2. Significant accounting policies (contd.)

2.22 Derivative financial instruments and hedge accounting (contd.)

The Group designates and documents certain derivatives as hedging instruments against the variability of future cash flows from highly probable forecast transactions. The effectiveness of such hedge is assessed at the inception and verified at regular intervals to ensure that the hedge has remained and is expected to remain highly effective.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in equity are recycled to profit or loss in the periods in which the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recycled when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recorded in equity is immediately transferred to profit or loss.

2.23 Dividends

Dividends declared on ordinary shares are accounted for as an appropriation of retained profits in the period in which they are approved.

2.24 Income recognition

(i) Revenue from charter, brokerage and commission and ship management fees are recognised on a time-apportioned basis.

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

(iii) Interest income is recognised on time-apportioned using the effective interest method.

(iv) Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2. Significant accounting policies (contd.)

2.25 Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

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

2.26 Provisions

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

The Group has entered into non-cancellable operating lease contracts to charter in vessels. Where the unavoidable costs of meeting the obligations under these contracts exceed the economic benefits expected to be received, an onerous contract provision is recognised.

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

2. Significant accounting policies (contd.)

2.27 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable MFRSs. Then, on initial classification as held for sale, non-current assets are measured in accordance with MFRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

2.28 Segment reporting

Segmental information are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer of the Company who conducts a regular review for allocation of resources and assessment of performance of the operating segments.

2.29 Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals including close members of the individuals, or corporate entities.

3. Significant accounting judgements and estimates

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

3. Significant accounting judgements and estimates (contd.)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Impairment of vessels

The Group determines the recoverable amount of vessels based on the higher of its fair value less costs to sell and its value in use. When value in use calculation is undertaken, management estimates the expected future cash flows from the asset or cash generating unit ("CGU") by applying a suitable discount rate to calculate the present value of those cash flows. When fair value less costs to sell is used, management engages the services of professional valuers to determine the fair values using valuation techniques which involve the use of estimates and assumptions which are reflective of current market conditions. The carrying amount of the Group's vessels is disclosed in Note 12.

(b) Provision for onerous contracts

The Group estimates the provision for its non-cancellable chartered-in contracts when it is inevitable that a loss will be incurred on performance of the contract. The provision is measured according to management's best estimate of expected future charter rates and is measured at net present value. The estimate includes an assessment of current market conditions, historical trends as well as future expectation and is therefore subject to significant uncertainty.

The carrying amount of the provision as at 31 December 2017 was RM93,590,000 (2016: RM115,803,000). With all other variables held constant, if the assumed charter rates per day increase/decrease by 8% from management estimates, the provision would decrease/increase by RM20,019,000. See Note 29 for further details.

4. Revenue

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Freight and charter hire	268,232	218,923	26,814	9,885
Ship brokerage and management	4,350	6,582	-	-
Dividends from subsidiaries	-	-	7,400	20,500
	272,582	225,505	34,214	30,385

5. Other operating income/(loss), net

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest income	943	1,066	12,439	11,364
Rental income from properties	599	424	804	630
Secretarial and accounting fees	1,114	1,130	1,341	1,424
Income from shared services	7,085	2,517	3,624	4,376
Foreign exchange (loss)/gain, net				
- realised	(180)	(291)	98	20
- unrealised	298	(187)	286	(206)
Gain/(loss) on disposal of property, plant and equipment	5,447	(1,258)	-	-
Surplus arising from liquidation of subsidiaries	-	-	297	-
Impairment loss on trade receivables	(870)	(921)	-	-
Reversal of impairment on trade receivables	921	-	-	-
Other income	89	292	23	26
	15,446	2,772	18,912	17,634

6. Loss before taxation

Loss before taxation is arrived at after charging/(crediting):

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Auditors' remuneration				
- current year	362	390	81	74
- under/(over) provision in prior year	1	(12)	7	-
Amortisation of intangible assets (Note 11)	6	558	4	199
Depreciation (Note 12)	19,969	28,442	1,582	778
Personnel expenses (Note 7)	45,572	58,082	7,627	5,615
Non-executive Directors' remuneration (Note 8)	352	343	352	343
Finance costs on				
- term loans	18,073	13,593	12,396	11,345
- revolving credit	351	1,687	-	-
- others	1,148	824	-	-
Operating lease expenses of vessels	111,612	103,527	-	-

7. Personnel expenses

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Wages, salaries and bonus	36,582	45,699	6,396	4,857
Pension costs				
- defined contribution plans	660	935	404	475
Social security costs	92	99	30	32
Other staff related expenses	8,238	11,349	797	251
	45,572	58,082	7,627	5,615

Included in personnel expenses of the Group and of the Company are Executive Directors' remuneration amounting to RM158,000 (2016: RM154,000) and RM158,000 (2016: RM154,000) respectively, as further disclosed in Note 8.

