SHIN YANG SHIPPING CORPORATION BERHAD (666062-A)

Directors' Report and Audited Financial Statements

30 June 2019

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DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and property holding. The principal activities of the subsidiary companies are disclosed in Note 15 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
(Loss)/Profit net of tax	(89,158,092)	110,501
(Loss)/Profit attributable to:		
Owners of the Company	(86,668,449)	110,501
Non-controlling interests	(2,489,643)	-
	(89,158,092)	110,501

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

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

Dividends

There were no dividends paid by the Company since 30 June 2018. The directors do not recommend any payment of final dividend in respect of the current financial year.

DIRECTORS

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

Tan Sri Datuk Ling Chiong Ho **
Ling Chiong Sing **
Datuk Lawrence Lai Yew Son
Ling Chiong Pin **
Koh Ek Chong
Ling Siu Chuo
Vincent Ling Lu Yew **
Arshad Bin Zainuddin

** These Directors are also Directors of the Company's subsidiaries.

The names of the Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (excluding the Directors listed above) are:

Dennis Ling Lu Jing
Ling Lu Kuang
Ling Lu Kiong
Tan Yeow Cheok
Tang Tiong Ing
Hou Siu Kee
Hong King Siang
Juma Khalifa Obaid Abushibs
Gary Tan Yow Hoo (Alternate Director to Ling Lu Kuang)
Ting Hien Liong
Hou Su Ee (Alternate Director to Hou Siu Kee)
Hong Kwang Meng (Alternate Director to Hong King Siang)
Lau Sie Ping

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which a Director is a member or with a company in which a Director has a substantial financial interest, except as disclosed in Note 33 to the financial statements.

Details of directors' remuneration are disclosed in Note 11 to the financial statements.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares			
	At 1 July 2018	**Acquired**	**Sold**	**At 30 June 2019**
Direct interest				
Ordinary shares of the Company:				
Tan Sri Datuk Ling Chiong Ho	34,802,669	-	-	34,802,669
Ling Chiong Sing	34,802,669	-	-	34,802,669
Ling Chiong Pin	34,802,668	-	-	34,802,668
Vincent Ling Lu Yew	100,000	-	-	100,000
Ling Siu Chuo	36,000,009	-	-	36,000,009
Datuk Lawrence Lai Yew Son	330,000	-	-	330,000
Koh Ek Chong	119,000	-	-	119,000
Deemed interest through holding company				
Tan Sri Datuk Ling Chiong Ho	660,412,796	-	-	660,412,796
Ling Chiong Sing	660,412,796	-	-	660,412,796
Ling Chiong Pin	660,412,796	-	-	660,412,796
Ordinary shares of the holding company (Shin Yang Holding Sendirian Berhad):				
Tan Sri Datuk Ling Chiong Ho	6,250,000	-	-	6,250,000
Ling Chiong Sing	6,250,000	-	-	6,250,000
Ling Chiong Pin	6,250,000	-	-	6,250,000

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

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

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

HOLDING COMPANY

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

TREASURY SHARES

During the financial year, the Company repurchased a total of 11,246,800 of its issued ordinary shares from the open market for a total cost of RM3,726,642. The average cost paid for the shares repurchased during the year was RM0.33 per share.

The shares repurchased are held as treasury shares in accordance with Section 127 of the Companies Act 2016. Of the total 1,200,000,000 issued and fully paid ordinary shares as at 30 June 2019, 28,741,400 are held as treasury shares by the Company. As at 30 June 2019, the number of outstanding ordinary shares in issue after the set-off is therefore 1,171,258,600 ordinary shares.

The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the share buy-backs plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds.

The Directors or officers of the Group are not indemnified for any liability that may arise during the discharge of their duties.

OTHER STATUTORY INFORMATION

a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

   i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

   ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

b) At the date of this report, the Directors are not aware of any circumstances which would render:

   i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

   ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

OTHER STATUTORY INFORMATION (Continued)

c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

e) At the date of this report, there does not exist:

   i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

   ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

f) In the opinion of the Directors:

   i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

   ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office. Auditors' remunerations are disclosed in Note 9 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 30 October 2019.

Koh Ek Chong **Ling Siu Chuo**

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

We, **Koh Ek Chong** and **Ling Siu Chuo**, being two of the Directors of **Shin Yang Shipping Corporation Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 16 to 131 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 30 October 2019.

Koh Ek Chong **Ling Siu Chuo**

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

I, **Richard Ling Peng Liing**, being the Officer primarily responsible for the financial management of **Shin Yang Shipping Corporation Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 16 to 131 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named **Richard Ling Peng Liing** at Miri in the State of Sarawak on 30 October 2019.

Richard Ling Peng Liing (MIA 9688)

Before me,
Yong Swee Lien
Commissioner For Oaths (No. Q0149)
938, 2nd Floor, Jalan Pos
98000 Miri, Sarawak.

Independent auditors' report to the members of Shin Yang Shipping Corporation Berhad – 666062-A (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Shin Yang Shipping Corporation Berhad, which comprise the statements of financial position as at 30 June 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 131.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described as below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Report on the audit of the financial statements (Cont'd)

Key audit matters (Cont'd)

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

Revenue recognition

(a) Revenue from freight, lighterage, charterage and hiring charges

(Refer to Note 2.19 – Accounting policies for revenue recognition and Note 4 – Revenue)

The Group's revenue from freight, lighterage, charterage and hiring charges is derived from a large volume of transactions. During the year, the Group recognised revenue of approximately RM523.7 million from freight, lighterage, charterage and hiring charges which accounted for 81.18% of the Group's revenue. The related cost of sales was RM513.1 million, which accounted for 79.66% of the Group's cost of sales. The amounts recognised for revenue and cost of sales from freight, lighterage, charterage and hiring charges are key audit matters because the amounts recognised are significant to the financial statements and they involved large volume of transactions.

In addressing this area of audit focus, we obtained understanding of the relevant internal controls over the process of recording of revenue and cost of sales. In addition we have also performed the following procedures to address the risks identified:

(i) reviewed the impact of the adoption of MFRS 15: Revenue from contracts with customers on the identification of performance obligations, assessment of principal and agent's consideration, timing of revenue recognition and the related disclosures in the financial statement;
(ii) used our internal data analytical tools to analyse the relationship between revenue, account receivable and cash;
(iii) tested samples of revenue recognised to cash receipts in bank statements and invoices to customers;
(iv) tested cost of sales incurred during the year to the relevant source documents such as billings from port authorities and suppliers on a sampling basis;
(v) assessed material credit notes issued to customers subsequent to the reporting date; and
(vi) tested transactions around the reporting date, whether such revenues and cost of sales were recognised in the correct accounting period.

Report on the audit of the financial statements (Cont'd)

Key audit matters (Cont'd)

Revenue recognition (Cont'd)

(a) Revenue from freight, lighterage, charterage and hiring charges (Cont'd)

(vii) assessed disbursements made subsequent to reporting date as well as comparing the statements of accounts for material creditors against recorded ledger balances to address the completeness of the cost of sales recognised; and
(viii) tested journal entries recognised for revenue and cost of sales focusing on unusual or irregular transactions.

(b) Revenue from shipbuilding, ship repairs and metal fabrication

(Refer to Note 2.19 – Accounting policies for revenue recognition, Note 3(c) – Significant accounting judgements and estimates on shipbuilding, ship repairs and metal fabrication, Note 4 – Revenue and Note 21 –Contract assets/(liabilities)

Revenue generated from shipbuilding, ship repairs and metal fabrication amounted to RM109.0 million or approximately 16.9% of the Group's revenue. Revenue from shipbuilding, ship repairs and metal fabrication is recognised on a percentage of completion basis. The percentage of completion is calculated by reference to the stage of completion of projects based on the proportion of contract costs incurred up to the reporting date bear to the total estimated cost of projects. We focused on this area as significant judgement is required to determine the stage of completion, as inherent uncertainties exist over the estimation of the total cost of projects.

In addressing this area of audit focus, we obtained an understanding of the relevant internal controls over the accuracy and timing of revenue and cost recognised in the financial statements, including controls performed by the management in estimating total project costs and profit margins. We tested the operation of these controls to provide us a basis to plan the nature, timing and extent of our detailed audit procedures.

In addition, we also performed the following:

(i) read all key contracts to obtain an understanding of the specific terms and conditions;
(ii) agreed contract revenue to the original signed customer contracts and/or approved change orders;
(iii) assessed the reasonableness of the estimated total contract costs by reviewing inputs and assumptions used; and
(iv) evaluated the adequacy of disclosures in accordance with the requirement of MFRS 15 made in the financial statements.

Report on the audit of the financial statements (Cont'd)

Key audit matters (Cont'd)

Impairment assessment of trade and other receivables

(Refer to Note 2.13(iii) – Accounting policies for impairment of financial assets, Note 3(a) – Significant accounting judgements and estimates on provision for expected credit losses of trade receivables and contract assets and Note 20 – Trade and other receivables)

At the reporting date, the Groups' total trade and other receivables amounted to RM270.7 million is stated net of allowance for impairment of approximately RM32.8 million. Trade and other receivables accounts for approximately 61.0% of total current assets of the Group. We focused on this area due to the magnitude of the amount involved and significant judgements are required to assess provision for expected credit losses and forward-looking estimates.

We have performed the following procedures to address this area of audit focus:

(i) assessed the design and operating effectiveness of the controls over the trade and other receivables' ageing date and provision for expected credit loss calculation;
(ii) tested samples of these debtors to ascertain if the specific impairment has been recognised on a timely basis. We have reviewed the subsequent receipts, settlement agreements, project cash flows and past collections from long overdue debtors to ensure impairment has been provided appropriately by management; and
(iii) assessed the reasonableness of historical loss rate applied and adjustment for forward looking factors in relation to the provision matrix applied under simplified approach.

Impairment assessment on the vessels

(Refer to Note 2.11 – Accounting policies for impairment of non-financial assets, Note 3(c) – Significant accounting judgements and estimates on impairment of vessels and Note 14 – Property, plant and equipment)

In view of the depressed economic conditions, the Group performed an assessment on the recoverable amount of the vessels stated at RM788,642,228 as at 30 June 2019 which represented 48.05% of the Group's total assets, to determine whether the carrying value of these vessels are recoverable.

The estimated recoverable amount is determined based on the higher of an asset's value in use ("VIU") or fair value less costs to sell ("FV"). The recoverable amount was compared to the carrying value of each asset with identified impairment triggers. If the recoverable amount is lower, the carrying value of the asset is reduced to its estimated recoverable amount and the difference is regarded as an impairment loss.

Report on the audit of the financial statements (Cont'd)

Key audit matters (Cont'd)

Impairment assessment on the vessels (Cont'd)

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

Based on the outcome of the impairment assessment, no impairment loss is recognised in the statements of profit or loss and other comprehensive income as the recoverable amount of the vessels are higher than the carrying amount.

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

We have performed the following procedures to address this area of audit focus:

(i) understand management's assessment in identifying cash-generating unit;

(ii) looked for impairment indicators and indicators for reversal of impairments;

(iii) where indicator of impairment exist, we tested management's assumptions used in the value-in-use calculations and assessed the historical accuracy of management's estimates; and

(iv) evaluated the competence, capabilities and objectivity of the external valuer and obtained an understanding of the valuation model used by the valuer.

Information other than the financial statements and auditors' report thereon

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

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

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

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

Report on the audit of the financial statements (Cont'd)

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Report on the audit of the financial statements (Cont'd)

Auditors' responsibilities for the audit of the financial statements (Cont'd)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

Other matters

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

Ernst & Young	Chong Ket Vui, Dusun
AF: 0039	02944/01/2021 J
Chartered Accountants	Chartered Accountant

Miri, Malaysia
30 October 2019

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

		Group		Company	
	Note	**2019 RM**	**2018 RM**	**2019 RM**	**2018 RM**
Revenue	4	645,200,545	619,053,776	4,724,607	4,857,874
Cost of services		(644,086,744)	(572,700,474)	(1,884,823)	(1,683,239)
Gross profit		1,113,801	46,353,302	2,839,784	3,174,635
Other items of income					
Dividend income	5	4,440	4,800	-	-
Other income	6	28,149,992	80,467,753	1,551	-
Other items of expense					
Administrative expenses		(35,310,631)	(38,570,527)	(2,664,916)	(2,615,105)
Other expenses		(60,234,216)	(44,486,594)	-	-
Operating (loss)/profit		(66,276,614)	43,768,734	176,419	559,530
Finance income	7	1,728,940	2,342,464	1,280,238	1,864,248
Finance costs	8	(18,972,823)	(19,427,566)	(1,126,307)	(1,595,349)
Share of results of associates		801,407	2,162,501	-	-
(Loss)/Profit before tax	9	(82,719,090)	28,846,133	330,350	828,429
Income tax expense	12	(6,439,002)	1,668,645	(219,849)	(284,006)
(Loss)/Profit net of tax		(89,158,092)	30,514,778	110,501	544,423
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Foreign currency translation		1,531,507	(827,299)	-	-
Total comprehensive income for the year		(87,626,585)	29,687,479	110,501	544,423
(Loss)/Profit attributable to:					
Owners of the Company		(86,668,449)	23,657,379	110,501	544,423
Non-controlling interests		(2,489,643)	6,857,399	-	-
		(89,158,092)	30,514,778	110,501	544,423
Total comprehensive income attributable to:					
Owners of the Company		(85,290,093)	22,895,697	110,501	544,423
Non-controlling interests		(2,336,492)	6,791,782	-	-
		(87,626,585)	29,687,479	110,501	544,423

