# Yinson Holdings Berhad

Company No: 259147-A (Incorporated in Malaysia)


Annual Report 08

# contents

# notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of the Company will be held at Level 6, Orchid Room, The Zon Regency Hotel By The Sea, 88, Jalan Ibrahim Sultan, Stulang Laut, 80720 Johor Bahru, Johor Darul Takzim on Monday, 28 July 2008 at 12.00 noon for the following purposes :-

**AGENDA**

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 January 2008 together with the Directors' and Auditors' Reports thereon. **Resolution 1**

2. To declare a first and final dividend of 2.5% less tax at 25% for the financial year ended 31 January 2008. **Resolution 2**

3. To approve the payment of Directors' Fees of RM180,000.00 for the financial year ended 31 January 2008. **Resolution 3**

4. To re-appoint YBHG. TAN SRI DATO' JAFFAR BIN ABDUL who is retiring in accordance with Section 129 of the Companies Act, 1965 as a Director of the Company to hold office until the conclusion of the next Annual General Meeting. **Resolution 4**

5. To re-elect the following Directors who retire in accordance with Article 107 of the Company's Articles of Association:-

   i. LIM HAN JOEH (Executive Director) **Resolution 5**
   ii. DATO' ADI AZMARI BIN B. K. KOYA MOIDEEN KUTTY (Non-Executive Director) **Resolution 6**

6. To re-appoint MESSRS ERNST & YOUNG as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors. **Resolution 7**

7. To transact any other ordinary business of which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

   **SPECIAL BUSINESS**

   To consider and if thought fit, to pass with or without modifications, the following resolutions as Ordinary Resolutions:-

8. **Proposed Authority to Directors to issue new shares under Section 132D of the Companies Act, 1965**

   "THAT the Directors of the Company be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10 percent of the issued share capital of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotments and issues." **Resolution 8**

9. **Proposed Authority to allot and issue shares pursuant to the Employees Share Option Scheme**

   "THAT pursuant to the Company's Employees Share Option Scheme ("the ESOS") as approved at the Extraordinary General Meeting of the Company held on 25 September 2002, the Directors of the Company be and are hereby authorised, in accordance with Section 132D of the Companies Act, 1965, to allot and issue shares in the Company from time to time in accordance with the ESOS." **Resolution 9**

10. **Proposed Renewal of Shareholders' Mandate for Recurrent Transactions of a Revenue or Trading Nature**

   "THAT approval be and is hereby given pursuant to paragraph 10.09 of Chapter 10 of the Listing Requirements of Bursa Malaysia Securities Berhad, for the Company's subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are set out in Section 3.2 of the Circular to Shareholders dated 4 July 2008, provided that such transactions are of a revenue or trading nature which are necessary for the YINSON Group's day-to-day operations, made at arm's length basis and on normal commercial terms which are no more favourable to the related parties than those extended to the public and are not detrimental to the minority shareholders of the Company ; AND **Resolution 10**

   THAT such approval is subject to annual renewal and shall commence upon the passing of this resolution and shall continue to be in force until :-

(a) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at the general meeting, the authority is renewed ;

(b) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) ; or

(c) revoked or varied by resolution passed by the shareholders in a general meeting ;

whichever occurs first ; AND

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this ordinary resolution."

**NOTICE OF DIVIDEND ENTITLEMENT**

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders at the Fifteenth Annual General Meeting, the First and Final Dividend of 2.5% less 25% Income Tax in respect of the financial year ended 31 January 2008 will be paid on 18 September 2008 to Depositors registered in the Records of Depositors at the close of business on 20 August 2008.

A Depositor shall qualify for entitlement only in respect of :-

(a) Shares transferred into the Depositor's securities account before 4.00 p.m. on 20 August 2008 in respect of ordinary transfers ;

(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

TAN SOO LEONG (f) (LS 02389)
*Company Secretary*

Johor Bahru
Date : 4 July 2008

***Notes :***

1) *A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.*

2) *The instrument appointing a proxy, in the case of an individual shall be signed by the appointer or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.*

3) *The instrument appointing a proxy must be deposited at the Registered Office of the Company at 25, Jalan Firma 2, Kawasan Perindustrian Tebrau IV, 81100 Johor Bahru, Johor not less than 48 hours before the time for holding the meeting or any adjournment thereof.*

***Explanatory Notes on Special Business***

*Resolution 8*

(i) *The proposed ordinary resolution under Item 8 above, if passed, will empower the Directors of the Company from the date of the above Annual General Meeting, authority to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a General Meeting will expire at the next Annual General Meeting.*

