MARINE & GENERAL
BERHAD

2019
ANNUAL REPORT

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Operating Subsidiaries

JASAMERIN

Jasa Merin (Malaysia) Sdn Bhd ("JMM") commenced operation in 1982. JMM heads the Company's Marine Logistics – Upstream Division. JMM charters out offshore support vessels ("OSV") for use by the oil majors in their exploration and production ("E&P") activities. The OSVs provide support services to the E&P activities by undertaking anchor handling function (positioning and retrieval of drilling rig anchors), towing activities (repositioning of rigs to other drilling locations), firefighting and recovery support, as well as transporting equipment and cargoes to and from offshore installations.

JMM has been providing OSV services to oil majors such as PETRONAS Carigali Sdn Bhd, ExxonMobil Exploration and Production Malaysia Inc. and Sarawak Shell Berhad for over 30 years. Presently, JMM operates a fleet of 21 vessels comprising 19 Anchor Handling Tug Supply Vessels ("AHTS") and 2 Straight Supply Vessels ("SSV").

Jasa Merin (Labuan) Plc ("JML") and **M&G Tankers Sdn Bhd ("MGTSB")** commenced operation in 2016 and 2018 respectively as part of the Company's Marine Logistics – Downstream Division. The companies charter out liquid bulk carriers to the petro-chemical and oleo-chemical industries, whereby the vessels are used to transport liquid bulk products in the region. JML and MGTSB operate three 7,000 DWT chemical vessels and two 8,000 DWT clean petroleum product tankers respectively serving major Oil and Gas companies as well as large trading houses in the East Asian and South East Asian regions. The vessels provide flexibility in terms of cargoes they can carry ranging from chemicals and clean petroleum products to palm oil.

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Chairman,
Non-Independent Executive Director
Dato' Mohd Azlan Hashim

Deputy Chairman,
Independent Non-Executive Director
Tan Sri Datuk Seri Razman M Hashim
(Senior Independent Director)

Independent Non-Executive Directors
Tai Keat Chai
Dato' Harun bin Md Idris
Dato' Haji Razali bin Mohd Yusof
Shariffuddin bin Khalid
Datin Shelina binti Razaly Wahi
(appointed on 1 August 2019)

Non-Independent Non-Executive Director
Nik Abdul Malik bin Nik Mohd Amin

AUDIT COMMITTEE

Tai Keat Chai (Chairman)
Nik Abdul Malik bin Nik Mohd Amin
Shariffuddin bin Khalid
Dato' Haji Razali bin Mohd Yusof

RISK MANAGEMENT COMMITTEE

Tai Keat Chai (Chairman)
Dato' Haji Razali bin Mohd Yusof
Nik Abdul Malik bin Nik Mohd Amin
Mohd Nizam bin Abd Wahab

NOMINATION AND REMUNERATION COMMITTEE

Tan Sri Datuk Seri Razman M Hashim (Chairman)
Dato' Harun bin Md Idris
Shariffuddin bin Khalid

COMPANY SECRETARIES

Lim Hui Ming (BC/L/740)
Chia Poh Tin (MAICSA 7055061)

REGISTERED OFFICE

Level 22, Axiata Tower
No. 9, Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia
Tel No. : (03) 2273 1919
Fax No. : (03) 2273 8310

PRINCIPAL PLACE OF BUSINESS

Corporate Office
Level 23, Plaza VADS
No.1, Jalan Tun Mohd Fuad
Taman Tun Dr Ismail
60000 Kuala Lumpur
Malaysia
Tel No. : (03) 7735 6300
Fax No. : (03) 7735 6301

Marine Logistics – Upstream Division
Jasa Merin (Malaysia) Sdn. Bhd.
No.7776, Jalan Kubang Kurus
24000 Kemaman
Terengganu Darul Iman
Malaysia
Tel No. : (09) 851 1100
Fax No. : (09) 858 3237

Marine Logistics – Downstream Division
Jasa Merin (Labuan) Plc
Level 22, Plaza VADS
No.1, Jalan Tun Mohd Fuad
Taman Tun Dr Ismail
60000 Kuala Lumpur
Malaysia
Tel No. : (03) 7735 6311
Fax No. : (03) 7735 6312

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel No. : (03) 7841 8000 / 7849 0777
Fax No. : (03) 7841 8151 / 7841 8152 / 7841 8100

AUDITORS

KPMG PLT
Chartered Accountants

SOLICITORS

Christopher & Lee Ong

PRINCIPAL BANKERS

Affin Bank Berhad
Affin Islamic Bank Berhad
Bank Pembangunan Malaysia Berhad
Malayan Banking Berhad
Maybank Islamic Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

WEBSITE ADDRESS

www.marine-general.com.my

Profiles of Board of Directors

Dato' Mohd Azlan Hashim
Malaysian, aged 62, male
Executive Chairman (Non-Independent)

Dato' Mohd Azlan Hashim was appointed to the Board of the Company as Non-Executive Director on 4 June 2008 and was subsequently appointed as Executive Chairman on 24 June 2008.

A Chartered Accountant by profession, he graduated with a Bachelor of Economics from Monash University, Australia. He is a Fellow Member of the Institute of Chartered Accountants, Australia, member of Malaysian Institute of Accountants, Fellow Member of the Institute of Chartered Secretaries and Administrators and Honorary Member of The Institute of Internal Auditors, Malaysia. He has extensive experience in the corporate sector including financial services and investments. Among others, he has served as Chief Executive of Bumiputra Merchant Bankers Berhad, Group Managing Director of Amanah Capital Malaysia Berhad and Executive Chairman of Bursa Malaysia Berhad Group.

Current directorships in public companies and other organisations include, D&O Green Technologies Berhad, IHH Healthcare Berhad and Labuan Financial Services Authority.

He has attended all of the 7 Board Meetings held during the financial period.

Tan Sri Datuk Seri Razman M Hashim
Malaysian, aged 80, male
Independent Non-Executive Deputy Chairman, Senior Independent Director
Chairman, Nomination and Remuneration Committee

Tan Sri Datuk Seri Razman M Hashim was appointed to the Board of the Company as Non-Executive Deputy Chairman on 10 June 2002 and was designated as Independent Non-Executive Deputy Chairman on 14 January 2013 and subsequently as Senior Independent Director on 28 February 2017.

Tan Sri Datuk Seri Razman completed his early secondary education in Australia. He studied banking where he became a Member of Australian Institute of Bankers. He has more than 39 years of experience in the banking industries.

Upon his return to Malaysia, Tan Sri Datuk Seri Razman joined Standard Chartered Bank Malaysia Berhad as an Officer Trainee in 1964. Throughout his 34 years of banking experience in Standard Chartered Bank Malaysia Berhad, he served with the bank's offices in London, Europe, Hong Kong and Singapore. In 1994, he was appointed as Executive Director / Deputy Chief Executive of Standard Chartered Bank Malaysia Berhad until his retirement in June 1999. In the same month in 1999, he was appointed as Chairman of MBF Finance Berhad by Bank Negara Malaysia as its nominee until January 2002 when the finance company was sold to Arab-Malaysian Group.

His directorships in other public companies and listed issuers are Sunway Berhad, Berjaya Land Berhad and Mycron Steel Berhad.

He has attended all of the 7 Board Meetings held during the financial period.

Tai Keat Chai
Malaysian, aged 65, male
Independent Non-Executive Director
Chairman, Audit Committee
Chairman, Risk Management Committee

Tai Keat Chai was appointed to the Board of the Company as Independent Non-Executive Director on 18 August 2008.

He is a Fellow of the Institute of Chartered Accountants in England & Wales as well as a member of the Malaysian Institute of Accountants.

He began his career with KPMG in London in 1977 and a year later joined PriceWaterhouse (now known as PwC) in Kuala Lumpur. In 1981, he joined Amanah Merchant Bank Berhad (now known as Alliance Investment Bank Berhad) where he worked for seven years. In 1990, he ventured into the stockbroking industry and has worked in SJ Securities Sdn Bhd, JB Securities Sdn Bhd (now known as A.A. Anthony Securities Sdn Bhd) and BBMB Securities Sdn Bhd (now known as Kenanga Investment Bank Berhad) as General Manager, Director and dealer's representative respectively. Currently he is a Director of Fiscal Corporate Services Sdn Bhd.

Current directorships in other public listed companies and listed issuers include Omesti Berhad, Microlink Solutions Berhad and Rex Industry Berhad.

He has attended all of the 7 Board Meetings held during the financial period.

Nik Abdul Malik bin Nik Mohd Amin
Malaysian, aged 61, male
Non-Independent Non-Executive Director
Member, Audit Committee
Member, Risk Management Committee

Nik Abdul Malik bin Nik Mohd Amin was appointed to the Board of the Company as Independent Non-Executive Director on 24 February 2009 and was subsequently re-designated as Non-Independent Non-Executive Director on 23 February 2018.

He graduated from the University of Leeds, United Kingdom with Bachelor of Science (Honours) in Civil Engineering. He is a graduate member of The Institute of Engineers Malaysia and Board of Engineers Malaysia.

He started his career as Project Engineer with FAO / United Nations Development Programme in 1981 in a pilot project collaboration with the Drainage and Irrigation Department of Terengganu Darul Iman ("DID Terengganu"). He subsequently joined DID Terengganu in 1983 as District Engineer, and was subsequently promoted to Planning and Design Engineer in 1984. Between 1986 and 1989, he served as Project Engineer and Executive Director in two private construction companies, before assuming his current position as Managing Director of ND Group of companies, an established property developer and class A / grade G7 contractor.

He has no directorship in other public companies and listed issuers.

He has attended all of the 7 Board Meetings held during the financial period.

Dato' Harun bin Md Idris
Malaysian, aged 68, male
Independent Non-Executive Director
Member, Nomination and Remuneration Committee

Dato' Harun bin Md Idris was appointed to the Board of the Company as Independent Non-Executive Director on 12 August 2009.

A graduate of the University Kebangsaan Malaysia with Diploma of Police Science, Dato' Harun joined the Royal Malaysian Police ("RMP") on 1 June 1970 as a Probationary Inspector. He served the RMP for 39 years and retired on 9 April 2009 with the rank of Deputy Commissioner of Police. His last post was as the Deputy Director 1, Special Branch.

In his long and distinguished career with the RMP, Dato' Harun had served in various capacities including as the head of Special Branch of Perak, Kedah and Sarawak.

He has no directorship in other public companies and listed issuers.

He has attended all of the 7 Board Meetings held during the financial period.

Dato' Haji Razali bin Mohd Yusof
Malaysian, aged 60, male
Independent Non-Executive Director
Member, Audit Committee
Member, Risk Management Committee

Dato' Haji Razali bin Mohd Yusof was appointed to the Board of the Company as Independent Non-Executive Director on 1 January 2015.

A graduate with a Bachelor of Science in Mining Engineering and a Master of Science in Engineering Management from University of Missouri, he has held various key positions in a number of private and multinational companies in Malaysia. He brings with him over 25 years experiences in the mining and oil & gas industry, having held many roles ranging from developing businesses, managing critical projects, organisational development and providing advisory and consultancy services.

He has no directorship in other public companies and listed issuers.

He has attended all of the 7 Board Meetings held during the financial period.

Shariffuddin bin Khalid
Malaysian, aged 54, male
Independent Non-Executive Director
Member, Audit Committee
Member, Nomination and Remuneration Committee

Shariffuddin bin Khalid was appointed to the Board of the Company as Independent Non-Executive Director on 1 December 2017.

He has over 30 years' experience in the banking and corporate sector. He is a qualified chartered management accountant and has served in key positions in the corporate services, business development, corporate communication and human resource functions.

Shariffuddin has worked in the merchant banking industry, telecommunications industry and a local conglomerate. He was part of the management team that led Pengurusan Danaharta Nasional Berhad (a special purpose agency established during the Asian financial crisis). Most recently he served Bank Negara Malaysia for nearly 10 years – as the pioneer Director of the Malaysian International Islamic Financial Center department and then as the Director of Strategic Communications before ending his tenure in September 2017.

Current directorships in other public listed companies and listed issuers include Malayan Banking Berhad and Maybank Islamic Berhad.

He has attended all of the 7 Board Meetings held during the financial period.

Datin Shelina binti Razaly Wahi
Malaysian, aged 46, female
Independent Non-Executive Director

Datin Shelina binti Razaly Wahi was appointed to the Board of the Company as Independent Non-Executive Director on 1 August 2019.

Datin Shelina is a graduate from the University of Bristol. She completed her Bar Vocational course at Lincoln's Inn, London in 1996 and was called to the Malaysian Bar in 1998.

Datin Shelina began her legal career as a litigation lawyer, then moved in-house as corporate counsel with a large multinational oil and gas company, followed by stints at a leading media, content and consumer service provider, a start-up airline and food and beverage start up, before returning to corporate legal practice.

In addition to being a corporate lawyer specializing in the aviation and aerospace sectors, Datin Shelina is currently the founding Secretary of the Malaysia Aerospace Industry Association and assists member companies in their engagements with Government agencies, banks and other industry shareholders.

Datin Shelina's current directorship in other public company includes Lam Soon (M) Berhad.

Given that Datin Shelina was appointed subsequent to the period end, she did not attend any of the Board Meetings held in the financial period.

Notes:

1. **Family Relationship with Director and / or Major Shareholder**
   None of the Directors has any family relationship with any director and / or major shareholder of M&G.
2. **Conflict of Interest**
   None of the Directors has any conflict of interest with M&G Group.
3. **Conviction for Offences**
   None of the Directors has been convicted for offences within the past 5 years other than traffic offences, if any.
4. **Sanction and Penalty**
   None of the Directors has been sanctioned or penalised by any relevant regulatory bodies during the financial period.

Profiles of Key Senior Management

Dato' Mohd Azlan Hashim
Malaysian, aged 62, male
Executive Chairman, Marine & General Berhad ("M&G")

Details of Dato' Mohd Azlan Hashim are set out in the profiles of the Board of Directors in page 4 of the Annual Report.

Haji Abdul Rahman bin Ali
Malaysian, aged 58, male
Executive Vice - Chairman, Jasa Merin (Malaysia) Sdn Bhd ("JMM")
Director, Jasa Merin (Labuan) Plc ("JML")
Director, M&G Tankers Sdn Bhd ("MGTSB")

Haji Abdul Rahman was appointed to the Board of JMM on 12 April 2006 and was subsequently appointed as Executive Vice - Chairman on 12 April 2006. He provides the strategic business direction for both the Upstream and Downstream divisions.

Haji Abdul Rahman holds a Malaysian Certificate of Education. He ventured into construction business in 1980 and over the years acquired construction business experience from his own businesses and during his three-year stint with Kajima Corporation. In 1994, he joined Syarikat Halim Mazmin Berhad where he held an executive role in operations and business development, gaining valuable insight and experience in maritime logistic business before leaving in 1997. In 2006, he led the management buyout of 70% of the equity interest in JMM via AQL Aman Sdn Bhd which was later injected into Marine & General Berhad in 2009.

Mohd Noor Ismardi bin Idris
Malaysian, aged 53, male
Chief Operating Officer, JMM
Director, JML and MGTSB

Mohd Noor joined JMM as the General Manager on 1 December 2006, and was subsequently re-designated as the Chief Operating Officer in 2010. His key responsibility is overseeing the operations of both the Upstream and Downstream divisions. Mohd Noor holds a Bachelor of Business degree from Western Australia College of Advanced Education. Mohd Noor has more than 28 years of professional and commercial experience in the areas of business development, corporate services, financial management and accounting. Prior to joining JMM, he served with Malaysian Transnasional Trading Berhad, Naluri Berhad, Kumpulan Fima Berhad, International Food Corporation Pte Ltd, and D&C Bank Berhad.

He is a past committee member of the Malaysian Offshore Support Vessel Owner's Association whose primary objective is to act as a collective platform for Malaysian offshore support vessel companies to address industry concerns and further the interests of its members.

Mohd Nizam bin Abd Wahab
Malaysian, aged 51, male
General Manager, Finance

Mohd Nizam bin Abd Wahab joined the Group on 4 September 2008 as the Senior Manager, Corporate Finance of Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd ("SILK") and assumed his current position on 1 May 2017.

He is responsible for all financial and treasury related matters of the Group which covers the overall financial management and planning to support decision making on operational and strategic issues of the Group.

Mohd Nizam holds a Bachelor of Science in Business Administration degree from Washington University in Saint Louis, Missouri, USA.

Mohd Nizam brings over 28 years of experiences in accounting and reporting, financial and treasury management and tax planning having served as senior management in those areas in public and private companies for 12 years prior to joining the Group.

Notes:

1. **Directorship in public companies and listed issuers**
Except for Dato' Mohd Azlan Hashim, none of the Key Senior Management has any directorship in public companies and listed issuers.
2. **Family Relationship with Director and / or Major Shareholder**
None of the Key Senior Management has any family relationship with any director and / or major shareholder of M&G.
3. **Conflict of Interest**
None of the Key Senior Management has any conflict of interest with M&G Group.
4. **Conviction for Offences**
None of the Key Senior Management has been convicted for offences within the past 5 years other than traffic offences, if any.
5. **Sanctions and Penalty**
None of Key Senior Management has been sanctioned or penalised by any relevant regulatory bodies during the financial period.

Five-Year Group Financial Summary

	2014 RM'000	2015* (17 months) RM'000	2016 RM'000	2017 RM'000	2019*** (16 months) RM'000
	←	(restated)**		→	
RESULTS					
REVENUE	276,884	400,784	168,586	152,076	232,753
Profit/(loss) before taxation	41,959	1,457	(122,366)	(367,887)	(108,142)
Taxation	(747)	(9,571)	27,524	33,602	2,414
Profit/(loss) after taxation	41,212	(8,114)	(94,842)	(334,285)	(105,728)
(Loss)/profit from discontinued operations, net of tax	(36,488)	(18,521)	(8,164)	385,470	-
Less non-controlling interests	(15,138)	(3,036)	28,988	101,244	34,251
(LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS	(10,414)	(29,671)	(74,018)	152,429	(71,477)
(LOSS)/EARNING PER SHARE (SEN)	(2.3)	(4.4)	(10.6)	21.5	(9.9)
FINANCIAL POSITION					
Property, vessels and equipment	1,173,064	1,203,494	1,195,561	856,736	852,024
Goodwill	647	647	-	-	-
Deferred tax benefits	29	-	-	-	-
Long term receivables	-	7,385	-	-	-
Current assets	133,648	98,277	49,621	274,599	186,730
Non-current assets classified as held for sale	1,107,533	1,214,701	1,216,724	-	-
TOTAL ASSETS	2,414,921	2,524,504	2,461,906	1,131,335	1,038,754
Liabilities classified as held for sale	1,082,525	1,166,441	1,207,204	-	-
Current liabilities	214,477	254,145	397,526	206,725	996,945
Long-term liabilities	874,686	855,071	711,335	825,664	50,702
TOTAL LIABILITIES	2,171,688	2,275,657	2,316,065	1,032,389	1,047,647
TOTAL NET ASSETS/SHAREHOLDERS' FUNDS	243,233	248,847	145,841	98,946	(8,893)
Non-controlling interests	(58,518)	(62,044)	(33,112)	68,132	100,295
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	184,715	186,803	112,729	167,078	91,402
SHARE CAPITAL	129,020	175,383	175,383	270,003	270,003
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY(SEN)	35.8	26.6	16.1	23.1	12.6

* The Group changed its financial year end from 31 July to 31 December with effect from the financial period ended 31 December 2015. Accordingly, results for that period are for 17 months.

** The comparative figures have been restated by reclassifying the results of the disposed Highway Division to (loss) / profit from Discontinued Operations, net of tax, and aggregating the assets and liabilities of the Highway Division into non-current assets and liabilities held for sale.

*** The Group changed its financial year end from 31 December to 30 April with effect from the financial period ended 30 April 2019. Accordingly, results for that period are for 16 months.

Management Discussion and Analysis

1. INTRODUCTION

Marine & General Berhad ("M&G" or "the Company") was originally incorporated as SILK Concessionaire Holdings Sdn Bhd on 14 October 1996, and subsequently changed its name to Sunway Infrastructure Berhad on 14 February 2002. It assumed the name of SILK Holdings Berhad on 31 October 2008. It assumed its current name on 23 June 2017 after the successful completion of the disposal of the Company's highway assets.

The Company, at present, has two major operating divisions, namely the Marine Logistics – Upstream Division ("Upstream") spearheaded by Jasa Merin (Malaysia) Sdn Bhd ("JMM") and the Marine Logistics – Downstream Division ("Downstream"), consisting of several ship owning companies ("SOCs") including Jasa Merin (Labuan) PLC ("JML") under M&G Marine Logistics Holdings Sdn Bhd ("MGMLH"), and M&G Tankers (L) Pte Ltd, TKH Marine (L) Ltd and M&G Marine Logistics (L) Pte Ltd under M&G Tankers Sdn Bhd ("MGTSB").

JMM charters out offshore support vessels ("OSV") for use by the oil majors in their exploration and production activities. On the other hand, the SOCs under the Downstream Division charter out liquid bulk carriers ("LBC") to the petro-chemical and oleo-chemical industries, whereby the vessels are used to transport liquid bulk products.

During the period under review, JMM operates a fleet of twenty-one (21) vessels consisting of ten (10) 60-meter 60-ton bollard pull Anchor Handling Tug Supply ("AHTS") vessels, nine (9) 70-meter 120-ton bollard pull AHTS vessels and two (2) 60-meter Straight Supply Vessels ("SSV"). The Downstream Division, which began operations in 2016 with JML, currently operates five (5) clean petroleum product / chemical tankers during the financial period under review.

2. CORPORATE DEVELOPMENTS

Admission to the Corporate Debt Restructuring Committee

On 6 February 2018, the Company announced that JMM has received approval from the Corporate Debt Restructuring Committee ("CDRC") of Bank Negara Malaysia for JMM's application for assistance to mediate between JMM and its subsidiaries with its financiers ("the Lenders").

The approach to CDRC for mediation is a more holistic approach to restructure JMM's borrowings and to renegotiate the respective financing facilities on terms that are sustainable in the face of the challenging period in the oil and gas industry. The successful mediation will enable JMM to be better positioned in the upstream marine logistics segment and ensure its underlying viability going forward.

As at the date of this report, JMM and its Lenders have mutually agreed on the principal terms of the restructuring, and are currently in the process of finalising the documentation and procuring the applicable approvals to implement the scheme.

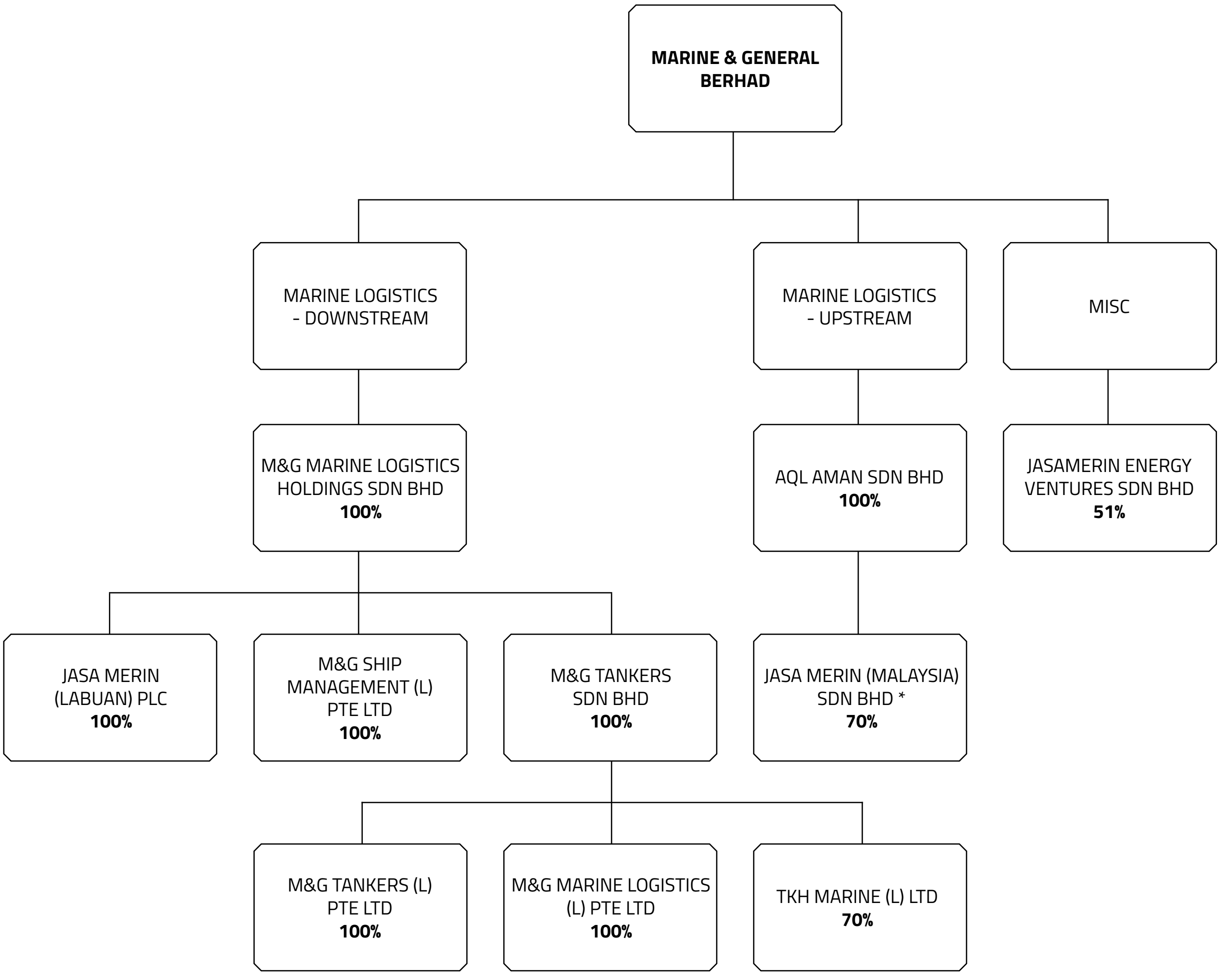
Acquisition of TKH Marine (L) Ltd ("TKH Marine")

The Company on 1 March 2018 announced it had entered into a Subscription Agreement for JML to initially subscribe a 50% equity interest in TKH Marine. JML subsequently subscribed to additional shares in TKH Marine taking its shareholding to 70%. The funds raised from the two (2) subscription exercises helped facilitate TKH Marine's acquisition of a product tanker, and subsequently added to the Group's fleet of tankers and further enhanced its capacity and ability to compete in the downstream marine logistics business.