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

		Group	
	Note	**2019**	**2018**
		Sen	**Sen**
(Loss)/Earnings per share attributable to owners of the Company:			
Basic	13	(7.38)	1.98

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

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Assets					
Non-current assets					
Property, plant and equipment	14	1,193,063,382	1,200,139,938	51,581,523	52,740,451
Investment in subsidiaries	15	-	-	1,036,451,176	1,036,451,176
Investment in associates	16	2,307,785	3,715,489	682,500	682,500
Investment securities	17	181,200	141,000	-	-
Deferred tax assets	29	16,016	-	-	-
Other receivables	20	-	-	108,167,889	108,588,574
Intangible asset	18	2,063,893	2,063,893	-	-
		1,197,632,276	1,206,060,320	1,196,883,088	1,198,462,701
Current assets					
Inventories	19	63,812,469	44,739,455	-	-
Trade and other receivables	20	270,728,326	344,553,499	2,305,287	3,223,729
Other current assets	22	37,113,975	35,053,490	1,719,438	922,339
Tax recoverable		3,308,748	3,555,724	-	-
Cash and bank balances	23	68,759,021	77,043,836	35,041,213	41,816,257
		443,722,539	504,946,004	39,065,938	45,962,325
Total assets		1,641,354,815	1,711,006,324	1,235,949,026	1,244,425,026
Equity and liabilities					
Equity attributable to owners of the Company					
Share capital	30	1,216,972,062	1,216,972,062	1,216,972,062	1,216,972,062
Treasury shares	30	(8,404,643)	(4,678,001)	(8,404,643)	(4,678,001)
Retained earnings		147,153,026	251,859,337	8,185,268	8,074,767
Other reserves	31	(288,383,332)	(289,700,625)	-	-
		1,067,337,113	1,174,452,773	1,216,752,687	1,220,368,828
Non-controlling interests		8,503,583	10,315,585	-	-
Total equity		1,075,840,696	1,184,768,358	1,216,752,687	1,220,368,828

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2019

		Group		Company	
	Note	**2019**	**2018**	**2019**	**2018**
		RM	**RM**	**RM**	**RM**
Current liabilities					
Loans and borrowings	24	275,671,635	290,630,400	7,634,329	8,918,154
Derivative	25	20,766	-	-	-
Trade and other payables	26	133,613,370	117,083,628	1,116,910	1,272,063
Other current liabilities	27	24,107,739	3,440,345	-	-
Tax payable		702,527	548,342	160,364	234,116
		434,116,037	411,702,715	8,911,603	10,424,333
Net current assets		9,606,502	93,243,289	30,154,335	35,537,992
Non-current liabilities					
Loans and borrowings	24	76,699,805	62,428,222	10,284,736	13,631,865
Deferred tax liabilities	29	54,698,277	52,107,029	-	-
		131,398,082	114,535,251	10,284,736	13,631,865
Total liabilities		565,514,119	526,237,966	19,196,339	24,056,198
Net assets		1,075,840,696	1,184,768,358	1,216,752,687	1,220,368,828
Total equity and liabilities		1,641,354,815	1,711,006,324	1,235,949,026	1,244,425,026

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2019 Group	Note	Equity, total RM	Equity attributable to owners of the Company, total RM	Share capital RM	Treasury shares RM	Other reserves RM	Retained earnings RM	Non-controlling interests RM
Opening balance at 1 July 2018		1,184,768,358	1,174,452,773	1,216,972,062	(4,678,001)	(289,700,625)	251,859,337	10,315,585
Effect of MFRS 9 adoption		(17,387,147)	(17,387,147)	-	-	-	(17,387,147)	-
		1,167,381,211	1,157,065,626	1,216,972,062	(4,678,001)	(289,700,625)	234,472,190	10,315,585
Loss net of tax		(89,158,092)	(86,668,449)	-	-	-	(86,668,449)	(2,489,643)
Other comprehensive income		1,531,507	1,378,356	-	-	1,378,356	-	153,151
Total comprehensive income		(87,626,585)	(85,290,093)	-	-	1,378,356	(86,668,449)	(2,336,492)
Transactions with owners								
Arising from increase in equity interest in a subsidiary		-	(650,715)	-	-	-	(650,715)	650,715
Disposal of subsidiary		(67,288)	(61,063)	-	-	(61,063)	-	(6,225)
Purchase of treasury shares	30	(3,726,642)	(3,726,642)	-	(3,726,642)	-	-	-
Dividend paid to non-controlling interests		(120,000)	-	-	-	-	-	(120,000)
Closing balance at 30 June 2019		1,075,840,696	1,067,337,113	1,216,972,062	(8,404,643)	(288,383,332)	147,153,026	8,503,583

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2018 Group	Note	Equity, total RM	Equity attributable to owners of the Company, total RM	Share capital RM	Treasury shares RM	Other reserves RM	Retained earnings RM	Non-controlling interests RM
Opening balance at 1 July 2017		1,159,878,880	1,156,235,077	1,216,972,062	-	(288,938,943)	228,201,958	3,643,803
Profit net of tax		30,514,778	23,657,379	-	-	-	23,657,379	6,857,399
Other comprehensive income		(827,299)	(761,682)	-	-	(761,682)	-	(65,617)
Total comprehensive income		29,687,479	22,895,697	-	-	(761,682)	23,657,379	6,791,782
Transactions with owners								
Purchase of treasury shares	30	(4,678,001)	(4,678,001)	-	(4,678,001)	-	-	-
Dividend paid to non-controlling interests		(120,000)	-	-	-	-	-	(120,000)
Closing balance at 30 June 2018		1,184,768,358	1,174,452,773	1,216,972,062	(4,678,001)	(289,700,625)	251,859,337	10,315,585

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Total equity RM	Share capital RM	Treasury shares RM	Retained earnings RM
2019					
Company					
Opening balance at 1 July 2018		1,220,368,828	1,216,972,062	(4,678,001)	8,074,767
Profit net of tax, representing total comprehensive income for the year		110,501	-	-	110,501
Transactions with owners					
Purchase of treasury shares	30	(3,726,642)	-	(3,726,642)	-
Closing balance at 30 June 2019		1,216,752,687	1,216,972,062	(8,404,643)	8,185,268
2018					
Company					
Opening balance at 1 July 2017		1,224,502,406	1,216,972,062	-	7,530,344
Profit net of tax, representing total comprehensive income for the year		544,423	-	-	544,423
Transactions with owners					
Purchase of treasury shares	30	(4,678,001)	-	(4,678,001)	-
Closing balance at 30 June 2018		1,220,368,828	1,216,972,062	(4,678,001)	8,074,767

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

		Group		Company	
	Note	**2019 RM**	**2018 RM**	**2019 RM**	**2018 RM**
Operating activities					
(Loss)/Profit before tax		(82,719,090)	28,846,133	330,350	828,429
Adjustments for:					
Interest income	7	(1,728,940)	(2,342,464)	(1,280,238)	(1,864,248)
Dividend income	4,5	(4,440)	(4,800)	(875,000)	(1,035,000)
Interest expenses	8	18,972,823	19,427,566	1,126,307	1,595,349
Depreciation of property, plant and equipment	14	97,447,346	82,717,058	1,265,581	1,204,044
Fair value (gain)/loss on investment securities	9	(40,200)	100,200	-	-
Fair value loss on forward contracts	9	20,766	-	-	-
Impairment loss on trade and other receivables	9	55,166,439	42,731,379	-	-
Gain on disposal of property, plant and equipment		(7,035,709)	(14,671,667)	-	-
Reversal of impairment loss on trade receivables		(1,485,557)	(12,171,263)	-	-
Reversal of impairment loss on other receivables		(2,705,086)	-	-	-
Unrealised loss on foreign exchange		2,699,518	38,669,298	-	61,235
Property, plant and equipment written off	9	10,407	1,685,338	7,040	-
Loss on disposal of shares in associates	9	6,286,524	-	-	-
Gain on disposal of shares in a subsidiary		(728,051)	-	-	-
Share of results of associates		(801,407)	(2,162,501)	-	-
Total adjustments		166,074,433	153,978,144	243,690	(38,620)
Operating cash flows before changes in working capital		83,355,343	182,824,277	574,040	789,809

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

		Group		Company	
	Note	**2019 RM**	**2018 RM**	**2019 RM**	**2018 RM**
Operating activities (Continued)					
Changes in working capital					
(Increase)/Decrease in inventories		(19,073,014)	2,510,611	-	-
(Increase)/Decrease in trade and other receivables		(4,121,411)	66,869,046	314,567	615,209
Increase in other current assets		(2,060,485)	(26,606,179)	(797,099)	(922,339)
Increase/(Decrease) in trade and other payables		5,522,729	16,961,095	(134,011)	(27,091)
Increase in other current liabilities		20,667,394	3,143,587	-	-
Net change in related companies balances		8,610,709	(52,700,362)	64,409	3,175,512
Net change in holding company balances		4,613,029	21,024,410	-	-
Net change in subsidiaries balances		-	-	939,009	(5,779,117)
Total changes in working capital		14,158,951	31,202,208	386,875	(2,937,826)
Cash flows from/(used in) operations		97,514,294	214,026,485	960,915	(2,148,017)
Income tax paid		(1,874,193)	(1,797,623)	(293,601)	(55,590)
Income tax refunded		789,534	266,782	-	68,400
Interest paid		(18,972,823)	(19,427,566)	(1,126,307)	(1,595,349)
Interest received		1,728,940	2,342,464	1,280,238	1,864,248
Net cash flows from/(used in) operating activities		79,185,752	195,410,542	821,245	(1,866,308)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Investing activities					
Dividend received from investment securities		4,440	4,800	875,000	1,035,000
Dividend received from associates		195,000	-	-	-
Purchase of property, plant and equipment		(99,021,287)	(145,461,897)	(113,693)	(137,206)
Acquisition of shares from non-controlling interest		(1)	-	-	-
Acquisition of a subsidiary, net of cash		-	-	-	(20,000)
Proceeds from disposal of property, plant and equipment		20,624,002	27,761,679	-	-
Proceeds from disposal of shares in investment in a subsidiary	15	164,681	-	-	-
Proceeds from disposal of shares in associates		34	-	-	-
Net cash flows (used in)/from investing activities		(78,033,131)	(117,695,418)	761,307	877,794
Financing activities					
Acquisition of treasury shares	30	(3,726,642)	(4,678,001)	(3,726,642)	(4,678,001)
Dividend paid to non-controlling interests		(120,000)	(120,000)	-	-
Proceeds from finance lease		507,200	2,463,704	-	252,000
Repayment of finance lease		(4,844,164)	(8,089,642)	(80,550)	(6,542)
Proceeds from loans and borrowings		60,566,000	17,716,000	-	-
Repayment of loans and borrowings		(47,361,317)	(73,150,186)	(4,550,404)	(3,089,604)
Net movement in trade financing		(15,136,000)	(10,117,961)	-	(14,000,000)
Net cash flows used in financing activities		(10,114,923)	(75,976,086)	(8,357,596)	(21,522,147)
Net (decrease)/increase in cash and cash equivalents		(8,962,302)	1,739,038	(6,775,044)	(22,510,661)
Cash and cash equivalents at 1 July		53,745,039	52,038,134	41,816,257	64,326,918
Effect of exchange rate changes		2,888	(32,133)	-	-
Cash and cash equivalents at 30 June	23	44,785,625	53,745,039	35,041,213	41,816,257

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

1. Corporate information

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

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

The Company is principally engaged in investment holding and property holding. The principal activities of the subsidiary companies are disclosed in Note 15 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

The financial statements are presented in Ringgit Malaysia ("RM") which is also the functional currency of the Group and of the Company.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2018, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2018.

- Annual Improvements to MFRS Standards 2014 - 2017 Cycle:
  - (i) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards
  - (ii) Amendments to MFRS 128: Investments in Associates and Joint Ventures
- Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- Amendments to MFRS 140: Transfers of Investment Property
- MFRS 9: Financial Instruments
- MFRS 15: Revenue from Contracts with Customers
- IC Interpretation 22: Foreign Currency Transactions and Advance Consideration

2. Summary of significant accounting policies (Continued)

2.2 Changes in accounting policies (Continued)

Except for the effects arising from the adoption of MFRS 9 and MFRS 15 as described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

MFRS 15: Revenue from Contracts with Customers

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

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

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

Depending on whether certain criteria are met, revenue is recognised over time, in a manner that depicts the performance of the contract; or at a point in time, when control of the goods or services is transferred to the customers.

The Group and the Company adopted MFRS 15 using the full retrospective method.

The adoption of MFRS 15 did not have a material impact on the financial statements of the Group and of the Company except for the new addition disclosure as stated in Note 4.

MFRS 9: Financial Instruments

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group and the Company applied MFRS 9, with an initial application date of 1 July 2018. The Group and the Company have not restated the comparative information, which continue to be reported under MFRS 139. The effects arising from the adoption of MFRS 9 have been recognised directly in opening retained earnings and other components of equity as at 1 July 2018.

2. Summary of significant accounting policies (Continued)

2.2 Changes in accounting policies (Continued)

MFRS 9: Financial Instruments (Continued)

The effect of adopting MFRS 9 as at 1 July 2018 was, as follows:

(a) Classification and measurement

Under MFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through other comprehensive income. The classification is based on two criteria: the Group's and the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's and the Company's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of MFRS 9 did not have a significant impact to the Group and the Company. The Group and the Company continued measuring at fair value all financial assets previously held at fair value under MFRS 139. The following is the change in the classification of the Group's and the Company's financial assets:

- Trade and other receivables and other financial assets classified as loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as financial assets at amortised cost beginning 1 July 2018.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

2. Summary of significant accounting policies (Continued)

2.2 Changes in accounting policies (Continued)

MFRS 9: Financial Instruments (Continued)

(a) Classification and measurement (Continued)

In summary, upon the adoption of MFRS 9, the Group had the following required or elected reclassifications as at 1 July 2018.