8. Directors' remuneration

	Group and Company 2017 RM'000	Group and Company 2016 RM'000
Directors of the Company		
Executive Directors:		
Fees	143	143
Attendance fees	15	11
	158	154
Non-executive Directors:		
Fees	310	310
Attendance fees	42	33
	352	343
Total	510	497

	2017 Fees RM'000	2017 Attendance Fees RM'000	2016 Fees RM'000	2016 Attendance Fees RM'000
Group and Company				
Kuok Khoon Kuan	48	5	48	4
Wu Long Peng	48	5	48	3
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	62	7	62	5
Tay Beng Chai	66	11	66	9
Dato' Mohd Zafer bin Mohd Hashim	68	8	68	7
Afidah binti Mohd Ghazali	62	9	62	7
Govind Ramanathan	47	5	47	4
Lim Soon Huat	52	7	52	5
	453	57	453	44

9. Taxation

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Income tax:				
Malaysian income tax	1,137	887	572	172
Foreign tax	21	21	-	-
Over provision in prior years	(52)	(13)	(36)	(5)
	1,106	895	536	167
Deferred tax (Note 28)	-	(73)	-	-
	1,106	822	536	167

Malaysian income tax is calculated at the Malaysian statutory income tax rate of 24% (2016: 24%) of the estimated assessable profit for the year. Taxation in foreign jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Loss before taxation	(128,992)	(496,298)	(151,822)	(516,449)
Taxation at Malaysian tax rate	(30,958)	(119,112)	(36,437)	(123,948)
Effects of different tax rates in foreign jurisdictions	2,676	23,597	-	-
Tax exempt shipping income	(7,235)	(6,190)	(778)	(920)
Income not subject to tax	(20,776)	(781)	(1,776)	(4,920)
Expenses not deductible for tax purposes	3,589	24,306	39,563	129,960
Share of results of an associate	50,865	78,017	-	-
Share of results of joint ventures	2,997	998	-	-
(Over)/underprovision in prior				
Overprovision in prior years	(52)	(13)	(36)	(5)
Taxation for the year	1,106	822	536	167

Malaysian Bulk Carriers Berhad
(Incorporated in Malaysia)

10. Loss per share

Basic loss per share

The basic loss per share is based on the Group's loss attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2017	**2016**
Group's loss attributable to equity holders of the Company (RM'000)	(134,954)	(491,306)
Weighted average number of ordinary shares in issue ('000)	1,000,000	1,000,000
Basic loss per share (sen)	(13.50)	(49.13)

There are no potential ordinary shares in issue as at the reporting date and therefore, diluted loss per share has not been presented.

11. Intangible assets

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Computer Software				
Cost				
At 1 January	2,670	2,554	1,312	1,255
Translation difference	(262)	116	(128)	57
At 31 December	2,408	2,670	1,184	1,312
Accumulated amortisation				
At 1 January	2,664	1,855	1,308	936
Amortisation for the year (Note 6)	6	558	4	199
Translation difference	(262)	251	(128)	173
At 31 December	2,408	2,664	1,184	1,308
Net carrying amount				
At 31 December	-	6	-	4

12. Property, plant and equipment

Group	Vessels RM'000	Dry docking RM'000	Leasehold properties RM'000	Vehicles RM'000	Office equipment, renovations, furniture and fittings RM'000	Total RM'000
Cost						
At 1 January 2017	904,388	2,967	10,670	78	3,747	921,850
Additions	-	2,488	-	-	203	2,691
Disposals and write off	-	-	-	(78)	-	(78)
Derecognition	-	(436)	-	-	-	(436)
Reclassified as held for sale (Note 22)	(110,022)	-	-	-	-	(110,022)
Translation difference	(88,068)	(386)	(1,038)	-	(575)	(90,067)
At 31 December 2017	706,298	4,633	9,632	-	3,375	723,938
Accumulated depreciation and impairment losses						
At 1 January 2017	401,486	1,567	2,656	78	3,359	409,146
Charge for the year (Note 6)	18,436	1,219	108	-	206	19,969
Reversal of impairment loss	(108,548)	-	-	-	-	(108,548)
Disposals and write off	-	-	-	(78)	-	(78)
Derecognition	-	(436)	-	-	-	(436)
Reclassified as held for sale (Note 22)	(26,798)	-	-	-	-	(26,798)
Translation difference	(39,954)	(229)	(265)	-	(540)	(40,988)
At 31 December 2017	244,622	2,121	2,499	-	3,025	252,267
Net carrying amount						
At 31 December 2017	461,676	2,512	7,133	-	350	471,671

Malaysian Bulk Carriers Berhad
(Incorporated in Malaysia)

12. Property, plant and equipment (contd.)

Group	Vessels RM'000	Dry docking RM'000	Vessels under construction RM'000	Leasehold properties RM'000	Vehicles RM'000	Office equipment, renovations, furniture and fittings RM'000	Total RM'000
Cost							
At 1 January 2016	1,185,914	8,189	28,057	10,212	75	3,408	1,235,855
Additions	672	100	67,883	-	-	203	68,858
Disposals and write off	(199,809)	(1,651)	-	-	-	(101)	(201,561)
Reclassification	95,940	-	(95,940)	-	-	-	-
Reclassified as held for sale (Note 22)	(216,889)	(3,874)	-	-	-	-	(220,763)
Translation difference	38,560	203	-	458	3	237	39,461
At 31 December 2016	904,388	2,967	-	10,670	78	3,747	921,850
Accumulated depreciation and impairment losses							
At 1 January 2016	580,972	962	-	2,436	75	2,988	587,433
Charge for the year (Note 6)	25,514	2,481	-	103	-	344	28,442
Impairment loss	50,457	-	-	-	-	-	50,457
Disposals and write off	(123,089)	(411)	-	-	-	(101)	(123,601)
Reclassified as held for sale (Note 22)	(147,175)	(1,681)	-	-	-	-	(148,856)
Translation difference	14,807	216	-	117	3	128	15,271
At 31 December 2016	401,486	1,567	-	2,656	78	3,359	409,146
Net carrying amount							
At 31 December 2016	502,902	1,400	-	8,014	-	388	512,704

