

Y I N S O N H O L D I N G S B E R H A D

POSITIONED FOR SUSTAINABLE GROWTH



ANNUAL REPORT 2018

WHAT'S INSIDE

CORPORATE OVERVIEW

- 4** About Yinson
- 6** Corporate Information
- 6** Company Strategies
- 7** Our Global Presence
- 8** Our Assets
- 10** Our Growth Over the Years
- 12** Key Events
- 14** Group Financial Highlights

STEWARDSHIP

- 20** Board of Directors
- 22** Directors' Profile
- 30** Key Management
- 32** Key Management's Profile
- 36** Chairman's Statement
- 40** Management Discussion and Analysis
- 50** Sustainability Statement

GOVERNANCE

- 62** Corporate Governance Overview Statement
- 76** Statement on Risk Management and Internal Control
- 82** Report on Audit Committee
- 85** Statement on Directors' Responsibility

ACCOUNTABILITY

- 88** Directors' Report and Audited Financial Statement
- 194** Analysis of Shareholdings
- 197** List of Properties
- 198** Notice of Annual General Meeting
- 203** Administrative Details Form of Proxy

01

Corporate Overview

- 4 About Yinson
- 6 Corporate Information
- 6 Company Strategies
- 7 Our Global Presence
- 8 Our Assets
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- 12 Key Events
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OUR VISION

∴ To be the trusted partner in Energy Solutions

ROADS

CORE VALUES

RELIABLE

∴ Reliable partners to all our stakeholders

OPEN

∴ Build open and honest relationships with all stakeholders

ADAPTABLE

∴ Able to adapt to new environment and drive change

DECISIVE

∴ Be rigorous. Get it right!

SUSTAINABLE

∴ Always mindful of environmental, social & governance responsibilities



OUR JOURNEY



WHERE IT ALL BEGAN

The year was 1983, and our founder, Lim Han Weng, had just started a humble transport and logistics company in Johor Bahru, Malaysia. Over the next 20 years, Yinson built a strong reputation for on-time delivery and excellent customer service. The little company from down south soon grew into one of the country's biggest transport companies, operating a fleet of 365 trucks and supplying another 565 trucks to its customers.

In 2010, Yinson ventured into the marine transport business to complement its transport and logistic services. Our first acquaintance with marine vessels was through the 5 tugboats we acquired. That year, Yinson also won a contract for port cargo handling services in Vietnam.

EVOLUTION

In 2011, Yinson entered the oil and gas industry when it formed a consortium with PetroVietnam Technical Services Corporations (PTSC, a subsidiary of PetroVietnam). The joint venture company was subsequently awarded a contract for the charter of a floating storage and offloading vessel ("FSO"), FSO PTSC Bien Dong. This achievement paved the way for Yinson to win a contract for the charter of a floating production storage and offloading vessel ("FPSO"), the FPSO PTSC Lam Son.

In 2014, Yinson completed an acquisition of established Norwegian FPSO company Fred. Olsen Production ASA. We saw this as a great opportunity for future growth, with both companies sharing a commitment to excellence and long-term charter contracts.

Through the acquisition, Yinson inherited contracts for a further three FPSO vessels and a mobile offshore production unit ("MOPU"), as well as a strong and experienced team to take the business to new heights.

SETTING SAIL FOR FURTHER GROWTH

In mid-2016, Yinson completed a divestment exercise to dispose of its non-oil and gas business segments, streamlining the business to become a full-fledged oil and gas company.

Today, with our diversified geographical presence and extensive engineering and operational expertise, Yinson has grown to become the 6th largest FPSO company in the global FPSO market.

From our first vessel in 2010, Yinson now boasts a fleet of 5 FPSOs and 1 FSO as well as 4 offshore support vessels. Our most newly-minted purpose-built offshore production asset, the FPSO John Agyekum Kufuor, named after Ghana's former President, achieved first oil in May 2017. The project is expected to supply power to Ghana for the next 20 years, contributing significantly to alleviating the country's energy crisis and boosting its economic growth.

Today, our geographical presence extends across the world, from West Africa, to Europe and South East Asia.

Corporate Information

AUDITORS

PricewaterhouseCoopers PLT

COMPANY SECRETARY

Wong Wai Foong (F) (MAICSA 7001358)

Tan Bee Hwee (F) (MAICSA 7021024)

REGISTERED OFFICE

BO2-A-18, Menara 3

No. 3, Jalan Bangsar, KL Eco City

59200 Kuala Lumpur

Malaysia

Tel : +603-2289 3888

Fax : +603-2202 1038

E-mail : info@yinson.com.my

Website : www.yinson.com.my

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Malaysia

Tel : +603-2289 3888

Fax : +603-2202 1038

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 : +603-2084 9000

Fax : +603-2094 9940

PRINCIPAL BANKERS AND FINANCIERS

AmBank (M) Berhad

Australia and New Zealand Banking Group Limited ("ANZ")

Bank of China (Malaysia) Berhad

CIMB Group

Export - Import Bank of Malaysia Berhad ("EXIM Bank")

Hong Leong Bank Berhad

HSBC Bank Malaysia Berhad

Intesa Sanpaolo S.p.A

Malayan Banking Berhad ("Maybank")

Oversea-Chinese Banking Corporation Limited ("OCBC Bank")

Public Bank Berhad

Standard Chartered Bank

The Bank of East Asia Limited ("BEA")

United Overseas Bank ("UOB")

ING Group ("ING")

Natixis Singapore Branch

Mizuho Corporate Bank (Malaysia) Berhad

Development Bank of Japan

Company Strategies



1

High Quality Counterparties & Strategic Partners



2

Robust Contractual Terms & Termination Protection. No Oil Price or Reservoir Risk



3

Optimise Capital & Funding Structure



4

Strong Local Content Application in Operating Countries



5

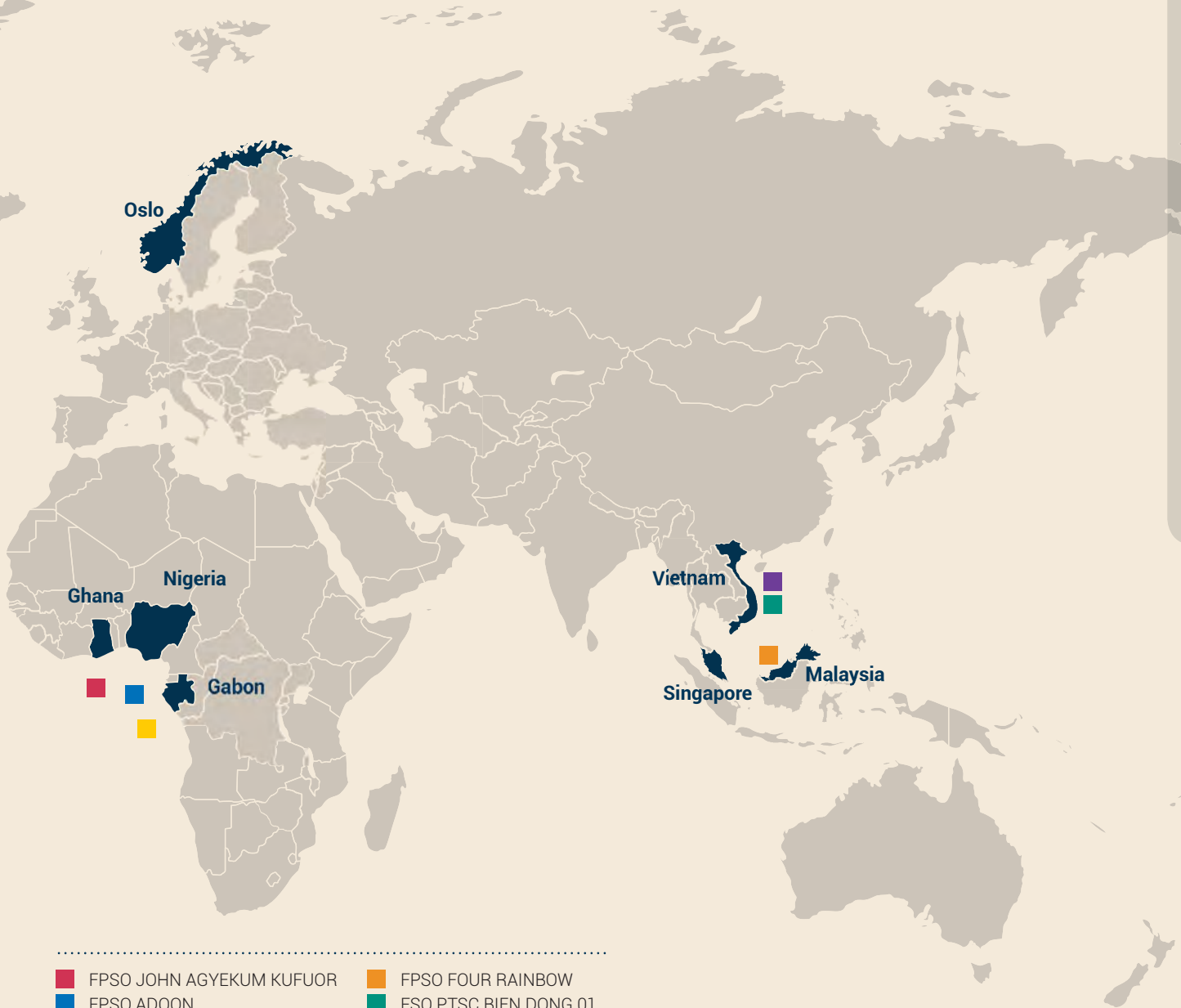
Winning Contracts with Innovative Solutions



6

Diversity in Corporate Culture

Becoming a Leading Provider in the Oil & Gas Industry



Our Assets



ALLAN

FPSO/FSO	FPSO
Charterer/Client	CNR
Field (Country)	Olowi (Gabon)
Storage Capacity	1.04 million barrels
Production Capacity	Oil : 35,000 BOPD Liquid : 50,000 BLPD Gas Comp : 75 MMSCFD
Contract Commencement Date	01-May-09
Contract Duration (firm + options)	2009 - 2019
Optional Extension	—
Total remaining contract tenure as at 31 May 2018 (firm + options)	11 months
Ownership	100% Yinson
Uptime (Since First Oil)	Above 99%



ADOON

FPSO/FSO	FPSO
Charterer/Client	Addax Petroleum
Field (Country)	Block OML123 (Nigeria)
Storage Capacity	1.7 million barrels
Production Capacity	Oil : 60,000 BOPD Liquid : 140,000 BLPD Gas : 7 MMSCFD
Contract Commencement Date	17-Oct-06
Contract Duration (firm + options)	2006 - 2022
Optional Extension	Up to 4 years
Total remaining contract tenure as at 31 May 2018 (firm + options)	4 years and 5 months
Ownership	100% Yinson
Uptime (Since First Oil)	Above 99%



PTSC LAM SON

FPSO/FSO	FPSO
Charterer/Client	PTSC
Field (Country)	Block 1-2/97 (Vietnam)
Storage Capacity	350,000 barrels
Production Capacity	Oil : 18,000 BOPD Liquid : 28,000 BLPD Gas Comp : 47 MMSCFD
Contract Commencement Date	01-Jul-17
Contract Duration (firm + options)	2017 - 2018
Optional Extension	—
Total remaining contract tenure as at 31 May 2018 (firm + options)	7 months
Ownership	51% PTSC; 49% Yinson
Uptime (Since First Oil)	Above 97.4%

Note : On 26 March 2018, PTSC Asia Pacific Pte Ltd ("PTSC AP") has entered into an interim contract with PTSC to charter FPSO PTSC Lam Son for the petroleum operations within the Lam Son Field with effect from 1 July 2017 ("BBC Interim Contract"). The BBC Interim Contract is entered into pursuant to an interim contract dated 26 March 2018 made between PTSC and PVEP for the time charter of FPSO PTSC Lam Son ("Time Charter Interim Contract"). The BBC Interim Contract and Time Charter Interim Contract are collectively referred to as the "Interim Contracts".



PTSC BIEN DONG 01

FPSO/FSO	FSO
Charterer/Client	PTSC
Field (Country)	Block 05-2/05-3 (Vietnam)
Storage Capacity	350,000 barrels
Production Capacity	—
Contract Commencement Date	04-Jun-13
Contract Duration (firm + options)	2013 - 2033
Optional Extension	5 + 2 + 2 + 1 years
Total remaining contract tenure as at 31 May 2018 (firm + options)	15 years
Ownership	51% PTSC; 49%Yinson
Uptime (Since First Oil)	Above 99%



FOUR RAINBOW

FPSO/FSO	FPSO
Charterer/Client	JX Nippon
Field (Country)	Malaysia
Storage Capacity	600,000 barrels
Production Capacity	Oil : 12,000 BOPD Liquid : 17,000 BLPD Gas Comp : 180 MMSCFD
Contract Commencement Date	2020
Contract Duration (firm + options)	2020 - 2038
Optional Extension	10 x 1 years
Total remaining contract tenure as at 31 May 2018 (firm + options)	18 years
Ownership	100% Yinson

Note : The vessel is currently under conversion works



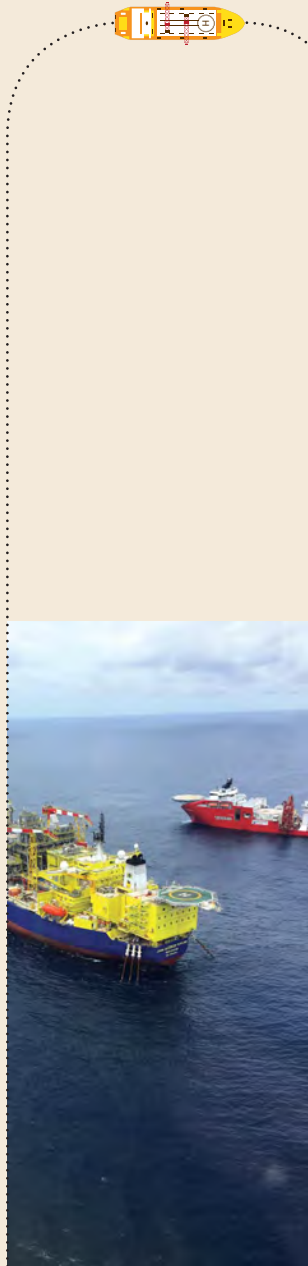
JOHN AGYEKUM KUFUOR

FPSO/FSO	FPSO
Charterer/Client	ENI
Field (Country)	Offshore Cape Three Points (OCTP) Block Ghana (Ghana)
Storage Capacity	1.7 million barrels
Production Capacity	Oil : 58,000 BOPD Liquid : 75,000 BLPD Gas Injection : 165 MMSCFD Gas Export : 210 MMSCFD
Contract Commencement Date	04-Jun-17
Contract Duration (firm + options)	2017 - 2037
Optional Extension	1 + 1 + 1 + 1 + 1 years
Total remaining contract tenure as at 31 May 2018 (firm + options)	19 years
Ownership	100% Yinson (Potential 26% Divestment)
Uptime (Since First Oil)	Above 99%

Our Growth Over the Years

2011 to 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
- Expanded technical and operation team



2015

- Awarded 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 Atoon 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 ("FPSO JAK")
- Awarded "2016 Islamic Finance News Africa Deals of the Year" by Islamic Finance News
- Awarded Charter Contract for Ca Rong Do Field Development
- Awarded "Best Islamic Syndicated Loan" by The Asset Asian Awards
- Entered into a Heads of Agreement with a Japanese consortium consisting of Sumitomo Corporation, Kawasaki Kisen Kaisha, Ltd, JGC Corporation and Development Bank of Japan Inc. ("JASOP")
- FPSO PTSC Lam Son contract received early termination notice
- Issued USD100 million Perpetual Securities under a USD500 million Multi-Currency Perpetual Securities Programme
- Entered into a conditional share purchase agreement for the disposal of 26% stake in FPSO JAK to JASOP



2018

- FPSO PTSC Lam Son entered into a Bareboat Charter Interim Contract
- Received an alleged Force Majeure notification of Ca Rong Do Field Development
- Entered into a Memorandum of Understanding with Sumitomo Corporation
- Issued RM950 million perpetual sukuk under the RM1.5 billion Perpetual Sukuk Mudharabah Programme
- Novating over FPSO contract for Layang Field



Key Events

2017

26 January

Converted USD780 million conventional term loan into an Islamic Murabahah facility



3 February

Naming ceremony of FPSO JAK



22 February

Awarded "2016 Islamic Finance News Africa Deals of the Year" by Islamic Finance News

31 March

FPSO PTSC Lam Son contract received early termination notice

26 April

Awarded Charter Contract for Ca Rong Do Field Development



30 June

Entered into a Heads of Agreement with JASOP



6 July

24th Annual General Meeting

6 July

First Oil Ceremony for FPSO JAK in Ghana



11 July

Awarded "Best Islamic Syndicated Loan" by The Asset Asian Awards

5 October

Issued USD100 million Perpetual Securities under a USD500 million Multi-Currency Perpetual Securities Programme



21 November

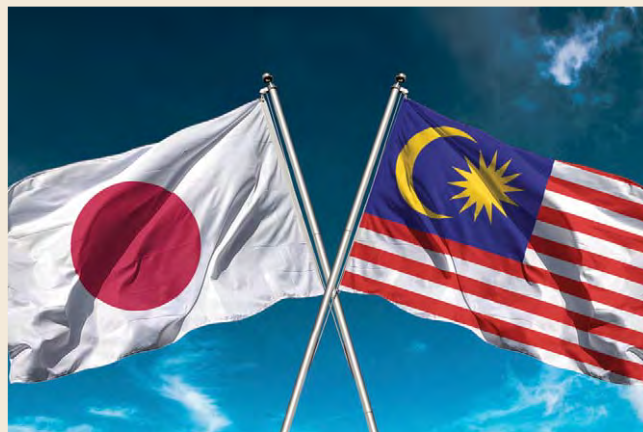
Entered into a conditional share purchase agreement for the disposal of 26% stake in FPSO JAK to JASOP

2018



March

Management site visit to Japan



20 April

Entered into a Memorandum of Understanding with Sumitomo Corporation



20 - 23 March

OTC Asia 2018



30 April

Novating over FPSO contract for Layang Field

25 March

Received an alleged Force Majeure notification of Ca Rong Do Field Development



26 March

FPSO PTSC Lam Son entered into a Bareboat Charter Interim Contract



30 April - 3 May

OTC Houston 2018

8 May

Issued RM950 million perpetual sukuk under the RM1.5 billion Perpetual Sukuk Mudharabah Programme

Group Financial Highlights

Financial year ended 31 January	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
Revenue ⁺	941,861	395,440	424,398	543,255	910,156
Profit before tax ^{**}	152,072	280,724	292,760	213,179	361,770
Profit after tax and minority interests [*]	139,751	247,677	224,663	197,048	292,179
Share capital ^{&}	258,200	516,399	546,399	1,099,462	1,099,490
Total equity [*]	614,368	1,459,509	2,253,384	2,406,173	2,633,158
Number of ordinary shares issued	258,200	1,032,798	1,092,798	1,092,798	1,092,808
Weighted average number of ordinary shares in issue [*]	688,075	950,475	1,067,154	1,090,185	1,088,201
Total assets [*]	2,207,810	2,488,216	4,839,810	6,290,329	6,450,419
Total liabilities [*]	1,593,442	1,028,707	2,586,426	3,884,156	3,817,261
Total borrowings ⁺	1,290,133	823,177	1,654,151	3,393,173	3,010,158
Earnings before interest, tax, depreciation & amortisation ("EBITDA") ^{**}	169,498	311,948	345,452	273,163	649,803
Basic earnings per share (sen) ^{#*}	20.31	26.06	21.05	18.07	26.85
Dividends rate (sen) [*]	1.25	1.50	2.00	16.60	4.00
Net assets per share (RM) ^{^*}	2.38	1.41	2.06	2.20	2.41
Gearing (times) ^{**}	2.10	0.56	0.73	1.41	1.14
Net gearing (times) ^{**}	1.67	0.31	0.55	1.15	0.90
Adjusted revenue ^{+@}	985,430	593,508	648,633	775,618	1,085,157
Adjusted core EBITDA ^{+@}	106,438	353,019	437,540	532,547	822,672
Adjusted core EBITDA margin (%) ^{+@}	10.83	59.48	67.46	68.66	75.81
Adjusted net debt ^{+@}	1,535,844	878,937	1,779,136	3,135,655	2,242,175
Adjusted net debt/Adjusted core EBITDA (times) ^{+@}	14.43	2.49	4.07	5.89	2.73

[^] 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

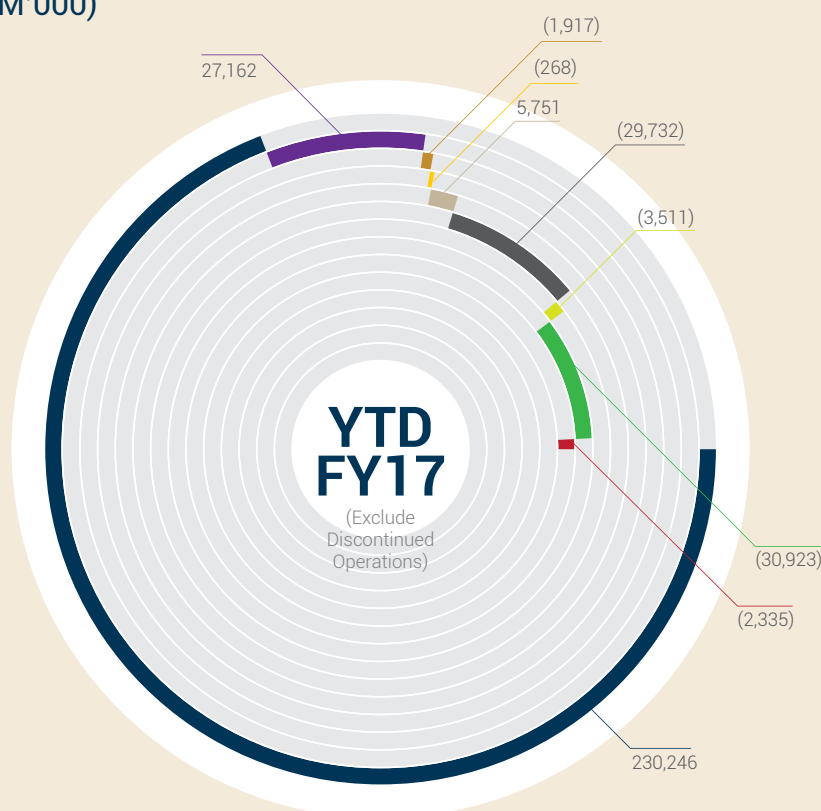
^{*} amount restated for financial year 2014

⁺ 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

[@] adjusted amount/ratio is defined as the Group's financial results plus the Group's equity share of financial results of its joint venture and associate

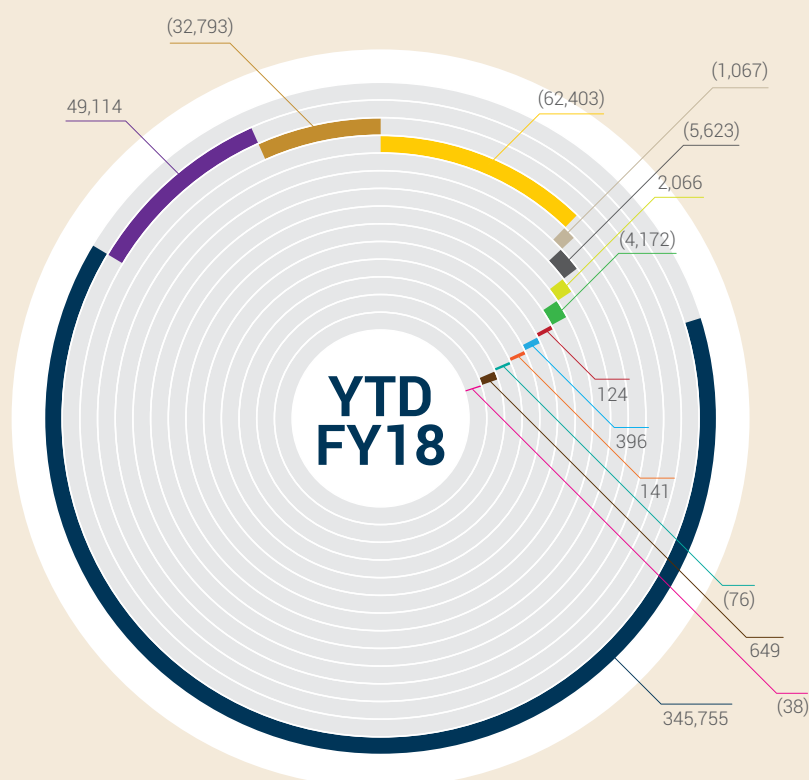
YTD CORE & REPORTED PAT (RM'000)



Reported PAT
RM194,473

Core PAT
RM230,246

- Core profit
- Unrealised gain on foreign exchange
- Fair value loss on short term investment
- Spin off expenses
- Fair value gain on derivatives for interest rate swap
- Impairment loss on plant and equipment
- Loss from disposal of divestment entities
- Impairment loss on receivables
- Plant and equipment written off



Reported PAT
RM292,073

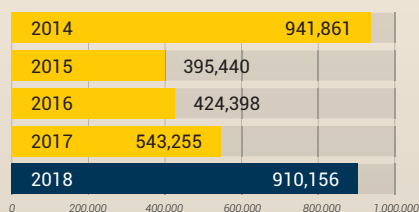
Core PAT
RM345,755

- Core profit
- Realised gain on foreign exchange
- Impairment loss on plant and equipment
- Unrealised loss on foreign exchange
- Inventories written off
- Fair value loss on investment properties
- Fair value gain on derivatives for interest rate swap
- Shortfall in insurance claims
- Gain on disposal of plant and equipment
- Gain on disposal of other investments
- Fair value gain on marketable securities
- Bad debt written off
- Reversal of impairment loss on receivables
- Plant and equipment written off

Group Financial Highlights *(Cont'd)*

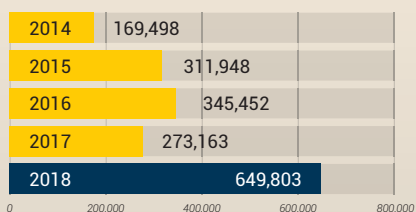
Revenue

(RM'000)



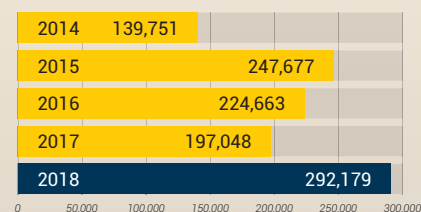
EBITDA

(RM'000)



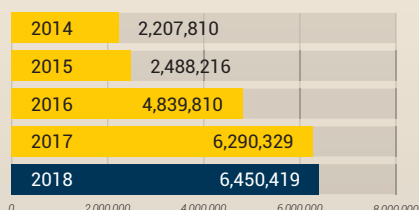
Profit After Tax and Minority Interests

(RM'000)



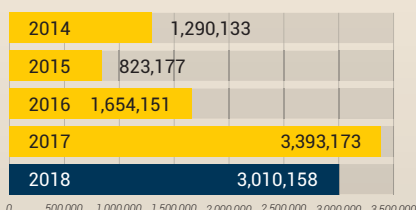
Total Assets

(RM'000)



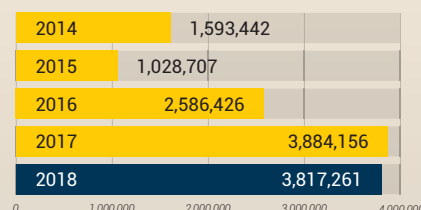
Total Borrowings

(RM'000)



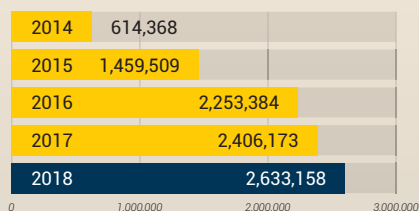
Total Liabilities

(RM'000)



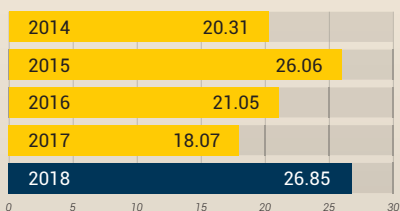
Total Equity

(RM'000)

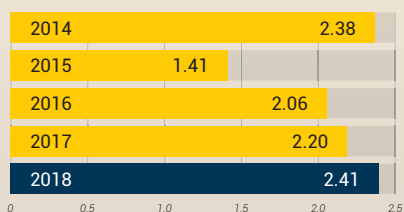


Basic Earnings per Share

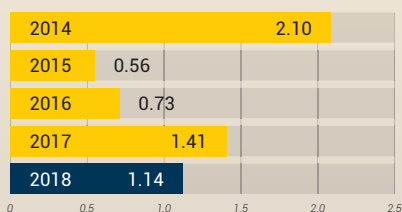
(sen)



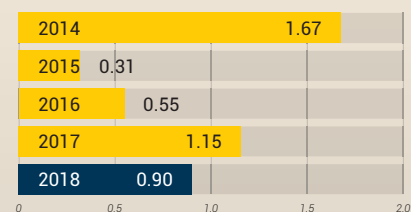
Net Assets per Share (RM)



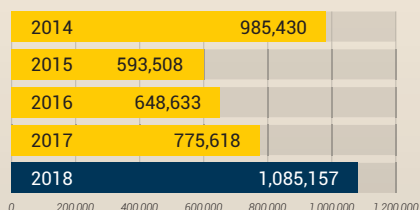
Gearing (times)



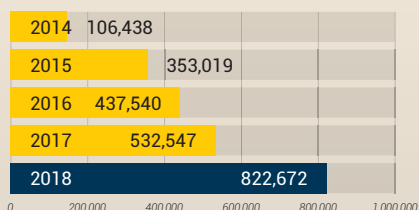
Net Gearing (times)



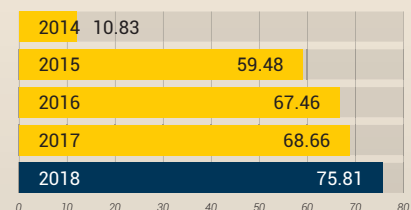
Adjusted Revenue (RM'000)



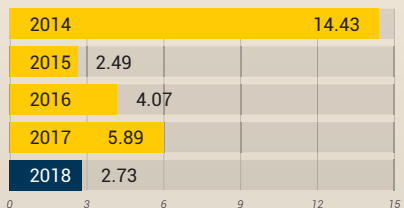
Adjusted Core EBITDA (RM'000)



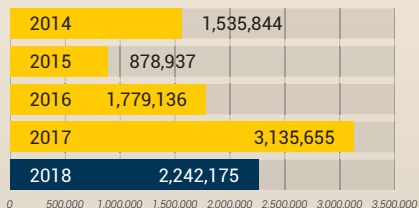
Adjusted Core EBITDA Margin (%)



Adjusted Net Debt/Adjusted Core EBITDA (times)



Adjusted Net Debt (RM'000)



02

Stewardship

20	Board of Directors
22	Directors' Profile
30	Key Management
32	Key Management's Profile
36	Chairman's Statement
40	Management Discussion and Analysis
50	Sustainability Statement



Stewardship

Board of Directors

from left to right

Dato' Mohamad Nasir bin Ab Latif, Mr Lim Han Weng, Mdm Bah Kim Lian, Mr Lim Chern Yuan, Dato' Wee Hoe Soon @ Gooi Hoe Soon, Datuk Syed Zaid bin Syed Jaffar Albar, Datuk Raja Zaharaton binti Raja Zainal Abidin, Mr Lim Han Joeh







MR LIM HAN WENG

Non-Independent Executive Director
and Group Executive Chairman

Gender/Nationality/Age

Male/Malaysian/66

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 continues 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 Joeh
- Father of Mr Lim Chern Yuan and Mr Lim Chern Wooi

MR LIM CHERN YUAN

Non-Independent Executive Director
and Group Chief Executive Officer

Gender/Nationality/Age Male/Malaysian/34

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:

- Board Risk Management Committee
- Employees' Share Scheme Committee (Chairman)

Family Relationship:

- Son of Mr Lim Han Weng and Mdm Bah Kim Lian
- Brother of Mr Lim Chern Wooi



MDM BAH KIM LIAN

Non-Independent Executive Director

.....
Gender/Nationality/Age Female/Malaysian/66
.....