As at 1 July 2018	**MFRS 9 measurement category**
	Amortised cost RM
Group	
MFRS 139 measurement category	
Loans and receivables	
Trade and other receivables *	324,835,019
Cash and bank balances	77,043,836
	401,878,855
Company	
MFRS 139 measurement category	
Loans and receivables	
Trade and other receivables	111,812,303
Cash and bank balances	41,816,257
	153,628,560

* The change in carrying amount is a result of additional impairment allowance. See the discussion on impairment below.

2. Summary of significant accounting policies (Continued)

2.2 Changes in accounting policies (Continued)

MFRS 9: Financial Instruments (Continued)

(b) Impairment

The adoption of MFRS 9 has fundamentally changed the Group's and the Company's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. MFRS 9 requires the Group and the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon adoption of MFRS 9 the Group recognised additional impairment on the Group's trade and other receivables of RM19,718,480, which resulted in a decrease in retained earning of RM17,387,147 (net of tax) as at 1 July 2018.

Set out below is the reconciliation of the ending impairment allowances in accordance with MFRS 139 to the opening loss allowances determined in accordance with MFRS 9:

	Allowance for Impairment under MFRS 139 as at 1 July 2018 RM	**Remeasurement RM**	**ECL under MFRS 9 as at 1 July 2018 RM**
Group			
Loans and receivables under MFRS 139/ Financial assets at amortised cost under MFRS 9	45,433,547	19,718,480	65,152,027

2. Summary of significant accounting policies (Continued)

2.3 Standards issued but not yet effective

The pronouncements issued but not yet effective up to the date of this report are listed below. The Group and the Company intend to adopt these pronouncements, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRS Standards 2015 – 2017 Cycle	
(i) Amendments to MFRS 3: Business Combinations	1 January 2019
(ii) Amendments to MFRS 11: Joint Arrangements	1 January 2019
(iii) Amendments to MFRS 112: Income Taxes	1 January 2019
(iv) Amendments to MFRS 123: Borrowing Costs	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119: Employee Benefits - Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
MFRS 16: Leases	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatment	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
The Conceptual Framework for Financial Reporting	1 January 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

These pronouncements are not expected to have any material impact to the financial statements of the Group and of the Company except as discussed below.

2. Summary of significant accounting policies (Continued)

2.3 Standards issued but not yet effective (Continued)

MFRS 16: Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The Group is currently assessing the impact of MFRS 16 and plans to adopt the new standard on the required effective date.

2.4 Basis of consolidation

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

2. Summary of significant accounting policies (Continued)

2.4 Basis of consolidation (Continued)

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

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

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

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

2. Summary of significant accounting policies (Continued)

2.4 Basis of consolidation (Continued)

Business combinations

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

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

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

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 (CGU) 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. Summary of significant accounting policies (Continued)

2.4 Basis of consolidation (Continued)

Business combinations involving entities under common control

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

2.5 Transactions with non-controlling interests

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

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

2.6 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

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

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

2. Summary of significant accounting policies (Continued)

2.7 Investment in associates

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

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

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

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

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

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

After application of the equity method, the Group applies MFRS 9 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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

2. Summary of significant accounting policies (Continued)

2.8 Intangible assets

Goodwill

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

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

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

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

2.9 Foreign currency

(a) Functional and presentation currency

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

2. Summary of significant accounting policies (Continued)

2.9 Foreign currency (Continued)

(b) Foreign currency transactions

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

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

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

(c) Foreign operations

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

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

2. Summary of significant accounting policies (Continued)

2.10 Property, plant and equipment

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

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

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

Leasehold land	17 to 60 years
Wharf	20 years
Buildings, jetty, and slipways	20 – 50 years
Dry docking expenses	2.5 – 5 years
Motor vehicles	5 – 10 years
Office equipment, furniture and fittings	5 – 10 years
Shipping equipment and machinery	3 – 20 years
Plant and machinery	10 years
Vessels	8 – 20 years

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

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

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

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

2.11 Impairment of non-financial assets

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

2. Summary of significant accounting policies (Continued)

2.11 Impairment of non-financial assets (Continued)

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

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

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

2.12 Inventories

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

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

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

2. Summary of significant accounting policies (Continued)

2.13 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.

Financial assets

(i) Initial recognition and measurement

Current financial year

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company has applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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 and the Company commit to purchase or sell the asset.

Previous financial year

A financial instrument was recognised initially, at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial assets (Continued)

(ii) Financial instrument categories and subsequent measurement

Current financial year

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

(a) Financial assets at amortised cost (debt instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Financial assets at fair value through OCI (debt instruments)

The Group and the Company measure debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. At the reporting date, the Group and the Company do not have debt instruments at fair value through OCI.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial assets (Continued)

(ii) Financial instrument categories and subsequent measurement (Continued)

Current financial year (Continued)

(c) Financial assets at fair value through OCI (equity instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. At the reporting date, the Group and the Company do not have financial assets designated at fair value through OCI (equity instruments).

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

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. 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. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial assets (Continued)

(ii) Financial instrument categories and subsequent measurement (Continued)

Current financial year (Continued)

(d) Financial assets at fair value through profit or loss (Continued)

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 recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment 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 category. A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial assets (Continued)

(ii) Financial instrument categories and subsequent measurement (Continued)

Previous financial year

The Group and the Company determine the classification of its financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

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

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

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

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

(b) Loans and receivables

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

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

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial assets (Continued)

(ii) Financial instrument categories and subsequent measurement (Continued)

Previous financial year (Continued)

(b) Loans and receivables (Continued)

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

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity were classified as held-to-maturity when the Company has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments were measured at amortised cost using the effective interest method. Gains and losses were recognised in profit or loss when the held-to-maturity investments were derecognised or impaired, and through the amortisation process.

Held-to-maturity investments were classified as non-current, except for those having maturity within twelve months after the reporting date which were classified as current.

The Group and the Company have not designated any financial assets as held-to-maturity investments.

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or were not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method were recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial assets (Continued)

(ii) Financial instrument categories and subsequent measurement (Continued)

Previous financial year (Continued)

(d) Available-for-sale financial assets (Continued)

The cumulative gain or loss previously recognised in other comprehensive income was reclassified from equity to profit or loss as a reclassification adjustment when the financial asset was derecognised. Interest income calculated using the effective interest method was recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment was established.

Investments in equity instruments whose fair value cannot be reliably measured were measured at costless any accumulated impairment losses.

(iii) Impairment of financial assets

Current financial year

An allowance is recognized for expected credit losses ("ECLs") for all debt instruments carried at amortised cost and fair value through OCI, contract assets and lease receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows expected to be received, discounted at the original effective interest rate ("EIR"). The expected cash flows will include cash flows from the sale of collaterals held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, a simplified approach is applied in calculating ECLs. Therefore, credit risk is not tracked, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. A provision matrix is established that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial assets (Continued)

(iii) Impairment of financial assets (Continued)

Current financial year (Continued)

The Group and the Company consider a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Previous financial year

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

(a) Trade and other receivables and other financial assets carried at amortised cost

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

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

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial assets (Continued)

(iii) Impairment of financial assets (Continued)

Previous financial year (Continued)

(a) Trade and other receivables and other financial assets carried at amortised cost (Continued)

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

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

(b) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market were considerations to determine whether there was objective evidence that investment securities classified as available-for-sale financial assets were impaired.

If an available-for-sale financial asset was impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, was transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments were not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss was recognised in other comprehensive income. For available-for-sale debt investments, impairment losses were subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial assets (Continued)

(iv) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or

- the Group and the Company 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 and the Company has transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company 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 and the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company 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 and the Company 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 and the Company could be required to repay.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial liabilities

(i) Initial recognition and measurement

Current financial year

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.

Previous financial year

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

Financial liabilities, within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, were recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

(ii) Categories and subsequent measurement

Current financial year

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

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of 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 9 are satisfied.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial liabilities (Continued)

(ii) Categories and subsequent measurement (Continued)

Current financial year (Continued)

(b) Amortised cost

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 statement of profit or loss.

Previous financial year

Financial liabilities were classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Company. Derivative liabilities (excluding those that are hedge-accounted for) were initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

2. Summary of significant accounting policies (Continued)

2.13 Financial instruments (Continued)

Financial liabilities (Continued)

(ii) Categories and subsequent measurement (Continued)

Previous financial year (Continued)

(b) Other financial liabilities

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

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

Loans and borrowings were recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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

(iii) 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 statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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.

2. Summary of significant accounting policies (Continued)

2.14 Cash and cash equivalents

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

2.15 Construction contracts

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

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

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

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

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

2.16 Leases

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

2. Summary of significant accounting policies (Continued)

2.16 Leases (Continued)

(a) Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

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

(b) Group as a lessor

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

2.17 Borrowing costs

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

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

2. Summary of significant accounting policies (Continued)

2.18 Provisions

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

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

2.19 Revenue

(a) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group generates its revenue from three principal services: 1) shipping and marine services, 2) chartering and leasing income and 3) ship building, repairs works and metal fabrication. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods and services before transferring them to customers, including for those ancillary services like custom clearance, export and import documentation, door-to-door services and other logistic arrangements, that are incidental to the principal services.

The Group also acted as an agent for certain freight forwarding services which the Group is not primarily responsible in fulfilling the promises nor has the control over the services. The fees or commission are recognised as net amount of the consideration that the Group retains after paying other party the consideration received in exchange for the goods or services to be provided by that party.

(i) Revenue from freight and lighterage services – sea transports

Freight services for sea transports are considered as one performance obligations satisfied over time. The customer is able to benefit from the Group's performance as it occurs and the other entity would not need to substantially reperform the Group's performance (e.g. distance travelled) to date. The Group has selected the output measure (days travelled) which can most appropriately depicts the transfer of control of the service to the customer.

2. Summary of significant accounting policies (Continued)

2.19 Revenue (Continued)

(a) Revenue from contracts with customers (Continued)

(ii) Revenue from freight forwarding services

These revenues comprise mainly agency commission, custom clearance, import and export documentation, port related services and etc. These services are considered to represent one single performance obligation satisfied at a point in time.

(iii) Ship building, repairs works and metal fabrication

Revenue from ship building, repair works and metal fabrication is accounted for using the input measure as referred in Note 2.15.

(iv) Sales of goods and services

Revenue from sale of goods and services is recognised at the point in time when control of the assets is transferred to the customers, generally on delivery of the goods and services.

Contract balances

(i) Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

(ii) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

2. Summary of significant accounting policies (Continued)

2.19 Revenue (Continued)

(a) Revenue from contracts with customers (Continued)

Contract balances (Continued)

(iii) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(b) Revenue from other sources

Revenue from other sources are recognised as follows:

(i) Dividend income

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

(ii) Hire of equipment, vessel charter fee and rental income

The Group enters as a lessor into lease agreements that fall within the scope of MFRS 117. Rental income arising from operating leases is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature.

2. Summary of significant accounting policies (Continued)

2.20 Taxes

(a) Current tax

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

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

(b) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. Summary of significant accounting policies (Continued)

2.20 Taxes (Continued)

(b) Deferred tax (Continued)

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

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

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

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

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

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

- Where the SST and GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST and GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of SST and 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. Summary of significant accounting policies (Continued)

2.21 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

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

2.22 Derivative financial instruments

The Group uses derivative financial instruments such as forward currency contracts to hedge its risk associated with foreign currency fluctuations. 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.

Any gain or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to profit or loss.

The fair value of forward contracts is determined by reference to current forward prices for contracts with similar maturity profiles. Where the quoted market prices are not available, the fair values are based on management's best estimate and are arrived at by reference to the market prices if another contract that is substantially similar.

2.23 Share capital and share issuance expenses

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

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

2. Summary of significant accounting policies (Continued)

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.26 Contingencies

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

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

2.27 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Current financial year

Financial guarantees issued are initially measured at fair value, net of transaction costs. Subsequently, they are measured at the higher of the amount of the loss allowance; and the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with MFRS 15.

2. Summary of significant accounting policies (Continued)

2.27 Financial guarantee contracts (Continued)

Previous financial year

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date, and the amount initially recognized less cumulative amortization.

As at reporting date, no values are placed on corporate guarantees provided by the Company to secure bank loans and other banking facilities granted to its subsidiaries where such loans and banking facilities are fully collateralised by fixed and floating charges over the property, plant and equipment and other assets of the subsidiaries and where the directors regard the value of the credit enhancement provided by the corporate guarantees is minimal.

2.28 Fair value measurements

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

2. Summary of significant accounting policies (Continued)

2.28 Fair value measurements (Continued)

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

2.29 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

3. Significant accounting judgements and estimates

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

3. Significant accounting judgements and estimates (Continued)

Key sources of estimation uncertainty

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

a) Provision for expected credit losses of trade receivables and contract assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for trade receivables. The Company develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information.

The Group and the Company also assess the credit risk of receivables and contract assets at each reporting date on an individual basis, to determine whether or not there have been significant increases in credit risk since the initial recognition of these assets. To determine whether there is a significant increase in credit risks, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments. Where there is a significant increase in credit risk, the Group and the Company determine the lifetime expected credit loss by considering the loss given default and the probability of default assigned to each counterparty customer. The financial assets are written off either partially or in full when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-offs.