12. Property, plant and equipment (contd.)

Company	Vessel RM'000	Drydock RM'000	Leasehold properties RM'000	Office equipment, renovations, furniture and fittings RM'000	Total RM'000
Cost					
At 1 January 2017	34,797	-	10,670	4,631	50,098
Additions	-	1,015	-	171	1,186
Translation difference	(3,388)	(36)	(1,038)	(459)	(4,921)
At 31 December 2017	31,409	979	9,632	4,343	46,363
Accumulated depreciation					
At 1 January 2017	439	-	2,656	4,317	7,412
Charge for the year (Note 6)	1,276	34	108	164	1,582
Translation difference	(127)	(1)	(265)	(430)	(823)
At 31 December 2017	1,588	33	2,499	4,051	8,171
Net carrying amount					
At 31 December 2017	29,821	946	7,133	292	38,192
Cost					
At 1 January 2016	-	-	10,212	4,309	14,521
Additions	32,285	-	-	183	32,468
Disposals and write off	-	-	-	(56)	(56)
Translation difference	2,512	-	458	195	3,165
At 31 December 2016	34,797	-	10,670	4,631	50,098
Accumulated depreciation					
At 1 January 2016	-	-	2,436	4,021	6,457
Charge for the year (Note 6)	406	-	103	269	778
Disposals and write off	-	-	-	(56)	(56)
Translation difference	33	-	117	83	233
At 31 December 2016	439	-	2,656	4,317	7,412
Net carrying amount					
At 31 December 2016	34,358	-	8,014	314	42,686

(a) Vessels with an aggregate net carrying amount of RM343,527,000 (2016: RM258,612,000) have been pledged as security for loans obtained by the Group (Note 26).

12. Property, plant and equipment (contd.)

(b) During the financial year, the Group carried out a review of the recoverable amount of its vessels. A reversal of impairment loss on vessels of RM108,548,000, representing the write back of these vessels to their recoverable amounts was recognised in income statement. The recoverable amount of these vessels was based on the higher of fair value less costs to sell or value in use. The fair value less costs to sell was determined by an independent valuer. The discount rate applied to value in use computation was 8% per annum.

13. Deposits

This comprises of deposits paid on construction and purchase of vessels.

14. Subsidiaries

	Company	
	2017 RM'000	2016 RM'000
Unquoted equity investment, at cost	1,334,178	1,478,115
Less: Accumulated impairment losses	(967,886)	(891,488)
At 31 December	366,292	586,627

Management reviews the investments in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investments in subsidiaries are determined based on value in use calculation using cash flow projections.

14. Subsidiaries (contd.)

Details of the subsidiaries are as follows:

Company	Country of incorporation	Equity interest 2017	Equity interest 2016	Principal activities
PSM Perkapalan Sdn Bhd	Malaysia	100%	100%	Manager of ships
Pacific Ship-Managers Sdn Bhd	Malaysia	100%	100%	Ship operator, shipbroker and general shipping
- Spectrapoint Sdn Bhd	Malaysia	100%	100%	Investment holding
Lightwell Shipping Inc	British Virgin Islands (BVI)	100%	100%	Investment holding
- Ambi Shipping Pte Ltd [1]	Singapore	70%	70%	Owner and operator of ships
- Everspeed Enterprises Limited	BVI	100%	100%	Ship operator
New Johnson Holdings Limited	BVI	100%	100%	Investment holding
- Madu Shipping Pte Ltd [1]	Singapore	100%	100%	Owner and operator of ships
- Molek Shipping Pte Ltd [1]	Singapore	100%	100%	Owner and operator of ships
- Manis Shipping Pte Ltd [1]	Singapore	100%	100%	Owner and operator of ships
- Sejahtera Shipping Pte Ltd [1]	Singapore	100%	100%	Owner and operator of ships
- Padu Shipping Pte Ltd [1]	Singapore	100%	100%	Owner and operator of ships
- Bakti Shipping Pte Ltd [1]	Singapore	100%	100%	Dormant

14. Subsidiaries (contd.)

Company	Country of incorporation	Equity interest 2017	Equity interest 2016	Principal activities
- Pintar Shipping Pte Ltd [1]	Singapore	100%	100%	Owner and operator of ships
- Bistari Shipping Pte Ltd [1]	Singapore	100%	100%	Dormant
Alam Budi Sdn Bhd	Malaysia	100%	100%	Dormant
Bistari Shipping Sdn Bhd	Malaysia	100%	100%	Dormant
MBC Capital Management Sdn Bhd	Malaysia	100%	-	Dormant

[1] Subsidiaries audited by a member firm of Ernst & Young Global

Liquidation of subsidiaries
Two dormant wholly owned subsidiaries, Awanapuri Sdn Bhd and MBC Padu Sdn Bhd were liquidated during the year.