2. CORPORATE DEVELOPMENTS (CONTD.)

Internal reorganisation of the Group structure

Following the completion of disposal of the Company's highway assets on 28 April 2017 and the acquisition of TKH Marine, the Company undertook an internal reorganisation of its Group structure to better align the equity holding of the various business units. The new structure is depicted in Figure 1 below. This reorganisation was undertaken with a view to improve management and control over the tanker assets of the Group.



* Jasa Merin (Malaysia) Sdn Bhd has four wholly-owned ship-owning subsidiaries based in Labuan as listed in Note 4 of the Financial Statements.

Following the changes to the Labuan tax structure taking effect from 1 January 2019, the Group undertook another review of the structure from a commercial and tax perspective. As a result of the review, the Downstream Division has two (2) main operating companies driving the business forward, namely MGTSB which facilitates business with Malaysian-resident companies, and JML for international customers.

3. FINANCIAL PERFORMANCE

During the current period under review, the Group changed its financial year-end from 31 December to 30 April in line with the proposed debt restructuring scheme of the Upstream Division. Accordingly, the current financial period comprises 16 months period from 1 January 2018 to 30 April 2019.

Results

	Financial period 2019 (16 months) RM'000	**Financial year 2017 (12 months) RM'000**	**Change**
Revenue	232,753	152,076	53.1%
Direct expenses	(224,364)	(198,449)	13.1%
Operating profit / (losses)	8,389	(46,373)	*
Overheads and other expenses	(25,262)	(15,604)	61.9%
Net finance costs	(78,573)	(54,856)	43.2%
Impairment loss	(17,546)	(251,054)	(93.0%)
Loss before taxation	(108,142)	(367,887)	(70.6%)
Loss after taxation	(105,728)	(334,285)	(68.4%)

* not meaningful

Fleet utilisation			
- Upstream Division	62%	48%	
- Downstream Division	91%	89%	

During the financial period under review, the Group recorded RM232.8 million revenue, representing a RM80.7 million or 53% increase over the results of the previous 12 months period ended 31 December 2017. On an annualised basis, the results represented a 15% increase compared to the previous period, which is mainly driven by higher charter activities of the Upstream Division and contributions from new tankers acquired by the Downstream Division.

Meanwhile, direct expenses grew by RM26 million or 13% from RM198.4 million in the preceding year to RM224.4 million during the current period which is proportionately lower than expected, given the 16 months reporting period. Given the Group's vessel impairment loss recognised in the preceding year, the vessel depreciation and dry-docking amortisation has also been proportionately reduced for the remainder of the vessels' economic lives. Consequently, the Group turned around from recording an operating loss of RM46.4 million in the preceding year to an operating profit of RM8.4 million during the current financial period.

In line with the higher charter activities, the Group recognised a much lower vessel impairment loss of RM17.8 million as compared to RM250 million in the previous year. Consequently, the Group recorded a lower loss before taxation of RM108.1 million during the current period as compared to RM367.9 million in the previous year.

4. FINANCIAL POSITION

Assets and liabilities

During the period under review, total assets of the Group contracted by RM92 million from RM1.13 billion at 31 December 2017 to RM1.04 billion at 30 April 2019 mainly due to vessel depreciation charge and impairment loss.

Total liabilities increased marginally to RM1.05 billion as at the period-end from RM1.03 billion at 31 December 2017 mainly due to accruals of the construction cost of a chemical tanker, which is further elaborated in the **Capital expenditure and commitments** section below.

As at 30 April 2019, the Group's current liabilities exceeded current assets by RM810 million as certain of the Group's borrowings have been reclassified from non-current liabilities to current liabilities as certain repayment terms of these borrowings are not met. As mentioned in the **Corporate development section**, the Group is undertaking a restructuring scheme with the lenders of its subsidiary, JMM, with the assistance of CDRC. Upon implementation of the scheme, the borrowings will be reclassified to non-current liabilities.

Impairment

	Financial period 2019 (16 months) RM'000	Financial year 2017 (12 months) RM'000	Change
Vessel impairment	17,770	250,046	(92.9%)
Receivables impairment, net of write-back	(224)	1,008	(122.2%)
	17,546	251,054	(93.0%)

During the financial period, the Upstream Division recorded improved fleet utilisation indicating an improvement in the OSV industry. As a result, the Group recognised a much lower impairment loss of RM17.8 million, mainly relating to four laid-up vessels, as compared to RM250 million in the previous year.

Liquidity

In line with the weak sentiment in the oil and gas industry, particularly with the market oversupply of the offshore support vessels, the Upstream Division continues to face challenges in meeting its borrowing obligations.

With this in view, the Upstream Division had in February 2018, sought the assistance of CDRC to mediate between JMM and its subsidiaries and their Lenders in order to restructure their borrowings. The restructuring, which is currently at an advanced stage, will upon completion bring about better financial stability for the Division.

Gearing

Consequent to the losses incurred during the period under review, the Group gearing increased to 92% as at 30 April 2019 from 86% as at 31 December 2017. The Group did not procure any new borrowings during the current period under review.

4. FINANCIAL POSITION (CONTD.)

Capital expenditure and commitments

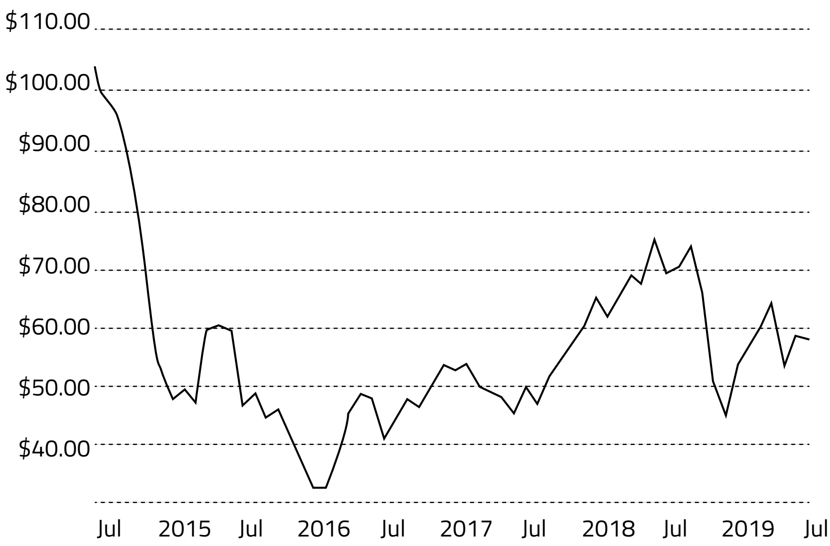
During the period under review, the Group acquired three (3) clean petroleum products tankers at a combined cost of RM58 million, including the repairs and reactivation costs. Of the three (3) tankers, two (2) were deployed during the period whilst one (1) is undergoing dry docking and repairs prior to initial commissioning.

Additionally, in April 2018, the Group entered into an agreement to build a new chemical tanker for approximately RM55 million. As at the end of financial period, the tanker is 80% complete, and is expected to commence operation by the end of 2019.

5. OPERATING CONDITIONS

5.1 Marine Logistics – Upstream Division

Since the start of its decline in 2014, world crude oil prices have gradually improved and are currently hovering at a range between USD55 and USD65 per barrel. Given this, the oil majors have been focused on cost rationalization for both their capital and operational expenditures. In view of this stance by the oil majors, service providers may continue to experience weak revenue ahead due to low market charter rates despite increasing fleet utilisation.



The prolonged low level of activity in the oil and gas industry has had direct and adverse impact to the Company's Upstream Division. Vessel utilisation fell from an average of 88% in 2014 to an average of 48% in 2017. Encouragingly, for the 2018 / 2019 financial period, vessel utilisation improved to an average of 62%.

Furthermore, mirroring the industry trends, the Daily Charter Rate ("DCR") for its vessels fell by approximately 41% from 2014. Although DCR have stabilised during the year, they are not expected to increase substantially in the next 12 months. The combination of low charter and utilisation rates has had an adverse impact on revenue.

5. OPERATING CONDITIONS (CONTD.)

5.1 Marine Logistics – Upstream Division (contd.)

Despite the challenges during this period, in terms of major contracts JMM secured eight (8) new long term contracts and two (2) contract extensions during the period. The new contracts are for a period of 3 years each and the contract extensions are for 1 year each. During this period, the Upstream Division deployed seventeen (17) vessels out of its fleet of twenty-one (21) vessels, achieving a utilisation rate of 62%. Despite the improving utilisation rates enjoyed by the Upstream Division, the market oversupply and continuing muted oil and gas prices have resulted in charter rates remaining subdued.

The Upstream Division, spearheaded by JMM, remained as the main contributor to the overall revenue of the Group. In line with the lower activities in the sector, JMM recorded revenue of RM179.7 million for the period.

During the 16-month period under review, JMM recorded 2,081,808 man-hours without any Loss Time Injury ("LTI"). As at 30 April 2019, JMM had accumulated 9,403,936 man-hours without LTI, since its last LTI in 2013. During the period under review, JMM achieved zero Total Recordable Injury Frequency. The marine and offshore sector is a high risk and hazardous industry and the above results are indeed commendable.

In line with the above, in 2018 JMM received the following safety awards from customers including from PETRONAS Carigali Sdn Bhd ("PETRONAS") and ExxonMobil Exploration and Production Malaysia Inc. ("EMEPMI") reflecting JMM's strong safety culture.

PETRONAS	Focused Recognition – Master JM Cemerlang
PETRONAS	Certificate of Appreciation in appreciation for 2 consecutive years without HSE incidence for Logistic Operations for 2017 and 2018
PETRONAS	Certificate of Appreciation – Leadership and Commitment
EnQuest Petroleum Malaysia Ltd.	Certificate in Recognition and Appreciation for Supporting EnQuest Petroleum Malaysia Ltd
EMEPMI	Chairman Safety Award Recognition

These awards demonstrate JMM's unwavering commitment towards health, safety and environmental matters.

5.2 Marine Logistics – Downstream Division

The Downstream division is spearheaded by two (2) main operating companies, namely JML and MGTSB. The Division began operations in 2016 with three (3) 7,000 DWT chemical tankers contracted to various clients. It currently owns six (6) tankers having added two (2) 8,000 DWT clean petroleum product ("CPP") tankers and one (1) 11,000 DWT CPP tanker during the financial period under review.

The Downstream Division continues to enjoy robust demand for liquid bulk carriers during the period under review. The Division deployed five (5) out of its' six (6) tankers during the 16-month period ended 30 April 2019, achieving a utilisation rate of 91%.

The Division contributed 23% or RM53.1 million to the Group's revenue and recorded profit before taxation of RM4.2 million.

6. PROSPECTS

6.1 Marine Logistics - Upstream Division

JMM charters out offshore support vessels for use by the oil majors in their exploration and production activities. For the "production segment", demand has been stable. The company's vessels serving this segment have been able to maintain higher levels of utilisation compared to vessels serving the "exploration segment". The exploration segment was the most affected by the drop in oil price as oil companies cut capital spending in new projects at the exploration and drilling stages.

As the price of oil continues to improve and shows more stability in 2018, there is a resurgence of exploration and drilling activities offshore. This has improved utilisation for the larger AHTS vessels which pushed the Company's overall vessel utilisation to approximately 62% in the financial period.

We can expect vessel utilisation for the upstream division to continue to improve in the next financial year. Revenue is also expected to increase mainly driven by higher vessel utilisation rather than higher DCR. However, for the Asia Pacific region overall, there is already an uptrend in DCR in most segments of the market.

6.2 Marine Logistics - Downstream Division

Demand for the Marine Logistics – Downstream Division's liquid bulk carriers has been fairly robust throughout 2018 and early 2019, mirroring the demand for clean petroleum products. Riding on this trend, which is expected to continue for the remainder of 2019 and 2020, the Division acquired three (3) CPP tankers. Two are already in operation with the third expected to commence operation by the end of 2019.

In addition to the existing six (6) tankers, the Group is currently building a new chemical tanker as part of its effort to grow the chemical fleet in anticipation of the potential business opportunities created by the Pengerang Integrated Petroleum Complex, which will gradually come online in 2019.

The Division recorded higher fleet utilisation in 2019 to 91% from 89% in the preceding year. The Group is of the opinion that there are further growth opportunities within this segment and will continuously evaluate opportunities for additional investments in the future. This however, will only be undertaken after a thorough assessment of the projected long-term returns and the available resources.

Corporate Governance Overview Statement

The Board of Directors of Marine & General Berhad (hereinafter "M&G" or "the Company") and its Group of companies (hereinafter "the Group") fully appreciates the role good governance plays in enhancing shareholders' value. The Board is committed towards compliance with the requirements set out in the Malaysian Code on Corporate Governance 2017 (hereinafter "the Code") and strives to adopt the substance behind the corporate governance prescriptions to the best of its ability.

The Board is pleased to report to its shareholders on the application of the Principles as set out in the Code within the Company during the financial period.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(I) Board Responsibilities

Functions of the Board

The Company is led and controlled by a balanced and effective Board where it assumes, amongst others, the following principal responsibilities in discharging its stewardship role and fiduciary and leadership functions:

a) Setting the objectives, goals and strategic plans with a view to maximising shareholder value;

b) Adopting and monitoring progress of strategies, budgets, plans and policies;

c) Overseeing the conduct of businesses to evaluate whether the businesses are properly managed;

d) Identifying principal risks and ensuring the implementation of appropriate systems to mitigate and manage these risks;

e) Considering Management's recommendations on key issues including acquisitions, divestments, restructuring, funding and significant capital expenditure;

f) Human resources planning and development; and

g) Reviewing the adequacy and integrity of internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

On a more routine level, the Board sets the annual business targets and budgets for the coming year. This is usually undertaken in the fourth quarter of the financial year. Resources required by Management to meet their targets are considered and approved by the Board at the same time it considers and sets targets for the coming year.

In terms of oversight, the Board also sets clear, pre-defined Financial Authority Limits / Limits of Authority on Management to ensure major decisions, specifically with respect to investments or capital expenditures, are only undertaken after careful consideration by the Board and its various Board Committees, where appropriate. In essence, decisions affecting key business considerations or where they involve a value higher than what has been approved for Management, are all reserved for the Board.

The Company had convened a total of 7 Board Meetings during the 16-months ended 30 April 2019.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

(I) Board Responsibilities (contd.)

Board Committees

The Board has set up three (3) Board Committees to assist the Board in discharging its functions, namely the Audit Committee, Nomination & Remuneration Committee and the Risk Management Committee (the details and membership of each Committee are elaborated in their respective sections). The Committees are required to report to the Board on all their deliberations and recommendations and such report is incorporated in the minutes of the Board Meetings.

Appointment of a Chairman

Dato' Mohd Azlan Hashim was appointed to the role of Executive Chairman on 24 June 2008.

Dato' Mohd Azlan is a highly experienced company director and corporate leader having served leadership roles at Amanah Capital Malaysia Berhad and Bursa Malaysia Berhad. In addition to these, he has also been appointed as Chairman of the Board of Directors of IHH Healthcare Berhad and served in a similar role at Proton Holdings Berhad. He continues to be a Director of several other public listed companies.

As Chairman of the Board of Directors, Dato' Mohd Azlan carries out a leadership role in guiding the conduct of the Board and its relations with shareholders and other stakeholders. He maintains a close professional relationship with his management team. In addition, he chairs Board meetings, as well as general meetings of shareholders, and concerns himself with the good order and effectiveness of the Board and its processes.

Separation of Positions of Chairman and Chief Executive Officer ("CEO") / Managing Director

Given Dato' Mohd Azlan's strong leadership, business acumen and wide experience, the Board continues to maintain this arrangement which it feels is in the best interest of the Company. The Company has opted to address the issue of adequate checks and balances by having a majority independent Board. During the period under review, 5 out of 7 Board members are Independent Directors with diverse professional and business backgrounds. Decisions by the Board are only made after the issues had been deliberated at length by the Board, wherein the views of each Board member are sought. In addition, Dato' Mohd Azlan is not a member of any of the Board Committees established by the Board. This ensures the various Committees are able to discharge their function independently of the Executive Chairman.

The Executive Chairman's role in the day-to-day operations of the Company is explained in the Board Charter and is mainly to provide leadership, strategic vision, high-level business judgment and wisdom, and the ability to meet immediate performance targets without neglecting longer-term growth opportunities of the Company. These include:

a) Ensuring that the Company's strategies and corporate policies are effectively implemented;
b) Ensuring that Board decisions are implemented and Board directions are responded to;
c) Providing directions in the implementation of short and long-term business plans;
d) Providing strong leadership, i.e. effectively communicating the vision, management philosophy and business strategy to the employees;
e) Keeping the Board fully informed of all important aspects of the Company's operations and ensuring that sufficient information is distributed to Board members; and
f) Ensuring the day-to-day business affairs of the Company are effectively managed.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

(I) Board Responsibilities (contd.)

Separation of Positions of Chairman and Chief Executive Officer ("CEO") / Managing Director (contd.)

In addition, the day-to-day operations of the operating subsidiaries within the Group are carried out by the respective Heads of Division, who report to their respective Boards. The Executive Chairman does not sit on the Boards of the operating subsidiaries and is therefore not a party to the decisions made at the operating subsidiary level.

The Executive Chairman is also subject to the Financial Authority Limits / Limits of Authority which sets pre-defined limits on his authority. For example, under the current limits, the Executive Chairman is only allowed to approve unbudgeted transactions up to RM500,000. Meanwhile, key investment and disposal decisions of the holding company, i.e. those with a value of RM500,000 or more, are only considered by the Board after a recommendation from the Risk Management Committee.

Collectively, these safeguards ensure that no one individual can influence key decisions of the Company. The Board is satisfied with the adequacy of the controls and limitations in place and is of the opinion that retaining the existing arrangement is in the best interest of the Company given its business, size and complexity.

Qualified and competent Company Secretaries

In order to assist the Board with its functions, the Company has appointed two (2) qualified Company Secretaries:

1. Ms Lim Hui Ming; and
2. Ms Chia Poh Tin.

Both are suitably qualified and competent Company Secretaries and are supported by appropriately qualified assistants of their own to ensure they are able to discharge their duties effectively and efficiently.

At least one of the Company Secretaries, assisted by an appropriately qualified secretarial staff, will attend the Company's Board or Committee meetings and ensure accurate and proper records of the proceedings and resolutions passed are properly maintained. The Company Secretary in attendance acts as a reference point on matters relating to procedures, governance as well as regulatory requirements.

The Company Secretaries also provide updates and assist the Board with interpreting regulatory and listing requirements related to the Company.

Outside of scheduled meetings, the Company Secretaries also play a key role in advising and guiding Management with respect to compliance matters.

From time to time, the Company Secretaries also update the Board with relevant training courses available for their considerations and assist in registration of the training seminars / workshops attended by the Directors, if any.

During the Annual General Meetings of the Company, the Company Secretaries will also coordinate with the Share Registrar, Independent Scrutineer, Shareholders, Board of Directors and the Management to ensure smooth running of the meetings.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

(I) Board Responsibilities (contd.)

Qualified and competent Company Secretaries (contd.)

The Company Secretaries constantly keep themselves abreast of the evolving environment, regulatory changes and development in Corporate Governance through attendance at relevant conferences and training programmes. They have also attended continuous professional development programme as required by the Companies Commission of Malaysia, the Malaysian Institute of Chartered Secretaries and Administrators and other professional bodies.

Board Charter

The Board has formally adopted and published its Board Charter which will be periodically reviewed and kept up-to-date with changes in regulations and best practices to ensure its effectiveness and relevance to the Board objectives. The Board Charter was last reviewed and amended on 29 November 2017 to incorporate changes made by the Code.

The Board Charter of the Company sets out the role of the Board and it also lists the broad powers of the Board. In addition to this, the Board Charter also elaborates on the following:

- Composition
    - Tenure of independent director;
    - Key roles of the Executive Chairman;
    - Key day-to-day management role of the Executive Chairman; and
    - Non-Executive Directors' roles;
- Ethics
- Board structure and procedures
    - Board's role;
    - Board's power;
    - Board's performance;
    - Board's committees; and
    - Board meeting;
- Access
- Independent Professional Advice
- Remuneration
- Indemnification and Directors and Officers insurance

The Board Charter is available for viewing on the Company's website (www.marine-general.com.my).

Demarcation of responsibilities

The Board takes it upon itself to ensure that shareholders' interests and its goal of creating sustainable value over the long-term are always kept in view in any major decision it makes. The Board does so by segregating its role to that of overall stewardship and setting the strategic direction for the Company.

The Management manages the day-to-day operations and administration of the Company, in accordance with the strategic direction and delegations of the Board. The Board continuously oversees the activities of Management in carrying out these delegated duties.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

(I) Board Responsibilities (contd.)

Demarcation of responsibilities (contd.)

The daily running of the business is entrusted to the respective Heads of Division of the Company who report directly to the Executive Chairman. At the operating subsidiary level, the Chief Operating Officer ("COO") of Jasa Merin (Malaysia) Sdn Bhd ("JMM"), reports directly to the Executive Vice-Chairman of JMM and its Board while in the case of Jasa Merin (Labuan) PLC, the two (2) General Managers report directly to its Board.

The respective Heads of Division at the Company level and COO and the General Manager at the operating subsidiary level carry out their duties under a pre-defined Financial Authority Limits / Limits of Authority set by the respective Boards. These Limits of Authority are reviewed from time to time to ensure continued relevance, effectiveness and efficiency.

The Board is satisfied with the existing demarcation of responsibilities given the business, size and complexity of the Company.

Code of Conduct and Ethics

The Company has an Employee Code of Conduct to guide employees on the Company's expectations as well as set parameters for acceptable professional behaviour.

The Code of Conduct for the Company was originally part of the Staff Handbook made available to employees of the Company. It has, since November 2017, been adopted separately to provide more prominence to the provisions therein. It has also been revised and expanded to add provisions on anti-bribery, corruption, insider trading and money laundering as a means to further strengthen the Code of Conduct and bring it more in-line with the requirements of the Code.

The Code of Conduct is also published on the Company's website (www.marine-general.com.my) for reference.

In addition to the above, the Board also observes the Directors' Code of Ethics, which forms part of the Board Charter.

Whistle-Blowing Policy

The Company adopted a Whistle-Blowing Policy in 2012 to introduce a safe and acceptable platform for employees to channel concerns about illegal, unethical or improper business conduct affecting the Company and about business improvement opportunities so as to ensure that no member of staff should feel at a disadvantage in raising legitimate concerns.

It was reviewed and updated on 29 November 2017. The updated Whistle-Blowing Policy has kept the safeguards put in place by the original policy but takes into account recent changes to the organisational structure of the Company and its subsidiaries.

The Whistle-Blowing Policy is available for viewing on the Company's website (www.marine-general.com.my).

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

(II) Board Composition

Composition of independent members

During the financial period under review, the Company's Board of Directors had a total of seven (7) members. Only two (2) member out of the seven (7) directors who served on the Board are non-independent. Of the two (2), only one (1) performs an executive function, namely Dato' Mohd Azlan. The remaining five (5) members of the Board during the financial year are independent non-executive directors. The profile for each of the members of the Board is contained on pages 4 to 7 of this Annual Report.

The Board believes its composition of independent members who are able to act independently and make positive contribution to the Company remains strong. It is the Board's intention to continue having a majority independent Board to ensure that it is constantly exposed to different perspectives and insights.

The Nomination & Remuneration Committee

During the financial period, the Nomination & Remuneration Committee is comprised as follows:

1. Tan Sri Datuk Seri Razman M Hashim (Chairman of the Nomination & Remuneration Committee, Senior Independent Non-Executive Director);
2. Dato' Harun bin Md Idris (Independent Non-Executive Director); and
3. Shariffuddin bin Khalid (Independent Non-Executive Director).

The Company's Nomination & Remuneration Committee is guided by a clear Terms of Reference, which is made available on the Company's website (www.marine-general.com.my).

During the financial period, the Nomination & Remuneration Committee convened a total of 1 meeting, to discuss and deliberate matters within the ambit of its Terms of Reference. Among the matters deliberated during the period include:

1. Annual review of the composition of the Board and various Board Committees.
2. Annual assessment of the Board and Board Committees.
3. Annual review of the Audit Committee's terms of office and performance.
4. Annual review of Independent Directors approaching / past nine (9) years to determine suitability to remain as Independent Directors.
5. Appointment of external consultant to assist in search for female Director candidates for consideration.
6. Director's fees for the non-executive directors for 2019.

Annual assessment of the Board and Board Committees

The Company's Board has delegated the task of the preliminary annual evaluation of the effectiveness of the Board, the Board Committees and their respective members to the Nomination & Remuneration Committee.

For the financial period ended 30 April 2019, evaluation questionnaires seeking the feedback on how each Board member views the performance of the Board as a whole and the respective Board Committees reporting to it had been circulated to all the Board in October 2018. The questionnaires were derived from the Exhibits of the Corporate Governance Guide (2nd Edition) of Bursa Malaysia Berhad. It provides a useful basis from which the key factors / criteria to determine effectiveness may be inferred. The Nomination & Remuneration Committee subsequently deliberated on the summary of the responses provided.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

(II) Board Composition (contd.)

Annual assessment of the Board and Board Committees (contd.)

The Nomination & Remuneration Committee found, after considering input provided by each Director, that the various Board Committees generally have the right composition and do provide useful recommendations in assisting the Board to make better decisions.

The Nomination & Remuneration Committee also concluded, amongst others, that the skills and experience mix and composition of the Company's Board of Directors and all Board Committees reporting to it, are generally suitable for the Company, given its size, complexity and the industry it operates in.