In assessing credit risks for purposes of applying the ECL model, the Group and the Company consider the need to incorporate forward-looking factors and to estimate the probability of default, which are likely to be judgemental and subject to estimation uncertainties.

The information about the ECLs on the Group's trade and other receivables and contract assets are disclosed in Notes 20 and 21 respectively.

3. Significant accounting judgements and estimates (Continued)

Key sources of estimation uncertainty (Continued)

b) Construction contracts

Revenue for construction contracts is recognised on a percentage of completion basis. The percentage of completion is assessed by reference to the stage of completion of the project based on the proportion of contract costs incurred bear to the estimated costs to complete. Significant judgement is required in determining the stage of completion as inherent uncertainties exist over the estimation of the total costs of individual projects.

c) Impairment of vessels

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

The Group reviewed the fleets of vessels and determined that vessels of the same category and type and similar function in each subsidiary should be grouped and considered as one cash-generating unit. The management is of the view that this basis in the identification of a cash-generating unit is more reflective of how cash flows are generated by these respective group of vessels and how management manages these vessels.

The Group performed a review of the recoverable amount of vessels with indication of impairment and concluded that no impairment is required during the financial year.

4. Revenue

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Revenue from contracts with customers	580,075,574	552,858,358	-	-
Revenue from other source:				
- Charterage and hiring charges	47,529,745	48,843,374	-	-
- Leasing income	16,603,125	16,603,125	-	-
- Dividend income from subsidiaries	-	-	875,000	1,035,000
- Hiring income	504,094	322,045	-	-
- Rental income	488,007	426,874	3,849,607	3,822,874
	65,124,971	66,195,418	4,724,607	4,857,874
	645,200,545	619,053,776	4,724,607	4,857,874

(a) Disaggregation of the Group's revenue from contracts with customers

	Group	
	2019	2018
	RM	RM
Freight and lighterage charges	459,610,540	424,801,077
Shipbuilding	59,567,546	35,267,194
Ship repairs and metal fabrication	49,444,383	82,765,508
Freight forwarding charges	6,429,743	5,582,146
Sales of goods and services	5,023,362	4,442,433
	580,075,574	552,858,358

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Timing of revenue recognition:				
- At a point in time	11,453,105	10,024,579	-	-
- Over time	568,622,469	542,833,779	-	-
	580,075,574	552,858,358	-	-

4. Revenue (Continued)

(b) Transaction prices allocated to the remaining performance obligation

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the reporting date.

	Group	
	2019	**2018**
	RM	**RM**
Within one year		
- Freight and lighterage charges	2,675,485	2,176,959
- Freight income	-	99,027
- Shipbuilding	110,005,145	6,838,054
- Ship repairs	7,054,536	6,381,701
	119,735,166	15,495,741

(c) Contract balances

The following provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Trade receivables, current (Note 20)	191,585,038	206,983,165	42,120	-
Contract assets (Note 21)	21,280,819	25,433,945	-	-
Contract liabilities (Note 21)	(24,107,739)	(3,440,345)	-	-

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on construction contracts. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to the advance consideration received from customers for construction contracts, for which revenue is recognised over time.

5. Dividend income

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Dividend income from investment securities	4,440	4,800	-	-

6. Other income

The other income consists of gain on disposal of property, plant and equipment, gain on disposal of subsidiaries, gain on foreign exchange, reversal of impairment loss on trade receivables and miscellaneous income.

7. Finance income

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest income from:				
- Short term deposits	1,473,169	2,171,366	1,268,623	1,852,381
- Current account	98,121	16,395	11,615	11,867
- Others	157,650	154,703	-	-
	1,728,940	2,342,464	1,280,238	1,864,248

8. Finance costs

Interest expenses on:				
- Bank overdrafts	1,846,681	1,935,903	26,487	24,041
- Bankers acceptances	6,926,583	6,880,559	-	-
- Obligations under finance leases	646,777	521,430	9,282	944
- Term loans	6,125,392	6,415,554	778,524	897,449
- Revolving credits	3,349,705	3,487,152	312,014	672,915
- Trust receipts	77,685	186,968	-	-
	18,972,823	19,427,566	1,126,307	1,595,349

9. (Loss)/Profit before tax

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
The following items have been included in arriving at (loss)/profit before tax:				
Employee benefits expense (Note 10)	89,912,810	80,743,474	2,033,277	1,931,120
Non-executive directors' remuneration (Note 11)	343,041	345,351	274,173	275,733
Auditors' remunerations				
- Current year	212,058	189,968	75,275	60,000
- (Over)/Underprovision in previous years	(17,600)	22,408	5,000	20,000
Depreciation of property, plant and equipment (Note 14)	97,447,346	82,717,058	1,265,581	1,204,044
Impairment loss on other receivables (Note 36)	53,119,665	39,710,797	-	-
Impairment loss on trade receivables (Note 36)	2,046,774	3,020,582	-	-
Fair value (gain)/loss on investment securities	(40,200)	100,200	-	-
Fair value loss on forward contracts	20,766	-	-	-
Loss on disposal of shares in associates	6,286,524	-	-	-
Hiring charges	4,519,460	6,202,308	-	-
Property, plant and equipment written off	10,407	1,685,338	7,040	-
Loss on foreign exchange	2,699,518	6,172,623	-	61,235
Rental expenses	696,261	687,318	-	-

There were no payments for any indemnity given to or insurance effected for auditors of the Company.

10. Employee benefits expense

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Salaries and wages	84,825,497	75,635,953	1,903,945	1,798,317
Social security contributions	576,365	500,029	5,265	4,113
Contributions to defined contribution plan	4,510,948	4,607,492	124,067	128,690
	89,912,810	80,743,474	2,033,277	1,931,120

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM1,530,274 (2018: RM1,364,677) and RM888,936 (2018: RM896,736) respectively as further disclosed in Note 11.

11. Directors' remuneration

Directors of the Company

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Executive:				
Salaries and other emoluments	1,327,444	1,176,947	781,036	781,036
Bonus	105,500	95,500	65,000	65,000
Defined contribution plan	97,330	92,230	42,900	50,700
Total executive directors' remuneration (Note 10)	1,530,274	1,364,677	888,936	896,736
Non-Executive:				
Other emoluments	217,036	217,036	156,593	156,593
Bonus	18,000	18,000	13,000	13,000
Defined contribution plan	12,005	14,315	8,580	10,140
Fees	96,000	96,000	96,000	96,000
Total Non-executive directors' remuneration (Note 9)	343,041	345,351	274,173	275,733
	1,873,315	1,710,028	1,163,109	1,172,469

Directors of subsidiaries

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Salaries and other emoluments	1,370,146	1,327,402	-	-
Bonus	277,000	264,400	-	-
Defined contribution plan	203,051	197,116	-	-
	1,850,197	1,788,918	-	-
Total directors' remuneration	3,723,512	3,498,946	1,163,109	1,172,469

11. Directors' remuneration (Continued)

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

	Number of Directors	
	2019	**2018**
Executive Directors:		
RM250,001 – RM300,000	1	1
RM300,001 – RM350,000	-	1
RM500,001 – RM550,000	1	-
RM750,001 – RM800,000	1	1
Non-Executive Directors:		
Below RM50,000	4	4
RM200,001 - RM250,000	1	1

12. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 30 June 2019 and 2018 are:

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Statements of profit or loss and other comprehensive income:				
Current income tax:				
Malaysian income tax	1,514,927	1,402,182	207,400	284,006
Underprovision in prior years	15,642	7,040	12,449	-
Withholding tax	1,868	-	-	-
	1,532,437	1,409,222	219,849	284,006
Deferred income tax (Note 29):				
Reversal or origination of temporary differences	5,119,931	(3,108,702)	-	-
(Over)/Under provision in previous years	(213,366)	30,835	-	-
	4,906,565	(3,077,867)	-	-
Income tax expense recognised in profit or loss	6,439,002	(1,668,645)	219,849	284,006

12. Income tax expense (Continued)

Reconciliation between tax expense and accounting (loss)/profit

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 30 June 2019 and 2018 are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
(Loss)/Profit before tax	(82,719,090)	28,846,133	330,350	828,429
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	(19,852,582)	6,923,072	79,284	198,823
Adjustments:				
Income not subject to tax	(4,652,160)	(31,999,653)	(210,000)	(248,400)
Non-deductible expenses	22,647,389	22,098,899	278,818	284,125
Deferred tax assets not recognised during the year	8,649,277	1,090,131	59,298	49,458
Reversal of deferred tax assets not recognised in previous years	(203,684)	-	-	-
Underprovision of tax expenses in prior years	15,642	7,040	12,449	-
(Over)/Underprovision of deferred tax in previous years	(213,366)	30,835	-	-
Effect of share of results of associate	46,618	181,031	-	-
Withholding tax	1,868	-	-	-
Income tax expense recognised in profit or loss	6,439,002	(1,668,645)	219,849	284,006

Current income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable (loss)/profit for the year.

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

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

13. (Loss)/Earnings per share

Basic earnings per share amounts are calculated by dividing (loss)/profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

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

	2019 RM	2018 RM
(Loss)/Profit attributable to ordinary equity holders of the Company	(86,668,449)	23,657,379

	2019	2018
Weighted average number of ordinary shares in issue	1,174,423,717	1,196,499,358

	2019	2018
Basic (loss)/earnings per share (Sen)	(7.38)	1.98

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

14. Property, plant and equipment

Group	Land, Buildings, Jetty, Wharf and Slipways* RM	Dry Docking Expenses RM	Motor Vehicles RM	Office Equipment, Furniture and Fittings RM	Shipping Equipment and Machinery RM	Plant and Machinery RM	Vessels RM	Capital work-in-progress RM	Total RM
Cost:									
At 1 July 2017	360,110,958	14,636,270	8,471,187	15,782,727	149,871,734	140,482,994	1,227,669,671	5,128,312	1,922,153,853
Additions	47,250	1,790,850	443,998	996,724	10,572,844	172,350	137,953,764	1,204,907	153,182,687
Transfers	70,711	-	-	28,767	-	-	504,000	(603,478)	-
Disposals	-	(77,488)	(20,000)	(5,092)	(4,879,022)	-	(23,235,018)	(391,500)	(28,608,120)
Reclassification	(129,839)	-	-	129,839	-	-	-	-	-
Written off	-	(4,393,888)	-	(6,536)	(624,899)	-	-	-	(5,025,323)
Exchange translation differences	(163,537)	(249,907)	(12,785)	(21,871)	(52,133)	-	(1,240,790)	-	(1,741,023)
At 30 June 2018 and 1 July 2018	359,935,543	11,705,837	8,882,400	16,904,558	154,888,524	140,655,344	1,341,651,627	5,338,241	2,039,962,074
Additions	1,459,450	1,366,063	1,863,096	426,669	10,440,934	413,826	81,221,484	6,827,448	104,018,970
Transfers	582,083	-	117,500	2,450	-	759,500	-	(1,461,533)	-
Disposals	-	-	(630,000)	(10,910)	(3,843,806)	-	(21,288,994)	-	(25,773,710)
Written off	(7,040)	-	(500)	(232,440)	(22,602)	-	-	-	(262,582)
Disposal of a subsidiary	(23,688)	-	-	(26,649)	-	-	-	-	(50,337)
Exchange translation differences	59,879	-	4,779	6,764	-	-	-	-	71,422
At 30 June 2019	362,006,227	13,071,900	10,237,275	17,070,442	161,463,050	141,828,670	1,401,584,117	10,704,156	2,117,965,837

14. Property, plant and equipment (Continued)

Group	Land, Buildings, Jetty, Wharf and Slipways* RM	Dry Docking Expenses RM	Motor Vehicles RM	Office Equipment, Furniture and Fittings RM	Shipping Equipment and Machinery RM	Plant and Machinery RM	Vessels RM	Capital work-in-progress RM	Total RM
Accumulated depreciation and impairment loss:									
At 1 July 2017	71,435,584	8,270,582	6,469,848	10,809,657	104,376,809	62,618,727	512,565,324	-	776,546,531
Charge for the year (Note 9)	7,824,817	2,033,371	498,559	1,137,613	10,677,833	6,266,695	54,278,170	-	82,717,058
Disposals	-	-	(20,000)	(5,092)	(4,489,753)	-	(11,003,263)	-	(15,518,108)
Written off	-	(2,725,221)	-	(4,619)	(610,145)	-	-	-	(3,339,985)
Exchange translation differences	(685)	(125,453)	(10,709)	(19,430)	(50,790)	-	(376,293)	-	(583,360)
At 30 June 2018 and 1 July 2018	79,259,716	7,453,279	6,937,698	11,918,129	109,903,954	68,885,422	555,463,938	-	839,822,136
Charge for the year	7,837,803	1,549,180	570,436	1,083,715	10,492,382	5,714,293	70,290,720	-	97,538,529
Disposals	-	-	(504,000)	(2,958)	(3,704,903)	-	(7,973,556)	-	(12,185,417)
Written off	-	-	(333)	(229,777)	(22,065)	-	-	-	(252,175)
Disposal of a subsidiary	(9,869)	-	-	(21,876)	-	-	-	-	(31,745)
Exchange translation differences	-	-	4,397	6,730	-	-	-	-	11,127
At 30 June 2019	87,087,650	9,002,459	7,008,198	12,753,963	116,669,368	74,599,715	617,781,102	-	924,902,455

14. Property, plant and equipment (Continued)

Group	Land, Buildings, Jetty, Wharf and Slipways* RM	Dry Docking Expenses RM	Motor Vehicles RM	Office Equipment, Furniture and Fittings RM	Shipping Equipment and Machinery RM	Plant and Machinery RM	Vessels RM	Capital work-in-progress RM	Total RM
Net carrying amount:									
At 30 June 2018	280,675,827	4,252,558	1,944,702	4,986,429	44,984,570	71,769,922	786,187,689	5,338,241	1,200,139,938
At 30 June 2019	274,918,577	4,069,441	3,229,077	4,316,479	44,793,682	67,228,955	783,803,015	10,704,156	1,193,063,382