The summarised financial information of Ambi Shipping Pte Ltd, which has non-controlling interests that is material to the Group, not adjusted for the proportion of ownership interest held by the Group, is as follows:

(i) Summarised statement of financial position

	2017 RM'000	2016 RM'000
Non-current assets	-	85,530
Current assets	89,957	64,798
Total assets	89,957	150,328
Non-current liabilities	-	72,011
Current liabilities	11,943	8,761
Total liabilities	11,943	80,772
Net assets	78,014	69,556

14. Subsidiaries (contd.)

(ii) Summarised statement of comprehensive income

	2017 RM'000	2016 RM'000
Revenue	26,554	22,936
Profit/(loss) before tax	16,204	(19,360)
Profit/(loss) for the year	16,188	(19,381)
Dividend paid to non-controlling interests during the year	-	(6,282)

(iii) Summarised cash flows

	2017 RM'000	2016 RM'000
Net cash generated from operating activities	10,161	1,766
Net cash generated from investing activities	31,577	367
Net cash used in financing activities	(64,715)	(84,191)
Net decrease in cash and cash equivalents	(22,977)	(82,058)
Effects of foreign exchange rate changes	(2,063)	(7,015)
Cash and cash equivalents at beginning of the year	29,785	118,858
Cash and cash equivalents at end of the year	4,745	29,785

15. Associate

	Group 2017 RM'000	Group 2016 RM'000
Quoted shares, at cost	1,107,939	1,107,939
Share of post acquisition profits or losses	(581,160)	(369,222)
Share of cash flow hedge reserve	6,461	4,901
Translation difference	364,828	468,878
	898,068	1,212,496
Less: Accumulated impairment loss	(535,078)	(535,078)
Translation difference	31,973	(22,304)
	(503,105)	(557,382)
	394,963	655,114
Quoted shares, at market value	397,956	382,800

15. Associate

Details of the associate are as follows:

Company	Country of incorporation	Equity interest 2017	Equity interest 2016	Principal activities
PACC Offshore Services Holdings Ltd ("POSH")	Singapore	21%	21%	Provider of offshore marine support services

The associate is audited by a member firm of Ernst & Young Global.

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

(i) Summarised statement of financial position

	2017 RM'000	2016 RM'000
Non-current assets	4,991,401	5,983,321
Current assets	729,567	766,239
Total assets	5,720,968	6,749,560
Non-current liabilities	2,366,914	1,970,902
Current liabilities	1,491,833	1,693,175
Total liabilities	3,858,747	3,664,077
Non-controlling interest	(259)	(309)
Net assets	1,862,480	3,085,792

(ii) Summarised statement of comprehensive income

	2017 RM'000	2016 RM'000
Revenue	833,424	754,775
Loss before tax	(977,342)	(1,526,504)
Loss for the year	(998,295)	(1,531,182)
Other comprehensive income	7,349	23,084
Dividend received from the associate during the year	-	5,589

15. Associate (contd.)

(iii) Reconciliation between the summarised financial information presented and the carrying amount of associate

	2017 RM'000	2016 RM'000
Net assets of the associate	1,862,480	3,085,792
Proportion of the Group's ownership interest in the associate	21%	21%
Group's share of net assets	394,963	655,114

The Group proposes to dispose off its investment in POSH by way of a Proposed Renounceable Restrictive Offer for Sale ("Proposed ROS") of POSH shares to the shareholders of the Company on a pro-rata basis. The Proposed ROS is intended to raise funds for its core dry bulk operations and is expected to be completed within 12 months upon obtaining the relevant regulatory approvals. Consequently on 20 December 2017, the Group submitted an application to the Securities Commission to seek approval for the Proposed ROS. It was uncertain whether approval would be granted as this is the first case whereby a Malaysian entity offers to sell shares quoted on the Singapore Stock Exchange to its shareholders

As at 31 December 2017, the critical approvals from regulatory bodies, including Securities Commission, have not been obtained. Hence, the Directors are unable to consider the disposal as highly probable as at the reporting date as it is conditional upon the regulatory approvals. Consequently, the directors are of the view that it is not appropriate to classify the investment in POSH as held for sale.

16. Joint ventures

	Group	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost	42,453	42,453
Share of post acquisition losses	(59,709)	(39,832)
Translation difference	29,903	32,446
	12,647	35,067
Proportionate shareholder's advances to joint ventures	63,327	116,110
	75,974	151,177

The proportionate shareholder's advances to joint ventures are unsecured and interest-free, except for amount of RM18,209,000 (2016: RM20,173,500) which bears a weighted average interest rate of 1.90% (2016: 1.38%) per annum.

16. Joint ventures (contd.)

Details of the joint ventures are as follows:

Held through a subsidiary

Company	Country of incorporation	Equity interest 2017	2016	Principal activities
Eminence Bulk Carriers Pte Ltd	Singapore	50%	50%	Owner and operator of ships
Novel Bright Assets Limited	BVI	50%	50%	Investment holding
- Brilliant Star Shipping Pte Ltd	Singapore	50%	50%	Owner and operator of ships

Details of the joint ventures are as follows:

Held through a subsidiary

Company	Country of incorporation	Equity interest 2017	2016	Principal activities
- Brilliant Sun Shipping Pte Ltd	Singapore	50%	50%	Under members' voluntary winding-up
Progress Shipping Pte Ltd	Singapore	50%	50%	Investment holding
- Atlantic Progress Pte Ltd	Singapore	50%	50%	Owner and operator of ships
- Atlantic Dream Pte Ltd	Singapore	50%	50%	

16. Joint ventures (contd.)

The summarised financial information of the joint ventures, not adjusted for the proportion of ownership interest held by the Group, is as follows:

(i) Summarised statements of financial position

	2017 RM'000	2016 RM'000
Non-current assets	131,642	282,798
Current assets	139,700	76,690
Total assets	271,342	359,488
Non-current liabilities	203,625	241,443
Current liabilities	42,423	47,912
Total liabilities	246,048	289,355
Net assets	25,294	70,133

(ii) Summarised statements of comprehensive income

	2017 RM'000	2016 RM'000
Revenue	51,476	46,336
Profit/(loss) before tax before impairment loss	5,892	(9,708)
(Reversal of) impairment loss on vessels	(30,857)	1,395
Loss for the year	(24,974)	(8,313)
Dividends received from joint ventures during the year	7,390	10,265

17. Loan to a subsidiary

The loan to a subsidiary is unsecured, repayable by 5 semi-annual installments commencing from August 2017, and the average effective interest rate during the current financial year was 3.26% (2016: 2.89%) per annum.