The Board subsequently considered and endorsed the findings and conclusions of the Nomination & Remuneration Committee.

Recruitment of new directors

From time to time, there will be a need to recruit new directors to fill a vacancy or to enhance the effectiveness of the Board by adding new skillsets to it. After the Nomination & Remuneration Committee determines the actual additional skillsets and / or experience required by the Company during its annual evaluation of Board effectiveness, the Board will begin sourcing potential candidates primarily through the professional network of the various Board members, and occasionally via industry contacts. Where appropriate, the Board may also authorise the engagement of external consultants to assist with the search for potential candidates for consideration.

The candidates identified will be evaluated by the Nomination & Remuneration Committee. The evaluation will focus on the candidate's suitability in terms of skillsets and experience being brought to the Board. The evaluation will not take into account the ethnicity or gender of the proposed new director in keeping with norms set by the Board that neither the ethnicity nor gender of a particular candidate for appointment to the Board is an influencing factor.

Upon satisfaction that the candidate is suitable, the Nomination & Remuneration Committee will make a recommendation to the Board of Directors accordingly. Only when a candidate is approved by the Board will he / she be appointed to the Board.

New Directors are expected to have such expertise to qualify them to make positive contributions to the Board, performance of its duties and to give sufficient commitment, time and attention to the affairs of the Company. They are also briefed by the Chairman, Company Secretaries and members of the management on the nature of business and current issues within the Company and the Group.

Tenure of an Independent Director

The Company's Board Charter states that the tenure of an Independent Director shall be up to the maximum period of nine (9) years. At any stage up to the completion of nine (9) years, an Independent Director may be re-designated to be a Non-Independent Director if the Nomination & Remuneration Committee so finds that the Director no longer qualifies to be an Independent Director. An Independent Director so re-designated, may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

(II) Board Composition (contd.)

Tenure of an Independent Director (contd.)

The Board Charter continues to state that if the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

The Board firmly believes that an Independent Director who has passed the completion of nine (9) years in that role can continue to remain independent if it can be determined that the person can continue to bring independent and objective judgment to Board deliberations. In determining this and apart from satisfying the definition of "Independent Director" set out in paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board, guided by the Nomination & Remuneration Committee's evaluation of the person, must also be satisfied that:

a) The affected Independent Director has the capacity to defend his view without any influence of Management and has retained independence of character and judgment; and
b) The length of service of the affected Independent Director will not compromise his independence nor impede his duties as an Independent Director.

Once satisfied of the above, the Board will seek shareholder approval to retain an affected Independent Director. The Company had, at its 21st Annual General Meeting held on 30 May 2018, sought and obtained the approval of its shareholders to retain Dato' Harun bin Md Idris and Mr Tai Keat Chai as Independent Directors past their completion of nine (9) years in that role. At the forthcoming 22nd Annual General Meeting, the Company will be seeking the approval of its shareholders to retain Dato' Harun bin Md Idris as Independent Director past his completion of nine (9) years in that role.

Board Diversity

The Board recognises the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining good governance. A truly diversified Board will include and make good use of differences in the skills, regional origins, industry experience, background, gender, age, ethnicity and other qualities of Directors. With this in mind, the Board adopted a Corporate Diversity Policy on 29 November 2017 to serve as a guide for it, moving forward.

This Corporate Diversity Policy is appended as follows and published on the Company's website (www.marine-general.com.my) for reference:-

MARINE & GENERAL BERHAD'S CORPORATE DIVERSITY POLICY

1.0 BOARD DIVERSITY POLICY ("BDP")

1.1 Statement of the Policy

1.1.1 The Company recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at the Board level as an essential element in maintaining a competitive advantage.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

(II) Board Composition (contd.)

Board Diversity (contd.)

MARINE & GENERAL BERHAD'S CORPORATE DIVERSITY POLICY (CONTD.)

1.0 BOARD DIVERSITY POLICY ("BDP") (CONTD.)

1.1 Statement of the Policy (contd.)

1.1.2 A truly diversified Board will include and make good use of differences in the skills, regional origins, industry experience, background, gender, age, ethnicity and other qualities of Directors.

1.1.3 These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

1.1.4 All Board appointments are made on merit, in the context of skills and experience ensuring that the Board as a whole, is effective.

1.2 Procedures

1.2.1 The Board's Nomination and Remuneration Committee ("the Committee") reviews and assesses the Board composition on behalf of the Board and recommends the appointment of new Directors.

1.2.2 The Committee also oversees the conduct of the annual review of Board effectiveness:

a) In reviewing Board composition, the Committee will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to maintain an appropriate range and balance of skills, experience and background on the Board.

b) In identifying suitable candidates for appointment to the Board, the Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

1.2.3 As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual Directors, the Committee will consider the balance of skills, experience, independence and the diversity representation of the Board.

1.3 Measurable Objectives

1.3.1 The Committee will discuss and agree all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption.

1.3.2 At any given time the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

(II) Board Composition (contd.)

Board Diversity (contd.)

MARINE & GENERAL BERHAD'S CORPORATE DIVERSITY POLICY (CONTD.)

1.0 BOARD DIVERSITY POLICY ("BDP") (CONTD.)

1.3 Measurable Objectives (contd.)

1.3.3 The Board recognises the recommendation of the Malaysian Code of Corporate Governance 2017 issued by the Securities Commission for maintaining at least 30% of the Board with women and will take appropriate measures to meet the target.

1.3.4 However, the selection of female candidates to join the Board will be, in part, dependent on the pool of female candidates with the necessary skills, knowledge and experience.

1.3.5 The ultimate decision to appoint female candidates will be based on merit and contribution that the chosen candidate will bring to the Board.

1.4 Monitoring and Reporting

1.4.1 The Committee will report annually, in the corporate governance section of the Company's Annual Report, on the process it has used in relation to Board appointments.

1.4.2 Such report will include a summary of the BDP, the measurable objectives set for implementing the BDP and progress made towards achieving those objectives.

1.5 Review of the BDP

1.5.1 The Committee will review the BDP from time to time, which will include an assessment of the effectiveness of the BDP.

1.5.2 The Committee will discuss any revisions that may be required and recommend any such revisions to the Board for approval.

2.0 EMPLOYEE DIVERSITY POLICY ("EDP")

2.1 Statement of the Policy

2.1.1 The Company is committed to actively managing diversity as a means of enhancing it's performance by recognising and utilising the contribution of diverse skills and talent from its directors, officers and employees.

2.1.2 Diversity involves valuing and recognising the unique contribution people make because of their individual background and different skills, experiences and perspectives, including persons with co-existing domestic responsibilities. Diversity may result from a range of factors including gender, age, ethnicity, cultural background or other personal factors. The Company values the differences between the people and the contribution these differences make to the Company.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

(II) Board Composition (contd.)

Board Diversity (contd.)

MARINE & GENERAL BERHAD'S CORPORATE DIVERSITY POLICY (CONTD.)

2.0 EMPLOYEE DIVERSITY POLICY ("EDP") (CONTD.)

2.2 Procedures

2.2.1 The Board of Directors ("the Board") assisted by the Management, is responsible for developing strategies to meet the objective of the Policy, and monitoring the progress of achieving the objectives through the monitoring and evaluation mechanism.

2.2.2 While it is important to promote diversity in terms of gender, age and ethnicity, the Company would take into consideration the following diversity strategies but not limited to:

a) recruiting from a diverse pool of candidates for all positions, including senior management;
b) identifying specific factors to take into account of the recruitment and selection processes to encourage diversity; and
c) any other strategies the Board develops from time to time.

2.2.3 The Company will not set any fixed targets around age, gender and ethnicity, but will actively work towards having the appropriate diversity based on the strategies outlined above.

2.3 Measurable Objectives

2.3.1 The Company encourages diversity in employment, and in the composition of its Board, as a means of ensuring the Company has an appropriate mix of skills and talent to conduct its business and achieve the Company's goals. The Company will provide equal opportunities in respect to employment and employment conditions, including:

a) Hiring: The Board will ensure appropriate selection criteria based on diverse skills, experience and perspectives are used when hiring new staff, including Board members. Job specifications, advertisements, application forms and contracts will not contain any direct or inferred discrimination. The Board is empowered to engage professional consultants to assist in the hiring process where it deems necessary.

b) Training: All internal and external training opportunities will be based on merit and in light of the Company's and individual needs. The Board will consider senior management training and executive mentoring programs to develop skills and experience to prepare employees for senior management and Board positions.

c) Career Advancement: All decisions associated with career advancement, including promotions, transfers, and other assignments, will meet the Company's needs and be determined on skill and merit.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

(II) Board Composition (contd.)

Board Diversity (contd.)

MARINE & GENERAL BERHAD'S CORPORATE DIVERSITY POLICY (CONTD.)

2.0 EMPLOYEE DIVERSITY POLICY ("EDP") (CONTD.)

2.4 Monitoring and Reporting

2.4.1 The Board, through the Nomination and Remuneration Committee, will monitor the scope and applicability of this policy, from time to time.

2.4.2 The Management is responsible for implementing, monitoring and reporting on the progress of achieving the objectives.

2.5 Review of the EDP

2.5.1 The Committee will review the EDP from time to time, which will include an assessment of the effectiveness of the Policy.

2.5.2 The Committee will discuss any revisions that may be required and recommend any such revisions to the Board for approval.

The Policy has been approved by the Board of Directors on 29 November 2017.

Gender diversity on Board is critical to sustaining performance and help to expand the perspectives at the top. During the financial period under review, the Company engaged an external consultant to recommend suitable female candidates to serve on the Board as independent director. After a lengthy process, the Board subsequently appointed its first female member, Datin Shelina binti Razaly Wahi on 1 August 2019. Datin Shelina brings with her a wealth of legal experience to the Board. Her addition allows the Board to broaden its skillsets to meet future challenges.

Access to appropriate continuing education programmes

During the financial period, the Directors attended various training programmes and seminars organised by the relevant regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with the relevant changes in law, regulations and the business environment. These have been summarised as follows:

Name of Director	Topic / Organiser	Date
Dato' Mohd Azlan Hashim	▪ LIBFC Asian Captive Conference 2018 / Labuan International Business And Financial Centre	▪ 01/08/2018
	▪ (i) Update on Malaysian Corporate Governance 2017. (ii) Future Products & Application – Smart RGB LED-Automotive Interior Trend – RGB Ambient Lighting	▪ 21 /08/2018
	▪ SingHealth Duke-NUS Scientific Congress	▪ 21/08/2018

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

(II) Board Composition (contd.)

Access to appropriate continuing education programmes (contd.)

Name of Director	Topic / Organiser	Date
Dato' Mohd Azlan Hashim (contd.)	▪ Asian Healthcare Leadership Summit 2018 – Innovation, Entrepreneurship & Disruption in Healthcare ▪ Global Islamic Finance Forum ▪ IHH Quality Summit ▪ Seminar on Admiralty Law (Internal) ▪ National Medical Research Council [NMRC] Awards Ceremony & Research Symposium	▪ 21 & 22/09/2018 ▪ 03/10/2018 ▪ 05/10/2018 ▪ 16/01/2019 ▪ 3 & 4/04/2019
Tan Sri Datuk Seri Razman M Hashim	▪ Sunway Leaders Conference at Sunway Pyramid Convention Centre ▪ Becoming A PDPA Compliant Organisation (Internal) ▪ Seminar on Admiralty Law (Internal)	▪ 05/10/2018 ▪ 09/01/2019 ▪ 16/01/2019
Tai Keat Chai	▪ Becoming A PDPA Compliant Organisation (Internal) ▪ Seminar on Admiralty Law (Internal) ▪ ACI Breakfast Roundtable 2019 ▪ Understanding Basic Body Language (Internal)	▪ 09/01/2019 ▪ 16/01/2019 ▪ 03/04/2019 ▪ 04/04/2019
Shariffuddin bin Khalid	▪ Mandatory Accreditation Programme (MAP). ▪ World Capital Markets Symposium 2018 (WCMS 2018) ▪ FIDE Core Programme Module B – Banks ▪ Case Study Workshop for Independent Directors – "Rethinking – Independent Directors : Board Best Practices ▪ Becoming A PDPA Compliant Organisation (Internal) ▪ Seminar on Admiralty Law (Internal) ▪ ACI Breakfast Roundtable 2019 ▪ Understanding Basic Body Language (Internal) ▪ Audit Committee Conference by Malaysia Institute of Accountants	▪ 29 & 30/01/2018 ▪ 6 & 7/02/2018 ▪ 02 to 05/07/2018 16 to 19/07/2018 ▪ 05/09/2018 ▪ 09/01/2019 ▪ 16/01/2019 ▪ 03/04/2019 ▪ 04/04/2019 ▪ 15/04/2019
Nik Abdul Malik bin Nik Mohd Amin	▪ Becoming A PDPA Compliant Organisation (Internal) ▪ Seminar on Admiralty Law (Internal) ▪ Corporate Governance Briefing Session: MCCG Reporting & CG Guide ▪ ACI Breakfast Roundtable 2019 ▪ Understanding Basic Body Language (Internal)	▪ 09/01/2019 ▪ 16/01/2019 ▪ 01/03/2019 ▪ 03/04/2019 ▪ 04/04/2019
Dato' Harun bin Md Idris	▪ Breakfast Talk on Digital Ethics and Sustainability	▪ 02/01/2019
Dato' Haji Razali bin Mohd Yusof	▪ Becoming A PDPA Compliant Organisation (Internal) ▪ Seminar on Admiralty Law (Internal)	▪ 09/01/2019 ▪ 16/01/2019

* The table above excludes information relating to Datin Shelina binti Razaly Wahi, as she was only recently appointed to the Board on 1 August 2019.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

(III) Board Remuneration

Formal and transparent remuneration policies and procedures

The Board adopted a Board Remuneration Policy applicable for its Board on 29 November 2017. The Board Remuneration Policy is available for viewing on the Company's website (www.marine-general.com.my).

The remuneration of the Executive Directors is structured on the basis of linking rewards to corporate and individual performance. For Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities. The Board as a whole recommends the fees for the Directors with individual Directors abstaining from decisions in respect of their individual remuneration. The fees payable to the Directors are subject to the approval of shareholders.

The breakdown of the remuneration for the Directors of the Company during the financial period (16 months) is as follows:

		Salary RM'000	Bonus RM'000	Fees RM'000	EPF RM'000	Allowances RM'000	Benefits in Kind RM'000	Total RM'000
1.	Dato Mohd Azlan Hashim							
	- Company	1,360	806	-	260	-	222	2,648
	- Group	1,360	806	-	260	-	222	2,648
2.	Tan Sri Datuk Seri Razman M Hashim							
	- Company	-	-	107	-	9	-	116
	- Group	-	-	107	-	9	-	116
3.	Tai Keat Chai							
	- Company	-	-	117	-	18	-	135
	- Group	-	-	117	-	18	-	135
4.	Nik Abdul Malik bin Nik Mohd Amin							
	- Company	-	-	96	-	18	-	114
	- Group	-	-	96	-	18	-	114
5.	Dato' Harun bin Md Idris							
	- Company	-	-	80	-	9	-	89
	- Group	-	-	96	-	10	-	106

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTD.)

(III) Board Remuneration (contd.)

Formal and transparent remuneration policies and procedures (contd.)

	Salary RM'000	Bonus RM'000	Fees RM'000	EPF RM'000	Allowances RM'000	Benefits in Kind RM'000	Total RM'000
6. Dato' Haji Razali bin Mohd Yusof							
- Company	-	-	96	-	18	-	114
- Group	-	-	96	-	18	-	114
7. Shariffuddin bin Khalid							
- Company	-	-	96	-	14	-	110
- Group	-	-	103	-	15	-	118

* The table above excludes information relating to Datin Shelina binti Razaly Wahi, as she was only recently appointed to the Board on 1 August 2019.

PRINCIPLE B: EFFECTIVE AUDIT & RISK MANAGEMENT

(I) Audit Committee

Effective and independent Audit Committee

The Company's Audit Committee was originally formed by the Board at its meeting on 16 August 2002. During the financial period, the Audit Committee is comprised of the following:

1. Tai Keat Chai (Chairman of the Audit Committee, Independent Non-Executive Director);
2. Nik Abdul Malik bin Nik Mohd Amin (Non-Independent Non-Executive Director);
3. Dato' Haji Razali bin Mohd Yusof (Independent Non-Executive Director); and
4. Shariffuddin bin Khalid (Independent Non-Executive Director).

The Company had convened a total of 5 Audit Committee Meetings during the financial period ended 30 April 2019. Among the matters deliberated during the period include:

1. The internal audit reports tabled by the Company's Internal Auditors, Messrs Axcelasia Columbus Sdn Bhd.
2. The Company's quarterly financial results and audited financial statements.
3. The Company's audit plan.

Please refer to Audit Committee Report for the summary of work of Audit Committee on pages 37 to 40 of this Annual Report for further details.

The Company's Audit Committee is made up of members with a wide range of skills and experience. All members are financially literate.

PRINCIPLE B: EFFECTIVE AUDIT & RISK MANAGEMENT (CONTD.)

(I) Audit Committee (contd.)

Effective and independent Audit Committee (contd.)

In terms of originating from a financial or accounting background, Mr Tai Keat Chai, the Chairman of the Audit Committee, is a Fellow of the Institute of Chartered Accountants in England & Wales as well as a member of the Malaysian Institute of Accountants. In addition, En Shariffuddin bin Khalid, is a Fellow of the Chartered Institute of Management Accountants.

Policies and procedures to assess the suitability and independence of external auditors

The Board maintains, via the Audit Committee, an active, transparent and professional relationship with its External Auditors. The role of the Audit Committee in relation to the External Auditors is disclosed in the Audit Committee Report set out on pages 37 to 40 of the Annual Report. The Company's current External Auditors, Messrs KPMG PLT, were appointed to the position at the Company's Annual General Meeting since 13 December 2013 replacing the previous External Auditors.

The Company adopted its External Auditor Independence Policy on 23 August 2018. The policy sets out the selection and appointment, independent requirements, approvals for services to be rendered by the External Auditor, monitoring and reporting requirements, independence statements by directors, external audit performance review, consequences breach, hiring personnel of the External Auditor and performance measures & non-conformance criteria.

Both the Audit Committee and Board had considered the External Auditor's performance and independence for the financial period ended 30 April 2019, based on an assessment. This assessment is based on the guidance provided in Exhibit 14 of Corporate Governance Guide (2nd Edition) issued by Bursa Malaysia Berhad. Based on the assessment, it has been determined that the External Auditor continues to be objective and remain independent of the Company.

In addition, a written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements have been obtained by the Company.

(II) Risk management and internal control framework

Establishment of a risk management and internal control framework

The Board acknowledges its overall responsibility for ensuring that a sound system of internal control is maintained throughout the Group and the need to review its effectiveness regularly. The Board recognizes that risks cannot be totally eliminated and the system of internal controls instituted can only help to minimize and manage risks and provide some assurance that the assets of the Company and of the Group are safeguarded against material loss and unauthorized use and that the financial statements are not materially misstated.

The Audit Committee is tasked by the Board with the duty of reviewing and monitoring the effectiveness of the Company's system of internal controls. The Risk Management and Internal Control Statement set out on page 41 to 44 of this Annual Report provides an overview of the Group's approach to risk management and internal control framework, and the adequacy and effectiveness of this framework.

PRINCIPLE B: EFFECTIVE AUDIT & RISK MANAGEMENT (CONTD.)

(II) Risk management and internal control framework (contd.)

Internal Audit function

The Company's internal audit function is delegated to Axcelasia Columbus Sdn Bhd. The internal audit staff on the Engagement Team are free from any relationships or conflicts of interest, which could impair their objectivity and independence.

The number of staff deployed for the internal audit reviews ranges from 4 to 5 staff per visit including the Engagement Partner. The staff involved in the internal audit reviews possess the necessary qualification to discharge their function. Most of them are also members of the Institute of Internal Auditors Malaysia.

The Engagement Partner is En. Noradlan Abdul Latif who has diverse professional experience in internal audit, risk management and corporate governance advisory. He is a Member of the Institute of Internal Auditors Malaysia and a Chartered member of the Malaysian Institute of Accountants. Noradlan has a Certification in Control Self-Assessment (United States) and a Bachelor's Degree in Accounting from University Utara Malaysia.

The internal audit for the period under review was conducted using a risk-based approach and was guided by the International Professional Practice Framework (IPPF).

Risk Management Committee

The Board has also set up a Risk Management Committee to assist the Board oversee the Company's investment activities, approving appropriate investment appraisal procedures as well as identification of strategic investment opportunities of the Group.

During the financial period, the Risk Management Committee is comprised as follows:

1. Tai Keat Chai (Chairman of the Risk Management Committee, Independent Non-Executive Director);
2. Dato' Haji Razali bin Mohd Yusof (Independent Non-Executive Director);
3. Nik Abdul Malik bin Nik Mohd Amin (Non-Independent Non-Executive Director); and
4. Mohd Nizam bin Abd Wahab.

The Company had convened a total of 5 Risk Management Committee Meetings during the financial period ended 30 April 2019. Among the matters deliberated during the period include:

1. Review of the cashflow position of subsidiaries.
2. Review of the financing arrangements of the subsidiaries.
3. Incorporation of new subsidiaries.
4. Acquisition / disposal of vessels.
5. Other operating risks of the Group.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(I) Communication with stakeholders

Transparent and regular communication with stakeholders

The Board values constant dialogue and is committed to have effective and transparent communication with its stakeholders. While it endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. As such, the Company's General Meetings represent the platform by which the Board maintains its communication with shareholders. During such meetings, shareholders in attendance freely interact with the Board as well as Management, using this opportunity to seek clarification or voice their opinions and concerns regarding the business of the Company.

The Company has also established a website at http://www.marine-general.com.my from which investors and shareholders can access information relating to the Company, its businesses and periodic performance reports. The website is updated periodically to reflect key changes to the Company. Besides, a designated person is assigned with the email address and contact number to address any queries from the stakeholders and public.

Regarding communication with staff, this is done via the quarterly Board meetings and various Committee meetings attended by both Board members and Management. On a less formal level, the Board will engage with the Management as and when the need arises throughout the year.

In addition to the above, the Company, via its Management, also conducts periodic meetings with its bankers/financiers to ensure they are apprised of the important business developments at the Company.

Existence of appropriate corporate disclosure policies and procedures

The Board acknowledges the importance of ensuring that it has in place appropriate corporate disclosure policies and procedures which leverage on information technology as recommended by the Code. The Company currently observes and complies with the disclosure requirements as set out in Bursa Malaysia Securities Berhad's Main Market Listing Requirements, guided by Bursa Malaysia Berhad's Corporate Disclosure Guide. The Board has also approved and adopted a Corporate Disclosure Policy which outlines the Group's approach towards the determination and dissemination of material information, the circumstances under which the confidentiality of information will be maintained, response to market rumours and restrictions on insider trading. This Policy also provides guidance and structure in disseminating corporate information to, and in dealing with, investors, analysts, media and the investing public. The Corporate Disclosure Policy is available for viewing on the Company's website (www.marine-general.com.my).

(II) Conduct of General Meetings

Issuance of Notice

The Board is cognizant of the value of General Meetings as a means whereby the Board and Management of the Company can interact with shareholders. Given this, the Company has always issued notices to its General Meetings ahead of time and within what is prescribed by the prevailing laws and regulations. It is the Board's intention to ensure that the Company continues to observe the prevailing regulations.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONTD.)

(II) Conduct of General Meetings (contd.)

Attendance by Directors

The entire Board was present for the Company's 21st Annual General Meeting held on 30 May 2018 and provided meaningful responses whenever questions were addressed to them. The Board expects that, unless there are unavoidable circumstances, all of its members will be in attendance for the upcoming 22nd Annual General Meeting as well.

Use of technology to facilitate voting in absentia and remote participation

The Board values the participation of its shareholders at the Company's General Meetings. As such, it has been conducting its General Meetings in easily accessible locations within the Kuala Lumpur / Petaling Jaya area to ensure the majority of its shareholders are able to attend and participate in the meetings, should they choose to do so. Given the reception and participation at the General Meetings held thus far, the Board does not foresee a need for a change in location in the foreseeable future.

The Board is also mindful of the trend to incorporate more technology into General Meetings to enable remote participation. While the Board welcomes this trend, it does not see the need to incorporate such technologies into its General Meetings just yet, given the Company's relatively small shareholder base and the fact that it has historically been holding its General Meetings within the Kuala Lumpur / Petaling Jaya area.

COMPLIANCE STATEMENT

The Board recognizes and views that Corporate Governance is an on-going process and is of the view that the Company has substantially complied with the principles of the Code and will take appropriate steps towards embracing the Principles under the Code at a pace and time frame consistent with the size, priority and dynamics of the Group.

This statement is made in accordance with the approval of the Board via a Directors' Written Resolution dated 23 August 2019. The accompanying Corporate Governance Report in relation to the Company's application of the Code may be viewed on the Company's website (www.marine-general.com.my).

DATO' MOHD AZLAN HASHIM
Executive Chairman

Audit Committee Report

FORMATION

The Audit Committee was formed by the Board of Directors at its meeting on 16 August 2002. The objective of the Audit Committee is to assist the Board of Directors in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies as well as financial reporting practices of the Company and its subsidiaries ("the Group").

COMPOSITION

The members of the Audit Committee during the financial period were as follows:

1. Tai Keat Chai – Chairman
   (Independent Non-Executive Director)

2. Nik Abdul Malik bin Nik Mohd Amin
   (Non-Independent Non-Executive Director)

3. Dato' Haji Razali bin Mohd Yusof
   (Independent Non-Executive Director)

4. Shariffuddin bin Khalid
   (Independent Non-Executive Director)

The composition of the Audit Committee and qualification of its members comply with Paragraph 15.09(1) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

During the financial period under review, the Audit Committee consists of a majority independent non-executive directors. Mr Tai Keat Chai, Chairman of the Audit Committee, is a Fellow of the Institute of Chartered Accountants in England & Wales as well as a member of the Malaysian Institute of Accountants while En Shariffuddin bin Khalid is a Fellow of the Chartered Institute of Management Accountants.