Mdm Bah Kim Lian 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 Joeh
- Mother of Mr Lim Chern Yuan and Mr Lim Chern Wooi



MR LIM HAN JOEH

Non-Independent Non-Executive Director

Gender/Nationality/Age Male/Malaysian/59

Mr Lim Han Joe 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 Joe continues 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

Gender/Nationality/Age

Male/Malaysian/60

Dato' Mohamad Nasir bin Ab Latif 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 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:

- Plus Malaysia Berhad
- Battersea Project Company Limited
- BBCC Development Sdn Bhd
- Sime Darby Plantation Berhad
- Yarra Park City Pty Ltd

Membership of Board Committees:

- Board Risk Management Committee (Chairman)

Family Relationship:

- Nil



DATO' WEE HOE SOON @ GOOI HOE SOON

Independent Non-Executive Director

Gender/Nationality/Age Male/Malaysian/58

Dato' Wee Hoe Soon @ Gooi Hoe Soon 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 held until 14 March 2018.

Qualification:

- Member of the Malaysian Association of Certified Public Accountants
- Member of the Malaysian Institute of Accountants

Directorships of Other Public Companies:

- Hup Seng Industries Berhad
- Perusahaan Sadur Timah Malaysia (Perstima) Berhad
- Red Ideas Holdings Berhad

Membership of Board Committees:

- Audit Committee (Chairman)
- Board Risk Management Committee
- Nominating and Remuneration Committee
- Employees' Share Scheme Committee

Family Relationship:

- Nil



DATUK SYED ZAID BIN SYED JAFFAR ALBAR

Senior Independent Non-Executive Director

.....
Gender/Nationality/Age Male/Malaysian/64
.....

Datuk Syed Zaid bin Syed Jaffar Albar was appointed as Senior Independent Non-Executive Director of Yinson on 19 August 2016.

Datuk Syed Zaid has been active in legal practice for over 37 years. Presently, he is the Managing Partner of a law firm in Kuala Lumpur and also heads the firm's Islamic Finance practice. He also contributes his legal experience as an appointed member of the Appeals Committee of Bursa Malaysia Berhad.

Qualification:

- B.A. (Honours) Law
- Barrister-at-Law of the Honourable Society of Lincoln's Inn
- Advocate and Solicitor of the High Court of Malaya

Directorships of Other Public Companies:

- Cycle & Carriage Bintang Berhad
- Encorp Berhad
- Motorsports Association of Malaysia

Membership of Board Committees:

- Audit Committee
- Board 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

Gender/Nationality/Age Female/Malaysian/70

Datuk Raja Zaharaton binti Raja Zainal Abidin 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 analysis and financial evaluation. Her last post in the 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 is also a Director of her family-owned company Kumpulan RZA Sdn Bhd and its subsidiary Raza 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 Committee
- Board 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 conviction for offences other than traffic offences.

Key Management

from left to right

Mr Lim Chern Yuan, Mr Daniel Bong Ming Enn, Mr Eirik Arne Wold Barclay, Mr Flemming Grønnegaard,
Mr Andrew Choy Wei Nung, Dato' Mohamed Sabri bin Mohamed Zain, Mr Lim Chern Wooi, Mr Ho Guan Ming





Key Management's Profile



MR LIM CHERN YUAN

Non-Independent Executive Director and Group Chief Executive Officer

Gender/Nationality/Age

Male/Malaysian/34

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:

- Board Risk Management Committee
- Employees' Share Scheme Committee (Chairman)

Family Relationship:

- Son of Mr Lim Han Weng and Mdm Bah Kim Lian
- Brother of Mr Lim Chern Wooi

MR DANIEL BONG MING ENN

Group Chief Strategy Officer

Gender/Nationality/Age

Male/Malaysian/37

Mr Daniel Bong Ming Enn 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, financial reporting, 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, Malaysian Institute of Accountants ("MIA")
- Chartered Accountant, Institute of Singapore Chartered Accountants ("ISCA")
- Fellow member, Association of Chartered Certified Accountants ("ACCA")
- Master of Science in Accounting and Financial Management

Directorships of Other Public Companies:

- Nil

Family Relationship:

- Nil





MR EIRIK ARNE WOLD BARCLAY
Chief Executive Officer, Offshore Production

Gender/Nationality/Age Male/Norwegian/46

Mr Eirik Arne Wold 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 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 Public Companies:

- Nil

Family Relationship:

- Nil



MR FLEMMING GRØNNEGAARD
Chief Operations Officer, Offshore Production

Gender/Nationality/Age Male/Danish/48

Mr Flemming Grønnegaard was appointed Chief Operations Officer of Yinson Offshore Production Division on 7 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 Svitzer (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 Science – Danish Technical University (Lyngby, Denmark)

Directorships of Other Public Companies:

- Nil

Family Relationship:

- Nil

Key Management's Profile *(Cont'd)*



MR ANDREW CHOY WEI NUNG

General Counsel, Offshore Production

Gender/Nationality/Age

Male/Singaporean/54

Mr Andrew Choy Wei Nung 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 and assumed his current position as General Counsel, 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. He has also been appointed as the Honorary Consul of the Republic of Ghana in Singapore on 31 January 2018.

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 Public Companies:

- Nil

Family Relationship:

- Nil

DATO' MOHAMED SABRI BIN MOHAMED ZAIN

Chief Executive Officer, Yinson Energy

Gender/Nationality/Age

Male/Malaysian/62

Dato' Mohamed Sabri bin Mohamed Zain has 40 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:

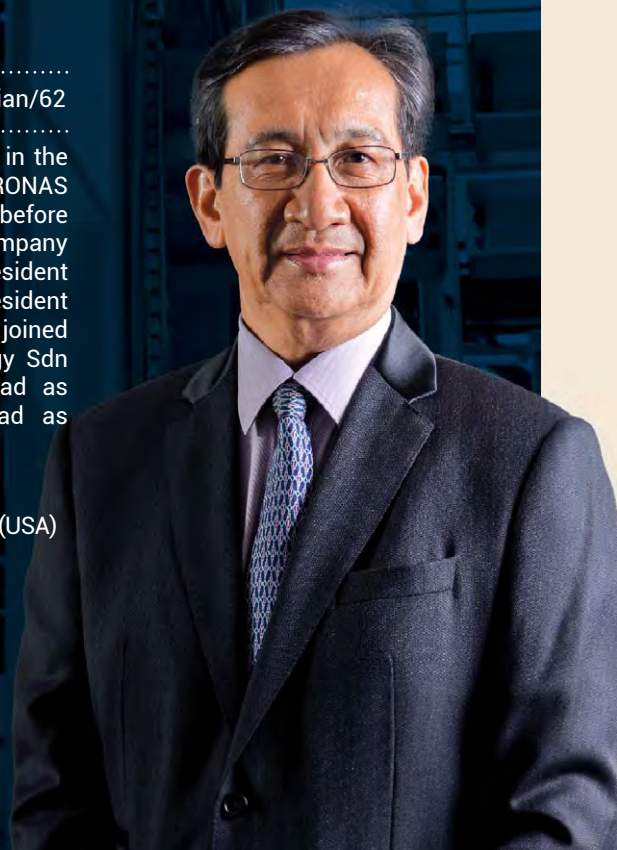
- Bachelor of Science in Petroleum Engineering – University of Wyoming (USA)

Directorships of Other Public Companies:

- Barakah Offshore Petroleum Berhad
- Sona Petroleum Berhad

Family Relationship:

- Nil





MR LIM CHERN WOUI
Chief Executive Officer, Marine

Gender/Nationality/Age Male/Malaysian/32

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 oversees the operation and business of marine segments, including Offshore Support Vessel ("OSV"), tug and barges.

Qualification:

- Bachelor of Applied Science – RMIT University (Melbourne, Australia)
- Master of Business Administration – RMIT University (Melbourne, Australia)
- Certified Auditor, Quality Management System (ISO 9001:2008)
- Certified Auditor, Environmental Management System (ISO 14001:2004)
- Certified Auditor, 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 and Mdm Bah Kim Lian
- Brother of Mr Lim Chern Yuan



MR HO GUAN MING
Group Financial Controller

Gender/Nationality/Age Male/Malaysian/47

Mr Ho Guan Ming started his career as an Audit Assistant with BDO Binder from 1994 and left the firm in 1997 as an Audit Senior to join a private company involved in palm oil and petrochemical industry as Finance Manager. He later joined a public listed company having global business in oil and gas industry for 15 years as Senior Accountant in 2001 and was promoted to Treasury Manager in 2006 and subsequently, to Group Financial Controller in 2007 until 2016. Thereafter, Mr Ho joined Yinson Holdings Berhad as Group Financial Controller, the position he held since 15 February 2016.

Qualification:

- Bachelor Degree in Commerce (Accounting) – University of Canberra (Australia)
- Chartered Accountant, Malaysian Institute of Accountants ("MIA")

Directorships of Other Public Companies:

- Nil

Family Relationship:

- Nil

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

None of the Senior Management have any conviction for offences other than traffic offences.



We continue to align our business strategies with our sustainability plans to continue to grow the business for the long term

MR LIM HAN WENG

Group Executive Chairman

Riding through the Volatility

Dear Shareholders,

On behalf of Yinson Holdings Berhad ("Yinson", "we", "us" or "the Group"), I am honoured to present our annual report for the financial year ended 31 January 2018 ("FYE2018") during which we continued to make tremendous strides in the oil and gas ("O&G") sector; specifically as a full-fledged floating production storage and offloading ("FPSO") player – which is now our core business – despite the continuous challenges in the O&G market.

We were cautiously optimistic when FYE2018 kicked off in February 2017, with the global Brent oil benchmark hovering around USD55 per barrel which was significantly higher than the 2016 low of USD27 per barrel before trending upwards to a more industry encouraging level.

The period under review saw the industry remain in a flux as it continues to be affected by global production, market prices and variable energy product demands which had an impact on the demand for FPSO vessels.

Riding through the volatility, we managed the challenges head-on and emerged as a stronger organisation by taking decisive actions to forge new alliances, improve our financial strength and continue to pursue excellence in our operations.

I believe that the decisions and efforts taken by the Group during these uncertain times will allow us to grow dynamically as a more resilient and robust FPSO player.



Global Brent oil benchmark price

USD55 per barrel
2017

USD27 per barrel
2016

Chairman's Statement (Cont'd)

BUSINESS OVERVIEW

FYE2018 ended with several significant developments coming into fruition for the Group.

The year began auspiciously with the naming ceremony for FPSO John Agyekum Kufuor ("FPSO JAK"), named after Ghana's former President Emeritus His Excellency John Agyekum Kufuor, which has contributed positively to the Group's results including the formation of a strategic alliance with a Japanese consortium that will offer us many more opportunities.

Yinson also clinched a contract from Talisman Vietnam 07/03 B.V. for the supply, operation and maintenance of a FPSO facility for the Ca Rong Do field development in Vietnam, although the project was recently affected by a "force majeure" event which we will monitor closely and reserve our rights.

Our terminated FPSO PTSC Lam Son bareboat charter contract ended on a positive note, with the termination fee received being in excess of the outstanding project loan amount, which has now been fully paid off, and a retrospective effect interim contract to continue deployment at Lam Son field offshore of Vietnam.

The year presented an opportunity to enter the Malaysian O&G market itself when Yinson entered into negotiations with 2 parties for a novation arrangement for the provision of EPCIC (Engineering, Procurement, Construction, Installation & Commissioning) and leasing of FPSO facilities at the Layang field, offshore of Miri in Sarawak. Negotiations were concluded recently with a Charter Contract that will see our FPSO Four Rainbow commencing operations there in 2019.

The establishment of a strategic collaboration with our Japanese partners is another strong indication of the confidence our partners have in how we execute our projects and the risk management capability of our team. We will leverage the partnership to achieve even greater developments in the business, both geographically and in the magnitude of the projects that we seek to undertake.

FINANCIAL PERFORMANCE

Despite the period under review having its fair share of volatility, I am pleased to report that Yinson had an outstanding financial year during which we achieved our highest ever annual net profit.

The Group managed to record a significant 67.5% growth in revenue along with a 48.4% growth for profit after tax ("PAT"), attributed mainly to better profit contribution and as a result of additional revenue from the offshore and marine businesses through FPSO JAK.

For FYE2018, the Group reported a full year revenue of RM910.2 million compared to RM543.3 million in FYE2017 while PAT stood at RM292.1 million for the period under review against RM196.8 million in the previous financial year.

As part of the Group's continuous commitment to reward our loyal shareholders, the Group distributed a total of RM65.3 million in dividends, representing 6 sen per ordinary share in 2017.

The Board of Directors ("Board") has also declared a special dividend of 4 sen per ordinary share for FYE2018 amounting to approximately RM43.5 million, which will be payable on 8 June 2018.

Furthermore, the Group has recommended a final dividend of 2 sen per ordinary share amounting to approximately RM21.8 million for FYE2018 to be tabled to the shareholders for approval at Yinson's forthcoming 25th Annual General Meeting.

The dividends declared and proposed is a testimony to Yinson's robust financial position resulting from the dedication of the business management team that has allowed us to consistently reward our shareholders.

We shall strive to continue rewarding shareholders, while balancing the growth opportunities and dividends.



Revenue for FYE2018

RM910.2 million

▶ +67.5%

▶ FYE2017: RM543.3 million

Profit after tax for FYE2018

RM292.1 million

▶ +48.4%

▶ FYE2017: RM196.8 million

MOVING FORWARD

According to the World Energy Reports' 2018 Forecast Report, the outlook for floating production system orders over the next five years from 2018 to 2022 is considerably brighter compared to projections made last year, with the number of production floater orders and projected capital expenditure increasing more than 30% from their 2017 to 2021 forecast.

While the outlook for the industry show signs of improvement, the Group is constantly mindful of micro and macro-economic factors which may impact us in any way and we will continue to strive to secure valuable opportunities on win-win terms for both the Group and our clients through entering into long term and strong charter contracts with reputable and financially sound clients.

We continue to align our business strategies with our sustainability plans to continue to grow the business for the long term.

The Group will also continue to remain prudent in our operational and financial management for the coming year in order to ensure that we constantly maintain our track record of reliable and profitable project executions for every FPSO asset that we operate at close to 100% uptime.

With our Japanese consortium allies now on board we are also able to leverage on their collective and individual strengths to develop a more significant presence in the FPSO market.

The Group prides itself on its ability to deliver on time or ahead of schedule with our FPSOs running at high efficiency and we intend to continue to do so for FYE2019.

We are optimistic that with the recovery in oil prices, together with the lagging global investment in oil production over the past few years, will lead to an increase in investment for O&G production and this will also result in corresponding higher demands for FPSOs in the near future. As such, we will be strengthening our position as well as our capabilities in the industry to be in an optimal position to secure valuable projects when the opportunities arise.

APPRECIATION

On behalf of the Board, I would like to express my utmost appreciation to the countries where we are operating around the world, regulators, clients, associates, financiers, vendors, advisors and respective stakeholders for their continuous support of Yinson which has enabled us to reach our aspirations to be a leading FPSO provider to the global O&G sector. It is with this support that we can continue to achieve such exceptional growth and financial performance.

While it is important to achieve outstanding financial results, it is equally as important that we conduct ourselves in a manner that treats all parties – employees, customers, regulators, associates, vendors and shareholders – in a fair and transparent way, which we have elaborated upon in the Sustainability Statement.

In addition, the Group is determined to ensure that Yinson remains a place where all our people have the opportunity to fulfil their potential in a nurturing environment that encourages the right behaviour. Our stakeholders expect integrity and we will continue to foster a culture which encourages people to do the right thing.

Finally, I would like to express our special appreciation and thanks to each member of the Management team as well as to our people who are stationed around the world. Your efforts, commitment and contribution are what drives the success of Yinson in whatever we venture to accomplish and wherever we are present. Our success as a leading, world class FPSO service provider is the result of your dedication.

MR LIM HAN WENG
Group Executive Chairman

Management Discussion and Analysis



We are very excited
about the strong
recovery in the
demand for leased
FPSO and optimistic
that the outlook for
2018 will continue
to be positive

MR LIM CHERN YUAN

Group Chief Executive Officer

We're Making Steady Progress

MARKET CONDITIONS

The oil market for the period under review started off by extending its uncertainty from last year which was largely influenced by the global economy, spending tendency of oil majors and the geopolitical situation. An agreement signed between the OPEC and non-OPEC countries to rebalance the supply in the market in late 2016 also saw prices hover well above USD40 per barrel in first half of the year before trading began to trend upwards in a more industry sustainable range towards the price level of USD60 per barrel by the end of 2017.

The start of 2018 saw oil prices fluctuate above USD60 per barrel but with the ongoing Middle East tensions heightening, this will potentially drive the oil price higher. April 2018 witnessed the oil price surge past USD70 per barrel for the first time in three years.

The average annual price of USD54.20 per barrel in 2017 was higher than the 2016 average price of USD43.74 per barrel, providing a welcome boost to margins for companies involved in exploration and production.

The recent price increase was driven by both supply and demand. On the supply-side, both geopolitics and high compliance with OPEC production quotas and the gradual drawdown of oil inventories have had an impact, including an agreement reached in May 2017 between OPEC and Russia to curb supplies in an effort to balance the market for crude oil by extending output cuts until the end of 2018.

The higher and relatively more stable oil prices also saw a revival of project awards in the leased Floating Production Storage and Offloading ("FPSO") market, with six contracts awarded worldwide during 2017 compared to none in 2016.

As the 6th largest independent FPSO leasing company globally, we are very excited about the strong recovery in the demand for leased FPSO and optimistic that the outlook for 2018 will continue to be positive.



Average annual oil price

USD54.20 per barrel
2017

USD43.74 per barrel
2016

Management Discussion and Analysis *(Cont'd)*

MILESTONES

The year began auspiciously with the naming ceremony for FPSO John Agyekum Kufuor ("FPSO JAK") that was named after Ghana's former President, His Excellency John Kofi Agyekum Kufuor, in the presence of Ghana's First Lady, Her Excellency Rebecca Akufo-Addo. The First Oil Ceremony for FPSO JAK was later graced by Ghana's President, His Excellency Nana Addo Dankwa Akufo-Addo, together with the former President himself. FPSO JAK subsequently achieved provisional acceptance and commenced lease contract in June 2017.

Completed within budget and three months ahead of schedule with zero-Loss Time Injury ("LTI"), FPSO JAK serves as a testimony to our strategy of transforming Yinson into a world class FPSO service provider with the capability to perform and execute large scale FPSO projects.

The positive impact of FPSO JAK on the Group's results was instantaneous. In November 2017, the successful project provided the crucial confidence factor that led to a strategic business collaboration arrangement with a Japanese consortium comprising Sumitomo Corporation, Kawasaki Kisen Kaisha Ltd, JGC Corporation and Development Bank of Japan Inc. under a conditional share purchase agreement of a 26% equity stake in our 100% owned subsidiary – Yinson Production (West Africa) Pte Ltd – that owns FPSO JAK, valued at maximum of USD117 million.



In April 2017, Yinson together with our joint venture partner, PetroVietnam Technical Services Corporation ("PTSC") clinched a contract from Talisman Vietnam 07/03 B.V. ("TLV") for the supply, operation and maintenance of a FPSO facility for the Ca Rong Do field development in Vietnam, to be executed through a joint venture company, PTSC Ca Rong Do Ltd ("PTSC CRD"). This bareboat charter project has an estimated

aggregate value of USD1 billion span through a maximum period of 15 years and expected to start contributing to the Group's result in year 2019.

Due to unforeseen circumstances, PTSC CRD was notified that the scheduled work for the field development of our client had been temporarily halted due to a force majeure event. PTSC CRD will take all reasonable actions to mitigate the effects and continue to monitor the situation closely, whilst reserving our rights. However, based on our current assessment of the situation, we do not expect this to have any material impact on our financials.

In a more positive outcome from our Vietnam joint venture, our joint venture company – PTSC Asia Pacific Pte. Ltd. ("PTSC AP") – secured a settlement and amendment agreement and received termination payment of USD209 million from PTSC pursuant to the cancellation of a bareboat charter contract that resulted from the liquidation of the Lam Son Joint Operating Company ("LSJOC"). The proceeds were partly utilised to fully repay the outstanding amount under the financing facility of the FPSO PTSC Lam Son project.

The Group viewed this outcome positively as it was an opportunity to rebase our costs and immediately deleverage the Group with the early termination payment, as well as it being testimony to the Group's solid termination mitigation planning and risk management.

Subsequently, PTSC AP successfully entered into an interim contract with PTSC to charter FPSO PTSC Lam Son for the continuation of petroleum operations within the Lam Son Field with retrospective effect from July 2017.

Meanwhile, Yinson recently concluded negotiations with TH Heavy Engineering Berhad ("THHE") and JX Nippon Oil & Gas Exploration (Malaysia) Limited ("JX Nippon") for the provision of EPCIC (Engineering, Procurement, Construction, Installation and Commissioning) and leasing of FPSO facilities novation arrangement on 30 April 2018 that will eventually see our only FPSO that has yet to be deployed – FPSO Four Rainbow – undergoing conversion and subsequently be deployed at the Layang field in Block SK10, offshore of Miri, Sarawak.

This project is a highly suitable development for Yinson as it will further boost our order book and, more importantly, a milestone as it is an opportunity to serve our domestic O&G market where we expect to commence operations in 2019.

FINANCIAL PERFORMANCE

The positive results from the strategic decision to transform Yinson into a full-fledged O&G company and critical milestones achieved during the year under review can be seen in the Group's FYE2018 financial performance, which saw overall better financials enjoyed by the shareholders resulting in a higher return on equity at 11.09% as compared to 8.18% in the previous financial year.



Overall Financial Performance Table

	FYE2018 RM'000	FYE2017 RM'000
Extract from Income Statements		
Revenue	910,156	543,255
Cost of sales	363,790	271,355
Gross profit	546,366	271,900
EBITDA*	649,803	273,163
Profit before tax	361,770	213,179
Profit after tax	292,073	196,755
Gross profit margin	60.03%	50.10%
Net profit margin	32.09%	36.22%
Extract from Statements of Financial Position		
Total assets	6,450,419	6,290,329
Current assets	1,234,367	884,817
Cash and bank balances	637,120	633,922
Total liabilities	3,817,261	3,884,156
Current liabilities	761,351	579,293
Loans and borrowings	3,010,158	3,393,173
Total equity	2,633,158	2,406,173
Financial Indicator		
Return on equity	11.09%	8.18%
Current ratio	1.62	1.53
Gearing ratio	1.14	1.41
Net gearing ratio	0.90	1.15
Net debt/EBITDA ratio	3.65	10.10
Operating Result by Segment		
Offshore & Marine	488,605	145,344
Other operations	(63,104)	16,819
Share of results of joint ventures & associates	43,809	83,330

* Earnings before interest, tax, depreciation and amortisation



Return on Equity

+35.6%

▶ FYE2018: 11.09%

▶ FYE2017: 8.18%

Net debt/EBITDA ratio

-63.9%

▶ FYE2018: 3.65

▶ FYE2017: 10.10

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

For FYE2018, revenue grew significantly by 67.5% to register at RM910.16 million or RM366.90 million higher than previous financial closing of RM543.26 million. Likewise, the positive flow down effect is presented in the Group's profit after tax which increased by 48.4% or RM95.31 million to RM292.07 million, compared to RM196.76 million in the previous financial year.

The improved financial results are attributable mainly to better profit contribution on higher revenue recorded from the offshore and marine business, primarily as a result of the deployment of FPSO JAK to Ghana that started production in June 2017 and more importantly with the relentless effort by the project management team that made this possible by controlling the project cost within budget and ahead of schedule.

Management Discussion and Analysis *(Cont'd)*

Being a Group that generates almost its entire revenue from offshore operations, our Group financial results will continue to be exposed to foreign exchange fluctuations – especially between the Ringgit and US Dollar – where the unfavourable foreign exchange movement of RM43.69 million in the current financial year was apparent as compared to the previous financial year. The Management endeavours to minimise such exposure through optimal hedging strategy on contract execution and the use of appropriate market instruments.

During the financial year under review, we also saw the contribution from joint ventures deteriorate 47.8% from RM82.46 million to RM43.08 million as a result of the termination of our FPSO PTSC Lam Son bareboat charter contract in June 2017 and scheduled charter contract rate reduction. Nevertheless, the full settlement of the FPSO PTSC Lam Son related loan in January 2018 and the securing of an interim contract in March 2018 were encouraging outcomes.

With the Group's business expansion into Ghana through FPSO JAK chartering contract, our current assets and current liabilities have increased to RM1,234.37 million and RM761.35 million respectively.

The Group's liquidity position has since seen the Current Ratio and Net Gearing Ratio strengthen to 1.62 times and 0.90 times respectively in the current financial year under review, as compared to 1.53 times and 1.15 times of the previous financial year post successful deployment of FPSO JAK.

For the Net Gearing Ratio in particular, the reduction demonstrates the Group's strong cash flows which allowed the lowering of outstanding loans and borrowings by RM383.02 million while preserving a relatively stable cash and bank balance of RM637.12 million as at FYE2018.

The financial results for FYE2018 ended on a more upbeat note when assessing the Group's core business profitability by excluding items as indicated in the pie chart on page 15 – Group Financial Highlights (e.g. significant items such as realised and unrealised forex gain/loss and impairment losses). The indicative core profit after tax is RM345.76 million, representing an improvement of RM115.51 million or 50.2% against last financial year of RM230.25 million.



A RELIABLE SHIP

FYE2018 saw the FPSO industry benefitting from a revival of contract awards worldwide with nine contracts awarded, six of which were for leased FPSO.

Yinson has been able to continuously win projects at the right price as well as on the right terms and will continue to bid for jobs in our core geographical areas of Asia and Africa.

And by meticulously managing the risks of each project, we have been able to strengthen our balance sheet and achieve new highs in our order book and cash levels.

One of the strengths of Yinson is our contracting model via termination protection, that ensures the Group is able to recoup our costs and expenses through early termination payment, in the event of a contract termination.

Our typical contract structure ensures that termination at the charterers' convenience will result in payment of termination fees covering the project's outstanding loan, equity injected, plus cost of debt and equity as well as an additional amount generating the desired equity return, thus ultimately protecting Yinson's original investment.

Such compensation schemes have shown to have helped avert the adverse financial impact against the Group, and an example of good termination mitigation and how we choose strong partners is the termination fee of USD209 million that we received from PTSC for cancelling a bareboat charter contract resulting from the liquidation of LSJOC.

There are now fewer players in the FPSO business with not many new players coming in at the global scale. To remain at the fore front we need to maintain our solid track record, strong technical capabilities and ability to finance projects.

Although demand for FPSO services was previously softer due to the low oil price environment, it has since picked up as oil prices shift towards more stable and economically viable levels that enable our clients to plan their developments.

Meanwhile, our funding strategy based on the concept of capital asset velocity, as demonstrated by our new consortium partners from Japan, will hopefully be able to provide the Group with access to more markets and a bigger fleet of vessels as well as better financing to strengthen our position together with our partners.

For the long term, the Group has an order book of USD3.1 billion (of which USD2.2 billion has been firmly locked in) as at 31 January 2018, which will keep us occupied up to year 2037.

We are pleased to highlight that the Net Debt/EBITDA ratio is now at a low i.e strong 3.65 times which, when taken together with the long tenure of our contracts in hand that go beyond 10 years, is a positive indication of the solid future equity value for shareholders that we expect to not just preserve but also grow. The strong future cashflows place Yinson in a favourable position if we were to decide to use it to finance further growth.

In terms of financing, the strategy is to ensure that project level debt is self-sufficient and that the quantum of termination payments is sufficient to repay project level debt.

On an ongoing basis, contracted project cash flows will be used to service project debt while any excess may be used to service or pay down corporate borrowings.

In the event of a contract termination, the early termination payment will be used to first extinguish project debt before any excess is upstreamed and used to pay down corporate borrowings.



Management Discussion and Analysis *(Cont'd)*

PROPELLING FUTURE GROWTH

The FPSO/FSO business is capital intensive in nature during the construction and conversion stage so fostering good and reliable relationships with investors and financial institutions is critical for our business expansion.

Steps taken to enhance our financial reserves include monetisation of our investment in FPSO JAK, engaging in conventional borrowings and increasing leverage on financial instruments that benefit the Group in equity treatment recognition.

The Group expects completion of the 26% equity interest disposal in our wholly owned subsidiary which owns FPSO JAK to the Japanese consortium no later than June 2018. This will be testimony to the Group's strategic concept of "capital asset velocity" where the proceeds would be available to free up financial resources to expand and bid for future projects, with continued participation and benefit from the prospect of FPSO JAK.

Yinson and Sumitomo Corporation – a member of the Japanese consortium – have already entered into a Memorandum of Understanding for collaboration in FPSO and FSO business with a view to jointly pursue and collaborate in the leasing and operations of FPSO and FSO projects worldwide, where Yinson will oversee and conduct the overall project implementation while Sumitomo will seek competitive logistics and financing.

We believe that the new collaboration will significantly enhance the equity capacity of Yinson to take on larger FPSO and FSO projects and provide benefits from Sumitomo's global business network and local expertise with its 108 operational bases spread across 65 countries in the world.

This strategic combination of Yinson's knowledge and expertise in FPSO and FSO business and Sumitomo's financial strength and network will enhance our potential when bidding for new projects.



We believe that the new collaboration between Yinson and Sumitomo Corporation will significantly enhance our equity capacity to take on larger FPSO and FSO projects

In July 2017, Yinson launched a USD500 million multi-currency perpetual bonds ("perpetual securities") programme as part of our efforts to increase the Group's financial reserves for corporate purposes and extend our accessibility to a greater pool of overseas bond investors. First issuance of USD100 million perpetual securities was completed in October 2017 amidst challenging market conditions, but the success demonstrates the confidence of investors in the Group and our business prospects.

The unique characteristics of the USD100 million issue of perpetual securities has effectively helped lower the Group's gearing levels while buffering our equity base and extending the maturity of our financial obligations.

In February 2018, the Group further established a Perpetual Sukuk Mudharabah Programme with a limit of RM1.5 billion in nominal value, with the objective of refinancing certain debts and to ensure we are adequately prepared to fund new projects. Backed by the Group's future cash flow prospect, we believe it will be well received by the investing community.

PROVEN TECHNICAL AND OPERATIONAL CAPABILITY

Our technical team brings with them over 23 years of experience in FPSO/FSO solutions for clients, which came with the acquisition of our Oslo based subsidiaries in 2014. These strengths have been further bolstered by FPSO JAK being completed under budget and ahead of schedule, as well as by securing a record time-to-market first oil production three months ahead of schedule on a fast track project.

In the area of vessel operations and maintenance, we extended our excellent track record of maintaining near 100% uptime for our FPSOs and FSOs, complemented by our technical expertise and dedicated technical personnel. The capability to maintain impressive vessel uptime has earned us positive recognition on reliability, operational efficiency and added value for our clients.

We remain committed to keep abreast with the industry's highest standards of operations with respect to Health, Safety and Environment Protection ("HSE") by emphasising the safety and security of our people and the environment, which is paramount in how we carry out our business. Our objective is to build healthy and safe workplaces for our people to carry out their work and this is achieved through rigorous ISO certification, staff training and governing processes.

Our commitment to HSE is evidenced by the execution of our biggest ever vessel, FPSO JAK, where the team clocked a total of 17 million man-hours with zero-LTI. This record is extended to our on-going operations and we endeavour to uphold this excellent track records as we expand our business presence.

As a Group with operations largely in developing countries, our social responsibility stretches far beyond our people and also looks at how we can minimise our environmental footprint in order to achieve zero harm to the environment in the course of our operations, while cascading the technical knowledge of our industry to the locals for our mutual sustainability and prosperity. We will also continue to invest in education in the countries in which we operate to develop more human capital capacity for the industry as well as for us to employ.

GROWING THE BUSINESS

FPSOs are critical infrastructure for the offshore oil and gas production industry and there are still growth opportunities with demand for such infrastructure particularly for gas FPSOs in regions with energy shortage.

To diversify our business geographically in proven markets we continue to pursue strong prospects and explore opportunities in the American region, particularly in Brazil and Mexico.

We see growing opportunities in the industry of late with the upward trend of oil prices. The Group will remain focused on our core business as a FPSO/FSO service provider and will be looking for industry opportunities where we and our strategic alliances possess the relevant expertise and experience to venture into. But in doing so, we will not compromise on Yinson's established and proven contracting model.

It is a period to fortify and promote our experience and solutions in FPSO/FSO in uncharted regions that will help the Group to expand our business and concurrently achieve diversity in its business concentration.

As well as continuing to adhere to the regulatory rules where our existing businesses are present, we have also begun to study the regulatory requirements of potential new markets which we foresee as good prospects.

In the quest for new FPSO/FSO market penetration, leveraging our monumental collaboration with the Japanese consortium is something that will certainly be included as we explore new opportunities.