18. Consumable stores

Consumable stores are stated at cost.

Consumable stores of the Group and the Company of RM44,408,000 (2016: RM33,239,000) and RM6,925,218 (2016: RM2,075,000) respectively were charged to income statements during the year.

19. Receivables and other current assets

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Trade receivables:				
- third parties	22,334	11,886	2,620	2,065
- related parties	4,068	3,198	-	-
Uncompleted voyage:				
- third parties	-	6,401	-	1,078
	26,402	21,485	2,620	3,143
Less: Allowance for impairment				
Third parties:				
At 1 January	(966)	-	-	-
Charge for the year	(870)	(921)	-	-
Reversal	921	-	-	-
Translation difference	45	(45)	-	-
At 31 December	(870)	(966)	-	-
Trade receivables, net	25,532	20,519	2,620	3,143
Tax recoverable	153	26	-	-
Deposits (refundable)	165	198	90	88
Prepayments	9,384	9,154	186	117
Other receivables	4,696	7,672	2,740	4,081
Amounts due from related parties	4,812	10,392	-	1,078
	44,742	47,961	5,636	8,507

19. Receivables and other current assets (contd.)

Amounts due from related parties relate to advances for procurement of supplies and services on behalf of the Group. These balances are unsecured, interest-free and repayable on demand.

Trade receivables are non-interest bearing and are generally due upon invoicing. They are recognised at their original invoiced amounts, which represent their fair values on initial recognition.

The ageing analysis of trade receivables is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Not yet due	-	6,401	-	-
Past due less than 6 months not impaired	24,626	13,079	2,620	3,143
Past due over 6 months not impaired	906	1,039	-	-
Impaired	870	966	-	-
	26,402	21,485	2,620	3,143

Trade receivables are mainly due from customers that have good credit ratings. The concentration of credit risk is limited as the customer base is large and unrelated. At reporting date, 16% (2016: 16%) of the trade receivables was due from related parties. Based on historical default rates, the Group believes that no further allowance for impairment is necessary in respect of the outstanding net trade receivables.

20. Amounts due from/to subsidiaries

Balances with subsidiaries are unsecured, interest-free and repayable on demand. Funds are centralised at Group level and made available to subsidiaries as and when required.

21. Short term deposits

At the reporting date, the short term deposits of the Group and the Company have the same maturities of less than 30 days (2016: less than 30 days and nil respectively) with weighted average interest rate of 1.39% (2016: 2.95%) and 2.95% (2016: nil) per annum respectively.

22. Non-current assets classified as held for sale

	Group	
	2017 RM'000	2016 RM'000
Property, plant and equipment	83,224	71,907

Non-current assets held for sale comprise of vessels which will be sold within the next 12 months from the reporting date.

23. Share capital

	Number of ordinary shares			
	2017 ('000)	2016 ('000)	2017 RM'000	2016 RM'000
Group and Company				
Issued and fully paid:				
At 1 January	1,000,000	1,000,000	250,000	250,000
Transfer from share premium and reserve	-	-	88,791	-
At 31 December	1,000,000	1,000,000	338,791	250,000

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.

With the Companies Act 2016 (2016 Act) which came into effect from 31 January 2017, the Companies Act 1965 is repealed. The 2016 Act has abolished the concept of par or nominal value of shares and hence the share premium, capital redemption reserve and authorised capital are abolished. In accordance with Section 618(2) of the 2016 Act, the amount standing to the credit of the share premium account and capital redemption reserve have become part of the Company's share capital.

24. Reserves

(a) Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative effective portion of gains and losses arising on changes in fair value of hedging instruments entered into for cash flow hedges which will be reclassified to the income statement only when the hedged transaction affects profit or loss.

(b) Foreign currency translation reserve

Foreign currency translation reserve comprise foreign exchange differences arising from the translation of financial statements of those entities, whose functional currencies are different from that of the Group's presentation currency.

25. Payables and other liabilities

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current				
Trade payables	513	3,187	-	-
Accruals	25,150	20,216	10,280	5,653
Charter hire received in advance	4,438	1,303	-	-
Charter hire payable to owners	2,274	2,179	-	-
Due to ship managers and agents:				
- third parties	-	952	-	-
- related parties	5,505	12,904	-	-
Uncompleted voyage	945	1,391	155	-
Amounts due to related parties	130	85	240	2,143
Other payables	942	607	434	421
	39,897	42,824	11,109	8,217
Non-current				
Charter hire payable to owners	38,346	19,086	-	-

25. Payables and other liabilities (contd.)

Trade payables generally have average credit term of 30 to 90 (2016: 30 to 90) days.

