	(29,305)	(29,305)
Purchase of treasury shares	-	-	(12,633)	-	-	-	-	-	-	(12,633)
Issuance of ESS	-	-	-	-	-	-	-	304	-	304
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(1,499)
Total transactions with owners	-	-	(12,633)	-	-	-	-	304	(210,173)	(222,502)
Transition to no-par value regime [^]	553,063	(553,063)	-	-	-	-	-	-	-	-
At 31 January 2017	1,099,462	-	(12,633)	347,501	-	(102,031)	-	304	636,110	1,968,713
								437,460	-	2,406,173

[^] Refer to Note 28 for details.

Statements of Changes in Equity

For the financial year ended 31 January 2017 (cont'd)

Attributable to owners of the parent

Group	Share capital RM'000 (Note 28)	Share premium RM'000 (Note 28)	Treasury share RM'000 (Note 29)	Foreign currency translation reserve RM'000 (Note 31 (a))	Held for sale reserve RM'000	Cash flows hedge reserve RM'000 (Note 31 (c))	Available-for-sale reserve RM'000 (Note 31 (b))	Share-based option reserve RM'000 (Note 31 (d))	Retained earnings RM'000 (Note 32)	Total RM'000	Perpetual securities of a subsidiary RM'000 (Note 46)	Non-controlling interests RM'000	Total equity RM'000
2016													
At 1 February 2015	516,399	417,163	-	73,567	-	-	(11,350)	-	454,731	1,450,510	-	8,999	1,459,509
Discontinued operations	-	-	-	(7,125)	7,125	-	-	-	-	-	-	-	-
Profit for the financial year	-	-	-	-	-	-	-	-	224,663	224,663	-	(8,842)	215,821
Other comprehensive income	-	-	-	141,511	-	(149,701)	11,350	-	-	3,160	-	1,600	4,760
Total comprehensive income	-	-	-	134,386	7,125	(149,701)	11,350	-	224,663	227,823	-	(7,242)	220,581
Transactions with owners													
Cash dividend (Note 16)	-	-	-	-	-	-	-	-	(16,392)	(16,392)	-	-	(16,392)
Acquisitions of non-controlling interests	-	-	-	-	-	-	-	-	(3,517)	(3,517)	-	93	(3,424)
Issue of perpetual securities by a subsidiary	-	-	-	-	-	-	-	-	-	-	437,460	-	437,460
Accrued perpetual securities distribution by a subsidiary	-	-	-	-	-	-	-	-	(10,250)	(10,250)	-	-	(10,250)
Issue of share capital	30,000	139,800	-	-	-	-	-	-	-	169,800	-	-	169,800
Share issuance expenses	-	(3,900)	-	-	-	-	-	-	-	(3,900)	-	-	(3,900)
Total transactions with owners	30,000	135,900	-	-	-	-	-	-	(30,159)	135,741	437,460	93	573,294
At 31 January 2016	546,399	553,063	-	207,953	7,125	(149,701)	-	-	649,235	1,814,074	437,460	1,850	2,253,384

The notes on pages 73 to 158 are an integral part of these consolidated financial statements.

Statements of Changes in Equity

For the financial year ended 31 January 2017 (cont'd)

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Company	Share capital RM'000 (Note 28)	Share premium RM'000 (Note 28)	Treasury share RM'000 (Note 29)	Share-based option reserve RM'000 (Note 31 (d))	Retained earnings RM'000 (Note 32)	Total equity RM'000
2017						
As at 1 February 2016	546,399	553,063	—	—	190,560	1,290,022
Total comprehensive income	—	—	—	—	145,963	145,963
Transactions with owners						
Cash dividends (Note 16)	—	—	—	—	(180,868)	(180,868)
Purchase of treasury shares	—	—	(12,633)	—	—	(12,633)
Issuance of ESS	—	—	—	304	—	304
Total transactions with owners	—	—	(12,633)	304	(180,868)	(193,197)
Transition to no-par value regime [^]	553,063	(553,063)	—	—	—	—
At 31 January 2017	1,099,462	—	(12,633)	304	155,655	1,242,788
2016						
As at 1 February 2015	516,399	417,163	—	—	147,065	1,080,627
Total comprehensive income	—	—	—	—	59,887	59,887
Transactions with owners						
Cash dividend (Note 16)	—	—	—	—	(16,392)	(16,392)
Issue of share capital	30,000	139,800	—	—	—	169,800
Share issuance expenses	—	(3,900)	—	—	—	(3,900)
Total transactions with owners	30,000	135,900	—	—	(16,392)	149,508
At 31 January 2016	546,399	553,063	—	—	190,560	1,290,022

[^] Refer to Note 28 for details.

STATEMENTS OF CASH FLOWS

For the financial year ended 31 January 2017

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Operating activities				
Profit before tax from continuing operations	213,179	292,760	146,167	60,058
Profit before tax from discontinued operations	2,889	3,266	–	–
Profit before tax	216,068	296,026	146,167	60,058
Adjustments for:				
Amortisation of land use rights and depreciation of property, plant and equipment	108,389	109,790	499	495
Amortisation of intangible assets	2,611	1,117	1,240	518
Amortisation of favourable contracts	–	6,841	–	–
Amortisation of unfavourable contracts	(19,938)	(19,047)	–	–
Impairment loss on investment in a subsidiary	–	–	–	8,297
Impairment loss on:				
– trade receivables	8,880	6,950	–	–
– other receivables	23,469	321	–	–
Reversal of impairment loss on trade receivables	–	(6,194)	–	–
Impairment loss on plant and equipment	11,630	20,983	–	–
Impairment loss on available-for-sale financial assets	–	18,622	–	–
(Reversal of)/write down of inventories	(577)	2,177	–	–
Inventory written off	–	5,843	–	–
Net unrealised gain on foreign exchange	(26,953)	(98,997)	(28,451)	(55,928)
Finance costs	45,118	46,919	29,136	28,809
Loss on derivatives upon settlement	–	8,153	–	–
Fair value loss/(gain) on:				
– investment properties	–	1,321	–	–
– other investments	857	(25)	–	–
– derivatives	–	5,963	–	–
Loss on disposal of property, plant and equipment	–	1,029	–	–
Plant and equipment written off	2,387	9	2	–
Write off of debt owing by an associate	–	1,589	–	1,589
Loss/(gain) on disposal of subsidiaries and associate	3,511	–	(5,183)	–
Gain on disposal of other investments	(784)	–	–	–
Share of results of joint ventures	(82,457)	(92,165)	–	–
Share of results of associates	(1,529)	(4,314)	–	–
Dividend income	–	–	(103,754)	–
Interest income	(5,927)	(4,111)	(36,079)	(33,284)
Operating cash flows before working capital changes – carried forward	284,755	308,800	3,577	10,554

Statements of Cash Flows

For the financial year ended 31 January 2017 (cont'd)

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	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Operating cash flows before working capital changes – brought forward	284,755	308,800	3,577	10,554
Receivables	64,543	(126,734)	49,801	65,061
Other current assets	(48,756)	(6,149)	–	(220)
Inventories	249	14,238	–	–
Payables	(271,180)	(8,421)	1,006	20,002
Cash flows from operations	29,611	181,734	54,384	95,397
Interest received	5,927	4,111	36,079	33,284
Interest paid	(45,118)	(46,919)	(29,112)	(28,809)
Taxes paid	(44,716)	(40,738)	(204)	(1,024)
Net cash flows from operating activities	(54,296)	98,188	61,147	98,848
Investing activities				
Dividends received	–	–	50,168	–
Advances from/(to) subsidiaries	–	–	(57,623)	388,597
Advances to joint ventures	–	–	(1,859)	(10,169)
Advances from/(to) associates	–	–	334	(997)
Investment in subsidiaries	–	–	–	(602,657)
Investment in joint ventures	–	(97,926)	–	–
Investment in associates	2,246	(7)	–	–
Proceeds from disposal of property, plant and equipment	3,310	833	–	–
Proceeds from disposal of other investments	61,626	–	–	–
Proceeds from disposal of subsidiaries (Note 47)	136,087	–	159,366	–
Addition in other investments	(10,955)	–	–	–
Addition in investment properties	(29,969)	(5,903)	–	–
Purchase of intangible assets	(6,798)	(12,599)	(4,292)	(8,205)
Purchase of property, plant and equipment	(1,348,703)	(1,544,487)	(135)	(121)
Withdrawal of fixed deposits for investment purposes	–	8,550	–	–
Withdrawal/(placement) of fixed deposits pledged as security	104,631	(141,858)	1,914	(323)
Placement of short term investment	(12)	(75,010)	(12)	(12)
Net cash flows (used in)/generated from investing activities	(1,088,537)	(1,868,407)	147,861	(233,887)

Statements of Cash Flows

For the financial year ended 31 January 2017 (cont'd)

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Financing activities				
(Repayment to)/Advances from directors	(19,170)	19,340	(19,170)	19,340
Dividends paid	(180,868)	(16,392)	(180,868)	(16,392)
Drawdown of loans and borrowings	2,033,982	1,469,144	–	–
Repayment of loans and borrowings	(487,886)	(493,396)	(26,814)	(5,749)
Repayment finance leases obligations	(4,197)	(6,800)	(185)	(176)
Proceeds from settlement of derivatives	–	22,364	–	–
Proceeds from issuance of perpetual securities	–	437,460	–	–
Perpetual securities distribution paid	(28,600)	–	–	–
Purchase of treasury shares	(12,633)	–	(12,633)	–
Proceeds from issuance of shares	–	169,800	–	169,800
Share issuance expenses	–	(3,900)	–	(3,900)
Acquisition of non-controlling interest	–	(3,424)	–	–
Net cash flows generated from/(used in) financing activities	1,300,628	1,594,196	(239,670)	162,923
Net increase/(decrease) in cash and cash equivalents	157,795	(176,023)	(30,662)	27,884
Effects of foreign exchange rate changes	135,817	112,397	113	82
Cash and cash equivalents at beginning of financial year	210,969	274,595	35,477	7,511
Cash and cash equivalents at end of financial year (Note 27)	504,581	210,969	4,928	35,477

The notes on pages 73 to 158 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2017

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1. Corporate information

Yinson Holdings Berhad (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 No. 25, Jalan Firma 2, Kawasan Perindustrian Tebrau IV, 81100 Johor Bahru, Johor Darul Takzim. The principal places of business are No. 25, Jalan Firma 2, Kawasan Perindustrian Tebrau IV, 81100 Johor Bahru, Johor Darul Takzim and Suite 12.01 Level 12, Menara IGB, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the Group are disclosed in Note 20 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency. Unless otherwise indicated, the amounts in these financial statements have been rounded to the nearest thousand.

2.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and Company’s accounting policies. Although these estimates and judgment are based on the Directors’ best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

2.2 Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 January 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (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 involvement with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) The contractual arrangement with the other vote holders of the investee;
- (ii) Rights arising from other contractual arrangements; and
- (iii) The Group’s voting rights and potential voting rights.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

2.2 Consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- (i) Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- (ii) Derecognises the carrying amount of any non-controlling interests;
- (iii) Derecognises the cumulative translation differences recorded in equity;
- (iv) Recognises the fair value of the consideration received;
- (v) Recognises the fair value of any investment retained;
- (vi) Recognises any surplus or deficit in profit or loss; and
- (vii) Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

3. Summary of significant accounting policies

3.1 Business combinations and goodwill

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.

In other case of acquisitions, business combinations 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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3. Summary of significant accounting policies (continued)

3.1 Business combinations and goodwill (continued)

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.

When the Group acquires a contract in a business combination, it assesses whether the contract is favourable or unfavourable by comparing the terms to market prices at the time of acquisition. Refer to Note 3.29 for the accounting policy.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.2 Investment in subsidiaries, associates and joint ventures

(a) Subsidiaries

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

The amount due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in subsidiaries. However, if the subsidiaries have the intention to repay or when the Company receives the actual proceeds from the net investment, then the net investment can be re-designated to intercompany loans.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

3. Summary of significant accounting policies (continued)

3.2 Investment in subsidiaries, associates and joint ventures (continued)

(b) Associates and joint ventures

An associate is an entity over 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 and generally accompanying a shareholding of between 20% and 50% of the voting rights.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the income statement.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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3. Summary of significant accounting policies (continued)

3.3 Current versus non-current classification

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

- (i) Expected to be realised or intended to sold or consumed in normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve months after the reporting period; or
- (iv) 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:

- (i) It is expected to be settled in normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) 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.

3.4 Fair value measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each statement of financial position 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:

- (i) In the principal market for the asset or liability; or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

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 uses 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.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

3. Summary of significant accounting policies (continued)

3.4 Fair value measurement (continued)

All assets and liabilities for which fair value is 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 measurement 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; and
- 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 determines 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.

The Group's senior management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted AFS financial assets.

External valuers are involved for valuation of significant assets. Involvement of external valuers is decided upon annually by the senior management after discussion with and approval by the Company's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed based on the Group's accounting policies. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The senior management, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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

3.5 Revenue recognition

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, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

(a) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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3. Summary of significant accounting policies (continued)

3.5 Revenue recognition (continued)

(b) Rendering of services

Revenue from rendering services is recognised upon services rendered. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

(c) Dividends

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

(d) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the income statement according to its operating nature.

(e) Vessel charter fees

Revenue from vessel chartering contracts classified as operating leases are recognised on a straight-line basis over the lease period for which the customer has contractual right over the vessel.

3.6 Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract is recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent agreed with the customer and are capable of being reliably measured.

The Group uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within 'trade and other receivables'. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

3. Summary of significant accounting policies (continued)

3.7 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current period 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, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

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

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

- (i) When the deferred tax liability arises from the initial recognition of goodwill or 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
- (ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when 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, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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:

- (i) When 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
- (ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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 re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the financial 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.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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3. Summary of significant accounting policies (continued)

3.7 Taxes (continued)

(b) Deferred tax (continued)

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 OCI or directly in equity.

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

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- (i) Where the amount of GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- (ii) Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.8 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow or net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

3. Summary of significant accounting policies (continued)

3.8 Foreign currencies (continued)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each statement of comprehensive income or separate income statement presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss, as part of the gain or loss on disposal. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate equity in percentage share of the accumulated exchange difference is reclassified to profit or loss.

Intercompany loans where settlement is neither planned nor likely to occur in the foreseeable future, are treated as part of the parent's net investment. Translation differences arising therefrom are recognised in other comprehensive income. The accumulated translation differences are reclassified to profit or loss in proportion to the change in equity interest following a reduction in net investment with no change in control.

3.9 Cash dividend and non-cash distribution to owners of the parent

The Company recognises a liability to make cash or non-cash distributions to owners of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. Subsequently, non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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3. Summary of significant accounting policies (continued)

3.10 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. 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. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Assets under construction are not depreciated as these assets not yet available for use. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	50 to 60 years
Buildings	50 years
Electrical installation	5 years
Motor vehicles	10 years
Renovation, equipment, furniture and fittings	10 years
Tug boats, barges and boat equipment	10 years
Vessels	12 to 20 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.11 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(a) Group as a lessee

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between 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 recognised in finance costs in profit or loss.

A leased asset is depreciated over the 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 of the asset and the lease term.

Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

3. Summary of significant accounting policies (continued)

3.11 Leases (continued)

(b) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.13 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited independent valuer.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

3.14 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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3. Summary of significant accounting policies (continued)

3.14 Intangible assets (continued)

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

3.15 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(b) Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; and
- Available-for-sale financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by MFRS 139.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the income statement.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

3. Summary of significant accounting policies (continued)

3.15 Financial instruments – initial recognition and subsequent measurement (continued)

(i) Financial assets (continued)

(b) Subsequent measurement (continued)

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

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Loans and receivables

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

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the effective interest rate ("EIR"), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the income statement. The losses arising from impairment are recognised in the income statement as finance costs.

The Group did not have any held-to-maturity investments during the financial years ended 31 January 2017 and 2016.

Available-for-sale (AFS) financial assets

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the income statement. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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3. Summary of significant accounting policies (continued)

3.15 Financial instruments – initial recognition and subsequent measurement (continued)

(i) Financial assets (continued)

(b) Subsequent measurement (continued)

Available-for-sale (AFS) financial assets (continued)

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flow from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

3. Summary of significant accounting policies (continued)

3.15 Financial instruments – initial recognition and subsequent measurement (continued)

(ii) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in income statement. Interest income (recorded as finance income in the income statement) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the income statement.

Available-for-sale (AFS) financial assets

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from OCI and recognised in the income statement. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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3. Summary of significant accounting policies (continued)

3.15 Financial instruments – initial recognition and subsequent measurement (continued)

(ii) Impairment of financial assets (continued)

Available-for-sale (AFS) financial assets (continued)

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

(iii) Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include derivative financial instruments financial liabilities designated upon initial recognition as at fair value through profit or loss.

Derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139 as financial liabilities held for trading. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

3. Summary of significant accounting policies (continued)

3.15 Financial instruments – initial recognition and subsequent measurement (continued)

(iii) Financial liabilities (continued)

(b) Subsequent measurement (continued)

Loans and borrowings (continued)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

This category generally applies to interest-bearing loans and borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, 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 recognised less cumulative amortisation.

(c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

3.16 Derivative financial instruments

The Group uses derivative financial instruments, interest rate swaps and foreign currency forward contracts, to hedge its interest rate risks and foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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3. Summary of significant accounting policies (continued)

3.17 Inventories

Inventories are valued at the lower of cost and net realisable value.

Purchase costs and other costs incurred in bringing the trading goods and consumables to its present location and condition are accounted for on a first in, first out basis.

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

3.18 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 indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.19 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks, cash on hand and short-term deposits with a maturity of three months or less for purpose of short-term working capital and is not subject to significant risk of change in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

3. Summary of significant accounting policies (continued)

3.20 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 resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

3.21 Employee benefits

(a) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(b) Defined contribution plans

The Group's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further financial obligations.