Terms of reference of the Audit Committee are available for viewing on the Company's website at www.marine-general.com.my.

MEETING AND ATTENDANCE

During the financial period ended 30 April 2019, the Audit Committee held five (5) meetings and the attendance of the Audit Committee members was as follows:

Number of Meetings Attended

Tai Keat Chai	5/5
Nik Abdul Malik bin Nik Mohd Amin	5/5
Dato' Haji Razali bin Mohd Yusof	5/5
Shariffuddin bin Khalid	5/5

The Company Secretaries, the General Manager, Finance and the Internal Auditors attended all meetings, while the External Auditors attended two (2) of the meetings. In addition, the Audit Committee had one (1) private session with the External Auditors without the presence of the Management during the financial period.

SUMMARY OF ACTIVITIES

The meetings of the Audit Committee and their tentative agendas were scheduled in advance at the beginning of the new financial period to facilitate the Audit Committee to plan and fit the meetings into their schedules. The Audit Committee meets every quarter to review and deliberate on quarterly financial reports and annual financial statements, the enterprise risk management reports, the Group internal audit reports and other relevant matters within the Audit Committee's terms of reference.

Minutes of the Audit Committee meetings which include records of the deliberations, decisions and resolutions of the meetings are properly maintained by the Company Secretaries, who are also the Secretaries of the Audit Committee.

The General Manager, Finance is invited to the Audit Committee meetings to facilitate the discussion as well as to provide explanation on audit issues, risk management, financial and other relevant matters within the terms of reference of the Audit Committee. The divisions' Chief Operating Officers ("COO") together with the relevant management personnel are also invited to provide clarification on any relevant internal audit report tabled to the Audit Committee. The External Auditors are also invited to present their audit plan and audit results and other relevant matters.

SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the financial period ended 30 April 2019, the Audit Committee undertook the following activities in discharging its functions and duties:

a. Financial reporting

- Reviewed and discussed with appropriate officers the quarterly and annual financial statements of the Group and of the Company focusing particularly on:
  - significant changes in accounting policies and estimates;
  - significant judgments made by Management;
  - compliance with the applicable financial reporting standards and other relevant regulatory requirements;
  - significant audit adjustments; and
  - comments and responses to audit issues and other legal requirements to ensure that the financial statements present a true and fair view of the Group and of the Company's financial performances prior to the recommendation of the same to the Board for approval and subsequently for public release.
- Deliberated on the management accounts and reports of operating subsidiaries.
- Discussed the implications of any latest changes and pronouncements issued by the statutory and regulatory bodies on the Group and the Company.
- Deliberated significant accounting / audit issues and unusual events or transactions and reasonableness of accounting standards application highlighted by the External Auditors and / or Management to derive the financial statements and ensured that appropriate action was taken.

b. External audit

- Prior to the audit, reviewed and discussed with the External Auditors the nature and scope of the audit, and discussed the potential issues that may arise.
- Reviewed all significant judgments made by the Management.
- Reviewed the results and issues arising from the statutory audit and the resolution of issues highlighted in the report to the Audit Committee.
- Met with the External Auditors without the presence of the Executive Directors and Management in the Audit Committee meetings to enquire on significant findings and / or Management cooperation level.

SUMMARY OF WORK OF THE AUDIT COMMITTEE (CONTD.)

c. Internal audit

- Reviewed and approved the internal audit plan.
  Key areas of audit engagement covered during the financial period under review were as follows:
  - operations management;
  - financial management;
  - procurement management; and
  - IT management.
- Reviewed internal audit reports and ensured that appropriate agreed corrective actions are taken by the Management to address the gaps in controls and procedures as identified by the Internal Auditors.
- Reviewed the responses and action plans provided by the Management on the deliberated audit reports.
- Reviewed the adequacy and effectiveness of agreed corrective actions taken by the Management on all significant and secondary issues raised in the audit reports.

d. Other activities

- In relation to enterprise risk management, reviewed the updated risk profile of the Group and major initiatives having significant impact on the Group businesses.
- Resource requirements of the Finance Department of the Group.

SUMMARY OF WORK OF INTERNAL AUDIT FUNCTIONS

The Company delegated its internal audit functions to Messrs. Axcelasia Columbus Sdn Bhd in order to discharge its duties and responsibilities more effectively. The Internal Auditors performed the internal audits independently to ensure there were effective risk monitoring, internal controls, governance process and compliance procedures to provide the level of assurance required by the Board. The internal audit staff on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence.

The number of staff deployed for the internal audit reviews ranges from 4 to 5 staff per visit including the Engagement Partner. The staff involved in the internal audit reviews possesses professional qualifications and / or a university degree. Most of them are members of the Institute of Internal Auditors Malaysia. The Engagement Partner is Noradlan Abdul Latif who has diverse professional experience in internal audit, risk management and corporate governance advisory. He is a Member of the Institute of Internal Auditors Malaysia and the Malaysian Institute of Accountants. En Noradlan has a Certification in Control Self – Assessment (United States) and a Bachelor's Degree in Accounting from University Utara Malaysia.

The internal audit was conducted using a risk-based approach and was guided by the International Professional Practice Framework (IPPF). In the conduct of their audit, the Internal Auditors placed emphasis on risk-based auditing where the focus was on higher risk areas. The Internal Auditors reviewed the adequacy of the identified mitigations and evaluated the effectiveness and efficiency of the controls to mitigate the risk events.

The internal audit reports provide details of the audit findings and the corresponding recommendations which are monitored periodically to ensure the integrity and effectiveness of the Group's system of internal control.

The Internal Auditors submitted their findings and recommendations to the General Manager, Finance and the COO for executive review before tabling the reports together with the responses by the General Manager, Finance and the COO at the Audit Committee meetings for decisions. At the Board meetings, the Chairman of the Audit Committee highlighted the key audit issues and overall decisions and resolutions made during the Audit Committee meetings to the Board members and made the relevant recommendations to the Board for consideration.

SUMMARY OF WORK OF INTERNAL AUDIT FUNCTIONS (CONTD.)

During the financial period under review, the Internal Auditors carried out audits according to the internal audit plan approved by the Audit Committee. Total cost incurred in discharging the internal audit function during the financial period ended 30 April 2019 was RM90,000.

BOARD'S CONCLUSION

The Board is satisfied that the Audit Committee has carried out its functions, duties and responsibilities in accordance with the terms of reference of the Audit Committee and there were no material misstatements, frauds and deficiencies in the systems of internal control not addressed by the Management.

Statement on Risk Management and Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance 2017 stipulates that the Board of Directors ("the Board") of listed companies shall maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. Set out below is the Group's Statement on Risk Management and Internal Control ("Statement"), made in compliance with Paragraph 15.26(b) and Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

THE BOARD'S RESPONSIBILITY

The Board places importance on, and is committed to maintaining effective risk management practices and a sound system of internal control within the Group to ensure good corporate governance. The Board affirms its responsibility for reviewing the adequacy and integrity of the Group's system of internal control and management information systems, including systems for compliance with applicable laws, rules, directives, guidelines and risk management practices.

The Board, particularly at the operating subsidiary level, sets the budgets for the coming year and clear, pre-defined Financial Authority Limits / Limits of Authority on Management to ensure major decisions, specifically with respect to investments or capital expenditures, are only undertaken after careful consideration by the Board and its various Board Committees, where appropriate. In addition to this, the Board also undertakes greater scrutiny of key decisions through its Board Risk Management Committee. The Board Risk Management Committee is tasked with thoroughly reviewing major investments being proposed and / or major commitments being considered, fine tuning them when necessary before making final recommendations to the Board.

Notwithstanding this, as with any internal control system, the Group's system of internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives. It follows, therefore, that the system of internal control can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has in place an on-going process of identifying, evaluating, monitoring and managing the key risks affecting the achievement of its business objectives throughout the year.

ASSURANCE MECHANISM

The Audit Committee is tasked by the Board with the duty of reviewing and monitoring the effectiveness of the Group's system of internal control. In carrying out its responsibilities, the Group has appointed Messrs. Axcelasia Columbus Sdn Bhd ("Axcelasia Columbus") to carry out internal audits based on a risk-based audit plan approved by the Audit Committee. Based on these audits, the Audit Committee is provided by Axcelasia Columbus with periodic reports highlighting observations, recommendations and management action plans to improve the system of internal control.

In addition to the internal assurance mechanism, the Group also received extensive and detailed Report to the Audit Committee and management letter from its External Auditors that primarily focuses on financial controls. The Report to the Audit Committee and the management letter were also presented to the Audit Committee for deliberations. In the event of any non-compliance, appropriate corrective actions have been taken in addition to amendments to the relevant procedures, if required.

Besides the above, the Audit Committee also conducted one (1) private meeting with the External Auditors to give opportunity to the External Auditors to raise any matters without executive Board members or the Management present.

The Audit Committee Report is set out on pages 37 to 40 of the Annual Report.

THE GROUP'S SYSTEM OF INTERNAL CONTROL

Monitoring Mechanisms and Management Style

Scheduled periodic meetings of the Board, Board Committees and Management at the holding as well as operating subsidiary levels, represent the main platform by which the Group's performance and conduct is monitored.

In addition to separate periodic Management meetings at the Divisional level, the Company also undertakes periodic Management meetings at the Group level to ensure the senior management of the entire Group is aware of the key activities taking place within the Group.

Major business proposals and budgets for the coming year are generally recommended by the respective Divisional Management and evaluated and fine-tuned by the appropriate Board Committees before being presented for consideration by the Board.

In the absence of a Group CEO, the daily running of the business is entrusted to the Chief Operating Officer ("COO") of Jasa Merin (Malaysia) Sdn Bhd ("JMM") for the Marine Logistics – Upstream Division, and the General Managers of the Marine Logistics – Downstream Division ("Downstream Division") and their management teams. The COO of JMM reports directly to the Executive Vice-Chairman of JMM while in the case of the Downstream Division, the General Managers report to the Board of the Downstream Division holding company - M&G Marine Logistics Holdings Sdn Bhd. The COO and the General Managers carry out their duties under pre-defined Financial Authority Limits/Limits of Authority set by the respective Boards. These Limits of Authority are reviewed from time to time to ensure continued relevance, effectiveness and efficiency.

Under the purview of the COO and the General Managers, the heads of department are empowered with the responsibility of managing their respective operations. The COO and the General Managers communicate the Board's expectations to management at management meetings as well as through attendance at various operations meetings. At these meetings, operational and financial risks are discussed and dealt with.

The Board is responsible for setting the business direction and overseeing the conduct of the Group's operations through various management reporting mechanisms. Through these mechanisms, the Board is informed of all major control issues pertaining to internal controls, regulatory compliance and risk taking.

Enterprise Risk Management Framework

In dealing with its stewardship responsibilities, the Board recognises that effective risk management is part of good business management practice. The Board acknowledges that all areas of the Group's activities involve some degree of risk, and is committed to ensuring that the Group has an effective risk management framework which will allow the Group to be able to identify, evaluate and manage risks that affect the achievement of the Group's business objectives within defined risk parameters in a timely and effective manner.

The risk management framework has been embedded in the Company's management systems. The Management assists the Board in implementing the process of identifying, evaluating and managing significant risks applicable to their respective areas of business and in formulating suitable internal controls to mitigate and control these risks.

The key elements of the Enterprise Risk Management ("ERM") activities include:

- Establishing ERM framework
- Risk assessment process
- Risk action implementation process
- Risk action monitoring process
- Continuous ERM monitoring and communication

THE GROUP'S SYSTEM OF INTERNAL CONTROL (CONTD.)

Enterprise Risk Management Framework (contd.)

The Group has completed a comprehensive risk assessment process whereby significant risks are summarised into a risk map and presented to the Audit Committee for its consideration. Risk registers have been developed for each of the risks identified. Having identified those risks that can significantly affect the business and operations, dedicated risk owners were appointed (from the management team) to work on the development of key risk action plans required (as well as the implementation of such action plans) together with a group of risk co-owners across the departments. New developments in businesses and operations are subject to the risk assessment process as the risk profile of the business changes.

The risk management framework is based on the internationally recognized ISO31000 risk management standard. The Audit Committee and the Board reviews its internal control and risk management framework annually. No significant changes were made to the internal control and risk management framework arising from the review.

During the financial period under review, the Audit Committee and the Board assessed the key risks for the operating subsidiaries of various subsidiaries of both Upstream and Downstream Division. Various initiatives and proposals took place in the financial year for the improvement of the internal controls and risk management of the Group.

Key Elements of the Group's System of Internal Control

The current system of internal control in the Group has within it, the following key elements:

- Group vision, mission and corporate philosophy and strategic direction, which are communicated to employees.
- A Board which retains control over the Group with appropriate management reporting mechanisms which enable the Board to review the Group's progress.
- Board approved annual budgets and management plans.
- Management meetings involving discussions on operational issues at subsidiary level.
- Comprehensive and clearly documented standard operating policies and procedures manuals that provide guidelines and authority limits over various operating, financial and human resource matters, which are subject to regular review for improvement.
- The use of the intranet as an effective means of communication and knowledge sharing.
- Communication of policies and guidelines in relation to human resource matters to all employees through a staff handbook which is also available on the intranet.
- A systematic performance appraisal system for all levels of staff.
- Relevant training provided to personnel across all functions to maintain a high level of competency and capability.

Internal Policies To Promote Governance

In addition to the Financial Authority Limits / Limits of Authority which set pre-defined limits on the authority levels of each member of Management up to the Executive Chairman / Vice-Chairman, the Group also adheres to several other sets of policies to ensure the governance structure remains robust.

The Group is committed to high standards of honesty, openness, and accountability. An important aspect of accountability and transparency is a mechanism to enable staff and other members of the Group to voice concerns in a responsible and effective manner. It is a fundamental term of every contract of employment that an employee will faithfully serve his or her employer and not disclose confidential information about the employers' affairs. Nevertheless, where an individual discovers information which they believe shows serious malpractice or wrongdoing within the organisation then this information should be disclosed internally without fear of reprisal.

As such, the Group has in place a Whistle-Blowing Policy ("Policy") which provides a safe and acceptable platform for employees to channel concerns about illegal, unethical or improper business conduct affecting the company and about business improvement opportunities as to ensure that no member of staff should feel at a disadvantage in raising legitimate concerns.

THE GROUP'S SYSTEM OF INTERNAL CONTROL (CONTD.)

Internal Policies To Promote Governance (contd.)

The Policy allows the Management to take appropriate preventive and corrective actions without the negative effects that come with public disclosure, such as loss of image or reputation, financial distress, loss of investor confidence or drop in value of share prices. Through this policy, employees are encouraged to discreetly and anonymously disclose concerns about illegal, unethical or improper business conduct which otherwise may not be easily detected through normal process or transaction.

THE BOARD'S COMMITMENT

The Board recognises that the Group operates in a dynamic business environment in which the internal control system must be responsive in order to be able to support its business objectives. To this end, the Board remains committed towards maintaining a sound system of internal control and believes that a balanced achievement of its business objectives and operational efficiency can be attained.

ADEQUACY AND EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL

The Executive Chairman and the General Manager, Finance of the Company have provided the Board with assurance that the Group risk management and internal control systems are operating adequately and effectively, in all material aspects, to ensure achievement of corporate objectives.

Taking into consideration the assurance from the management team, the Board is of the view that the system of risk management and internal controls in place for the year under review is sound and adequate to safeguard the Group's assets.

REVIEW OF THE STATEMENT BY INDEPENDENT AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the period ended 30 April 2019, and reported to the Board that nothing has come to their attention that would cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

(b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

This statement is made in accordance with the approval of the Board via a Directors' Written Resolution dated 23 August 2019.

Sustainability Statement

COMMITMENT TO SUSTAINABILITY

Marine & General Berhad ("M&G" or "the Company") and our subsidiaries ("the Group" or "we") are committed to conducting our businesses in a sustainable manner.

The Sustainability Statement ("the Statement") being presented adheres to the Global Reporting Initiative ("GRI") Sustainability Reporting Standards and the enhanced reporting requirements incorporating Sustainability Reporting Guide issued by Bursa Malaysia Berhad ("Bursa Malaysia") in the year 2015.

The scope of this Statement covers the business operations of Jasa Merin (Malaysia) Sdn Bhd ("JMM") and Jasa Merin (Labuan) PLC ("JML"), both of which are operating subsidiaries that are significant revenue contributors towards M&G's overall financial performance. A significant portion of this Statement will focus on JMM as it will have the more mature internal processes given the number of years it has been operating compared to JML. The Statement covers a reporting period from 1 January 2018 to 30 April 2019.

SUSTAINABILITY GOVERNANCE

The respective Boards of JMM and JML provide the necessary oversight of the operating companies to determine a sustainability strategy. The Chief Operating Officer ("COO") of JMM is responsible to govern the structure and oversee the implementation of JMM's sustainability processes to ensure core sustainability objectives are achieved and are monitored through monthly management meetings. In so far as JML is concerned, implementation is driven by the Management collectively who reports directly to its Board. The sustainability activities are then updated and reported to the M&G Board during quarterly meetings.

Key stakeholders

We define our stakeholders in accordance with Bursa Malaysia's Sustainability Reporting Guide of which stakeholders are defined as any individuals, community and entities that may be impacted by M&G's business operation.

These stakeholders were identified through several discussions held with key senior management and the Board. The following table describes our stakeholders and how we engage with them:

No.	Stakeholders	Description	Method of Engagement
1.	Shareholders / investors	Investors provide the Group with the financial capacity for business operation and growth. Key to engage with shareholders continuously ensuring they understand the Group's operation, strategies and business growth.	▪ Annual General Meeting ▪ Annual Reports ▪ Bursa Malaysia announcement
2.	Customers	Focus on customer segments of Oil / Chemical Traders, Oil Majors and Palm Oil traders	▪ Daily through various channels such as e-mails, site visits, social media and brochures ▪ Corporate events

SUSTAINABILITY GOVERNANCE (CONTD.)

Key stakeholders (contd.)

These stakeholders were identified through several discussions held with key senior management and the Board. The following table describes our stakeholders and how we engage with them (contd.):

No.	Stakeholders	Description	Method of Engagement
3.	Industry associations and Non-Governmental organisations	JMM is a member of Malaysia Offshore Support Vessels Association	▪ Meetings ▪ Continuous contribution of ideas and feedback on industry issues ▪ Involvement in associations activities
4.	Employees	Our employees are critical in our operation and the achievement of our Group objectives.	▪ Company annual dinner / festival functions and celebrations ▪ Informal periodic departmental meetings
5.	Suppliers / Contractors	Collaboratively execute our growth strategies	▪ Suppliers audit and review ▪ Meetings ▪ Emails and phone calls communication ▪ Suppliers' briefing

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS

A materiality assessment was performed to identify and prioritise key sustainability matters for this Statement. A combination of internal and external factors were considered when assessing the sustainability matters. In the end, a total of nine (9) sustainability matters were identified and subsequently grouped into 3 main themes – Economy, Environment and Social.

The key sustainability matters identified are outlined in the diagram below:

MATERIAL SUSTAINABILITY MATTERS

Economy
- Procurement practice
- Anti-corruption

Environment
- Energy Efficiency
- Effluents and waste management
- Environmental compliance

Social
- Employment
- Employment diversity and equal opportunity
- Occupational safety and health
- Local community

1. Economic

Procurement Practice

A proper management of the Group's procurement practice is a key consideration to conducting a sustainable business. In order to support the domestic economy, the Group sources a significant portion of products and services essential to its business from domestic suppliers.

Both JMM and JML have put in place an appropriate Procurement Policy at each company to ensure that products and services procured in the ordinary course of business are fit for purpose and represent value for money. Both sets of Procurement Policies observe high standards of ethical conduct by ensuring that there is a fair assessment of proposals submitted by vendors.

Code of Conduct and Ethics

The Group sets high standards and expectations for its employees to act ethically, professionally and with integrity whenever dealing with external stakeholders. Both JMM and JML have an Employee Code of Conduct adopted from M&G's Employee Code of Conduct to guide their employees on expectations as well as set parameters for acceptable professional behaviour amongst the staff.

The Code of Conduct was originally part of M&G's Staff Handbook made available to its employees. Since November 2017, the Code of Conduct has been adopted separately to provide more prominence to the provisions therein. It has also been revised and expanded to add provisions on anti-bribery, corruption, insider trading and money laundering as a means to further strengthen the Code of Conduct.

Whistle-Blowing Policy

M&G and the two main operating subsidiaries namely JMM and JML are committed to high standards of openness and accountability. The Company adopted its Whistle-Blowing Policy back in 2012 to introduce a safe and acceptable platform for employees to channel concerns about illegal, unethical or improper conduct affecting the Group. This Policy was reviewed and updated in November 2017. The Whistle-Blowing Policy is available on our corporate website at www.marine-general.com.my.

2. Environmental

Effluents and Waste Management

Both JMM and JML monitor any effluent and waste generated by its vessels through physical observation and on a sample basis, tests any suspected leakages, effluent and waste around the vessels. Preventive actions are identified and controls are established to prevent any pollution and environmental hazards.

In addition to the above, vessel maintenance also plays an important role in minimising harmful effluents. The maintenance for the vessels operated by JMM and JML were outsourced to a third party during the period under review. The service provider ensures that the maintenance services comply with international maritime regulations relating to environmental performance and safety.

Environmental Compliance

The Group also takes cognisance of the safety regulations set by the International Maritime Organization ("IMO"). The relevant affected subsidiaries within the Group have taken note of the ruling that the use of sulphur in fuel must not exceed 0.5% from 2020 onwards. [1] The Group is continuously monitoring the standards for marine fuel in Emission Control Areas ("ECAs").

In the financial period ended ("FPE") 30 April 2019, no fine or penalty for non-compliance of environmental regulations have been imposed on the Group.

[1] Source: IMO Marine Engine Regulations, IMO, August 2018 https://www.dieselnet.com/standards/inter/imo.php

3. Social

Employment Benefits

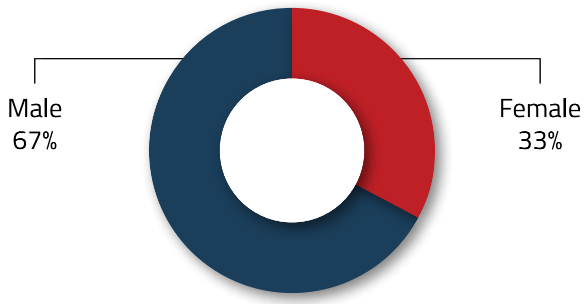
Both JMM and JML provide a competitive compensation and benefits package to their respective employees. These are aligned with industry practices and are reviewed periodically.

Diversity and Equal Opportunity

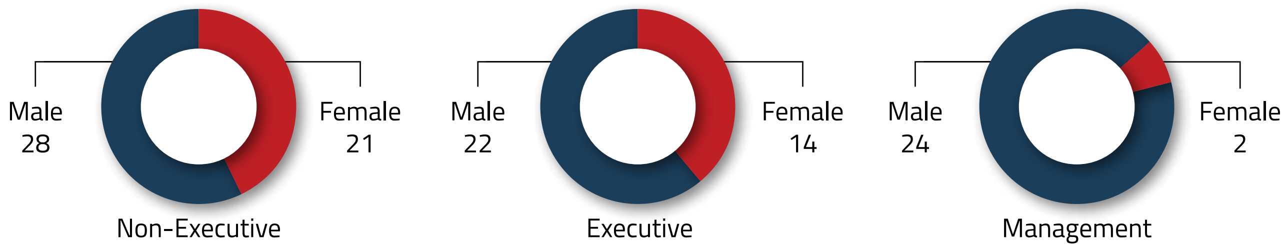
JMM and JML, being two key subsidiaries of M&G, recognise the benefits of increasing diversity as an essential element in maintaining a competitive advantage. Guided by the Corporate Diversity Policy issued at the M&G level, both JMM and JML have strived to improve the diversity of their respective workforce.

During FPE 2019, the Group's employee gender profile composed of 33% Female and 67% Male (2017: 29% Female, 71% Male). Both JMM and JML note that this is a marginal improvement and therefore will continue to improve on this to ensure a more balanced workforce.

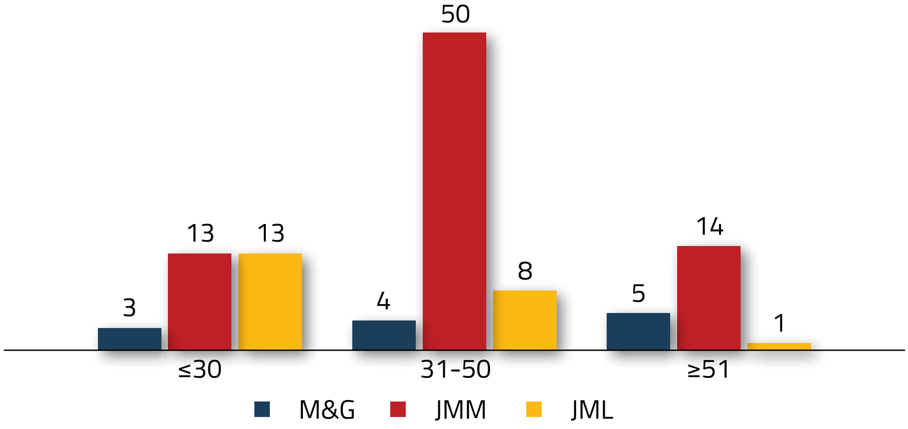
Employees by Gender FPE 2019



Total Employees by Gender & Employees Category FPE 2019



Employees by Age FPE 2019

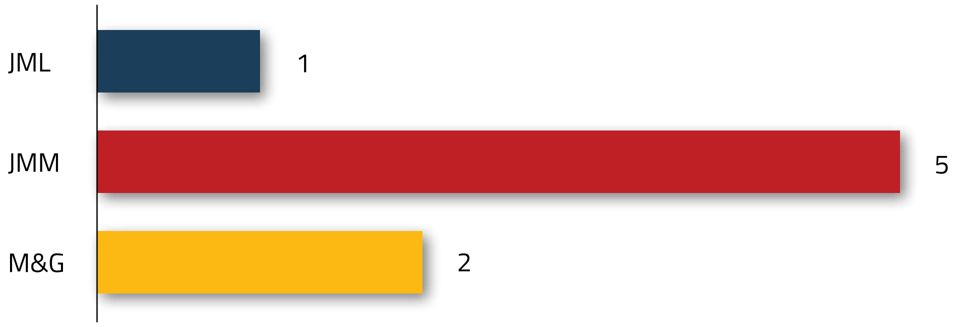


3. Social (contd.)

Diversity and Equal Opportunity (contd.)