Amounts due to related parties are in respect of shared services cost and reimbursable expenses. These balances are unsecured, interest-free and repayable on demand.

Certain portion of charter hire payable to owners have been rescheduled to be payable at the end of the charter periods of the respective vessels.

26. Borrowings

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Term loans - secured	140,681	174,706	-	-
- unsecured	269,462	297,211	269,462	297,211
Revolving credit	-	71,952	-	-
	410,143	543,869	269,462	297,211
Repayable within 12 months	(86,197)	(105,343)	(70,549)	(27,733)
Repayable after 12 months	323,946	438,526	198,913	269,478
Maturity of borrowings is analysed as follows:				
Within 1 year	86,197	105,343	70,549	27,733
Between 1 and 5 years	323,946	438,526	198,913	269,478
	410,143	543,869	269,462	297,211

The borrowings are denominated in the following currencies:

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
United States Dollar	140,681	246,658	-	-
Ringgit Malaysia	269,462	297,211	269,462	297,211
	410,143	543,869	269,462	297,211

The securities for secured loans are disclosed in Note 12(a).

The borrowings bear interest at a weighted average rate of 3.24% (2016: 2.53%) per annum.

The revolving credit of a subsidiary is unsecured but is guaranteed by the Company.

27. Derivative financial liabilities

Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices and foreign exchange rates. The type of derivatives used by the Group and the fair value gain/loss on the derivative financial instruments are set out below.

	Group and Company	
	2017	2016
	RM'000	RM'000
Hedging derivatives		
- Current		
Cash flow hedge		
Cross currency swap - liabilities	(19,842)	(12,152)
- non-current		
Cash flow hedge		
Cross currency swap - liabilities	(55,549)	(115,436)

Cash flow hedge

The Group uses cross currency swap to manage the variability of future cash flows attributable to exchange rate and interest rate fluctuation on its borrowings in Ringgit Malaysia. The hedged cash flows are expected to occur and affect profit or loss over the next 2 years. Gains and losses arising from the effective portion of the hedges are deferred in equity until the variability on the cash flow affects profit or loss, at which time the gains or losses are transferred to profit or loss.

The net gain or loss on cash flow hedges reclassified from other comprehensive income to the income statement is recognised in "Other operating income/(loss), net". During the financial year, gain on cash flow hedges amounting to RM38,913,000 (2016: loss on cash flow hedges amounting to RM18,876,000) was recycled from other comprehensive income to the income statements of the Group and of the Company.

28. Deferred tax liabilities

	Group 2017 RM'000	Group 2016 RM'000
At 1 January	-	73
Recognised in income statement (Note 9)	-	(73)
At 31 December	-	-

The components and movements of deferred tax liability and asset during prior year were as follows:

	Property, plant and equipment RM'000	Total RM'000
At 1 January 2016	73	73
Recognised in income statement	(73)	(73)
At 31 December 2016	-	-

29. Provision for onerous contracts

	Group 2017 RM'000	Group 2016 RM'000
At 1 January	115,803	110,817
Utilised during the year	(56,165)	(73,266)
Charged during the year	45,229	73,266
Translation difference	(11,277)	4,986
At 31 December	93,590	115,803
Analysis of provision		
Current	30,114	58,077
Non-current	63,476	57,726
	93,590	115,803

30. Commitments

	Group 2017 RM'000	Group 2016 RM'000
(a) Capital commitments	306,867	339,973
(b) Operating lease commitments - as lessee		
Due within 1 year	105,787	117,200
Due later than 1 year and not later than 5 years	264,169	380,354
Due later than 5 years	11,117	41,831
	381,073	539,385

The Group's operating leases have terms ranging from 7 years to 10 years. Certain leases have purchase options after the completion of a predetermined period.

	2017 RM'000	2016 RM'000
(c) Operating lease commitments - as lessor		
Due within 1 year	22,514	7,086
Share of joint ventures' commitments	4,734	7,435
	27,248	14,521
(d) Contract of affreightment (COA)		
Due within 1 year	21,547	23,872
Due later than 1 year and not later than 5 years	86,248	95,553
Due later than 5 years	186,842	230,871
	294,637	350,296

(d) Contract of affreightment (COA) (contd.)

The amounts comprise of estimated freight receivable under a 15-year COA with TNB Fuel Services Sdn Bhd (a subsidiary of Tenaga Nasional Berhad).

31. Significant related party transactions

In addition to related party information disclosed elsewhere in the financial statements, the following significant transactions with related parties at mutually agreed amounts took place during the financial years:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Transactions in which certain substantial shareholders of the Company have substantial interest				
Income earned:				
Charter hire income	28,519	22,014	-	-
Crew management fee	212	4,016	-	-
Commercial fee	3,920	2,660	-	-
Income from shared services	7,085	2,514	2,610	2,516
Rental income	592	424	592	424
Brokerage commission and accounting fees	-	3	-	-
Corporate secretarial fee and accounting fees	32	25	32	25
	40,360	31,656	3,234	2,965
Expenditure incurred:				
Corporate administration fee	3	314	-	-
Commercial fee	6,812	5,472	720	217
Shared services cost	2,643	3,238	428	-
Management fee	2,642	3,582	-	-
Crewing agents fee	657	503	120	15
Procurement fee	726	796	151	50
Dry docking cost	1,154	-	-	-
Share registration fee	11	12	11	12
Legal fee	41	-	17	-
Commission on disposal of vessels	777	1,256	-	-
	15,466	15,173	1,447	294

31. Significant related party transactions (contd.)

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Transactions with joint ventures				
Income earned:				
Crew management fee	219	334	-	-
Accounting fee	988	1,022	988	1,022
	1,207	1,356	988	1,022

	Company 2017 RM'000	Company 2016 RM'000
Transactions with subsidiaries		
Income earned:		
Income from shared services	1,014	1,860
Accounting fee	236	297
Dividends from subsidiaries	7,400	20,500
Rental income	206	206
Interest income	12,388	11,338
	21,244	34,201
Expenditure incurred:		
Management fee	223	91
	223	91

Key management personnel

Directors are considered as the key management personnel. The remuneration of Directors is disclosed in Note 8.