(c) Share-based payment

The Group operates an equity-settled, share-based compensation plan ("Employee Share Scheme" or "ESS") under which the Group receives services from employees as consideration for equity options over ordinary shares of the Company. The fair value of the options granted in exchange for the services of the employees are recognised as employee benefit expense with a corresponding increase to share option reserve within equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions.

Non-market vesting conditions and service conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share option reserve in equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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3. Summary of significant accounting policies (continued)

3.21 Employee benefits (continued)

(c) Share-based payment (continued)

In its separate financial statements of the Company, the grant by the Company of options over its equity instruments to the employees of subsidiary in the Group is treated as amount owing by subsidiary. The fair value of options granted to employees of the subsidiary in exchange for the services of the employees to the subsidiary are recognised as amount owing by subsidiary, with a corresponding credit to equity of the Company.

3.22 Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and carrying amount of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

3.23 Share capital

(i) Classification

Ordinary shares are recorded at the proceeds received, net of directly attributable transaction costs. Ordinary shares are classified as equity.

(ii) Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against the share capital account. In other cases, they are charged to the profit or loss when incurred.

(iii) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

(iv) Purchase of own shares

Where the Company purchases the Company's equity instruments as a result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled, reissued or disposed of. Where such ordinary shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the owners of the Company.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

3. Summary of significant accounting policies (continued)

3.24 Perpetual securities

Perpetual securities are classified as equity when there is no contractual obligation to deliver cash or other financial assets to another person or entity or to exchange financial assets or financial liabilities with another person or entity that are potentially unfavourable to the issuer. Incremental costs directly attributable to the issuance of new perpetual securities are shown in equity as a reduction, net of tax, from the proceeds. The proceeds received net of any directly attributable transaction costs are credited to perpetual securities in equity.

3.25 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

3.26 Trade and other payables

Trade and other payables represent liabilities for services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

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

3.27 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS are determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise share awards granted to employees.

3.28 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker comprising the Board of Directors, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.29 Favourable and unfavourable contracts

The terms of a contract acquired in a business combination are compared to market prices at date of acquisition to determine whether an intangible asset or liability should be recognised. If the terms of an acquired contract are favourable relative to market prices, an intangible asset is recognised. If the terms of an acquired contract are unfavourable relative to market prices, a liability is recognised. Subsequently, the acquired contract is measured at amortised cost over the period of the contract.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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3. Summary of significant accounting policies (continued)

3.30 Discontinued operation

A component of the Group is classified as a “discontinued operation” when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

4. Standards, amendments to published standards and interpretations, which are applicable and adopted by the Group and the Company

The Group has applied the following amendments for the first time for the financial year beginning on 1 February 2016:

- (i) Amendments to MFRS 11 ‘Joint arrangements’ – Accounting for acquisition of interests in joint operations
- (ii) Amendments to MFRS 101 ‘Presentation of financial statements’ – Disclosure initiative
- (iii) Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- (iv) Amendments to MFRS 127 “Equity method in separate financial statements”
- (v) Amendments to MFRS 10, 12 & 128 “Investment entities – Applying the consolidation exception”
- (vi) Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the above new and amended standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

5. Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group’s and the Company’s financial statements are disclosed below. The Group and the Company are in the process of assessing the full impact of the new standards and amendments to published standards on the financial statements of the Group and the Company in the year of initial application.

(a) Financial year beginning on/after 1 January 2017

- (i) Amendments to MFRS 107 ‘Statement of Cash Flows – Disclosure Initiative’ introduce an additional disclosure on changes in liabilities arising from financing activities.
- (ii) Amendments to MFRS 112 ‘Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses’ clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value.

In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences.

The amendments shall be applied retrospectively.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

5. Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (continued)

(b) Financial year beginning on/after 1 January 2018

- (i) MFRS 9 “Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities” will replace MFRS 139 “Financial Instruments: Recognition and Measurement”

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income (“OCI”). The basis of classification depends on the entity’s business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

- (ii) MFRS 15 ‘Revenue from contracts with customers’ replaces MFRS 118 ‘Revenue’ and MFRS 111 ‘Construction contracts’ and related interpretations.

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

Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

A new five-step process is applied before revenue can be recognised:

- Identify contracts with customers;
- Identify the separate performance obligations;
- Determine the transaction price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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5. Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (continued)

(b) Financial year beginning on/after 1 January 2018 (continued)

- (ii) MFRS 15 'Revenue from contracts with customers' replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations (continued)

Key provisions of the new standard are as follows:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc), minimum amounts of revenue must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few.
- As with any new standard, there are also increased disclosures.

(c) Financial year beginning on/after 1 January 2019

- (i) MFRS 16 'Leases' supersedes MFRS 117 'Leases' and the related interpretations.

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in the income statement.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

6. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Operating lease commitments – Group as lessor

The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

6. Critical accounting estimates and judgements (continued)

(a) Operating lease commitments – Group as lessor (continued)

Chartering of vessels to customers are recognised as revenue based on whether the charter contracts are determined to be an operating lease or a finance lease in accordance with MFRS 117 Leases. The classifications of the charter contracts are assessed at the inception of the lease.

If the terms and conditions of the lease contracts change subsequently, the management will reassess whether the new arrangements would be classified as a new lease based on the prevailing market conditions.

(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 event trigger potential cash flow loss, factors such as indication 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 receivable at the reporting date is disclosed in Note 42.

(c) Impairment on AFS financial assets

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

(d) Impairment of vessels

Each vessel is deemed to be a single cash generating unit ("CGU") as the Group manages each vessel separately. The Group reviews these CGUs at each reporting date for impairment indicators in accordance with the accounting policy stated in Note 3.18. If there is an impairment indicator, the recoverable amount for the vessel will be ascertain based on the higher of the fair value less costs of disposal and its value in use. For value in use calculations, the future cash flows are based on contracted cash flows and estimates of uncontracted cash flows for the useful lives of each vessel discounted by an appropriate discount rate.

The impairment testing for CGU requires management's estimates and judgement to derive future cash flows based on key assumptions such as charter rates, utilisation levels and costs escalation based on historical trends amongst others. The discount rate used is based on industry average that varies over time.

The Group has evaluated the carrying amounts of vessels against their recoverable amounts and recorded an impairment charge to the carrying value of vessels of RM11,630,000 (2016: RM20,983,000) as disclosed in Note 17.

(e) Useful life and residual value of vessels

The Group reviews the residual value and useful life of vessels at each reporting date based on factors such as business plans and strategies, expected level of usage and future technological developments. A reduction in the estimated useful life of vessels would increase the recorded depreciation and decrease the carrying value of property, plant and equipment. The net book of value of vessels (excluding vessel under construction) as at 31 January 2017 is RM994,098,000 as disclosed in Note 17.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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6. Critical accounting estimates and judgements (continued)

(e) Useful life and residual value of vessels (continued)

For the year ended 31 January 2017, the impact of the sensitivity resulting from a 5 years increase/decrease in the estimated useful life and a 10% increase/decrease in estimated residual value of property, plant and equipment on the carrying value of property, plant and equipment and the depreciation expense charged to profit and loss annually are analysed as follows:

	Carrying value of property, plant and equipment Group RM'000	Depreciation expense Group RM'000
Useful life		
– Increase by 5 years	1,024,693	77,069
– Decrease by 5 years	763,991	321,588
Residual value		
– Increase by 10%	995,606	104,351
– Decrease by 10%	992,590	107,179

(f) Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value derived using market approach based on the comparison valuation method recognised in the income statement. The Group assessed the fair value of its investment properties as at 31 January 2017 based on inputs provided by an accredited independent valuer. The key assumptions and basis used to determine the fair value are as disclosed in Note 18.

(g) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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.

Significant judgment is required to determine the amount of deferred tax assets to be recognised, based upon the likely timing and magnitude of future taxable profits together with future tax planning strategies.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

6. Critical accounting estimates and judgements (continued)

(h) Income taxes

Judgement is involved in determining the Group's provision for income taxes as there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(i) Uncertain tax position arising from a change in tax administration for a foreign operation

In the prior financial year ended 31 January 2016, there was a change in the tax administration for a foreign operation pursuant to a directive issued in year 2015 whereby the corporate tax basis was changed from a deemed income approach to the actual profit basis for financial year 2014 onwards. Subsequently, in the current financial year, as advised by the Group's tax agent, the income tax computations for the Year of Assessments 2006 to 2014 for a subsidiary in the foreign operation were revised to the actual profit basis and refiled to the relevant tax authority. As these refiled submissions are subjected to the tax authority's approval, the final tax position for a subsidiary in the foreign operation is uncertain. The uncertain tax position as at 31 January 2017 totalled RM16,642,000 for income tax liability. If the refiled submission are not agreed by the tax authority, there may be additional exposure to tax liabilities totalling RM29,334,000. The Group has also recognised an asset of RM9,461,000 as at 31 January 2017 representing accrued reimbursable income recoverable as the resultant tax impact will be compensated under the contractual terms with the customer.

7. Revenue

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Vessel chartering and support services fees	542,735	424,268	—	—
Management fee income	250	117	27,012	28,007
Advance interest income	89	13	—	—
Rental income	181	—	—	—
Dividend from subsidiaries	—	—	103,754	—
	543,255	424,398	130,766	28,007

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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8. Cost of sales

	Group	
	2017 RM'000	2016 RM'000
Included in cost of sales are:		
Amortisation of favourable contracts	–	6,841
Amortisation of unfavourable contracts (Note 35)	(19,938)	(19,047)
Depreciation of property, plant and equipment (Note 17)	106,364	104,142
Employee benefits expenses (Note 11)	45	29

9. Other income

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fair value gain on marketable securities	127	23	–	–
Investment income	293	640	12	419
Gain on disposal of subsidiaries and associate (Note 47)	–	–	5,183	–
Gain on foreign exchange				
– Realised	3,489	14,599	5,938	10,059
– Unrealised	27,162	103,296	28,451	55,928
Gain on sale of other investments	588	–	–	–
(Reversal of)/accrued reimbursements on additional taxes (Note 25)	(24,491)	44,514	–	–
Miscellaneous	271	1,115	–	73
	7,439	164,187	39,584	66,479

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

10. Administrative expenses

Included in administrative expenses for continuing operations are:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
Fees for statutory audits				
– PricewaterhouseCoopers Malaysia	418	40	205	–
– Member firms of PricewaterhouseCoopers International Limited	1,462	917	–	–
– Others	78	429	42	84
Fee for non-audit services				
– PricewaterhouseCoopers Malaysia	82	–	–	–
– Member firms of PricewaterhouseCoopers International Limited	–	500	–	–
– Others	119	166	–	15
Amortisation of intangible assets (Note 19)	2,611	1,114	1,240	518
Depreciation of property, plant and equipment (Note 17)	2,025	636	499	495
Fair value loss on marketable securities	984	–	–	–
Impairment loss on investment in subsidiaries	–	–	–	8,297
Impairment loss on available-for-sale financial assets	–	17,554	–	–
Impairment loss on:				
– Trade receivables (Note 25)	7,454	–	–	–
– Other receivables (Note 25)	23,469	–	–	–
Impairment loss on plant and equipment (Note 17)	11,630	18,983	–	–
Loss on derivatives upon settlement	–	8,153	–	–
Loss on disposal of subsidiaries and associate (Note 47)	3,511	–	–	–
Operating leases – Payments for land and buildings	6,412	4,151	–	–
Plant and equipment written off	2,338	–	2	–
Write off of debt of an associate	–	1,589	–	1,589
Employee benefits expenses (Note 11)	29,789	28,016	19,867	13,976

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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11. Employee benefits expense

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Included in:				
Cost of sales (Note 8)	45	29	—	—
Administrative expenses (Note 10)	29,789	28,016	19,867	13,976
	29,834	28,045	19,867	13,976
Analysed as follows:				
Wages, salaries and bonuses	25,445	24,458	16,290	11,942
Social security contributions	10	8	29	20
Contributions to defined contribution plan	1,577	2,011	1,261	1,117
Share-based payments	307	—	158	—
Other benefits	2,495	1,568	2,129	897
	29,834	28,045	19,867	13,976

Included in employee benefits expense of the Group and of the Company are executive and non-executive directors' remuneration as disclosed in Note 12.

12. Directors' remuneration

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Executive directors' remuneration:				
– Fees	211	310	211	310
– Share-based payments	87	—	46	—
– Other emoluments	15,876	4,899	6,337	4,899
	16,174	5,209	6,594	5,209
Non-executive directors' remuneration:				
– Fees	548	280	548	280
– Other emoluments	23	27	23	27
	571	307	571	307
Total directors' remuneration from continuing operations	16,745	5,516	7,165	5,516

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

12. Directors' remuneration (continued)

Included in prior financial year's executive directors and non-executive directors fees are additional fees approved in 2016 amounting to RM50,000 and RM30,000 respectively for services rendered in the financial year ended 31 January 2015.

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Executive directors' remuneration:				
– Other emoluments	750	1,737	–	–
Non-executive directors' remuneration:				
– Fees	–	20	–	–
Total directors' remuneration from discontinued operations (Note 47)	750	1,757	–	–
Total directors' remuneration	17,495	7,273	7,165	5,516
<u>Other additional disclosure</u>				
Indemnity given or insurance effected for the Directors	658	678	658	678
Amount paid to or receivables by any third party for services provided by Directors	48	–	48	–
	706	678	706	678

The number of directors of the Group whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2017	2016
Executive:		
RM150,001 – RM200,000	1	–
RM350,001 – RM400,000	1	2
RM600,001 – RM650,000	1	–
RM950,001 – RM1,000,000	1	–
RM1,000,001 – RM1,050,000	1	–
RM1,500,001 – RM1,550,000	–	1
RM1,550,001 – RM1,600,000	1	–
RM1,750,001 – RM1,800,000	1	–
RM2,100,001 – RM2,150,000	–	1
RM2,600,001 – RM2,650,000	–	1
RM2,750,001 – RM2,800,000	1	–
RM3,300,001 – RM3,350,000	1	–
RM4,200,001 – RM4,250,000	1	–
Non-executive:		
RM50,001 – RM100,000	7	2
RM100,001 – RM150,000	1	1

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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13. Finance costs

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Bank charges	5,964	1,901	2,242	5,126
Interest expenses	117,999	74,750	26,894	23,683
Fair value (gain)/loss on derivatives for interest rate swap	(5,751)	5,963	—	—
	118,212	82,614	29,136	28,809
Less: Interest expenses capitalised in property, plant and equipment	(85,898)	(42,100)	—	—
	32,314	40,514	29,136	28,809

14. Income tax expense

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 January 2017 and 2016 are:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Income statements				
Current income tax – continuing operations:				
– Malaysian income tax	191	226	204	140
– Foreign tax	56,068	52,256	—	—
– (Over)/under provision in prior years	(15,899)	2,769	—	31
	40,360	55,251	204	171
Deferred tax – continuing operations (Note 36(b)):				
– Relating to origination/reversal of temporary differences	(21,656)	22,459	—	—
– Under provision in prior year	2	—	—	—
	(21,654)	22,459	—	—
	18,706	77,710	204	171
Income tax expense attributable to:				
– Continuing operations	18,706	77,710	204	171
– Discontinued operations (Note 47)	607	2,495	—	—
Income tax expense recognised in profit or loss	19,313	80,205	204	171

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

14. Income tax expense (continued)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rates for the financial years ended 31 January 2017 and 2016 are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before tax from continuing operations	213,179	292,760	146,167	60,058
Profit before tax from discontinued operations	2,889	3,266	–	–
Profit before tax	216,068	296,026	146,167	60,058
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	51,857	71,046	35,080	14,414
Income not subject to tax	(1,909)	(17,500)	(48,095)	(30,525)
Expenses not deductible for tax purposes	37,743	1,917	13,219	16,251
Different tax rates of subsidiaries	(35,367)	44,559	–	–
Changes in deferred tax asset not recognised	2,704	432	–	–
Shared of results of joint ventures and associates	(19,922)	(23,155)	–	–
(Over)/under provision of tax expense in prior years				
– Continuing operations	(15,899)	2,769	–	31
– Discontinued operations	–	(2,574)	–	–
Under provision of deferred tax in prior years				
– Continuing operations	2	–	–	–
– Discontinued operations	104	2,711	–	–
Income tax expense recognised in profit or loss	19,313	80,205	204	171

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

Taxation for other jurisdictions are calculated at the rates prevailing in the respective jurisdictions. The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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15. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year excluding ordinary shares purchased by the Company and held as treasury shares (Note 29).

	Group	
	2017	2016
Profit attributable to owners of the parent used in the computation of basic earnings per share (RM'000)		
– Continuing operations	194,473	224,839
– Discontinued operations	2,575	(176)
Total group	197,048	224,663
Weighted average number of ordinary shares for computation of basic earnings per share ('000)	1,090,185	1,067,154
Basic earnings per share (sen)		
– Continuing operations	17.8	21.1
– Discontinued operations	0.3	**
Total group	18.1	21.1

** Represents 0.02 sen per share

The weighted average number of shares takes into account the weighted average effect of changes in ordinary shares transactions during the financial year.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

15. Earnings per share (continued)

(b) Diluted

The diluted earnings per share is calculated by dividing the profit for the financial year attributable to the owners of the Company (adjusted for interest income, net of tax, earned on the proceeds arising from the conversion of the ESS options) by the weighted average number of ordinary shares as adjusted for the basic earnings per share and includes all potential dilutive shares on both arising from the ESS options granted by the reporting date, as if the options had been exercised on the first day of the financial year or the date of the grant, if later.

	Group 2017
Profit attributable to owners of the parent used in the computation of diluted earnings per share (RM'000)	
– Continuing operations	194,480
– Discontinued operations	2,575
Total group	197,055
Weighted average number of ordinary shares in issue ('000)	1,090,185
Adjusted for ESS options ('000)	77
Adjusted weighted average number of ordinary shares in issue for diluted earnings per share ('000)	1,090,262
Diluted earnings per share (sen)	
– Continuing operations	17.8
– Discontinued operations	0.3
Total group	18.1

There were no diluted earnings per share for the prior financial year as there were no options issued.