14. Property, plant and equipment (Continued)

*** Land, buildings, jetty, wharf and slipways**

Group	Leasehold Land RM	Leasehold Land and Buildings RM	Buildings RM	Slipways RM	Wharf and Jetty RM	Total RM
Cost:						
At 1 July 2017	137,460,111	35,296,772	110,706,573	73,901,494	2,746,008	360,110,958
Additions	-	-	47,250	-	-	47,250
Reclassification	-	(129,839)	-	-	-	(129,839)
Transfer from capital work-in-progress	-	70,711	-	-	-	70,711
Exchange translation differences	-	-	(163,537)	-	-	(163,537)
At 30 June 2018 and 1 July 2018	137,460,111	35,237,644	110,590,286	73,901,494	2,746,008	359,935,543
Additions	-	700,000	-	-	759,450	1,459,450
Transfer from capital work-in-progress	-	76,000	296,680	209,403	-	582,083
Written off	-	(7,040)	-	-	-	(7,040)
Disposal of subsidiaries	-	-	(23,688)	-	-	(23,688)
Exchange translation differences	-	-	59,879	-	-	59,879
At 30 June 2019	137,460,111	36,006,604	110,923,157	74,110,897	3,505,458	362,006,227

14. Property, plant and equipment (Continued)

*** Land, buildings, jetty, wharf and slipways (Continued)**

Group	Leasehold Land RM	Leasehold Land and Buildings RM	Buildings RM	Slipways RM	Wharf and Jetty RM	Total RM
Accumulated depreciation and impairment loss:						
At 1 July 2017	14,136,074	1,164,315	17,844,134	37,211,939	1,079,122	71,435,584
Charge for the year	1,675,998	502,147	2,089,841	3,421,036	135,795	7,824,817
Exchange translation differences	-	-	(685)	-	-	(685)
At 30 June 2018 and 1 July 2018	15,812,072	1,666,462	19,933,290	40,632,975	1,214,917	79,259,716
Charge for the year	1,675,998	507,194	2,081,904	3,437,880	134,827	7,837,803
Disposal of subsidiaries	-	-	(9,869)	-	-	(9,869)
At 30 June 2019	17,488,070	2,173,656	22,005,325	44,070,855	1,349,744	87,087,650
Net carrying amount:						
At 30 June 2018	121,648,039	33,571,182	90,656,996	33,268,519	1,531,091	280,675,827
At 30 June 2019	119,972,041	33,832,948	88,917,832	30,040,042	2,155,714	274,918,577

14. Property, plant and equipment (Continued)

Company	* Land and Buildings RM	Motor Vehicle RM	Office Equipment, Furniture and Fittings RM	Capital work-in-progress RM	Total RM
Cost:					
At 1 July 2017	53,388,051	-	5,220,469	-	58,608,520
Additions	-	282,011	7,717	99,478	389,206
Reclassifications	(129,839)	-	129,839	-	-
Transfers	70,711	-	28,767	(99,478)	-
At 30 June 2018 and 1 July 2018	53,328,923	282,011	5,386,792	-	58,997,726
Additions	-	-	37,693	76,000	113,693
Written off	(7,040)	-	-	-	(7,040)
Reclassifications	76,000	-	-	(76,000)	-
At 30 June 2019	53,397,883	282,011	5,424,485	-	59,104,379
Accumulated depreciation:					
At 1 July 2017	2,264,567	-	2,788,664	-	5,053,231
Charge for the year (Note 9)	741,051	14,101	448,892	-	1,204,044
At 30 June 2018 and 1 July 2018	3,005,618	14,101	3,237,556	-	6,257,275
Charge for the year (Note 9)	741,431	56,402	467,748	-	1,265,581
At 30 June 2019	3,747,049	70,503	3,705,304	-	7,522,856
Net carrying amount:					
At 30 June 2018	50,323,305	267,910	2,149,236	-	52,740,451
At 30 June 2019	49,650,834	211,508	1,719,181	-	51,581,523

14. Property, plant and equipment (Continued)

*Land and Buildings

Company	Long Term Leasehold Land RM	Long Term Leasehold Land and Buildings RM	Buildings RM	Total RM
Cost:				
At 1 July 2017	2,164,309	35,296,772	15,926,970	53,388,051
Additions	-	(129,839)	-	(129,839)
Transfers	-	70,711	-	70,711
At 30 June 2018 and 1 July 2018	2,164,309	35,237,644	15,926,970	53,328,923
Written off	-	(7,040)	-	(7,040)
Reclassifications	-	76,000	-	76,000
At 30 June 2019	2,164,309	35,306,604	15,926,970	53,397,883
Accumulated depreciation:				
At 1 July 2017	-	1,164,315	1,100,252	2,264,567
Charge for the year	-	502,147	238,904	741,051
At 30 June 2018 and 1 July 2018	-	1,666,462	1,339,156	3,005,618
Charge for the year	-	502,527	238,904	741,431
At 30 June 2019	-	2,168,989	1,578,060	3,747,049
Net carrying amount:				
At 30 June 2018	2,164,309	33,571,182	14,587,814	50,323,305
At 30 June 2019	2,164,309	33,137,615	14,348,910	49,650,834

Titles of the certain leasehold land of the Group and of the Company with the carrying value of RM59,746,150 (2018: RM60,293,678) and RM9,047,615 (2018: RM9,254,002) respectively have yet to be issued by the authority.

<u>Assets held under finance leases</u>

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM4,906,500 (2018: RM7,720,790) and RM252,000 in 2018 respectively by means of finance leases. The cash outflows on acquisition of property, plant and equipment amounted to RM99,021,287 (2018: RM145,461,897) and RM113,693 (2018: RM137,206) respectively.

14. Property, plant and equipment (Continued)

Assets held under finance leases (Continued)

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Motor vehicles	1,362,997	232,589	210,000	266,000
Plant and machinery	15,744,424	20,834,513	-	-
Vessels	-	92,626	-	-
	17,107,421	21,159,728	210,000	266,000

Assets pledged as security

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Land and buildings	93,248,009	164,631,062	36,930,613	50,323,205
Plant and machinery	52,083,000	-	-	-
Vessels	210,546,911	227,553,684	-	-
	355,877,920	392,184,746	36,930,613	50,323,205

Depreciation for the year is allocated as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit or loss (Note 9)	97,477,346	82,717,058	1,265,581	1,204,044
Capital work-in-progress	91,183	-	-	-
	97,538,529	82,717,058	1,265,581	1,204,044

15. Investment in subsidiaries

	Company	
	2019 RM	2018 RM
Unquoted shares, at cost	1,036,451,176	1,036,451,176

15. Investment in subsidiaries (Continued)

Details of the subsidiaries are shown as follows:

Name of subsidiaries	Country of incorporation	Principal activities	% of ownership interest held by the Group		% of ownership interest held by non-controlling interests	
			2019 %	2018 %	2019 %	2018 %
Danum Shipping Sdn. Bhd.	Malaysia	International shipping operations for liquid chemical products	100	100	-	-
Piasau Slipways Sdn. Bhd.	Malaysia	Shipbuilding and ship repairing, and fabrication of metal structures	100	100	-	-
Shinline Sdn. Bhd.	Malaysia	International shipping operations	100	100	-	-
Shin Yang Shipping Sdn. Bhd.	Malaysia	Domestic and regional shipping operations	100	100	-	-
Shin Yang Shipyard Sdn. Bhd.	Malaysia	Shipbuilding and ship repairing, and fabrication of metal structures	100	100	-	-
Thailine Sdn. Bhd.	Malaysia	International shipping operations	100	100	-	-
Hock Leong Shipping Sdn. Bhd.	Malaysia	Shipping agency	70	70	30	30
Dynasys Technology & Engineering Sdn. Bhd.*	Malaysia	Engineering consultation, trading and technology services	100	100	-	-

15. Investment in subsidiaries (Continued)

Name of subsidiaries	Country of incorporation	Principal activities	% of ownership interest held by the Group		% of ownership interest held by non-controlling interests	
			2019 %	2018 %	2019 %	2018 %
Subsidiary of Danum Shipping Sdn. Bhd.						
Sinar Asiamas Sdn. Bhd.	Malaysia	International shipping operations	100.00	55.00	-	45.00
Subsidiaries of Shin Yang Shipping Sdn. Bhd.						
Shin Yang FZC	United Arab Emirates	Investment holding, trading of vessels and engaged in offshore and marine related shipping business	90.00	90.00	10.00	10.00
PT. Shinline*	Indonesia	Investment holding	-[#]	99.50	-	0.50
Gemilang Raya Maritime Sdn. Bhd.*	Malaysia	Investment holding	60.00	60.00	40.00	40.00

* Audited by a firm other than Ernst & Young.
[#] Refer to Note 16

15. Investment in subsidiaries (Continued)

(i) Incorporation of a new subsidiary

Dynasys Technology & Engineering Sdn. Bhd.

In 2018, the Group had incorporated a new subsidiary, Dynasys Technology & Engineering Sdn. Bhd. The issued and paid up share capital of Dynasys Technology & Engineering Sdn. Bhd. was RM20,000.

(ii) Acquisition of additional share capital

On 9 July 2018, Danum Shipping Sdn. Bhd. acquired an additional 45% equity interest in Sinar Asiamas Sdn. Bhd. for a cash consideration of RM1. Subsequently, Sinar Asiamas Sdn. Bhd. became a wholly owned subsidiary of the Group.

(iii) Disposal of a subsidiary

During the year, PT Shinline disposed of 50.5% equity interest in PT Shinline for a cash consideration of USD126,250. PT Shinline had ceased to be the subsidiary of the Group and became an associated company.

15. Investment in subsidiaries (Continued)

(iii) Disposal of a subsidiary (Continued)

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

	2019 RM	2018 RM
Property, plant and equipment	18,592	-
Investment in associates	-	-
Trade and other receivables	384,771	-
Cash and bank balances	358,625	-
Trade and other payables	(899,445)	-
Net identifiable liabilities	(137,457)	-
Less: Foreign exchange reserve	(61,063)	-
Less: Non-controlling interest	(6,225)	-
Less: Reclassification to associates	-	-
Net liabilities disposed	(204,745)	-
Total disposal proceeds	(523,306)	-
Gain on disposal to the Group	(728,051)	-
Disposal proceeds settled by:		
Cash	523,306	-
Cash inflows arising on disposals:		
Cash consideration	523,306	-
Cash and cash equivalents of subsidiaries disposed	(358,625)	-
Net cash inflows on disposals	164,681	-

(iv) Non-controlling interests

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

16. Investment in associates

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Unquoted shares, at cost	1,339,304	13,630,558	682,500	682,500
Less: Unrealised profit on transactions with associates	-	(4,287,470)	-	-
	1,339,304	9,343,088	682,500	682,500
Share of post acquisition reserves	968,481	472,435	-	-
Exchange difference	-	180,435	-	-
	2,307,785	9,995,958	682,500	682,500
Less: Accumulated impairment	-	(6,280,469)	-	-
	2,307,785	3,715,489	682,500	682,500

Details of the associates are as follows:

Name of Company	Country of Incorporation	Principal Activities	Percentage of equity held 2019 %	2018 %
Melinau Shipping Sdn. Bhd.*	Malaysia	Shipping and forwarding agency	39	39
PT Shinline.*	Indonesia	Investment holding	49	-#
Associates of Shin Yang FZC				
Al Ghaith Shin Yang L.L.C.	United Arab Emirates	Ceased operation	-	49
Marsol Shin Yang L.L.C.	United Arab Emirates	Ceased operation	-	49
Deena Shipping L.L.C.	United Arab Emirates	Offshore and marine related shipping business, cargo services and chartering	49	49
Aya Shin Yang FZC	United Arab Emirates	Offshore and marine related shipping business	-	45
Shin Yang Shipbuilding & Engineering RMC FZC	United Arab Emirates	Ship repair and fabrication	-	45

16. Investment in associates (Continued)

Details of the associates are as follows (Continued):

Name of Company	Country of Incorporation	Principal Activities	Percentage of equity held 2019 %	2018 %
Associate of Al Ghaith Shin Yang L.L.C.				
Al Ghaith Shin Yang (L) Berhad	Malaysia	Winding up	-	49
Associate of Marsol Shin Yang L.L.C.				
Marsol Shin Yang (L) Berhad	Malaysia	Winding up	-	49
Associate of Aya Shin Yang FZC				
Trelco Shin Yang (L) Berhad	Malaysia	Inactive	-	49
Associate of PT Shinline				
PT. Baruna Adiprasetya*	Indonesia	International shipping and shipping agency	49	49

* Audited by a firm other than Ernst & Young.
\# Refer to Note 15

(a) Disposal of associates

(i) Aya Shin Yang FZC

During the year, Shin Yang FZC disposed of 45% equity interest in Aya Shin Yang FZC for a cash consideration of AED10. Subsequent to the disposal, Aya Shin Yang FZC had ceased to be an associate of the Group.

(ii) Shin Yang Shipbuilding & Engineering RMC FZC

During the year, Shin Yang FZC disposed of 45% equity interest in Shin Yang Shipbuilding & Engineering RMC FZC for a cash consideration of AED20. Subsequent to the disposal, Shin Yang Shipbuilding & Engineering RMC FZC had ceased to be an associate of the Group.