The employee turnover rate for the Group during FPE 2019 is approximately 7% (2017: 12%). There were 8 resignations. The following chart highlights the resignation statistic by company category:

Employee Turnover FPE 2019



Occupational Health and Safety

The Group is committed to providing high standards of safety in the working conditions for its employees and to the continual improvement of its safety performance.

This commitment is particularly clear at JMM, where a Health & Safety Committee was established to assist in the development of safety rules and systems as well as to review the effectiveness of existing safety programmes at the company. The Health & Safety Committee consists of 16 members which includes 6 management representatives and 7 employee representatives.

JMM strictly abides with the statutory rules and requirements relating to Health, Safety and Environment protection which include those under IMO and International Safety Management ("ISM") Code and Health, Safety and Environment Management System ("HSEMS"). This strict adherence has allowed JMM to achieve zero Lost Time Injury (2017: zero) during FPE 2019 out of a total of 1,530,268 manhours worked.

In FPE 2019, JMM also received numerous safety awards from customers including from PETRONAS Carigali Sdn Bhd ("PETRONAS") and ExxonMobil Exploration and Production Malaysia Inc. ("EMEPMI") reflecting JMM's strong safety culture. These awards represent JMM's unwavering commitment towards health, safety and environmental matters.

2018

Awards

- PETRONAS: Focused Recognition – Master JM Cemerlang
- PETRONAS: Certificate of Appreciation. In appreciation for 2 consecutive years without HSE incident for Logistic Operations for 2017 and 2018
- PETRONAS: Certificate of Appreciation – Leadership and Commitment
- EnQuest Petroleum Malaysia Ltd.: Certificate in Recognition and Appreciation for Supporting EnQuest Petroleum Malaysia Ltd
- EMEPMI: Chairman Safety Award Recognition

3. Social (contd.)

Occupational Health and Safety (contd.)

JML, as part of the M&G Group's Marine Logistics in Downstream Division has a Safety Committee. The Safety Committee establishes the safety standards for all tankers under JML responsibilities, monitors the implementation of JML's Safety Management System, reviews processes and activities relevant to safety and health, particularly during incidents and reviews the effectiveness of corrective and preventive actions on health and safety. JML maintains its record of zero Lost Time Injury (2017: zero) during FPE 2019.

Alcohol and Drug Policy

JMM has a strict Alcohol and Drug Policy to ensure a safe working environment for all personnel, including passengers, onboard vessels in the JMM fleet. Under this policy, JMM maintains the right to conduct periodic examination for alcohol and drugs abuse on its employees. Where breaches of the policy have occurred, JMM will take strict disciplinary action to curtail the abuse and ensure discipline is maintained.

Stop Work Policy

JMM also has put in place a Stop Work Policy that empowers each employee to have the right to stop work if deemed necessary for the preservation of health and safety of the workers, prevent damage to property and/or in order to protect the environment from pollution.

Local Community

The Group firmly believes that companies can build better relationships with the community nearby its area of operation by giving back to the community. The main driver for such efforts within the Group is JMM, mainly due to its over 30-year presence in its area of operations.

The well-being of the communities in which JMM operates is important to its long-term development and success. It is with this in mind that during the financial period under review, JMM undertook numerous steps to further strengthen ties with its immediate community by contributing to various local community activities and infrastructure which include:

- donated to SMK Batu Rakit, Kuala Terengganu and Badan Amal Kebajikan Al-Miezzaan, Kemaman.
- organized a recreational activity "Jom Langkah 1000, Pantai Bersih Badan Sihat Program" on 9 March 2019. This programme was intended to promote a healthy lifestyle and at the same time create public awareness on the importance of keeping a clean environment.

Directors' Responsibility Statement

The Directors are required by the Companies Act 2016 ("CA") to prepare the financial statements for each financial period which has been made out in accordance with the applicable Malaysian Financial Reporting Standards, the International Financial Reporting Standards, the requirements of the CA and Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of the Group and of the Company at the end of the financial period, and of the results and cash flows of the Group and of the Company for the financial period.

In preparing the financial statements, the Directors have:

- Adopted appropriate accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent; and
- Prepared the financial statements on going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the CA and Main Market Listing Requirements and the requirements of the applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board.

The Directors have the overall responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

Additional Compliance Information

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:-

1. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

Status of the utilisation of SILK Disposal proceeds as at 30 April 2019 is as follows:

	Notes	Proposed RM'000	Utilisation RM'000	Balance RM'000	Revised Timeframe
Distribution to shareholders		70,153	(70,153)	-	Within 6 months
Investments	a.	200,000	(162,217)	37,783	Within 36 months
Working capital	b.	111,847	(47,756)	65,791	Within 36 months
Transaction cost	c.	8,000	(6,300)	-	Within 6 months
		390,000	(286,426)	103,574	

Notes:

a. Investments

The Board intends to utilise a portion of the proceeds as follows:

(i) to enhance and strengthen the Group's existing offshore marine support services business and investment in related businesses in the oil and gas segment; and

(ii) investment opportunities which have yet to be identified at this juncture. M&G Group is continuously exploring viable investment opportunities. The Proposed Disposal will provide the Group with the ready funds to capitalise on such opportunities as and when they arise.

As at 30 April 2019, the Group has utilised RM61.5 million on strengthening the Group's offshore marine support services business and a further RM100.7 million on the acquisition of three (3) clean petroleum product ("CPP") tankers and construction of a new chemical tanker.

During the current period, one (1) of the CPP tanker was deployed on a long-term charter in Taiwan and another on voyage charter servicing the South East Asian region. The third vessel is currently undergoing docking in preparation for commercial operation in the next financial year.

b. Working capital

Working capital utilisations comprise mainly of advances to subsidiaries to meet their operational requirements, payments for interim dividends, capital expenditures, income tax and other operating expenses.

In 2017, the Company advanced RM50 million to JMM to assist JMM meeting its operating and financial obligations. These advances were initially included as part of working capital utilisation.

JMM is currently negotiating with its Lenders to restructure its loans, which among others involves injection of RM60 million new capital. In conjunction with this capital injection, the RM50 million advances will also be converted into preference shares. Accordingly, the RM50 million advances is now reclassified from working capital use to Investments.

1. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL (CONTD.)

Notes (contd.):

b. Working capital (cont'd)

The total balance of RM65.8 million comprised of RM64.1 million of unutilised working capital and RM1.7 million unutilised expenses for the SILK Disposal transaction cost.

c. Transaction cost

Total transaction cost for the SILK Disposal amounting RM6.3 million has been fully paid, and the remaining balance of RM1.7 million allocated to this expenditure has been reclassified to working capital purposes.

d. Timeframe from Completion Date

As disclosed on 26 April 2019, the Group has resolved to extend the initial timeframe of 24 months for another 12 months ("Revised Timeframe") to utilise the balance of proceeds which is earmarked for investment and working capital. The Revised Timeframe will enable the Board to further identify and evaluate the feasibility of the potential investments and formulating Group strategies holistically.

2. AUDIT AND NON-AUDIT FEES

The amount of audit fees paid or payable to the external auditors, Messrs. KPMG PLT, for services rendered to the Group and the Company for the financial period ended 30 April 2019 amounted to RM309,000 and RM55,000 respectively.

The non-audit fees paid or payable to the external auditors, Messrs. KPMG PLT, and their affiliated companies for services rendered to the Group and the Company for the financial period ended 30 April 2019 amounted to RM8,000 and RM8,000 respectively.

3. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving directors' and major shareholders' interests during the financial period ended 30 April 2019.

4. REVALUATION POLICY ON LANDED PROPERTIES

The Company does not have a revaluation policy on landed properties.

5. RECURRENT RELATED PARTY TRANSACTIONS

There were no material recurrent related party transactions of a revenue nature entered into during the financial period ended 30 April 2019.

Financial Statements

Directors' Report

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period ended 30 April 2019.

Principal activities

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 4 to the financial statements. There has been no significant change in the nature of these activities during the financial period.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 4 to the financial statements.

Results

	Group RM'000	Company RM'000
Loss for the period attributable to:		
Owners of the Company	71,477	6,827
Non-controlling interests	34,251	-
	105,728	6,827

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial period under review except as disclosed in the financial statements.

Dividend

There was no dividend proposed, declared or paid by the Company since the end of the previous financial year and Directors do not recommend any dividend to be paid for the period under review.

Directors of the Company

Directors who served during the financial period until the date of this report are:

Dato' Mohd Azlan Hashim
Tan Sri Datuk Seri Razman M Hashim
Dato' Harun bin Md Idris
Dato' Haji Razali bin Mohd Yusof
Tai Keat Chai
Nik Abdul Malik bin Nik Mohd Amin
Shariffuddin bin Khalid
Datin Shelina binti Razaly Wahi (appointed on 1 August 2019)

Directors of the Company (contd.)

The Directors who held office in the subsidiaries of the Company as disclosed in Note 4 during the financial period and up to the date of this report are:

Subsidiaries	AQL	Jasa Merin	JMG1	JMG2	JMG3	JMG4	MGMLH	JML	MGSM	MGTSB	MGT(L)	MGM(L)	TKH	JMEV
Dato' Harun bin Md Idris							√				√ (ix)			
Shariffuddin bin Khalid							√ (i)	√ (ii)	√ (ii)	√ (iii)				
Haji Abdul Rahman bin Ali	√	√	√	√	√	√	√ (iv)	√	√ (viii)	√ (iii)	√ (ii)	√ (vii)	√ (v)	√
Mohd Noor Ismardi bin Idris	√		√	√	√	√		√	√ (viii)	√ (iii)	√ (viii)	√ (vii)	√ (v)	
Tuan Kamal Rul Altta bin Tuan Abd Aziz Mohamad			√ (x)	√ (x)	√ (x)	√ (x)		√ (xi)						
Dato' Haji Wan Zakaria bin Haji Abd Rahman		√												
Dato' Haji Mohtar bin Nong		√												
Dato' Haji Adzlan bin Mohd Dagang		√												
Dato' Haji Osman bin Muda		√												
Haji Ahmad Amzad b. Mohamed @ Hashim		√ (vi)												
Dato' Wan Nawawi bin Haji Wan Ismail		√ (xii)												
Safian bin Mohd Yunus														√
Teng Keng Han													√	
Najidi bin Abdul Shukor							√ (xiii)							
Mohd Nizam bin Abd Wahab							√ (xiii)							

Directors of the Company (contd.)

The Directors who held office in the subsidiaries of the Company as disclosed in Note 4 during the financial period and up to the date of this report are (contd.):

(i) Appointed on 25 June 2018
(ii) Appointed on 24 July 2018
(iii) Appointed on 26 June 2018
(iv) Appointed on 5 March 2019
(v) Appointed on 28 February 2018
(vi) Appointed on 10 February 2019
(vii) Appointed on 29 March 2018
(viii) Appointed on 8 January 2018
(ix) Resigned on 24 July 2018
(x) Resigned on 6 August 2018
(xi) Resigned on 19 March 2018
(xii) Resigned on 10 February 2019
(xiii) Resigned on 5 March 2019

Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial period end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2018	**Acquired**	**Sold**	**At 30.4.2019**
Direct interest				
Dato' Mohd Azlan Hashim	19,662,467	-	-	19,662,467
Dato' Haji Razali bin Mohd Yusof	2,000,000	-	-	2,000,000
Nik Abdul Malik bin Nik Mohd Amin	2,400,000	-	-	2,400,000
Deemed interest				
Dato' Mohd Azlan Hashim	150,791,759	-	-	150,791,759
Dato' Haji Razali bin Mohd Yusof	30,000,000	-	-	30,000,000
Tai Keat Chai	1,000,000	-	-	1,000,000

By virtue of their interest in the shares of the Company, they are also deemed interested in the shares of the subsidiaries during the financial period to the extent that Marine & General Berhad has an interest.

None of the other Directors holding office at 30 April 2019 had any interest in the ordinary shares of the Company and of its related corporations during the financial period.

Directors' benefits

Since the end of the previous financial period, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Directors' benefits (contd.)

There were no arrangements during and at the end of the financial period which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company during the financial period.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial period.

Indemnity and insurance costs

During the financial period, the Company maintained a Directors' and Officers' Liability Insurance for the purpose of Section 289 of the Companies Act 2016. The total insured limit for the Directors and Officers Liability Insurance effected for each of the Directors and Officers of the Company was RM50 million per occurrence and in the aggregate.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial period and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial period.

Other statutory information (contd.)

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for impairment loss on property, vessels and equipment for the Group and amount due from subsidiaries for the Company as disclosed in Note 15 to the financial statements, the financial performance of the Group and of the Company for the financial period ended 30 April 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial period and the date of this report.

Subsequent events

The subsequent events are disclosed in Note 27 to the financial statements.

Change of financial year end

The Company has changed its financial year end from 31 December to 30 April. Consequently, the current financial statements, being the Group's and the Company's first financial statements under the new financial year, are for a period of 16 months from 1 January 2018 to 30 April 2019. The comparative figures are for the previous 12-month period from 1 January 2017 to 31 December 2017.

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 15 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....
Dato' Mohd Azlan Hashim
Director

....
Tan Sri Datuk Seri Razman M Hashim
Director

Kuala Lumpur,

Date: 23 August 2019

Statements of Financial Position

As at 30 April 2019

	Note	Group 30.4.2019 RM'000	Group 31.12.2017 RM'000	Company 30.4.2019 RM'000	Company 31.12.2017 RM'000
Assets					
Property, vessels and equipment	3	852,024	856,736	818	1,221
Investments in subsidiaries	4	-	-	140,429	28,678
Total non-current assets		852,024	856,736	141,247	29,899
Inventories	5	6,890	5,953	-	-
Other investments	6	114,323	235,776	114,323	235,776
Trade and other receivables	7	36,206	27,550	616	2,512
Tax recoverable		3,914	-	3,853	-
Cash and cash equivalents	8	25,397	5,320	3,260	57
Total current assets		186,730	274,599	122,052	238,345
Total assets		1,038,754	1,131,335	263,299	268,244
Equity					
Share capital	9	270,003	270,003	270,003	270,003
Reverse acquisition deficit	9	(92,791)	(92,791)	-	-
Capital reserve	9	-	-	36,297	36,297
Foreign currency translation reserve		(2,223)	-	-	-
Accumulated losses		(83,587)	(10,134)	(46,492)	(39,665)
Equity attributable to owners of the Company		91,402	167,078	259,808	266,635
Non-controlling interests		(100,295)	(68,132)	-	-
Total equity		(8,893)	98,946	259,808	266,635
Liabilities					
Loans and borrowings	10	50,702	825,664	-	-
Total non-current liability		50,702	825,664	-	-
Loans and borrowings	10	945,426	165,962	-	-
Trade and other payables	11	51,316	40,255	3,491	1,077
Taxation		203	508	-	532
Total current liabilities		996,945	206,725	3,491	1,609
Total liabilities		1,047,647	1,032,389	3,491	1,609
Total equity and liabilities		1,038,754	1,131,335	263,299	268,244

The notes on pages 68 to 139 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Period Ended 30 April 2019

	Note	Group 1.1.2018 to 30.4.2019 RM'000	Group 1.1.2017 to 31.12.2017 RM'000	Company 1.1.2018 to 30.4.2019 RM'000	Company 1.1.2017 to 31.12.2017 RM'000
Revenue	12	232,753	152,076	1,854	7,412
Direct costs		(224,364)	(198,449)	-	-
Gross profit/(loss)		8,389	(46,373)	1,854	7,412
Other income		4,309	-	2	223,991
Administrative expenses		(24,587)	(15,604)	(6,490)	(4,031)
Other expenses		(17,904)	(250,046)	(531)	(81,095)
Net gain/(loss) on impairment of financial instruments		224	(1,008)	(13,433)	(65,595)
Results from operating activities		(29,569)	(313,031)	(18,598)	80,682
Finance income	13	8,411	7,405	9,148	8,319
Finance costs	14	(86,984)	(62,261)	-	-
Net finance (costs)/income		(78,573)	(54,856)	9,148	8,319
(Loss)/Profit before tax	15	(108,142)	(367,887)	(9,450)	89,001
Tax credit/(expense)	16	2,414	33,602	2,623	(2,647)
(Loss)/Profit from continuing operations		(105,728)	(334,285)	(6,827)	86,354
Discontinued operations					
Profit from discontinued operations, net of tax	17	-	385,470	-	-
(Loss)/Profit for the period/year		(105,728)	51,185	(6,827)	86,354
Other comprehensive loss, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(2,223)	-	-	-
Other comprehensive loss for the period/year, net of tax		(2,223)	-	-	-
Total comprehensive (loss)/income for the period/year	18	(107,951)	51,185	(6,827)	86,354

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Period Ended 30 April 2019
contd.

	Note	Group 1.1.2018 to 30.4.2019 RM'000	Group 1.1.2017 to 31.12.2017 RM'000	Company 1.1.2018 to 30.4.2019 RM'000	Company 1.1.2017 to 31.12.2017 RM'000
(Loss)/Profit attributable to:					
Owners of the company		(71,477)	152,429	(6,827)	86,354
Non-controlling interests		(34,251)	(101,244)	-	-
(Loss)/Profit for the period/year		(105,728)	51,185	(6,827)	86,354
Total comprehensive (loss)/income attributable to:					
Owners of the company		(73,700)	152,429	(6,827)	86,354
Non-controlling interests		(34,251)	(101,244)	-	-
Total comprehensive (loss)/income for the period/year		(107,951)	51,185	(6,827)	86,354
Basic (loss)/earnings per ordinary share (sen)					
- from continuing operations		(9.87)	(32.85)		
- from discontinued operations		-	54.33		
Basic	19	(9.87)	21.48		

The notes on pages 68 to 139 are an integral part of these financial statements.

Statements of Changes in Equity

For the Financial Period Ended 30 April 2019

		Attributable to equity holders of the Group							
		Non-distributable				Distributable			
Group	Note	Share capital RM'000	Share premium RM'000	Reverse acquisition deficit RM'000	Translation reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2017		175,383	87,470	(92,791)	-	(57,333)	112,729	33,112	145,841
Adjustment for effects of Companies Act 2016	9.2	87,470	(87,470)	-	-	-	-	-	-
Total comprehensive income/(loss) for the period		-	-	-	-	152,429	152,429	(101,244)	51,185
Transaction with owners:									
Payment of dividends		-	-	-	-	(98,080)	(98,080)	-	(98,080)
Issue of shares pursuant to Dividend Reinvestment Plan		7,150	-	-	-	(7,150)	-	-	-
		7,150	-	-	-	(105,230)	(98,080)	-	(98,080)
At 31 December 2017/1 January 2018		270,003	-	(92,791)	-	(10,134)	167,078	(68,132)	98,946

Group	Note	Attributable to equity holders of the Group							
		Non-distributable				Distributable			
		Share capital RM'000	Share premium RM'000	Reverse acquisition deficit RM'000	Translation reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 31 December 2017/1 January 2018, as previously reported		270,003	-	(92,791)	-	(10,134)	167,078	(68,132)	98,946
Adjustment on initial application of MFRS 9, net of tax		-	-	-	-	(1,976)	(1,976)	(847)	(2,823)
At 31 December 2017/1 January 2018, as restated		270,003	-	(92,791)	-	(12,110)	165,102	(68,979)	96,123
Loss for the period		-	-	-	-	(71,477)	(71,477)	(34,251)	(105,728)
Foreign currency translation differences for foreign operations		-	-	-	(2,223)	-	(2,223)	-	(2,223)
Total comprehensive loss for the period		-	-	-	(2,223)	(71,477)	(73,700)	(34,251)	(107,951)
Acquisition of a subsidiary	17.1	-	-	-	-	-	-	2,935	2,935
At 30 April 2019		270,003	-	(92,791)	(2,223)	(83,587)	91,402	(100,295)	(8,893)
		Note 9	Note 9	Note 9	Note 9				

		Attributable to equity holders of the Company				
		Non-distributable			Distributable	
Company	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Capital reserve RM'000**	**Accumulated losses RM'000**	**Total equity RM'000**
At 1 January 2017		175,383	87,470	36,297	(20,789)	278,361
Adjustment for effects of Companies Act 2016	9.2	87,470	(87,470)	-	-	-
Total comprehensive income for the period		-	-	-	86,354	86,354
Transaction with owners:						
Payment of dividends		-	-	-	(98,080)	(98,080)
Issue of shares pursuant to Dividend Reinvestment Plan		7,150	-	-	(7,150)	-
		7,150	-	-	(105,230)	(98,080)
At 31 December 2017/1 January 2018		270,003	-	36,297	(39,665)	266,635
Total comprehensive loss for the period		-	-	-	(6,827)	(6,827)
At 30 April 2019		270,003	-	36,297	(46,492)	259,808
		Note 9	Note 9	Note 9		

The notes on pages 68 to 139 are an integral part of these financial statements.

Statements of Cash Flows

For the Financial Period Ended 30 April 2019

	Notes	Group 1.1.2018 to 30.4.2019 RM'000	Group 1.1.2017 to 31.12.2017 RM'000	Company 1.1.2018 to 30.4.2019 RM'000	Company 1.1.2017 to 31.12.2017 RM'000
Cash flows from operating activities					
Collection of revenue		225,350	203,660	-	1,252
Collection of other income		1,505	8,311	8,306	6,574
Cash generated from operations		226,855	211,971	8,306	7,826
Payment of expenses		(133,956)	(165,493)	(7,146)	(9,733)
Net tax paid		(1,767)	(2,393)	(1,762)	(2,323)
Net cash generated from/(used in) operating activities		91,132	44,085	(602)	(4,230)
Cash flows from investing activities					
Proceeds from disposal of a subsidiary		-	352,212	-	390,000
Proceeds from sale of property, vessels and equipment		155	-	155	-
Acquisition of subsidiary, net of cash and cash equivalents acquired	17.1	(6,425)	-	-	-
Purchase of property, vessels and equipment		(107,501)	(12,801)	(46)	(1,230)
Payment for highway development expenditure		-	(1,142)	-	-
Investment in subsidiaries		-	-	(18,000)	(122)
Advances to subsidiaries		-	-	(99,757)	(50,518)
Disposal/(purchase) of other investments		121,453	(235,776)	121,453	(235,776)
Decrease in pledged deposits		285	2,556	-	-
Net cash generated from investing activities		7,967	105,049	3,805	102,354
Cash flows from financing activities					
Payment of dividends		-	(98,080)	-	(98,080)
Drawdown of borrowings		150	8,000	-	-
Repayment of borrowings		(29,490)	(40,213)	-	-
Payment of finance costs		(49,397)	(122,843)	-	-
Net cash used in financing activities		(78,737)	(253,136)	-	(98,080)
Net increase/(decrease) in cash and cash equivalents		20,362	(104,002)	3,203	44
Cash and cash equivalents at beginning of period/year		3,602	107,604	57	13
Cash and cash equivalents at end of period/year	(i)	23,964	3,602	3,260	57

(i) Cash and cash equivalents

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

		Group		Company	
	Note	30.4.2019 RM'000	31.12.2017 RM'000	30.4.2019 RM'000	31.12.2017 RM'000
Cash and bank balances		18,437	1,214	250	57
Deposits placed with licensed banks		6,960	4,106	3,010	-
	8	25,397	5,320	3,260	57
Less: Pledged deposits		(1,433)	(1,718)	-	-
		23,964	3,602	3,260	57

The notes on pages 68 to 139 are an integral part of these financial statements.

Notes to the Financial Statements

Marine & General Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
Level 23, Plaza VADS
No.1, Jalan Tun Mohd Fuad
Taman Tun Dr Ismail
60000 Kuala Lumpur

Registered office
Level 22, Axiata Tower
No.9, Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial period ended 30 April 2019 comprise those of the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the period ended 30 April 2019 do not include other entities.

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 4 to the financial statements. There has been no significant change in the nature of these activities during the financial period.

These financial statements were authorised for issue by the Board of Directors on 23 August 2019.

1. Basis of preparation

(a) Statement of compliance

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

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board but have not been adopted by the Group and the Company.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

1. Basis of preparation (contd.)

(a) Statement of compliance (contd.)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 May 2019 for those accounting standard, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019, except for amendments to MFRS 11 and MFRS 128 which are not applicable to the Group and the Company.

- from the annual period beginning on 1 May 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.

The Group and the Company does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

The Group and the Company is expected to apply the abovementioned pronouncements beginning from the respective dates the pronouncements become effective.

The initial application of the abovementioned pronouncements is not expected to have any material impact to the financial statements of the Group and the Company except as mentioned below:

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether and Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives*, and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.

1. Basis of preparation (contd.)

(b) Change of financial year end

The Group and the Company have changed their financial year end from 31 December to 30 April. Consequently, the current financial statements, being the Group's and the Company's first financial statements under the new financial year, are for a period 16 months from 1 January 2018 to 30 April 2019. The comparative figures are for the 12-month period from 1 January 2017 to 31 December 2017.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements, and on the assumption that the Group and the Company will continue on a going concern basis.

The Group incurred net losses of approximately RM106 million for the period ended 30 April 2019 and as of that date, the Group's current liabilities exceeded its current assets by RM810 million.

On 6 February 2018, Jasa Merin (Malaysia) Sdn. Bhd. ("Jasa Merin"), a subsidiary held through AQL Aman Sdn. Bhd. ("AQL"), received approval from the Corporate Debt Restructuring Committee ("CDRC") of Bank Negara Malaysia for Jasa Merin's application for assistance to mediate between Jasa Merin and its subsidiaries with their lenders.