(c) Reconciliations of earnings used in calculating earnings per share

	Group 2017 RM'000
<i>Basic earnings per share</i>	
Profit attributable to owners of the parent used in the computation of basic earnings per share	
– Continuing operations	194,473
– Discontinued operations	2,575
	197,048
<i>Diluted earnings per share</i>	
Profit from continuing operations attributable to owners of the parent:	
Used in calculating basic earnings per share	194,473
Add: interest savings on ESS	7
Used in calculating diluted earnings per share	194,480
Profit from discontinued operations	2,575
Profit attributable to owners of the parent used in the computation of diluted earnings per share	197,055

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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16. Dividends

	Company			
	2017		2016	
	Dividend per ordinary share Sen	Amount of dividend RM'000	Dividend per ordinary share Sen	Amount of dividend RM'000
Final single tier dividend	2.0	21,791	1.5	16,392
Single tier special dividend	14.6	159,077	—	—
	16.6	180,868	1.5	16,392

At the forthcoming Annual General Meeting, a final single tier dividend of 2.0 sen per share in respect of the current financial year will be proposed for shareholders' approval. The current financial statements does not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 January 2018.

17. Property, plant and equipment

Group	Land and buildings RM'000	Motor vehicles RM'000	Vessels, tugboats, and barges RM'000	*Other assets RM'000	Total RM'000
Cost					
At 1 February 2015	6,138	62,862	1,305,545	14,061	1,388,606
Additions	6,782	3,601	1,850,670	7,118	1,868,171
Written off	—	(156)	—	(12)	(168)
Disposals	—	(5,262)	—	—	(5,262)
Attributable to discontinued operations	(6,328)	(58,256)	(9,950)	(9,959)	(84,493)
Exchange differences	—	884	282,347	2,055	285,286
At 31 January 2016 and 1 February 2016	6,592	3,673	3,428,612	13,263	3,452,140
Additions	3,316	—	1,542,617	3,530	1,549,463
Written off	—	—	—	(3,805)	(3,805)
Disposals	—	—	(3,568)	—	(3,568)
Exchange differences	435	99	273,480	761	274,775
At 31 January 2017	10,343	3,772	5,241,141	13,749	5,269,005

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

17. Property, plant and equipment (continued)

Group	Land and buildings RM'000	Motor vehicles RM'000	Vessels, tugboats, and barges RM'000	*Other assets RM'000	Total RM'000
Accumulated depreciation					
At 1 February 2015	1,388	31,538	192,404	5,276	230,606
Charge for the year	92	4,005	102,748	2,873	109,718
Written off	—	(147)	—	(12)	(159)
Disposals	—	(3,400)	—	—	(3,400)
Attributable to discontinued operations	(1,480)	(30,611)	(4,235)	(4,322)	(40,648)
Exchange differences	—	502	138,533	432	139,467
At 31 January 2016 and 1 February 2016	—	1,887	429,450	4,247	435,584
Charge for the year	64	227	105,765	2,333	108,389
Written off	—	—	—	(1,467)	(1,467)
Exchange differences	4	52	84,164	223	84,443
At 31 January 2017	68	2,166	619,379	5,336	626,949
Accumulated impairment loss					
At 1 February 2015	—	—	—	—	—
Impairment (Note 10)	—	—	18,983	—	18,983
At 31 January 2016 and 1 February 2016	—	—	18,983	—	18,983
Impairment (Note 10)	—	—	11,630	—	11,630
Exchange differences	—	—	1,782	—	1,782
At 31 January 2017	—	—	32,395	—	32,395
Net carrying amount					
At 31 January 2016	6,592	1,786	2,980,179	9,016	2,997,573
At 31 January 2017	10,275	1,606	4,589,367	8,413	4,609,661

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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17. Property, plant and equipment (continued)

Company	Motor vehicles RM'000	*Other assets RM'000	Total RM'000
Cost			
At 1 February 2015	1,157	1,121	2,278
Additions	–	121	121
At 31 January 2016 and 1 February 2016	1,157	1,242	2,399
Additions	–	135	135
Written off	–	(3)	(3)
At 31 January 2017	1,157	1,374	2,531
Accumulated depreciation			
At 1 February 2015	93	159	252
Charge for the year	115	380	495
At 31 January 2016 and 1 February 2016	208	539	747
Charge for the year	116	383	499
Written off	–	(1)	(1)
At 31 January 2017	324	921	1,245
Net carrying amount			
At 31 January 2016	949	703	1,652
At 31 January 2017	833	453	1,286

* Other assets comprise office equipment, computers, signboard, renovation, electrical installation, plant and equipment and furniture and fittings.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

17. Property, plant and equipment (continued)

- (a) The carrying amounts of motor vehicles held under finance leases at the reporting date was approximately RM1,606,000 (2016: RM1,605,000).

- (b) Additions to property, plant and equipment which were acquired during the financial year were as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Cash payment	1,337,961	1,544,487	135	121
Movement in property, plant and equipment creditors	211,502	321,312	—	—
Finance leases	—	2,372	—	—
	1,549,463	1,868,171	135	121

- (c) The carrying amounts of property, plant and equipment pledged to financial institutions for banking facilities granted to the Group and lease assets pledged to the related finance lease liabilities as disclosed in Note 33 and Note 34 at reporting date were as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Motor vehicles	1,606	1,605	833	949
Vessels and barges	4,516,624	2,934,619	—	—
	4,518,230	2,936,224	833	949

- (d) Included in vessels, tugboats and barges at the reporting date is a vessel under construction with carrying amount of approximately RM3,595,269,000 (2016: RM1,930,250,000).

	Group	
	2017	2016
	RM'000	RM'000
At 1 February	1,930,250	—
Additions	1,539,049	1,930,250
Exchange differences	125,970	—
At 31 January	3,595,269	1,930,250

- (e) The Group's plant and equipment include borrowing costs arising from bank loans borrowed specifically for the purpose of the construction of a vessel. During the financial year, the borrowing costs capitalised as cost of plant and equipment amounted to RM85,898,000 (2016: RM42,100,000).

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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17. Property, plant and equipment (continued)

- (f) The decline in vessel utilisation and charter rates of Offshore Support Vessels ("OSVs") in the current financial year were identified as impairment indicators. Subsequently, the Group undertook an impairment review, which resulted in an impairment loss of RM11,630,000 on certain OSVs based on their forecasted value-in-use. The key assumptions used are as follows:
- (i) Utilisation rates and charter rates forecasted over the projected service lives of these OSVs. These were estimated based on past performance records, future market outlook and management's expectation of market developments;
 - (ii) Relevant operating costs adjusted for average inflation rate of 2.00% to 3.00% per annum over the projected service lives of the respective OSVs;
 - (iii) Expected residual value of OSVs based on scrap values at the end of their service lives;
 - (iv) Regional industry weighted average cost of capital ("WACC") ranging from 7.00% to 9.80%; and
 - (v) The projected service lives of these OSVs.

The discount rates used are pre-tax and reflect specific risks relating to the CGUs. The discount rates applied to the cash flow projections are derived from the cost of capital plus a reasonable risk premium at the date of assessment of the CGUs. The Group had taken into consideration the current depressed market conditions in the oil and gas industry in the cash flow projections, which include lower forecasted vessel utilisation and charter rates.

Sensitivity to changes in key assumptions

Changing the assumptions selected by management would significantly affect the Group's results. The Group's review includes the sensitivity of key assumptions to the cash flow projections. An increase by 5% in the utilisation rates and charter rates respectively will result in a reduction of impairment loss by approximately RM10,430,000 and RM8,430,000 respectively with all other inputs remain constant. A decrease by 5% in utilisation rates and charter rates respectively will result in an additional impairment loss of approximately RM18,800,000 and RM11,500,000 respectively with all other inputs remain constant.

18. Investment properties

Investment properties are stated at fair value, which was determined based on valuations at the reporting date. Valuation are performed by an accredited independent valuer.

	Group	
	2017 RM'000	2016 RM'000
At 1 February	—	29,598
Additions	29,931	5,903
Exchange differences	—	1,842
Attributable to discontinued operations	—	(37,343)
At 31 January	29,931	—

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

18. Investment properties (continued)

The following amounts are recognised in profit and loss in respect of investment properties:

	Group	
	2017 RM'000	2016 RM'000
Rental income (Note 7)	181	–
Direct operating expenses arising from:		
– Investment properties that generate rental income	29	–
– Investment properties that do not generate rental income	104	–

The fair value of investment properties were estimated based on inputs provided by an accredited independent valuer, which were based on market evidence of transaction prices for similar properties in which the values are adjusted for differences in key attributes such as property size, view and quality of interior fittings using market approach based on the comparison valuation method (market approach). The most significant input into this valuation method is price per square foot ("psf").

The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period. Fair value is determined using Level 3 inputs (defined as unobservable inputs for asset or liability) in the fair value hierarchy of MFRS 13 Fair Value Measurement. Changes in fair value are recognised in profit or loss during the reporting period in which they are reviewed.

The fair value measurements using Level 3 inputs as at 31 January 2017 are as follows:

		<u>Significant unobservable inputs</u>
		Price per square foot RM/psf
<u>Valuation Technique</u>		
Residential	Market approach	1,254 – 1,782

Sensitivity to significant unobservable inputs

Changes in the price per square foot by 5% will result in a change in fair value of approximately RM1,680,000.

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19. Intangible assets

Group	Computer software RM'000	Golf membership RM'000	Total RM'000
Cost			
At 1 February 2015	9,513	100	9,613
Additions	12,599	—	12,599
Exchange differences	1,714	—	1,714
Attributable to discontinued operations	(185)	(100)	(285)
At 31 January 2016 and 1 February 2016	23,641	—	23,641
Additions	6,794	—	6,794
Exchange differences	1,018	—	1,018
At 31 January 2017	31,453	—	31,453
Accumulated amortisation			
At 1 February 2015	157	—	157
Amortisation (Notes 10 and 47)	1,117	—	1,117
Exchange differences	(20)	—	(20)
Attributable to discontinued operations	(153)	—	(153)
At 31 January 2016 and 1 February 2016	1,101	—	1,101
Amortisation (Note 10)	2,611	—	2,611
Exchange differences	130	—	130
At 31 January 2017	3,842	—	3,842
Net carrying amount			
At 31 January 2016	22,540	—	22,540
At 31 January 2017	27,611	—	27,611

Company	Computer software RM'000	Total RM'000
Cost		
At 1 February 2015	8	8
Additions	8,205	8,205
At 31 January 2016 and 1 February 2016	8,213	8,213
Additions	4,292	4,292
At 31 January 2017	12,505	12,505

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For the financial year ended 31 January 2017 (cont'd)

19. Intangible assets (continued)

Company	Computer software RM'000	Total RM'000
Accumulated amortisation		
At 1 February 2015	1	1
Amortisation (Note 10)	518	518
At 31 January 2016 and 1 February 2016	519	519
Amortisation (Note 10)	1,240	1,240
At 31 January 2017	1,759	1,759
Net carrying amount		
At 31 January 2016	7,694	7,694
At 31 January 2017	10,746	10,746

20. Investment in subsidiaries

	Company	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost		
In Malaysia	793,390	793,390
Outside Malaysia	*	*
	793,390	793,390

* Cost of unquoted share outside Malaysia is at its nominal value.

Details of subsidiaries are as follows:

Name of subsidiaries	Countries of incorporation	Proportion (%) of ownership interest		Principal activities
		2017	2016	
Yinson Transport (M) Sdn. Bhd. ^{(i)(iv)(vi)}	Malaysia	—	100	Provision of transport services, trading in construction materials and rental of properties
Yinson Corporation Sdn. Bhd. ^{(i)(iv)(vi)}	Malaysia	—	100	Provision of transport services and trading in construction materials
Yinson Marine Services Sdn. Bhd. ⁽ⁱⁱ⁾	Malaysia	100	100	Provision of sub-leasing of vessels and trading of lubricants
Yinson Shipping Sdn. Bhd. ^{(ii)(iv)(vi)}	Malaysia	—	100	Provision of shipping and forwarding services (Ceased operations)
Yinson Power Marine Sdn. Bhd. ^{(ii)(iv)(vi)}	Malaysia	—	100	Provision of marine transport services
Yinson TMC Sdn. Bhd. ⁽ⁱⁱⁱ⁾	Malaysia	100	100	Provision of treasury management services

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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20. Investment in subsidiaries (continued)

Details of subsidiaries are as follows (continued):

Name of subsidiaries	Countries of incorporation	Proportion (%) of ownership interest		Principal activities
		2017	2016	
Yinson Mawar Sdn. Bhd. ⁽ⁱⁱ⁾	Malaysia	100	100	Investment properties
Yinson Overseas Limited ^{(ii)(iv)(vi)}	Labuan	–	100	Investment holding
Yinson Tulip Ltd. ⁽ⁱⁱ⁾	Labuan	100	100	Leasing of vessels on bareboat basis
Yinson Offshore Limited ⁽ⁱⁱ⁾	Labuan	100	100	Trading and leasing of vessel on time charter basis
Yinson Indah Limited ⁽ⁱⁱ⁾	Labuan	100	100	Leasing of vessel on bareboat basis
OY Labuan Limited ⁽ⁱⁱ⁾	Labuan	100	100	Sub-leasing of vessel on time charter basis
Yinson Production Limited ⁽ⁱⁱ⁾	Labuan	100	100	Investment holding
Yinson Trillium Limited ⁽ⁱⁱ⁾	Labuan	100	100	Investment holding
Yinson Orchid Pte. Ltd. ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	Singapore	100	100	Vessel operator
OY Offshore Pte. Ltd. ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	Singapore	100	100	Dormant
Yinson Engineering Solutions Pte. Ltd. ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	Singapore	100	100	Business and management consultancy services
Yinson Corporate Services Pte. Ltd. ^{(iii)(v)}	Singapore	100	–	Investment holding and business management services
Yinson Nereus Ltd ^(vii)	Republic of the Marshall Islands	100	100	Investment holding
Yinson Acacia Ltd ^(vii)	Republic of the Marshall Islands	100	100	Investment holding
Held through Yinson Acacia Ltd:				
Yinson Clover Ltd ^(vii)	Republic of the Marshall Islands	100	100	Investment holding
Yinson Heather Ltd ^(vii)	Republic of the Marshall Islands	100	100	Investment holding
Held through Yinson Nereus Ltd:				
Yinson Camellia Limited (ii)	Labuan	100	100	Shipping operations and vessel chartering
Yinson Dynamic Ltd (vii)	Republic of the Marshall Islands	100	100	Investment holding

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For the financial year ended 31 January 2017 (cont'd)

20. Investment in subsidiaries (continued)

Details of subsidiaries are as follows (continued):

Name of subsidiaries	Countries of incorporation	Proportion (%) of ownership interest		Principal activities
		2017	2016	
Held through Yinson Production Limited:				
Yinson Production AS ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	Norway	100	100	Investment holding
Yinson Production Pte. Ltd. ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	Singapore	100	100	Consulting services relating to ship management services
Held through Yinson Trillium Limited and Yinson Production Pte. Ltd.:				
Yinson Production (West Africa) Pte. Ltd. ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	Singapore	100	100	Provision of floating marine assets for chartering and service activities incidental to oil and gas extraction
Held through Yinson Production AS:				
Knock Taggart Pte. Ltd. ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	Singapore	–	100	Liquidated
Floating Operations and Production Pte. Ltd. ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	Singapore	100	100	Ship management services
Knock Borgen Pte. Ltd. ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	Singapore	–	100	Liquidated
Taggart AS ^{(ii)(iii)(viii)}	Norway	–	100	Liquidated
Dee AS ^{(ii)(iii)(viii)}	Norway	–	100	Liquidated
Adoon AS ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	Norway	100	100	Investment holding
Nevis 1 AS ^{(ii)(iii)(viii)}	Norway	–	100	Liquidated
Allan AS ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	Norway	100	100	Investment holding
Held through Allan AS:				
Knock Allan Pte. Ltd. ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	Singapore	100	100	Business of ship owner and ship operator
Held through Adoon AS:				
Adoon Pte. Ltd. ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	Singapore	100	100	Business of ship owner and ship operator
Held through Yinson Overseas Limited:				
Yinson Port Ventures Pte. Ltd. ^{(ii)(iv)(vi)}	Singapore	–	100	Investment holding
Yinson Vietnam Company Limited ^{(ii)(iv)(vi)}	Vietnam	–	100	Provision of civil construction services and construction management consulting services

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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20. Investment in subsidiaries (continued)

Details of subsidiaries are as follows (continued):

Name of subsidiaries	Countries of incorporation	Proportion (%) of ownership interest		Principal activities
		2017	2016	
Held through Yinson Vietnam Company Limited:				
Yen Son Diversified Company Limited ^{(iii)(iv)(vi)}	Vietnam	—	51	Provision of warehousing facilities

- (i) Subsidiaries consolidated using merger method of accounting
(ii) Subsidiaries consolidated using acquisition method of accounting
(iii) Audited by member firms of PricewaterhouseCoopers International Limited, which are separate and independent legal entities from PricewaterhouseCoopers, Malaysia
(iv) Audited by a firm other than member firm of PricewaterhouseCoopers International Limited and PricewaterhouseCoopers, Malaysia
(v) Subsidiary newly incorporated during the current financial year
(vi) Classified as discontinued operations in the preceding financial year (Note 47)
(vii) Company not required to be audited under the laws of the country of incorporation
(viii) Merged and dissolved during the current financial year

21. Investment in joint ventures

	Group	
	2017 RM'000	2016 RM'000
Unquoted shares at cost		
– Outside Malaysia	298,388	295,198
Advances to joint ventures	—	3,190
	298,388	298,388
Share of post acquisition reserves	284,404	201,947
Share of foreign currency translation reserve	142,753	97,928
Share of net assets of joint ventures	725,545	598,263

	Company	
	2017 RM'000	2016 RM'000
<i>Unquoted shares outside Malaysia, at cost:</i>		
At 1 February	197,255	197,255
Addition	3,190	—
At 31 January	200,445	197,255
<i>Advances to joint ventures:</i>		
At 1 February	3,190	3,190
Reclassified as additional investment in joint ventures	(3,190)	—
At 31 January	—	3,190
	200,445	200,445

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For the financial year ended 31 January 2017 (cont'd)

21. Investment in joint ventures (continued)

Details of joint ventures are as follows (continued):

Name of joint ventures	Countries of incorporation	Proportion (%) of ownership interest		Principal activities
		2017	2016	
PTSC South East Asia Pte. Ltd. ^(a)	Singapore	49	49	Leasing of a floating, storage and offloading unit ("FSO")
PTSC Asia Pacific Pte. Ltd. ^(a)	Singapore	49	49	Leasing of a floating, production, storage and offloading unit ("FPSO")
Held through Yinson Production Pte. Ltd.:				
Yinson Production West Africa Limited ^(a)	Ghana	49	49	Business of operating floating, production, storage and offloading unit ("FPSO")
Held through Yinson Nereus Ltd:				
OY Offshore Limited ^(a)	Ghana	49	49	Operate and manage offshore support and supply vessels
Held through Yinson Heather Ltd:				
Anteros Rainbow Offshore Pte. Ltd. ^(a)	Singapore	51	51	Leasing of a floating, production, storage and offloading unit ("FPSO")

(a) Audited by member firms of PricewaterhouseCoopers International Limited, which are separate and independent legal entities from PricewaterhouseCoopers, Malaysia

Summarised financial information of the joint ventures, based on its MFRS/IFRS financial statements are set out below:

(i) PTSC South East Asia Pte. Ltd.