Management Discussion and Analysis *(Cont'd)*

STRENGTHENING THE GROUP FOR THE FUTURE

The Group will continue to focus on our core competency of FPSO project management and leasing, and we now believe Yinson has the proven foundation to take on any FPSO opportunities globally.

Yinson will also be leveraging our global partnerships to springboard the company to the next phase of growth. The Group has already seen tremendous success in Vietnam through our partnership with PetroVietnam Technical Services Corporation. Throughout FYE2018 we continued to build our franchise value via our partnership with a consortium of Japanese companies and timely delivery of FPSO JAK.

Today the Group has strategic partners in many areas – financial, equipment and even clients – and we will continue to build the Group's franchise value with strong essential partners that are relevant to our business.

The target for FYE2019 is to anchor the capabilities of the Group further so that we can remain calm amidst the waves of uncertainty that are common in our industry.

To do this, we must ensure the sustainability, efficiency and productivity of the business and remain shipshape by driving change and enhancement from within, which we do by continuously and systematically tweaking our internal control system, improving our approach and culture towards safety while nurturing our people to bring out the best in them.

Despite the vagaries of the O&G market, we are confident that there are always opportunities to be tapped and improvements to be made in every aspect of what we do and offer, in order to catch the waves of opportunity and surge ahead of competition.

Meanwhile, we have seen success in our efforts to strengthen the unity of our workforce by developing and inculcating a set of shared values between the organisation and our people. Employee turnover rate has been low while there is continued growth in our human capital.

Re-establishing and reinforcing our shared values has allowed us to be aligned in the common goals set by the Group and we are constantly working towards achieving the objectives.

Ultimately, we are on a progressive journey to create a "Yinson Culture" where our vision is for these shared values to be deeply entrenched in the organisation so that our people can identify with them regardless of where they are or where our operations will take them.

A key objective of Yinson is to entrench an efficient structure that promotes people empowerment, thus allowing them to be resourceful in dealing with matters and increasing collaborations with business partners.

In addition to upholding and preserving corporate governance, we are also embarking on new initiatives to strengthen and enhance our Enterprise Risk Management, Anti-Bribery & Corruption, Whistleblowing and Internal Audit processes while promoting efficiency via enhanced application of information technology; which we will continue to emphasise on throughout FYE2019. We continue to focus on the importance of transparency and disclosures which is always a continuous and progressive journey of improvement.



OUTLOOK

We are optimistic that FYE2019 will remain profitable despite of the setback on contract with TLV on Ca Rong Do field development project where we will relentlessly endeavour to protect our interests.

The Group will continue to undertake necessary qualitative and quantitative measures to strengthen its efficiency for its existing operations and ensure coordinated efforts with business partners when entering into new projects.

Following the lagging investment for production by the O&G industry in the past years, we expect a surge in demand for FPSOs to replenish the depleting production globally. We shall continue to adopt a conservative approach to grow the business while taking advantage of the market environment to continue to strengthen our position in the industry.

We believe the worst is over for the industry and Yinson has been able to emerge stronger, both financially as well as in terms of our strengthened human resources. We believe the conservative approach that we adopted was the correct one taken during the downturn to consolidate our growth and strengthen our people. If the anticipated investments in O&G production do flow into the industry, we believe we are now well prepared with the right mix of human capital, financial resources, as well as the technological and geographical knowledge to capitalise on the new opportunities that will take Yinson to a new level in the energy space.

Sustainability Statement

Yinson Holdings Berhad and its group of companies is a leading and trusted partner in energy solutions for the global oil and gas industry. We are committed to enhance long-term shareholder value with due regard to the economic, social and environmental responsibility to our stakeholders. These stakeholders include our shareholders, employees, clients, business partners, regulatory bodies, local communities as well as the natural environment.

Our immediate and short-term objectives are very clear, i.e. to optimise our operations and maximise equitable returns to our shareholders. The earlier sections of this report, together with the financial pages, account for our operational activities during FYE2018 and provide a snapshot of where we are today from the financial perspective.

This section provides summary information on our sustainability practices based on Economic, Environmental and Social considerations in line with Bursa Malaysia Sustainability Guidelines.

OUR APPROACH

Our economic, social and environmental responsibility forms the foundation on which we have formulated our sustainability strategy, and the basis on which we move forward. The strategy was developed based on the Global Reporting Initiative ("GRI") guidelines, where we identified five material aspects in which we have the skills, experience and financial ability to make a meaningful and valuable difference.

A key component of our sustainability journey is the process from which we strategised and identified the plan required to achieve our sustainability objectives. Areas of responsibility and reporting processes were also identified to ensure full accountability and transparency.

A three-year plan was launched in August 2016 with processes in place to ensure that we focus on and account for sustainable practices in each area of our day-to-day operations. These processes include:

- I. Information collection and analysis
- II. Identifying relevant activities for implementation
- III. Activity reports
- IV. Integration of sustainable practices into business processes
- V. Review and evaluation of the sustainability strategy

At the end of the three-year period (2019), we will review the current sustainability strategy and hold further engagements with our stakeholders to add or replace objectives in areas where targets have been met. A new sustainability strategy will also be planned at that point.



MATERIALITY – OUR AREAS OF FOCUS

To identify and understand the issues that are most important, we held a series of engagements with relevant stakeholders. Their feedback, together with an assessment of industry trends and research formed the key areas on which the strategy was developed. These areas are:



Code of Conduct



Promoting Health and Safety



Protecting the Environment



Developing Human Capital



Investing in Local Communities



CODE OF CONDUCT

We are committed to conduct our business according to good and effective corporate governance principles. How we conduct ourselves is key to our success, and as such we expect our employees to strictly conform to our code of conduct.

The Yinson Code of Ethics – which consists of four core values: Trustworthiness, Integrity, Honesty and Social Responsibility – is a critical component of our sustainability journey and governs the conduct of our employees, as it:

1. Communicates to employees that they are part of a responsible company
2. Demonstrates to customers that we value integrity
3. Prevents intentional or unintentional violations of ethics
4. Provides a clear point of reference when enforcing corrective action

By getting employees to adhere strictly to the Code, a culture consistent with the values of the Company will grow throughout the Group. This in turn will lead to positive peer pressure to maintain a high level of work consistent with the values of the Group.

The on-going initiatives in this area are:

1. Formalising and establishing an anti-bribery and anti-corruption ("ABAC") Policy - we initiated the ABAC Policy development in January 2018 and finalised the Policy which was endorsed by the Board of Directors on 29 March 2018. Workshops are conducted to ensure that employees are aware of the ABAC Policy requirements. Yinson is also in the process of reviewing the Whistleblowing Policy to complement the ABAC Policy implementation.
2. Strengthening internal controls – Yinson initiated the review and enhancement of Standard Operating Procedures ("SOPs") at the Group corporate department level in January 2018 which is expected to be completed in May 2018.
3. Implementing Enterprise Risk Management ("ERM") framework – the ERM Policy and Framework was developed and formalised in November 2017. The Group Risk Management and Compliance department engaged with the various risk owners within the Yinson Group to identify significant risks and developed the relevant action plans to mitigate these risks. The key risks and action plans are reported on a quarterly basis to the Yinson Board Risk Management Committee who are responsible for overseeing the ERM implementation.
4. Moving forward, we are in the process of enhancing our core values, incorporating the principles of reliability, openness, adaptability, decisiveness and sustainability.



YINSON CODE OF ETHICS



TRUSTWORTHINESS



INTEGRITY



HONESTY



SOCIAL RESPONSIBILITY



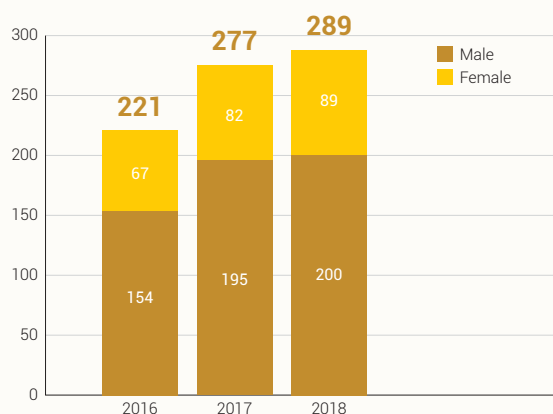
DEVELOPING HUMAN CAPITAL

At Yinson, it is our people that will drive the business forward and we are committed to providing a safe and conducive working environment that promotes opportunities for professional and personal growth.

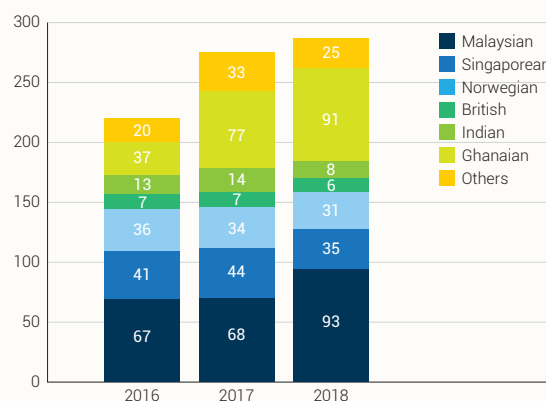
We are a meritocracy and an equal opportunity employer which is essential in establishing our credentials globally. Furthermore, we believe in having a diverse workforce in terms of gender, age, ethnicity and cultural background as this provides us with a stronger platform to excel in the international arena.



Number of full-time employees (as at 31 January 2018)



A full-time employee is, for a calendar month, an employee employed on average at least 35 hours of service per week, or 140 hours of service per month.



We aim to develop a skillful and committed workforce to meet our future needs and challenges through trainings and seminars as part of our strategy on managing talents and careers. For example, we have rolled out the Cyber Security Training for all staff to raise awareness of potential cyber risks, as well as to ensure that they have the relevant knowledge when it comes to information management in the cyber world.

We also collaborate with various universities and colleges to offer training programmes for interns and management trainees as part of our efforts to identify and develop talents for our future operations. An example of an initiative in our internship program was to arrange for our interns to be placed with our respective offices in Kuala Lumpur, Oslo and Singapore where they were exposed to the different business operations of Yinson.

In addition to enhancing the skills and capabilities of the workforce, we provide incentives and rewards for operational excellence. One such initiative is the employees' share scheme where eligible employees are rewarded based on, among other considerations, their performance and the duration of their service.

Another important aspect of human capital development is to ensure the free flow of communication between employees. Communication channels available during the year included town hall meetings, department meetings and emails. Employees also received periodic updates on the Group through social media applications.

Through the above initiatives, we have minimised turnover and retained our best talents. In FYE2018, we achieved an attrition rate of 5.88%, which augurs well for our sustainable development plans.





PROMOTING HEALTH AND SAFETY

Health and safety is a core value for Yinson and we do not compromise on the safety of our people. We believe a healthy workforce working in a safe environment is key to risk mitigation and prevention. Avoiding major accidents is a “must-win-battle” in order to achieve our strategic ambition to become a trusted global leader in the FPSO industry.

Our primary goal is to minimise the probability of accidents at the workplace, and our approach to health and safety is through a combination of organisational procedures that are constantly reviewed, consultation with external parties, and specific activities aimed at identifying and assessing risks.

The following measures have been put in place to increase the knowledge and practise of health and safety principles among our employees:

1. Planned approach towards hazard identification and risk assessment
2. Feedback and learning system
3. Data collection and documentation system
4. Raising safety culture maturity

Our excellent safety record speaks for itself. We have a very low LTIF (Lost Time Incident Frequency) and we have not had any major incident in the lifetime of the company. This is exemplified by the operations and maintenance of FPSO Adoon, where it has recorded zero LTI for the last six years. More importantly, though, is the openness culture we have implemented when it comes to mistakes and failures.



Our most prominent hallmark is that we see a failure or mistake as a new opportunity to learn and improve. We know this because we have hired an external consultant company (PROPEL) to measure our safety culture both in 2015 and 2017. PROPEL are experts in safety culture and they have developed a data model which can predict the major accident risk for any company based on a safety culture survey. They have a large database covering many companies in the oil, gas and maritime industry.

Yinson was above average in the industry in 2015 and we have seen an impressive improvement from 2015 to 2017. The survey is built on questionnaires that are distributed to all employees onshore and offshore, in depth interviews of several personnel onboard and offshore, observations done onboard and finally review of safety cases and documentation. The computer model uses these data to calculate the probability of a major accident. The major accident risk has decreased by 30% from 2015 to 2017.

Notwithstanding that, we still need to make further improvements. In line with our existing vision, we will need to meet, and then exceed, the expectations of global O&G companies in order to forge unique partnerships.

The way forward will be to focus on two main improvement areas - Collaboration and Learning, and we will continue with a number of initiatives to address these areas. These include training programs, improving communication channels, inter-location visits, employee exchange programs, improvements in relevant HR development procedures, and conducting regular reviews and assessments on our Operational Safety Strategy and current safety procedures.





INVESTING IN LOCAL COMMUNITIES

Our investment in local communities is closely linked to our corporate social responsibility ("CSR") programs, which we are constantly reviewing in our effort to integrate and ensure effective coordination of our activities. What is envisioned is for our CSR activities to not be one-off or short-term initiatives but for them to move towards the creation of shared value, which will benefit the community and company in the long term.



Education is an essential component of our CSR strategy and, as a responsible company, we leverage on our area of expertise with education programs that develop the talent pool for the oil and gas sector. Currently we are actively involved in education initiatives in Ghana.

Recognising the gap between the talent pool and human resource requirements of the oil and gas sector in West Africa, we embarked on an initiative to offer an end-to-end approach to nurturing future talent. By supporting school-going children, and subsequently training and employing the talent pool, we not only are able to fulfil the local requirements but we help build and foster community relations as well.



We believe that children deserve to learn in a safe, clean and healthy environment and, as such, in 2015 we became part of the founding team of the Future Stars Program in Ghana in collaboration with OMA Ghana, our local JV partner. Through the Program we are improving the lives of school-going children through sports as well as embarking on the Future Stars School Rehabilitation ("FSSR") Project, to rehabilitate five public schools in Tema, a city about 25 km from the capital city Accra.

Tema is a city with a huge gap between private schools, mostly patronised by the rich, and the public schools, and the FSSR Project aims to improve the quality as well as accessibility in the city for the underprivileged.



SCHOOLS INVOLVED IN THE REHABILITATION PROJECT

Community 7 Primary School

Community 8 Primary School

Twediase Primary School

Republic Road Primary School

Baatsona Primary School



CATEGORIES OF TASKS TO BE COMPLETED IN THE 5 SELECTED SCHOOLS

Category 1: Urgent repair of hazardous situations and critical hygiene issues

Category 2: Repairs of cracks and upgrade of sanitary and sewage systems

Category 3: General painting and fencing

Category 1 and 2 tasks have been completed in all the 5 FSSR schools, except for Community 7 primary school. Some category 3 works such as painting has been done in some of the schools, while the renovation works in Community 7 primary school will commence soon. A total of USD250,000.00 was allotted for the project, with about USD81,000.00 already utilised to date.



Towards the end of 2017, Futurestars applied to be registered as an official United Kingdom Charity and the charity was officially launched at Ipswich Town FC on 26 January 2018. For more information on the Futurestars Program please refer to www.futurestarscharity.org.uk/who-we-are/about-futurestars/

At the vocational level, we have invested USD350,000 in collaboration with the Ghana Education Service and the Council for Technical and Vocational Education and Training ("COTVET") for the construction of the Yinson Welding Training Center.

The welding training center houses equipment funded by the World Bank and will provide new technical knowledge to its students, to enable them to get better qualifications to enter the O&G industry and other industry sectors. It is our hope that this initiative will make a positive difference in the lives of those who seek to pursue such knowledge and prepare future generations to meet the manpower requirements of the industry.



Currently, the training center admits up to 180 students but in future, we hope to also make it available to train staff of companies that require welding training. We are also in the midst of working with a reputable classification and certification company with headquarters in Norway, to certify the courses held at the center.

Sustainability Statement *(Cont'd)*

Apart from education, we also believe that clean and conducive public halls are important in fostering community spirit. We have just completed the construction of a one thousand-seater assembly hall in Nkroful Secondary School in Nkroful, a town village in the Western Region of Ghana. The assembly hall was officially opened in March 2018 and will serve the host school, and the towns and schools in the Ellembelle District as an educational resource centre.



The assembly hall will also be used as a venue for community engagement programs, like the one organised with Ghana National Petroleum Commission ("GNPC") and ENI to educate the fishermen along the Western Region coast on the arrival of FPSO JAK. Over 600 attended the three-day workshop, which covered information on the project construction activities, the impact of the construction on fishing activities, and the impact of the construction on health, safety and the overall well-being of all stakeholders, community and the environment. A Q&A session was also held for the fishermen to raise questions and seek clarification.

Our initiatives go beyond our contractual obligations to fulfil local community requirements. In addition to education, we invited Ghanaian contractors to bid for essential services such as catering and hospitality on the FPSO JAK. Besides services, fabrication works where Ghanaian local expertise were available for this FPSO have also been awarded to Ghanaian entities.

We are also active in supporting the needs of the communities in the other countries that we are present in, mainly through fund raising events, volunteer work and sponsorship in sports.



In Singapore, Yinson was once again recognised as the largest corporate donor for OCBC Cycle Singapore 2017, a Singaporean fund-raising event. Our participation in the event, which consisted of 50 cyclists of all fitness levels, went beyond promoting healthy activities to our employees as the proceeds were channelled to four meaningful causes in Singapore - NHS Fund Limited, Sport Cares, The Business Times Budding Artists Fund and TODAY Enable Fund.



Meanwhile, in Vietnam, we are in the midst of evaluating suitable projects in which we can play a role in contributing to the community there. We aim to kick-off such activities in the next financial year (FYE2019).

Sustainability Statement *(Cont'd)*

At home, the year saw us contributing to the efforts of the Pertubuhan Tindakan Wanita Islam ("PERTIWI") Soup Kitchen project. Over 20 employees volunteered at the Medan Tuanku and Anjung Singgah Soup Kitchen sites in Kuala Lumpur. The employees served approximately 500 rice packs, cream rolls, waffles and packet drinks sponsored by the Company to the underprivileged community.



Further to that, in support of the country's mission to promote the participation of women in all walks of life, we signed an agreement to sponsor the Malaysian badminton women doubles pair, Vivian Hoo Kah Mun and Woon Khe Wei.

The sponsorship took effect in March 2017 with each player receiving a contribution of RM100,000.00. This will ease the financial burden of the two women, enabling them to equip themselves with better training facilities and allow them to perform at their full potential.





PROTECTING THE ENVIRONMENT



Our aspirational goal is to achieve zero harm to people and the environment. We continuously focus on minimising our environmental footprint and train our employees on efficient environmental management practices.

We have in place environmental policies at all business units and offices to ensure the right focus relating to the specific business in accordance with ISO 14001, the international recognised standard for environmental management. As at 31 January 2018, Yinson Production has been ISO 14001 certified, while all other business units and offices follow the ISO 14001 requirements and practices, which remains to be certified.

ISO 14001 is a suite of standards enabling us to meet increasingly high customer expectations of corporate responsibility, which include:

- Reducing waste and energy consumption with better environmental management practices
- Reducing the cost of our operations through improvements in our process efficiency
- Environmental impact measurement
- Demonstrating compliance as part of our business development efforts
- Being better prepared for anticipated changes in the business landscape

The certification has also guided us on the preparation for individual environmental focus plans for each office and FPSO, based on the list of environmental aspects of each location and are designed to mitigate and minimise the environmental footprints of the respective locations. Having an environmental management system in place at all locations makes compliance to local laws and regulations more efficient and transparent.

In addition to our efforts on the operational side, we also recognise the need to inculcate environmental friendly practices at the corporate as well as individual level. Initiatives have been introduced and activities conducted to educate employees on CO₂ emissions, recycling, power consumption and the use of environmental friendly products among other things.

03

Governance

- 62 Corporate Governance Overview Statement
- 76 Statement on Risk Management and Internal Control
- 82 Report on Audit Committee
- 85 Statement on Directors' Responsibility



Corporate Governance Overview Statement

The Board is pleased to present to the Shareholders, the Corporate Governance ("CG") Overview Statement of the Company for the financial year ended 31 January 2018. This CG Overview Statement should be read in conjunction with the CG Report, which are available on the Company's website www.yinson.com.my/corporate-governance/. The CG Report provides details on how the Company has applied each Practice as set out in the Malaysia Code on Corporate Governance 2017 ("MCCG") during the financial year ended 31 January 2018.

The Board is committed towards achieving high standards of corporate governance practices, values and ethical business conducts and acknowledges the importance to set the appropriate tone at the Board level to across the entire Group. Corporate governance practices shall be the fundamental aspect in managing the business and affairs of the Group in a responsible and ethical manner.

In deliberating and reviewing the CG Overview Statement, the Board is satisfied that the Company has complied with the provisions and applied the main principles of the MCCG for the financial year ended 31 January 2018 except for:

- Practice 4.1 (The Board comprises of majority independent directors)
- Practice 4.5 (The Board have at least 30% women directors)
- Practice 7.2 (The Board discloses on a named basis the top five (5) senior management's remuneration)
- Practice 11.2 (The Company is encouraged to adopt integrated reporting)
- Practice 12.3 (Company with large number of shareholders or have meetings in remote locations should leverage technology to facilitate – voting in absentia and remote shareholders' participation at general meetings)

The explanation for departure, the Company's intended actions and timeframe for the departure from the above practices are available in the CG Report.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

Part I - Board Responsibilities

Intended Outcome 1.0

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

THE BOARD

The Board is collectively responsible for the proper stewardship of the Group's business and the creation of long term shareholders' value, whilst taking into account interest of other stakeholders. In order to ensure the effective discharge of the Board's functions and responsibilities, the Board delegates specific responsibilities and functions to various committees, namely Audit Committee, Board 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.

The key responsibilities of the Board as per the Board Charter are as follows:

- reviews and adopts a strategic plan, as developed by Management, taking into account the sustainability of the businesses of the Company and its subsidiaries ("Group"), with attention given to the environmental, economic, social and governance ("ESG") aspects of the operations;
- oversees the conduct of the Group's businesses, including monitoring Management's performance to determine whether the business is being properly managed;
- identifies principal business risk faced by the Group and ensures the implementation of appropriate internal controls and mitigating measures to manage such risks;
- succession planning – ensures that all candidates appointed to Board and Senior Management positions are of sufficient calibre and that there are programs deployed to provide for the orderly succession of members of the Board and Senior Management;

- oversees the development and implementation of an Investor Relations Program or Stakeholder Communication Policy;
- reviews the adequacy and integrity of the Group's management information and internal control systems, ensuring there is a sound framework of reporting internal controls and regulatory compliance; and
- ensure the integrity of the Group's financial and non-financial reporting.

The reporting structure of the Company where the power of the Board is delegated to the relevant Board Committees and the Management of the Company, as depicted below.



* Risk Management Committee reports risk matters to Board via Board Risk Management Committee



Board Roles and Their Responsibilities

Chairman and Group Chief Executive Officer	The role of the Chairman and the Group Chief Executive Officer are separately held and their key roles and responsibilities are clearly defined in the Board Charter. The Chairman provides leadership and direction to the Board in achieving Board effectiveness and acts as a liaison between Board and Management as well as Shareholders. The Group Chief Executive Officer 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.
Non-Independent Non-Executive Directors	The roles of the Non-Independent Non-Executive Directors largely encompass the (i) monitoring of Company performance by overseeing the performance of Management in meeting agreed goals and objectives; and (ii) constructively challenge and contributing to the development of Company's strategy. They possess vast experience from their background, brings valuable external perspectives and insights to contribute significantly in the Board's deliberations and decisions.
Independent Non-Executive Directors	The main responsibility of Independent Non-Executive Directors is to provide unbiased, objective and independent views, advise and judgment in order to safeguard the interest of the Company and minority Shareholders. They provide a broader view, independent assessment and opinions on Management proposals and strategies.
Senior Independent Non-Executive Director	The Senior Independent Non-Executive Director serves as a designated person to highlight concerns of the Board which are sensitive to the Chairman or act as an alternate contact person for Shareholders or other stakeholders which could not be resolved via normal channels of contact with the Chairman or Group Chief Executive Officer.
Company Secretary	The Company Secretary plays an important role in good governance by helping the Board and Board Committees function effectively and advising the Board on corporate disclosures and compliance with the relevant regulatory requirements, guidance and legislations as well as monitor corporate governance developments and assist the Board in applying governance practices. The Company Secretary would provide updates on statutory and regulatory requirements, and the resultant implicants of any changes therein to the Company and Directors in relation to their duties and responsibilities.

Corporate Governance Overview Statement *(Cont'd)*

Board Meeting and Access to Information

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.

Meetings of the Board and Board Committees are scheduled in advance before the beginning of each financial year to enable Board members to plan and coordinate the timing of each members.

The Board and Board Committees papers are disseminated via email and/or hardcopies at least seven (7) days prior to the respective meetings. This enables Directors to have sufficient time for review, consider and to be prepared for the meetings. The deliberations and decisions of the Board are properly recorded in the minutes and circulated to the Board and attendees for proper meeting recording in a timely manner. The Board have direct access to the Senior Management and may obtain independent professional advice, if necessary, in accordance with established procedures set out in the Board Charter.

The attendance of the Directors at the Board and Board Committee meetings during the financial year under review with attendance of at least 90% and above, are tabled as below:

Name	Type of Meetings				
	Board	*Audit and Risk Management Committee	Nominating and Remuneration Committee	Employees' Share Scheme Committee	General Meeting
Lim Han Weng	10/10	–	–	1/1	2/2
Lim Chern Yuan	10/10	–	–	1/1	2/2
Bah Kim Lian	9/10	–	–	–	2/2
Lim Han Joe	10/10	–	–	–	2/2
Dato' Mohamad Nasir bin Ab Latif	10/10	–	–	–	2/2
Datuk Syed Zaid bin Syed Jaffar Albar	10/10	8/8	2/2	1/1	2/2
Dato' Wee Hoe Soon @ Gooi Hoe Soon	10/10	8/8	2/2	1/1	2/2
Datuk Raja Zaharaton binti Raja Zainal Abidin	10/10	8/8	2/2	1/1	2/2

* During the financial year ended 31 January 2018, it was a combined Audit and Risk Management Committee. The Committee was subsequently segregated into the Audit Committee and the Board Risk Management Committee on 10 January 2018.

Intended Outcome 2.0

There is demarcation of responsibilities between the board, board committees and management. There is clarity in the authority of the board, its committees and individual directors.

A clear demarcation of responsibilities between the Board, Board Committees and Management are defined in the Board Charter. The Board Charter was reviewed in April 2017 and uploaded to the Company's website.

The Board Charter spells out the governance structure, authority and reserved matters for the Board whilst the respective Board Committees and Management-level Committees roles and responsibilities are spell out in their respective terms of references.

The delegation of responsibilities of respective Board Committees are as defined below:

- The Audit Committee assists the Board in overseeing the integrity of financial reporting, internal control and risk management processes, review and monitor internal audit functions and external auditors.
- The Board Risk Management Committee assists the Board in identifying principal risks and ensuring implementation of an effective risk management system and reviewing the adequacy and integrity of the Group's internal control and management information system.

- The Nominating and Remuneration Committee assists the Board in building an effective Board by selecting, nominating and evaluating performance of the Board, Board Committees and individual Directors. The Nominating and Remuneration Committee reviews the appropriate balance and diverse mix of skills, knowledge, experience, background and gender to ensure the individual Directors complements the Board. The remuneration package of Directors and Senior Management are also reviewed by the aforesaid committee.
- The Employees' Share Scheme Committee assists the Board in implementing and administering the Employees' Share Scheme on the allocation, granting and maintenance of the Employees' Share Scheme to the Executive Directors, Senior Management and employees of the Group.

During the financial year under review, key activities of the Board and Board Committees performed include:



Key activities of the Board

- | | |
|--|---|
| <ul style="list-style-type: none"> • Approve Budget and strategic business plans • Review, approve and receive updates on business projects • Approve various Charters, Terms of Reference, Policies and Procedures • Approve statements contained in Annual Report • Approve declaration of interim dividend • Approve Sustainability policy and strategies • Approve Board Evaluation and recommend re-election of Directors at AGM | <ul style="list-style-type: none"> • Approve Quarterly Results • Approve Audited Financial Statements for the financial year ended 31 January 2017 • Approve Enterprise Risk Management plan and Risk Register • Approve Internal Audit Plan • Review the solvency position of the Company for dividend and share buy-back • Recommend Proposal to seek Shareholders' approval on Share Buy-back authority • Establish good Corporate Governance practices |
|--|---|



Key activities of the Board Committees

Audit and Risk Management Committee

- Review Internal Audit Plan and approve Internal Audit Reports
- Review quarterly financial results
- Approve Audit Planning Memorandum for financial external audit
- Review Audit Fees
- Review Audited Financial Statements
- Conduct private sessions with external auditors and internal auditors and assess their performance
- Review Recurrent Related Party Transactions register
- Review Enterprise Risk Management plans
- Review status of the Risk Action Plan for Top five (5) risks of the Company

Nominating and Remuneration Committee

- Review annual performance of Individual Directors, Board and Board Committees
- Review re-election of Directors
- Review policies relating to Nominating and Remuneration matters such as, Remuneration Policy, Diversity Policy, Succession Planning Policy and Procedure etc.
- Review Directors' fees and benefits
- Review Senior Management remuneration package

Employees' Share Scheme Committee

- Review and approve offer of Options
- Recommend the extension of Employees Share Scheme's tenure for Board approval

Corporate Governance Overview Statement *(Cont'd)*

The Board is also assisted by Management Committee and Sustainability Committee, which consist of the Senior Management of the Group. The delegation of responsibilities of respective Management-level Committees are as defined below:

- The Management Committee was established in September 2016 to (i) assist the Board in overseeing the day-to-day operations and business affairs of the Group as well as guiding, directing and monitoring of the Groups' activities to achieve the corporate objectives and strategic goals of the Group; (ii) review the Group's business strategies, business plans, policies and frameworks; and (iii) assist the Board/Board Risk Management Committee in identifying the principal business risks faced by the Group and ensures the implementation of appropriate internal controls and mitigating measures to manage such risks.
- The Sustainability Committee was established in June 2016 to (i) support and advice the Board in relation to embedding sustainability principles and practices throughout the Group's overall business strategies, policies, processes and practices to ensure the continuity of the Group; (ii) oversee on behalf of the Board, management processes, standards and strategies designed to manage sustainability aspects and achieve compliance with social and environmental responsibilities and commitments; (iii) support the Board to meet sustainability expectation of the Group's various stakeholders; and (iv) steer the Company towards qualifying for Sustainability Index in Malaysia and globally.

A detailed report on the sustainability is set out in the Sustainability Statement as contained in page 50 to 59 of the 2018 Annual Report.

Intended Outcome 3.0

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Code of Ethics

The Code of Ethics is formulated to enhance the stands of corporate governance and corporate behaviour with the intention of achieving the following aims:

- ethical behaviour for Directors, Senior Management and employees grounded on trustworthiness and values that reflect integrity and honesty;
- uphold the spirit of responsibility and social responsibility in line with regulatory requirements or prevailing guidelines for administrating a company; and
- formalise and inculcate ethical values through the Code of Ethics, including implementation and compliance.

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 areas covered are as follows:

- work environment;
- safety, health and environment;
- property of the Group;
- records and information;
- proprietary and confidential information;
- non-engaging with illegal activities;

- fair dealings with others and non-permission to offer, give, solicit or accept gift, bribe, secret commission and other form of benefits;
- involvement in political contribution and activities;
- dealing with conflict of interests; and
- report of violations through Whistleblower Policy.

The Board constantly observe the Code of Ethics and uphold integrity in discharging its fiduciary duties. The Board is in the midst of establishing and implementing Insider Trading Policy and Procedure, Anti-Bribery and Anti-Corruption Policy as well as Anti-Money Laundering Policy.

Whistleblower Policy

The Whistleblower Policy is established to facilitates the disclosure of wrongdoings such as fraud, corruption, serious financial impropriety and gross mismanagement to be reported and addressed in an appropriate and timely manner. The Whistleblower Policy also provides guidance on who can, what to, when to and how to disclose wrongdoing. The Company provides assurance of protection for genuine whistleblowers. The Whistleblower Policy is targeted to be reviewed in the second quarter of 2018.