The Group has proposed a debt restructuring scheme ("PDRS") to the respective Lenders which includes:

(i) a 12-month period moratorium on repayment of borrowings to the respective lenders, commencing from the first drawdown date of the PDRS;

(ii) a RM50 million upfront proportionate cash payment to the Lenders; and

(iii) conversion of RM150 million of existing borrowings facilities into Convertible Preference Shares.

On 18 February 2019, 11 April 2019 and 30 April 2019, Jasa Merin received offer letters from respective lenders for restructured facilities and is finalising the relevant documentation with the lenders based on the terms of the PDRS as at period end.

The validity of the going concern assumption of the Group is dependent on the following:

(i) The completion of the PDRS as soon as practicable; and

(ii) The Group's ability to generate adequate cash flows from its operations to service its obligation as and when they fall due in the foreseeable future.

The Directors have assessed that the Group is able to meet and complete the requirements of the PDRS, which are only pending completion of documentation process. The Directors believe that these will be achieved in due course.

As at the date of this report two of the three Lenders whose combined facilities made up 72% of Jasa Merin's borrowings have disbursed their financing under the restructured facilities.

The Group prepared cash flow forecasts for the next twelve months in accordance with the terms of PDRS as agreed with the lenders. The cash flow forecasts of the Group are based on past performance and estimated growth rate. Based on the cash flow forecasts, the Directors are of the view that the Group is able to generate sufficient cash flows for the next twelve months from the reporting date to meet its cash flows requirements to realise its assets and discharge its liabilities in the normal course of business.

Consequently, the Directors believe that there is no material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

1. Basis of preparation (contd.)

(d) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(e) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

(i) Note 3 : Property, vessels and equipment;
(ii) Note 4 : Investment in subsidiaries; and
(iii) Note 23 : Financial instruments

2. Significant accounting policies

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

Arising from the adoption of MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments*, there are changes to the accounting policies of:

(i) financial instruments;
(ii) revenue recognition; and
(iii) impairment losses of financial instruments

as compared to those adopted in previous financial statements. The impacts arising from the changes are disclosed in Note 28.

(a) Basis of consolidation

(i) Subsidiaries

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

2. Significant accounting policies (contd.)

(a) Basis of consolidation (contd.)

(i) Subsidiaries (contd.)

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

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

(ii) Business combinations

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

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

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

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

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

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

(iii) Acquisitions of non-controlling interests

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

2. Significant accounting policies (contd.)

(a) Basis of consolidation (contd.)

(iv) Loss of control

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

(v) Non-controlling interests

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

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

(vi) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

2. Significant accounting policies (contd.)

(b) Foreign currency (contd.)

(i) Foreign currency transactions (contd.)

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

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

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

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

(c) Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company have elected not to restate the comparatives.

(i) Recognition and initial measurement

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

Current financial period

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

Previous financial year

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 that were directly attributable to the acquisition or issue of the financial instrument.

2. **Significant accounting policies (contd.)**

(c) Financial instruments (contd.)

(ii) Financial instrument categories and subsequent measurement

Financial assets

Current financial period

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2 (h)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(h)(i)).

2. Significant accounting policies (contd.)

(c) Financial instruments (contd.)

(ii) Financial instrument categories and subsequent measurement (contd.)

Financial assets (contd.)

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

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

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

Other financial assets categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprised debt instruments that were not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables were subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, were subject to impairment assessment (see Note 2(h)(i)).

Financial liabilities

Current financial period

The categories of financial liabilities at initial recognition are as follows:

Amortised cost

Other financial liabilities not categoried as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Previous financial year

In the previous financial year, financial liabilities of the Group and the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

2. Significant accounting policies (contd.)

(c) Financial instruments (contd.)

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Current financial period

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

Previous financial year

In the previous financial year, fair value arising from financial guarantee contracts were classified as deferred income and was amortised to profit or loss using a straight-line method over the contractual period or, when there was no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract was probable, an estimate of the obligation was made. If the carrying value of the financial guarantee contract was lower than the obligation, the carrying value was adjusted to the obligation amount and accounted for as a provision.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. Significant accounting policies (contd.)

(c) Financial instruments (contd.)

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, vessels and equipment

(i) Recognition and measurement

Items of property, vessels and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

When significant parts of an item of property, vessels and equipment have different useful lives, they are accounted for as separate items (major components) of property, vessels and equipment.

The gain or loss on disposal of an item of property, vessels and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, vessels and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, vessels and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, vessels and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, vessels and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, vessels and equipment under construction are not depreciated until the assets are ready for their intended use.

2. Significant accounting policies (contd.)

(d) Property, vessels and equipment (contd.)

(iii) Depreciation (contd.)

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Vessels	15 - 20 years
Vessels equipment	5 years
Dry docking expenditure	2.5 - 5 years
Motor vehicles	4 - 5 years
Boat	10 years
Renovation	10 years
Computer system, furniture, fittings and other equipment	1 2/3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating leases

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

2. Significant accounting policies (contd.)

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition is determined using the first-in, first-out method. The cost comprises all direct and indirect costs.

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.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of pledged deposits.

(h) Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company elected not to restate the comparatives.

Current financial period

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

2. **Significant accounting policies (contd.)**

(h) Impairment (contd.)

(i) Financial assets (contd.)

Current financial period (contd.)

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) were assessed at each reporting date whether there was any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, were not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost was an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset was estimated.

An impairment loss in respect of loans and receivables was recognised in profit or loss and was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset was reduced through the use of an allowance account.

An impairment loss in respect of unquoted equity instrument that was carried at cost was recognised in profit or loss and was measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

If, in a subsequent period, the fair value of a debt instrument increases and the increase could be objectively related to an event occurring after impairment loss was recognised in profit or loss, the impairment loss was reversed, to the extent that the asset's carrying amount did not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal was recognised in profit or loss.

2. Significant accounting policies (contd.)

(h) Impairment (contd.)

(ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax assets and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial period in which the reversals are recognised.

(i) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity.

2. Significant accounting policies (contd.)

(i) Equity instruments (contd.)

(ii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(j) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group or the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

Contributions to the statutory pension funds are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group or the Company has no further payment obligations.

(k) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

2. Significant accounting policies (contd.)

(k) Revenue and other income (contd.)

(ii) Vessel charter

Revenue from vessel charter is recognised on a time-apportionment basis using the straight-line method.

(iii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(iv) Dividend income

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

(v) Management fee

Management fee is recognised when services are rendered.

(vi) Guarantee fee

Guarantee fee is recognised on a time apportionment basis.

(l) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(m) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

2. Significant accounting policies (contd.)

(m) Income tax (contd.)

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial periods.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Earnings per ordinary share

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

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(o) Operating segments

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

(p) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. Significant accounting policies (contd.)

(q) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

Level 1: quoted price (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of event or change in circumstances that caused the transfers.

3. Property, vessels and equipment

Group	Buildings RM'000	Vessels RM'000	Vessel under construction RM'000	Vessels equipment RM'000	Dry docking expenditure RM'000	Work-in-progress RM'000	Motor vehicles and boat RM'000	Renovations RM'000	Computer system, furniture, fittings and other equipment RM'000	Total RM'000
Cost										
At 1 January 2017	940	1,702,855	-	4,505	47,361	-	4,285	1,922	6,317	1,768,185
Additions	-	-	-	-	10,451	953	611	562	224	12,801
Disposal of subsidiary	-	-	-	-	-	-	(1,280)	(1,127)	(3,991)	(6,398)
At 31 December 2017/ 1 January 2018	940	1,702,855	-	4,505	57,812	953	3,616	1,357	2,550	1,774,588
Additions	-	21,435	62,766	-	12,910	4,127	313	-	143	101,694
Acquisition through business combinations (Note 17.1)	-	15,443	-	-	-	-	-	-	-	15,443
Disposal	-	-	-	-	-	-	(333)	-	-	(333)
Reclassification	-	-	-	-	953	(953)	-	-	-	-
Write off	-	-	-	-	-	-	-	-	(12)	(12)
At 30 April 2019	940	1,739,733	62,766	4,505	71,675	4,127	3,596	1,357	2,681	1,891,380

3. Property, vessels and equipment (contd.)

Group	Buildings RM'000	Vessels RM'000	Vessel under construction RM'000	Vessels equipment RM'000	Dry docking expenditure RM'000	Work-in-progress RM'000	Motor vehicles and boat RM'000	Renovations RM'000	Computer system, furniture, fittings and other equipment RM'000	Total RM'000
Accumulated depreciation and impairment loss										
At 1 January 2017										
Accumulated depreciation	265	471,977	-	4,285	37,435	-	2,488	1,435	3,254	521,139
Accumulated impairment loss	-	46,212	-	-	406	-	-	-	-	46,618
	265	518,189	-	4,285	37,841	-	2,488	1,435	3,254	567,757
Charge for the year	19	95,874	-	220	4,979	-	241	31	121	101,485
Impairment loss	-	243,269	-	-	6,777	-	-	-	-	250,046
Disposal of subsidiary	-	-	-	-	-	-	-	(543)	(893)	(1,436)
At 31 December 2017/ 1 January 2018										
Accumulated depreciation	284	567,851	-	4,505	42,414	-	2,729	923	2,482	621,188
Accumulated impairment loss	-	289,481	-	-	7,183	-	-	-	-	296,664
	284	857,332	-	4,505	49,597	-	2,729	923	2,482	917,852
Charge for the period	25	98,357	-	-	5,059	-	293	85	85	103,904
Impairment loss	-	17,770	-	-	-	-	-	-	-	17,770
Disposal	-	-	-	-	-	-	(165)	-	-	(165)
Write off	-	-	-	-	-	-	-	-	(5)	(5)

3. Property, vessels and equipment (contd.)

Group	Buildings RM'000	Vessels RM'000	Vessel under construction RM'000	Vessels equipment RM'000	Dry docking expenditure RM'000	Work-in-progress RM'000	Motor vehicles and boat RM'000	Renovations RM'000	Computer system, furniture, fittings and other equipment RM'000	Total RM'000
Accumulated depreciation and impairment loss (contd.)										
At 30 April 2019										
Accumulated depreciation	309	666,208	-	4,505	47,473	-	2,857	1,008	2,562	724,922
Accumulated impairment loss	-	307,251	-	-	7,183	-	-	-	-	314,434
	309	973,459	-	4,505	54,656	-	2,857	1,008	2,562	1,039,356
Carrying amount										
At 1 January 2017	675	1,184,666	-	220	9,520	-	1,797	487	3,063	1,200,428
At 31 December 2017/ 1 January 2018	656	845,523	-	-	8,215	953	887	434	68	856,736
At 30 April 2019	631	766,274	62,766	-	17,019	4,127	739	349	119	852,024

3. Property, vessels and equipment (contd.)

Company	Motor vehicles RM'000	Computer system, furniture, fittings and other equipment RM'000	Renovations RM'000	Total RM'000
Cost				
At 1 January 2017	153	-	-	153
Additions	611	57	562	1,230
At 31 December 2017/1 January 2018	764	57	562	1,383
Additions	-	46	-	46
Disposals	(187)	-	-	(187)
At 30 April 2019	577	103	562	1,242
Accumulated depreciation				
At 1 January 2017	69	-	-	69
Charge for the year	68	6	19	93
At 31 December 2017/1 January 2018	137	6	19	162
Charge for the period	169	37	75	281
Disposals	(19)	-	-	(19)
At 30 April 2019	287	43	94	424
Carrying amount				
At 1 January 2017	84	-	-	84
At 31 December 2017/1 January 2018	627	51	543	1,221
At 30 April 2019	290	60	468	818

3.1 Impairment loss

During the financial period ended 30 April 2019, further decline in offshore drilling activities affected the demand for offshore support vessels in the oil and gas industry and has resulted in a further decrease in profitability of charter contracts for the Group's upstream vessels. Accordingly, the Group reviewed the recoverable amount of its upstream vessels culminating in the recognition of impairment loss of RM17,770,000 (31.12.2017: RM250,046,000).

The recoverable amount of the vessels of RM766,274,000 (31.12.2017: RM863,419,000) was determined based on fair value less cost of disposal, which was determined based on the market comparable approach that reflects recent transaction prices for similar vessels, with similar age and specifications. In valuing the vessels, the appraisers had taken into consideration the prevailing market conditions and have made adjustments for differences such as age, size and specification where necessary before arriving at the most appropriate fair value for the vessels. The fair value measurement of the vessels was performed by independent appraisers not connected with the Group, who have appropriate qualifications and recent experience in the fair value measurement of the vessel in the relevant sector.

3. Property, vessels and equipment (contd.)

3.1 Impairment loss (contd.)

Key assumptions applied by external valuer in measuring the fair value:

i. Valuation based on comparison to market value of the type of vessel fitted with the same fittings/ equipment of similar nature or as closed in similarity of which recently transacted around the region.

ii. Full equipment, full valid class/trading certificates and in operational condition.

iii. Free of charter commitment and to be freely transferable.

The fair value measurement is classified within Level 3 of the fair value hierarchy.

3.2 The carrying amount of motor vehicles of the Group held under hire purchase at the reporting date was RM150,000 (31.12.2017: RM117,000).

3.3 Certain property, vessels and equipment of the Group are pledged as securities for borrowings as disclosed in Note 10.

4. Investments in subsidiaries

		Company	
		30.4.2019	**31.12.2017**
	Note	**RM'000**	**RM'000**
Cost			
At 1 January		142,814	302,692
Addition	4.1	20,345	122
Disposal	4.2	(47,982)	(160,000)
At 30 April/31 December		115,177	142,814
Amount due from subsidiaries	4.3	139,919	-
		255,096	142,814
Less: Accumulated impairment loss			
At 1 January		114,136	33,042
Impairment loss charged to profit or loss	15	531	81,094
At 30 April/31 December		114,667	114,136
Carrying amount		140,429	28,678

4.1 Addition

The addition of investment in subsidiaries is in relation to additional investment in form of advance to a subsidiary and the conversion of Cumulative Convertible Redeemable Preference Shares held in a subsidiary.

4. Investments in subsidiaries (contd.)

4.2 Disposal

During the financial period, the Company disposed its interest in a subsidiary to another subsidiary to streamline the business divisions of the Group.

4.3 Amount due from subsidiaries

The amount due from subsidiaries are classified as cost of investment in subsidiaries. The amount due from subsidiaries do not have fixed repayment terms and after considering the capital structure of the subsidiaries, the management is of the view that, in substance, the amount due from subsidiaries provided an exposure similar to an investment in ordinary shares of the subsidiaries.

Impairment review of investment in subsidiaries

During the financial period ended 30 April 2019, a subsidiary of the Company (an immediate holding company of offshore support vessel services subsidiaries), recorded a net loss and as at that date, the subsidiary had a deficit in shareholder's fund.

Due to the presence of impairment indicator arising from operation of this subsidiary, the Company has undertaken an impairment assessment on investment in the subsidiary.

The recoverable amount of the impaired subsidiary of RM Nil (31.12.2017: RM Nil) was determined based on the fair value less cost of disposal ("FVLCOD"). The Company used fair value of the vessels owned by indirect subsidiaries which were held through the impaired subsidiary to estimate the fair value of the cost of investment in the subsidiary.

The fair value of the vessels was based on valuation performed by an independent valuer using the market approach, including consideration of the recent market transaction of vessels of similar type and age. The fair value was based on key assumptions as disclosed in Note 3.1.

The valuation technique is therefore classified as Level 3 of the fair value hierarchy.

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Principal place of business/Country of incorporation	Effective ownership interest	
			30.4.2019	31.12.2017
			%	%
Held by the Company:				
AQL Aman Sdn. Bhd. ("AQL")	Investment holding	Malaysia	100	100
M&G Marine Logistics Holdings Sdn. Bhd. (formerly known as Red Centennial Sdn. Bhd.) ("MGMLH")	Investment holding	Malaysia	100	100
Jasamerin Energy Ventures Sdn. Bhd. ("JMEV")	Dormant	Malaysia	51	51
Held through AQL:				
Jasa Merin (Malaysia) Sdn. Bhd. ("Jasa Merin")	Provision of offshore marine support services	Malaysia	70	70

4. Investments in subsidiaries (contd.)

Impairment review of investment in subsidiaries (contd.)

Details of the subsidiaries are as follows (contd.):

Name of subsidiaries	Principal activities	Principal place of business/Country of incorporation	Effective ownership interest 30.4.2019 %	31.12.2017 %
Held through Jasa Merin:				
JM Global 1 (Labuan) Plc ("JMG1")	Provision of offshore marine support services	Malaysia	70	70
JM Global 2 (Labuan) Plc ("JMG2")	Provision of offshore marine support services	Malaysia	70	70
JM Global 3 (Labuan) Plc ("JMG3")	Provision of offshore marine support services	Malaysia	70	70
JM Global 4 (Labuan) Plc ("JMG4")	Provision of offshore marine support services	Malaysia	70	70
Held through MGMLH:				
Jasa Merin (Labuan) Plc ("JML")	Provision of marine logistics services	Malaysia	100	100
M&G Ship Management (L) Pte. Ltd. ("MGSM (L)")	Dormant	Malaysia	100	-
M&G Tankers Sdn. Bhd. ("MGTSB")	Investment holding	Malaysia	100	-
Held through MGTSB:				
M&G Tankers (L) Pte. Ltd. ("MGT(L)")	Provision of marine logistics services	Malaysia	100	-
M&G Marine Logistics (L) Pte. Ltd. ("MGM(L)")	Provision of marine logistics services	Malaysia	100	-
TKH Marine (L) Ltd. ("TKH")	Provision of marine logistics services	Malaysia	70	-

4. Investments in subsidiaries (contd)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have non-controlling interests ("NCI") are as follows:

30.4.2019	NCI percentage of ownership interest %	Carrying amount of NCI RM'000	(Loss) / Profit allocated to NCI RM'000
Material NCI			
Name of subsidiary			
Jasa Merin (Malaysia) Sdn. Bhd. and subsidiaries ("Jasa Merin Group")	30	(103,860)	(34,628)
Immaterial NCI			
Name of subsidiary			
JMEV	49	204	(49)
TKH	30	3,361	426
		(100,295)	(34,251)

Summarised financial information before intra-group elimination

	Jasa Merin Group RM'000	JMEV RM'000	TKH RM'000	Total RM'000
As at 30 April 2019				
Non-current assets	685,359	-	14,290	699,649
Current assets	55,324	424	370	56,118
Non-current liabilities	(951,634)	-	-	(951,634)
Current liabilities	(135,249)	(6)	(3,457)	(138,712)
Net (liabilities)/assets	(346,200)	418	11,203	(334,579)
Period ended 30 April 2019				
Revenue	179,652	-	3,603	183,255
Loss for the period	(115,427)	(100)	1,421	(114,106)
Cash flows from operating activities	39,435	(142)	6,452	45,745
Cash flows from investing activities	6,956	-	(16,406)	(9,450)
Cash flows from financing activities	(101,043)	-	10,303	(90,740)
Net (decrease)/increase in cash and cash equivalents	(54,652)	(142)	349	(54,445)
Dividends paid to NCI	-	-	-	-

4. Investments in subsidiaries (continued)

Non-controlling interests in subsidiaries (contd.)

The Group's subsidiaries that have non-controlling interests ("NCI") are as follows (contd.):

31.12.2017	NCI percentage of ownership interest %	Carrying amount of NCI RM'000	Loss allocated to NCI RM'000
Material NCI			
Name of subsidiary			
Jasa Merin Group	30	(68,385)	(101,174)
Immaterial NCI			
Name of subsidiary			
JMEV	49	253	(70)
		(68,132)	(101,244)

Summarised financial information before intra-group elimination

	Jasa Merin Group RM'000	JMEV RM'000	Total RM'000
As at 31.12.2017			
Non-current assets	780,262	-	780,262
Current assets	34,361	525	34,886
Non-current liabilities	(787,375)	-	(787,375)
Current liabilities	(255,197)	(7)	(255,204)
Net (liabilities)/assets	(227,949)	518	(227,431)
Year ended 31.12.2017			
Revenue	107,747	-	107,747
Loss for the year	(337,247)	(142)	(337,389)
Cash flows from operating activities	39,435	(142)	39,293
Cash flows from investing activities	6,956	-	6,956
Cash flows from financing activities	(101,043)	-	(101,043)
Net decrease in cash and cash equivalents	(54,652)	(142)	(54,794)
Dividends paid to NCI	-	-	-

4. Investments in subsidiaries (contd.)

Significant restrictions

Other than those disclosed elsewhere in the financial statements, the carrying amounts of assets to which significant restrictions apply are as follows:

	Group	
	30.4.2019 RM'000	31.12.2017 RM'000
Cash and cash equivalents	10	672

Restriction imposed by bank covenants

The covenants of bank loans taken by Jasa Merin, a subsidiary of the Company, restrict the ability of the subsidiary to utilise its cash and bank balances of RM10,000 (31.12.2017: RM672,000) until settlement of the term loans.

5. Inventories

	Group	
	30.4.2019 RM'000	31.12.2017 RM'000
Spare parts for vessels	1,068	1,076
Fuel	5,822	4,877
	6,890	5,953

6. Other investments

	Group and Company	
	30.4.2019 RM'000	31.12.2017 RM'000
Financial assets at fair value through profit or loss	114,323	135,452
Deposits placed with licensed banks	-	100,324
	114,323	235,776

The financial assets at fair value through profit or loss represents investment in short term money market instruments.

7. Trade and other receivables

	Note	Group 30.4.2019 RM'000	Group 31.12.2017 RM'000	Company 30.4.2019 RM'000	Company 31.12.2017 RM'000
Current					
Trade					
Charter hire income from national oil corporation		7,488	4,760	-	-
Charter hire income from multinational oil corporations		22,387	16,491	-	-
Other trade receivables		1,097	2,318	-	-
Less: Impairment loss		(3,607)	(1,008)	-	-
		27,365	22,561	-	-
Non-trade					
Amount due from subsidiaries	7.1	-	-	79,514	67,324
Less: Impairment loss		-	-	(79,028)	(65,595)
		-	-	486	1,729
Other receivables		93	1,623	-	643
Sundry receivables	7.2	4,011	374	-	-
Staff advances		179	110	-	-
Prepayments		2,866	2,559	17	27
Deposits		1,692	323	113	113
		8,841	4,989	616	2,512
		36,206	27,550	616	2,512

7.1 Amount due from subsidiaries

Amount due from subsidiaries represents advances, dividends, fees and interest receivable. The amount is unsecured and repayable on demand.

7.2 Sundry receivables

Sundry receivables comprise mainly insurance receivables for repair and maintenance of vessels.

8. Cash and cash equivalents

	Group		Company	
	30.4.2019	31.12.2017	30.4.2019	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	18,437	1,214	250	57
Deposits placed with licensed banks	6,960	4,106	3,010	-
	25,397	5,320	3,260	57

Deposits placed with licensed banks of the Group amounting to RM1,433,000 (31.12.2017: RM1,718,000) are pledged as securities for banking facilities granted to the Group.

9. Share capital, reverse acquisition deficit and capital reserves

	30.4.2019		31.12.2017	
	Amount	Number of shares	Amount	Number of shares
Group and Company	RM'000	'000	RM'000	'000
Issued and fully paid ordinary shares				
At 1 January	270,003	723,879	175,383	701,534
Transition in accordance with Section 618(2) of the Companies Act 2016 (Note 9.2)				
- Share premium	-	-	87,470	-
Issued pursuant to Dividend Reinvestment Plan	-	-	7,150	22,345
At 30 April/31 December	270,003	723,879	270,003	723,879

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's residual assets.

9.1 Reverse acquisition deficit and capital reserve

Reverse acquisition deficit arose from the reverse acquisition of the Company by AQL. The acquisition of AQL Aman Sdn. Bhd. ("AQL") was completed on 14 October 2009. Pursuant to Appendix B of MFRS 3 - *Business Combinations*, this acquisition was deemed a reverse acquisition arrangement. Due to the application of MFRS 3 rules relating to reverse acquisitions, AQL, the legal subsidiary, became the acquirer of the Group for accounting purposes. Accordingly, the consolidated financial statements have been prepared as a continuation of the financial statements of AQL, but under the name of the Company, the legal parent.

Capital reserve arose from capital reduction exercise in prior periods.

9.2 Transition in accordance with Section 618(2) of the Companies Act 2016

Pursuant to Section 74 of the Companies Act 2016 ("the Act"), the Company's shares no longer have a par or nominal value with effect from 31 May 2017.

There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition. During the financial period, the Company has not utilised any of the credit in the share premium account which is now part of share capital.

10. Loans and borrowings

	Note	Group 30.4.2019 RM'000	31.12.2017 RM'000
Non-current			
Secured term loans	10.1	20,599	815,634
Hire purchase payables	10.2	103	30
Revolving credit	10.3	30,000	10,000
		50,702	825,664
Current			
Secured term loans	10.1	929,358	118,308
Hire purchase payables	10.2	47	78
Bank overdrafts		6,021	9,576
Revolving credit	10.3	10,000	38,000
		945,426	165,962
		996,128	991,626

10.1 Secured term loans

The term loans of the Group are secured by the followings:

(a) debentures created over fixed and floating assets of subsidiaries;
(b) first legal/mortgage charge over the vessels;
(c) an irrevocable joint and several guarantee by a director and a third party of AQL;
(d) assignment of charter proceeds in respect of the vessels;
(e) assignment of all benefit, interest, rights and property over or in respect of the vessels under construction contracts;
(f) assignment of insurance policy for all vessels in favour of the banks; and
(g) corporate guarantees from the immediate and ultimate holding company of the subsidiaries.

10.2 Hire purchase payables

Hire purchase liabilities are payable as follows:

	30.4.2019			31.12.2017		
	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Less than one year	55	8	47	82	4	78
Between one and five years	109	6	103	31	1	30
	164	14	150	113	5	108

10. Loans and borrowings (contd.)

10.3 Revolving credit

The revolving credits of the Group are secured by the following:

(a) shares in subsidiaries held by Jasa Merin; and
(b) corporate guarantees of the Company.

10.4 Proposed Debt Restructuring Scheme

During the year, the Group has reclassified total loans and borrowings approximately RM911 million from non-current liabilities to current liabilities as the Group did not meet certain repayment terms and financial covenants of these loans and borrowings. Total carrying amounts loans and borrowings where certain repayment terms and financial covenants were not met as at 30 April 2019 is approximately RM921 million.