	2017 RM'000	2016 RM'000
Summarised statement of financial position:		
Current assets	203,078	168,735
Non-current assets	549,544	541,278
Current liabilities	(61,196)	(77,604)
Non-current liabilities	(118,676)	(211,295)
Net assets	572,750	421,114
Proportion of the Group's ownership	49%	49%
Group's share of net assets	280,648	206,346
Amount due from joint venture	—	3,190
Carrying amount of the investment	280,648	209,536

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For the financial year ended 31 January 2017 (cont'd)

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21. Investment in joint ventures (continued)

(i) PTSC South East Asia Pte. Ltd. (continued)

	2017 RM'000	2016 RM'000
Summarised statement of comprehensive income:		
Revenue	147,654	141,847
Cost of sales	(28,352)	(28,741)
Administrative expenses	(116)	(318)
Finance costs	(8,149)	(9,649)
Profit before tax	111,037	103,139
Income tax expense	(3,187)	(2,912)
Profit for the financial year	107,850	100,227
Other comprehensive income	37,276	44,798
Total comprehensive income	145,126	145,025
Group's share of profit for the financial year	52,847	49,111
Group's share of other comprehensive income	18,265	21,951
Group's share of total comprehensive income	71,112	71,062

(ii) PTSC Asia Pacific Pte. Ltd.

	2017 RM'000	2016 RM'000
Summarised statement of financial position:		
Current assets	294,569	240,682
Non-current assets	1,498,433	1,564,076
Current liabilities	(30,616)	(30,524)
Non-current liabilities	(1,007,121)	(1,170,046)
Net assets	755,265	604,188
Proportion of the Group's ownership	49%	49%
Carrying amount of the investment	370,080	296,052

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For the financial year ended 31 January 2017 (cont'd)

21. Investment in joint ventures (continued)

(ii) PTSC Asia Pacific Pte. Ltd. (continued)

	2017 RM'000	2016 RM'000
Summarised statement of comprehensive income:		
Revenue	305,578	291,320
Cost of sales	(162,927)	(156,381)
Administrative expenses	16	(225)
Finance costs	(38,353)	(44,010)
Profit before tax	104,314	90,704
Income tax expense	(16)	(66)
Profit for the financial year	104,298	90,638
Other comprehensive income	46,779	68,259
Total comprehensive income	151,077	158,897
Group's share of profit for the financial year	51,106	44,413
Group's share of other comprehensive income	22,922	33,447
Group's share of total comprehensive income	74,028	77,860

(iii) Anteros Rainbow Offshore Pte. Ltd.

	2017 RM'000	2016 RM'000
Summarised statement of financial position:		
Current assets	931	738
Non-current assets	247,682	271,614
Current liabilities	(103,213)	(92,710)
Net assets	145,400	179,642
Proportion of the Group's ownership	51%	51%
Carrying amount of the investment	74,154	91,617
Summarised statement of comprehensive income:		
Administrative expenses	(41,293)	(1,484)
Loss before tax	(41,293)	(1,484)
Income tax expense	–	–
Loss for the financial year	(41,293)	(1,484)
Other comprehensive income/(expenses)	7,051	(7,998)
Total comprehensive expenses	(34,242)	(9,482)
Group's share of loss for the financial year	(21,059)	(757)
Group's share of other comprehensive income/(expenses)	3,596	(4,079)
Group's share of total comprehensive expenses	(17,463)	(4,836)

(iv) Investment in other joint ventures

The summarised financial information of investment in other joint ventures are not presented as these investments are individually immaterial to the Group.

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For the financial year ended 31 January 2017 (cont'd)

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22. Investment in associates

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unquoted shares, at cost:				
– Outside Malaysia	153	148	–	–
– In Malaysia	79	79	79	79
	232	227	79	79
Share of post-acquisition reserves	2,718	1,845	–	–
Share of foreign currency translation reserve	(351)	(33)	–	–
	2,599	2,039	79	79

Details of associates are as follows:

Name of associates	Countries of incorporation	Proportion (%) of ownership interest		Principal activities
		2017	2016	
Yinson Energy Sdn. Bhd.	Malaysia	30	30	Provision of oil and gas engineering and marine support services and consultancy services
Regulus Offshore Sdn. Bhd.	Malaysia	49	49	Provision of ship and crew management services
Held through Yinson Production AS:				
Floating Operations & Production West Africa Ltd ^(a)	Nigeria	40	40	Provision of technical management and FPSO management services
Held through Yinson Dynamic Ltd:				
OY Genesis Ltd ^(d)	Republic of the Marshall Islands	49	49	Dormant
OY Jasper Ltd ^(d)	Republic of the Marshall Islands	49	49	Dormant
OY Topaz Ltd ^(d)	Republic of the Marshall Islands	49	49	Dormant
Held through Yinson Port Venture Pte. Ltd.:				
PTSC Phu My Port Joint Stock Company ^{(a)(b)}	Vietnam	–	40	Manage and operating a port, including cargo handling and provision of related business and services
Held through Yinson Acacia Ltd:				
Yinson Operations & Production West Africa Limited ^{(c)(e)}	Nigeria	40	–	Provision of technical management and FPSO management services

(a) Audited by a firm other than member firm of PricewaterhouseCoopers International Limited and PricewaterhouseCoopers, Malaysia

(b) Classified as discontinued operations in the preceding financial year (Note 47)

(c) Associates newly incorporated during the current financial year

(d) Company not required to be audited under the laws of the country of incorporation

(e) Auditor not appointed yet

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

22. Investment in associates (continued)

Floating Operations & Production West Africa Ltd ("FOPWAL")

The Group's interest in FOPWAL is accounted for using the equity method in the consolidated financial statements. The financial statements of FOPWAL for the financial year ended 31 December 2016 have been used in applying the equity method of accounting as allowed by Paragraph 34 of MFRS 128 Investments in Associates and Joint Ventures. There is no significant transaction or event that occurred between 31 December 2016 and the reporting date and hence no adjustment has been made for the current and previous financial years.

The summarised financial information of investment in associates are not presented as these investments are individually immaterial to the Group.

23. Other investments

	Group	
	2017 RM'000	2016 RM'000
Available-for-sale financial assets		
Quoted equity shares:		
– Outside Malaysia	–	1,739
Total available-for-sale financial assets	–	1,739
Financial assets at fair value through profit or loss		
Quoted equity shares:		
– In Malaysia	418	–
– Outside Malaysia	2,708	179
	3,126	179
Investment fund:		
– In Malaysia	24,170	74,998
Total financial assets at fair value through profit or loss	27,296	75,177
Total investments	27,296	76,916
Current	27,296	76,916
	27,296	76,916

Fair values of these quoted equity shares are determined by reference to published price quotations in their active markets.

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24. Inventories

	Group	
	2017 RM'000	2016 RM'000
Consumables	5,309	3,585

25. Trade and other receivables

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current:				
Trade receivables				
Third parties	78,745	86,429	—	—
Joint ventures	284	2,395	—	—
Associates	4,816	90	—	—
Directors' related company (Note 39(a))	252	—	252	—
	84,097	88,914	252	—
Allowance for impairment	(7,454)	—	—	—
	76,643	88,914	252	—
Other receivables				
Refundable deposits	25,039	24,960	344	290
Sundry receivables	21,189	54,399	193	239
Due from subsidiaries:				
— bearing interest of KLIBOR + 3.00% p.a.	—	—	82,985	3,609
— bearing interest of 5.15% p.a.	—	—	—	32,777
— non-interest bearing	—	—	76,934	33,045
Due from joint ventures	63,969	53,200	59,684	54,303
Due from associates	3,441	1,537	163	133
	113,638	134,096	220,303	124,396
Allowance for impairment	(23,469)	—	—	—
	90,169	134,096	220,303	124,396
	166,812	223,010	220,555	124,396
Non-current:				
Other receivables				
Loans to subsidiaries				
— bearing interest of KLIBOR + 3.00% p.a.	—	—	407,440	494,026
— non-interest bearing	—	—	—	1,184
Due from a joint venture	10,165	9,417	10,165	9,417
	10,165	9,417	417,605	504,627
Total trade and other receivables	176,977	232,427	638,160	629,023

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For the financial year ended 31 January 2017 (cont'd)

25. Trade and other receivables (continued)

(a) Trade receivables

Included in trade receivables is an accrued reimbursable recoverable totalling RM18,016,000 (2016: RM42,905,000) representing the Group's rights to be compensated under the contractual terms with the customer for the additional tax expense incurred. The accrued reimbursable recoverable includes the uncertain tax position of RM9,461,000 arising from a change in tax administration for a foreign operation as disclosed in Note 6(i).

Trade receivables are non-interest bearing and are generally on 30 to 120 (2016: 30 to 120) day terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group	
	2017	2016
	RM'000	RM'000
Neither past due nor impaired	51,666	36,522
1 to 30 days past due not impaired	13,701	22,968
31 to 60 days past due not impaired	1,821	14,310
61 to 90 days past due not impaired	1,895	2,150
91 to 120 days past due not impaired	1,617	41
More than 121 days past due not impaired	3,801	12,923
	74,501	88,914

Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's 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 approximately RM22,835,000 (2016: RM52,392,000) that are past due at the reporting date but not impaired.

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For the financial year ended 31 January 2017 (cont'd)

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25. Trade and other receivables (continued)

(a) Trade receivables (continued)

Receivables that are impaired and provided for

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

	Group	
	2017 RM'000	2016 RM'000
Trade receivables		
– 61 to 90 days past due and impaired	7,648	–
– 91 to 120 days past due and impaired	1,200	–
– More than 121 days past due and impaired	748	–
Less: Allowance for impairment	(7,454)	–
	2,142	–
Movement for trade receivables allowance accounts:		
At 1 February	–	22,724
Charge for the financial year	7,454	6,950
Reversal of impairment loss	–	(6,194)
Written off	–	(13,054)
Attributable to discontinued operations	–	(10,218)
Exchange differences	–	(208)
At 31 January	7,454	–

Trade receivables that are individually determined to be impaired at the reporting date related to a few debtors that are in significant financial difficulties and/or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Other receivables

- Amounts due from subsidiaries bearing interest of KLIBOR + 3.00% are denominated in USD and RM. The amounts are unsecured and repayable upon demand.
- Amounts due from subsidiaries which are non interest bearing are denominated in USD and RM. These amounts are unsecured and repayable upon demand.
- Amounts due from joint ventures are unsecured and bear interest of 4.12% to 4.53% (2016: 3.75% to 4.50%). These amounts are denominated in USD.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

25. Trade and other receivables (continued)

(b) Other receivables (continued)

Other receivables that are impaired and provided for

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

	Group	
	2017 RM'000	2016 RM'000
Other receivables		
– More than 121 days past due and impaired	23,469	–
Less: Allowance for impairment	(23,469)	–
	–	–
Movement for other receivables allowance accounts:		
At 1 February	–	162
Charge for the financial year	23,469	321
Written off	–	(55)
Attributable to discontinued operations	–	(428)
At 31 January	23,469	–

The impairment charge relates to deposits placed to order for an asset. As the completion of this purchase is uncertain given the present market conditions, management has prudently impaired these deposits.

26. Other current assets

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Prepayments	45,770	13,438	1,531	903

27. Cash and bank balances

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash on hand and at banks	485,143	189,413	4,928	35,477
Short term investment	337	325	337	325
Deposits with licensed banks	148,442	226,449	2,225	4,138
Cash and bank balances	633,922	416,187	7,490	39,940

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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27. Cash and bank balances (continued)

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances				
– Continuing operations	633,922	416,187	7,490	39,940
– Discontinued operations	–	21,523	–	–
Bank overdrafts				
– Continuing operations (Note 33)	(8,626)	(6,364)	–	–
– Discontinued operations	–	(1,679)	–	–
	625,296	429,667	7,490	39,940
Less:				
Short term investment	(337)	(325)	(337)	(325)
Deposits pledged with banks	(120,378)	(218,373)	(2,225)	(4,138)
Cash and cash equivalents	504,581	210,969	4,928	35,477

Cash at bank earns interest at floating rates based on daily bank deposit rates. Deposits with licensed banks are made for varying periods of between one to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective deposit rates.

Deposit with a licensed bank, denominated in USD, of approximately RM44,535,000 (2016: RM62,407,000), has been pledged to the bank for a performance guarantee issued in favour of a subsidiary's customer for a period of six years. The deposit is made for period of one month (2016: three months) and earns interest at 0.32% (2016: 0.24%) per annum.

Deposits with licensed banks of approximately RM75,843,000 (2016: RM155,966,000) have been pledged to the banks for the banking facilities of the Company and the subsidiaries, as disclosed in Note 33.

28. Share capital

	Number of ordinary shares of RM0.50 each		Amount	
	2017 '000	2016 '000	2017 RM'000	2016 RM'000
Authorised share capital:				
At 31 January	–	2,000,000	–	1,000,000
Ordinary shares issued and fully paid:				
At 1 February	1,092,798	1,032,798	546,399	516,399
Issued during the financial year				
– Private placements	–	60,000	–	30,000
Transition to no-par value regime on 31 January 2017 under the Companies Act 2016	–	–	553,063	–
At 31 January – ordinary shares with no par value (2016: par value of RM0.50 each)	1,092,798	1,092,798	1,099,462	546,399

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

28. Share capital (continued)

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account of RM553,063,000 become 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 account of RM553,063,000 for purposes as set out in Sections 618(3). 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.

29. Treasury shares

	Group and Company			
	2017		2016	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
At 1 February	—	—	—	—
Treasury shares purchased	4,607	12,633	—	—
At 31 January	4,607	12,633	—	—

At the Annual General Meeting held on 29 June 2016, the shareholders of the Company had approved for the Company to repurchase its own shares up to a maximum of ten percent (10%) of its prevailing issued and paid-up share capital of the Company. The Directors of the Company are committed to enhancing the value of the Company and believed that the repurchase plan was being applied in the best interest of the Company and its shareholders.

During the financial year ended 31 January 2017, the Company repurchased 4,607,200 of its issued share capital from the open market on Bursa Malaysia Securities Berhad for total consideration paid, including transaction costs of RM12,632,862. The average price paid for the shares repurchased was approximately RM2.74 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares as allowed for under Section 127(6) of the Companies Act 2016. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

30. Employee share scheme

The Company implemented an Employees' Share Scheme ("ESS" or "Scheme") which came into effect on 3 November 2015 for a period of 5 years to 2 November 2020. The ESS is governed by the By-Laws which were approved by the shareholders on 3 November 2015. The main features of the Scheme are as follows:

- An eligible employee shall pay a sum of RM1.00 as consideration for acceptance of that offer. An option shall be exercisable at a price which is the weighted average of the market price quotation of the shares for the five (5) market days immediately preceding the date on which the options are granted, rounded to the nearest sen, or the par value of the shares, whichever is higher.
- Unless otherwise determined by ESS committee, each option shall become exercisable, to the extent of one-third of the shares covered thereby, on each of the first three (3) anniversaries of the date of grant, if the holder of such option shall have been in the continuous service of the Company or subsidiaries that are not dormant throughout such period. No options shall be exercisable if the exercise of such options would violate any provision of applicable laws, nor shall any options be exercisable more than five (5) years from the date on which the Scheme became effective.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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30. Employee share scheme (continued)

- (c) The new shares issued upon the exercise of an option will be subject to all the provisions of the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and shall rank pari passu in all respects with the then existing issued ordinary shares of the Company, save that they will not entitle the holders thereof to receive any rights or bonus issue or dividends or distributions the entitlement date of which precedes the date of the issue of such new shares.
- (d) The aggregate maximum number of Scheme Shares that may be allocated to any one category/designation of eligible Director or employee of the Group shall be determined by the ESS Committee provided that:
- (i) the Directors (including non-executive directors) and senior management do not participate in the deliberation and discussion of their own allocation;
 - (ii) not more than 80% of the Scheme Shares available under the ESS on any date shall be allocated in aggregate to the Directors (including non-executive directors) and senior management of the Group; and
 - (iii) the allocation to any individual eligible Director or employee of who, either singly or collectively through persons connected with the eligible Director or employee, holds twenty percent (20%) or more of the issued and paid-up share capital (excluding treasury shares) of the Company, does not exceed ten percent (10%) of the shares available under the ESS.