(b) The Group has not recognised losses relating to Deena Shipping L.L.C. and PT Shinline where its share of losses exceeds the Group's interest in these associates. The Group's cumulative share of unrecognised losses at the reporting date was RM19,095,565 (2018: RM13,648,442) of which RM5,447,123 (2018: RM3,240,184) was the share of the current year's loss. The Group has no obligation in respect of these losses.

16. Investment in associates (Continued)

(c) In 2018, the Group had not recognised losses relating to Aya Shin Yang FZC and PT Baruna Adiprasetya where its share of losses exceeds the Group's interest in these associates. The Group's cumulative share of unrecognised losses at the reporting date was RM42,066,577 of which RM12,430,861 was the share of the prior year's loss. The Group had no obligation in respect of these losses.

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

(i) Summarised statements of financial information

	Melinau Shipping Sdn Bhd RM	Aya Shin Yang FZC RM	Shin Yang Shipbuilding & Engineering RMC FZC RM	Deena Shipping L.L.C. RM	Total RM
2019					
Assets and liabilities					
Current assets	14,349,707	-	-	17,071,760	31,421,467
Non-current assets	399,529	-	-	394,538	794,067
Total assets	14,749,236	-	-	17,466,298	32,215,534
Current liabilities	2,481,835	-	-	64,517,595	66,999,430
Non-current liabilities	49,838	-	-	-	49,838
Total liabilities	2,531,673	-	-	64,517,595	67,049,268
Net assets/ (liabilities)	12,217,563	-	-	(47,051,297)	(34,833,734)
2018					
Assets and liabilities					
Current assets	14,197,916	1,136,538	40,849,724	47,074,800	103,258,978
Non-current assets	259,811	32,746,791	24,421,348	778,117	58,206,067
Total assets	14,457,727	33,883,329	65,271,072	47,852,917	161,465,045

16. Investment in associates (Continued)

(i) Summarised statements of financial information (Continued)

	Melinau Shipping Sdn Bhd RM	Aya Shin Yang FZC RM	Shin Yang Shipbuilding & Engineering RMC FZC RM	Deena Shipping L.L.C. RM	Total RM
2018					
Current liabilities	2,368,561	128,459,154	37,736,176	84,296,878	252,860,769
Non-current liabilities	15,943	-	-	-	15,943
Total liabilities	2,384,504	128,459,154	37,736,176	84,296,878	252,876,712
Net assets/ (liabilities)	12,073,223	(94,575,825)	27,534,896	(36,443,961)	(91,411,667)

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

	Melinau Shipping Sdn Bhd RM	Aya Shin Yang FZC RM	Shin Yang Shipbuilding & Engineering RMC FZC RM	Deena Shipping L.L.C. RM	Total RM
2019					
Revenue	4,506,263	-	-	2,540,037	7,046,300
Profit/(Loss) for the year, total comprehensive income	644,340	-	-	(8,898,609)	(8,254,269)
2018					
Revenue	4,560,111	7,520,324	15,407,801	6,089,776	33,578,012
Profit/(Loss) for the year, representing total comprehensive income	1,071,583	(19,678,125)	564,528	(6,612,620)	(24,654,634)

16. Investment in associates (Continued)

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

2019	Aya Shin Yang FZC RM	Shin Yang Shipbuilding & Engineering RMC FZC RM	Deena Shipping L.L.C. RM	Total RM
Group's share of net assets	-	-	-	-
Carrying value of Group's interest in associates	-	-	-	-
2018				
Group's share of net assets	-	12,390,703	-	12,390,703
Carrying value of Group's interest in associates	-	12,390,703	-	12,390,703

17. Investment securities

	Group 2019 RM	Group 2018 RM
Equity instruments (quoted in Malaysia), at fair value	181,200	141,000
Market value of quoted shares in Malaysia	181,200	141,000

18. Intangible asset

Goodwill

Cost:

	2019 RM	2018 RM
At 30 June 2019/2018	2,063,893	2,063,893

Carrying amount of goodwill on business acquisition is related to the acquisition of a shipping agency in prior years. The Group performed its annual impairment test in June 2019 and 2018.

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are 10.0% - 12.0% (2018: 10.0% - 12.0%) and 2.0% (2018: 2.0%) respectively.

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

19. Inventories

	Group	
	2019	2018
	RM	RM
Consumables	59,124,735	37,500,441
Petrol, oil and lubricants on board	3,693,959	4,579,538
Work-in-progress	993,775	2,659,476
	63,812,469	44,739,455

20. Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Current				
Trade receivables				
Third parties	134,829,484	129,825,440	42,120	-
Due from related companies	67,216,478	68,629,607	-	-
Due from associates	8,940,306	14,250,868	-	-
	210,986,268	212,705,915	42,120	-
Less: Allowance for impairment				
- third parties	(18,989,228)	(5,310,748)	-	-
- associates	(412,002)	(412,002)	-	-
	(19,401,230)	(5,722,750)	42,120	-
Trade receivables, net	191,585,038	206,983,165	42,120	-
Other receivables				
Refundable deposits				
- Third parties	15,611,944	8,046,591	94,530	94,530
- Due from related companies	500	-	-	-
Other receivables	31,831,286	16,315,278	115,320	155,922
Due from related companies	1,031	8,920	269	8,920
Due from subsidiaries	-	-	1,814,940	2,410,164
Due from associates	45,099,426	148,305,842	238,108	554,193
Due from holding company	-	4,604,500	-	-
	92,544,187	177,281,131	2,263,167	3,223,729
Less: Allowance for impairment				
- third parties	(12,142,641)	-	-	-
- associates	(1,258,258)	(39,710,797)	-	-
	(13,400,899)	(39,710,797)	-	-
Other receivables, net	79,143,288	137,570,334	2,263,167	3,223,729
	270,728,326	344,553,499	2,305,287	3,223,729

20. Trade and other receivables (Continued)

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Non-current				
Other receivables				
Due from subsidiaries	-	-	108,167,889	108,588,574
Total trade and other receivables	270,728,326	344,553,499	110,473,176	111,812,303

In prior financial years, certain amounts due from subsidiaries of the Company were classified as current assets. As at reporting date, the directors have assessed and determined that they do not expect to realise these amounts due from subsidiaries within twelve months after the reporting period. Accordingly, these amounts have been reclassified as non-current assets.

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

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 7 to 90 day (2018: 7 to 90 day) terms.

Included in trade receivables of the Group is an amount of RM5,897,335 (2018: RM7,867,809) due from companies in which certain Directors have substantial financial interests.

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

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

The amount due from holding company was in respect of proceeds from the disposal of a subsidiary in 2017.

21. Contract assets/(liabilities)

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
At 1 July	21,993,600	4,557,993	-	-
Revenue recognised during the year	143,574,983	151,799,172	-	-
Progress billings during the year	(168,395,503)	(134,363,565)	-	-
At 30 June	(2,826,920)	21,993,600	-	-

21. Contract assets/(liabilities) (Continued)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Analysed as follows:				
Contract assets				
(Note 4(c) and Note 22)	21,280,819	25,433,945	-	-
Contract liabilities				
(Note 4(c) and Note 27)	(24,107,739)	(3,440,345)	-	-

The costs incurred to date on construction contracts include the following charges made during the financial year:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Hiring of plant and machinery	3,256,844	3,907,019	-	-
Depreciation of property, plant and equipment	9,638,119	10,324,860	-	-

22. Other current assets

Prepaid operating expenses	14,112,549	9,578,435	-	-
GST refundable	1,720,607	41,110	1,719,438	922,339
Contracts assets (Note 21)	21,280,819	25,433,945	-	-
	37,113,975	35,053,490	1,719,438	922,339

23. Cash and bank balances

Cash at banks and on hand	25,559,021	30,943,836	841,213	416,257
Short term deposits with licensed banks	43,200,000	46,100,000	34,200,000	41,400,000
Cash and bank balances	68,759,021	77,043,836	35,041,213	41,816,257

23. Cash and bank balances (Continued)

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	68,759,021	77,043,836	35,041,213	41,816,257
Bank overdrafts	(23,973,396)	(23,298,797)	-	-
Cash and cash equivalents	44,785,625	53,745,039	35,041,213	41,816,257

24. Loans and borrowings

		Group		Company	
	Maturity	**2019**	**2018**	**2019**	**2018**
		RM	**RM**	**RM**	**RM**
Current					
Secured:					
Bank overdrafts	On demand	11,656,132	8,313,252	-	-
Revolving credits	2020	21,500,000	21,000,000	6,000,000	6,000,000
Bankers acceptances	2020	18,380,000	20,284,000	-	-
Term loans	2020	31,980,679	40,848,512	1,550,004	2,837,604
Obligations under finance leases (Note 32(b))	2020	4,238,560	4,434,091	84,325	80,550
		87,755,371	94,879,855	7,634,329	8,918,154
Unsecured:					
Bank overdrafts	On demand	12,317,264	14,985,545	-	-
Revolving credits	2020	40,136,000	54,776,000	-	-
Bankers acceptances	2020	135,463,000	125,989,000	-	-
		187,916,264	195,750,545	-	-
		275,671,635	290,630,400	7,634,329	8,918,154
Non-current					
Secured:					
Term loans	2021 - 2027	67,624,757	54,118,241	10,204,153	13,466,957
Obligations under finance leases (Note 32(b))	2021 - 2022	9,075,048	8,309,981	80,583	164,908
		76,699,805	62,428,222	10,284,736	13,631,865
Total loans and borrowings		352,371,440	353,058,622	17,919,065	22,550,019

24. Loans and borrowings (Continued)

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
On demand or within one year	275,671,635	290,630,400	7,634,329	8,918,154
Later than 1 year but not later than 2 years	21,318,671	34,512,246	1,630,587	2,921,929
Later than 2 years but not later than 5 years	34,377,043	22,361,835	4,650,012	5,155,795
Later than 5 years	21,004,091	5,554,141	4,004,137	5,554,141
	352,371,440	353,058,622	17,919,065	22,550,019

Bank overdrafts

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

Obligations under finance leases

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

Revolving credits

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

Bankers acceptances

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

Term loans

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

24. Loans and borrowings (Continued)

The ranges of interest rates for loans and borrowings are as follows:

	Group		Company	
	2019	2018	2019	2018
	%	%	%	%
Bank overdrafts	7.45 - 8.60	7.70 - 8.75	-	-
Fixed rates - loans	5.25 - 5.61	4.71 - 5.25	-	-
Floating rates - loans	4.77 - 6.09	4.90 - 7.25	4.68 - 5.53	5.15 - 5.32
Revolving credits	4.95 - 5.74	5.07 - 5.74	4.95	5.19
Bankers acceptances	4.28 - 5.55	4.14 - 5.55	-	-
Obligations under finance leases	3.66 - 5.37	4.41 - 5.37	4.41	4.41

25. Derivatives

	Notional Amount	2019	Notional Amount	2018
	RM	RM	RM	RM
Liabilities				
Non-hedging derivatives:				
Forward currency contracts	7,743,727	20,766	-	-

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are mainly used to hedge the Group's sales and purchases denominated in USD for which firm commitments existed at the reporting date.

26. Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Current				
Trade payables				
Third parties	87,641,050	79,944,608	-	-
Due to associates	9,978,407	810,485	-	-
Due to related companies	10,775,282	3,566,875	-	-
Due to holding company	-	4,188	-	-
	108,394,739	84,326,156	-	-

26. Trade and other payables (Continued)

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Other payables				
Accrued operating expenses	10,641,150	16,303,907	148,813	139,351
Deposits				
- Related companies	-	14,840	431,500	446,340
- Others	4,582,344	2,178,220	117,360	39,000
Other payables	8,239,335	12,050,113	315,151	536,984
Due to directors	551,411	538,605	-	-
Due to related companies	1,127,593	1,607,706	104,086	33,488
Due to subsidiaries	-	-	-	76,900
Due to holding company	76,798	64,081	-	-
	25,218,631	32,757,472	1,116,910	1,272,063
Total trade and other payables	133,613,370	117,083,628	1,116,910	1,272,063

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 day (2018: 30 to 90 day) terms. Included in trade payables of the Group is an amount of RM5,740,405 (2018: RM12,951,424) due to companies in which certain Directors of the Company have substantial financial interests.

(b) Other payables

Included in other payables of the Group is an amount of RM1,084,414 (2018: RM210,519) due to companies in which certain Directors of the Company have substantial financial interests. These amounts are non-interest bearing and are repayable on demand.