As disclosed in Note 1(c), the Group has received the offer letters of the PDRS from respective lenders during the financial period and as at period end, the PDRS is only pending completion of documentation process.

10. Loans and borrowings (contd.)

10.5 Reconciliation of movement of loans and borrowings to cash flow from financing activity

	At 1.1.2017 RM'000	Net changes from financing cash flow RM'000	Disposal of subsidiary RM'000	Finance cost RM'000	At 31.12.2017 RM'000	Net changes from financing cash flow RM'000	Finance cost RM'000	At 30.4.2019 RM'000
Secured term loans	939,518	(64,821)	-	59,245	933,942	(62,506)	78,521	949,957
Hire purchase payables	198	(95)	-	5	108	42	-	150
Bank overdrafts	9,071	505	-	-	9,576	(4,686)	1,131	6,021
Revolving credit	40,000	4,989	-	3,011	48,000	(11,587)	3,587	40,000
Sukuk Mudharabah	642,903	(95,634)	(607,851)	60,582	-	-	-	-
	1,631,690	(155,056)	(607,851)	122,843	991,626	(78,737)	83,239	996,128

11. Trade and other payables

	Note	Group 30.4.2019 RM'000	Group 31.12.2017 RM'000	Company 30.4.2019 RM'000	Company 31.12.2017 RM'000
Trade					
Trade payables		30,693	31,357	-	-
Non-trade					
Accruals	11.1	20,562	3,572	680	1,077
Sundry payables		61	3,009	-	-
Deposits received		-	497	-	-
Amount due to a shareholder	11.2	-	1,820	-	-
Amount due to subsidiaries	11.2	-	-	2,811	-
		20,623	8,898	3,491	1,077
		51,316	40,255	3,491	1,077

11.1 Accruals

Included in the accruals are accruals of progress cost for construction of vessels of RM9,636,000 (31.12.2017: RM Nil).

11.2 Amount due to a shareholder and subsidiaries

Amount due to a shareholder and subsidiaries are unsecured, interest-free and repayable on demand.

12. Revenue

	Group 1.1.2018 to 30.4.2019 RM'000	Group 1.1.2017 to 31.12.2017 RM'000	Company 1.1.2018 to 30.4.2019 RM'000	Company 1.1.2017 to 31.12.2017 RM'000
Leasing income	162,927	106,454	-	-
Revenue from contracts with customers	69,826	45,622	105	420
Other revenue				
- Guarantee fees from subsidiaries	-	-	1,490	5.942
- Dividend income from subsidiaries	-	-	259	1,050
Total revenue	232,753	152,076	1,854	7,412

12. Revenue (contd.)

12.1 Disaggregation of revenue from contracts with customers

	Group		Company	
	1.1.2018 to 30.4.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.4.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
Revenue from contracts with customers				
Crew services	69,826	45,622	-	-
Management fees	-	-	105	420
Other revenue	-	-	1,749	6,992
	69,826	45,622	1,854	7,412
Timing and recognition				
Over time	69,826	45,622	1,854	7,412
Leasing income	162,927	106,454	-	-
Total revenue	232,753	152,076	1,854	7,412

12.2 Nature of services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms
Crew services	Revenue is recognised over time as and when the customer simultaneously receives and consumes the benefits provided by the Group using the time lapsed method.	Credit periods of 30 days from invoice date.
Management and guarantee fees from subsidiaries	Revenue is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.	Credit periods of 30 days from invoice date.

12. Revenue (contd.)

12.3 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

Group	30.4.2020 RM'000	30.4.2021 RM'000	30.4.2022 RM'000	Total RM'000
Crew services	37,913	16,841	3,849	58,603

13. Finance income

	Group		Company	
	1.1.2018 to 30.4.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.4.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
Financial assets at fair value through profit or loss	5,986	816	5,986	816
Other finance income recognised in profit or loss	2,425	6,589	3,162	7,503
	8,411	7,405	9,148	8,319

14. Finance costs

	Group	
	1.1.2018 to 30.4.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	86,984	62,261

15. (Loss)/Profit before tax

		Group		Company	
	Note	1.1.2018 to 30.4.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.4.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
(Loss)/profit before tax is arrived at after charging:					
Auditors' remuneration:					
- Audit fees					
KPMG PLT		309	192	55	50
- Non-audit fees					
KPMG PLT		8	88	8	88
Material expenses/(income)					
Loss on disposal of property, vessels and equipment		13	-	13	-
Impairment loss on subsidiaries		-	-	531	81,094
Impairment loss on property, vessels and equipment	3	17,770	250,046	-	-
Impairment of trade and other receivables		-	1,008	13,433	65,595
Write-off of trade receivables		12	-	-	-
Write-off of property, vessels and equipment		7	-	-	-
Depreciation of property, vessels and equipment	3	103,904	101,485	281	93
Personnel expenses:					
- Employee benefits expense	15.1	64,527	36,038	4,223	2,722
- Non-executive directors' remuneration	15.2	1,003	684	678	423
Rental of office and warehouse		818	388	245	61
Net foreign exchange gain		(701)	(44)	(15)	-
Gain on disposal of subsidiaries		-	-	-	(223,991)
Write-back of impairment of trade receivables		(224)	-	-	-
Dividend income from subsidiaries		-	-	(259)	(1,050)

15. (Loss)/Profit before tax (contd.)

15.1 Employee benefits expenses

	Group		Company	
	1.1.2018 to 30.4.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.4.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
Wages and salaries	51,385	27,952	3,750	2,417
Defined contribution plan	4,058	2,533	389	198
Social security contributions	357	208	11	4
Other staff related expenses	8,727	5,345	73	103
	64,527	36,038	4,223	2,722

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM4,267,000 (31.12.2017: RM2,425,000) and RM2,648,000 (31.12.2017: RM1,144,000) respectively.

15.2 Directors' remuneration

	Group		Company	
	1.1.2018 to 30.4.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.4.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
Executive directors:				
- salaries	2,671	1,711	1,360	673
- bonus	904	389	806	324
- fees	10	10	-	-
- defined contribution plan	420	244	260	120
- allowances and other emoluments	22	30	-	-
- benefits-in-kind	240	41	222	27
Total executive directors' remuneration	4,267	2,425	2,648	1,144
Non-executive directors:				
- fees	667	411	592	352
- other emoluments	315	237	86	71
- benefits-in-kind	21	36	-	-
Total non-executive directors' remuneration	1,003	684	678	423
Total directors' remuneration including benefits-in-kind	5,270	3,109	3,326	1,567

16. Tax credit/(expense)

Recognised in profit or loss

	Group		Company	
	1.1.2018 to 30.4.2019 RM'000	**1.1.2017 to 31.12.2017 RM'000**	**1.1.2018 to 30.4.2019 RM'000**	**1.1.2017 to 31.12.2017 RM'000**
Current tax expense				
Malaysian				
- current period	214	2,600	-	2,553
- prior period	(2,666)	94	(2,623)	94
	(2,452)	2,694	(2,623)	2,647
Deferred tax expense				
- origination and reversal of temporary differences	-	(38,035)	-	-
- over provision in prior periods	38	1,739	-	-
	38	(36,296)	-	-
Total income tax (expense)/credit	(2,414)	(33,602)	(2,623)	2,647

Reconciliation of tax expense

(Loss)/Profit before tax	(108,142)	(367,887)	(9,450)	89,001
Income tax using Malaysian tax rate of 24%	(25,954)	(88,293)	(2,268)	21,360
Different tax rate in Labuan	4,201	6,743	-	-
Non-deductible expenses/(income) tax in prior periods	5,113	971	2,268	(18,807)
Under/(over) provision of deferred income tax in prior periods	38	1,739	-	-
Deferred tax assets not recognised during the period	16,854	45,144	-	-
Over/(under) provision of current income tax expense in prior period	(2,666)	94	(2,623)	94
	(2,414)	(33,602)	(2,623)	2,647

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Certain subsidiaries of the Company being Malaysian tax residents incorporated in Labuan under the Offshore Companies Act, 1990 are taxed at 3% of profit before tax in accordance with the Labuan Offshore Business Activity Tax Act, 1990.

16. Tax credit/(expense) (contd.)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	1.1.2018 to 30.4.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
Property, vessels and equipment	172,875	105,176
Tax losses carry-forwards	25,364	25,342
Other provisions	60,887	58,380
	259,126	188,898
Taxed at 24%	62,190	45,336

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits there from.

17. Acquisition and disposal of subsidiary

17.1 Acquisition of a subsidiary – TKH Marine (L) Ltd. ("TKH")

During the financial period, a subsidiary of the Company acquired 70% issued share capital of TKH comprising 1,745,100 ordinary shares for a total consideration of RM6,848,000.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Note	Group 2019 RM'000
Fair value of consideration transferred		
Cash and cash equivalent		6,848
Identifiable net assets acquired		
Vessels and equipment	3	15,443
Cash and cash equivalents		423
Trade and other payables		(6,083)
Carrying amount of net identifiable assets		9,783
Net cash outflow arising from acquisition of subsidiary		
Purchase consideration settled in cash and cash equivalents		6,848
Cash and cash equivalent acquired		(423)
		6,425

17. Acquisition and disposal of subsidiary (contd.)

17.1 Acquisition of a subsidiary – TKH Marine (L) Ltd. ("TKH") (contd.)

Goodwill

No goodwill was recognised as a result of the acquisition as below:

	Group 2019 RM'000
Total consideration transferred	6,848
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	2,935
Fair value of identifiable net assets	(9,783)
	-

17.2 Disposal of subsidiary – Sistem Lingkaran-Lebuhraya Kajang Sdn. Bhd. ("SILK")

On 28 April 2017, the Company completed the Share Purchase Agreement with Permodalan Nasional Berhad ("PNB") in relation to the disposal of its entire interest in the Highway Division, which comprised SILK and its subsidiary, Manfaat Tetap Sdn. Bhd. ("MTSB").

The segment was disclosed as a discontinued operation in the statements of profit or loss in relation to the financial year ended 31 December 2017.

Profit attributable to the discontinued operations was as follows:

	Group 31.12.2017 RM'000
Revenue	43,758
Expenses	(40,287)
Results from operating activities	3,471
Tax expenses	-
Results from operating activities, net of tax	3,471
Gain on sale of discontinued operations	381,999
Profit for the year	385,470
Included in the results of the operating activities are:	
Depreciation of plant and equipment	48
Amortisation of concession intangible assets	953

The profit from discontinued operations of RM385,470,000 was attributable entirely to the owners of the Company.

17. Acquisition and disposal of subsidiary (contd.)

17.2 Disposal of subsidiary – Sistem Lingkaran-Lebuhraya Kajang Sdn. Bhd. ("SILK") (contd.)

	Group 31.12.2017 RM'000
Cash flows from disposal of subsidiaries	
Net cash from operating activities	29,289
Net cash from investing activities	350,927
Net cash used in financing activities	(95,944)
Effect on cash flows	284,272

Profit and cash flows of the discontinued operations for the year ended 31 December 2017 were made up to 28 April 2017 being the completion date of the disposal.

Effect of disposal on the financial position of the Group

	31.12.2017 RM'000
Plant and equipment	4,962
Concession intangible assets	933,931
Deferred tax assets	139,879
Trade and other receivables	18,829
Cash and cash equivalents	37,788
Goodwill	13,236
Trade and other payables	(22,117)
Borrowings	(1,011,389)
Provisions	(113,126)
Net assets and liabilities	1,993
Gain on sale of discontinued operations	381,999
Transaction cost	6,008
Consideration received, satisfied in cash	390,000
Cash and cash equivalents disposed off	(37,788)
Net cash inflow	352,212

18. Other comprehensive loss

Group 30.4.2019	Before tax RM'000	Tax (expense)/ benefit RM'000	Net of tax RM'000
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations			
- Loss arising during the period	(2,223)	-	(2,223)

19. (Loss)/Earning per ordinary share

Basic (loss)/earning per ordinary share

The calculation of basic (loss)/earning per ordinary share at 30 April 2019 was based on the (loss)/profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding is calculated as follows:

	Continuing operations	Discontinued operations	Total
At 30 April 2019			
Loss net of tax attributable to owners of the parent (RM'000)	(71,477)	-	(71,477)
Weighted average number of ordinary in share issue ('000)	723,879	-	723,879
Basic loss per share (sen)	(9.87)	-	(9.87)
At 31 December 2017			
(Loss)/profit net of tax attributable to owners of the parent (RM'000)	(233,041)	385,470	152,429
Weighted average number of ordinary in share issue ('000)	709,492	709,492	709,492
Basic (loss)/earning per share (sen)	(32.85)	54.33	21.48

20. Dividends

Dividends recognised by the Company:

	Sen per share	Amount RM'000	Date of payment
2017			
Special 2017	10	70,154	23 August 2017
Interim 2017	5	35,076	23 August 2017
Total amount		105,230	

In relation to the Interim 2017 dividend, a total of RM27,926,220 of the dividend were paid in cash while the balance of RM7,150,458 were settled by the issue of 22,345,183 new ordinary shares at RM0.32 sen per share to the shareholders who opted to convert their dividends into shares pursuant to a Dividend Reinvestment Plan.

There was no dividend proposed, declared or paid by the Company during the financial period.

21. Contingent liabilities

The Directors are of the opinion that provision is not required in respect of this matter, as it is not probable that a future outflow of economic benefits will be required.

		Group		Company	
	Note	30.4.2019 RM'000	31.12.2017 RM'000	30.4.2019 RM'000	31.12.2017 RM'000
Contingent liability not considered remote					
Litigation (unsecured)	21.1	17,800	17,800	17,800	17,800
Corporate guarantees	21.2	-	-	642,111	659,265
		17,800	17,800	659,911	677,065

21.1 Litigation (unsecured)

Pursuant to the disposal of SILK to PNB, the Company has agreed to indemnify PNB against all losses, costs, expenses, damages, claims and liabilities which may arise from the dispute between SILK and the landowners regarding the quantum of compensation payable for the compulsory acquisition of land falling under the Kajang Traffic Dispersal Ring Road ("Expressway") that was undertaken by SILK pursuant to the Concession Agreement.

In the SILK's funded stretch, there are 240 cases with claims amounting to RM503.7 million. Out of the 240 cases, 239 cases have been resolved and 1 case with claims of RM17.8 million is still pending Court hearing.

Pursuant to the Turnkey Contract dated 31 July 2001 between SILK and Sunway Construction Sdn. Bhd. ("SCSB"), the amount payable by SILK to SCSB for the land use payments (including expenses and charges incurred by SCSB for the acquisition of land and for removal or resettling of squatters or other occupants on the Expressway) has been contracted at a ceiling amount of RM215 million. Any further amounts that may be awarded by the Court beyond RM215 million will therefore be borne by SCSB.

Based on external legal advice, the Directors have concluded that it is unlikely that the Group and the Company will suffer an economic outflow from this legal case. Therefore, no provision related to this case is made in the financial statements.

21.2 Corporate guarantees

The Company provided corporate guarantees on the secured term loans and revolving credit of its subsidiaries as per Note 10.1(g) and 10.3(b). Any loss arising from the guarantee is dependent on the successful completion of the PDRS as stated in Note 1(c).

22. Operating segments

Changes in the composition of the Group

Following the disposal of SILK in the financial year ended 31 December 2017, the Group's business activities are primarily the provision of vessel charter services serving the upstream oil and gas industry via the offshore support vessel services subsidiaries, Jasa Merin and its subsidiaries, and the downstream oil and gas sector and petroleum product tanker via the JML, MGT(L) and TKH.

The Group has re-aligned its business segment based on the services provided – the Marine Logistics Services, and the customer groups' activities – the Upstream and Downstream activities.

Performance is measured based on segment profit after tax as included in the management reports that are reviewed by the Chief Operating Decision Maker ("CODM") (i.e. the Executive Vice Chairman of Jasa Merin for the Offshore Marine Support Services). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

There has been no material change in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total assets is used to measure the return on assets of each segment.

Segment liabilities

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total liabilities is used to measure the gearing of each segment.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial period to acquire property, vessels and equipment and intangible assets other than goodwill.

22. Operating segments (contd.)

	Marine Logistics - Upstream		Marine Logistics - Downstream		Highway Division (Discontinued)		Investment Holding and Others		Adjustments and elimination		Per consolidated financial statements	
	30.4.2019 RM'000	31.12.2017 RM'000	30.4.2019 RM'000	31.12.2017 RM'000	30.4.2019 RM'000	31.12.2017 RM'000	30.4.2019 RM'000	31.12.2017 RM'000	30.4.2019 RM'000	31.12.2017 RM'000	30.4.2019 RM'000	31.12.2017 RM'000
Revenue:												
External customers	179,652	107,747	53,101	44,329	-	43,670	-	-	-	(43,670)	232,753	152,076
Inter-segment	-	-	-	-	-	-	1,854	7,412	(1,854)	(7,412)	-	-
Total revenue	179,652	107,747	53,101	44,329	-	43,670	1,854	7,412	(1,854)	(51,082)	232,753	152,076
Segment (loss)/ profit	(115,495)	(338,160)	4,196	(5,957)	-	(4,005)	(6,929)	151,793	12,500	247,514	(105,728)	51,185
Included in the measure of segment (loss)/ profit are:												
Interest income	28	167	1,708	3	-	1,154	9,164	8,337	(2,489)	(2,256)	8,411	7,405
Impairment of property, vessels and equipment	(17,770)	(250,046)	-	-	-	-	-	-	-	-	(17,770)	(250,046)
Impairment of trade and other receivables	317	(1,008)	(93)	-	-	-	(13,433)	(65,595)	13,433	65,595	224	(1,008)
Depreciation and amortisation	(94,222)	(95,900)	(9,401)	(5,444)	-	(349)	(281)	(93)	-	301	(103,904)	(101,485)
Finance costs	(86,341)	(65,796)	(3,424)	(5,494)	-	(30,007)	-	-	2,781	39,036	(86,984)	(62,261)
Income tax benefit/ (expense)	(1)	36,253	(204)	-	-	-	2,619	(2,651)	-	-	2,414	33,602

22. Operating segments (contd.)

	Marine Logistics - Upstream		Marine Logistics - Downstream		Highway Division (Discontinued)		Investment Holding and Others		Adjustments and elimination		Per consolidated financial statements	
	30.4.2019 RM'000	31.12.2017 RM'000	30.4.2019 RM'000	31.12.2017 RM'000	30.4.2019 RM'000	31.12.2017 RM'000	30.4.2019 RM'000	31.12.2017 RM'000	30.4.2019 RM'000	31.12.2017 RM'000	30.4.2019 RM'000	31.12.2017 RM'000
Segment assets	740,683	814,623	177,615	78,404	-	1,120,896	263,724	334,381	(143,268)	(1,216,969)	1,038,754	1,131,335
Included in the measure of segment assets are:												
Additions to non-current assets other than financial instruments and deferred tax assets	17,088	7,251	100,003	4,177	-	143	46	1,230	-	-	117,137	12,801
Segment liabilities	1,086,883	1,042,572	180,961	81,856	-	1,151,499	3,498	1,649	(223,695)	(1,245,187)	1,047,647	1,032,389

22. Operating segments (contd.)

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

(a) Inter-segment transactions and balances are eliminated on consolidation;
(b) Other non-cash expenses; and
(c) Additions to non-current assets consist of:

		Group	
	Note	30.4.2019 RM'000	31.12.2017 RM'000
Additions to non-current assets			
Property, vessels and equipment	3	117,137	12,801

Geographical information

Revenue from the offshore marine support services segments are attributable to customers in Malaysia.

All of the Group's non-current assets are located in Malaysia.

Major customers

During the financial period, the number of major customers of the Group with revenue equal or more than 10% of the Group's total revenue is four (4) (2017: three (3)) representing Marine Logistics - Upstream segment and the total revenue contributed by these major customers are RM138,126,000 (31.12.2017: RM103,071,000).

23. Financial instruments

23.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 30 April 2019 categorised as follows:

(a) Amortised cost ("AC"); and
(b) Fair value through profit or loss ("FVTPL")
- Mandatorily required by MFRS 9

	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
30.4.2019			
Group			
Financial assets			
Trade and other receivables*	33,340	33,340	-
Other investments	114,323	-	114,323
Cash and cash equivalents	25,397	25,397	-
	173,060	58,737	114,323
Financial liabilities			
Loans and borrowings	(996,128)	(996,128)	-
Trade and other payables	(51,316)	(51,316)	-
	(1,047,444)	(1,047,444)	-
Company			
Financial assets			
Trade and other receivables*	599	599	-
Other investments	114,323	-	114,323
Cash and cash equivalents	3,260	3,260	-
	118,182	3,859	114,323
Financial liability			
Trade and other payables	(3,491)	(3,491)	-

* *Excluding prepayments*

23. Financial instruments (contd.)

23.1 Categories of financial instruments (contd.)

The table below provides an analysis of financial instruments as at 31 December 2017 categorised as follows:

(a) Loans and receivables ("L&R");
(b) Financial liabilities measured at amortised cost ("FL"); and
(c) Fair value through profit or loss ("FVTPL")
  - Held for trading ("HFT")

	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL -HFT RM'000
31.12.2017			
Group			
Financial assets			
Trade and other receivables*	24,991	24,991	-
Other investments	235,776	100,324	135,452
Cash and cash equivalents	5,320	5,320	-
	266,087	130,635	135,452
Financial liabilities			
Loans and borrowings	(991,626)	(991,626)	-
Trade and other payables	(40,255)	(40,255)	-
	(1,031,881)	(1,031,881)	-
Company			
Financial assets			
Trade and other receivables*	2,485	2,485	-
Other investments	235,776	100,324	135,452
Cash and cash equivalents	57	57	-
	238,318	102,866	135,452
Financial liability			
Trade and other payables	(1,077)	(1,077)	-

* *Excluding prepayments*

23. Financial instruments (contd.)

23.2 Net losses and gains arising from financial instruments

	Group		Company	
	1.1.2018 to 30.4.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.4.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
Net (losses)/gains on:				
Financial assets at fair value through profit or loss				
-Mandatorily by MFRS 9	5,986	-	5,986	-
-Held for trading	-	816	-	816
Financial assets at amortised cost	3,350	-	(10,256)	-
Financial liabilities at amortised cost	(86,984)	(62,261)	-	-
Loans and receivables	-	5,625	-	(58,092)
	(77,648)	(55,820)	(4,270)	(57,276)
Net gain/(loss) on impairment of financial instruments:				
Financial assets at amortised cost	224	-	(13,433)	-
Loans and receivables	-	(1,008)	-	(65,595)
	224	(1,008)	(13,433)	(65,595)

23.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

23.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade and other receivables. The Company's exposure to credit risk arises principally from amount due from subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

23. Financial instruments (contd.)

23.4 Credit risk (contd.)

Trade receivables

Risk management objectives, policies and processes for managing the risk

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjects to write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 30 days. The Group's debt recovery process is as follows:

a) Above 30 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales management team; and
b) Above 365 days past due, the Group will commence a legal proceeding against the customer.

The Group uses an allowance matrix to measure expected credit loss ("ECL") of trade receivables.

Loss rates are calculated using a 'roll rate' method on the probability of a receivable progressing through successive stages of delinquency to being written off.

Loss rates are based on actual credit loss experience over the past two years. The Group also considers differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believe that these factors are immaterial for the purpose of impairment calculation for the year.

23. Financial instruments (contd.)

23.4 Credit risk (contd.)

Trade receivables (contd.)

Recognition and measurement of impairment loss (contd.)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 April 2019 which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Current (not past due)	12,750	-	12,750
1 - 30 days past due	11,130	-	11,130
31 - 60 days past due	4,757	(1,373)	3,384
61 - 90 days past due	138	(37)	101
	28,775	(1,410)	27,365
Credit impaired			
Individually impaired	2,197	(2,197)	-
	30,972	(3,607)	27,365

The movements in the allowance for impairment in respect of trade receivables during the period are shown below:

Group	Net RM'000
Balance at 1 January 2018 as per MFRS 139	1,008
Adjustments on initial application of MFRS 9	2,823
Balance at 1 January as per MFRS 9	3,831
Net remeasurement of loss allowance	(224)
At 30 April 2019	3,607

23. Financial instruments (contd.)

23.4 Credit risk (contd.)

Trade receivables (contd.)

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The aging of trade receivables as at 31 December 2017 was as follows:

Group	Gross carrying amount RM'000	Impairment loss RM'000	Net balance RM'000
Not credit impaired			
Not past due	12,014	-	12,014
Past due 1 – 30 days	5,715	-	5,715
Past due 31 – 90 days	4,321	-	4,321
Past due more than 90 days	1,519	(1,008)	511
	23,569	(1,008)	22,561

The movements in the allowance for impairment in respect of trade receivables during the year are shown below:

Group	RM'000
At 1 January 2017	-
Impairment loss recognised	1,008
At 31 December 2017	1,008

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from non-trade receivables from charterers. These receivables will be received at the end of each charter hire. The Group manages the credit risk together with the trade receivables.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group did not recognised any allowance for impairment losses.

23. Financial instruments (contd.)

23.4 Credit risk (contd.)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM642,111,000 (31.12.2017: RM659,265,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, the subsidiaries received offer letter from the lenders for the Proposed Debt Restructuring Scheme (see Note 10). As the result, the Company did not recognised any allowance for impairment losses.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

23. Financial instruments (contd.)

23.4 Credit risk (contd.)

Inter-company balances (contd.)

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full;
- The subsidiary's loan and advance is overdue for more than 365 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances as at 30 April 2019.

Company	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
30.04.2019			
Low credit risk	486	-	486
Credit impaired	79,028	(79,028)	-
	79,514	(79,028)	486

The movement in the allowance for impairment in respect of subsidiaries' loans and advances during the financial period is as follows:

Company	Lifetime ECL RM'000
Balance at 1 January 2018 per MFRS 139	65,595
Adjustment on initial application of MFRS 9	-
Balance at 1 January 2018 per MFRS 9	65,595
Impairment loss recognised	13,433
Balance at 30 April 2019	79,028

23. Financial instruments (contd.)

23.4 Credit risk (contd.)

Inter-company balances (contd.)