The fair value as at 24 January 2017, the grant date of share options issued during the financial year was determined using the Trinomial valuation model, taking into account the terms and conditions upon which the options were granted. The inputs to the model used were as follows:

	2017
Dividend yield (%)	0.70%
Expected volatility (%)	24.78%
Risk-free interest rate (%)	3.34 – 3.48%
Expected life of option (years)	2.50 – 3.50
Share price at date of grant (RM)	3.03
Exercise price of option (RM)	2.80
Fair value of option at date of grant (RM):	
– 1st tranche (RM)	0.65
– 2nd tranche (RM)	0.71
– 3rd tranche (RM)	0.76

The expected average life of options is based on historical information, which may not necessarily be indicative of the future exercise pattern that may occur. The expected volatility reflects the assumptions based on the historical volatility on the assumptions that this is indicative of future trends which may also not necessarily be the actual outcome.

Movements in the number of share options over ordinary shares outstanding and their related weighted average exercise prices are as follows:

	2017	
	Average exercise price per share option RM	Options '000
At 1 February	–	–
Granted	2.80	4,000
At 31 January	2.80	4,000

There were no options for unissued share are exercisable during the financial year ended 31 January 2017.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

31. Reserves

(a) 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. It also included the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in currency different from that of the Group's presentation currency.

(b) Available-for-sale reserve

The available-for-sale reserve represents cumulative fair value gain or loss arising from available-for-sale financial assets recognised. This reserve will be reclassified to profit or loss when the investment is derecognised, or when the investment is determined to be impaired.

(c) Cash flows hedge reserve

The cash flow hedge reserve represents cumulative fair value gain or loss arising from derivatives recognised. The effective portion of cash flow hedges is recognised in reserve while the ineffective portion will be reclassified to profit or loss.

(d) Share-based option reserve

The share-based option reserve comprises the cumulative value of employee services received for the issue of share options by the Company. The fair value, measured at grant date of the share options granted to these employees is recognised as an employee expense in profit or loss and a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options.

32. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 January 2017 under the single tier system.

33. Loans and borrowings

		Group		Company	
	Maturity	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current:					
<i>Secured:</i>					
Bank loans:					
– USD loan at COF + 1.65%	2017	–	6,756	–	–
– USD loan at COF + 1.65%	2018	8,105	–	–	–
– USD loan at COF + 2.50%	2017	–	5,461	–	–
– USD loan at COF + 2.80%	2017	–	19,966	–	8,993
– USD loan at COF + 2.80%	2018	4,635	–	–	–
– USD loan at COF + 4.00%	2017	–	4,038	–	4,038
– USD loan at SIBOR + 2.75%	2018	29,324	14,085	–	–
– USD loan at LIBOR + 4.00%	2017	–	49,223	–	–

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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33. Loans and borrowings (continued)

		Group		Company	
	Maturity	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current:					
<i>Secured:</i>					
Bank loans:					
– USD loan at LIBOR + 4.50%	2017	–	58,195	–	–
– USD loan at LIBOR + 4.50%	2018	123,452	–	–	–
– RM loan at COF + 3.50%	2017	–	1,370	–	–
– Sukuk Bond 5.25%	2018	986	–	–	–
– Sukuk Bond 5.75%	2018	2,295	–	–	–
Obligations under finance leases (Note 34)	2018	309	295	194	186
		169,106	159,389	194	13,217
<i>Unsecured:</i>					
Bank overdrafts	On demand	8,626	6,364	–	–
Revolving credits	2018	44,622	41,768	44,535	41,545
		53,248	48,132	44,535	41,545
		222,354	207,521	44,729	54,762
Non-current:					
<i>Secured:</i>					
Bank loans:					
– USD loan at COF + 1.65%	2021	20,136	26,434	–	–
– USD loan at COF + 2.50%	2018	–	14,699	–	–
– USD loan at COF + 2.80%	2018	–	3,747	–	–
– USD loan at COF + 2.80%	2019	–	11,757	–	11,757

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

33. Loans and borrowings (continued)

		Group		Company	
	Maturity	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current:					
<i>Secured:</i>					
Bank loans:					
– USD loan at COF + 4.00%	2019	–	10,624	–	10,624
– USD loan at SIBOR + 2.75%	2018	–	27,512	–	–
– USD loan at LIBOR + 2.90%	2025	2,700,779	759,811	–	–
– USD loan at LIBOR + 4.50%	2020	161,301	316,010	–	–
– RM loan at COF + 3.50%	2018	–	231,584	–	–
– Sukuk Bond 5.25%	2019	77,251	–	–	–
– Sukuk Bond 5.75%	2020	163,335	–	–	–
Obligations under finance leases (Note 34)	2019	488	797	278	472
		3,123,290	1,402,975	278	22,853
<i>Unsecured:</i>					
Revolving credits	2021	47,529	43,655	–	–
		3,170,819	1,446,630	278	22,853
		3,393,173	1,654,151	45,007	77,615
Total borrowings					
Bank overdrafts (Note 27)		8,626	6,364	–	–
Revolving credits		92,151	85,423	44,535	41,545
Bank loans		3,291,599	1,561,272	–	35,412
		3,392,376	1,653,059	44,535	76,957
Obligations under finance leases (Note 34)		797	1,092	472	658
Total loans and borrowings		3,393,173	1,654,151	45,007	77,615

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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33. Loans and borrowings (continued)

The remaining maturities of the loans and borrowings (excluding obligations under finance leases) as at the reporting date are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
On demand or within one year	222,045	207,226	44,535	54,576
More than 1 year and less than 2 years	368,421	405,479	—	12,345
More than 2 years and less than 5 years	725,564	432,671	—	10,036
5 years or more	2,076,346	607,683	—	—
	3,392,376	1,653,059	44,535	76,957

- (a) The secured loans and borrowings of the Group are secured by certain assets of the Group as disclosed in Notes 17 and 27.
- (b) All unsecured loans and borrowings of the subsidiaries are guaranteed by the Company.
- (c) The bank overdrafts and revolving credits are for working capital, denominated in USD and RM, and bear interests at range of BLR + 0.00% (2016: BLR + 0.00%) and COF + 1.50% to COF + 3.00% (2016: COF + 1.50% to COF + 3.00%) respectively.
- (d) During the financial year, a subsidiary has refinanced its existing conventional loan of RM2,700.78 million to Islamic Financing with its same syndicated lenders under the same terms as per the existing loan. The related transaction costs incurred for the loan extension are to be netted off with the proceeds from Islamic Financing loan.

34. Obligations under finance leases

	Group	
	2017 RM'000	2016 RM'000
Minimum lease commitments:		
Not later than 1 year	338	338
Later than 1 year and not later than 2 years	338	338
Later than 2 years and not later than 5 years	168	506
Total minimum lease payments	844	1,182
Less: Amounts representing finance charges	(47)	(90)
Present value of minimum lease payments	797	1,092
Present value of payments:		
Not later than 1 year	309	295
Later than 1 year and not later than 2 years	323	309
Later than 2 years and not later than 5 years	165	488
Present value of minimum lease payments	797	1,092
Less: Amount due within 12 months (Note 33)	(309)	(295)
Amount due after 12 months (Note 33)	488	797

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

34. Obligations under finance leases (continued)

	Company	
	2017 RM'000	2016 RM'000
Minimum lease commitments:		
Not later than 1 year	211	211
Later than 1 year and not later than 2 years	211	287
Later than 2 years and not later than 5 years	75	212
Total minimum lease payments	497	710
Less: Amounts representing finance charges	(25)	(52)
Present value of minimum lease payments	472	658
Present value of payments:		
Not later than 1 year	194	186
Later than 1 year and not later than 2 years	203	194
Later than 2 years and not later than 5 years	75	278
Present value of minimum lease payments	472	658
Less: Amount due within 12 months (Note 33)	(194)	(186)
Amount due after 12 months (Note 33)	278	472

The finance lease liabilities are secured by charges over the leased assets (Note 17) and secured by corporate guarantees from the Company. The discount rates implicit in the leases ranges from 2.34% to 2.43% (2016: 4.14% to 4.74%) per annum.

35. Unfavourable contracts

	Group	
	2017 RM'000	2016 RM'000
Cost		
At 1 February	114,593	101,126
Exchange differences	7,019	13,467
At 31 January	121,612	114,593
Accumulated amortisation		
At 1 February	49,791	27,114
Amortisation (Note 8)	19,938	19,047
Exchange differences	4,062	3,630
At 31 January	73,791	49,791
Net carrying amount	47,821	64,802
Amount to be amortised:		
– Current	21,258	19,942
– Non-current	26,563	44,860
	47,821	64,802

The unfavourable contracts represent the fair value of the services contracts embedded in the time charter contracts, determined at the time of the acquisition of subsidiaries, which were recognised as liabilities. Subsequently, these are measured at amortised cost over the contract period.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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36. Tax

(a) Tax payables

Included in tax payables is an income tax liability for an uncertain tax position for a subsidiary in a foreign operation amounting to RM16,642,000. This was due to a change in tax administration whereby the income tax computations for prior years of assessment were revised and refiled to the relevant tax authority. As the refiled submission are subjected to the tax authority's approval, the final tax position as at 31 January 2017 is uncertain as disclosed in Note 6(i).

(b) Deferred tax liabilities

	Group	
	2017 RM'000	2016 RM'000
At 1 February	26,773	610
Recognised in profit or loss (Note 14)	(21,656)	22,459
Recognised in profit or loss (discontinued operations)	—	4,358
Under provision in prior year (Note 14)	2	—
Exchange differences	331	(168)
Attributable to discontinued operations	—	(486)
At 31 January	5,450	26,773

The components and movements of deferred tax assets and liabilities during the financial year are as follows:

	Deferred tax liabilities Accelerated capital allowances and others RM'000	Deferred tax assets Unutilised tax losses and unabsorbed capital allowances RM'000	Provision RM'000	Total RM'000
At 1 February 2015	7,041	—	(6,431)	610
Recognised in profit or loss	22,808	(935)	4,944	26,817
Exchange differences	(168)	—	—	(168)
Attributable to discontinued operations	(2,908)	935	1,487	(486)
At 31 January 2016 and 1 February 2016	26,773	—	—	26,773
Recognised in profit or loss	(21,654)	—	—	(21,654)
Exchange differences	331	—	—	331
At 31 January 2017	5,450	—	—	5,450

As at the reporting date, the Group had unutilised tax losses and unabsorbed capital allowances of approximately RM8,771,000 (2016: RM Nil) that are available to offset against future taxable profits of the respective subsidiaries in which these unutilised tax losses and unabsorbed capital allowances arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

36. Tax (continued)

(b) Deferred tax liabilities (continued)

The availability of unutilised tax losses to offset against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the Malaysia tax authority. The use of tax losses of subsidiaries in other countries are subject to the agreement of the tax authorities of those countries and compliance with certain provisions of the tax legislations of the countries in which the subsidiaries operate. For those subsidiaries that are affected by the uncertain tax position for foreign operation, the critical accounting estimates and judgements are disclosed in Note 6(i).

37. Trade and other payables

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current:				
Trade payables				
Third parties	15,869	11,695	—	—
Due to an associate	—	1,110	—	—
	15,869	12,805	—	—
Other payables				
Due to directors	600	19,690	600	19,690
Due to subsidiaries	—	—	6,323	1,111
Due to joint ventures	758	397	—	—
Due to associates	2,130	201	552	201
Directors' related companies	32	—	32	—
Sundry payables	158,974	308,354	4,108	3,465
Accruals	121,344	63,906	517	698
Deposit	60	16,800	—	16,800
	283,898	409,348	12,132	41,965
	299,767	422,153	12,132	41,965
Non-current:				
Other payable				
Due to subsidiaries	—	—	353,507	418,019
Total trade and other payables	299,767	422,153	365,639	459,984

(a) Trade payables

Trade payables are non-interest bearing and the credit terms granted to the Group range from 30 to 120 (2016: 30 to 120) days.

(b) Other payables – current

All other payables are unsecured, non-interest bearing and are repayable on demand.

Included in sundry payables and accruals are related to capital expenditures incurred for the vessel under construction amounting to RM152,692,000 and RM58,810,000 (2016: RM267,643,000 and RM53,669,000) respectively.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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37. Trade and other payables (continued)

(c) Other payable – non-current

Amount due to subsidiaries is unsecured and the Company has discretion to defer the settlement for at least 12 months from the balance sheet date. Included in the amount due to subsidiaries is an interest-bearing loan of approximately RM353,507,000 (2016: RM413,979,000), which bears interest of 3.40% to 8.13% (2016: 6.10% to 7.54%).

38. Derivatives

	Group	
	2017	2016
	RM'000	RM'000
Non-hedging derivatives:		
Current		
(a) Financial liabilities at fair value through profit or loss		
– Interest rate swaps	(425)	(6,177)

The interest rate swaps reflect the negative change in fair value of those interest rate swaps that are not designated in hedge relationship, but are used to manage the exposure to the risk of changes in market interest rates arising from certain floating rate bank loans of the Group.

	Group	
	2017	2016
	RM'000	RM'000
Hedging derivatives:		
Non-current		
(b) Financial liabilities designated as cash flow hedge		
– Interest rate swaps	(102,031)	(149,701)

A subsidiary of the Company had entered into a series of USD interest swap contracts with banks. The interest rate swaps reflect the negative change in fair value of those interest rate swaps which have been designated as cash flows hedge and are used to manage the exposure to the risk of changes in market interest rates arising from floating rate bank loans of the subsidiary.

The fair values of the interest rate swaps are determined by using the prices quoted by the counterparty banks which are categorised as Level 2 of the fair value hierarchy. There is no transfer from Level 1 and Level 2 or out of Level 3 during the financial year.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

39. Significant related party transactions

(a) Sales and purchases 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 related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Related companies controlled by certain Directors:				
– rental income	30	60	–	–
– transport income	2,774	2,680	–	–
– lease of barges	788	2,267	–	–
– sales of goods	–	271	–	–
– purchases of goods	1,384	3,130	–	–
– management fee income	250	–	250	–
– interest income	–	–	–	–
Associates:				
– management and administration charges	3,183	854	–	–
– consultancy fee income	2,430	2,559	–	–
– chartering charges	3,529	5,039	–	–
– management fee income	–	117	–	117
– purchases of goods	5,202	2,461	–	–
– rental income	63	250	–	–
– lease of barges	509	–	–	–
– interest income	89	–	–	–
Joint ventures:				
– interest income	2,205	1,917	2,205	1,917
– advances	7,949	10,908	3,923	8,238
Subsidiaries:				
– dividend income	–	–	103,754	–
– management fee income	–	–	26,762	27,890
– interest income	–	–	33,775	31,367
– advances	–	–	11,857	22,361

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that have been mutually agreed.

(b) Compensation to key management personnel

Key management personnel of the Group and of the Company are those who are the executive directors of the Company. Information of compensation to executive directors is disclosed in Note 12.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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40. Commitments

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
(a) Capital commitments				
Approved and contracted for:				
Property, plant and equipment	206,512	826,542	–	1,790
Approved but not contracted for:				
Property, plant and equipment	587,492	1,440,917	–	–
	794,004	2,267,459	–	1,790

(b) Operating lease commitments – Group as lessee

The Group has entered into leases for the use of premises, vessels and equipment. These leases have tenures ranging between 5 months to 6 years with options to extend for the lease periods mutually agreed between the lessees and lessors. The Group is restricted from leasing the leased premises to third parties.

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

	Group	
	2017 RM'000	2016 RM'000
Not later than 1 year	8,725	2,380
Later than 1 year and not later than 5 years	25,149	1,358
More than 5 years	5,398	–
	39,272	3,738

(c) Operating lease commitments – Group as lessor

The Group has entered into leases on its investment properties and vessels. These non-cancellable leases have remaining lease terms of between 6 months to fifteen years. All leases are subject to revision on the rental charge where contractually applicable.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2017 RM'000	2016 RM'000
Not later than 1 year	978,021	365,854
Later than 1 year and not later than 5 years	3,662,978	3,404,565
Later than 5 years	6,681,602	7,453,208
	11,322,601	11,223,627

Rental income from leasing of investment properties and chartering fees from leasing of vessels recognised in profit or loss during the financial year are disclosed in Note 7.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

41. Fair value measurement

(a) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

	Fair value measurement using			Total
	Quoted prices in active market Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
At 31 January 2017				
<i>Non-financial asset:</i>				
Investment properties	—	—	29,931	29,931
<i>Financial asset:</i>				
At fair value through profit or loss	3,126	24,170	—	27,296
<i>Financial liability:</i>				
Interest rate swaps	—	102,456	—	102,456
At 31 January 2016				
<i>Financial assets:</i>				
Available-for-sale	1,739	—	—	1,739
At fair value through profit or loss	179	74,998	—	75,177
<i>Financial liability:</i>				
Interest rate swaps	—	155,878	—	155,878
Discontinued operations				
At 31 January 2016				
<i>Non-financial asset:</i>				
Investment properties	—	—	36,022	36,022
Plant and equipment	—	—	3,492	3,492
<i>Financial assets:</i>				
Available-for-sale	1,424	—	—	1,424
At fair value through profit or loss	12	—	—	12

The Group classifies fair value measurement using the 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 (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; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 January 2017 and 31 January 2016.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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41. Fair value measurement (continued)

(b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation 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 value:

	Note
Trade and other payables	37
Loans and borrowings (current), excluding obligations under finance leases	33
Loans and borrowings (non-current), excluding obligations under finance leases and certain bank loans	33

The carrying amounts of financial liabilities is reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings excluding obligations under finance leases are reasonable approximation of fair values due to the insignificant impact of discounting.

The fair values of non-current loans and borrowings excluding obligations under finance leases are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Financial guarantees

Fair value is determined based on 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 guarantee period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the party guaranteed were to default.