32. Segment information

(a) Business segments

The operating businesses are organised according to the nature of the services provided with each segment representing a strategic business unit that serves different markets.

The Group's revenue is primarily derived from the provision of dry bulk and tanker shipping services internationally.

(b) Geographical segments

As the Group's shipping activities cover the world's shipping lanes, the Directors do not consider it meaningful to allocate revenue, results, assets and liabilities to specific geographical segments.

(c) Allocation basis and inter-segment charges

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Inter-segment charges between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include charges between business segments. These charges are eliminated on consolidation.

Major customers

Revenue from two major customers (2016: two) amounted to RM58,352,000 (2016: RM56,494,000) represents 21% (2016: 25%) of the total revenue of the Group.

33. Segment information (contd.)

2017	Bulkers RM'000	Tankers RM'000	Ship brokerage and management RM'000	Investment holding and others RM'000	Elimination RM'000	Total RM'000
Revenue						
Group total	256,041	12,191	5,367	-	(1,017)	272,582
Inter-segment	-	-	(1,017)	-	1,017	-
External	256,041	12,191	4,350	-	-	272,582
Results						
Segment results	4,854	(13)	771	3,145	-	8,757
Depreciation and amortisation	(19,655)	-	(43)	(277)	-	(19,975)
Gain on disposal of property, plant and equipment	1,861	3,568	18	-	-	5,447
Reversal of impairment loss on vessels	108,548	-	-	-	-	108,548
Net change in onerous contracts provision	10,936	-	-	-	-	10,936
Other non-cash items	(7)	(8)	63	301	-	349
Interest income	335	-	107	501	-	943
Finance costs	(11,722)	-	(8)	(7,842)	-	(19,572)
Share of results of an associate	-	-	-	(211,938)	-	(211,938)
Share of results of joint ventures	(12,487)	-	-	-	-	(12,487)
Taxation	(16)	-	(555)	(535)	-	(1,106)
(Loss)/profit for the year	82,647	3,547	353	(216,645)	-	(130,098)
Segment assets	678,468	19,339	23,014	1,006,142	(520,024)	1,206,939
Segment liabilities	816,371	26,877	10,212	324,320	(520,024)	657,756
Other information						
Investment in an associate	-	-	-	394,963	-	394,963
Investment in joint ventures	75,974	-	-	-	-	75,974
Additions to non-current assets	6,753	-	32	171	-	6,956
Non-current assets held for sale	83,224	-	-	-	-	83,224

Malaysian Bulk Carriers Berhad
(Incorporated in Malaysia)

33. Segment information (contd.)

2016	Bulkers RM'000	Tankers RM'000	Ship brokerage and management RM'000	Investment holding and others RM'000	Elimination RM'000	Total RM'000
Revenue						
Group total	168,227	50,696	7,871	-	(1,289)	225,505
Inter-segment	-	-	(1,289)	-	1,289	-
External	168,227	50,696	6,582	-	-	225,505
Results						
Segment results	(55,137)	23,881	1,433	(1,083)	-	(30,906)
Depreciation and amortisation	(20,202)	(7,793)	(434)	(571)	-	(29,000)
(Loss)/gain on disposal of property, plant and equipment	(4,478)	3,220	-	-	-	(1,258)
Impairment loss on vessels	(14,887)	(35,570)	-	-	-	(50,457)
Other non-cash items	(821)	13	(73)	(227)	-	(1,108)
Interest income	367	-	34	665	-	1,066
Finance costs	(8,412)	(593)	(11)	(7,088)	-	(16,104)
Share of results of an associate	-	-	-	(325,070)	-	(325,070)
Impairment loss on associate	-	-	-	(39,304)	-	(39,304)
Share of results of joint ventures	(4,157)	-	-	-	-	(4,157)
Taxation	(22)	-	(633)	(167)	-	(822)
(Loss)/profit for the year	(107,749)	(16,842)	316	(372,845)	-	(497,120)
Segment assets	783,456	74,080	41,026	1,388,798	(708,244)	1,579,116
Segment liabilities	949,150	86,334	18,663	503,453	(708,244)	849,356
Other information						
Investment in an associate	-	-	-	655,114	-	655,114
Investment in joint ventures	151,177	-	-	-	-	151,177
Additions to non-current assets	82,995	100	20	183	-	83,298
Non-current assets held for sale	30,439	41,468	-	-	-	71,907

Note: Inter-segment assets and inter-segment liabilities are eliminated on consolidation.

33. Financial risk management

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks includes credit risk, liquidity risk, currency risk and interest rate risk. The board of directors reviews and agrees policies and procedures for the management of these risks.