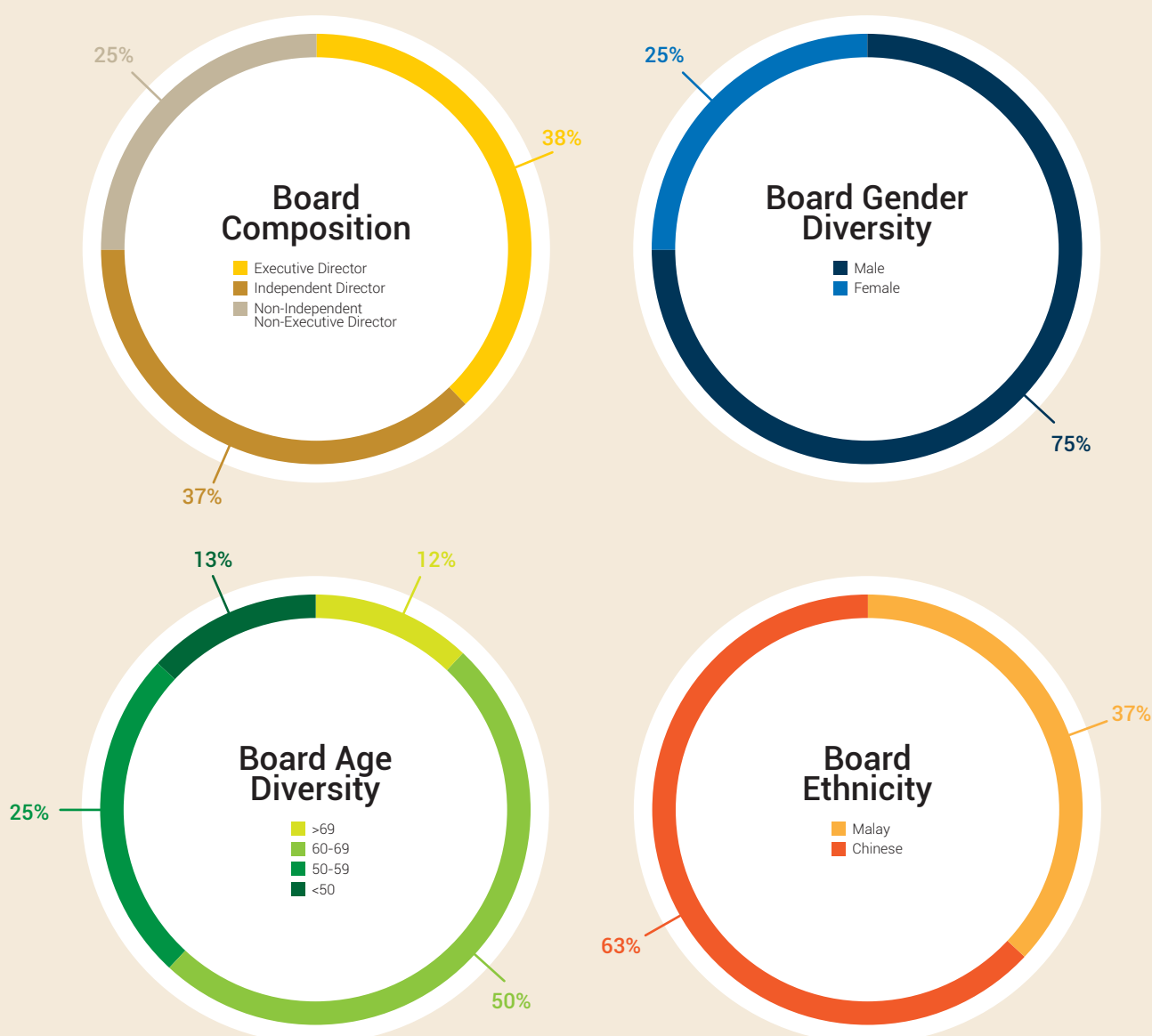
Part II – Board Composition

Intended Outcome 4.0

Board decisions are made objectively in the best interest of the company taking into account diverse perspectives and insights.

Presently, the Board comprises of eight (8) members of whom three (3) Executive Directors, two (2) Non-Independent Non-Executive Directors, three (3) Independent Non-Executive Directors. The independence composition of the Board is 37.5% and 2 out of 8 directors are women. The Board believes an appropriate balance and mix of skills, knowledge, experience, background and gender ensure the effectiveness of the Board. All three (3) Independent Non-Executive Directors had currently served for two (2) consecutive years in the Company. The profiles of the Directors are found at page 22 to 29 of the 2018 Annual Report.

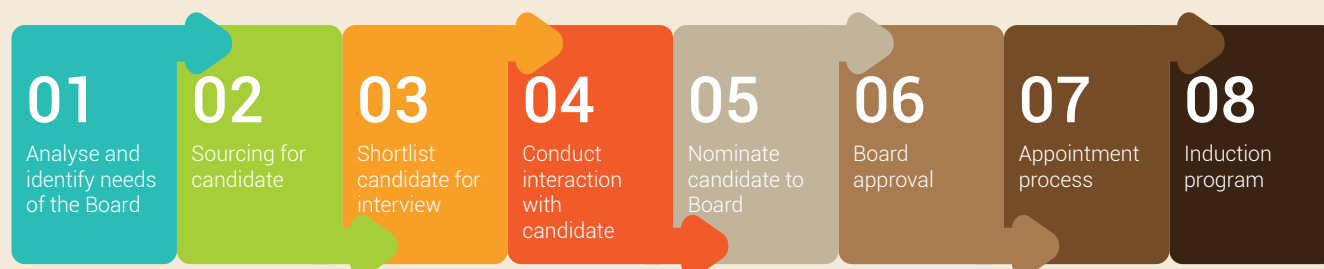
Board Diversity Chart



Corporate Governance Overview Statement *(Cont'd)*

Selection and Appointment Process

The Nominating and Remuneration Committee is entrusted by the Board to ensure proper screening and selection of candidates prior to appointment of new Director who is fit and able to complement to the current Board. The selection and appointment process for new Directors are as follows:



Intended Outcome 5.0

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

The Nominating and Remuneration Committee conducted an annual performance evaluation on the Board, Board Committees, Directors' Self and Peer Evaluation and Independent Directors' Self-Assessment. In addition, the attendance of Directors at Board and Board Committees meetings, time commitment and trainings attended by the individual Directors were reviewed and considered.

None of the Directors exceeded five (5) listed companies directorships and the attendance of the Directors for the financial year ended 31 January 2018 is near 100%.

The Board is satisfied with the overall performance of individual Directors, Board and Board Committees for the financial year under review, with improvement seen for the performance of the Board and Board Committees. Areas of improvements identified from the assessment were (i) enhance communication between Management and Board on short, medium and long-term strategy; (ii) to improve on the key performance indicators to monitor executive and Senior Management's performance; and (iii) implementation of succession plan.

Directors	Training program
Lim Han Weng	- Directors' Continuous Learning Programme: The Companies Act 2016 – Challenges for Directors and Officers - Half-Day Enterprise Risk Management – Risk Awareness Session for Yinson Holdings Berhad - Invest Malaysia 2018
Lim Chern Yuan	- Invest Asean 2017 - Directors' Continuous Learning Programme: The Companies Act 2016 – Challenges for Directors and Officers - Forbes Asia Forum: The Next Tycoons – A Generation Emerges - Forbes Asia Forum: The Next Tycoons – Face-To-Face - Half-Day Enterprise Risk Management – Risk Awareness Session for Yinson Holdings Berhad - Invest Malaysia 2017 Taiwan - The CG Breakfast Series for Directors: Leading Change @ The Brain - Invest Malaysia 2018

Directors	Training program
Bah Kim Lian	- Directors' Continuous Learning Programme: The Companies Act 2016 – Challenges for Directors and Officers - Half-Day Enterprise Risk Management – Risk Awareness Session for Yinson Holdings Berhad - Invest Malaysia 2018
Lim Han Joeh	- Directors' Continuous Learning Programme: The Companies Act 2016 – Challenges for Directors and Officers - Half-Day Enterprise Risk Management – Risk Awareness Session for Yinson Holdings Berhad - Invest Malaysia 2018
Dato' Mohamad Nasir bin Ab Latif	- Alternative Investment Conference by LGT Capital Partners - Half-Day Enterprise Risk Management – Risk Awareness Session for Yinson Holdings Berhad - Executive Academic Partnership Program by the Franklin Templeton Academy & UC Berkeley's Haas, School of Business, Center of Executive Education - Invest Malaysia 2018
Dato' Wee Hoe Soon @ Gooi Hoe Soon	- Breakfast Talk with ACGA: CG Watch 2016 – Ecosystem Matter - Directors' Continuous Learning Programme: The Companies Act 2016 – Challenges for Directors and Officers - Price Sensitive Information Presentation 1st Distinguished Board Leadership Series: "Efficient Inefficiency: Making Boards Effective in a Changing World" - Half-Day Enterprise Risk Management – Risk Awareness Session for Yinson Holdings Berhad 2nd Securities Commission: FIDE FORUM Dialogue – Leveraging Technology for Growth - Business Continuity Plan Briefing and Crisis Management Table Top Drill
Datuk Syed Zaid bin Syed Jaffar Albar	- Directors' Continuous Learning Programme: The Companies Act 2016 – Challenges for Directors and Officers 4th Industrial Revolution: Impact and Opportunities for Manufacturing and Financial Services - Shariah Advisory Committee, Board and Management Committee Session 2017 – New Thinking of Shariah Governance: Facilitation of Shariah Assurance and Beyond - Malaysian Code on Corporate Governance: Dealing with Issues & Expectations on Audit Committee, Risk Management & Stakeholder Management - Half-Day Enterprise Risk Management – Risk Awareness Session for Yinson Holdings Berhad - The CG Breakfast Series for Directors: Leading Change @ The Brain "Leaders Roundtable Meeting" by the 30% Club Malaysia Chapter
Datuk Raja Zaharaton binti Raja Zainal Abidin	- Companies Act 2016 and Regulations - An Overview of Changes and Comparison of Directors Duties and Responsibilities with Companies Act 2016 - Directors' Continuous Learning Programme: The Companies Act 2016 – Challenges for Directors and Officers - Half-Day Enterprise Risk Management – Risk Awareness Session for Yinson Holdings Berhad "Leaders Roundtable Meeting" by the 30% Club Malaysia Chapter - Tax Briefing on Budget 2018 by Deloitte Tax Services to cover a Macro Overview of Budget 2018 Issues and Current Tax Developments Impacting Organisations. - Invest Malaysia 2018

Corporate Governance Overview Statement *(Cont'd)*

Part III – Remuneration

Intended Outcome 6.0

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives. Remuneration policies and decisions are made through a transparent and independent process.

Intended Outcome 7.0

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

During the financial year under review, the Board via Nominating and Remuneration Committee has reviewed and revised the remuneration structure of the Directors with effect from 1 February 2018 to be structured based on fee as a director, fee for participation as member and chairman of a committee as well as meeting allowances as follows:

	RM
Board of Directors Fees	
Non-Executive Directors	200,000/annum
Executive Directors	50,000/annum
Chairman of the Board	Additional 10,000/annum
Audit Committee/Board Risk Management Committee	
Chairman Fees	30,000/annum
Member Fees	20,000/annum
Other Committees	
Chairman Fees	20,000/annum
Member Fees	10,000/annum
Meeting Attendance Allowances	
Board Meeting and General Meeting Allowances	2,000/meeting
Board Committees Allowances	1,000/meeting

The details of the Directors' remuneration (Company and Group basis) for the financial year ended 31 January 2018 are as follows:

	Fees	Salary	Benefits in Kind	Others Emoluments^A	Total
Company and Group Level	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Directors					
Lim Han Weng	60.0	2,690.0	7.8	1,270.7	4,028.5
Lim Chern Yuan	50.0	2,297.0	5.2	1,083.4	3,435.6
Bah Kim Lian	50.0	289.1	–	140.5	479.6
Non-Executive Directors					
Lim Han Joeh	50.0	–	–	6.6	56.6
Dato' Mohamad Nasir bin Ab Latif*	200.0	–	–	6.6	206.6
Datuk Syed Zaid bin Syed Jaffar Albar	200.0	–	–	12.1	212.1
Dato' Wee Hoe Soon @ Gooi Hoe Soon	230.0	–	–	12.1	242.1
Datuk Raja Zaharaton binti Raja Zainal Abidin	200.0	–	–	12.1	212.1
Total	1,040.0	5,276.1	13.0	2,544.1	8,873.2

^A Comprises bonus, meeting allowance, employer's provident fund contribution, social security welfare contribution and Employees' Insurance Scheme.

* 50% of the Director's fee for nominee of EPF on the Board of the Company is paid directly to EPF.

None of the Directors of the Company derived remuneration from the subsidiaries of the Company.

The Directors who are Shareholders of the Company had abstained from voting at the previous 24th AGM and will abstain from voting at the forthcoming 25th AGM on resolutions pertaining to their Directors' fees, benefits and re-election of Directors.

The remuneration of the Senior Management (Group basis) for the financial year ended 31 January 2018, are as follows:

	Salary	Benefits in Kind	Other Emoluments^{^^}	Total
Group Level	RM'000	RM'000	RM'000	RM'000
Senior Management**	10,175.7	3,902.1	5,787.7	19,865.5

^{^^} Comprises bonus, employer's provident fund contribution, social security welfare contribution and Employees' Insurance Scheme.

** Comprising 8 Senior Management members including the Group Chief Executive Officer who is also an Executive Director.

Corporate Governance Overview Statement *(Cont'd)*

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I – Audit Committee

Intended Outcome 8.0

There is an effective and independent Audit Committee. The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

The Audit and Risk Management Committee was renamed as Audit Committee after the Board approved the segregation of the risk management function to Board Risk Management Committee in January 2018. The detailed report on the Audit Committee's composition, terms of reference, summary of work performed during the financial year under review, is contained in page 82 to 84 of the 2018 Annual Report.

The terms of reference of the Audit Committee had been reviewed and revised in January 2018 of which an additional requirement for a former key audit partner to observe a cooling-off period of at least two (2) year before being appointed as a member of the Audit Committee was included. Currently, none of the members of the Audit Committee is a former key audit partner of the Company.

The Audit Committee within its responsibility to review, assess and monitor the performance, suitability and independence of External Auditors. The Board had adopted External Auditor Policy and Procedure in January 2018, which sets out the selection and appointment, annual assessment and re-appointment, removal and no re-appointment, audit engagement independence, audit deliverables, rotation of audit partners and non-audit services.

During the financial year under review, the Audit Committee had conducted three (3) private sessions with external auditors, PricewaterhouseCoopers PLT (formerly known as PricewaterhouseCoopers) in March, September and December 2017, without the presence of Executive Directors and Management. The Audit Committee has obtained assurance from the external auditor confirming its independence. On 3 May 2018, the Board has recommended the re-appointment of PricewaterhouseCoopers PLT for Shareholders' approval at the forthcoming 25th AGM.

Part II – Risk Management and Internal Control Framework

Intended Outcome 9.0

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives. The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

As part of the Board's objective to improve the good governance of the Group, the Board has segregated the risk management function from the Audit Committee for more focused role in the direction and oversight of the Group's risk management framework and policies. The Enterprise Risk Management framework and risk identification process to manage its risk management is in line with the ISO 31000 Risk Management guidelines. A detailed report of the risk management and internal control framework are set out in the Statement on Risk Management and Internal Control contained in page 76 to 81 of the 2018 Annual Report.

The Board is of the view that the system of internal control and risk management is sound and adequate to mitigate risk exposure of the business and safeguard the interest of the Shareholders, employees, regulators and other stakeholders.

Intended Outcome 10.0

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

The Internal Audit function of the Group is carried out by co-sourcing engagement by both in-house Internal Audit Department and Ernst & Young Advisory Services Sdn Bhd, whom report directly to the Audit Committee.

The scope of work for the Internal Audit function are set out in the Report on Audit Committee as contained in page 84 of the 2018 Annual Report.

The Audit Committee conducted a review on the performance of the Internal Audit function for the financial year ended 31 January 2018 and noted on the needs for in-house Internal Audit team to undertake specialised training to meet the enlarge scope of Internal Audit function from time to time.

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS
 Part I – Communication with Stakeholders

Intended Outcome 11.0

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

The Board recognises the importance of being transparent and accountable to the Company's Shareholders and prospective investors. The Board adopted a new Stakeholder Communication Policy and Procedure in January 2018 which superseded the Shareholder Communication Policy adopted in February 2017, which focuses on promoting effective communication and provide stakeholders with complete and timely information about Yinson Group, to fairly and accurately represent the Group. This enables the investors and potential investors to make proper informed investment decisions and other parties to have a balanced understanding of the Group and its objectives.

The Company via its Investor Relations team, conducts periodic analyst briefing and issues press release as and when necessary, including but not limited to its quarterly financial results and major contracts of the Group. The press release articles and corporate presentations are also published at the Company's website www.yinson.com.my.

To maintain a high level of transparency and to effectively address any issues or concerns, the Company has dedicated electronic mails, info@yinson.com.my to which stakeholders can direct their queries or concerns and ir@yinson.com.my for investor relations purpose.

Corporate Governance Overview Statement *(Cont'd)*

Part II – Conduct of General Meetings

Intended Outcome 12.0

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Annual General Meeting

The AGM remains the principal forum for communication with Shareholders of the Company. All Directors including the Board and Board Committees' Chairman together with the Senior Management team, external auditors and internal auditors were present at the 24th AGM held on 6 July 2017 for answering any queries from the Shareholders who participate in the Question and Answer sessions.

The notice of the 24th AGM was issued on 31 May 2017 and published in the 2017 Annual Report, The Star newspaper, Bursa company announcement and Company's website. The Shareholders are given sufficient time to make the necessary arrangements for appointing proxy(ies) or attending the AGM.

The Company had implemented poll voting for all resolutions set out in the notice of 24th AGM and appointed Coopers Professional Scrutineers Sdn Bhd as the independent scrutineers to observe the polling procedures and verify the poll results.

A summary of the minutes of general meeting including the question and answer session, is made available to the Shareholders at the Company's website www.yinson.com.my.

This Corporate Governance Overview Statement was made in accordance with a resolution of the Board on 3 May 2018.

Other Compliance Information

1. Utilisation of Proceeds

There were no proceeds raised from any corporate proposal during the financial year ended 31 January 2018.

2. Audit and Non-Audit Fees

The amount of audit and non-audit fees paid to the Company's external auditors, PricewaterhouseCoopers PLT and its affiliates for the services rendered to the Company and the Group for the financial year ended 31 January 2018 are as follows:

Particulars	Company RM '000	Group RM '000
Audit Fees	250	1,679
Non-Audit Fees	372	526
Percentage of Non-Audit Fees over Audit Fees	>100%	31.3%

The Non-Audit services rendered by the external auditors were relating to the following:

Company Level

- 1) Provision of comfort letters for a debt issuance exercise and reviewed accounting treatments – RM291,000
- 2) Review of financial information for specific projects – RM81,000

Group Level

- 1) Professional services rendered in connection to income tax matters – RM154,000
- 2) Provision of comfort letters for a debt issuance exercise and reviewed accounting treatments – RM291,000
- 3) Review of financial information for specific projects – RM81,000

3. Material Contracts Involving Directors' and Major Shareholders' Interest

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 2018.

4. Recurrent Related Party Transactions of a Revenue or Trading Nature

All recurrent related party transactions ("RRPTs") are dealt with in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and a summary of RRPT Register is tabled for Audit Committee's review and monitoring on quarterly basis.

The relevant process and procedure are set to ensure any related party transactions are monitored and conducted in a manner that is fair and at arms' length basis. The Directors and major shareholders who have interest in a transaction will ensure that they abstain from deliberation and voting on the transaction at Board meetings and general meetings, if required.

The details of the RRPTs conducted during the financial year ended 31 January 2018 between the Company and/or its subsidiaries with related parties are disclosed in page 171 to 172 of the 2018 Annual Report.

5. Employees' Share Scheme

Details of the Employees' Share Scheme are disclosed in page 89 of the 2018 Annual Report.

No new options were granted to Directors and Group Chief Executive Officer during the financial year ended 31 January 2018, details of their options are disclosed in page 91 of the 2018 Annual Report.

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. Since commencement of the ESS, 44.75% were allocated to the Directors and Senior Management of the Group. No new options were granted to Directors and Senior Management during the financial year ended 31 January 2018.

Statement on Risk Management and Internal Control

The 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 2018.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility towards maintaining an effective risk management and internal control system 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 system to ensure that the system remains relevant and applicable for the Group. The Group's system of risk management and internal control encompasses various types of controls including those of strategic, operational 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 system in place, the system does 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 system is expected to safeguard the Group from identified risks captured in the Group's overall risk profile.

The Board has implemented an ongoing process for identifying, evaluating, monitoring and managing significant risks affecting the achievement of its business objectives and strategies throughout the financial year under review. 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. The Group Risk Management and Compliance department ("Risk Department") is responsible for the coordination and implementation of the Group's Enterprise Risk Management ("ERM") Policy and Framework as well as monitoring and reporting key risk issues to the Management Committee and Board Risk Management Committee.

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 Board Risk Management Committee explicitly assumes the responsibility of identifying principal risks and ensuring implementation of an effective risk management system and reviewing the adequacy and integrity of the Company's internal control and management information system. The principal 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 Risk Department, review the adequacy, integrity and implementation of appropriate systems for risk management.

A review process of the Group's ERM Framework was completed and presented to the Board in November 2017, where the Board approved the ERM Policy & Framework.

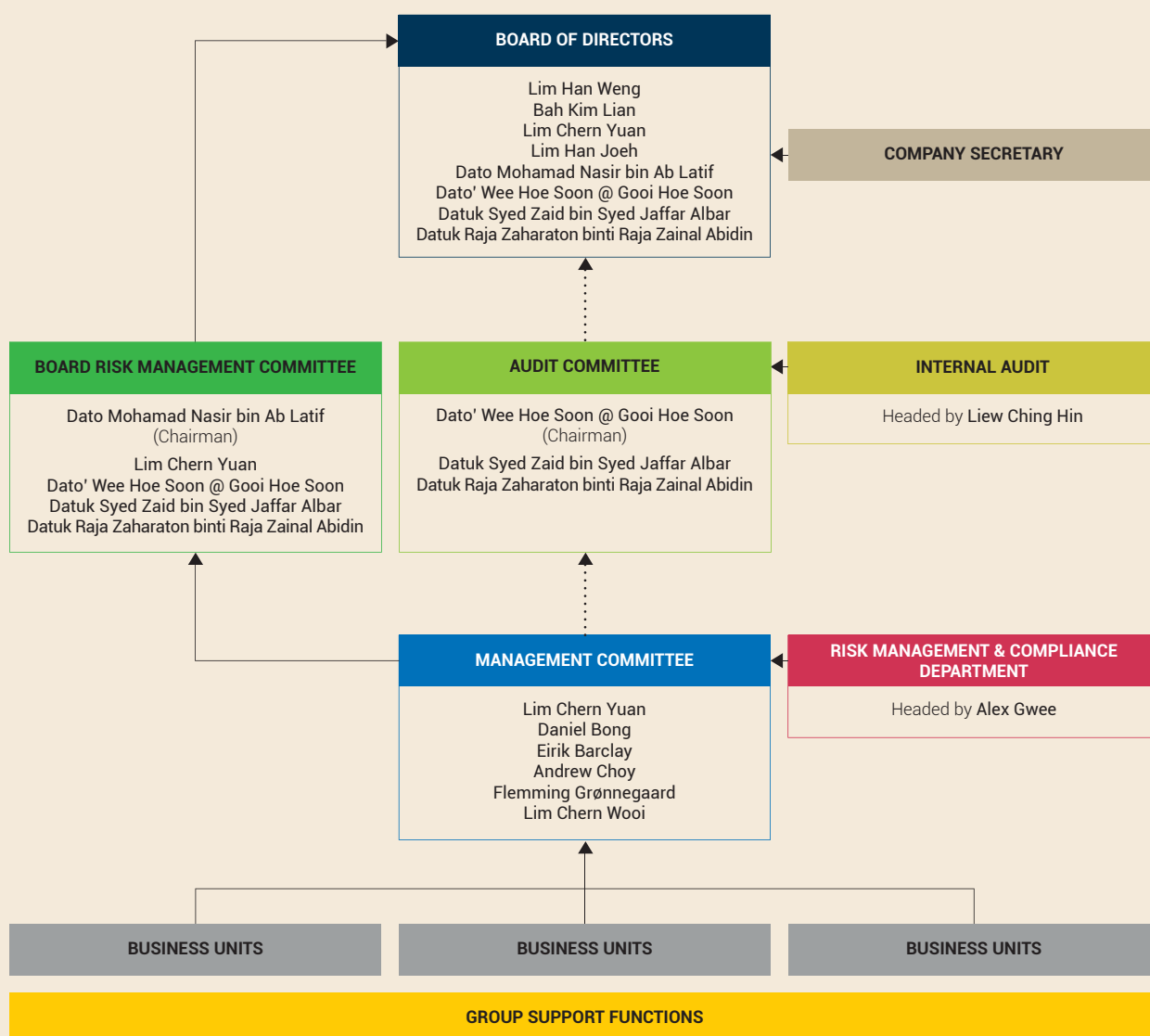
From the review process, the Group streamlined its ERM Framework and risk identification process to manage its risk management more effectively in line with the ISO 31000 Risk Management guidelines.

The main processes of the ERM Framework involve:

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

In January 2018, the Board approved the segregation of the risk management function from the Audit and Risk Management Committee to a Board Risk Management Committee ("BRMC"). The BRMC, which comprises of a majority of Independent Directors, plays a more focused role in the direction and oversight of the Group's risk management framework and policies. This monitoring and oversight role was previously the function of the Audit and Risk Management Committee.

The following diagram illustrates the relationship and reporting functions of the respective Committees and departments with regards to the Group's risk management and internal control.



Statement on Risk Management and Internal Control *(Cont'd)*

BOARD RESPONSIBILITY (CONT'D)

1. Risk Management Structure (Cont'd)

Three Lines of Defence

The Group adopts a three lines of defence approach for its risk management. This approach represents a simple and effective approach to enhance the communication on the risk management and controls by clarifying essential roles and duties. It provides an overview of the Group's operations from a risk management perspective while assuring the ongoing success of risk management initiatives and ensuring that it is applicable to the Group.



Key Risk Factors

For the financial year under review, the following top five (5) risks were identified and discussed by the BRMC and the key action plans were highlighted.

i. Project concentration risk

Some of the Group's contracts will be coming to the end of the contract period and hence the Group need to identify additional sources of income to avoid over-reliance on any single project.

Mitigation:

The Group is vigorously pursuing business potential in other regions which the Group has yet to be involved in. Business development activities will be ramped up to source for new projects.

ii. Bribery & corruption risk

Following the anti-bribery legislation such as the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act ("FCPA"), there is an increasing complexity in the regulatory environment and enforcement. The Group has projects and business dealing with partners in different countries and jurisdictions which will pose a major challenge in ensuring compliance with the regulations and laws of the countries which the Group operates in.

Mitigation:

The Group is looking into strengthening its anti-bribery & anti-corruption ("ABAC") framework and policy which will assist in the detection, prevention and monitoring of bribery and corruption risk issues.

iii. Project cost overrun

As FPSO projects are typically long-term in nature, any project cost overrun would cause a negative impact on the project profit margins and affect the cash flow of the Group.

Mitigation:

The Group is continuously reviewing and improving its project cost management to ensure that all ongoing and future projects are executed within budget.

iv. Investment evaluation risk

Ineffective evaluation on potential investments would lead to the wrong investment decisions and lead to poor returns on the said investments.

Mitigation:

The Group is looking into enhancing its investment policy and procedures to ensure that its investment evaluation process is effectively managed within a structured assessment process.

v. Corporate funding risk

Corporate funding is necessary to cover the working capital costs, equity injection and debt servicing of the Group. Inability to secure the necessary funding may lead to the Group defaulting on its debt obligations or failure to meet its repayment schedules.

Mitigation:

The Group will continue to enhance its corporate funding plan, assessing its financial position and funding gap. The Group will explore various avenues and programs to raise funds for its business operations and financial obligations.

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 Audit Committee, 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 Audit Committee) and the business units. Besides the established Board Committees, the Board is supported operationally by the MC which consists 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, whom sits in 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 authorities of the MC are defined within its Terms of Reference, as approved by the Board.

• Review and Monitoring Process

The MC conducts quarterly monitoring and review of the Group's operations and performance, including financial results and forecasts for all business operations within the Group. From the monitoring and review process, the MC provides updates to the Board and Audit Committee for their deliberation.

Statement on Risk Management and Internal Control *(Cont'd)*

BOARD RESPONSIBILITY (CONT'D)

2. Internal Control Structure (Cont'd)

- **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 and relevant accounting standards.

- **Operations Review and Monitoring**

Operations review of the Group are constantly monitored by the Board and Audit Committee 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 respective business units.

- **Recurrent Related Party Transactions**

All recurrent related party transactions ("RRPTs") are dealt with in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and a summary of RRPT Register is tabled for Audit Committee's review and monitoring on quarterly basis.

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 Financial Controller 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.

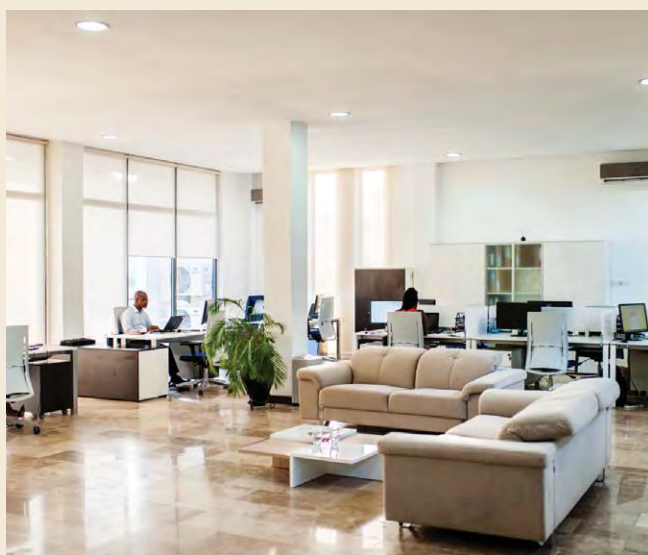
The Board is of the view that the risk management and internal control systems in place for the financial year under review and up to the date of approval of this statement for inclusion in the annual report is adequate and effective to safeguard the shareholders' investment, the interest of customers,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

INTERNAL AUDIT FUNCTION

The Group has in place an independent internal audit department, which provides the Board through the Audit Committee, the state of adequacy and effectiveness of the Group's system of internal control and management information system. Since July 2017, an external service provider was appointed to co-source internal audit engagements in order to attain additional business insights and gain access to competencies to better match the Group's expanding operations.

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 Audit Committee on the outcome of its appraisal of the risk management and internal control activities. The internal audit plan is reviewed and approved by the Audit Committee. According to the approved internal audit plan, the internal audit reports were submitted and presented to the Audit Committee to review the audit findings and action plans taken by Management to address the audit findings and concerns raised in the internal audit reports. The internal audit department also follows up on the status of Management's action plans on internal audit findings.

During the financial year under review, the Board is 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 system of the Group.



REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Listing Requirements, 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 May 2018.

Report on Audit Committee

The Board is pleased to present the Report on Audit Committee for the financial year ended 31 January 2018 in accordance with Paragraph 15.15 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements.

TERMS OF REFERENCE

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

COMPOSITION AND MEETINGS

On 10 January 2018, the Board approved the segregation of risk management functions from the existing Audit and Risk Management Committee and renamed it as the Audit Committee.

Based on the Terms of Reference of the Audit Committee, meetings are scheduled at least four (4) times a year with additional meetings to be convened when urgent and important decisions need to be made between scheduled meetings. For the financial year under review the Audit Committee met eight (8) times.

The Audit Committee is wholly comprised of Independent Non-Executive Directors with all members having a working familiarity with basic finance and accounting practices. Further to that, and in accordance with the Terms of Reference of the Audit Committee, one of its members, Dato' Wee Hoe Soon @ Gooi Hoe Soon, is a member of the Malaysian Institute of Accountants.

Details of members of the Committee and attendance of each member during FYE2018 are as follows:

Composition of Audit Committee Designation	Date of Appointment	No. of Meetings Attended	%
Dato' Wee Hoe Soon @ Gooi Hoe Soon <i>Chairman, Independent Non-Executive Director</i>	Appointed on 11 August 2016	8/8	100
Datuk Raja Zaharaton binti Raja Zainal Abidin <i>Member, Independent Non-Executive Director</i>	Appointed on 11 August 2016	8/8	100
Datuk Syed Zaid bin Syed Jaffar Albar <i>Member, Senior Independent Non-Executive Director</i>	Appointed on 19 August 2016	8/8	100

The meeting agenda, the relevant reports and Audit Committee papers, which are prepared by Management, provide the relevant facts and analysis for the convenience of the Committee. These are furnished to Audit Committee members at least seven (7) days before meetings to allow the members sufficient time to study, for effective discussion and decision making at the meetings.