The Company has assessed the financial guarantee contracts and concluded that the financial impact of the guarantees is not material.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

41. Fair value measurement (continued)

(c) Fair values of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Group	
	2017 RM'000	2016 RM'000
Financial asset:		
<i>Carrying amount:</i>		
– Due from a joint venture (non-current)	10,165	9,417
<i>Fair value:</i>		
– Due from a joint venture (non-current)	9,798	9,077
Financial liabilities:		
<i>Carrying amount:</i>		
– Obligations under finance leases (current and non-current)	797	1,092
– USD bank loans (non-current)	2,862,080	1,075,821
	2,862,877	1,076,913
<i>Fair value:</i>		
– Obligations under finance leases (current and non-current)	797	1,092
– USD bank loans (non-current)	2,814,713	1,128,824
	2,815,510	1,129,916

42. Financial instruments by category

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<u>Financial assets</u>				
Financial assets measured at fair value through profit or loss (Note 23)	27,296	75,177	–	–
Available-for-sale financial assets (Note 23)	–	1,739	–	–
Loans and receivables at amortised costs:				
– Trade and other receivables (Note 25)	176,977	232,427	638,160	629,023
– Cash and bank balances (Note 27)	633,922	416,187	7,490	39,940
	810,899	648,614	645,650	668,963
Total	838,195	725,530	645,650	668,963

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For the financial year ended 31 January 2017 (cont'd)

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42. Financial instruments by category (continued)

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<u>Financial liabilities</u>				
Financial liabilities measured at fair value through profit or loss:				
– Interest rate swaps (Note 38)	425	6,177	–	–
Financial liabilities designated as cash flow hedge:				
– Interest rate swaps (Note 38)	102,031	149,701	–	–
Other financial liabilities at amortised cost:				
– Trade and other payables (Note 37)	299,767	422,153	365,639	459,984
– Loans and borrowings (Note 33)	3,393,173	1,654,151	45,007	77,615
	3,692,940	2,076,304	410,646	537,599
Total	3,795,396	2,232,182	410,646	537,599

The group's exposure to various risks associated with the financial instruments is discussed in Note 43.

43. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets, other than derivatives, include loans, trade and other receivables, cash and short-term deposits that are derived directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by corporate finance team that advises on financial risks and the appropriate financial risk governance framework for the Group. The corporate finance team provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk, such as equity prices and commodity prices. Financial instruments affected by market risk include loans and borrowings, short-term deposits, financial assets at fair value through profit or loss and derivatives.

The sensitivity analysis in the following sections relate to the positions as at 31 January 2017 and 2016.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

43. Financial risk management objectives and policies (continued)

(a) Market risk (continued)

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and borrowings with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and floating rate loans and borrowings. The Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and floating rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Interest rate sensitivity

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit before tax would have been approximately RM3,101,000 (2016: RM1,568,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's presentation currency) and the Group's net investments in foreign subsidiaries.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily RM, USD, SGD and Norwegian Krone ("NOK"). The foreign currency in which these transactions are denominated is mainly USD, SGD and Euro.

The Group holds cash and cash equivalents denominated in foreign currencies for working capital purposes. The other financial instruments denominated in foreign currencies include financial assets at fair value through profit or loss, trade and other receivables, trade and other payables and loans and borrowings.

The Group is also exposed to currency translation risk arising from its net investment in foreign operations in Labuan, Singapore and Norway. The Group's investments in its foreign subsidiaries, joint ventures and associates are not hedged as the currency position in these investments are considered to be long-term in nature.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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43. Financial risk management objectives and policies (continued)

(a) Market risk (continued)

(ii) Foreign currency risk (continued)

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, SGD and EURO exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

		Group	
		2017	2016
		RM'000	RM'000
USD/RM	– Strengthened 5%	(16,292)	(4,582)
	– Weakened 5%	16,292	4,582
EURO/RM	– Strengthened 5%	8	(848)
	– Weakened 5%	(8)	848
SGD/RM	– Strengthened 5%	(258)	94
	– Weakened 5%	258	(94)

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

(i) Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an individual credit limits are defined in accordance with this assessment. Outstanding receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major receivables. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in statement of financial position. The Group does not hold collateral as security.

As at 31 January 2017, the credit risk of the Group primarily related to the Group's 3 (2016: 3) largest customers which accounted for 90% (2016: 89%) of the outstanding trade receivables at the end of the reporting period. The Group believes these counterparties' credit risk is low taking into consideration of its financial position, past collection experiences and other factors. Except for the allowance for doubtful debts provided as disclosed in Note 25(a) to the financial statements, management does not expect any counterparty to fail to meet their obligations.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

43. Financial risk management objectives and policies (continued)

(b) Credit risk (continued)

(ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's policy. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in statement of financial position except for trade receivables as disclosed above.

(c) 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's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases contracts.

The table below summarises 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'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
31 January 2017				
Trade and other payables	299,767	–	–	299,767
Loans and borrowings	225,651	1,143,367	2,112,370	3,481,388
Derivatives	425	102,031	–	102,456
Total undiscounted financial liabilities	525,843	1,245,398	2,112,370	3,883,611
31 January 2016				
Trade and other payables	422,153	–	–	422,153
Loans and borrowings	489,802	926,241	740,974	2,157,017
Derivatives	6,177	149,701	–	155,878
Total undiscounted financial liabilities	918,132	1,075,942	740,974	2,735,048
Company				
31 January 2017				
Trade and other payables	12,132	353,507	–	365,639
Loans and borrowings	44,746	287	–	45,033
Financial guarantee ^	3,437,971	–	–	3,437,971
Total undiscounted financial liabilities	3,494,849	353,794	–	3,848,643

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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43. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

Company	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
31 January 2016				
Trade and other payables	41,965	418,019	—	459,984
Loans and borrowings	60,276	34,698	—	94,974
Financial guarantee [^]	1,655,008	—	—	1,655,008
Total undiscounted financial liabilities	1,757,249	452,717	—	2,209,966

[^] The maximum amount of the financial guarantees issued to the banks for subsidiaries' borrowings is limited to the amount utilised by the subsidiaries. The earliest period any of the financial guarantees can be called upon by banks is within the next 12 months. The Company believes that the liquidity risk in respect of the financial guarantees is minimal as it is unlikely that the subsidiaries will not make payment to the banks when due.

44. Segment information

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

- (i) Marine – This segment comprises provision of vessel and marine related services.
- (ii) Other operations – This segment comprises of investment, management services and treasury services.
- (iii) Discontinued operations – It comprises of the following segments :
 - (a) The transport segment consists of the provision of trucking services.
 - (b) The trading segment consists of trading activities mainly in the construction related materials.
 - (c) Other operations consist of provision of warehouses and rental from investment properties.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

44. Segment information (continued)

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.

	Marine RM'000	Other operations RM'000	Discontinued operations RM'000	Elimination RM'000	Consolidated RM'000
31 January 2017					
Revenue:					
Gross revenue	585,224	27,282	221,121	(290,372) A	543,255
Inter-segment	(42,489)	(26,762)	(155)	69,406 B	—
	542,735	520	220,966	(220,966)	543,255
Results:					
Segment results	145,344	16,819	9,283	(9,283) A	162,163
Finance costs					(32,314)
Share of results of joint ventures					82,457
Share of results of associates					873
Income tax expense					(18,706)
Profit for the year					194,473
Amortisation and depreciation	(89,316)	(1,746)	—	—	(91,062)
Fair value gain/(loss):					
– marketable securities	32	(889)	—	—	(857)
Impairment loss on property, plant and equipment	(11,630)	—	—	—	(11,630)
Other non-cash income/(expenses)	(28,343)	19,320	(910)	910 A	(9,023)
Assets and liabilities					
Segment assets	6,086,369	203,960	—	—	6,290,329
Segment liabilities	3,528,079	356,077	—	—	3,884,156
Addition to non-current assets	1,549,317	146	—	—	1,549,463

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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44. Segment information (continued)

	Marine RM'000	Other operations RM'000	Discontinued operations RM'000	Elimination RM'000	Consolidated RM'000
31 January 2016					
Revenue:					
Gross revenue	460,721	33,674	551,973	(621,970) A	424,398
Inter-segment	(36,452)	(33,543)	(836)	70,831 B	—
	<u>424,269</u>	<u>131</u>	<u>551,137</u>	<u>(551,139)</u>	<u>424,398</u>
Results:					
Segment results	159,866	79,694	12,955	(12,955) A	239,560
Finance costs					(40,514)
Share of results of joint ventures					92,165
Share of results of an associate					1,549
Income tax expense					(77,710)
Profit for the year					<u>215,050</u>
Amortisation and depreciation	(92,669)	(1,017)	(5,015)	5,015 A	(93,686)
Fair value gain/(loss):					
– investment properties	—	—	(1,321)	1,321 A	—
– marketable securities	—	23	2	(2) A	23
Impairment loss on property, plant and equipment	(18,983)	—	(2,000)	2,000 A	(18,983)
Other non-cash income/(expenses)	(7,299)	84,887	(7,481)	7,481 A	77,588
Assets and liabilities					
Segment assets	<u>4,117,460</u>	<u>248,994</u>	<u>473,356</u>	<u>—</u>	<u>4,839,810</u>
Segment liabilities	<u>1,946,393</u>	<u>411,534</u>	<u>228,499</u>	<u>—</u>	<u>2,586,426</u>
Addition to non- current assets	<u>1,859,213</u>	<u>128</u>	<u>8,830</u>	<u>—</u>	<u>1,868,171</u>

Notes

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

A The amounts relating to the discontinued operations have been excluded to arrive at amount shown in the consolidated statement of comprehensive income as they are presented separately in the income statement within one item, "profit for the financial year from discontinued operations"

B Inter-segment revenues are eliminated on consolidation.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

44. Segment information (continued)

Geographical information

The Group operate in the following main geographical areas:

- i) Malaysia – mainly involved in leasing and sub-leasing of vessel on bareboat or time charter basis
- ii) Asia (excluding Malaysia), Africa and Norway – mainly involved in charter hire of vessels and ship management services

Revenue by location of the Group's operation are analysed as follows:

	Group	
	2017 RM'000	2016 RM'000
Malaysia	24,330	19,843
Asia (excluding Malaysia)	–	6,948
Africa	516,671	397,543
Norway	2,254	64
	543,255	424,398

Non-current assets other than financial instruments and deferred tax assets managed by the Group in Africa amounted to RM4,424.49 million as at 31 January 2017 (2016: RM 2,799.23 million).

The Group's largest customers (by revenue contribution) are from the marine segments. In 2017, 3 customers contributed revenue individually exceeding 10% of total revenue for the financial year, amounting to RM221.34 million, RM194.37 million and RM100.96 million respectively. In 2016, 2 customers contributed revenue individually exceeding 10% of total revenue for the financial year, amounting to RM215.41 million and RM182.14 million respectively.

45. Capital management

For the purpose of the Group's capital management, capital includes share capital and all other equity reserves attributable to owners of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

Amongst key financial covenants required to be complied by the Group are:

- (a) Debt Service Cover Ratio; and
- (b) Debt to Equity Ratio

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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45. Capital management (continued)

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, buy-back shares or issue new shares. The Group monitors capital using a debt-to-capital ratio, which is net debt divided by total capital plus net debt. Net debt includes interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Loans and borrowings (Note 33)	3,393,173	1,654,151	45,007	77,615
Trade and other payables (Note 37)	299,767	422,153	365,639	459,984
Less: Cash and bank balances (Note 27)	(633,922)	(416,187)	(7,490)	(39,940)
Financial liabilities, attributable to discontinued operations, net of cash and bank balances	—	204,015	—	—
Net debt	3,059,018	1,864,132	403,156	497,659
Equity attributable to owners of the parent, total capital	1,968,713	1,814,074	1,242,788	1,290,022
Capital and net debt	5,027,731	3,678,206	1,645,944	1,787,681
Debt-to-capital ratio	61%	51%	24%	28%

46. Perpetual securities of a subsidiary

On 25 September 2015, Yinson TMC Sdn Bhd, a wholly owned subsidiary of the Company issued perpetual securities of USD100 million. The perpetual securities are:

- (a) unconditionally and irrevocably guaranteed by the Company;
- (b) direct, unsecured, unconditional and unsubordinated obligations of the subsidiary; and
- (c) rank at least pari passu with all other present and future unconditional, unsubordinated and unsecured obligations of the subsidiary at all times, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

The Perpetual Securities are unrated and are not listed on Bursa Malaysia Securities Berhad or on any other stock exchange and carry an initial periodic distribution rate of 7% per annum. The Perpetual Securities have no fixed maturity date but are callable 5 years from date of issuance at their principal amounts by the Company. The Perpetual Securities may also be redeemed at the option of the Company upon the occurrence of certain events by the Company as per detailed in the terms and conditions of the Perpetual Securities.

From the Group's perspective under MFRS 132, the Perpetual Securities are classified as equity because the payment of any distribution or redemption of the securities is at the option of the Company.

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For the financial year ended 31 January 2017 (cont'd)

47. Discontinued operations and disposal group classified as held for sale

On 29 June 2015, the Company had received a letter of offer from Liannex Labuan Limited ("Liannex Labuan") to acquire from the Company the non-oil & gas business companies as well as the repayment of inter-company loans owing to the Company by the said subsidiaries at an offer price of RM228.0 million ("Offer Letter").

Target Subsidiaries under divestment:

- i) 100% equity interest in Yinson Corporation Sdn Bhd;
- ii) 100% equity interest in Yinson Transport Sdn Bhd;
- iii) 100% equity interest in Yinson Shipping Sdn Bhd;
- iv) 100% equity interest in Yinson Power Marine Sdn Bhd; and
- v) 100% equity interest in Yinson Overseas Limited ("YOL"). The Company undertook an internal restructuring whereby YOL acquired the entire equity interest of Yinson Port Ventures Pte Ltd* on 19 October 2015 and subsequently acquired the entire equity interest of Yinson Vietnam Company Limited**.

* Yinson Port Ventures Pte Ltd, in turn owns 40% equity interest in PTSC Phu My Port Joint Stock Company.

** Yinson Vietnam Company Limited, in turn owns 51% equity interest in Yen Son Diversified Company Limited.

Subsequently on 28 September 2015, YHB entered into a conditional share sale agreement ("SSA") to divest its entire equity interest in the Target Subsidiaries to Liannex Labuan. At the request of Liannex Labuan, it was agreed for Liannex Labuan to novate all its liabilities, obligations, duties, rights, title, benefit, interests, covenants and undertaking under the SSA to Liannex Asia Pacific Sdn Bhd ("Liannex Asia Pacific") via a novation agreement entered into between YHB, Liannex Labuan and Liannex Asia Pacific on 15 July 2016. This has resulted in Liannex Asia Pacific being the acquirer of the Target Subsidiaries.

Pursuant to the Completion Audit/Review in October 2016, a net loss of RM3.51 million was recognised at Group level in income statements during the financial year.

Results of the discontinued operations

In the preceding financial year, the Target Subsidiaries were classified as a disposal group held for sale and as discontinued operations. The disposal was completed on 26 July 2016 and YHB ceased to recognise the results of the disposal group upon the date of completion. The results of the disposal group for the financial year are presented below.

		Group	
	Note	2017 RM'000	2016 RM'000
Revenue		220,966	551,137
Expenses		(211,680)	(538,268)
Finance costs		(7,053)	(12,368)
Share of results of associate	22	656	2,765
Profit before tax from discontinued operations*		2,889	3,266
Income tax expense (Note 14)		(607)	(2,495)
Profit for the financial year from discontinued operations		2,282	771

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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47. Discontinued operations and disposal group classified as held for sale (continued)

Results of the discontinued operations (continued)

* The following items have been charged/(credited) in arriving profit before tax from discontinued operation:

		Group	
	Note	2017 RM'000	2016 RM'000
Bad debts recovered		(202)	(1,230)
Impairment loss on:			
– trade receivables		1,426	6,950
– other receivables		–	321
Reversal of impairment loss on:			
– trade receivables		–	(6,194)
Impairment loss on plant and equipment	(a)	–	2,000
Impairment loss on available-for-sale financial assets		–	1,068
(Reversal of)/write down of inventories		(577)	2,177
Inventory written off		–	5,843
Unrealised loss on foreign exchange		209	4,299
Fair value loss/(gain) on:			
– investment properties	(b)	–	1,321
– marketable securities		–	(2)
Gain on sale of other investments		196	–
Loss on disposal of property, plant and equipment		–	1,029
Property, plant and equipment written off		49	9
Operating leases – Minimum lease payment for land and buildings		127	432
Waiver of amount due from a former shareholder of a subsidiary		–	(716)
Fee for statutory audits			
– Other auditors		73	129
Fee for non-audit services			
– Other auditors		–	44
Interest income		(167)	(96)
Amortisation of intangible assets		–	3
Amortisation of land use rights		–	72
Depreciation of property, plant and equipment		–	4,940
Employee benefits expenses		3,948	11,550

Included in employee benefits expense are directors' remuneration as disclosed in Note 12 amounting to RM750,000 (2016: RM1,757,000).