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The movements in the allowance for impairment losses of inter-company loans and advances during the financial year were:

Company	RM'000
At 1 January 2017	-
Impairment loss recognised	65,595
At 31 December 2017	65,595

23.5 Liquidity risk

Liquidity risk is the risk that the Group will not able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

23. Financial instruments (contd.)

23.5 Liquidity risk (contd.)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

30.4.2019	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
Secured term loans	949,957	4.90% - 7.70%	1,213,355	76,898	202,124	460,387	473,946
Hire purchase liabilities	150	3.05%	165	55	55	55	-
Revolving credit	40,000	6.15%	40,000	40,000	-	-	-
Bank overdrafts	6,021	7.90% - 8.10%	6,021	6,021	-	-	-
Trade and other payables	51,316	-	51,316	51,316	-	-	-
	1,047,444		1,310,857	174,290	202,179	460,442	473,946
Company							
Trade and other payables	3,491	-	3,491	3,491	-	-	-
Financial guarantees	-	-	642,111	642,111	-	-	-
	3,491		645,602	645,602	-	-	-

23. Financial instruments (contd.)

23.5 Liquidity risk (contd.)

Maturity analysis (contd.)

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

31.12.2017	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
Secured term loans	933,942	4.90% - 7.70%	1,165,898	173,272	172,792	460,503	359,331
Hire purchase liabilities	108	2.30% - 2.90%	109	78	31	-	-
Revolving credit	48,000	6.15% - 7.40%	51,704	40,964	10,740	-	-
Bank overdrafts	9,576	7.90% - 8.10%	10,351	10,351	-	-	-
Trade and other payables	40,255	-	40,255	40,255	-	-	-
	1,031,881		1,268,317	264,920	183,563	460,503	359,331
Company							
Trade and other payables	1,077	-	1,077	1,077	-	-	-
Financial guarantees	-	-	659,265	659,265	-	-	-
	1,077		660,342	660,342	-	-	-

23. Financial instruments (contd.)

23.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and other prices that will affect the Group's financial position or cash flows.

23.6.1 Currency risk

The Group is exposed to foreign currency risk on purchases and bank balances that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Singapore Dollars ("SGD"), Euro ("EUR") and Japanese Yen ("YEN").

Risk management objectives, policies and processes for managing the risk

Exposure to foreign currency risk is monitored on an ongoing basis. The Group does not perform hedging on foreign currency transactions.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in			
	USD	**SGD**	**EUR**	**YEN**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Group				
30.4.2019				
Trade and other receivables	4,977	88	-	-
Cash and cash equivalents	1,693	-	-	-
Trade and other payables	(2,834)	(966)	(159)	(437)
Net exposure in the statement of financial position	3,836	(878)	(159)	(437)
31.12.2017				
Trade and other receivables	1,105	-	-	47
Cash and cash equivalents	574	-	-	-
Trade and other payables	(2,393)	(140)	(10)	-
Net exposure in the statement of financial position	(714)	(140)	(10)	47

23. Financial instruments (contd.)

23.6 Market risk (contd.)

23.6.1 Currency risk (contd.)

Currency risk sensitivity analysis

A 10% (31.12.2017: 10%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have decreased pre-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates remained constant.

	Profit or loss	
	30.4.2019 RM'000	**31.12.2017 RM'000**
Group		
USD	384	(71)
SGD	(88)	(14)
EUR	(16)	(1)
YEN	(44)	5
	236	(81)

A 10% (31.12.2017: 10%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

23.6.2 Interest rate risk

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Management has an informal interest rate policy in place and management reviews interest rates exposure closely.

23. Financial instruments (contd.)

23.6 Market risk (contd.)

23.6.2 Interest rate risk (contd.)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	30.4.2019 RM'000	31.12.2017 RM'000	30.4.2019 RM'000	31.12.2017 RM'000
Fixed rate instruments				
Financial assets	121,283	239,882	117,333	235,776
Financial liabilities	(667,589)	(668,755)	-	-
	(546,306)	(428,873)	117,333	235,776
Floating rate instruments				
Financial liabilities	(328,539)	(322,871)	-	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 1% (31.12.2017: 1%) in effective interest rates at the end of the reporting period would have increased/(decreased) equity and pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Equity and Profit or loss			
	30.4.2019		31.12.2017	
	1% Increase RM'000	1% Decrease RM'000	1% Increase RM'000	1% Decrease RM'000
Group				
Floating rate instruments	(3,285)	3,285	(3,229)	3,229

23. Financial instruments (contd.)

23.7 Fair value information

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The fair values of loans and borrowings, together with the carrying amounts shown in the statement of financial position, are as follows:

	Fair value of financial instruments not carried at fair value*				Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000
Group					
30.4.2019					
Financial liabilities					
Secured term loans	-	-	804,374	804,374	949,957
Hire purchase payables	-	-	154	154	150
Revolving credits	-	-	40,000	40,000	40,000
	-	-	844,528	844,528	990,107
31.12.2017					
Financial liabilities					
Secured term loans	-	-	866,017	866,017	933,942
Hire purchase payables	-	-	105	105	108
Revolving credits	-	-	40,000	40,000	48,000
	-	-	906,122	906,122	982,050
Company					
30.4.2019					
Financial liability					
Corporate guarantees	-	-	-	-	-
31.12.2017					
Financial liability					
Corporate guarantees	-	-	329,633	329,633	-

* There are no financial instruments carried at fair value.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

23. Financial instruments (contd.)

23.7 Fair value information (contd.)

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial period (31.12.2017: no transfer in either directions).

Level 3 fair value

Fair value of secured term loans, hire purchase payables and revolving credits is estimated using unobservable inputs for the financial liabilities using discounted cash flow method.

Fair value of corporate guarantees is estimated based on 50% possibility of the guaranteed secured term loans outstanding (refer to Note 10) being defaulted by the subsidiaries.

24. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the periods ended 30 April 2019 and 31 December 2017.

24. Capital management (contd.)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group considers the net debt as loans and borrowings, trade and other payables, less cash and cash equivalents.

	Note	Group 30.4.2019 RM'000	Group 31.12.2017 RM'000	Company 30.4.2019 RM'000	Company 31.12.2017 RM'000
Loans and borrowings	10	996,128	991,626	-	-
Trade and other payables	11	51,316	40,255	3,491	1,077
Less: Cash and cash equivalent	8	(25,397)	(5,320)	(3,260)	(57)
Total net debt		1,022,047	1,026,561	231	1,020
Total equity attributable to the owners of the Company		91,402	167,078	259,808	266,635
Capital and net debt		1,113,449	1,193,639	260,039	267,655
Gearing ratio		92%	86%	n/a	n/a

25. Related parties

Identity of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include all the Directors of the Group.

Significant related party transactions

The significant related party transactions of the Group and of the Company, other than key management personnel compensation, are as follows:

	Group 30.4.2019 RM'000	Group 31.12.2017 RM'000	Company 30.4.2019 RM'000	Company 31.12.2017 RM'000
Shareholder				
Advances to a subsidiary	-	1,820	-	-
Subsidiaries				
Advances to a subsidiary	-	-	11,500	50,000
Dividend income	-	-	259	1,050
Management fees	-	-	105	420
Corporate guarantee fees	-	-	1,490	5,941
Payment on behalf of the Company	-	-	-	70

25. Related parties (contd.)

Significant related party transactions (contd.)

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed between the companies.

The outstanding balances arising from the above transactions have been disclosed in Note 7 and Note 11 to the financial statements.

Compensation of key management personnel

	Group		Company	
	30.4.2019	31.12.2017	30.4.2019	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Salaries and bonus	5,411	3,443	2,956	1,564
Fees	10	10	-	-
Allowance and other emoluments	230	133	204	70
Defined contribution plan	642	408	369	196
Other benefits	243	49	224	36
	6,536	4,043	3,753	1,866

26. Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	30.4.2019	31.12.2017
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Property, vessels and equipment	32,346	-
Approved but not contracted for:		
Property, vessels and equipment	23,938	135,650

27. Subsequent events

27.1 Subscription of shares in M&G Tankers Sdn. Bhd. ("MGTSB")

On 16 May 2019, the Company subscribed 5,000,000 Cumulative Convertible Redeemable Preference Shares of RM1.00 each issued by MGTSB.

27.2 Proposed Debt Restructuring Scheme ("PDRS")

As stated in Note 1(c), Jasa Merin is finalising the relevant documentation of the PDRS with the Lenders based on the terms of the PDRS as at period end.

On 28 June 2019 and 31 July 2019, two of the three Lenders whose combined facilities made up 72% of Jasa Merin's borrowings had issued disbursement letters to Jasa Merin to release the restructured financing facilities in accordance with the terms of the PDRS.

28. Significant changes in accounting policies

During the financial period, the Group and the Company adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on their financial statements. The Group and the Company generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted by MFRS 9, the Group and the Company have elected not to restate the comparatives.

28.1 Impacts on financial statements

There are no significant impact arising from the adoption of MFRS 15 on the Group's and the Company's financial statements.

The following table summarises the impacts arising from the adoption of MFRS 9 on the Group's financial statements.

Statement of financial position

Group	31 December 2017 As previously reported RM'000	1 January 2018 MFRS 9 adjustments RM'000	As restated RM'000
Trade and other receivables	27,550	(2,823)	24,727
Others	1,103,785	-	1,103,785
Total assets	1,131,335	(2,823)	1,128,512
Total liabilities	(1,032,389)	-	(1,032,389)
Accumulated losses	10,134	2,823	12,957
Others	(109,080)	-	(109,080)
Total equity	(98,946)	2,823	(96,123)
Total equity and liabilities	(1,131,335)	2,823	(1,128,512)

28. Significant changes in accounting policies (contd.)

28.2 Accounting for financial instruments

a. Transition

In the adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted:

i) The Group and the Company have not restated comparative information for prior periods with respect to classification and measurement requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement*.

ii) The following assessment has been made based on the facts and circumstances that existed at the date of initial application:

- the determination of the business model within which a financial asset is held;

- the designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and

- the designation of certain investments in equity instruments not held for trading as at FVOCI.

iii) Loss allowance for receivables is recognised at an amount equal to lifetime expected credit losses until the receivable is derecognised.

28. Significant changes in accounting policies (contd.)

28.2 Accounting for financial instruments (contd.)

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9

The following table shows the measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's and the Company's financial assets and financial liabilities as at 1 January 2018:

Category under MFRS 139	31 December 2017 RM'000	1 January 2018 Remeasurement RM'000	Reclassification to new MFRS 9 category Amortised cost ("AC") RM'000	Fair value through profit or loss ("FVTPL") RM'000	Notes
Group					
Financial assets					
Loan and receivables					
Trade and other receivables	24,991	(2,823)	22,168	-	
Other investments	100,324	-	100,324	-	
Cash and cash equivalents	5,320	-	5,320	-	
	130,635	(2,823)	127,812	-	28.2(b)(i)
Fair value through profit or loss – held-for-trading					
Other investments	135,452	-	-	135,452	

28. Significant changes in accounting policies (contd.)

28.2 Accounting for financial instruments (contd.)

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9 (contd.)

Category under MFRS 139	31 December 2017 RM'000	1 January 2018 Reclassification to new MFRS 9 category Amortised cost ("AC") RM'000	Fair value through profit or loss ("FVTPL") RM'000	Notes
Company				
Financial assets				
Loan and receivables				
Trade and other receivables	2,485	2,485	-	
Other investments	100,324	100,324	-	
Cash and cash equivalents	57	57	-	
	102,866	102,866	-	28.2(b)(i)
Fair value through profit or loss – held-for-trading				
Other investments	135,452	-	135,452	

28. Significant changes in accounting policies (contd.)

28.2 Accounting for financial instruments (contd.)

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9 (contd.)

Category under MFRS 139	31 December 2017 RM'000	1 January 2018 Reclassification to new MFRS 9 category Amortised cost ("AC") RM'000
Group		
Financial liabilities		
Other financial liabilities measured at amortised cost		
Loans and borrowings	(991,626)	(991,626)
Trade and other payables	(40,255)	(40,255)
	(1,031,881)	(1,031,881)
Company		
Financial liability		
Other financial liability measured at amortised cost		
Trade and other payables	(1,077)	(1,077)

(i) Reclassification from loans and receivables to amortised cost

Trade and other receivables, other investments and cash and cash equivalents that were classified as loans and receivables under MFRS 139 are now reclassified at amortised cost.

29. Comparative figures

The financial year end of the Company was changed from 31 December to 30 April to facilitate the ongoing restructuring scheme undertaken by Jasa Merin (Malaysia) Sdn. Bhd. and its subsidiaries. Accordingly, the current financial statements are prepared for 16 months from 1 January 2018 to 30 April 2019 and as a result, the comparative figures stated in the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the related notes are not comparable.

Statement by Directors

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

In the opinion of the Directors, the financial statements set out on pages 60 to 139 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 April 2019 and of their financial performance and cash flows for the period then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....
Dato' Mohd Azlan Hashim
Director

....
Tan Sri Datuk Seri Razman M Hashim
Director

Kuala Lumpur,

Date: 23 August 2019

Statutory Declaration

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

I, Mohd Nizam bin Abd Wahab, the officer primarily responsible for the financial management of Marine & General Berhad, do solemnly and sincerely declare that the financial statements set out on pages 60 to 139 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Mohd Nizam Abd bin Wahab, NRIC: 680510-10-6051, at Kuala Lumpur in the Federal Territory on 23 August 2019.

....
Mohd Nizam bin Abd Wahab

Before me:

Independent Auditors' Report

To the Members of Marine & General Berhad (Company No. 405897-V)
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Marine & General Berhad, which comprise the statements of financial position as at 30 April 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 financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 60 to 139.

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 April 2019, and of their financial performance and their cash flows for the financial period 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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matters (contd.)

Going concern	
Refer to Note 1(c) – Basis of measurement and Note 27.2 Subsequent events:Proposed Debt Restructuring Scheme.	
The key audit matter	**How the matter was addressed in our audit**
We refer to Note 1(c) on Basis of measurement where the Directors highlighted the significant judgments in the preparation of the financial statements using the going concern basis. We identified this as a key audit matter because this is a judgemental basis used in the preparation of the financial statements.	We performed the following audit procedures, among others: ▪ We tested the loan covenants to determine any breach, on or before the financial period end; ▪ We read minutes and gained understanding on the management's future plans and actions to improve cash flow of the Group; ▪ We read, inspected and analysed the offer letters and disbursement letters received from the lenders; ▪ We checked management's cash flows forecast for the Group to the approved annual budget by the Directors; ▪ We discussed and challenged management on key assumptions used in the cash flows forecasts including cash collection trends, payment profiles and significant transactions in relation to investing and financing activities; ▪ We read and analysed the financials of the Group to evaluate the liquidity position of the Group; ▪ We challenged management on the appropriateness to prepare financial statements on a going concern basis; and ▪ We determined that adequate disclosures are made in the financial statements.

Key Audit Matters (contd.)

<table>
<tr><th colspan="2">Impairment of vessels</th></tr>
<tr><td colspan="2">Refer to Note 2(d) - Significant accounting policy: Property, vessels and equipment and Note 3 - Property, vessels and equipment.</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>As at 30 April 2019, the Group reported vessels together with dry docking expenditure with aggregate carrying amount of RM783 million (92% of total assets of the Group). The slump in the oil and gas pricing affecting the offshore activities and upstream vessels, gave rise to a risk that the carrying amount of the Group's vessels and dry docking expenditure might exceed their recoverable amounts, and therefore the carrying amount had to be impaired.

The Group via external valuers estimated the recoverable amount for each cash-generating unit ("CGU") (see Note 3 to the financial statements) based on fair value less cost of disposal relevant to each of the CGU. As a result, an impairment loss of RM17.8 million was recognised in the current financial period.

We have identified the aforesaid carrying value of the Group's vessels together with dry docking expenditure as a key audit matter because:

▪ of its significance to total assets in the consolidated financial statements; and

▪ the estimation of recoverable amount involved a significant degree of judgment and assumptions made by the Group such as estimated utilisation, disposal values, charter hire rates and discount rates applied to future cash flows.</td><td>We performed the following audit procedures, among others:

▪ We assessed the methodologies used by the external valuers to estimate the fair values less cost of disposal;

▪ We evaluated and challenged the key assumptions used to estimate the fair value less cost of disposal based on our knowledge of the offshore oil services industry;

▪ We evaluated and interviewed the independent external valuer's competence, capabilities and objectivity;

▪ We evaluated the accuracy and relevance of the input data provided by management to the external valuer; and

▪ We also considered the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment assessment is most sensitive.</td></tr>
</table>

Key Audit Matters (contd.)

Valuation of receivables	
Refer to Note 2(h) - Significant accounting policy: Impairment	
The key audit matter	**How the matter was addressed in our audit**
The Group adopted MFRS 9 *Financial Instruments* with effect from 1 January 2018 and this new standard supersedes the requirements of MFRS 139 Financial Instruments – *Recognition and Measurement*. MFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting and a new impairment model for financial assets. Management has determined that the most significant impact of the new standard on the Group's financial statements relates to the calculation of the allowance for the impairment of accounts receivables. As at 30 April 2019, the Group has trade receivables balance of RM27 million (2017: RM23 million). The Group's management has applied a simplified expected credit loss ("ECL") model to determine the allowance for impairment of trade receivables. We considered this as key audit matter due to the judgements and estimates involved in the application of the expected credit loss model.	We performed the following audit procedures, among others: ▪ We evaluated the appropriateness of the accounting policies based on the requirements of MFRS 9, our business understanding and industry practice; ▪ We understood management's process and the controls implemented to determine the completeness and accuracy of the transition adjustments; ▪ We identified and assessed design and implementation of relevant controls; ▪ We evaluated the reasonableness of management's key judgments and estimates made in preparing the transition adjustments; ▪ We assessed the completeness, accuracy and relevance of data used in preparing the transition adjustments; ▪ We evaluated the reasonableness of management's key judgments and estimates made in adopting MFRS 9, including selection and application of the method, assumptions and data in making the estimate; ▪ We assessed the completeness, accuracy and relevance of data; ▪ We assessed the appropriateness and test mathematical accuracy of models applied; and ▪ We assessed the completeness, accuracy and relevance of disclosures required by MFRS 9.

Key Audit Matters (contd.)

<table>
<tr><td colspan="2">Impairment of investments in subsidiaries and amount due from subsidiaries - Company</td></tr>
<tr><td colspan="2">Refer to Note 1(e) - Use of estimates and judgements: Impairment of investments in subsidiaries and Note 4 - Investments in subsidiaries.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>As at 30 April 2019, the Company had investment in subsidiaries with aggregated carrying amount of RM0.5 million mainly in respect of Jasamerin Energy Ventures Sdn. Bhd. ("JMEV"). The Company also has amount due from subsidiaries totaling RM140 million. The subsidiaries were in net current liability as at 30 April 2019. This increased the risk that the carrying amount of the Company's investment in subsidiaries might exceed their recoverable amount. Based on the impairment assessment carried by the management, an impairment loss of RM0.5 million was recorded for the current period.

We identified the carrying value of the Company's investment in subsidiaries as a key audit matter because:

▪ of it significance to total assets in the Company's financial statements; and

▪ it required us to exercise judgement in evaluating the appropriateness of the assumptions used in deriving the recoverable amount to assess the adequacy of management impairment loss provision.</td><td>We performed the following audit procedures, among others:

▪ We re-assessed the Group's assessment on indicators of impairment in investment in subsidiaries;

▪ We assessed management's determination of the impairment loss based on use of external valuers providing the fair value less cost of disposal in respect of the assets held by the said subsidiaries;

▪ In addition to the above, we:

- Evaluated the independent external valuer's competence, capabilities and objectivity;
- Evaluated the accuracy and relevance of the input data provided by management to the external valuer; and
- Considered the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment assessment is most sensitive.

▪ We assessed management assessment on the substance of advance given to subsidiaries which provides an exposure similar to an investment in ordinary shares of the subsidiaries.</td></tr>
</table>

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 Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company 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 internal control of the Group and of the Company.

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

- 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 ability of the Group or of the Company 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 gives a true and fair view.

Auditors' Responsibilities for the Audit of the Financial Statements (contd.)

- 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 period 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

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.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Muhammad Azman Bin Che Ani
Approval Number: 02922/04/2020 J
Chartered Accountant

Petaling Jaya

Date: 23 August 2019

Substantial Shareholders

As at 20 August 2019

		Ordinary Shares	
		No. of Shares	%
1.	Abdul Rahman bin Ali*	213,090,834	29.44%
2.	Dato' Mohd Azlan Hashim**	170,454,226	23.55%
3.	Johan Zainuddin bin Dzulkifli***	99,878,126	13.80%
4.	Bijak Permai Sdn Bhd	91,236,333	12.60%
5.	Infra Bumitek Sdn Bhd	59,555,426	8.23%

Notes:

* Direct and deemed interest through Temuras Jaya Sdn Bhd

** Direct interest through RHB Capital Nominees (Tempatan) Sdn Bhd and deemed interests through Bijak Permai Sdn Bhd and Infra Bumitek Sdn Bhd

*** Direct and deemed interest through Infra Bumitek Sdn Bhd

Directors' Interest in Shares

As at 20 August 2019

	Ordinary Shares No. of Shares	%
1. Dato' Mohd Azlan Hashim		
- direct and deemed interest*	170,454,226	23.55%
2. Dato' Haji Razali bin Mohd Yusof		
- direct and deemed interest**	32,000,000	4.42%
3. Nik Abdul Malik bin Nik Mohd Amin		
- direct interest***	2,400,000	0.33%
4. Tai Keat Chai		
- deemed interest****	1,000,000	0.14%

Notes:

* Direct interest through RHB Capital Nominees (Tempatan) Sdn Bhd and deemed interest through Bijak Permai Sdn Bhd and Infra Bumitek Sdn Bhd

** Direct and deemed interest through Titian Tegap Sdn Bhd

*** Direct interest through Public Nominees (Tempatan) Sdn Bhd

**** Deemed interest through the shares held by his spouse

Analysis of Shareholdings
As at 20 August 2019

	Ordinary Shares	Total (RM)
Issued and paid up share capital	723,878,744	270,004,247
Class of shares	Ordinary Shares	
Voting rights	One vote per ordinary share	

ORDINARY SHARES

Distribution of shareholdings

Size of Shareholdings	No. of Shareholders	% of hareholders	No. of Shares Held	% of Shareholdings
1 - 99	37	1.26%	1,076	0.00%
100 - 1,000	545	18.49%	455,932	0.06%
1,001 - 10,000	1,019	34.58%	6,174,839	0.85%
10,001 - 100,000	1,059	35.93%	40,022,549	5.53%
100,001 -36,193,936*	284	9.64%	352,883,564	48.75%
36,193,937 and above**	3	0.10%	324,340,784	44.81%
	2,947	100.00%	723,878,744	100.00%

* Less than 5% of issued shares
** 5% and above of the issued shares

THIRTY LARGEST SHAREHOLDERS AS PER THE REGISTER OF DEPOSITORS

	Name of Shareholders	Name of Beneficial Owners	No. of Share	%
1.	Abdul Rahman bin Ali		192,781,751	26.63%
2.	Bijak Permai Sdn Bhd		91,236,333	12.60%
3.	Johan Zainuddin bin Dzulkifli		40,322,700	5.57%
4.	ABB Nominee (Tempatan) Sdn Bhd	Pledged Securities Account for Infra Bumitek Sdn Bhd	35,090,802	4.85%
5.	Titian Tegap Sdn Bhd		30,000,000	4.14%
6.	Infra Bumitek Sdn Bhd		24,464,624	3.38%
7.	Temuras Jaya Sdn Bhd		20,309,083	2.81%
8.	Suasa Unggul Sdn Bhd		20,000,000	2.76%
9.	RHB Capital Nominees (Tempatan) Sdn Bhd	Pledged Securities Account for Mohammed Azlan bin Hashim	19,662,467	2.72%
10.	Nor Ashikin binti Khamis		11,827,700	1.63%
11.	CGS - CIMB Nominees (Tempatan) Sdn Bhd	Pledged Securities Account for Mohammed Amin bin Mahmud	11,567,100	1.60%
12.	EB Nominees (Tempatan) Sendirian Berhad	Pledged Securities Account for Tey Chee Thong	10,500,000	1.45%
13.	Tey Chee Thong		10,072,321	1.39%
14.	Mazlan bin Ismail		8,383,900	1.16%
15.	Ong Lee Veng @ Ong Chuan Heng		7,678,800	1.06%
16.	Maybank Nominees (Tempatan) Sdn Bhd	Wee Seng Yeen	5,371,800	0.74%
17.	Tengku Uzir bin Tengku Ubaidillah		4,675,000	0.65%
18.	A Talib bin Taib		4,123,100	0.57%
19.	RHB Nominees (Tempatan) Sdn Bhd	Pledged Securities Account for Tey Suu Tain	3,923,600	0.54%
20.	Chew Keng Kin		3,663,000	0.51%
21.	Ong Wee Kuan		3,339,900	0.46%
22.	Tey Chee Thong		3,081,800	0.43%
23.	Ng Ko Chee		3,000,000	0.41%
24.	CGS - CIMB Nominees (Tempatan) Sdn Bhd	Pledged Securities Account for Koh Chong Hap	2,999,000	0.41%
25.	Tengku Uzir bin Tengku Ubaidillah		2,902,300	0.40%
26.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd.	Pledged Securities Account for Intan Ainirawati binti Abdul Razak	2,400,000	0.33%
27.	Mohtar Bin Nong		2,400,000	0.33%
28.	Public Nominees (Tempatan) Sdn. Bhd.	Pledges Securities for Nik Abdul Malik bin Nik Mohd Amin	2,400,000	0.33%
29.	Geo-Mobile Asia Sdn Bhd		2,150,000	0.30%
30.	Abdul Hamid bin Sh Mohamed		2,000,000	0.28%

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MARINE & GENERAL
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