At the meetings, the Audit Committee reviewed the risk management and internal control, financial reporting, internal and external audit functions within the Group. All pertinent issues discussed at Audit Committee meetings in arriving at decisions, conclusions or recommendations were properly recorded by the Company Secretary by way of minutes of meetings.

To avoid any conflict of interests, Audit Committee members must declare any interest they may have in any matters arising at the meetings. They will be excluded from deliberations and decisions in such matters and will also abstain from voting on the related resolutions at Audit Committee meetings/Board meetings/general meetings of the Company.

SUMMARY OF WORK PERFORMED

During the financial year under review, the Audit Committee 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 Group's risk management, 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; and
- Discussed and reviewed risk profile.

b) Financial Reporting

- Reviewed the unaudited quarterly financial results of the Group, prior to its release to Bursa Securities;
- Reviewed the annual audited financial statements of the Group together with external auditors' management letter and management's response; and
- Reviewed the application of major accounting policies and practice to ensure that the Group's financial statement had been prepared in compliance with approved accounting standards and that the Company adhered to all legal and regulatory requirements.

c) Internal Audit

- Appointed Ernst & Young Advisory Services Sdn Bhd ("EY") to co-source with the in-house internal audit department for the internal audit function;
- Reviewed and approved the internal audit plan;
- Reviewed and approved the Group Internal Audit's staffing requirements and budget to ensure adequacy of resources and competencies of the department;
- 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 of 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;
- Assessed the performance of internal audit function and reviewed its effectiveness of the audit process; and
- 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, September and December 2017 respectively, without the presence of Executive Directors and/or 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; and
- 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.

e) Other Matters

- Prepared report on Audit Committee to the Board which includes the composition of the Audit Committee, the reference to its terms of reference, number of meetings held, a summary of its works and a summary of the works of the internal audit function for inclusion in the annual report; and
- Reviewed and recommended the dividend pay-out.

Report on Audit Committee *(Cont'd)*

INTERNAL AUDIT FUNCTION

The internal audit function of Yinson Group ("IA Function") is carried out via a co-sourcing engagement between the in-house Internal Audit Department ("IAD") of Yinson Group and EY. The IA Function collectively assists the Audit Committee in discharging its duties and responsibilities and are free from any relationships or conflicts of interest, thus retaining its objectivity and independence. IAD and EY report directly to the Audit Committee on the adequacy and effectiveness of the Group's internal controls. The Audit Committee is aware of the fact that an independent and adequately resourced IA Function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

The in-house IAD of Yinson Group is led by Head of IAD, Mr Liew Ching Hin, who joined Yinson Group in 2006 and appointed as Head of IAD on 3 January 2013. He graduated from the University of Adelaide (Australia) with a Bachelor of Finance in 2000 and is an associate member of IIAM. He has 15 years of experience in the field of internal audit.

IAD is staffed by 3 audit executives, including the Head of IAD while the co-sourced team from EY comprised of 2-3 persons for each visit conducted with IAD. The staff of IAD have been provided with relevant trainings to keep them abreast with the developments in the profession, relevant industry and regulations. The training courses attended by IAD staff during the financial year under review included Cyber Security, Enterprise Risk Management, ISO related in-house workshop etc.

The Internal Auditors have performed its work in accordance with the principles of the international professional practice framework on internal auditing covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on audit concerns.

During the financial year under review, IA Function carried out audits according to the internal audit plan which had been approved by the Audit Committee. Internal audits were carried out to provide assurance that internal controls are established and operating as intended to achieve effective and efficient operations while adhering 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 the IAD and EY co-sourced team attended all the Audit Committee meetings during the financial year under review while the internal audit reports, incorporating audit recommendations and management's responses, were issued to the Audit Committee and the management of the respective operations. The Management is responsible for ensuring that corrective actions are taken within the required timeframe and all findings identified by IAD were tracked and followed up on a quarterly basis with the status of the implementation reported to the Audit Committee accordingly.

The IA activities carried out in accordance with the approved internal audit plan for FYE2018 were in the following areas:

1. Project Procurement Payment Process
2. Crew Management
3. Joint Venture Management
4. IT Setup and Cybersecurity Management

At the Board meetings during the year, the Audit Committee Chairman highlighted key audit issues and overall decisions and resolutions made during the Audit Committee meetings to the Board members.

The total cost incurred for maintaining the IA Function for the year under review was approximately RM740,000.00.

This Report on Audit Committee was made in accordance with the approval of the Board on 3 May 2018.

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 2018, 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.

04

Accountability

Financial Statements

88	Directors' Report
94	Statement by Directors
94	Statutory Declaration
95	Income Statements
96	Statements of Comprehensive Income
97	Statements of Financial Position
99	Statements of Changes in Equity
102	Statements of Cash Flows
105	Notes to the Financial Statements
189	Independent Auditors' Report
194	Analysis of Shareholdings
197	List of Properties
198	Notice of Annual General Meeting
203	Administrative Details



Directors' Report

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 2018.

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 19 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	292,073	87,385
Attributable to:		
Owners of the Company	292,179	87,385
Non-controlling interests	(106)	—
	292,073	87,385

DIVIDENDS

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

	RM'000
In respect of the financial year ended 31 January 2018:	
Interim single tier dividend of 4.0 sen per share, paid on 22 December 2017	43,527
In respect of the financial year ended 31 January 2017:	
Final single tier dividend of 2.0 sen per share, paid on 18 August 2017	21,764
	65,291

On 29 March 2018, the Directors declared a special dividend of 4.0 sen per share for the financial year ended 31 January 2018, amounting to approximately RM43.5 million, which is payable on 8 June 2018. The entitlement date for the dividend payment is 23 May 2018. This dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 January 2019.

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 do 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 2019.

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

During the financial year, the Company increased its issued and paid-up ordinary share capital from 1,092,798,440 to 1,092,808,440 by way of issuance of 10,000 new ordinary shares arising from the exercise of options under Employees' Share Scheme at the exercise price of RM2.80 per ordinary share.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

There was no new debentures issued during the financial year.

EMPLOYEES' SHARE SCHEME

On 3 November 2015, the Company obtained all required approvals and complied with the requirements pertaining to the establishment of 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.

On 25 January 2018, the Board of Directors resolved to extend the tenure for additional five (5) years till 2 November 2025 in accordance with the terms of the ESS By-Laws.

Subsequent to the financial year end, the Company has made second offer of options to eligible Executive Directors and employees of the Company. The details are disclosed in Note 48 to the financial statements.

The salient features and other terms of the ESS are disclosed in Note 29 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	Exercised	Lapsed	Outstanding as at
	1.2.2017			31.1.2018
Date of offer				
23 December 2016				
- first tranche	1,333,333	(10,000)	(200,000)	1,123,333
- second tranche	1,333,333	—	—	1,333,333
- third tranche	1,333,334	—	—	1,333,334
	4,000,000	(10,000)	(200,000)	3,790,000

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' Report *(Cont'd)*

DIRECTORS

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

Lim Han Weng
Bah Kim Lian
Lim Han Joeh
Lim Chern Yuan
Dato' Wee Hoe Soon @ Gooi Hoe Soon
Dato' Mohamad Nasir Bin AB Latif
Datuk Raja Zaharaton Binti Raja Zainal Abidin
Datuk Syed Zaid Bin Syed Jaffar Albar

DIRECTORS' BENEFITS

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose objects was to enable the Directors 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 11 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 38 to the financial statements.

DIRECTORS' INDEMNITY

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

DIRECTORS' REMUNERATION

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

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the 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 during the financial year except as follows:

	1.2.2017	Number of ordinary shares		
		Acquired	Sold	31.1.2018
Shares in the Company				
Direct interest:				
Lim Han Weng	227,601,000	–	(53,193,585)	174,407,415
Bah Kim Lian	91,077,600	–	(18,365,615)	72,711,985
Lim Han Joeh	41,310,376	–	(8,500,000)	32,810,376
Lim Chern Yuan	61,200	–	–	61,200
Dato' Wee Hoe Soon @ Gooi Hoe Soon	6,127,220	–	(6,127,220)	–
Indirect interest:				
Lim Han Weng ⁽¹⁾	138,912,400	–	(40,806,415)	98,105,985
Bah Kim Lian ⁽²⁾	229,890,200	–	(53,193,585)	176,696,615

⁽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

	Number of options over unissued ordinary shares			
	1.2.2017	Granted	Exercised	31.1.2018
Share options in the Company				
Direct interest:				
Lim Han Weng	320,000	—	—	320,000
Lim Chern Yuan	280,000	—	—	280,000
Indirect interest:				
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 STATUTORY INFORMATION

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) any charge 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) any contingent liability of the Group and of the Company which have arisen since the end of the financial year.

No contingent or other liability of any company in the Group 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 Company and its subsidiaries 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 of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

In the opinion of the Directors:

- (a) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in the financial statements under Note 8 and Note 9; 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 19 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 9 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) was registered on 2 January 2018 and with effect from that date, PricewaterhouseCoopers (AF 1146), a conventional partnership was converted to a limited liability partnership.

This report was approved by the Board of Directors on 3 May 2018. 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 95 to 188 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2018 and financial performance of the Group and of the Company for the financial year ended 31 January 2018 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution dated 3 May 2018.

Lim Han Weng
Director

Bah Kim Lian
Director

Statutory Declaration

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

I, Ho Guan Ming, 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 95 to 188 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 Ho Guan Ming)
at Kuala Lumpur)
on 3 May 2018) Ho Guan Ming

Before me,

Commission for Oaths

Income Statements

For the financial year ended 31 January 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<u>Continuing operations</u>					
Revenue	6	910,156	543,255	120,716	130,766
Cost of sales	7	(363,790)	(271,355)	–	–
Gross profit		546,366	271,900	120,716	130,766
Other items of income					
Interest income		4,905	5,761	36,551	36,079
Other income	8	59,165	7,439	144	39,584
Other items of expenses					
Administrative expenses	9	(184,935)	(122,937)	(43,114)	(31,126)
Finance costs	12	(107,540)	(32,314)	(26,506)	(29,136)
Share of results of joint ventures		43,081	82,457	–	–
Share of results of associates		728	873	–	–
Profit before tax		361,770	213,179	87,791	146,167
Income tax expense	13	(69,697)	(18,706)	(406)	(204)
Profit for the financial year from continuing operations		292,073	194,473	87,385	145,963
<u>Discontinued operations</u>					
Profit for the financial year from discontinued operations	47	–	2,282	–	–
Profit for the financial year		292,073	196,755	87,385	145,963
Attributable to:					
Owners of the Company		292,179	197,048	87,385	145,963
Non-controlling interests		(106)	(293)	–	–
		292,073	196,755	87,385	145,963
Earnings per share (EPS)					
attributable to owners of the Company (sen per share)					
EPS of the Group					
Basic	14(a)	26.8	18.1		
Diluted	14(b)	26.8	18.1		
Continuing operations					
Basic EPS	14(a)	26.8	17.8		
Diluted EPS	14(b)	26.8	17.8		
Discontinued operations					
Basic EPS	14(a)	–	0.3		
Diluted EPS	14(b)	–	0.3		

The notes on pages 105 to 188 are an integral part of these consolidated financial statements.

Statements of Comprehensive Income

For the financial year ended 31 January 2018

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit for the financial year	292,073	196,755	87,385	145,963
Other comprehensive income/(loss):				
Items that will be reclassified subsequently to profit or loss:				
- Cash flows hedge reserve	55,869	47,670	—	—
- Exchange differences on translation of foreign operations	(313,150)	141,940	—	—
- Transfer from held for sale reserve following the disposal of subsidiaries and associate	—	(9,575)	—	—
Other comprehensive (loss)/income for the financial year	(257,281)	180,035	—	—
Total comprehensive income for the financial year	34,792	376,790	87,385	145,963
Attributable to:				
Owners of the Company	34,898	377,141	87,385	145,963
Non-controlling interests	(106)	(351)	—	—
	34,792	376,790	87,385	145,963

The notes on pages 105 to 188 are an integral part of these consolidated financial statements.

Statements of Financial Position

As at 31 January 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Assets					
Non-current assets					
Property, plant and equipment	16	4,535,241	4,609,661	4,531	1,286
Investment properties	17	24,308	29,931	–	–
Intangible assets	18	23,660	27,611	8,690	10,746
Investment in subsidiaries	19	–	–	793,908	793,390
Investment in joint ventures	20	594,943	725,545	200,445	200,445
Investment in associates	21	1,949	2,599	30	79
Other receivables	24	6,497	10,165	583,746	417,605
Other assets	25	15,165	–	–	–
Finance lease receivables	33(a)	14,289	–	–	–
		5,216,052	5,405,512	1,591,350	1,423,551
Current assets					
Inventories	23	4,378	5,309	–	–
Trade and other receivables	24	369,040	166,812	77,566	220,555
Other assets	25	137,570	45,770	2,257	1,531
Finance lease receivables	33(a)	343	–	–	–
Tax recoverable		4,375	5,708	156	307
Derivatives	37	1,640	–	–	–
Other investments	22	79,901	27,296	–	–
Cash and bank balances	26	637,120	633,922	7,067	7,490
		1,234,367	884,817	87,046	229,883
Total assets		6,450,419	6,290,329	1,678,396	1,653,434

Statements of Financial Position *(Cont'd)*

As at 31 January 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Equity and liabilities					
Equity					
Share capital	27	1,099,490	1,099,462	1,099,490	1,099,462
Treasury shares	28	(12,633)	(12,633)	(12,633)	(12,633)
Reserves	30	86,841	245,774	1,962	304
Retained earnings	31	826,703	636,110	177,749	155,655
Equity attributable to owners of the Company		2,000,401	1,968,713	1,266,568	1,242,788
Perpetual securities issued by subsidiaries	45	632,162	437,460	–	–
Non-controlling interests		595	–	–	–
Total equity		2,633,158	2,406,173	1,266,568	1,242,788
Non-current liabilities					
Loans and borrowings	32	2,647,066	3,170,819	75	278
Unfavourable contracts	34	4,670	26,563	–	–
Other payables	36	361,783	–	382,981	353,507
Derivatives	37	42,349	102,031	–	–
Deferred tax liabilities	35(b)	42	5,450	–	–
		3,055,910	3,304,863	383,056	353,785
Current liabilities					
Loans and borrowings	32	363,092	222,354	22,422	44,729
Unfavourable contracts	34	18,713	21,258	–	–
Trade and other payables	36	331,693	299,767	6,350	12,132
Derivatives	37	3,813	425	–	–
Tax payables	35(a)	44,040	35,489	–	–
		761,351	579,293	28,772	56,861
Total liabilities		3,817,261	3,884,156	411,828	410,646
Total equity and liabilities		6,450,419	6,290,329	1,678,396	1,653,434

The notes on pages 105 to 188 are an integral part of these consolidated financial statements.

Statements of Changes in Equity

For the financial year ended 31 January 2018

Attributable to owners of the Company

Group	Share capital RM'000 (Note 27)	Treasury shares RM'000 (Note 28)	Foreign currency translation reserve RM'000 (Note 30(a))	Cash flows hedge reserve RM'000 (Note 30(b))	Share-based option reserve RM'000 (Note 30(c))	Capital reserve RM'000 (Note 30(d))	Retained earnings RM'000 (Note 31)	Total RM'000	Perpetual securities of subsidiaries RM'000 (Note 45)	Non-controlling interests RM'000	Total equity RM'000
2018											
At 1 February 2017	1,099,462	(12,633)	347,501	(102,031)	304	-	636,110	1,968,713	437,460	-	2,406,173
Profit/(loss) for the financial year	-	-	-	-	-	-	292,179	292,179	-	(106)	292,073
Other comprehensive (loss)/income	-	-	(313,150)	55,869	-	-	-	(257,281)	-	-	(257,281)
Total comprehensive (loss)/income	-	-	(313,150)	55,869	-	-	292,179	34,898	-	(106)	34,792
Transactions with owners											
Paid and accrued perpetual securities distribution by subsidiaries	-	-	-	-	-	-	(34,494)	(34,494)	-	-	(34,494)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	96,690	-	96,690	-	701	97,391
Cash dividends (Note 15)	-	-	-	-	-	-	(65,291)	(65,291)	-	-	(65,291)
Exercise of ESS	28	-	-	-	-	-	-	28	-	-	28
Issuance of ESS	-	-	-	-	1,658	-	-	1,658	-	-	1,658
Issue of perpetual securities by a subsidiary	-	-	-	-	-	-	-	-	413,902	-	413,902
Redemption of perpetual securities by a subsidiary	-	-	-	-	-	-	(1,801)	(1,801)	(219,200)	-	(221,001)
Total transactions with owners	28	-	-	-	1,658	96,690	(101,586)	(3,210)	194,702	701	192,193
At 31 January 2018	1,099,490	(12,633)	34,351	(46,162)	1,962	96,690	826,703	2,000,401	632,162	595	2,633,158

Statements of Changes in Equity (Cont'd)

For the financial year ended 31 January 2018

	Attributable to owners of the Company											
	Share capital RM'000 (Note 27)	Share premium RM'000 (Note 27)	Treasury shares RM'000 (Note 28)	Foreign currency translation reserve RM'000 (Note 30(a))	Held for sale reserve RM'000	Cash flows hedge reserve RM'000 (Note 30(b))	Share-based option reserve RM'000 (Note 30(c))	Retained earnings RM'000 (Note 31)	Total RM'000	Perpetual securities of a subsidiary RM'000 (Note 45)	Non-controlling interests RM'000	Total equity RM'000
Group												
2017												
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/(loss) for the financial year	-	-	-	-	-	-	-	197,048	197,048	-	(293)	196,755
Other comprehensive income/(loss)	-	-	-	141,998	(9,575)	47,670	-	-	180,093	-	(58)	180,035
Total comprehensive income/(loss)	-	-	-	139,548	(7,125)	47,670	-	197,048	377,141	-	(351)	376,790
Transactions with owners												
Paid and accrued perpetual securities distribution by a subsidiary	-	-	-	-	-	-	-	(29,305)	(29,305)	-	-	(29,305)
Cash dividends (Note 15)	-	-	-	-	-	-	-	(180,868)	(180,868)	-	-	(180,868)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,499)	(1,499)
Issuance of ESS	-	-	-	-	-	-	304	-	304	-	-	304
Purchase of treasury shares	-	-	(12,633)	-	-	-	-	-	(12,633)	-	-	(12,633)
Total transactions with owners	-	-	(12,633)	-	-	-	304	(210,173)	(222,502)	-	(1,499)	(224,001)
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 27 for details.

The notes on pages 105 to 188 are an integral part of these consolidated financial statements.

Company	Share capital RM'000 (Note 27)	Share premium RM'000 (Note 27)	Treasury shares RM'000 (Note 28)	Share-based option reserve RM'000 (Note 30 (c))	Retained earnings RM'000 (Note 31)	Total equity RM'000
2018						
At 1 February 2017	1,099,462	–	(12,633)	304	155,655	1,242,788
Total comprehensive income	–	–	–	–	87,385	87,385
Transactions with owners						
Cash dividends (Note 15)	–	–	–	–	(65,291)	(65,291)
Exercise of ESS	28	–	–	–	–	28
Issuance of ESS	–	–	–	1,658	–	1,658
Total transactions with owners	28	–	–	1,658	(65,291)	(63,605)
At 31 January 2018	1,099,490	–	(12,633)	1,962	177,749	1,266,568
2017						
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 15)	–	–	–	–	(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

^ Refer to Note 27 for details.

The notes on pages 105 to 188 are an integral part of these consolidated financial statements.

Statements of Cash Flows

For the financial year ended 31 January 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flows from operating activities					
Profit before tax from continuing operations		361,770	213,179	87,791	146,167
Profit before tax from discontinued operations		–	2,889	–	–
Profit before tax		361,770	216,068	87,791	146,167
Adjustments for:					
Depreciation of property, plant and equipment	16	219,472	108,389	893	499
Amortisation of intangible assets	18	4,830	2,611	2,548	1,240
Amortisation of unfavourable contracts	34	(20,435)	(19,938)	–	–
(Reversal of)/impairment loss on:					
- trade receivables	24(a) & 47	(649)	8,880	–	–
- other receivables	24(b)	–	23,469	–	–
Impairment loss on plant and equipment	16	32,793	11,630	–	–
Inventory written off		1,067	–	–	–
Reversal of write down of inventories	47	–	(577)	–	–
Net unrealised loss/(gain) on foreign exchange		62,403	(26,953)	6,067	(28,451)
Finance costs		109,606	45,118	26,506	29,136
Fair value loss/(gain) on:					
- investment properties	17	5,623	–	–	–
- other investments		(141)	857	–	–
- derivatives		(2,066)	–	–	–
Plant and equipment written off		37	2,387	4	2
Gain on disposal of property, plant and equipment		(124)	–	(124)	–
Gain on disposal of other investments		(433)	(784)	–	–
Loss/(gain) on disposal of subsidiaries and associate		47	3,511	–	(5,183)
Share of results of joint ventures		(43,081)	(82,457)	–	–
Share of results of associates		(728)	(1,529)	–	–
Dividend income		–	–	(45,824)	(103,754)
Interest income		(4,905)	(5,927)	(36,551)	(36,079)
Operating cash flows before working capital changes - carried forward		725,039	284,755	41,310	3,577

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Operating cash flows before working capital changes - brought forward		725,039	284,755	41,310	3,577
Inventories		629	249	–	–
Receivables		(306,302)	64,543	(4,105)	49,801
Other current assets		(90,663)	(48,756)	–	–
Payables		337,969	(271,180)	9,486	1,006
Cash flows from operations		666,672	29,611	46,691	54,384
Interest received		4,905	5,927	9,378	36,079
Interest paid		(118,297)	(45,118)	(26,697)	(29,112)
Taxes paid		(56,094)	(44,716)	(255)	(204)
Net cash flows generated from/(used in) operating activities		497,186	(54,296)	29,117	61,147
Cash flows from investing activities					
Dividends received		20,046	–	45,824	50,168
Advances to subsidiaries		–	–	(37,709)	(57,623)
Repayment from/(advances to) joint ventures		–	–	53,039	(1,859)
Advances from associates		–	–	–	334
Investment in subsidiaries		(34,191)	–	(469)	–
Investment in joint ventures		(36,600)	–	–	–
Investment in associates		(113)	2,246	–	–
Proceeds from disposal of property, plant and equipment		161	3,310	150	–
Proceeds from disposal of other investments		11,236	61,626	–	–
Purchase of other investments		(66,169)	(10,955)	–	–
Proceeds from disposal of subsidiaries	47	–	136,087	–	159,366
Purchase of investment properties		–	(29,969)	–	–
Purchase of intangible assets		(2,644)	(6,798)	(492)	(4,292)
Purchase of property, plant and equipment (Placement)/withdrawal of fixed deposits pledged as security		(239,509)	104,631	253	1,914
Placement of short term investment		(11)	(12)	(11)	(12)
Net cash flows (used in)/generated from investing activities		(791,283)	(1,088,537)	56,417	147,861

Statements of Cash Flows *(Cont'd)*

For the financial year ended 31 January 2018

Note	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flows from financing activities				
Advances from/(repayment to) directors	440	(19,170)	440	(19,170)
Dividends paid	(65,269)	(180,868)	(65,269)	(180,868)
Drawdown of loans and borrowings	652,520	2,033,982	68,530	–
Repayment of loans and borrowings	(661,200)	(487,886)	(88,351)	(26,814)
Repayment finance leases obligations	(383)	(4,197)	(194)	(185)
Proceeds from issuance of perpetual securities	413,902	–	–	–
Repayment of perpetual securities	(219,200)	–	–	–
Perpetual securities distribution paid	(30,652)	(28,600)	–	–
Purchase of treasury shares	–	(12,633)	–	(12,633)
Proceeds from equity-settled share-based options	28	–	28	–
Net cash flows generated from/(used in) financing activities	90,186	1,300,628	(84,816)	(239,670)
Net (decrease)/increase in cash and cash equivalents	(203,911)	157,795	718	(30,662)
Effects of foreign exchange rate changes	(9,375)	135,817	(899)	113
Cash and cash equivalents at beginning of financial year	504,581	210,969	4,928	35,477
Cash and cash equivalents at end of financial year	26	291,295	4,747	4,928

Reconciliation of liabilities arising from financing activities

	Group RM'000	Company RM'000
<u>Loan and borrowings</u>		
At 1 February 2017	3,393,173	45,007
<u>Cash inflows/(outflows)</u>		
Interest paid	(95,288)	(2,141)
Drawdown	652,520	68,530
Repayment	(661,583)	(88,545)
<u>Non-cash changes</u>		
Finance costs	97,528	1,950
Acquisition of a subsidiary	59	–
Foreign exchange movement	(376,251)	(2,304)
At 31 January 2018	3,010,158	22,497

The notes on pages 105 to 188 are an integral part of these consolidated financial statements.

1. CORPORATE INFORMATION

Yinson Holdings Berhad (the "Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed and quoted on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is BO2-A-18, Menara 3, No. 3, Jalan Bangsar, KL Eco City, 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 19 to the financial statements. There have been no significant changes in the nature of these 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

2.1 Basis of preparation

The financial statements of the Group and of the 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 judgement in the process of applying the Group's and Company's accounting policies. Although these estimates and judgements are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

2.2 Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 January 2018. 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 in 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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 consolidated financial statements of the Group 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 Company 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.

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between carrying amounts of the controlling and non-controlling interests to reflect their relative interest in the subsidiary. Any difference between the amount of adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

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.

2.3 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations and goodwill (continued)

When the Group acquires a business, it assesses the financial assets acquired 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 2.31 for the accounting policy on favourable and unfavourable contracts.

If the business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at the 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 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.

2.4 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.4 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.

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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 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.

2.6 Fair value measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as investment properties and other investments, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.6 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 available-for-sale 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.

2.7 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. Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities, taking into account contractually defined terms of payment and excluding taxes or duty. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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.

(b) Rendering of services

Revenue from rendering services is recognised over the period services are 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Revenue recognition (continued)

(c) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable.

(d) Management fee

Management fee is recognised over the period service is rendered.

(e) Dividend income

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

(f) 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.

(g) Vessel chartering and support service 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.

2.8 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).

2.9 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.9 Taxes (continued)****(a) Current income tax (continued)**

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 in the financial statements 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Taxes (continued)

(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.

2.10 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 OCI 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 OCI.

(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 OCI.

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 OCI.

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 OCI.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.10 Foreign currencies (continued)****(c) Group companies (continued)**

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 OCI 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 OCI. 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.

2.11 Cash dividend and non-cash distribution to owners of the company

The Company recognises a liability to make cash or non-cash distributions to owners of the company 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.

2.12 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Refer to Note 2.14 for the accounting policy on borrowing costs.

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. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. 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. The carrying amount of the replaced part is derecognised. 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 to allocate the cost of each asset to their residual values over their estimated useful lives as follows:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Property, plant and equipment (continued)

An item of property, plant and equipment and any significant part 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.

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.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Refer to Note 2.20 for the accounting policy on impairment of non-financial assets.

2.13 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) Accounting by lessee

Finance lease

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. The corresponding rental obligations, net of finance charges, are included in payables. 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 over the lease term.

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.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amounts of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease expense.

Operating lease

Lease of an asset where a significant portion of the risks and rewards of ownership are retained by the lessor is classified as operating lease.

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

(b) Accounting by lessor

Finance lease

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.13 Leases (continued)****(b) Accounting by lessor (continued)****Operating lease**

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 a straight line basis on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.14 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.

2.15 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset 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. Refer to Note 2.6 for the accounting policy on fair value measurement.

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.

2.16 Intangible assets**Computer software**

Cost incurred to acquire computer software that are not integral part of the related hardware, are capitalised as intangible assets and amortised on a straight line basis over the estimated useful life of 5 - 10 years, when the assets are ready for their intended use. The capitalisation of computer software is on the basis of the costs incurred to acquire and bring to use the specific software.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

When an indication of impairment exists, the carrying amount of the intangible assets is assessed and written down to its recoverable amount. Refer to Note 2.20 for the accounting policy on impairment of non-financial assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.17 Financial instruments (continued)****(i) Financial assets (continued)****(b) Subsequent measurement (continued)**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 2018 and 2017.

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.

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 EIR. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments (continued)

(i) Financial assets (continued)

(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.

(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 EIR.

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 income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.17 Financial instruments (continued)****(ii) Impairment of financial assets (continued)**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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments (continued)

(iii) Financial liabilities (continued)

(b) Subsequent measurement (continued)

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.

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 contracts that requires the issuer to make specified payments 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, net of 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.

The fair value of financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

(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.

2.18 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 at the end of each reporting period.

Derivative that do not qualify for hedge accounting are classified as fair value through profit or loss and changes in fair value are recognised in profit or loss.

For derivative that qualifies as cash flow hedges, the gain or loss relating to the ineffective portion of changes in the fair value is recognised in profit or loss. The gain or loss relating to the effective portion is recognised in the OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.18 Derivative financial instruments (continued)**

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessments, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Derivatives are classified as a non-current asset or liability when the remaining maturity is more than 12 months, and the balance is classified as current.

2.19 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.

2.20 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 in revaluation reserve.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 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 rather than for investment or other purposes, that are convertible to known amounts of cash 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.

2.22 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 of the amount can be made. 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.

2.23 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.23 Employee benefits (continued)****(c) Share-based payment (continued)**

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.

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.

2.24 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 owners of the Group. 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.

2.25 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.

(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.

2.26 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 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.

2.28 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.

2.29 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 owners of the Company by the weighted average number of ordinary shares outstanding during the period and excluding treasury shares.

Diluted EPS are determined by adjusting the profit or loss attributable to owners of the Company 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.

2.30 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.

2.31 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.

2.32 Deferred income

Deferred income relating to rental received in advance are deferred and recognised on a straight line basis over the term of the contract period.

2.33 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.

Notes to the Financial Statements *(Cont'd)*

For the financial year ended 31 January 2018

3. STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS, WHICH ARE APPLICABLE AND ADOPTED BY THE GROUP AND THE COMPANY

The Group and the Company have applied the following amendments for the first time for the financial year beginning on 1 February 2017:

- (i) Amendments to MFRS 107 "Statement of Cash Flows - Disclosure Initiative"
- (ii) Amendments to MFRS 112 "Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses"
- (iii) Annual Improvements to MFRSs 2014 – 2016 Cycle: MFRS 12 "Disclosures of Interests in Other Entities"

The adoption of Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities as disclosed in Statements of Cash Flows. Other than that, the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

4. STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE APPLICABLE TO THE GROUP AND THE COMPANY BUT NOT YET EFFECTIVE

- (a) Financial year beginning on/after 1 February 2018

- (i) Annual Improvements to MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards"
- (ii) Amendments to MFRS 2 "Classification and Measurement of Share-based Payment Transactions"
- (iii) Annual Improvements to MFRS 128 "Investments in Associates and Joint Ventures"
- (iv) Amendments to MFRS 140 "Clarification on 'Change in Use' - Assets transferred to, or from Investment Properties"

Amendments to MFRS 140 clarify that to transfer to, or from investment properties there must be a change in use. A change in use would involve an assessment of whether a property meets, or has ceased to meet, the definition of investment property. The change must be supported by evidence that the change in use has occurred and a change in management's intention in isolation is not sufficient to support a transfer of property.

The amendments also clarify the same principle applies to assets under construction.

- (v) IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"

IC Interpretation 22 applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. MFRS 121 requires an entity to use the exchange rate at the 'date of the transaction' to record foreign currency transactions.

IC Interpretation 22 provides guidance how to determine 'the date of transaction' when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made. The date of transaction is the date when the payment or receipt of advance consideration gives rise to the non-monetary asset or non-monetary liability when the entity is no longer exposed to foreign exchange risk. If there are multiple payments or receipts in advance, the entity should determine the date of the transaction for each payment or receipt.

IC Interpretation 22 has the option to be applied retrospectively or prospectively.

4. STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE APPLICABLE TO THE GROUP AND THE COMPANY BUT NOT YET EFFECTIVE (CONTINUED)

(a) Financial year beginning on/after 1 February 2018 (continued)

- (vi) 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 changes are:

- For financial liabilities classified as FVTPL, the fair value changes due to own credit risk should be recognised directly to OCI. There is no subsequent recycling to profit or loss.
- When a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, should be recognised immediately in profit or loss.

MFRS 9 introduces an expected credit loss model ("ECL") 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.