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

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

27. Other current liabilities

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Contract liabilities (Note 21)	24,107,739	3,440,345	-	-

28. Changes in liabilities arising from financing activities

	Obligation under finance leases RM	Term loans RM	Revolving credits RM	Banker acceptances RM	Trust receipts RM	Bank overdrafts RM	Total RM
Group							
At 1 July 2018	12,744,072	94,966,753	75,776,000	146,273,000	-	23,298,797	353,058,622
New leases	5,413,700	-	-	-	-	-	5,413,700
Cash flows	(4,844,164)	4,638,683	(14,140,000)	7,570,000	-	674,599	(6,100,882)
At 30 June 2019	13,313,608	99,605,436	61,636,000	153,843,000	-	23,973,396	352,371,440
At 1 July 2017	10,655,762	150,407,460	74,120,000	145,938,000	12,108,961	31,004,822	424,235,005
New leases	10,184,494	-	-	-	-	-	10,184,494
Cash flows	(8,096,184)	(55,427,644)	1,656,000	335,000	(12,108,961)	(7,706,025)	(81,347,814)
Foreign exchange movements	-	(13,063)	-	-	-	-	(13,063)
At 30 June 2018	12,744,072	94,966,753	75,776,000	146,273,000	-	23,298,797	353,058,622

28. Changes in liabilities arising from financing activities (Continued)

	Obligation under finance leases RM	Term loans RM	Revolving credits RM	Total RM
Company				
At 1 July 2018	245,458	16,304,561	6,000,000	22,550,019
Cash flows	(80,550)	(4,550,404)	-	(4,630,954)
At 30 June 2019	164,908	11,754,157	6,000,000	17,919,065
At 1 July 2017	-	19,142,165	20,000,000	39,142,165
New leases	252,000	-	-	252,000
Cash flows	(6,542)	(2,837,604)	(14,000,000)	(16,844,146)
At 30 June 2018	245,458	16,304,561	6,000,000	22,550,019

29. Deferred tax assets/(liabilities)

	As at 1 July 2017 RM	Recognised in profit or loss RM	As at 30 June 2018 RM	MFRS 9 adoption RM	Recognised in profit or loss RM	As at 30 June 2019 RM
Group						
Deferred tax liabilities:						
Property, plant and equipment	103,102,134	(1,568,939)	101,533,195	-	(2,324,405)	99,208,790
Unrealised gain on foreign exchange	754,855	(182,848)	572,007	-	(572,007)	-
	103,856,989	(1,751,787)	102,105,202	-	(2,896,412)	99,208,790
Deferred tax assets:						
Unabsorbed capital allowances	(40,604,715)	(1,001,578)	(41,606,293)	-	5,294,283	(36,312,010)
Unutilised reinvestment allowances	(7,200,000)	(1,191,880)	(8,391,880)	-	2,237,258	(6,154,622)
Unutilised tax losses	(867,378)	867,378	-	-	(16,545)	(16,545)
Others	-	-	-	(2,331,333)	287,981	(2,043,352)
	(48,672,093)	(1,326,080)	(49,998,173)	(2,331,333)	7,802,977	(44,526,529)
	55,184,896	(3,077,867)	52,107,029	(2,331,333)	4,906,565	54,682,261

29. Deferred tax assets/(liabilities) (Continued)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Analysed as:				
Deferred tax assets	16,016	-	-	-
Deferred tax liabilities	(54,698,277)	(52,107,029)	-	-
	(54,682,261)	(52,107,029)	-	-

Unrecognised reinvestment allowances, tax losses and capital allowances

At the reporting date, the Group has unrecognised reinvestment allowances, tax losses and capital allowances of approximately RM9,375,380 (2018: RM25,828), RM69,147,267 (2018: RM29,633,749) and RM1,993,464 (2018: RM3,687,911) respectively that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability.

The utilisation of these tax losses is subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation. The unrecognised tax losses will expired in years of assessment 2025.

30. Share capital and treasury shares

	Number of Ordinary Share		Amount	
	Share capital	Treasury shares	Share capital RM	Treasury shares RM
Issued and fully paid				
Group and Company				
At 1 July 2017	1,200,000,000	-	1,216,972,062	-
Purchase of treasury shares	-	(17,494,600)	-	(4,678,001)
At 30 June 2018 and 1 July 2018	1,200,000,000	(17,494,600)	1,216,972,062	(4,678,001)
Purchase of treasury shares	-	(11,246,800)	-	(3,726,642)
At 30 June 2019	1,200,000,000	(28,741,400)	1,216,972,062	(8,404,643)

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

30. Share capital and treasury shares (Continued)

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The Company acquired 11,246,800 (2018: 17,494,600) shares in the Company through purchases on Bursa Malaysia Securities Berhad during the financial year. The total amount paid to acquire the shares was RM3,726,642 and this was presented as a component within shareholders' equity. The average cost paid for the shares repurchased during the financial year was RM0.33 per share.

Of the total 1,200,000,000 (2018: 1,200,000,000) issued and fully paid ordinary shares as at 30 June 2019, 28,741,400 (2018: 17,494,600) are held as treasury shares by the Company. As at 30 June 2019, the number of outstanding ordinary shares in issue after the set-off is therefore 1,171,258,600 (2018: 1,182,505,400) ordinary shares.

The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares in accordance with Section 127 of the Companies Act 2016.

Movements on share buy-backs

	Number of shares	Total cost RM	Average price per share RM
At 30 June 2018 and 1 July 2018	17,494,600	4,678,001	0.27
Repurchased during the year ended 30 June 2019	11,246,800	3,726,642	0.33
At 30 June 2019	28,741,400	8,404,643	0.29

31. Other reserves

	Merger Deficits Reserve RM	Foreign Currency Translation Reserve RM	Total RM
Group			
At 1 July 2017	(298,506,891)	9,567,948	(288,938,943)
Other comprehensive income:			
Exchange differences on translation of the financial statements of foreign entities	-	(827,299)	(827,299)
Less: Non-controlling interests	-	65,617	65,617
	-	(761,682)	(761,682)
At 30 June 2018 and 1 July 2018	(298,506,891)	8,806,266	(289,700,625)
Other comprehensive income:			
Exchange differences on translation of the financial statements of foreign entities	-	1,531,507	1,531,507
Less: Non-controlling interests	-	(153,151)	(153,151)
Less: Disposal of subsidiary	-	(61,063)	(61,063)
	-	1,317,293	1,317,293
At 30 June 2019	(298,506,891)	10,123,559	(288,383,332)

Merger deficits reserve

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

Foreign currency translation reserve

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

32. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2019	**2018**
	RM	**RM**
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	-	40,647,096

(b) Finance lease commitments

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

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

	Group	
	2019	**2018**
	RM	**RM**
Minimum lease payments:		
Not later than 1 year	4,838,598	4,982,499
Later than 1 year but not later than 2 years	4,280,377	3,428,526
Later than 2 years but not later than 5 years	5,456,681	5,554,916
Total minimum lease payments	14,575,656	13,965,941
Less: Amounts representing finance charges	(1,262,048)	(1,221,869)
Present value of minimum lease payments	13,313,608	12,744,072
Present value of payments:		
Not later than 1 year	4,238,560	4,434,091
Later than 1 year but not later than 2 years	3,906,918	3,068,150
Later than 2 years but not later than 5 years	5,168,130	5,241,831
Present value of minimum lease payments	13,313,608	12,744,072
Less: Amount due within 12 months (Note 24)	(4,238,560)	(4,434,091)
Amount due after 12 months (Note 24)	9,075,048	8,309,981

32. Commitments (Continued)

(b) Finance lease commitments (Continued)

	Company	
	2019	2018
	RM	RM
Minimum lease payments:		
Not later than 1 year	89,832	89,832
Later than 1 year but not later than 2 years	82,314	89,832
Later than 2 years but not later than 5 years	-	82,314
Total minimum lease payments	172,146	261,978
Less: Amounts representing finance charges	(7,238)	(16,520)
Present value of minimum lease payments	164,908	245,458
Present value of payments:		
Not later than 1 year	84,325	80,550
Later than 1 year but not later than 2 years	80,583	84,325
Later than 2 years but not later than 5 years	-	80,583
Present value of minimum lease payments	164,908	245,458
Less: Amount due within 12 months (Note 24)	(84,325)	(80,550)
Amount due after 12 months (Note 24)	80,583	164,908

33. Related party transactions

(a) Sale and purchase of goods and services

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

	Company 2019 RM	Company 2018 RM
Purchase of property, plant and equipment		
- Subsidiary companies	840	-
- Related companies	5,720	280,000
Purchase of goods and services from		
- Subsidiary companies	49,130	2,011
- Related companies	58,808	51,260
Rental income from		
- Subsidiary companies	(3,361,600)	(3,396,000)
- Related companies	(11,500)	(86,874)
- Associates	(300,000)	(300,000)
- Associate of holding company	(18,000)	(40,000)

	Group 2019 RM	Group 2018 RM
Sale of goods and services to		
- Related companies	(106,075,184)	(122,179,986)
- Associates	-	(1,150,772)
Purchase of goods and services from		
- Related companies	22,915,662	20,715,644
- Associates	-	864,699
- Holding company	15,600	-
Sale of property, plant and equipment		
- Related companies	(1,063,500)	(91,600)
Purchase of property, plant and equipment		
- Related companies	1,837,284	779,046
- Associates	40,249,944	146,203,256
Rental income		
- Related companies	(407,986)	(135,594)
- Associates	(300,000)	(270,325)

33. Related party transactions (Continued)

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

	Group	
	2019	**2018**
	RM	**RM**
Rental expenses charged by:		
- Related companies	301,261	545,628
- Associates	9,438	-
Management fee received		
- Associates	(3,344,887)	(5,119,917)

Transactions with companies in which certain Directors have substantial financial interests:		
Sales of goods and services	(13,063,240)	(9,797,751)
Purchase of goods and services	13,937,229	12,938,220
Sales of property, plant and equipment	(112,450)	-
Purchase of property, plant and equipment	860,221	105,000
Rental income	(24,030)	(40,000)
Rental expenses	42,000	42,000

<u>Related companies:</u>

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

Information regarding outstanding balances arising from related party transactions as at 30 June 2019 is disclosed in Note 20 and Note 26.

(b) Remuneration of key management personnel

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Short-term employee benefits	4,151,090	3,537,718	1,545,552	1,519,505
Defined contribution plan	366,566	345,026	97,080	106,380
	4,517,656	3,882,744	1,642,632	1,625,885
Included in the total key management personnel are:				
Directors' remuneration (Note 11)	3,723,512	3,498,946	1,163,109	1,172,469

34. Categories of financial instruments

34.1 Financial assets and financial liabilities

The table below provides an analysis of financial instruments as at 30 June 2019, categories as follows:

(a) Loans and receivables ("LR")
(b) Fair value through profit or loss ("FVTPL")
(c) Amortised cost

	Note	Group AC RM	Group FVTPL RM	Company AC RM	Company FVTPL RM
Financial assets					
Trade and other receivables	20	270,728,326	-	110,473,176	-
Investment securities	17	-	181,200	-	-
Cash and bank balances	23	68,759,021	-	35,041,213	-
		339,487,347	181,200	145,514,389	-
Financial liabilities					
Loans and borrowings	24	352,371,440	-	17,919,065	-
Trade and other payables	26	133,613,370	-	1,116,910	-
Derivative	25	-	20,766	-	-
		485,984,810	20,766	19,035,975	-

The table below provides an analysis of financial instruments as at 30 June 2018, categories as follows:

(a) Loans and receivables ("LR")
(b) Fair value through profit or loss ("FVTPL")
(c) Amortised cost

	Note	Group AC RM	Group FVTPL RM	Company AC RM	Company FVTPL RM
Financial assets					
Trade and other receivables	20	344,553,499	-	111,812,303	-
Investment securities	17	-	141,000	-	-
Cash and bank balances	23	77,043,836	-	41,816,257	-
		421,597,335	141,000	153,628,560	-

34. Categories of financial instruments

34.1 Financial assets and financial liabilities (Continued)

	Note	Group AC	Company AC
Financial liabilities			
Loans and borrowings	24	353,058,622	22,550,019
Trade and other payables	26	117,083,628	1,272,063
		470,142,250	23,822,082

34.2 Fair value

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

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

	Carrying amount		Fair value	
	2019 RM	2018 RM	2019 RM	2018 RM
Group				
Financial liabilities:				
Interest-bearing loans and borrowings – Non-current				
- Obligations under finance leases	9,075,048	8,309,981	9,057,275	8,298,316
- Term loans, fixed rates	-	16,441,158	-	15,990,026
Company				
Financial liabilities:				
Interest-bearing loans and borrowings – Non-current				
- Obligations under finance leases	80,583	164,908	80,015	167,339

34. Financial assets and financial liabilities (Continued)

34.2 Fair value (Continued)

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

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

Loans, advances and financing

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

(b) Determination of fair value

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

	Note
Trade and other receivables	20
Trade and other payables	26
Loans and borrowings (current and non-current, except non-current fixed rates loans and borrowings and obligations under finance leases)	24

35. Fair value measurement

Fair value hierarchy

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

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provides the fair value measurement hierarchy of the Group's and of the Company's assets and liabilities.

35. Fair value measurement (Continued)

Fair value hierarchy (Continued)

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

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30 June 2019				
Asset for:				
Other investments - Equity investments quoted in Malaysia	181,200	-	-	181,200
Liabilities for:				
Interest-bearing loans and borrowings				
- Non-current obligations under finance leases	-	9,057,275	-	9,057,275
Derivatives				
- Forward currency contracts	-	20,766	-	20,766
30 June 2018				
Asset for:				
Other investments - Equity investments quoted in Malaysia	141,000	-	-	141,000
Liabilities for:				
Interest-bearing loans and borrowings				
- Non-current obligations under finance leases	-	8,298,316	-	8,298,316
- Non-current term loans, fixed rates	-	15,990,026	-	15,990,026

35. Fair value measurement (Continued)

Fair value hierarchy (Continued)

Company	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30 June 2019				
Liabilities for:				
Interest-bearing loans and borrowings				
- Non-current obligations under finance leases	-	80,015	-	80,015
30 June 2018				
Liabilities for:				
Interest-bearing loans and borrowings				
- Non-current obligations under finance leases	-	167,339	-	167,339

36. Financial risk management objectives and policies

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

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

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

36. Financial risk management objectives and policies (Continued)

(a) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

For trade and other receivables, the Group controls these risks by the application of credit approvals, limits and monitoring procedures. The Group also minimises its exposure through analysing the counterparties' financial condition prior to entering into any services/contracts where appropriate to mitigate credit risk. Trade receivables are monitored on an ongoing basis via Group's management reporting procedures. For other financial assets (deposits, cash and bank balances with financial institutions) the Group adopts the policy of dealing only with counterparties of high credibility (i.e. banks and financial institutions).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events and current and forecasted industries' conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in below. The Group does not hold any collateral as security.