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For the financial year ended 31 January 2017 (cont'd)

47. Discontinued operations and disposal group classified as held for sale (continued)

Assets and liabilities of disposal group classified as held for sale

The major classes of assets and liabilities of the disposal group as at date of disposal (26 July 2016) are as follows:

	Note	Group At date of disposal RM'000
Assets		
Property, plant and equipment		52,667
Investment properties		35,609
Intangible assets		132
Land use rights		4,252
Investment in associate		33,712
Deferred tax assets		2,004
Inventories		356
Trade and other receivables		247,193
Other current assets		49,802
Tax recoverable		5,627
Cash and bank balances		25,402
Fixed deposits (pledged)		367
		<hr/> 457,123 <hr/>
Liabilities		
Loans and borrowings	(d)	(200,048)
Bank overdraft	(d)	(2,391)
Trade and other payables		(89,960)
Tax payables		–
Deferred tax liabilities		(3,066)
		<hr/> (295,465) <hr/>
Net assets		161,658
Less: Non-controlling interests		(1,499)
		<hr/> 160,159 <hr/>
Net assets disposed of		160,159
Transfer from foreign exchange reserve		2,450
Net disposal proceeds (including transaction costs incurred)		(159,098)
		<hr/> 3,511 <hr/>
Total loss on disposal of subsidiaries and associate to the Group		
The net cash flows on disposal is determined as follows:		
Total net proceeds from disposal – cash consideration		159,098
Cash and cash equivalents of subsidiaries disposed of (excluding fixed deposits pledged, net of bank overdraft)		(23,011)
		<hr/> 136,087 <hr/>
Cash inflow to the Group on disposal		

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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47. Discontinued operations and disposal group classified as held for sale (continued)

Assets and liabilities of disposal group classified as held for sale (continued)

- (a) The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 January 2016:

	Note	Group 2016 RM'000
Assets classified as held for sale		
Property, plant and equipment	(b)	41,845
Investment properties	(c)	36,022
Intangible assets		132
Land use rights		4,252
Investment in associate		37,344
Available-for-sale financial assets		1,424
Deferred tax assets		2,376
Inventories		1,751
Trade and other receivables		278,053
Other current assets		43,314
Tax recoverable		5,308
Marketable securities		12
Cash and bank balances		21,523
Total assets of disposal group held for sale		473,356
Liabilities classified as held for sale		
Loans and borrowings	(d)	(207,569)
Trade and other payables		(17,969)
Tax payables		(99)
Deferred tax liabilities		(2,862)
Total liabilities of disposal group held for sale		(228,499)
Net assets directly associated with disposal group classified as held for sale		244,857

- (b) In the preceding financial year, subsequent to classification as assets held for sale, Yinson Power Marine Sdn Bhd had carry out a review of the recoverable amount of its tug boats and barges because of persistent losses. An impairment loss of RM2,000,000, representing the fair value less disposal cost of the tug boats and barges was recognised in profit or loss for the year from discontinued operations. The recoverable amount of tug boats and barges were based on the valuations performed by a marine surveyor. Fair value measurement disclosures are provided in Note 41(a).

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

47. Discontinued operations and disposal group classified as held for sale (continued)

Assets and liabilities of disposal group classified as held for sale (continued)

- (c) Investment properties classified as assets held for sale are stated at fair value, which has been determined based on valuations at the reporting date. A fair value loss of RM1,321,000 was recognised from discontinued operations in profit or loss for the prior financial year ended 31 January 2016. The valuations are performed by an accredited independent valuer. Fair value measurement disclosures are provided in Note 41(a).
- (d) Included in loans and borrowings are bank overdrafts, banker's acceptance and revolving credits, for purchase of raw materials and working capital, denominated in RM, and bear interests at range of BLR+0.0% to BLR+2.5%, 3.96% to 6.10% and COF+1.25% to COF+2% respectively.

The following amounts are recognised in profit or loss as at date of disposal (26 July 2016) by the Company:

	Company At date of disposal RM'000
Investments in subsidiaries and associate	154,183
Total proceeds from disposal – cash consideration	(159,366)
	<hr/>
Gain on disposal of subsidiaries and associate (Note 9)	(5,183)
	<hr/>

48. Subsequent event

The Group jointly controls PTSC Asia Pacific Pte. Ltd. ("PTSC AP") with PetroVietnam Technical Services Corporation ("PTSC"). PTSC AP leases FPSO PTSC Lam Son ("FPSO") under a bareboat charter arrangement to PTSC, which subsequently has a time charter arrangement with Lam Son Joint Operating Company ("LSJOC"), the operator for the Thang Long – Dong Do Field. LSJOC is equally owned by PetroVietnam Exploration Production Corporation (a wholly owned subsidiary of PETROVIETNAM) and PC Vietnam Limited, a wholly owned subsidiary of Petroliam Nasional Berhad ("PETRONAS").

On 31 March 2017, PTSC, via a letter, formally informed PTSC AP that LSJOC had on 31 March 2017 issued a notice of termination to PTSC for the above time charter contract, pursuant to the liquidation of LSJOC which is scheduled to occur on 30 June 2017. In the same Letter, PTSC served a notice of termination for convenience to PTSC AP for the bareboat charter arrangement hence, the bareboat charter shall also terminate on 30 June 2017. Under the bareboat charter arrangement, PTSC AP is entitled to an early termination payment from PTSC, in accordance with the terms of the bareboat charter arrangement. Notwithstanding this, PTSC has informed the Group, that PETROVIETNAM, the ultimate holding company of one of the two co-venturers of LSJOC intends to continue to deploy FPSO PTSC Lam Son for the petroleum operations at Lam Son Field despite the liquidation of LSJOC. Accordingly the Group is of the view that, at present, there is no material adverse financial impact to its investment in joint venture. The Group will continue to work together with PTSC on future developments during the transition period.

49. Authorisation of financial statements for issue

The financial statements for the year ended 31 January 2017 were authorised for issue in accordance with a resolution of the Directors on 3 April 2017.

Notes to the Financial Statements

For the financial year ended 31 January 2017 (cont'd)

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50. 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 31 January 2017 and 2016 into realised and unrealised profits 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	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Group				
Total retained earnings				
– Realised	343,713	331,072	127,204	134,632
– Unrealised	22,116	81,903	28,451	55,928
	365,829	412,975	155,655	190,560
Total retained earnings from:				
Joint ventures:				
– Realised	284,404	201,946	–	–
Associates:				
– Realised	2,718	3,061	–	–
	652,951	617,982	155,655	190,560
Less: Consolidation adjustments	(16,841)	31,253	–	–
Retained earnings as per financial statements	636,110	649,235	155,655	190,560

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YINSON HOLDINGS BERHAD (Incorporated in Malaysia) (Company No. 259147-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Yinson Holdings Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 January 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.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 January 2017 of the Group and of the Company, and the statements of profit or loss, statements of 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 73 to 158.

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.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of Group and the Company. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Independent Auditors' Report to the Members of Yinson Holdings Berhad (Incorporated in Malaysia) (Company No. 259147-A) (cont'd)

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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

Key audit matters	How our audit addressed the key audit matters
<p>Assessment of the recoverability of vessels due to difficult market conditions</p> <p>As at 31 January 2017, the non-current assets comprised of Floating, Production, Storage and Offloading ("FPSO") and Floating, Storage and Offloading ("FSO") vessels totalling RM745 million, Offshore Support Vessels ("OSV") totalling RM249 million and a FPSO vessel under construction totalling RM3,595 million.</p> <p>The current low oil prices continued to depress the global offshore oil & gas market resulting in significantly reduced activities, affecting the investment level in the industry and demand for the Group's services. Hence, management's assessment of the future timing and amounts of cash flows from the use of these vessels are critical to ascertain the recoverable amounts of these vessels.</p> <p>We focused on this area due to the inherent complexity and uncertainty associated with long term projections which required management to exercise judgement in estimating future cash flows. In performing impairment assessment for all the Group's vessels which had impairment indicators, the recoverable amount of the vessels were determined using value-in-use ("VIU") models. The key assumptions are set out in Note 17(f) to the consolidated financial statements.</p>	<p>We performed the following audit procedures over management's assessment over impairment indicators:</p> <ul style="list-style-type: none"> • Evaluated management's outlook on macroeconomic indicators such as oil prices, interest rates, utilisation trends and compared these to industry indicators; • Considered the vessels' past utilisation levels and revenue earned by vessels and compared these to budgets to ascertain that these are within expectations; and • Assessed probability of customers terminating charter agreements and the subsequent impact to recoverable values of the vessels. <p>The audit procedures performed on the impairment assessments performed by management were:</p> <ul style="list-style-type: none"> • Compared the key assumptions used by management in determining the VIU of the vessels against market data. In addition, we compared the projected cash flows with historical results to assess the accuracy of management's estimates; • Assessed management's discount rates whether these are reasonable compared to the industry's weighted average cost of capital with the assistance of PwC valuation experts; • Tested the mathematical accuracy of the relevant VIU models prepared by management; and • Evaluated the adequacy of the Group's disclosures regarding the impairment of these vessels, which are included in Note 17(f) of the consolidated financial statements. <p>Based on the work performed, there was no material exception to report.</p>

Independent Auditors' Report to the Members of Yinson Holdings Berhad (Incorporated in Malaysia) (Company No. 259147-A) (cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p>Uncertain tax position due to a change in a foreign operation tax administration</p> <p>As disclosed on Note 6(i) to the consolidated financial statements, there was a change in a foreign operation tax administration in the prior financial year ended 31 January 2016 whereby corporate tax basis was changed from a deemed income approach to the actual profit basis with effect for financial year 2014 onwards. Subsequently, the income tax computations were revised and refiled. As these refiled submissions are subjected to the tax authority's approval, the income tax liability as at 31 January 2017 totalling RM16.6 million is uncertain as disclosed in Note 36(a) to the consolidated financial statements. In connection with this, as disclosed in Note 25, the Group recognised an accrued reimbursable recoverable of RM9.5 million representing the additional tax that would be compensated under the contractual terms with the customer.</p> <p>We focused on this area as the amounts involved are material and the computation of tax exposures and liabilities are associated with uncertainties and judgements.</p>	<p>The audit procedures performed were:</p> <ul style="list-style-type: none"> • Enquired the Group's tax department and their tax agent on their understanding of the financial implications arising from a change in the foreign operation tax administration; • Discussed with the Group's tax department and their tax agent on the basis of the tax resubmissions and checked the inputs used to supporting schedules; • Evaluated the relevant controls regarding completeness of the inputs and procedures used by management for estimating the uncertain tax position; • Assessed the contractual terms to ascertain the Group's rights to recover the accrued reimbursable recoverable representing the additional tax to be compensated by the customer; and • Tested the calculation and adequacy of disclosure of current and deferred tax in the financial statements. <p>Based on the work performed, there was no material exception to report.</p>

Independent Auditors' Report to the Members of Yinson Holdings Berhad (Incorporated in Malaysia) (Company No. 259147-A) (cont'd)

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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p>Management's estimates over recoverability of trade and other receivables</p> <p>As at 31 January 2017, the Group has trade and other receivables of RM198 million less provision for impairment of RM31 million. The offshore oil & gas industry continues to be challenged by certain macroeconomic demand and supply requiring the Group to carefully assess the collectability of trade receivables from specific customers. This requires management to exercise judgement in assessing the aged profile, customers' locations, historical payment trends and other available information concerning the creditworthiness of counterparties to determine the recoverability of trade receivables. Management uses this information to form their judgement to determine whether there is impairment indicator for specific customers.</p> <p>The basis of management's judgement and estimates over its assessment of the recoverability of trade receivables are disclosed in Notes 6(b) and 25 to the consolidated financial statements.</p> <p>We determined this to be a key audit matter as it requires a high level of management judgement and the materiality of the amounts.</p>	<p>For overdue trade receivables where no allowance was recognised, we performed the following audit procedures to evaluate management assessment:</p> <ul style="list-style-type: none"> • Checked that payments had been received from customers after the year end; • Enquired with management on historical payment patterns and expected settlement dates; and • Assessed customers' ageing profile by checking the accuracy of aged buckets. <p>For trade receivables balances where specific provision for impairment was made, these audit procedures were performed:</p> <ul style="list-style-type: none"> • Discussed with management, the rationale and assumptions used to estimate the present value of the expected future cash flow. We evaluated management's assumptions by comparing contractual cash flows and historical experience on payments to assess the basis for expected future cash flow; • For selected specific customers, we tested their historical payment patterns and whether any post balance sheet payments had been received up to the date of completing our audit procedures; and • Where there were disputes, we read the correspondence, checked supporting documentation and evaluated management's recovery actions to ascertain the recoverability of the amounts under dispute and adequacy of the provisions made. <p>Based on the work performed, there was no material exception to report.</p>

Independent Auditors' Report to the Members of Yinson Holdings Berhad (Incorporated in Malaysia) (Company No. 259147-A) (cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

We have determined that there are no key audit matters to communicate in our report in relation to our audit of the financial statements of the Company.

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 Director's Statement on Risk Management and Internal Control, which we obtained prior to the date of this auditors' report, and Statement on Corporate Governance, Report on Audit Committee, Statement on Corporate Social Responsibility, Statement on Director's Responsibilities and Other Sections of the 2017 Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and 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 on the other information that we obtained prior to the date of this auditors' report, 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 the 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.

Independent Auditors' Report to the Members of Yinson Holdings Berhad (Incorporated in Malaysia) (Company No. 259147-A) (cont'd)

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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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:

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- (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.
- (e) 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.
- (f) 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.

Independent Auditors' Report to the Members of Yinson Holdings Berhad (Incorporated in Malaysia) (Company No. 259147-A) (cont'd)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 20 to the financial statements.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 50 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.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

TIANG WOON MENG
(No. 2927/05/18 (J))
Chartered Accountant

Kuala Lumpur
3 April 2017

ANALYSIS OF SHAREHOLDINGS

as at 4 May 2017

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Issued Share Capital : RM1,122,345,303.20 of 1,092,798,440 ordinary shares
 No. of Treasury Shares held : 4,607,200
 Voting Rights : One vote per ordinary share

ANALYSIS OF SHAREHOLDINGS (According to the Record of Depositors as at 4 May 2017)

Adjusted capital after excluding treasury shares

Range	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 100	264	9.36	4,528	0.00
100 to 1,000	418	14.82	313,367	0.03
1,001 to 10,000	1,315	46.63	6,168,926	0.57
10,001 to 100,000	563	19.97	18,774,728	1.73
100,001 to 54,409,561*	256	9.08	767,218,906	70.50
54,409,562** and above	4	0.14	295,710,785	27.17
	2,820	100.00	1,088,191,240	100.00

Remark : * Less than 5% of issued shares

** 5% of issued shares

SUBSTANTIAL SHAREHOLDERS (According to the Company's Register of Substantial Shareholders as at 4 May 2017)

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
1 Lim Han Weng	227,601,000	20.92	138,912,400 ¹	12.77
2 Employees Provident Fund Board	136,985,100	12.59	—	—
3 Bah Kim Lian	91,077,600	8.37	229,890,200 ²	21.13
4 AIA Bhd.	85,371,600	7.85	327,700 ³	0.03
5 AIA Group Limited	—	—	85,699,300 ⁴	7.88
6 AIA Company Limited	—	—	85,699,300 ⁴	7.88
7 Premium Policy Berhad ⁺	—	—	85,699,300 ⁴	7.88
8 Orange Policy Sdn Bhd	—	—	85,699,300 ⁴	7.88
9 Lembaga Tabung Haji	54,816,700	5.04	—	—

¹ Deemed interested by virtue of his spouse and children direct shareholdings in the Company pursuant to Section 59(1)(c) of the Companies Act 2016 and Liannex Corporation (S) Pte Ltd direct shareholding in the Company pursuant to Section 8 of the Companies Act 2016

² Deemed interested by virtue of her spouse and children direct shareholdings in the Company pursuant to Section 59(1)(c) of the Companies Act 2016

³ Deemed interested in the shares held by AIA PUBLIC Takaful Bhd. ("AIA PUBLIC") and AIA Pension and Asset Management Sdn. Bhd. ("APAM") pursuant to Section 8 of the Companies Act 2016

⁴ Deemed interested in the shares held by AIA Bhd., AIA PUBLIC and APAM pursuant to Section 8 of the Companies Act 2016

⁺ in Members' Voluntary Liquidation

Lim Han Weng and Bah Kim Lian by virtue of their interests in the shares of the Company are also deemed interested in shares of all the Company's subsidiaries to the extent that the Company has an interest.