The Group and the Company do not expect the new guidance to have a material impact on the classification and measurement of the financial assets and liabilities as:

- significant portion of the Group and the Company financial assets are debt instruments currently classified as loans and receivables and measured at amortised cost which meet the conditions for classification at amortised cost under MFRS 9.
- there will be no significant impact on the Group's and the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and majority of the Group's and all of the Company's financial liabilities are measured under amortised cost. The derecognition rules have been transferred from MFRS 139 "Financial Instruments: Recognition and Measurement" and have not been changed.
- the new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. The Group has reviewed its current hedge relationships and concluded that all existing hedges will continue to qualify for hedge accounting under MFRS 9.
- the Group and Company have performed initial assessment on the expected impact from the application of ECL on the Group and Company's financial assets. Based on the assessments undertaken to date, the Group and the Company do not expect significant increase in the allowance for receivables.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The Group will apply the new rules retrospectively from 1 February 2018, with the practical expedients permitted under the standard. Comparatives for financial year ended 31 January 2017 will not be restated.

Notes to the Financial Statements *(Cont'd)*

For the financial year ended 31 January 2018

4. STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE APPLICABLE TO THE GROUP AND THE COMPANY BUT NOT YET EFFECTIVE (CONTINUED)

(a) Financial year beginning on/after 1 February 2018 (continued)

- (vii) 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.

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.

The Group and the Company have performed initial assessment on the impact of this standard on the Group's and Company's revenue. The Group has identified that the application of this new standard has impact on the following areas: 'Accounting for contract modifications and bidding costs incurred in securing a contract' and 'Identification of separate performance obligations for the purpose of allocating the transaction price for its non-leasing revenue streams'. Given that a significant portion of the Group's revenue source is governed under MFRS 117 "Leases", the Group does not expect significant impact of this standard on the Group's revenue. Similarly, no significant impact is expected on the Company's revenue.

The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 February 2018 and that comparatives will not be restated.

4. 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 February 2019

(i) Amendments to MFRS 9 "Prepayment Features with Negative Compensation"

The standard allows companies to measure some prepayable financial assets with negative compensation at amortised cost. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than the unpaid amounts of principal and interest. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract, and the asset must be held within a 'held to collect' business model.

The amendments will be applied retrospectively.

(ii) Amendments to MFRS 128 "Long-term Interests in Associates and Joint Ventures"

The standard clarifies that an entity should apply MFRS 9 'Financial Instruments' (including the impairment requirements) to long-term interests in an associate or joint venture, which are in substance form part of the entity's net investment, for which settlement is neither planned nor likely to occur in the foreseeable future.

In addition, such long-term interest are subject to loss allocation and impairment requirements in MFRS 128.

The amendments shall be applied retrospectively.

(iii) 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.

(iv) IC Interpretation 23 "Uncertainty over Income Tax Treatments"

IC Interpretation 23 provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

IC Interpretation 23 will be applied retrospectively.

4. 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 February 2019 (continued)

(v) Annual Improvements to MFRSs 2015 - 2017 Cycle

- Amendments to MFRS 3 "Business Combinations" clarify that when a party obtains control of a business that is a joint operation, the acquirer should account the transaction as a business combination achieved in stages. Accordingly it should remeasure its previously held interest in the joint operation (rights to the assets and obligations for the liabilities) at fair value on the acquisition date.
- Amendments to MFRS 11 "Joint Arrangements" clarify that when a party obtains joint control of a business that is a joint operation, the party should not remeasure its previously held interest in the joint operation.
- Amendments to MFRS 112 "Income Taxes" clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.
- Amendments to MFRS 123 "Borrowing Costs" clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The Group and the Company are currently assessing the impact of the adoption and application of the above new/amended standards.

5. 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 current 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.

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.

The lessee's purchase option is considered in classifying the lease contract. At lease inception, if it is not reasonably certain that the option will be exercised, the option will not be part of the basis for classification. If the lessee has an option to purchase the asset at a price that is expected to be sufficiently lower than fair value at the date of the option becomes exercisable, the exercise of option is regarded reasonably certain. The evaluation of the term "reasonably certain" involves judgement.

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.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers 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 24.

(c) 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 2.20. 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 RM32,793,000 (2017: RM11,630,000) as disclosed in Note 16. The key assumptions and basis used to determine the recoverable amounts of the vessels are disclosed in Note 16.

(d) 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 and residual values of vessels would increase the recorded depreciation and decrease the carrying value of property, plant and equipment. The net book of value of vessels as at 31 January 2018 is RM4,520,854,000 as disclosed in Note 16.

For the financial year ended 31 January 2018, 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 expected carrying value of property, plant and equipment and the depreciation expense charged to profit or 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	4,558,854	174,677
- Decrease by 5 years	4,248,315	513,789
Residual value		
- Increase by 10%	4,523,358	213,439
- Decrease by 10%	4,518,052	219,233

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**(e) Fair value of investment properties**

The Group carries its investment properties at fair value, with changes in fair value determined using market approach based on the comparison valuation method recognised in the income statement. The key assumptions and basis used to determine the fair value are as disclosed in Note 17.

(f) 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.

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

There was a change in the tax administration for a foreign operation of a subsidiary whereby with effect from the Year of Assessment 2015, non-resident companies are required to file its income tax returns on an actual profits basis, changing from the previous basis which was on deemed profits. The effective date for this change of tax law which was the Year of Assessment 2015 for the foreign operation was for the financial year ended 31 January 2014.

In the financial year ended 31 January 2018, the foreign operation subsidiary re-filed its income tax returns for the Years of Assessment 2006 to 2015 from the deemed profits basis to the actual profits basis. Given that the change in tax administration is only recent, there may be potential varying interpretations between the foreign operation subsidiary and the tax authority on the application of the change, which would result in the ultimate tax determination for these tax submissions to be uncertain. As at 31 January 2018, the tax submissions totalling RM23,847,000 (2017: RM16,642,000) was accounted by the foreign operation subsidiary as an income tax liability. The Group has also recognised an asset of RM13,506,000 (2017: RM9,461,000) as at 31 January 2018 representing accrued reimbursable income recoverable as the resultant tax impact will be compensated under the contractual terms with the customer.

6. REVENUE

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Vessel chartering and support services fees	908,856	542,735	–	–
Management fee income	1,050	250	74,892	27,012
Advance interest income	50	89	–	–
Rental income	200	181	–	–
Dividend from subsidiaries and a joint venture	–	–	45,824	103,754
	910,156	543,255	120,716	130,766

7. COST OF SALES

	Group	
	2018 RM'000	2017 RM'000
Included in cost of sales are:		
Amortisation of unfavourable contracts (Note 34)	(20,435)	(19,938)
Depreciation of property, plant and equipment (Note 16)	216,927	106,364
Employee benefits expenses (Note 10)	2,733	45
Vessel operating expenses	108,402	113,806

8. OTHER INCOME

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Fair value gain on marketable securities	386	127	–	–
Investment income	163	293	12	12
Gain on disposal of subsidiaries and associate (Note 47)	–	–	–	5,183
Net gain on foreign exchange	49,114	30,651	–	34,389
Gain on sale of other investments	433	588	–	–
Reversal of impairment loss of trade receivables (Note 24(a))	649	–	–	–
Gain on disposal of property, plant and equipment	124	–	124	–
Accrued/(reversal of) reimbursements on additional taxes	6,297	(24,491)	–	–
Miscellaneous	1,999	271	8	–
	59,165	7,439	144	39,584

Notes to the Financial Statements *(Cont'd)*

For the financial year ended 31 January 2018

9. ADMINISTRATIVE EXPENSES

Included in administrative expenses are:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Auditors' remuneration:				
Fees for statutory audits				
- PricewaterhouseCoopers PLT	475	418	250	205
- Member firms of				
PricewaterhouseCoopers International Limited	1,204	1,462	—	—
- Others	—	78	—	42
Fee for non-audit services				
- PricewaterhouseCoopers PLT	437	82	372	—
- Member firms of				
PricewaterhouseCoopers International Limited	89	—	—	—
- Others	482	119	293	—
Amortisation of intangible assets (Note 18)	4,830	2,611	2,548	1,240
Depreciation of property, plant and equipment (Note 16)	2,545	2,025	893	499
Fair value loss on:				
- marketable securities	245	984	—	—
- investment properties (Note 17)	5,623	—	—	—
Impairment loss on:				
- trade receivables (Note 24(a))	—	7,454	—	—
- other receivables (Note 24(b))	—	23,469	—	—
Impairment loss on plant and equipment (Note 16)	32,793	11,630	—	—
Inventory written off	1,067	—	—	—
Loss on disposal of subsidiaries and associate (Note 47)	—	3,511	—	—
Operating leases - Payments for land and buildings	3,400	6,412	1,747	—
Plant and equipment written off (Note 16)	37	2,338	4	2
Net loss on foreign exchange	62,403	—	6,607	—
Employee benefits expenses (Note 10)	66,277	29,789	26,417	19,867

10. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Included in:				
Cost of sales (Note 7)	2,733	45	—	—
Administrative expenses (Note 9)	66,277	29,789	26,417	19,867
	69,010	29,834	26,417	19,867
Analysed as follows:				
Wages, salaries and bonuses	58,526	25,445	21,539	16,290
Social security contributions	31	10	41	29
Contributions to defined contribution plan	3,308	1,577	1,461	1,261
Share-based payments	557	307	860	158
Other benefits	6,588	2,495	2,516	2,129
	69,010	29,834	26,417	19,867

Included in employee benefits expense of the Group and of the Company are executive and non-executive directors' remuneration as disclosed in Note 11.

11. DIRECTORS' REMUNERATION

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Executive directors' remuneration:				
- Fees	160	211	160	211
- Share-based payments	580	87	263	46
- Other emoluments	21,076	15,876	7,771	6,337
	21,816	16,174	8,194	6,594
Non-executive directors' remuneration:				
- Fees	880	548	880	548
- Other emoluments	50	23	50	23
	930	571	930	571
Total directors' remuneration	22,746	16,745	9,124	7,165
<u>Additional disclosures</u>				
Indemnity given or insurance effected for the Directors	784	658	784	658
Amount paid to or receivables by any third party for services provided by Directors	40	48	40	48
	824	706	824	706

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	
	2018	2017
Executive:		
RM150,001 - RM200,000	—	1
RM350,001 - RM400,000	—	1
RM450,001 - RM500,000	1	—
RM600,001 - RM650,000	—	1
RM800,001 - RM850,000	1	—
RM950,001 - RM1,000,000	—	1
RM1,000,001 - RM1,050,000	—	1
RM1,200,001 - RM1,250,000	1	—
RM1,250,001 - RM1,300,000	1	—
RM1,300,001 - RM1,350,000	1	—
RM1,550,001 - RM1,600,000	—	1
RM1,750,001 - RM1,800,000	—	1
RM1,950,001 - RM2,000,000	1	—
RM2,750,001 - RM2,800,000	—	1
RM3,300,001 - RM3,350,000	—	1
RM3,400,001 - RM3,450,000	1	—
RM4,000,001 - RM4,050,000	1	—
RM4,200,001 - RM4,250,000	—	1
RM6,650,001 - RM6,700,000	1	—
Non-executive:		
RM50,001 - RM100,000	1	7
RM100,001 - RM150,000	—	1
RM200,001 - RM250,000	4	—

Notes to the Financial Statements *(Cont'd)*

For the financial year ended 31 January 2018

12. FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Bank charges	3,783	5,964	1,858	2,242
Interest expenses	158,746	117,999	24,648	26,894
Fair value gain on derivatives for interest rate swap	(2,066)	(5,751)	–	–
	160,463	118,212	26,506	29,136
Less: Interest expenses capitalised in property, plant and equipment	(52,923)	(85,898)	–	–
	107,540	32,314	26,506	29,136

13. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 January 2018 and 2017 are:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Income statements				
Current income tax - continuing operations:				
- Malaysian income tax	1,703	191	284	204
- Foreign tax	73,199	56,068	–	–
- Under/(over) provision in prior years	9	(15,899)	122	–
	74,911	40,360	406	204
Deferred tax - continuing operations (Note 35(b)):				
- Relating to origination/reversal of temporary differences	(5,214)	(21,656)	–	–
- Under provision in prior year	–	2	–	–
	(5,214)	(21,654)	–	–
	69,697	18,706	406	204
Income tax expense attributable to:				
- Continuing operations	69,697	18,706	406	204
- Discontinued operations (Note 47)	–	607	–	–
Income tax expense recognised in profit or loss	69,697	19,313	406	204

13. 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 2018 and 2017 are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax from continuing operations	361,770	213,179	87,791	146,167
Profit before tax from discontinued operations	–	2,889	–	–
Profit before tax	361,770	216,068	87,791	146,167
Tax at Malaysian statutory tax rate of 24% (2017: 24%)	86,825	51,857	21,070	35,080
Income not subject to tax	(6,591)	(1,909)	(27,684)	(48,095)
Expenses not deductible for tax purposes	54,568	37,743	6,898	13,219
Different tax rates of subsidiaries	(54,908)	(35,367)	–	–
Changes in deferred tax asset not recognised	231	2,704	–	–
Shared of results of joint ventures and associates	(10,437)	(19,922)	–	–
Under/(over) provision of tax expense in prior years	9	(15,899)	122	–
Under provision of deferred tax in prior years	–	–	–	–
- Continuing operations	–	2	–	–
- Discontinued operations	–	104	–	–
Income tax expense recognised in profit or loss	69,697	19,313	406	204

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 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 (Cont'd)

For the financial year ended 31 January 2018

14. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit attributable to owners of the Company 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 28).

	Group 2018	2017
Profit attributable to owners of the Company used in the computation of basic earnings per share (RM'000)		
- Continuing operations	292,179	194,473
- Discontinued operations	–	2,575
Total group	292,179	197,048
Weighted average number of ordinary shares for computation of basic earnings per share ('000)	1,088,201	1,090,185
Basic earnings per share (sen)		
- Continuing operations	26.8	17.8
- Discontinued operations	–	0.3
Total group	26.8	18.1

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

(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 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 2018	2017
Profit attributable to owners of the Company used in the computation of diluted earnings per share (RM'000)		
- Continuing operations	292,491	194,480
- Discontinued operations	–	2,575
Total group	292,491	197,055
Weighted average number of ordinary shares in issue ('000)	1,088,201	1,090,185
Adjusted for ESS options ('000)	3,790	77
Adjusted weighted average number of ordinary shares in issue for diluted earnings per share ('000)	1,091,991	1,090,262
Diluted earnings per share (sen)		
- Continuing operations	26.8	17.8
- Discontinued operations	–	0.3
Total group	26.8	18.1

14. EARNINGS PER SHARE (CONTINUED)

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

	Group	
	2018 RM'000	2017 RM'000
<i>Basic earnings per share</i>		
Profit attributable to owners of the Company used in the computation of basic earnings per share		
- Continuing operations	292,179	194,473
- Discontinued operations	–	2,575
	292,179	197,048
<i>Diluted earnings per share</i>		
Profit from continuing operations attributable to owners of the Company:		
Used in calculating basic earnings per share	292,179	194,473
Add: interest savings on ESS	312	7
Used in calculating diluted earnings per share	292,491	194,480
Profit from discontinued operations	–	2,575
Profit attributable to owners of the Company used in the computation of diluted earnings per share	292,491	197,055

15. DIVIDENDS

	Company			
	2018		2017	
	Dividend per ordinary share Sen	Amount of dividend RM'000	Dividend per ordinary share Sen	Amount of dividend RM'000
Interim single tier dividend in respect of the financial year ended:				
- 31 January 2018	4.0	43,527	–	–
Final single tier dividend in respect of the financial year ended:				
- 31 January 2017	2.0	21,764	–	–
- 31 January 2016	–	–	2.0	21,791
Single tier special dividend in respect of the financial year ended:				
- 31 January 2017	–	–	14.6	159,077
	6.0	65,291	16.6	180,868

On 29 March 2018, the Directors declared a special dividend of 4.0 sen per share for the financial year ended 31 January 2018, amounting to approximately RM43.5 million, which is payable on 8 June 2018. The entitlement date for the dividend payment is 23 May 2018. This dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 January 2019.

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 do 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 2019.

Notes to the Financial Statements (Cont'd)

For the financial year ended 31 January 2018

16. 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 2016	6,592	3,673	3,428,612	13,263	3,452,140
Additions	3,316	—	1,542,617	3,530	1,549,463
Disposals	—	—	(3,568)	—	(3,568)
Written off	—	—	—	(3,805)	(3,805)
Exchange differences	435	99	273,480	761	274,775
At 31 January 2017 and 1 February 2017	10,343	3,772	5,241,141	13,749	5,269,005
Acquisition of subsidiaries	—	615	259,322	468	260,405
Additions	5,618	—	491,880	7,825	505,323
Disposals	—	—	—	(970)	(970)
Written off	—	—	(3)	(253)	(256)
Reclassification to finance lease receivables (Note 33(a))	(14,688)	—	—	—	(14,688)
Exchange differences	(1,273)	(192)	(720,842)	(1,524)	(723,831)
At 31 January 2018	—	4,195	5,271,498	19,295	5,294,988
Accumulated depreciation					
At 1 February 2016	—	1,887	429,450	4,247	435,584
Charge for the financial 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 and 1 February 2017	68	2,166	619,379	5,336	626,949
Acquisition of subsidiaries	—	219	365	84	668
Charge for the financial year	(65)	275	216,217	3,045	219,472
Disposals	—	—	—	(933)	(933)
Written off	—	—	(1)	(218)	(219)
Exchange differences	(3)	(109)	(181,276)	(762)	(182,150)
At 31 January 2018	—	2,551	654,684	6,552	663,787
Accumulated impairment loss					
At 1 February 2016	—	—	18,983	—	18,983
Impairment (Note 9)	—	—	11,630	—	11,630
Exchange differences	—	—	1,782	—	1,782
At 31 January 2017 and 1 February 2017	—	—	32,395	—	32,395
Acquisition of subsidiaries	—	—	37,520	—	37,520
Impairment (Note 9)	—	—	32,793	—	32,793
Exchange differences	—	—	(6,748)	—	(6,748)
At 31 January 2018	—	—	95,960	—	95,960
Net carrying amount					
At 31 January 2017	10,275	1,606	4,589,367	8,413	4,609,661
At 31 January 2018	—	1,644	4,520,854	12,743	4,535,241

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Motor vehicles RM'000	* Other assets RM'000	Total RM'000
Cost			
At 1 February 2016	1,157	1,242	2,399
Additions	—	135	135
Written off	—	(3)	(3)
At 31 January 2017 and 1 February 2017	1,157	1,374	2,531
Additions	—	4,168	4,168
Disposals	—	(950)	(950)
Written off	—	(23)	(23)
At 31 January 2018	1,157	4,569	5,726
Accumulated depreciation			
At 1 February 2016	208	539	747
Charge for the financial year	116	383	499
Written off	—	(1)	(1)
At 31 January 2017 and 1 February 2017	324	921	1,245
Charge for the financial year	116	777	893
Disposals	—	(924)	(924)
Written off	—	(19)	(19)
At 31 January 2018	440	755	1,195
Net carrying amount			
At 31 January 2017	833	453	1,286
At 31 January 2018	717	3,814	4,531

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

Notes to the Financial Statements *(Cont'd)*

For the financial year ended 31 January 2018

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash payment	443,489	1,337,961	4,168	135
Movement in property, plant and equipment creditors	61,834	211,502	—	—
	505,323	1,549,463	4,168	135

- (b) 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 32 and Note 33(b) at reporting date were as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Vessels and barges	4,209,844	4,516,624	—	—
Motor vehicles	1,644	1,606	717	833
	4,211,488	4,518,230	717	833

- (c) Included in vessels, tugboats and barges in the previous financial year is a vessel under construction with carrying amount of approximately RM3,595,269,000.

	Group	
	2018 RM'000	2017 RM'000
At 1 February	3,595,269	1,930,250
Additions	491,350	1,539,049
Reclassification	(3,658,540)	—
Exchange differences	(428,079)	125,970
At 31 January	—	3,595,269

- (d) 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 RM52,923,000 (2017: RM85,898,000).
- (e) The FPSO contracts include options for the charterers to purchase the respective FPSO vessels or to extend their charter periods beyond the initial firm lease period. The purchase option values are based on declining agreed prices, which are in excess of the current net book values of the FPSO vessels as at the reporting date.

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(f) Impairment of Floating Production Storage and Offloading vessels ("FPSOs")

The Group has undertaken impairment assessment of its FPSOs based on value in use calculations. The vessels are chartered on long-term time charter contracts, hence, the value-in-use calculation uses discounted cash flow projections which takes into account the followings:

- (i) Charter period and rates contracted under the time charter contracts;
- (ii) Contract extension will be exercised and/or redeployment opportunities;
- (iii) Projected off-hire periods;
- (iv) Vessel operating expenses based on approved budget taken account an inflationary growth of 2.5%; and
- (v) Expected residual value estimated to be the discounted net book values of the vessels at the end of the fixed contract period.

These cash flow assumptions are supported by the Group's historical experience and past observable data and contractual rates. The cash flows are then discounted at rate ranging between 9.0% to 10.9% which reflects the specific risks relating to the cash flows generating from the long term charter contracts.

Based on the impairment assessment performed, management determined that no impairment is necessary for the Group's FPSOs for the current financial year.

Impairment of Offshore Support Vessels ("OSVs")

The decline in vessel utilisation and charter rates of 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 RM32,793,000 (2017: 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 2.50% 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 6.90% to 9.70%; 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 demand for OSVs 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 RM4,596,000 (2017: RM1,200,000) and RM5,084,000 (2017: RM3,200,000) 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 RM7,382,000 (2017: RM18,800,000) and RM7,871,000 (2017: RM11,500,000) respectively with all other inputs remain constant.

Notes to the Financial Statements *(Cont'd)*

For the financial year ended 31 January 2018

17. INVESTMENT PROPERTIES

Investment properties are stated at fair value, which was determined based on valuations at the reporting date using market comparison approach.

	Group	
	2018	2017
	RM'000	RM'000
At 1 February	29,931	–
Additions	–	29,931
Changes in fair value (Note 9)	(5,623)	–
At 31 January	24,308	29,931

The investment properties of the Group have been pledged to financial institutions for banking facilities granted to the Company as disclosed in Note 32.

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

	Group	
	2018	2017
	RM'000	RM'000
Rental income (Note 6)	200	181
Direct operating expenses arising from:		
- Investment properties that generate rental income	84	29
- Investment properties that do not generate rental income	180	104

The Group uses assumptions that are based on market conditions existing at the end of each reporting periods. The fair value of investment properties were estimated based on market evidence of transaction prices for similar properties, adjusted for differences in key attributes such as property size, view and quality of interior fittings.

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 2018 are as follows:

Valuation Technique		Significant unobservable inputs
		Price per square foot RM/psf
Residential	Market approach	934 - 1,370

Sensitivity to significant unobservable inputs

Changes in the price per square foot by 5% will result in a change in fair value of approximately RM1,228,000 (2017: RM1,680,000).

18. INTANGIBLE ASSETS

Computer software	Group RM'000	Company RM'000
Cost		
At 1 February 2016	23,641	8,213
Additions	6,794	4,292
Exchange differences	1,018	—
At 31 January 2017 and 1 February 2017	31,453	12,505
Acquisition of a subsidiary	79	—
Additions	2,644	492
Disposals	(4)	—
Exchange differences	(2,267)	—
At 31 January 2018	31,905	12,997
Accumulated amortisation		
At 1 February 2016	1,101	519
Amortisation (Note 9)	2,611	1,240
Exchange differences	130	—
At 31 January 2017 and 1 February 2017	3,842	1,759
Acquisition of a subsidiary	17	—
Amortisation (Note 9)	4,830	2,548
Disposals	(4)	—
Exchange differences	(440)	—
At 31 January 2018	8,245	4,307
Net carrying amount		
At 31 January 2017	27,611	10,746
At 31 January 2018	23,660	8,690

19. INVESTMENT IN SUBSIDIARIES

	Company 2018 RM'000	2017 RM'000
Unquoted shares, at cost		
In Malaysia	793,908	793,390
Outside Malaysia	*	*
	793,908	793,390

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

Notes to the Financial Statements *(Cont'd)*

For the financial year ended 31 January 2018

19. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows:

Name of subsidiaries	Countries of incorporation	Proportion (%) of ownership interest		Principal activities
		2018	2017	
Regulus Offshore Sdn. Bhd. ^(v)	Malaysia	70	–	Provision of ship and crew management services
Yinson Marine Services Sdn. Bhd.	Malaysia	100	100	Provision of sub-leasing of vessels and trading of lubricants
Yinson Mawar Sdn. Bhd.	Malaysia	100	100	Investment properties
Yinson TMC Sdn. Bhd.	Malaysia	100	100	Provision of treasury management services
OY Labuan Limited	Labuan	100	100	Dormant
Yinson Indah Limited	Labuan	100	100	Leasing of vessel on bareboat basis
Yinson Offshore Limited	Labuan	100	100	Trading and leasing of vessel on time charter basis
Yinson Tulip Ltd.	Labuan	100	100	Leasing of vessels on bareboat basis
Yinson Macacia Limited ⁽ⁱⁱ⁾	Labuan	100	–	Investment holding
Yinson Production Limited	Labuan	100	100	Investment holding
Yinson Trillium Limited	Labuan	100	100	Investment holding
OY Offshore Pte. Ltd. ⁽ⁱ⁾	Singapore	100	100	Dormant
Yinson Corporate Services Pte. Ltd. ⁽ⁱ⁾	Singapore	100	100	Investment holding and provision of business management services
Yinson Engineering Solutions Pte. Ltd. ⁽ⁱ⁾	Singapore	100	100	Business and management consultancy services
Yinson Orchid Pte. Ltd. ⁽ⁱ⁾	Singapore	100	100	Vessel operator
Yinson Nereus Ltd ⁽ⁱⁱⁱ⁾	Republic of the Marshall Islands	100	100	Investment holding
Yinson Acacia Ltd ⁽ⁱⁱⁱ⁾	Republic of the Marshall Islands	100	100	Investment holding
Yinson Juniper Ltd. ⁽ⁱⁱ⁾	British Virgin Islands	100	–	Provision of treasury management services

19. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Countries of incorporation	Proportion (%) of ownership interest		Principal activities
		2018	2017	
Held through Yinson Macacia Limited:				
Yinson Lavender Limited ⁽ⁱⁱ⁾	Labuan	100	—	Provision of floating production storage and offloading ("FPSO") vessel for chartering and service activities incidental to oil and gas extraction
Held through Yinson Production Limited:				
Yinson Production AS ⁽ⁱ⁾	Norway	100	100	Investment holding
Yinson Production Pte. Ltd. ⁽ⁱ⁾	Singapore	100	100	Consulting services relating to ship management services
Held through Yinson Production AS:				
Floating Operations and Production Pte. Ltd. ⁽ⁱ⁾	Singapore	100	100	Ship management services
Allan AS ⁽ⁱ⁾	Norway	100	100	Investment holding
Adoon AS ⁽ⁱ⁾	Norway	100	100	Investment holding
Held through Allan AS:				
Knock Allan Pte. Ltd. ⁽ⁱ⁾	Singapore	100	100	Business of ship owner and ship operator
Held through Adoon AS:				
Adoon Pte. Ltd. ⁽ⁱ⁾	Singapore	100	100	Business of ship owner and ship operator
Held through Yinson Trillium Limited and Yinson Production Pte. Ltd.:				
Yinson Production (West Africa) Pte. Ltd. ⁽ⁱ⁾	Singapore	100	100	Provision of floating marine assets for chartering and service activities incidental to oil and gas extraction

Notes to the Financial Statements *(Cont'd)*

For the financial year ended 31 January 2018

19. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Countries of incorporation	Proportion (%) of ownership interest		Principal activities
		2018	2017	
Held through Yinson Nereus Ltd:				
Yinson Camellia Limited	Labuan	100	100	Shipping operations and vessel chartering
Yinson Dynamic Ltd ⁽ⁱⁱⁱ⁾	Republic of the Marshall Islands	100	100	Investment holding
Held through Yinson Acacia Ltd:				
Yinson Clover Ltd ⁽ⁱⁱⁱ⁾	Republic of the Marshall Islands	100	100	Investment holding
Yinson Heather Ltd ⁽ⁱⁱⁱ⁾	Republic of the Marshall Islands	100	100	Investment holding
Held through Yinson Heather Ltd:				
Anteros Rainbow Offshore Pte. Ltd. ^(iv)	Singapore	100	—	Leasing of a FPSO unit

- (i) Audited by member firms of PricewaterhouseCoopers International Limited, which are separate and independent legal entities from PricewaterhouseCoopers PLT.
- (ii) Subsidiaries newly incorporated during the current financial year.
- (iii) Company not required to be audited under the laws of the country of incorporation.
- (iv) During the financial year, Yinson Heather Ltd, an indirect wholly-owned subsidiary of the Group, acquired the remaining 49% equity interest in Anteros Rainbow Offshore Pte. Ltd. ("ARO"). Following the completion of the acquisition, ARO ceased to be a joint venture of the Group and became an indirect wholly-owned subsidiary of the Group.
- (v) During the financial year, the Company acquired an additional 21% equity interest in Regulus Offshore Sdn. Bhd. ("RO"). Following the completion of the acquisition, RO ceased to be an associate of the Company and became a 70% owned subsidiary of the Group.

20. INVESTMENT IN JOINT VENTURES

	Group	
	2018 RM'000	2017 RM'000
<i>Unquoted shares at cost</i>		
- Outside Malaysia	201,935	298,388
Share of post acquisition reserves	330,864	284,404
Share of foreign currency translation reserve	62,144	142,753
Share of net assets of joint ventures	594,943	725,545

	Company	
	2018 RM'000	2017 RM'000
<i>Unquoted shares outside Malaysia, at cost:</i>		
At 1 February	200,445	197,255
Addition	–	3,190
At 31 January	200,445	200,445
<i>Advances to joint ventures:</i>		
At 1 February	–	3,190
Reclassified as additional investment in joint ventures	–	(3,190)
At 31 January	–	–
	200,445	200,445

Details of joint ventures are as follows:

Name of joint ventures	Countries of incorporation	Proportion (%) of ownership interest		Principal activities
		2018	2017	
PTSC Asia Pacific Pte. Ltd. ^(a)	Singapore	49	49	Leasing of a FPSO unit
PTSC South East Asia Pte. Ltd. ^(a)	Singapore	49	49	Leasing of a floating, storage and offloading unit ("FSO")
Held through Yinson Production Pte. Ltd.:				
Yinson Production West Africa Limited ^(a)	Ghana	49	49	Business of operating a FPSO unit
Held through Yinson Nereus Ltd:				
Yinson Gazania Operations Limited ^(a) (formerly known as OY Offshore Limited)	Ghana	49	49	Operate and manage offshore support and supply vessels

Notes to the Financial Statements *(Cont'd)*

For the financial year ended 31 January 2018

20. INVESTMENT IN JOINT VENTURES (CONTINUED)

Name of joint ventures	Countries of incorporation	Proportion (%) of ownership interest		Principal activities
		2018	2017	
Held through Yinson Heather Ltd:				
Anteros Rainbow Offshore Pte. Ltd. ^{(a)(c)}	Singapore	—	51	Leasing of a FPSO unit
Held through Yinson Clover Ltd:				
PTSC Ca Rong Do Ltd ^{(b)(d)}	Republic of the Marshall Islands	49	—	Provision of floating marine assets for chartering

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

(b) Auditor not appointed yet.

(c) During the financial year, Yinson Heather Ltd, an indirect wholly-owned subsidiary of the Group, acquired the remaining 49% equity interest in Anteros Rainbow Offshore Pte. Ltd. ("ARO"). Following the completion of the acquisition, ARO became an indirect wholly-owned subsidiary of the Group.

(d) Joint venture newly incorporated during the current financial year.

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.

	2018 RM'000	2017 RM'000
Summarised statement of financial position:		
Current assets*	86,774	203,078
Non-current assets	459,646	549,544
Current liabilities**	(27,585)	(61,196)
Non-current liabilities**	—	(118,676)
Net assets	518,835	572,750
Proportion of the Group's ownership	49%	49%
Carrying amount of the investment	254,229	280,648

* Included in current assets is cash and bank balances of RM73,640,000 (2017: RM149,497,000).

** Included in current and non-current liabilities are borrowings of RM25,584,000 (2017: RM118,676,000) which are secured by property, plant and equipment of the Company and bear interest at LIBOR + 2.5% (2017: LIBOR + 2.5%) per annum. The loan was fully repaid on 15 February 2018.