Exposure to credit risk

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

- the carrying amount of each financial assets in the statement of financial position after deducting any impairment allowance; and
- a nominal amount of RM230,874,390 (2018: RM189,377,090) relating to corporate guarantee provided by the Company to banks on the subsidiaries' borrowings.

36. Financial risk management objectives and policies (Continued)

(a) Credit risk (Continued)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the trade and other receivables on an ongoing basis.

(i) Exposure to credit risk for trade receivables

Recognition and measurement of impairment loss under MFRS 9

The following table provides information about exposure to credit risk and expected credit loss for trade receivables of the Group as at 30 June 2019:

	Gross carrying amount RM	Expected credit loss RM	Net balances RM
Group			
Current (not past due)	40,205,529	(236,897)	39,968,632
Past due:			
1-30 days	28,860,993	(286,188)	28,574,805
31-60 days	18,359,931	(217,417)	18,142,514
61-90 days	17,195,697	(161,563)	17,034,134
91-120 days	5,815,827	(86,388)	5,729,439
More than 121 days	11,596,310	(3,099,446)	8,496,864
	122,034,287	(4,087,899)	117,946,388
Credit impaired	88,951,981	(15,313,331)	73,638,650
	210,986,268	(19,401,230)	191,585,038

36. Financial risk management objectives and policies (Continued)

(a) Credit risk (Continued)

(i) Exposure to credit risk for trade receivables (Continued)

Recognition and measurement of impairment loss under MFRS 9 (Continued)

The movement in allowance for expected credit losses ("ECL") during the year for the Group are shown below:

	Credit impaired RM	ECL RM	Total RM
Group			
Balance as at 1 July 2018, as per MFRS 139	5,722,750	-	5,722,750
Effect of the adjustment of MFRS 9	8,467,528	5,643,348	14,110,876
Balance as at 1 July 2018, as per MFRS 9	14,190,278	5,643,348	19,833,626
Charge for the year	2,560,972	-	2,560,972
Reversal of impairment losses	(444,306)	(1,555,449)	(1,999,755)
Charge for the year, net	2,116,666	(1,555,449)	561,217
Effect of foreign exchange	56,958	-	56,958
Written off	(1,050,571)	-	(1,050,571)
Balance as at 30 June 2019, as per MFRS 9	15,313,331	4,087,899	19,401,230

	2019 RM
As per statements of cash flows:	
Reversal of impairment losses	(1,485,557)
Allowance for impairment (Note 9)	2,046,774
	561,217

36. Financial risk management objectives and policies (Continued)

(a) Credit risk (Continued)

(i) Exposure to credit risk for trade receivables (Continued)

Comparative information under MFRS 139 - Recognition and Measurement of impairment loss

Ageing analysis of trade receivables of the Group as at 30 June 2018:

	Gross carrying amount RM	Individual impairment RM	Net balances RM
Group			
Neither past due nor impaired	50,129,792	-	50,129,792
More than 121 days past due but not impaired	156,853,373	-	156,853,373
	206,983,165	-	206,983,165
Subject to impairment	5,722,750	(5,722,750)	-
	212,705,915	(5,722,750)	206,983,165

Receivables that are past due but not impaired comprise:

As at 30 June 2018, trade receivables of the Group of RM156,853,373 (2017: RM144,198,156) were past due but not impaired. These relate to customers for whom there is no objective evidence that the receivables are not fully recoverable.

Movement in allowance accounts:

	Group RM
At 1 July 2017	16,588,152
Charge for the year (Note 9)	3,020,582
Reversal of impairment loss	(12,171,263)
Written off	(953,463)
Effect of foreign exchange	(761,258)
At 30 June 2018	5,722,750

36. Financial risk management objectives and policies (Continued)

(a) Credit risk (Continued)

(ii) Other receivables that are impaired

Movement in allowance accounts:

	Group	
	RM	**RM**
At 1 July 2018/2017	39,710,797	-
Effect on MFRS 9 adoption	5,607,604	-
At 1 July 2018/2017 (Restated)	45,318,401	-
Charge for the year (Note 9)	53,119,665	39,710,797
Reversal of impairment loss	(2,705,086)	-
Written off	(82,332,081)	-
At 30 June 2019/2018	13,400,899	39,710,797

(b) Liquidity risk

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

36. Financial risk management objectives and policies (Continued)

(b) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM	Two to five years RM	Over five years RM	Total RM
Group				
At 30 June 2019				
Financial liabilities:				
Trade and other payables	133,613,370	-	-	133,613,370
Loans and borrowings	277,254,672	67,961,222	23,254,208	368,470,102
Total undiscounted financial liabilities	410,868,042	67,961,222	23,254,208	502,083,472
At 30 June 2018				
Financial liabilities:				
Trade and other payables	117,083,628	-	-	117,083,628
Loans and borrowings	296,220,875	61,778,154	6,059,214	364,058,243
Total undiscounted financial liabilities	413,304,503	61,778,154	6,059,214	481,141,871

36. Financial risk management objectives and policies (Continued)

(b) Liquidity risk (Continued)

	On demand or within one year RM	Two to five years RM	Over five years RM	Total RM
Company				
At 30 June 2019				
Financial liabilities:				
Trade and other payables	1,116,910	-	-	1,116,910
Loans and borrowings	8,229,976	7,704,663	4,268,952	20,203,591
Financial guarantee contracts*	216,535,100	-	-	216,535,100
Total undiscounted financial liabilities	225,881,986	7,704,663	4,268,952	237,855,601
At 30 June 2018				
Financial liabilities:				
Trade and other payables	1,272,063	-	-	1,272,063
Loans and borrowings	9,724,802	9,878,816	6,059,214	25,662,832
Financial guarantee contracts*	189,377,090	-	-	189,377,090
Total undiscounted financial liabilities	200,373,955	9,878,816	6,059,214	216,311,985

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

36. Financial risk management objectives and policies (Continued)

(c) Interest rate risk

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

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

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM140,763 (2018: RM120,583) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

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

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

Sensitivity analysis for foreign currency risk

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

	Group Profit net of tax	
	2019 RM	2018 RM
USD/RM - strengthen by 5%	388,160	1,117,942
USD/RM - weaken by 5%	(388,160)	(1,117,942)

36. Financial risk management objectives and policies (Continued)

(d) Foreign currency risk (Continued)

	Group Profit net of tax	
	2019 RM	2018 RM
AED/RM - strengthen by 5%	(1,857)	(4,454)
AED/RM - weaken by 5%	1,857	4,454
USD/AED - strengthen by 5%	76,062	(254,564)
USD/AED - weaken by 5%	(76,062)	254,564
RM/AED - strengthen by 5%	(120,149)	(120,185)
RM/AED - weaken by 5%	120,149	120,185

37. Capital management

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

Management monitors capital based on the Group's and the Company's gearing ratio. The Group's and the Company's strategies are to maintain gearing ratio of not exceeding 100%.

37. Capital management (Continued)

The gearing ratio is calculated as net debt divided by equity capital plus net debt. Net debt is calculated as total borrowings, trade and other payables less cash and bank balances. Capital is equivalent to capital and reserves attributable to owners of the Company.

		Group		Company	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
Loans and borrowings	24	352,371,440	353,058,622	17,919,065	22,550,019
Trade and other payables	26	133,613,370	117,083,628	1,116,910	1,272,063
Less:					
Cash and bank balances	23	(68,759,021)	(77,043,836)	(35,041,213)	(41,816,257)
Net debt		417,225,789	393,098,414	(16,005,238)	(17,994,175)
Equity attributable to the owners of the Company		1,067,337,113	1,174,452,773	1,216,752,687	1,220,368,828
Capital and net debt		1,484,562,902	1,567,551,187	1,200,747,449	1,202,374,653
Gearing ratio		28.10%	25.08%	N/A	N/A

38. Segment information

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

I. Shipbuilding, ship repair and fabrication of metal structures.

II. Domestic and regional shipping segment which carries out shipping business in coastal and regional routes within Malaysia and ASEAN region.

III. International shipping segment which carries out shipping business in United Arab Emirates and international routes to Japan, Korea, China, Philippines and ASEAN region.

IV. Others consist of the business of shipping agency.

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

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

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

38. Segment information (Continued)

	Shipbuilding, Ship Repair and Fabrication of Metal Structures RM	Domestic and Regional Shipping RM	International Shipping RM	Others RM	Consolidation Adjustments and Eliminations RM	Notes	Per Consolidated Financial Statements RM
30 June 2019							
Revenue:							
External customers	114,440,385	387,655,886	136,087,524	7,016,750	-		645,200,545
Inter-segment	25,332,487	4,198,310	1,719,211	6,492,587	(37,742,595)	A	-
Total revenue	139,772,872	391,854,196	137,806,735	13,509,337	(37,742,595)		645,200,545
Results:							
Finance income	28,112	157,650	204,597	1,338,581	-		1,728,940
Dividend income	-	-	4,440	-	-		4,440
Depreciation	10,601,886	58,992,713	26,466,038	1,451,636	(64,927)		97,447,346
Share of results of associates	-	-	-	-	801,407		801,407
Other non-cash expenses	835,442	2,510,145	54,544,259	7,284	-	B	57,897,130
Segment (loss)/profit	(37,084,640)	5,644,040	(55,980,091)	4,469,668	231,933	C	(82,719,090)
Assets:							
Investment in associates	-	656,804	551,411	682,500	417,070		2,307,785
Additions to non-current assets	8,285,146	97,292,180	1,703,116	986,600	(4,248,072)	D	104,018,970
Segment assets	586,887,963	774,312,128	524,061,820	242,315,807	(486,222,903)	E	1,641,354,815
Liabilities:							
Segment liabilities	378,337,443	338,340,420	226,681,792	43,392,157	(421,237,693)	F	565,514,119

38. Segment information (Continued)

	Shipbuilding, Ship Repair and Fabrication of Metal Structures RM	Domestic and Regional Shipping RM	International Shipping RM	Others RM	Consolidation Adjustments and Eliminations RM	Notes	Per Consolidated Financial Statements RM
30 June 2018							
Revenue:							
External customers	122,797,181	335,853,295	154,394,280	6,009,020	-		619,053,776
Inter-segment	30,752,671	4,919,126	751,841	6,459,781	(42,883,419)	A	-
Total revenue	153,549,852	340,772,421	155,146,121	12,468,801	(42,883,419)		619,053,776
Results:							
Finance income	27,356	154,431	288,727	1,871,950	-		2,342,464
Dividend income	-	-	4,800	-	-		4,800
Depreciation	11,303,662	45,126,260	23,165,663	1,351,978	1,769,495		82,717,058
Share of results of associates	-	-	-	-	2,162,501		2,162,501
Other non-cash expenses	7,801,274	35,639,370	39,662,154	83,417	-	B	83,186,215
Segment (loss)/profit	(15,625,788)	20,178,839	20,589,248	4,166,451	(462,617)	C	28,846,133
Assets:							
Investment in associates	-	-	1,527,877	2,064,300	123,312		3,715,489
Additions to non-current assets	1,812,739	179,803,888	1,964,726	890,503	(31,289,169)	D	153,182,687
Segment assets	573,224,967	776,305,542	598,098,333	248,174,429	(484,796,947)	E	1,711,006,324
Liabilities:							
Segment liabilities	324,635,850	330,197,222	244,114,620	47,046,982	(421,056,708)	F	524,937,966

38. Segment information (Continued)

A Inter-segment revenues are eliminated on consolidated.

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

	Note	2019 RM	2018 RM
Fair value loss on investment securities	9	-	100,200
Fair value loss on forward contract	9	20,766	-
Property, plant and equipment written off	9	10,407	1,685,338
Impairment loss on trade and other receivables	9	55,166,439	42,731,379
Unrealised loss on foreign exchange		2,699,518	38,669,298
		57,897,130	83,186,215

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

	2019 RM	2018 RM
Share of results of associates	801,407	2,162,501
Dividend from subsidiaries	(680,000)	(1,035,000)
Dividend from associates	(195,000)	-
Profit from inter-segment sales	240,599	179,377
Depreciation	64,927	(1,769,495)
	231,933	(462,617)

D Additions to non-current assets consist of:

	2019	2018
Property, plant and equipment	104,018,970	153,182,687

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

	2019 RM	2018 RM
Property, plant and equipment	(22,365,810)	(29,749,209)
Investment in associates	417,070	123,312
Intangible assets	2,063,893	2,063,893
Inter-segment assets	(466,338,056)	(457,234,943)
	(486,222,903)	(484,796,947)

38. Segment information (Continued)

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

	2019 RM	**2018 RM**
Cumulative preference shares	(100,000)	(100,000)
Inter-segment liabilities	(421,137,693)	(420,956,708)
	(421,237,693)	(421,056,708)

Geographical information

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

	Revenue		**Non-current assets**	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Malaysia	580,287,239	538,571,067	1,190,484,382	1,197,584,251
United Arab Emirates	-	10,533,303	2,579,000	2,537,095
Singapore	64,583,879	67,955,404	-	-
Indonesia	-	-	-	18,592
Japan	329,427	1,289,546	-	-
Korea	-	252,603	-	-
Taiwan	-	451,853	-	-
	645,200,545	619,053,776	1,193,063,382	1,200,139,938

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

	2019 RM	**2018 RM**
Property, plant and equipment	1,193,063,382	1,200,139,938

39. Dividend

There were no dividends paid in respect of the financial year ended 30 June 2019 and 2018.

40. Authorisation of financial statements for issue

The financial statements for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the Directors on 30 October 2019.