Analysis of Shareholdings as at 4 May 2017 (cont'd)

DIRECTORS SHAREHOLDINGS (As per Register of Director's Shareholdings as at 4 May 2017)

Name	Direct Interest				Indirect Interest			
	No. of Shares	% [^]	No. of Option	% [*]	No. of Shares	% [^]	No. of Option	% [*]
Lim Han Weng	227,601,000	20.92	320,000	8.00	138,912,400	12.77	460,000	11.50
Bah Kim Lian	91,077,600	8.37	—	—	229,890,200	21.13	780,000	19.50
Lim Han Joeh	41,310,376	3.80	—	—	—	—	—	—
Lim Chern Yuan	61,200	0.01	280,000	7.00	—	—	—	—
Dato' Wee Hoe Soon @ Gooi Hoe Soon	6,127,220	0.56	—	—	—	—	—	—

[^] Net of treasury shares

^{*} The Company had offered total of 4,000,000 options under the Employees' Share Scheme on 23 December 2016

Analysis of Shareholdings

as at 4 May 2017 (cont'd)

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30 LARGEST SHAREHOLDERS (According to the Record of Depositors as at 4 May 2017)

Net of treasury shares

Name	No. of Shares	%
1 Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	89,818,400	8.25
2 Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt AN for AIA Bhd.</i>	84,603,600	7.78
3 Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lim Han Weng</i>	60,895,200	5.60
4 Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lim Han Weng</i>	60,393,585	5.55
5 Lembaga Tabung Haji	52,211,300	4.80
6 CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Trinity View Sdn Bhd (PB)</i>	45,097,000	4.14
7 Affin Hwang Nominees (Asing) Sdn Bhd <i>Pledged securities account for Liannex Corporation (S) Pte Ltd</i>	44,104,800	4.05
8 CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Yeow Chien Ming (PB)</i>	41,310,000	3.80
9 AmSec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account – Ambank (M) Berhad for Lim Han Weng</i>	34,715,826	3.19
10 Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Bah Kim Lian (LHWRC)</i>	33,333,335	3.06
11 Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lim Han Weng</i>	33,333,333	3.06
12 Maybank Investment Bank Berhad <i>IVT (10)</i>	29,473,240	2.71
13 Kumpulan Wang Persaraan (Diperbadankan)	29,016,900	2.67
14 CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Bah Kim Lian (PB)</i>	23,100,000	2.12
15 RHB Nominees (Tempatan) Sdn Bhd <i>Bank of China (Malaysia) Berhad pledged securities account for Lim Han Joeeh</i>	22,500,000	2.07
16 Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Bah Kim Lian</i>	18,365,615	1.69
17 Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (CIMB Prin)</i>	17,383,600	1.60
18 AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lim Han Weng</i>	17,355,691	1.60
19 Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (LSF)</i>	14,704,800	1.35
20 Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (Nomura)</i>	13,284,400	1.22
21 Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (LPF)</i>	11,668,800	1.07
22 Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Bah Kim Lian</i>	11,663,265	1.07
23 Hong Leong Assurance Berhad <i>As beneficial owner (Life Par)</i>	10,700,000	0.98
24 Cartaban Nominees (Asing) Sdn Bhd <i>Exempt AN for Standard Chartered Bank Singapore Branch (SG PVB CL AC)</i>	8,748,500	0.80
25 AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lim Han Weng (8081862)</i>	8,678,178	0.80
26 Citigroup Nominees (Tempatan) Sdn Bhd <i>Kumpulan Wang Persaraan (Diperbadankan) (CIMB Equities)</i>	7,741,000	0.71
27 AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lim Han Joeeh (8112574)</i>	7,700,000	0.71
28 CIMB Group Nominees (Tempatan) Sdn Bhd <i>CIMB Commerce Trustee Berhad – Kenanga Growth Fund</i>	7,151,900	0.66
29 DB (Malaysia) Nominee (Asing) Sdn Bhd <i>Exempt AN for Deutsche Bank AG Singapore (Maybank SG PWM)</i>	6,843,600	0.63
30 HSBC Nominees (Tempatan) Sdn Bhd <i>Exempt AN for Credit Suisse (SG BR-TST-TEMP)</i>	6,547,200	0.60
TOTAL	852,443,068	78.34

LIST OF PROPERTIES

Details of all the properties owned by the Group and the Company as at 31 January 2017 are set out as follows:-

Location	Description of Existing Use	Tenure (expiry date/year)	Age of Building (years)	Land Area	Fair Value/	Last Date of Revaluation (R)/ Acquisition (A)
				(sq m)/ Gross Built up Area (sq m)	Net Book Value (RM'000)	
PROPERTIES						
Kajebil Industrial Area Ahanta West District Republic of Ghana	Land	Leasehold land expiring 2.6.2052	–	13,152	1,530	A: 4.6.2015
Kajebil Industrial Area Ahanta West District Republic of Ghana	Building WIP	Leasehold land expiring 2.6.2052	–	N/A	8,705	Under construction
INVESTMENT PROPERTIES						
Unit A1-27-2 Residensi St Mary No. 1, Jalan Tengah 50250 Kuala Lumpur	Service residence	Freehold land	5	370	4,472	R: 31.1.2017
Unit A1-27-3 Residensi St Mary No. 1, Jalan Tengah 50250 Kuala Lumpur	Service residence	Freehold land	5	340	5,160	R: 31.1.2017
Unit C1-27-1 Residensi St Mary No. 1, Jalan Tengah 50250 Kuala Lumpur	Service residence	Freehold land	5	555	6,083	R: 31.1.2017
Unit C1-27-2 Residensi St Mary No. 1, Jalan Tengah 50250 Kuala Lumpur	Service residence	Freehold land	5	340	3,764	R: 31.1.2017
Unit C2-27-1 Residensi St Mary No. 1, Jalan Tengah 50250 Kuala Lumpur	Service residence	Freehold land	5	340	3,764	R: 31.1.2017
Unit C2-27-2 Residensi St Mary No. 1, Jalan Tengah 50250 Kuala Lumpur	Service residence	Freehold land	5	340	3,764	R: 31.1.2017

NOTICE OF ANNUAL GENERAL MEETING**171****YINSON HOLDINGS BERHAD (Company No: 259147-A)**

NOTICE IS HEREBY GIVEN that the TWENTY-FOURTH ANNUAL GENERAL MEETING of YINSON HOLDINGS BERHAD will be held at The Gardens 1, Level 5, The Gardens Hotel & Residence, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, on Thursday, 6 July 2017 at 10.00 a.m. to transact the following purposes:

AGENDA**AS ORDINARY BUSINESS**

- | | |
|---|--|
| 1. To receive the Audited Financial Statements of the Company for the financial year ended 31 January 2017 together with the Reports of the Directors and Auditors thereon. | Please refer to
Note 1 of the
Explanatory Notes |
| 2. To approve the payment of a Final Single Tier Dividend of 2 sen per ordinary share in respect of the financial year ended 31 January 2017. | Ordinary
Resolution 1 |
| 3. To approve the payment of Directors' fees of RM759,562.84 for the financial year ended 31 January 2017. | Ordinary
Resolution 2 |
| 4. To approve the payment of Directors' benefits of up to RM150,000.00 for the period from 1 February 2017 until the next Annual General Meeting of the Company. | Ordinary
Resolution 3 |
| 5. To re-elect Mr Lim Chern Yuan, who is retiring by rotation in accordance with Article 107 of the Constitution of the Company and being eligible, has offered himself for re-election. | Ordinary
Resolution 4 |
| 6. To re-elect the following Directors, who are retiring by rotation in accordance with Article 112 of the Constitution of the Company and being eligible, have offered themselves for re-election: | |
| (i) Dato' Mohamad Nasir bin Ab Latif | Ordinary
Resolution 5 |
| (ii) Dato' Wee Hoe Soon @ Gooi Hoe Soon | Ordinary
Resolution 6 |
| (iii) Datuk Raja Zaharaton binti Raja Zainal Abidin | Ordinary
Resolution 7 |
| (iv) Datuk Syed Zaid bin Syed Jaffar Albar | Ordinary
Resolution 8 |
| 7. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. | Ordinary
Resolution 9 |
| 8. To transact any other business of which due notice shall be given. | |

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Ordinary Resolutions with or without modifications:

- | | |
|--|-----------------------------------|
| 9. AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 ("THE ACT") | Ordinary
Resolution 10 |
| <p>"THAT subject always to the Act, the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory authorities, the Directors of the Company be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company at any time and upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors of the Company may, in their absolute discretion deem fit, provided that the</p> | |

aggregate number of shares to be issued during the preceding 12 months does not exceed 10% of the total number of the issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company after the approval was given, or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by a resolution of the Company at a general meeting."

10. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY OF UP TO 10% OF THE ISSUED SHARE CAPITAL OF THE COMPANY ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")

**Ordinary
Resolution 11**

"THAT subject to Section 127 of the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, approval be and is hereby given to the Company, to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company, provided that:

- (i) the aggregate number of ordinary shares to be purchased and/or held by the Company pursuant to this resolution shall not exceed ten percent (10%) of the total number of issued shares of the Company as at any point of purchase; and
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements (where applicable) available at the time of the purchase.

THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares purchased in their absolute discretion in the following manner:

- (i) cancel all the shares so purchased; and/or
- (ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; and/or
- (iii) retain part thereof as treasury shares and cancel the remainder; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

THAT such authority conferred by this resolution shall commence upon the passing of this Ordinary Resolution and shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier.

Notice of Annual General Meeting (cont'd)

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AND THAT the Directors of the Company be authorised to give effect to the Proposed Renewal of Share Buy Back Authority with full power to assent to any modifications and/or amendments as may be required by the relevant authorities.”

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of shareholders at the Twenty-Fourth Annual General Meeting of the Company to be held on Thursday, 6 July 2017, a Final Single Tier Dividend of 2 sen per ordinary share in respect of the financial year ended 31 January 2017 will be paid on 18 August 2017 to the shareholders of the Company whose names appear in the Record of Depositors on 20 July 2017. The entitlement date for the dividend payment is on 20 July 2017.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 20 July 2017 in respect of ordinary transfer; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

**BY ORDER OF THE BOARD
YINSON HOLDINGS BERHAD**

WONG WAI FOONG (MAICSA 7001358)
TAN BEE HWEE (MAICSA 7021024)
Company Secretaries

Kuala Lumpur
31 May 2017

Notes:

1. *A member entitled to attend and vote at the meeting is entitled to appoint one (1) or more proxies to attend and vote in his/her stead. A proxy may, but need not, be a member of the Company.*
2. *Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.*
3. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
5. *The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
6. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially or certified copy of that power or authority shall be deposited at the Company's Share Registrar, Messrs Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*
7. *Depositors who appear in the Record of Depositors as at 30 June 2017 shall be regarded as member of the Company entitled to attend the Annual General Meeting or appoint a proxy to attend, speak and vote on his behalf.*

EXPLANATORY NOTES ON ORDINARY BUSINESSES:**1. ITEM 1 OF THE AGENDA – RECEIPT OF REPORT AND AUDITED FINANCIAL STATEMENTS**

The Audited Financial Statements together with the reports of the Directors and Auditors in Agenda item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Act, do not require a formal approval of shareholders. Hence, this item on the Agenda is not put forward for voting.

2. ORDINARY RESOLUTION 3 – BENEFITS OF DIRECTORS

Payment of the benefits of the Directors will be made by the Company and its subsidiaries as and when incurred if the proposed Ordinary Resolution 3 is passed. The Board is of the view that it is just and equitable for the Directors to be paid their benefits as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and/or its subsidiaries throughout the relevant period. The benefits of Directors comprising meeting allowances as set out below:

Description	Allowance
Board Meeting	RM500 per meeting
Board Committee Meeting	RM500 per meeting
General Meeting	RM800 per meeting

EXPLANATORY NOTES ON SPECIAL BUSINESSES:**3. ORDINARY RESOLUTIONS 6 TO 8 - RE-ELECTION OF DIRECTORS**

The Board of Directors of the Company has undertaken an annual assessment on the independence of all its Independent Directors who are seeking for re-election pursuant to Article 112 of the Constitution of the Company at the forthcoming Twenty-Fourth Annual General Meeting. The annual assessment has been disclosed in the Statement on Corporate Governance of the Annual Report 2017 of the Company

4. ORDINARY RESOLUTION 10 – AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE ACT

The proposed Ordinary Resolution 10 is for the purpose of seeking a renewal for the general mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Act, from the date of the above meeting, to allot not more than ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company for such purposes as the Directors of the Company consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company at a General Meeting, expire at the conclusion of the next Annual General Meeting of the Company. This authority will provide flexibility and enable the Directors to take swift action for allotment of shares for any possible fund raising activities, including but not limited to further placement of shares for purpose(s) of funding current and/or future investment project(s), working capital, repayment of bank borrowings, acquisition(s) and/or for issuance of shares as settlement of purchase consideration and to avoid incurring additional cost and time in convening general meetings to approve such issue of shares.

As at the date of this Notice, the Company did not allot any shares pursuant to the mandate granted to the Directors at the Twenty-Third Annual General Meeting.

Notice of Annual General Meeting (cont'd)

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5. ORDINARY RESOLUTION 11 – PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The proposed Ordinary Resolution 11, if passed, will give the Directors of the Company the authority to purchase the Company's own shares up to an amount not exceeding in total 10% of the total number of issued shares of the Company at any point in time upon such terms and conditions as the Directors may deem fit in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Further information on the Proposed Renewal of Share Buy-Back Authority, please refer to Statement to Shareholders in relation to the Proposed Renewal of Share Buy-Back Authority dated 31 May 2017 accompanying Annual Report 2017 of the Company.

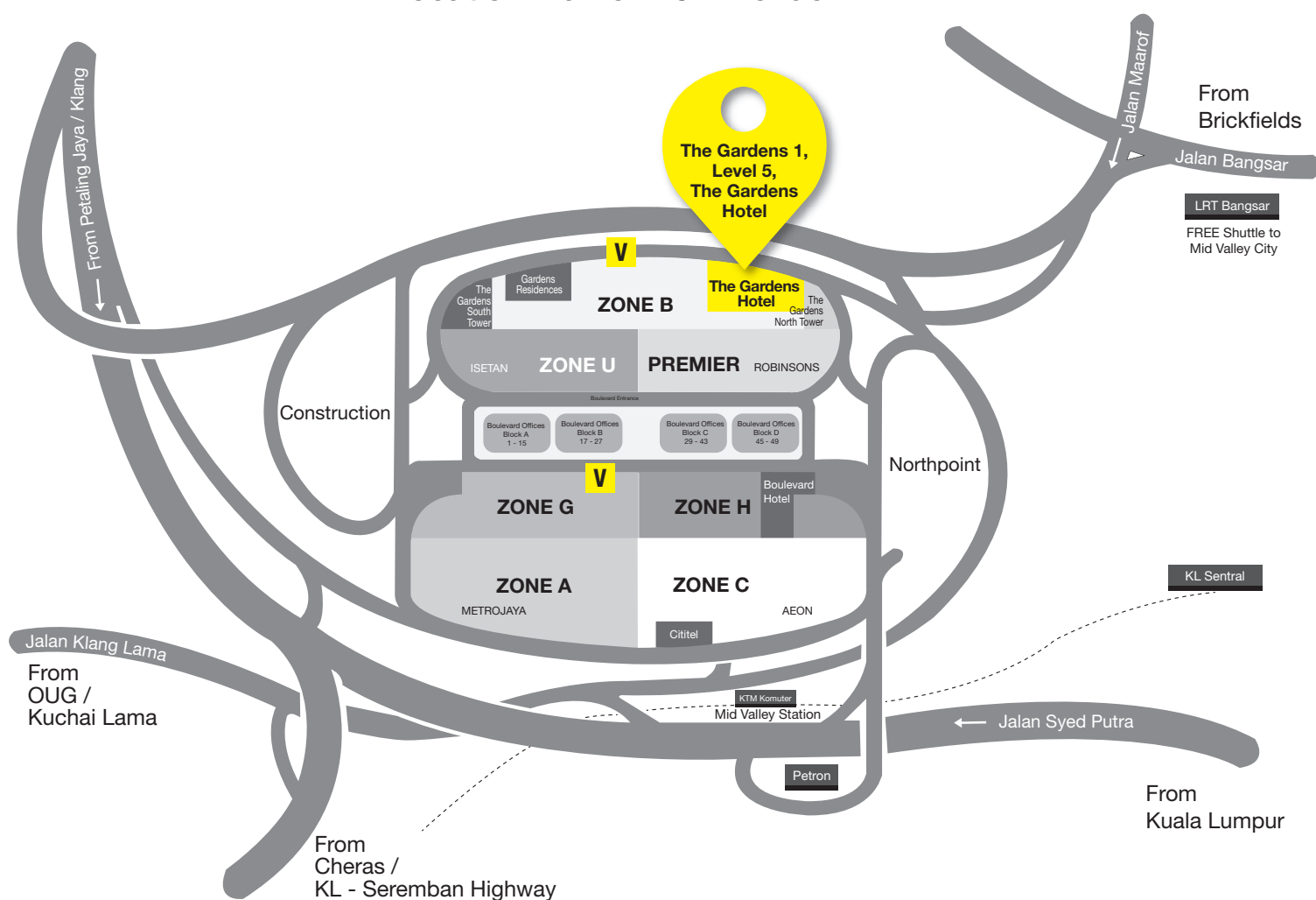
STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

There is no Director standing for election as Director of the Company at the Twenty-Fourth Annual General Meeting.

MID VALLEY CITY MAP

Location Plan of AGM Venue



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**YINSON HOLDINGS BERHAD**

(Company No. 259147-A)

(Incorporated in Malaysia)

FORM OF PROXY

No. of Shares held	
CDS Account No.	

Tel No. _____
(During Office hours)

*I/We _____ NRIC/Passport/Company No. _____
(Name in full)

of _____
(Full Address)

being member(s) of YINSON HOLDINGS BERHAD, hereby appoint:

Proxy 1			
Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			

and/or (delete as appropriate)

Proxy 2			
Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us and on *my/our behalf at the Twenty-Fourth Annual General Meeting of the Company to be held at **The Gardens 1, Level 5, The Gardens Hotel & Residence, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur**, on **Thursday, 6 July 2017 at 10.00 a.m.** and at any adjournment thereof, and to vote as indicated below:

Item	Agenda	Ordinary Resolution	For	Against
1.	Payment of a Final Single Tier Dividend	1		
2.	Payment of Directors' fees for the financial year ended 31 January 2017	2		
3.	Payment of Directors' benefits for the period from 1 February 2017 until the next Annual General Meeting of the Company	3		
4.	Re-election of Mr Lim Chern Yuan as Director of the Company	4		
5.	Re-election of Dato' Mohamad Nasir bin Ab Latif as Director of the Company	5		
6.	Re-election of Dato' Wee Hoe Soon @ Gooi Hoe Soon as Director of the Company	6		
7.	Re-election of Datuk Raja Zaharaton binti Raja Zainal Abidin as Director of the Company	7		
8.	Re-election of Datuk Syed Zaid bin Syed Jaffar Albar as Director of the Company	8		
9.	Re-appointment of Messrs PricewaterhouseCoopers as Auditors of the Company and authorise the Directors to fix their remuneration	9		
Special Business				
10.	Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016	10		
11.	Proposed Renewal of Share Buy-Back Authority	11		

[Please indicate with an "X" in the spaces provided on how you wish your votes to be cast. If no specific direction as to voting is given, your proxy will vote or abstain from voting at his discretion.]

Dated this day _____ of _____ 2017

*Signature/Common Seal of Shareholder

* Delete if not applicable

Notes:

- A member entitled to attend and vote at the meeting is entitled to appoint one (1) or more proxies to attend and vote in his/her stead. A proxy may, but need not, be a member of the Company.
- Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar, Messrs Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
- Depositors who appear in the Record of Depositors as at 30 June 2017 shall be regarded as member of the Company entitled to attend the Annual General Meeting or appoint a proxy to attend, speak and vote on his/her behalf.

Please fold here to seal

**Affix
Postage
Stamp**

YINSON HOLDINGS BERHAD (259147-A)
The Share Registrar
Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Please fold here to seal



YINSON HOLDINGS BERHAD

YINSON HOLDINGS BERHAD (259147-A)

No 25, Jalan Firma 2,
Kawasan Perindustrian Tebrau IV
81100 Johor Bahru, Johor, Malaysia.

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