(a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group has investments in foreign subsidiaries, associate and joint ventures, whose net assets are measured in their functional currency which is the United States Dollars, and are subject to foreign currency translation differences upon translation into Ringgit Malaysia for consolidation purposes.

The Group's foreign currency borrowing is exposed to foreign currency exchange rate risk. Cross currency swap contract is entered to cover the variability of future cash flows attributable to exchange rate and interest rate fluctuation.

(b) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of the Group's financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to interest-bearing debts. The Group manages its interest rate exposure by closely monitoring the debt market and where necessary, maintaining a prudent mix of fixed and floating rate borrowings and a mix of interest revision dates. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

At end of the reporting period, if interest rates had been 25 basis point higher/lower with all other variables held constant, the Group's loss after tax would have been RM976,000 (2016: RM1,358,000) higher/lower.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatch of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's exposure to liquidity risk is manageable and is addressed via internal funding as well as through sourcing of external borrowings. It is the Group's policy for the placing of surplus funds to be managed centrally.

Due to the nature of the Group's underlying businesses, management aims at maintaining flexibility in funding by keeping committed credit lines available.

33. Financial risk management (contd.)

(c) Liquidity risk (contd.)

Analysis of undiscounted financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Group				
At 31 December 2017				
Trade and other payables	34,514	25,924	12,422	72,860
Borrowings	99,366	340,800	-	440,166
Derivative financial liabilities	19,842	55,549	-	75,391
	153,722	422,273	12,422	588,417
At 31 December 2016				
Trade and other payables	40,130	13,168	5,918	59,216
Borrowings	118,822	467,162	-	585,984
Derivative financial liabilities	12,152	115,436	-	127,588
	171,104	595,766	5,918	772,788

	Within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Company				
At 31 December 2017				
Trade and other payables	11,109	-	-	11,109
Amounts due to subsidiaries	20,764	-	-	20,764
Borrowings	79,183	203,027	-	282,210
Derivative financial liabilities	19,842	55,549	-	75,391
	130,898	258,576	-	389,474
At 31 December 2016				
Trade and other payables	8,217	-	-	8,217
Amounts due to subsidiaries	23,018	-	-	23,018
Borrowings	35,648	281,179	-	316,827
Derivative financial liabilities	12,152	115,436	-	127,588
	79,035	396,615	-	475,650

33. Financial risk management (contd.)

(c) Liquidity risk (contd.)

The Company's maximum potential liability under corporate guarantees amounted to RM154,076,000 (2016: RM249,873,000) as of 31 December 2017. The corporate guarantees were provided in respect of the borrowings of its subsidiaries and a joint venture.

(d) Credit risk

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

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit monitoring procedures. Credit risks are minimised and monitored by strictly limiting the Group's association to business partners with good credit ratings. Trade receivables are monitored on an on-going basis via Group management reporting procedures.

Advances are made to subsidiaries and joint ventures in support of their respective principal activities. Surplus cash is placed with a number of reputable banks.

At the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

34. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. The Group manages its capital structure by taking into account its current and projected cash flow, expansion and capital expenditure commitments. Where necessary, adjustments to the amount of dividends paid to shareholders or the issuance of new shares may be considered. The Group does not adopt any formal dividend policy. The debt to equity ratio of the Group for the year ended 31 December 2017 was 0.78:1 (2016: 0.77:1).

The Group monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position.

No changes were made in the objectives, policies or processes during the years ended 31 December 2017 and 2016.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

35. Fair value of financial instruments

(a) Fair value hierarchy

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

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

- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

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

There was no financial instrument being transferred between Level 1 and 2 during the year.

The Group has designated derivatives as Level 2. Cross currency swap is valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

(b) The fair value of financial assets and liabilities by classes whose carrying amounts are reasonable approximation of fair value are as follows:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Financial assets				
Loans and receivables				
Trade and other receivables	35,205	32,380	5,450	7,312
Short term deposits	19,894	500	1,300	-
Cash and bank balances	52,339	69,141	2,160	5,370
Amounts due from subsidiaries	-	-	13,502	381
Loan to a subsidiary	-	-	343,380	420,399
	107,438	102,021	365,792	433,462

35. Fair value of financial instruments (contd.)

(b) The fair value of financial assets and liabilities by classes whose carrying amounts are reasonable approximation of fair value are as follows:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Financial liabilities carried at amortised costs				
Borrowings	410,143	543,869	269,462	297,211
Trade and other payables	72,860	59,216	10,954	8,217
Amounts due to subsidiaries	-	-	20,764	23,018
	483,003	603,085	301,180	328,446
Financial liability carried at fair value through other comprehensive income				
Derivative financial liabilities	75,391	127,588	75,391	127,588

36. Significant event

On 28 November 2017, a subsidiary signed a Memorandum of Agreement to dispose of a vessel to a third party for a net consideration of approximately USD20.6 million.

37. Significant subsequent event

On 2 April 2018, RHB Investment Bank Berhad announced on behalf of the Company that the Company intends to undertake a proposal to dispose of its deemed interest of up to 386,385,645 ordinary shares in the capital of PACC Offshore Services Holdings Ltd ("POSH"), representing approximately 21.23% of the total issued shares in POSH, which are currently held by a wholly owned subsidiary of the Company known as Lightwell Shipping Inc, to all shareholders of the Company at an offer price on an entitlement date to be determined later ("Proposed Disposal").

The Proposed Disposal is to be carried out by way of a renounceable restricted offer for sale as disclosed in Note 15.