20. INVESTMENT IN JOINT VENTURES (CONTINUED)

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

	2018 RM'000	2017 RM'000
Summarised statement of comprehensive income:		
Revenue	94,154	147,654
Cost of sales	(27,326)	(28,352)
Administrative expenses	(979)	(116)
Finance costs	(4,160)	(8,149)
Profit before tax	61,689	111,037
Income tax expense	(3,115)	(3,187)
Profit for the financial year	58,574	107,850
Other comprehensive (loss)/income	(71,580)	37,276
Total comprehensive (loss)/income	(13,006)	145,126
Group's share of profit for the financial year	28,701	52,847
Group's share of other comprehensive (loss)/income	(35,074)	18,265
Group's share of total comprehensive (loss)/income	(6,373)	71,112
Dividend received from joint venture	20,046	–

(ii) PTSC Asia Pacific Pte. Ltd.

	2018 RM'000	2017 RM'000
Summarised statement of financial position:		
Current assets*	342,361	294,569
Non-current assets	399,100	1,498,433
Current liabilities	(50,030)	(30,616)
Non-current liabilities**	–	(1,007,121)
Net assets	691,431	755,265
Proportion of the Group's ownership	49%	49%
Carrying amount of the investment	338,801	370,080

* Included in current assets is cash and bank balances of RM216,596,000 (2017: RM211,753,000).

** The borrowings are secured by property, plant and equipment of the Company and bear interest at LIBOR + 2.5% (2017: LIBOR + 2.5%) per annum. The loan was fully repaid during the financial year.

Notes to the Financial Statements *(Cont'd)*

For the financial year ended 31 January 2018

20. INVESTMENT IN JOINT VENTURES (CONTINUED)

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

	2018 RM'000	2017 RM'000
Summarised statement of comprehensive income:		
Revenue	173,984	305,578
Cost of sales	(103,931)	(162,927)
Administrative expenses	(379)	16
Finance costs	(39,992)	(38,353)
Profit before tax	29,682	104,314
Income tax expense	(13)	(16)
Profit for the financial year	29,669	104,298
Other comprehensive (loss)/income	(93,504)	46,779
Total comprehensive (loss)/income	(63,835)	151,077
Group's share of profit for the financial year	14,538	51,106
Group's share of other comprehensive (loss)/income	(45,817)	22,922
Group's share of total comprehensive (loss)/income	(31,279)	74,028

(iii) Yinson Production West Africa Limited

	2018 RM'000	2017 RM'000
Summarised statement of financial position:		
Current assets*	48,991	1,265
Current liabilities	(45,111)	(200)
Net assets	3,880	1,065
Proportion of the Group's ownership	49%	49%
Carrying amount of the investment	1,901	522

* Included in current assets is cash and bank balances of RM1,936,000 (2017: RM493,000).

20. INVESTMENT IN JOINT VENTURES (CONTINUED)

(iii) Yinson Production West Africa Limited (continued)

	2018 RM'000	2017 RM'000
Summarised statement of comprehensive income:		
Revenue	75,902	—
Cost of sales	(92,651)	—
Other income	26,610	—
Administrative expenses	(1,739)	(179)
Finance costs	(848)	—
Profit/(loss) before tax	7,274	(179)
Income tax expense	(4,060)	—
Profit/(loss) for the financial year	3,214	(179)
Other comprehensive (loss)/income	(398)	66
Total comprehensive income/(loss)	2,816	(113)
Group's share of profit/(loss) for the financial year	1,575	(88)
Group's share of other comprehensive (loss)/income	(195)	32
Group's share of total comprehensive income/(loss)	1,380	(56)

(iv) Anteros Rainbow Offshore Pte. Ltd.

	2018 RM'000	2017 RM'000
Summarised statement of financial position:		
Current assets*	—	931
Non-current assets	—	247,682
Current liabilities	—	(103,213)
Net assets	—	145,400
Proportion of the Group's ownership	—	51%
Carrying amount of the investment	—	74,154

* Included in current assets in the previous financial year was cash and bank balances of RM83,000.

Notes to the Financial Statements *(Cont'd)*

For the financial year ended 31 January 2018

20. INVESTMENT IN JOINT VENTURES (CONTINUED)

(iv) Anteros Rainbow Offshore Pte. Ltd (continued)

	2018 RM'000	2017 RM'000
Summarised statement of comprehensive income:		
Other income	1,082	–
Administrative expenses	(4,229)	(41,293)
Finance cost	(6)	–
Loss before tax	(3,153)	(41,293)
Income tax expense	–	–
Loss for the financial year	(3,153)	(41,293)
Other comprehensive income	3,284	7,051
Total comprehensive income/(loss)	131	(34,242)
Group's share of loss for the financial year	(1,608)	(21,059)
Group's share of other comprehensive income	1,675	3,596
Group's share of total comprehensive income/(loss)	67	(17,463)

(v) 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.

21. INVESTMENT IN ASSOCIATES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unquoted shares, at cost:				
- Outside Malaysia	267	153	–	–
- In Malaysia	30	79	30	79
	297	232	30	79
Share of post-acquisition reserves	2,350	2,718	–	–
Share of foreign currency translation reserve	(698)	(351)	–	–
	1,949	2,599	30	79

21. INVESTMENT IN ASSOCIATES (CONTINUED)

Details of associates are as follows:

Name of associates	Countries of incorporation	Proportion (%) of ownership interest		Principal activities
		2018	2017	
Yinson Energy Sdn. Bhd.	Malaysia	30	30	Provision of oil and gas engineering and marine support services and consultancy services
Regulus Offshore Sdn. Bhd. ^(d)	Malaysia	—	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 ^(b)	Republic of the Marshall Islands	49	49	Dormant
OY Jasper Ltd ^(b)	Republic of the Marshall Islands	49	49	Dormant
OY Topaz Ltd ^(b)	Republic of the Marshall Islands	49	49	Dormant
Held through Yinson Acacia Ltd:				
Yinson Operations & Production West Africa Limited ^(c)	Nigeria	40	40	Provision of technical management and FPSO management services

(a) Audited by a firm other than member firm of PricewaterhouseCoopers International Limited and PricewaterhouseCoopers PLT.

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

(c) Auditor not appointed yet.

(d) During the financial year, the Company acquired an additional 21% equity interest in Regulus Offshore Sdn. Bhd. ("RO"). Following the completion of the acquisition, RO became a 70% owned subsidiary of the Group.

Notes to the Financial Statements (Cont'd)

For the financial year ended 31 January 2018

21. 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 2017 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 2017 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.

22. OTHER INVESTMENTS

	Group	
	2018 RM'000	2017 RM'000
Financial assets at fair value through profit or loss		
Investment funds:		
- In Malaysia	79,901	24,170
Quoted equity shares:		
- In Malaysia	—	418
- Outside Malaysia	—	2,708
	—	3,126
Total financial assets at fair value through profit or loss	79,901	27,296
Total investments	79,901	27,296
Current	79,901	27,296

23. INVENTORIES

	Group	
	2018 RM'000	2017 RM'000
Consumables	4,378	5,309

24. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current:				
Trade receivables				
Third parties	214,980	60,729	—	—
Joint ventures	14,069	284	—	—
Associates	334	4,816	—	—
Directors' related companies	1,609	252	—	252
	230,992	66,081	—	252
Allowance for impairment	(7,272)	(7,454)	—	—
	223,720	58,627	—	252
Other receivables				
Refundable deposits	25,168	25,039	517	344
Sundry receivables	120,324	39,205	5,769	193
Due from subsidiaries:				
- bearing interest of KLIBOR + 3.00% p.a.	—	—	62,054	82,985
- non-interest bearing	—	—	9,185	76,934
Due from joint ventures	23,257	63,969	1	59,684
Due from associates	40	3,441	40	163
	168,789	131,654	77,566	220,303
Allowance for impairment	(23,469)	(23,469)	—	—
	145,320	108,185	77,566	220,303
	369,040	166,812	77,566	220,555
Non-current:				
Other receivables				
Loans to subsidiaries				
- bearing interest of KLIBOR + 3.00% p.a.	—	—	527,366	407,440
- non-interest bearing	—	—	49,883	—
Due from a joint venture	6,497	10,165	6,497	10,165
	6,497	10,165	583,746	417,605
Total trade and other receivables	375,537	176,977	661,312	638,160

Trade receivables are non-interest bearing and are generally on 30 to 120 (2017: 30 to 120) day terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Notes to the Financial Statements *(Cont'd)*

For the financial year ended 31 January 2018

24. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

Ageing analysis of trade receivables

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

	Group	
	2018 RM'000	2017 RM'000
Neither past due nor impaired	147,906	33,650
1 to 30 days past due not impaired	13,822	13,701
31 to 60 days past due not impaired	3,357	1,821
61 to 90 days past due not impaired	5,785	1,895
91 to 120 days past due not impaired	46,735	1,617
More than 121 days past due not impaired	6,115	3,801
	223,720	56,485

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 RM75,814,000 (2017: RM22,835,000) that are past due at the reporting date but not impaired.

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	
	2018 RM'000	2017 RM'000
Trade receivable		
- 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	7,272	748
Less: Allowance for impairment	(7,272)	(7,454)
	–	2,142
Movement for trade receivables allowance accounts:		
At 1 February	7,454	–
Charge for the financial year	–	7,454
Reversal of impairment loss	(649)	–
Exchange differences	467	–
At 31 January	7,272	7,454

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

24. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Other receivables

Included in other receivables is an accrued reimbursable recoverable income totalling RM21,625,000 (2017: RM18,016,000) representing the Group's rights to be compensated under the contractual terms with the customer for the additional tax expense incurred. The accrued reimbursable income recoverable includes RM13,506,000 (2017: RM9,461,000) which arise from a change in tax administration for the foreign operation of a subsidiary as disclosed in Note 5(g).

Amounts due from subsidiaries bearing interest of KLIBOR + 3.00% are denominated in USD and RM. The amounts are unsecured and repayable upon demand, except for amounts of RM527,366,000 (2017: RM407,440,000) which are not expected to recover within the next 12 months.

Amounts due from subsidiaries which are non interest bearing are denominated in USD and RM. These amounts are unsecured and repayable upon demand, except for amounts of RM49,883,000 (2017: Nil) which are not expected to recover within next 12 months.

Amounts due from joint ventures are unsecured and bear interest of 4.50% to 5.77% (2017: 4.12% to 4.53%). These amounts are denominated in USD.

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	
	2018 RM'000	2017 RM'000
Other receivables		
- More than 121 days past due and impaired	23,469	23,469
Less: Allowance for impairment	(23,469)	(23,469)
	-	-
Movement for other receivables allowance accounts:		
At 1 February	23,469	-
Charge for the financial year	-	23,469
At 31 January	23,469	23,469

The impairment charge in the previous financial year relates to deposits placed for an asset. As the completion of this purchase was uncertain, management has prudently impaired these deposits.

Notes to the Financial Statements (Cont'd)

For the financial year ended 31 January 2018

25. OTHER ASSETS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current:				
Prepayments	137,570	45,770	2,257	1,531
Non-current:				
Prepayments	15,165	–	–	–
	152,735	45,770	2,257	1,531

Prepayments mainly comprise of project development costs related to secured projects and bid tenders which are still in progress.

26. CASH AND BANK BALANCES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash on hand and at banks	394,754	485,143	4,747	4,928
Short term investment	348	337	348	337
Deposits with licensed banks	242,018	148,442	1,972	2,225
Cash and bank balances	637,120	633,922	7,067	7,490

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	637,120	633,922	7,067	7,490
Bank overdrafts (Note 32)	–	(8,626)	–	–
	637,120	625,296	7,067	7,490
Less:				
Deposits pledged with banks	(280,525)	(120,378)	(1,972)	(2,225)
Bank balance in Escrow account	(64,952)	–	–	–
Short term investment	(348)	(337)	(348)	(337)
Cash and cash equivalents	291,295	504,581	4,747	4,928

26. CASH AND BANK BALANCES (CONTINUED)

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 RM39,204,000 (2017: RM44,535,000), 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 (2017: one month) and earns interest at 1.41% (2017: 0.32%) per annum.

Bank balances and deposits with licensed banks of approximately RM241,321,000 (2017: RM75,843,000) have been pledged to the banks for the banking facilities of the Company and the subsidiaries, as disclosed in Note 32.

Bank balance in Escrow account of approximately RM64,952,000 represents payment received as part of the consideration for the disposal of 26% equity interest of a subsidiary. Upon completion of the disposal, the fund in escrow account will be released.

27. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2018 '000	2017 '000	2018 RM'000	2017 RM'000
Ordinary shares issued and fully paid:				
At 1 February	1,092,798	1,092,798	1,099,462	546,399
Issued during the financial year				
- Exercise of ESS	10	—	28	—
Transition to no-par value regime on 31 January 2017 under the Companies Act 2016	—	—	—	553,063
At 31 January	1,092,808	1,092,798	1,099,490	1,099,462

In the previous financial year, the new Companies Act 2016 (the "Act") 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.

28. TREASURY SHARES

	Group and Company			
	2018		2017	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
At 1 February	4,607	12,633	—	—
Treasury shares purchased	—	—	4,607	12,633
At 31 January	4,607	12,633	4,607	12,633

At the Annual General Meeting held on 6 July 2017, 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.

Notes to the Financial Statements *(Cont'd)*

For the financial year ended 31 January 2018

29. 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. On 25 January 2018, the Board of Directors resolved to extend the tenure for additional five (5) years till 2 November 2025 in accordance with the terms of the ESS By-Laws.

The main features of the Scheme are as follows:

- (a) 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.
- (b) 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.
- (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 of share options granted were 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:

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.

29. EMPLOYEE SHARE SCHEME (CONTINUED)

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

	2018		2017	
	Average exercise price per share option RM	Options '000	Average exercise price per share option RM	Options '000
At 1 February	2.80	4,000	–	–
Granted	–	–	2.80	4,000
Exercised	–	(10)	–	–
Lapsed	–	(200)	–	–
At 31 January	2.80	3,790	2.80	4,000

Subsequent to the financial year end, the Company has made second offer of option to eligible Executive Directors and employees of the Company. The details are disclosed in Note 48 to the financial statements.

30. 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) 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.

(c) 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.

(d) Capital reserve

Capital reserve arising from step-up acquisition of a subsidiary, which pertains to convertible note instruments which are to be settled via issuance of equity shares of the subsidiary upon the occurrence of conditions set out in the convertible note agreement.

31. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 January 2018 under the single tier system.

Notes to the Financial Statements (Cont'd)

For the financial year ended 31 January 2018

32. LOANS AND BORROWINGS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current:				
<u>Secured</u>				
Term loans	226,392	165,516	–	–
Sukuk Murabahah	71,222	3,281	–	–
Revolving credits	21,433	–	21,433	–
Obligations under finance leases (Note 33(b))	335	309	203	194
	319,382	169,106	21,636	194
<u>Unsecured</u>				
Revolving credits	43,710	44,622	786	44,535
Bank overdrafts	–	8,626	–	–
	43,710	53,248	786	44,535
	363,092	222,354	22,422	44,729
Non-current:				
<u>Secured</u>				
Term loans	2,495,793	2,882,216	–	–
Sukuk Murabahah	151,108	240,586	–	–
Obligations under finance leases (Note 33(b))	165	488	75	278
	2,647,066	3,123,290	75	278
<u>Unsecured</u>				
Revolving credits	–	47,529	–	–
	2,647,066	3,170,819	75	278
	3,010,158	3,393,173	22,497	45,007
Total borrowings				
Term loans	2,722,185	3,047,732	–	–
Sukuk Murabahah	222,330	243,867	–	–
Revolving credits	65,143	92,151	22,219	44,535
Bank overdrafts (Note 26)	–	8,626	–	–
	3,009,658	3,392,376	22,219	44,535
Obligations under finance leases (Note 33(b))	500	797	278	472
Total loans and borrowings	3,010,158	3,393,173	22,497	45,007

- (a) The secured loans and borrowings of the Group are secured by certain assets of the Group as disclosed in Notes 16, 17 and 26.
- (b) All unsecured loans and borrowings of the subsidiaries are guaranteed by the Company.
- (c) The revolving credits bear interests at range of COF + 1.50% to COF + 2.50% (2017: COF + 1.50% to COF + 3.00%) per annum. The bank overdrafts bear interests of BLR+0.00% in the previous financial year.
- (d) The term loans bear interest rate at range of COF + 1.65% (2017: COF + 1.65% to COF + 2.80%) per annum and LIBOR + 2.90% to LIBOR + 4.50% (2017: LIBOR + 2.85% to LIBOR + 4.50%) per annum.
- (e) The Sukuk Murabahah bear fixed interest rate at range of 5.25% to 5.75% (2017: 5.25% to 5.75%) per annum.

32. 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	Interest rate terms	Currency exposure	Total carrying amount RM'000	On demand or within one year RM'000	More than 1 year and less than 2 years RM'000	2 years and less than 5 years RM'000	5 years or more RM'000
At 31 January 2018							
Secured							
Term loans	Floating rates varies based on cost of funds ("COF")	USD	17,770	7,239	7,016	3,515	-
	Floating rates varies based on London Interbank Offer Rate ("LIBOR")	USD	2,704,415	219,153	225,782	656,624	1,602,856
Sukuk Murabahah	Fixed rate	RM	222,330	71,222	151,108	-	-
Revolving credits	Floating rates varies based on COF	USD RM	393 21,040	393 21,040	- -	- -	- -
Unsecured							
Revolving credits	Floating rates varies based on COF	USD RM	786 42,924	786 42,924	- -	- -	- -
			3,009,658	362,757	383,906	660,139	1,602,856
At 31 January 2017							
Secured							
Term loans	Floating rates varies based on COF	USD	32,876	12,740	8,179	11,957	-
	Floating rates varies based on LIBOR	USD	2,985,532	123,452	282,990	502,744	2,076,346
	Floating rates varies based on Singapore Interbank Offer Rate ("SIBOR")	USD	29,324	29,324	-	-	-
Sukuk Murabahah	Fixed rate	RM	243,867	3,281	77,251	163,335	-
Unsecured							
Revolving credits	Floating rates varies based on COF	USD RM	44,535 47,616	44,535 87	- -	- 47,529	- -
Bank overdrafts	Floating rates varies based on Base Lending Rate	RM	8,626	8,626	-	-	-
			3,392,376	222,045	368,420	725,565	2,076,346

Notes to the Financial Statements (Cont'd)

For the financial year ended 31 January 2018

32. 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: (continued)

Company	Interest rate terms	Currency exposure	Total carrying amount RM'000	On demand or within one year RM'000	More than 1 year and less than 2 years RM'000	More than 2 years and less than 5 years RM'000	5 years or more RM'000
<u>At 31 January 2018</u>							
Secured							
Revolving credits	Floating rates varies based on COF	USD	393	393	-	-	-
		RM	21,040	21,040	-	-	-
Unsecured							
Revolving credits	Floating rates varies based on COF	USD	786	786	-	-	-
			22,219	22,219	-	-	-
<u>At 31 January 2017</u>							
Unsecured							
Revolving credits	Floating rates varies based on COF	USD	44,535	44,535	-	-	-

33. FINANCE LEASES

(a) Finance lease receivables

	Group 2018 RM'000
Minimum lease receivables:	
Within 1 year	2,697
More than 1 year and less than 5 years	10,787
More than 5 years	23,822
	37,306
Less: Future finance income	(22,674)
Present value of finance lease receivables	14,632
Present value of finance lease receivables	
Amount due within 12 months	343
Amount due after 12 months	14,289
	14,632

During the financial year, the Group has entered into a 14 years lease arrangement for a parcel of land and buildings. At the end of lease term, the lessee has the exclusive rights to purchase the leased properties.

(b) Obligations under finance leases

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Minimum lease commitments:				
Within 1 year	350	338	211	211
More than 1 year and less than 2 years	168	338	76	211
More than 2 years and less than 5 years	–	168	–	75
Total minimum lease payments	518	844	287	497
Less: Amounts representing finance charges	(18)	(47)	(9)	(25)
Present value of minimum lease payments	500	797	278	472
Present value of payments:				
Within 1 year	335	309	203	194
More than 1 year and less than 2 years	165	323	75	203
More than 2 years and less than 5 years	–	165	–	75
Present value of minimum lease payments	500	797	278	472
Less: Amount due within 12 months (Note 32)	(335)	(309)	(203)	(194)
Amount due after 12 months (Note 32)	165	488	75	278

The finance lease liabilities are secured by charges over the leased assets (Note 16) and secured by corporate guarantees from the Company. The discount rates implicit in the leases ranges from 2.34% to 2.43% (2017: 2.34% to 2.43%) per annum.

Notes to the Financial Statements *(Cont'd)*

For the financial year ended 31 January 2018

34. UNFAVOURABLE CONTRACTS

	Group	
	2018 RM'000	2017 RM'000
Cost		
At 1 February	121,612	114,593
Exchange differences	(13,572)	7,019
At 31 January	108,040	121,612
Accumulated amortisation		
At 1 February	73,791	49,791
Amortisation (Note 7)	20,435	19,938
Exchange differences	(9,569)	4,062
At 31 January	84,657	73,791
Net carrying amount	23,383	47,821
Amount to be amortised:		
- Current	18,713	21,258
- Non-current	4,670	26,563
	23,383	47,821

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.

35. TAX

(a) Tax payables

Included in tax payables is an income tax liability for a foreign operation subsidiary amounting to RM23,847,000 (2017: RM16,642,000) which is uncertain due to a change in tax administration whereby the income tax computations for prior years of assessment were revised and refiled in the current financial year to the relevant tax authority. Given that the change in tax administration is only recent, there may be potential varying interpretations between the foreign operation subsidiary and the tax authority which would result in the ultimate tax determination for these tax submissions to be uncertain. The income tax liability for these refiled submissions as at 31 January 2018 is as disclosed in Note 5(g).

35. TAX (CONTINUED)

(b) Deferred tax liabilities

	Group	
	2018 RM'000	2017 RM'000
At 1 February	5,450	26,773
Acquisition of a subsidiary	16	–
Recognised in profit or loss (Note 13)	(5,214)	(21,656)
Under provision in prior year (Note 13)	–	2
Exchange differences	(210)	331
At 31 January	42	5,450

The components and movements of deferred tax liabilities during the financial year are as follows:

	Accelerated capital allowances and others RM'000	Total RM'000
At 1 February 2016	26,773	26,773
Recognised in profit or loss	(21,654)	(21,654)
Exchange differences	331	331
At 31 January 2017 and 1 February 2017	5,450	5,450
Acquisition of a subsidiary	16	16
Recognised in profit or loss	(5,214)	(5,214)
Exchange differences	(210)	(210)
At 31 January 2018	42	42

As at the reporting date, the Group had unutilised tax losses and unabsorbed capital allowances of approximately RM4,284,000 (2017: RM8,771,000) 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.

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 5(g).

Notes to the Financial Statements *(Cont'd)*

For the financial year ended 31 January 2018

36. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current:				
Trade payables				
Third parties	30,302	15,869	–	–
Other payables				
Due to directors	1,040	600	1,040	600
Due to subsidiaries	–	–	612	6,323
Due to joint ventures	4,436	758	–	–
Due to associates	595	2,130	590	552
Directors' related companies	56	32	56	32
Sundry payables	82,495	158,974	577	4,108
Accruals	104,539	121,344	3,475	517
Deferred income	27,121	–	–	–
Deposit	81,109	60	–	–
	301,391	283,898	6,350	12,132
	331,693	299,767	6,350	12,132
Non-current:				
Other payables				
Due to subsidiaries	–	–	382,981	353,507
Deferred income	361,783	–	–	–
	361,783	–	382,981	353,507
Total trade and other payables	693,476	299,767	389,331	365,639

(a) Trade payables

Trade payables are non-interest bearing and the credit terms granted to the Group range from 30 to 120 (2017: 30 to 120) days.

(b) Other payables - current

All other payables are unsecured, non-interest bearing and are repayable on demand.

Included in the Group's sundry payables and accruals are related to capital expenditures incurred for the construction of a vessel amounting to RM65,431,000 and RM27,136,000 (2017: RM152,692,000 and RM58,810,000) respectively.

(c) Other payable - non-current

Amounts due to subsidiaries are unsecured and the Company has discretion to defer the settlement for at least 12 months from the balance sheet date. Included in the amounts due to subsidiaries is an interest-bearing loan of approximately RM382,981,000 (2017: RM353,507,000), which bears interest of 6.60% to 7.22% (2017: 3.40% to 8.13%).

37. DERIVATIVES

	Group			
	2018		2017	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Non-current				
Hedging derivatives:				
- Interest rate swaps	–	(42,349)	–	(102,031)
Current				
Hedging derivatives:				
- Interest rate swaps	–	(3,813)	–	–
Non-hedging derivatives:				
- Interest rate swaps	1,640	–	–	(425)

The interest rate swaps reflect the positive 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.

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.

38. SIGNIFICANT RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

Notes to the Financial Statements *(Cont'd)*

For the financial year ended 31 January 2018

38. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(a) Significant related party transactions

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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Related companies controlled by certain Directors:				
- management fee income	750	250	750	250
- advances	278	—	—	—
- management and administration charges	240	—	—	—
- rental income	79	30	79	—
- transport income	—	2,774	—	—
- lease of barges	—	788	—	—
- purchases of goods	—	1,384	—	—
Associates:				
- chartering charges	3,241	3,529	—	—
- consultancy fee charges	2,699	2,430	2,699	2,430
- purchases of goods	2,044	5,202	—	—
- management and administration charges	848	3,183	—	—
- rental income	71	63	71	—
- interest income	50	89	—	—
- advances	40	61	40	61
- management fee income	10	—	10	—
- lease of barges	—	509	—	—
Joint ventures:				
- dividend income	20,046	—	20,046	—
- interest income	1,139	2,205	1,139	2,205
- advances	—	7,949	—	3,923
Subsidiaries:				
- advances	—	—	243,183	249,292
- management fee income	—	—	74,132	26,762
- interest income	—	—	35,386	33,775
- dividend income	—	—	25,779	103,754
- rental income	—	—	128	—

(b) Related party balances

Related party balances have been disclosed in Notes 24 and 36 to the financial statements.

(c) Compensation to key management personnel

Key management personnel of the Group and of the Company are made up of executive directors of the Group and the Company. Information of compensation to executive directors is disclosed in Note 11.

39. COMMITMENTS

	Group	
	2018 RM'000	2017 RM'000
(a) Capital commitments		
Approved and contracted for:		
Property, plant and equipment	197,950	206,512
Investment	201,065	–
Approved but not contracted for:		
Property, plant and equipment	1,522,658	587,492
Investment	1,005,089	–
	2,926,762	794,004

(b) Operating lease commitments – Group as lessee

The Group has entered into leases for the use of premises and equipment. These leases have remaining tenures ranging between 2 years to 7 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		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Within 1 year	7,056	8,725	1,415	872
More than 1 year and less than 5 years	25,512	25,149	1,385	322
More than 5 years	87	5,398	–	–
	32,655	39,272	2,800	1,194

(c) Operating lease commitments – Group as lessor

The Group has entered into leases for its vessels. These non-cancellable lease have remaining lease term of between 9 months to fifteen years and 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	
	2018 RM'000	2017 RM'000
Within 1 year	809,568	1,015,052
More than 1 year and less than 5 years	2,568,076	3,066,256
More than 5 years	4,194,612	5,559,725
	7,572,256	9,641,033

Chartering fees from leasing of vessels recognised in profit or loss during the financial year are disclosed in Note 6.

Notes to the Financial Statements *(Cont'd)*

For the financial year ended 31 January 2018

40. 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 RM'000
	Quoted prices in active market Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
	RM'000	RM'000	RM'000	
At 31 January 2018				
<i>Non-financial asset:</i>				
Investment properties	–	–	24,308	24,308
<i>Financial assets:</i>				
Derivatives	–	1,640	–	1,640
Other investments	–	79,901	–	79,901
<i>Financial liability:</i>				
Interest rate swaps	–	46,162	–	46,162
At 31 January 2017				
<i>Non-financial asset:</i>				
Investment properties	–	–	29,931	29,931
<i>Financial assets:</i>				
Other investments	3,126	24,170	–	27,296
<i>Financial liability:</i>				
Interest rate swaps	–	102,456	–	102,456

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 the three levels of fair value measurements during the financial years ended 31 January 2018 and 31 January 2017.

40. 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 receivables	24
Loans and borrowings (current), excluding obligations under finance leases	32
Loans and borrowings (non-current), excluding obligations under finance leases and certain bank loans	32
Trade and other payables	36

The carrying amounts of financial liabilities are 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 as the probability of crystallisation is remote.

Notes to the Financial Statements (Cont'd)

For the financial year ended 31 January 2018

40. 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	
	2018 RM'000	2017 RM'000
Financial asset:		
<i>Carrying amount:</i>		
- Due from a joint venture (non-current)	6,497	10,165
<i>Fair value:</i>		
- Due from a joint venture (non-current)	6,262	9,798
Financial liabilities:		
<i>Carrying amount:</i>		
- Obligations under finance leases (current and non-current)	500	797
- USD bank loans (non-current)	2,485,262	2,862,080
	2,485,762	2,862,877
<i>Fair value:</i>		
- Obligations under finance leases (current and non-current)	500	797
- USD bank loans (non-current)	2,030,427	2,814,713
	2,030,927	2,815,510

41. FINANCIAL INSTRUMENTS BY CATEGORY

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<u>Financial assets</u>				
Financial assets measured at fair value through profit or loss				
- Derivatives (Note 37)	1,640	—	—	—
- Other investments (Note 22)	79,901	27,296	—	—
	81,541	27,296	—	—
Loans and receivables at amortised costs:				
- Finance lease receivables (Note 33(a))	14,632	—	—	—
- Trade and other receivables (Note 24)	375,537	176,977	661,312	638,160
- Cash and bank balances (Note 26)	637,120	633,922	7,067	7,490
	1,027,289	810,899	668,379	645,650
Total	1,108,830	838,195	668,379	645,650

41. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<u>Financial liabilities</u>				
Financial liabilities measured at fair value through profit or loss:				
- Interest rate swaps (Note 37)	—	425	—	—
Financial liabilities designated as cash flow hedge				
- Interest rate swaps (Note 37)	46,162	102,031	—	—
Other financial liabilities at amortised cost:				
- Trade and other payables (Note 36)	693,476	299,767	389,331	365,639
- Loans and borrowings (Note 32)	3,010,158	3,393,173	22,497	45,007
	3,703,634	3,692,940	411,828	410,646
Total	3,749,796	3,795,396	411,828	410,646

The Group's and the Company's exposure to various risks associated with the financial instruments are discussed in Note 42.

42. 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 other investments, 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 two types of risk: interest rate risk and foreign currency risk. 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 2018 and 2017.

42. 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 RM2,877,000 (2017: RM3,101,000) 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 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 and SGD.

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, Norway and Republic of the Marshall Islands. 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.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and SGD 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	
		2018	2017
		RM'000	RM'000
USD/RM	- Strengthened 5%	(2,391)	(16,292)
	- Weakened 5%	2,391	16,292
SGD/RM	- Strengthened 5%	(3,809)	(258)
	- Weakened 5%	3,809	258

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets recognised in the statement of financial position, including derivative financial instruments with positive fair value.

(i) 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 the individual credit standings and financial strengths. 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 the receivables disclosed in statement of financial position. The Group does not hold collateral as security.

As at 31 January 2018, the credit risk of the Group primarily relates to the Group's 3 (2017: 3) largest customers which accounted for 92% (2017: 90%) 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 their financial position, past collection experiences and other factors. Except for the allowance for doubtful debts provided as disclosed in Note 24(a) to the financial statements, management does not expect any counterparty to fail to meet their obligations.

(ii) 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 standings are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the financial year. 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 represented by their carrying value in statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the Group and 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 and the Company's objective are to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and perpetual securities.

Notes to the Financial Statements *(Cont'd)*

For the financial year ended 31 January 2018

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

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

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
31 January 2018				
Trade and other payables	331,693	135,604	226,179	693,476
Loans and borrowings	389,518	1,119,159	1,594,199	3,102,876
Derivatives	3,813	42,349	–	46,162
Total undiscounted financial liabilities	725,024	1,297,112	1,820,378	3,842,514
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
Company				
31 January 2018				
Trade and other payables	6,350	382,981	–	389,331
Loans and borrowings	22,430	75	–	22,505
Financial guarantee [^]	3,083,337	–	–	3,083,337
Total undiscounted financial liabilities	3,112,117	383,056	–	3,495,173
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

[^] 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.

43. 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) Offshore & Marine - This segment comprises provision of vessels and marine related services.
- (ii) Other operations - This segment comprises of investment, management services and treasury services.
- (iii) Discontinued operations - It comprised 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.

43. 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.

	Offshore & Marine RM'000	Other operations RM'000	Discontinued operations RM'000	Elimination RM'000	Consolidated RM'000
31 January 2018					
Revenue:					
Gross revenue	1,021,256	184,435	–	–	1,205,691
Inter-segment	(112,110)	(183,425)	–	–	A (295,535)
	909,146	1,010	–	–	910,156
Results:					
Segment results	488,605	(63,104)	–	–	425,501
Finance costs					(107,540)
Share of results of joint ventures					43,081
Share of results of associates					728
Income tax expense					(69,697)
Profit for the financial year					292,073
Amortisation and depreciation	(200,413)	(3,454)	–	–	(203,867)
Fair value gain/(loss):					
- marketable securities	–	141	–	–	141
- investment properties	–	(5,623)	–	–	(5,623)
- derivatives	(6)	2,072	–	–	2,066
Impairment loss on plant and equipment	(32,793)	–	–	–	(32,793)
Net unrealised gain/(loss) on foreign exchange	12,808	(75,211)	–	–	(62,403)
Other non-cash (expenses)/income	(370)	472	–	–	102
Assets and liabilities					
Segment assets	5,743,825	706,594	–	–	6,450,419
Segment liabilities	3,031,267	785,994	–	–	3,817,261
Additions to property, plant and equipment	500,854	4,469	–	–	505,323

Notes to the Financial Statements *(Cont'd)*

For the financial year ended 31 January 2018

43. SEGMENT INFORMATION (CONTINUED)

	Offshore & 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) B	543,255
Inter-segment	(42,489)	(26,762)	(155)	69,406 A	–
	542,735	520	220,966	(220,966)	543,255
Results:					
Segment results	145,344	16,819	9,283	(9,283) B	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 financial year					194,473
Amortisation and depreciation	(89,316)	(1,746)	–	– B	(91,062)
Fair value gain/(loss):					
- marketable securities	32	(889)	–	– B	(857)
Impairment loss on plant and equipment	(11,630)	–	–	– B	(11,630)
Other non-cash (expenses)/income	(28,343)	19,320	(910)	910 B	(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
Additions to property, plant and equipment	1,549,317	146	–	–	1,549,463

Notes

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

- A Inter-segment revenues are eliminated on consolidation.
- B 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".

Geographical information

The Group operates in the following main geographical areas:

- (i) Malaysia - mainly involved in leasing and sub-leasing of vessels on bareboat or time charter basis
- (ii) Asia (excluding Malaysia), Africa and Norway - mainly involved in the charter of vessels and ship management services

43. SEGMENT INFORMATION (CONTINUED)

Geographical information (continued)

Revenue by location of the Group's operations are analysed as follows:

	Group	
	2018 RM'000	2017 RM'000
Malaysia	29,860	24,330
Africa	876,790	516,671
Norway	3,506	2,254
	910,156	543,255

Non-current assets other than financial instruments and deferred tax assets managed by the Group in Africa amounted to RM4,184.09 million as at 31 January 2018 (2017: RM4,424.49 million).

The Group's largest customers (by revenue contribution) are from the Offshore & Marine segments. In the financial year ended 31 January 2018, 3 customers contributed revenue individually exceeding 10% of the Group's total revenue, amounting to RM228.29 million, RM171.77 million and RM461.35 million respectively. In the financial year ended 31 January 2017, 3 customers contributed revenue individually exceeding 10% of the Group's total revenue, amounting to RM221.34 million, RM194.37 million and RM100.96 million respectively.

44. CAPITAL MANAGEMENT

For the purpose of the Group's and the Company's capital management, capital includes share capital and all other equity reserves attributable to owners of the Company. The objectives of the Group's and the Company capital management are to maximise shareholders' value, to maintain optimal capital structure to reduce cost of capital and to sustain future developments of the Group.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, shares buy-back or issue new shares. The Group and the Company monitor 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Loans and borrowings (Note 32)	3,010,158	3,393,173	22,497	45,007
Trade and other payables (Note 36)	693,476	299,767	389,331	365,639
Less: Cash and bank balances (Note 26)	(637,120)	(633,922)	(7,067)	(7,490)
Net debt	3,066,514	3,059,018	404,761	403,156
Equity attributable to owners of the Company, total capital	2,000,401	1,968,713	1,266,568	1,242,788
Capital and net debt	5,066,915	5,027,731	1,671,329	1,645,944
Debt-to-capital ratio	61%	61%	24%	24%

The Group and Company are required to comply with financial covenants such as Debt Service Cover Ratio and Debt to Equity Ratio, as defined in the respective facilities agreements. During the financial year, the Group and the Company have complied with these requirements.

45. PERPETUAL SECURITIES(i) By Yinson TMC Sdn. Bhd.

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.

On 5 October 2017, USD50 million of the issued perpetual securities was redeemed.

(ii) By Yinson Juniper Ltd

On 5 October 2017, Yinson Juniper Ltd, a wholly owned subsidiary of the Company issued perpetual securities of USD100 million under its USD500 million Multi-Currency Perpetual Securities Programme. 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 unsecured, unconditional and unsubordinated obligations of the subsidiary, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

The Perpetual Securities have no fixed redemption date but may be redeemed at the option of the subsidiary subject to the condition provisions as detailed in the terms and conditions of the Perpetual Securities. The Perpetual Securities are issued at par with a coupon rate of 7.85% and are officially listed on the Singapore Exchange Securities Trading Limited on 6 October 2017. From the Group's perspective under MFRS 132 "Financial Instruments: Presentation", the Perpetual Securities are classified as equity because the payment of any distribution or redemption of the perpetual securities is at the option of the Company and Group.

46. SUMMARY OF EFFECTS OF ACQUISITION OF COMPANIES

- (i) The Company had on 6 June 2017 increased its investment in Regulus Offshore Sdn. Bhd. ("RO") from 49% to 70% by acquiring 21,000 ordinary shares representing 21% of the issued share capital of RO for a total consideration of RM469,461. Subsequent to the acquisition, RO ceased to be an associate of the Group and became a 70% direct owned subsidiary of the Group.
- (ii) Yinson Heather Ltd, an indirect wholly-owned subsidiary of the Group, had on 27 December 2017, acquired from Four Vanguard Servicos E Navegacao LDA 19,600,000 ordinary shares in Anteros Rainbow Offshore Pte. Ltd. ("ARO"), representing 49% equity interest of the issued and paid up share capital of ARO, for a consideration of USD9,000,000 (equivalent to approximately RM36,751,500).

Following the completion of the acquisition, ARO ceased to be a joint venture entity of the Group and became an indirect wholly-owned subsidiary of the Group.

46. SUMMARY OF EFFECTS OF ACQUISITION OF COMPANIES (CONTINUED)

The amounts of revenue and loss before tax of the subsidiaries acquired during the financial year which have been included in the income statements of the Group for the period from the dates of acquisition to 31 January 2018 are amounted to approximately RM19,667,000 and RM79,758,000 respectively. Had the acquisitions taken effect at the beginning of the financial year, the revenue and loss before tax of the subsidiaries acquired would have been approximately RM28,237,000 and RM82,148,000 respectively.

Details of the consideration paid, assets acquired and liabilities assumed, the non-controlling interests recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

	Carrying value RM'000	Fair value RM'000
Property, plant and equipment	222,217	222,217
Intangible assets	62	62
Inventories	767	767
Trade and other receivables	8,002	8,002
Tax recoverable	98	98
Cash and bank balances	1,054	1,054
Trade and other payables	(22,002)	(22,002)
Loans and borrowings	(59)	(59)
Convertible note instruments	(96,966)	(96,966)
Deferred tax liabilities	(16)	(16)
Non-controlling interests	(701)	(701)
Share of net assets acquired	112,456	112,456
Bargain purchase		(21)
Derecognition of associate and joint venture		(77,190)
Purchase consideration		35,245
Cash and bank balances arising from the acquisitions of subsidiaries		(1,054)
Net cash outflow from acquisitions		34,191

47. DISCONTINUED OPERATIONS

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 subsequent 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.

Notes to the Financial Statements *(Cont'd)*

For the financial year ended 31 January 2018

47. DISCONTINUED OPERATIONS (CONTINUED)

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 the income statements in the previous financial year.

Results of the discontinued operations

In the financial year ended 31 January 2016, 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 in the previous financial year are presented below.

	Note	Group 2017 RM'000
Revenue		220,966
Expenses		(211,680)
Finance costs		(7,053)
Share of results of associate	21	656
Profit before tax from discontinued operations [^]		2,889
Income tax expense (Note 13)		(607)
Profit from discontinued operations		2,282

[^] The following items have been charged/(credited) in arriving profit before tax from discontinued operation:

	Group 2017 RM'000
Bad debts recovered	(202)
Impairment loss on trade receivables	1,426
Reversal of write down of inventories	(577)
Unrealised loss on foreign exchange	209
Gain on sale of other investments	196
Property, plant and equipment written off	49
Operating leases - Minimum lease payment for land and buildings	127
Fee for statutory audits	
- Other auditors	73
Interest income	(167)
Employee benefits expenses	3,948

47. DISCONTINUED OPERATIONS (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:

	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
	457,123
Liabilities	
Loans and borrowings	(200,048)
Bank overdraft	(2,391)
Trade and other payables	(89,960)
Tax payables	–
Deferred tax liabilities	(3,066)
	(295,465)
Net assets	161,658
Less: Non-controlling interests	(1,499)
Net assets disposed of	160,159
Transfer from foreign exchange reserve	2,450
Net disposal proceeds (including transaction costs incurred)	(159,098)
Total loss on disposal of subsidiaries and associate to the Group	3,511
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)
Cash inflow to the Group on disposal	136,087

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)
Gain on disposal of subsidiaries and associate (Note 8)	(5,183)

48. SUBSEQUENT EVENTS

- (a) On 25 March 2018, PTSC Ca Rong Do Ltd ("PTSC CRD"), a joint venture company owned by Yinson Clover Ltd ("YCL") and PetroVietnam Technical Services Corporation ("PTSC") (each holding 49% and 51% respectively in PTSC CRD) had received a notice ("Notice") from PTSC under the Bareboat Charter Contract.

In the Notice, PTSC informed that on 24 March 2018, PTSC was notified by Talisman Vietnam 07/03 B.V. ("TLV") of a force majeure event under the Contract where TLV has been directed by the Government of Vietnam not to carry out scheduled work program for CRD Project.

The Contract is a time charter contract comprising the bareboat scope of work ("Bareboat SOW") and operation and maintenance of the FPSO.

YCL, an indirect wholly-owned subsidiary of the Group had on 26 April 2017 entered into the Contract with TLV for CRD Project. As a requirement under the bid for the Contract, YCL had also on even date entered into a novation agreement with TLV and PTSC for the novation of all rights and liabilities under the Contract to PTSC.

PTSC CRD was incorporated on 5 December 2017 to jointly undertake the execution and performance of the Bareboat SOW.

The Group, together with PTSC will jointly discuss with TLV on next course of action pursuant to the force majeure event.

Given the contractual rights accorded to PTSC CRD under the Contract, the Group does not expect that the above matter to have a material effect on the net assets and earnings of the Group for the financial year ending 31 January 2019.

- (b) On 30 March 2018, the Company made second offer of option, a total of 6,048,000 options at exercise price of RM3.65 per share in 3 equal tranches upon fulfilling the vesting condition and shall expire on 30 March 2022. Offers are made to eligible Executive Directors and employees of the Company.

49. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 January 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 3 May 2018.

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 2018, and of their financial performance and their cash flows for the financial 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 2018 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 105 to 188.

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 the 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 *(Cont'd)*

(Incorporated in Malaysia) (Company No. 259147-A)

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
Significant judgements used to evaluate for impairment indicators and significant estimates used in impairment assessment of vessels	
As at 31 January 2018, the Group has three Floating, Production, Storage and Offloading ("FPSO") vessels totalling RM4,131 million, four Offshore Support Vessels ("OSV") totalling RM179 million and a FPSO conversion candidate vessel amounting to RM211 million. These vessels totalling RM4,521 million, represents 70% of the Group's total assets. The Group identified impairment indicators such as continued low charter rates and/or utilisation rates due to lack of secured long term charter contracts for the Group OSVs, the lay-up period and coming off contracts for FPSO vessels. The recoverable amounts for these vessels are based on value in use calculations. A significant portion of the carrying value of the FPSOs with short remaining contractual period is expected to be recovered through redeployment. Therefore, significant judgement is exercised by management in estimating the uncontracted cash flows arising from the possibilities in determining whether an additional contract extension would be requested from clients or if and when a new contract can be obtained. The details of the significant estimates and judgement used by management are set out in Note 5(c) and Note 16. The Group recognised an impairment charge of RM32.8 million on two of its OSVs for the current financial year. As management use significant judgement in determining the estimates used in assessing the value in use for these vessels and there are inherent uncertainty in assessing estimates, this is a key audit matter.	Audit procedures performed over this key audit matter were as follows: • We evaluated management's assessment of impairment indicators for the vessels; and • for vessels which had impairment indicators, the audit procedures performed on management's VIUs were as follows: • Checked that the valuation methodologies have been consistently applied from prior years and across the Group; • Benchmarked the key assumptions used by management in the value in use calculations such as charter and vessel utilisation rates to market data such as oil prices, interest rates and market outlook for the oil & gas sector. • In addition, we assessed the reliability of management's prior year's assumptions on utilisation level and charter rates to evaluate robustness of management's assumptions. This involves comparing the vessel's recent actual utilisation levels and revenue earned against prior year's projections; • Assessed management's discount rates whether these are reasonable compared to the industry's weighted average cost of capital with the assistance of internal experts; • Tested the mathematical accuracy of the VIU calculations prepared by management; and • Reviewed management's sensitivity analysis over the recoverable amounts of the affected OSVs by varying the key assumptions within reasonably possible ranges. The results of the sensitivity analysis are disclosed in Note 16(f) of the consolidated financial statements. • Evaluated the adequacy of the Group's disclosures regarding the impairment of these vessels, which are included in Note 16 of the consolidated financial statements. Based on the work performed, there was no material exception to report.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Uncertain tax position in a foreign operation As disclosed in Note 5(g) to the consolidated financial statements, there was a change in the tax administration for a foreign operation of a subsidiary whereby with effect from the Year of Assessment 2015, the corporate tax basis was changed from a deemed income approach to the actual profit basis. The effective date for this change of tax law which was the Year of Assessment 2015 for the foreign operation was for the financial year ended 31 January 2014. In the financial year ended 31 January 2018, the foreign operation re-filed its income tax returns for the Year of Assessment from 2006 to 2015 from the deemed profits basis to the actual profits basis. Given that the change in tax administration is only recent, there may be potentially varying interpretations between the foreign operation and tax authority on the application of the change, which would result in the ultimate tax determination for these tax submissions to be uncertain. As at 31 January 2018, RM23.8 million was accounted by the subsidiary as an income tax liability as disclosed in Note 5(g) and 35(a) to the consolidated financial statements. In connection with this, as disclosed in Note 24(b), the Group recognised an accrued reimbursable recoverable of RM13.5 million representing the additional tax that would be compensated under the contractual terms with the customer.	We performed the following audit procedures: <u>Uncertain tax position due to a change in a foreign operation tax administration</u> • 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 as well as status of the submitted revised tax computations; • Discussed with the Group's tax department and their tax agent on the basis of the tax resubmissions and checked the accuracy of 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 consolidated financial statements.

There are no key audit matters in relation to the financial statements of the Company.

Independent Auditors' Report to the Members of Yinson Holdings Berhad *(Cont'd)*

(Incorporated in Malaysia) (Company No. 259147-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 Directors' Report, Chairman's Statement, Management Discussion and Analysis, Sustainability Statement, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control, Report on Audit Committee and Statement on Directors' Responsibility. 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, 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.

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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

- (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.

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 19 to the financial statements.

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 PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

TIANG WOON MENG
(No. 2927/05/18 (J))
Chartered Accountant

Kuala Lumpur
3 May 2018

Analysis of Shareholdings

As at 3 May 2018

Issued Share Capital : RM1,122,345,303.20 of 1,092,967,073 ordinary shares

No. of Treasury Shares held : 5,847,800

Voting Rights : One vote per ordinary share

ANALYSIS OF SHAREHOLDINGS (According to the Record of Depositors as at 3 May 2018)

Adjusted capital net of treasury shares

Range	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 100	273	10.89	4,593	0.00
100 to 1,000	436	17.39	298,456	0.03
1,001 to 10,000	994	39.65	4,566,126	0.42
10,001 to 100,000	519	20.70	17,310,283	1.59
100,001 to 54,355,962 (*)	282	11.25	757,431,215	69.67
54,355,963 and above (**)	3	0.12	307,508,600	28.29
	2,507	100.00	1,087,119,273	100.00

Remark: * Less than 5% of issued shares

** 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS (According to the Register of Substantial Shareholders as at 3 May 2018)

Name	Direct Interest		Indirect Interest	
	No. of Shares	% ^A	No. of Shares	% ^A
1. Lim Han Weng	174,407,415	16.04	98,105,985 ¹	9.02
2. Kumpulan Wang Persaraan (Diperbadankan)	141,973,900	13.06	11,908,600 ²	1.10
3. Employees Provident Fund Board	141,753,800	13.04	—	—
4. Bah Kim Lian	72,711,985	6.69	176,696,615 ³	16.25
5. AIA Bhd.	56,015,100	5.15	327,700 ⁴	0.03
6. AIA Group Limited	—	—	56,342,800 ⁵	5.18
7. AIA Company Limited	—	—	56,342,800 ⁵	5.18
8. Premium Policy Berhad ⁺	—	—	56,342,800 ⁵	5.18
9. Orange Policy Sdn Bhd	—	—	56,342,800 ⁵	5.18

1 Deemed interested by virtue of his spouse and children direct shareholdings in the Company pursuant to Section 59(11)(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 in the shares held by Kumpulan Wang Persaraan (Diperbadankan)'s Fund Manager pursuant to Section 8 of the Companies Act 2016

3 Deemed interested by virtue of her spouse and children direct shareholdings in the Company pursuant to Section 59(11)(c) of the Companies Act 2016

4 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

5 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

^A Net of treasury shares

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.

DIRECTORS SHAREHOLDINGS (According to the Register of Director's Shareholdings as at 3 May 2018)

Name	Direct Interest				Indirect Interest			
	No. of Shares	% ^A	No. of Options	% [*]	No. of Shares	% ^A	No. of Options	% [*]
Lim Han Weng	174,407,415	16.04	1,020,000	10.15	98,105,985	9.02	1,280,000	12.74
Bah Kim Lian	72,711,985	6.69	—	—	176,696,615	16.25	2,300,000	22.89
Lim Han Joeeh	32,810,376	3.02	—	—	—	—	—	—
Lim Chern Yuan	61,200	0.01	880,000	8.76	—	—	—	—

^A Net of treasury shares

^{*} The Company had offered total of 10,048,000 options under the Employees' Share Scheme as at 3 May 2018

30 LARGEST SHAREHOLDERS (According to the Record of Depositors as at 3 May 2018)

Name	No. of Shares	% ^A
1. Kumpulan Wang Persaraan (Diperbadankan)	141,973,900	13.06
2. Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	110,147,600	10.13
3. Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt AN for AIA Bhd.</i>	55,387,100	5.09
4. Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Lim Han Weng</i>	54,271,050	4.99
5. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Exempt AN for Deutsche Bank AG Singapore (Maybank SG PWM)</i>	44,675,100	4.11
6. Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Bah Kim Lian (LHWRC)</i>	27,972,027	2.57
7. Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lim Han Weng</i>	27,272,727	2.51
8. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Trinity View Sdn Bhd (PBCL-0G0556)</i>	26,700,000	2.46
9. AmSec Nominees (Tempatan) Sdn Bhd <i>Pledged securities account - Ambank Islamic Berhad for Lim Han Weng</i>	26,261,642	2.42
10. AmSec Nominees (Tempatan) Sdn Bhd <i>Pledged securities account - Ambank (M) Berhad for Lim Han Weng</i>	23,814,585	2.19
11. Maybank Investment Bank Berhad <i>IVT (10)</i>	23,750,000	2.18
12. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Bah Kim Lian (PB)</i>	23,100,000	2.12
13. RHB Nominees (Tempatan) Sdn Bhd <i>Bank of China (Malaysia) Berhad pledged securities account for Lim Han Joe</i>	22,500,000	2.07
14. Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lim Han Weng</i>	20,200,000	1.86
15. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Trinity View Sdn Bhd (PB)</i>	18,397,000	1.69

Analysis of Shareholdings (Cont'd)

	Name	No. of Shares	%[^]
16.	AmSec Nominees (Tempatan) Sdn Bhd <i>Mtrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)</i>	15,228,500	1.40
17.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (Nomura)</i>	14,813,900	1.36
18.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (LSF)</i>	14,704,800	1.35
19.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Bah Kim Lian</i>	13,986,013	1.29
20.	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>Deutsche Bank AG Singapore for Liannex Corporation (S) Pte Ltd (Maybank SG)</i>	13,680,000	1.26
21.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lim Han Weng</i>	12,727,272	1.17
22.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (LPF)</i>	10,937,000	1.01
23.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>CIMB Commerce Trustee Berhad - Kenanga Growth Fund</i>	10,720,300	0.99
24.	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt AN for Citibank New York (Norges Bank 9)</i>	10,648,400	0.98
25.	Liannex Corporation (S) Pte. Ltd.	9,424,800	0.87
26.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>CIMB Islamic Trustee Berhad for Affin Hwang Multi-Asset Fund</i>	9,000,000	0.83
27.	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt AN for Citibank New York (Norges Bank 15)</i>	8,610,600	0.79
28.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (CIMB Prin)</i>	8,418,800	0.77
29.	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt AN for Citibank New York (Norges Bank 14)</i>	7,335,780	0.68
30.	HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA for Vanguard Emerging Markets Stock Index Fund</i>	6,983,400	0.64
		813,642,296	74.84

[^] Net of treasury shares

List of Properties

Details of all the properties owned by the Group and the Company as at 31 January 2018 are set out as follows:-

Location	Description of Existing Use	Tenure (expiry date/year)	Age of Building (years)	Land Area (sq.m)/ Gross Built-up Area (sq.m)	Fair Value/ Net Book Value (RM'000)	Last Date of Revaluation (R)/ Acquisition (A)
INVESTMENT PROPERTIES						
Unit A1-27-2 Residensi St Mary No. 1, Jalan Tengah 50250 Kuala Lumpur	Service residence	Freehold land	6	370	3,719	R: 31.1.2018
Unit A1-27-3 Residensi St Mary No. 1, Jalan Tengah 50250 Kuala Lumpur	Service residence	Freehold land	6	340	5,014	R: 31.1.2018
Unit C1-27-1 Residensi St Mary No. 1, Jalan Tengah 50250 Kuala Lumpur	Service residence	Freehold land	6	555	5,321	R: 31.1.2018
Unit C1-27-2 Residensi St Mary No. 1, Jalan Tengah 50250 Kuala Lumpur	Service residence	Freehold land	6	340	3,418	R: 31.1.2018
Unit C2-27-1 Residensi St Mary No. 1, Jalan Tengah 50250 Kuala Lumpur	Service residence	Freehold land	6	340	3,418	R: 31.1.2018
Unit C2-27-2 Residensi St Mary No. 1, Jalan Tengah 50250 Kuala Lumpur	Service residence	Freehold land	6	340	3,418	R: 31.1.2018

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the TWENTY-FIFTH ANNUAL GENERAL MEETING of YINSON HOLDINGS BERHAD will be held at Dillenia Room, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, Bukit Kiara, 60000 Kuala Lumpur, on Thursday, 12 July 2018 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 2018 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 2018. | Ordinary Resolution 1 |
| 3. To approve the payment of Directors' fees of RM1,040,000.00 for the financial year ended 31 January 2018. | Ordinary Resolution 2 |
| 4. To approve the payment of Directors' benefits of up to RM321,000.00 for the period from 1 June 2018 until the next Annual General Meeting of the Company to be held in 2019. | Ordinary Resolution 3 |
| 5. To re-elect the following Directors who are retiring by rotation in accordance with Article 107 of the Constitution of the Company and being eligible, have offered themselves for re-election: | |
| (i) Madam Bah Kim Lian | Ordinary Resolution 4 |
| (ii) Mr Lim Han Joeh | Ordinary Resolution 5 |
| 6. To re-appoint PricewaterhouseCoopers PLT (formally known as PricewaterhouseCoopers) as Auditors of the Company for the financial year ending 31 January 2019 and to authorise the Directors to fix their remuneration. | Ordinary Resolution 6 |
| 7. 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 resolutions with or without modifications:

- | | |
|---|-----------------------|
| 8. AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 ("THE ACT") | Ordinary Resolution 7 |
| <p>"THAT subject always to the Act, the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") 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 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 Securities 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."</p> | |

Ordinary Resolution 8

9. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")**

"THAT subject to Section 127 of the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements ("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) to cancel all the shares so purchased; and/or
- ii) to retain the shares so purchased as treasury shares for distribution as dividends to the shareholders and/or resell the treasury shares on the stock market of Bursa Securities in accordance with the relevant rules of Bursa Securities; and/or
- iii) to retain part of the shares so purchased as treasury shares and cancel the remainder of the shares so purchased; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Listing 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;

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 Annual General Meeting *(Cont'd)*

10. PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY

Special Resolution 1

"THAT approval be and is hereby given to amend the existing Memorandum and Articles of Association of the Company in its entirety by replacing it with a new Constitution as set out in Appendix A of the Statement to Shareholders dated 31 May 2018 which shall take effect from the date of passing of this resolution AND THAT the Board of Directors of the Company be and is hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of shareholders at the Twenty-Fifth Annual General Meeting of the Company to be held on Thursday, 12 July 2018, a Final Single Tier Dividend of 2 sen per ordinary share in respect of the financial year ended 31 January 2018 will be paid on 27 August 2018 to the shareholders of the Company whose names appear in the Record of Depositors on 2 August 2018. The entitlement date for the dividend payment is on 2 August 2018.

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 2 August 2018 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 2018

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 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, 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 5 July 2018 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, does not require a formal approval of shareholders. Hence, this item on the Agenda is not put forward for voting.

2. ORDINARY RESOLUTION 2 – DIRECTORS' FEES

The Nominating and Remuneration Committee has reviewed the Directors' fees after taking into consideration the market trends for similar positions, time commitment and responsibilities of the respective Director. Payment of the Directors' fees for the financial year ended 31 January 2018 amounting to RM1,040,000 will be made by the Company if the proposed Ordinary Resolution 2 is passed in the forthcoming Annual General Meeting.

3. 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	RM2,000.00 per meeting
Board Committee Meeting	RM1,000.00 per meeting
General Meeting	RM2,000.00 per meeting

4. ORDINARY RESOLUTION 6 – RE-APPOINTMENT OF AUDITORS

The Board, with Audit Committee's recommendation, at its meeting held on 3 May 2018 endorsed for the re-appointment of PricewaterhouseCoopers PLT as External Auditors of the Company for the financial year ending 31 January 2019 be presented to the shareholders for approval.

PricewaterhouseCoopers had converted its legal entity status from a conventional partnership pursuant to Partnership Act 1961 to a limited liability partnership pursuant to Section 29 of the Limited Liability Partnerships Act, 2012 ("LLP Act 2012") effective 2 January 2018. Accordingly, PricewaterhouseCoopers had been registered in the name of PricewaterhouseCoopers PLT. In this instance, PLT means "Perkongsian Liabiliti Terhad". There was no change to the Partners serving the Company.

In any event, pursuant to Section 36 of the LLP Act 2012, any agreements/engagements already made between the Company and its Group and PricewaterhouseCoopers will continue to be in force as if PricewaterhouseCoopers PLT were a party to the agreements. Accordingly, all engagement letters signed with PricewaterhouseCoopers continue to be in force until the aforesaid engagement letters are superseded.

Notice of Annual General Meeting *(Cont'd)*

EXPLANATORY NOTES ON SPECIAL BUSINESSES:

5. ORDINARY RESOLUTION 7 – AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE ACT

The proposed Ordinary Resolution 7 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 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-Fourth Annual General Meeting.

6. ORDINARY RESOLUTION 8 – PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The proposed Ordinary Resolution 8, 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 ten percent (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.

Please refer to Statement to Shareholders in relation to the Proposed Renewal of Share Buy-Back Authority dated 31 May 2018 accompanying 2018 Annual Report of the Company for further information on the Proposed Renewal of Share Buy-Back Authority.

7. SPECIAL RESOLUTION 1 – PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY

The proposed adoption of new Constitution of the Company is made mainly for the following purposes:

- (a) To be in line with the amendments to Main Market Listing Requirements of Bursa Malaysia Securities Berhad issued on 29 November 2017; and
- (b) To provide clarity and consistency with the enforcement of the Act effective 31 January 2017.

The proposed Special Resolution is required to be passed by a majority of not less than seventy-five percent (75%) of such members who are entitled to vote and do vote in person or by proxy at the Twenty-Fifth Annual General Meeting.

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-Fifth Annual General Meeting.

Administrative Details

For the 25th Annual General Meeting



REGISTRATION

1. Registration will start at 9.00 a.m. in front of the Dillenia Room, Ground Floor, Sime Darby Convention Centre and the Annual General Meeting (AGM) will start punctually at 10.00 a.m. We strongly encourage you to come early to facilitate registration.
2. Please produce your original Identity Card (IC) or valid Passport (collectively referred as Identification) at the registration counter for verification purposes. Please ensure that you collect your NRIC/Passport upon completion. No person will be allowed to register on behalf of another person even with the original Identification of that other person.
3. You will be given the following upon registration:
 - a. Wristband;
 - b. One Refreshment Voucher and one Lunch Voucher ("Meal Voucher")

Each individual present as shareholder OR proxy OR corporate representative; or representing more than one (1) shareholder is entitled to one (1) Meal Voucher. If more than two (2) proxies appointed by a shareholder, they will be entitled to one (1) Meal Voucher Only. The Meal Voucher will be given to the first proxy registered at the registration counter.



DURING AGM

1. You must wear the Wristband to enter the meeting venue and throughout the AGM. There will be no replacement in the event that the Wristband is lost, stolen or misplaced.
2. Shareholders/proxies will cast his/her votes via electronic poll voting. Please follow the instructions given by the poll administrator at the AGM.



REFRESHMENT

1. Shareholders/proxies will be served with morning tea and coffee during registration and please redeem your refreshment pack by producing the Refreshment Voucher after you register.
2. Shareholders/proxies shall then redeem your lunch pack at the end of the AGM by producing the Lunch Voucher.
3. No redemption of food in the event any of your Meal Voucher is lost, stolen or misplaced.



OTHER MEETING DETAILS

1. Free WIFI is available at the Sime Darby Convention Centre for the convenience of shareholders/proxies. Please turn-off or silence your phone during the AGM.
2. Indoor and outdoor parking is freely available at the Sime Darby Convention Centre (subject to availability).



ENQUIRY

1. If you have general queries prior to the meeting, please contact Yinson Holdings Berhad's Corporate Secretarial Department at +60(3) 2289 3888 or the following person during office hours:

Share Registrar

Messrs Securities Services (Holdings) Sdn Bhd

Name

Mr Wong Piang Yoong
En Hisham Hashim

Telephone number

+603 2084 9000

Venue of 25th Annual General Meeting:

SIME DARBY CONVENTION CENTRE

1A Jalan Bukit Kiara 1
Bukit Kiara
60000 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur



**YINSON HOLDINGS BERHAD**(Company No. 259147-A)
(Incorporated in Malaysia)

Form of Proxy

No. of stock units 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-Fifth Annual General Meeting of the Company to be held at **Dillenia Room, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, Bukit Kiara, 60000 Kuala Lumpur on Thursday, 12 July 2018 at 10.00 a.m.** and at any adjournment thereof, and to vote as indicated below:

Item	Agenda			
1.	To receive the Audited Financial Statements for the financial year ended 31 January 2018 together with the Reports of the Directors and Auditors thereon			
		Ordinary Resolution ("OR")/ Special Resolution ("SR")	For	Against
2.	Payment of a Final Single Tier Dividend	OR 1		
3.	Payment of Directors' fees for the financial year ended 31 January 2018	OR 2		
4.	Payment of Directors' benefits for the period from 1 June 2018 until the next Annual General Meeting of the Company to be held in 2019	OR 3		
5.	Re-election of Madam Bah Kim Lian as Director of the Company	OR 4		
6.	Re-election of Mr Lim Han Joeh as Director of the Company	OR 5		
7.	Re-appointment of Messrs PricewaterhouseCoopers PLT as Auditors of the Company and authorise the Directors to fix their remuneration	OR 6		
Special Business				
8.	Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016	OR 7		
9.	Proposed Renewal of Share Buy-Back Authority	OR 8		
10.	Proposed Adoption of New Constitution of the Company	SR 1		

[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 _____ 2018

* 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 5 July 2018 shall be regarded as member of the Company entitled to attend the Annual General Meeting or appoint a proxy to attend and vote on his/her behalf.

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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

(Company No. 259147-A)

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