*Resolution 9*

(ii) *The proposed ordinary resolution under Item 9 above, if passed, will enable the Directors of the Company, from the date of the General Meeting, to allot and issue ordinary shares of the Company to those employees who have exercised their options under the Employees' Share Option Scheme. This authority unless revoked or varied at a General Meeting will expire at the next Annual General Meeting.*

*Resolution 10*

**(iii)** *Please refer to Circular to Shareholders dated 4 July 2008 in relation to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.*

# statement accompanying notice of annual general meeting

1. **Directors standing for re-election**

   The Directors who are offering themselves for re-election are :-

   * YBhg. Tan Sri Dato' Jaffar bin Abdul (76), Malaysian
     *Chairman, Independent Non-Executive Director, Chairman of Audit Committee*
     - Interest in securities in the Company : 26,400 fully paid ordinary shares of RM1.00 each (Direct) ;

   * Mr Lim Han Joeh (49), Malaysian
     *Executive Director*
     - Interest in securities in the Company : 4,131,039 fully paid ordinary shares of RM1.00 each (Direct) ;

   * Dato' Adi Azmari bin B. K. Koya Moideen Kutty (44), Malaysian
     *Non-Executive Director*
     - Interest in securities in the Company : 68,700 fully paid ordinary shares of RM1.00 each (Direct).

   The details of the above Directors who are standing for re-election are set out in the Directors' Profile on Page 6 to 7 of this Annual Report.

2. **Details of Attendance of Directors at Board of Directors' Meetings** :-

   There were 5 Board of Directors' Meetings held during the financial year ended 31 January 2008. The details of the attendance of the Directors are as follows :-

| NAME OF DIRECTORS | ATTENDANCE |
|---|---|
| YBhg. Tan Sri Dato' Jaffar bin Abdul | 5/5 |
| Mr Lim Han Weng | 5/5 |
| Madam Bah Kim Lian | 5/5 |
| Mr Lim Han Joeh | 5/5 |
| Mr Kam Chai Hong | 5/5 |
| Dato' Adi Azmari bin B. K. Koya Moideen Kutty | 3/5 |
| Mr Bah Koon Chye | 5/5 |
| Tuan Haji Hassan bin Tan Sri Ibrahim | 5/5 |

3. **Place, date and time of the Fifteenth Annual General Meeting**

   The Fifteenth Annual General Meeting is scheduled to be held on Monday, 28 July 2008 at Level 6, Orchid Room, The Zon Regency Hotel By The Sea, 88, Jalan Ibrahim Sultan, Stulang Laut, 80720 Johor Bahru, Johor Darul Takzim at 12 noon.

# corporate information


| | | |
|---|---|---|
| **BOARD OF DIRECTORS** | 1. YBhg Tan Sri Dato' Jaffar bin Abdul | *Chairman, Independent Non-Executive Director* |
| | 2. Mr. Lim Han Weng | *Managing Director* |
| | 3. Mr. Lim Han Joeh | *Executive Director* |
| | 4. Madam Bah Kim Lian | *Executive Director* |
| | 5. Mr. Bah Koon Chye | *Executive Director* |
| | 6. Dato' Adi Azmari bin B.K. Koya Moideen Kutty | *Non-Executive Director* |
| | 7. Mr. Kam Chai Hong | *Independent Non-Executive Director* |
| | 8. Tuan Haji Hassan bin Ibrahim | *Independent Non-Executive Director* |

**SECRETARY**

Tan Soo Leong (LS 02389)

**AUDITORS**

Ernst & Young
Suite 11.2 Level 11, Menara Pelangi No. 2, Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim

**REGISTERED OFFICE**

No. 25, Jalan Firma 2, Kawasan Perindustrian Tebrau IV, 81100 Johor Bahru, Johor Darul Takzim
Tel: 07-355 2244 Fax: 07-355 2277
E-mail: yinsonjb@tm.net.my
Website: www.yinson.com.my

**REGISTRAR**

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

**PRINCIPAL BANKERS**

Malayan Banking Berhad
CIMB Bank Berhad
RHB Bank Berhad
Public Bank Berhad
Hong Leong Bank Berhad
Bangkok Bank Berhad
PLC Leasing & Factoring Sdn Bhd
Bank Muamalat Malaysia Berhad
EON Bank Berhad
AmBank Berhad
Malaysian Industrial Development Finance Berhad
SME Bank Berhad

**STOCK EXCHANGE LISTING**

The Bursa Malaysia Securities Berhad ("Bursa Securities")
Second Board

# profile of directors

**YBHG TAN SRI DATO' JAFFAR BIN ABDUL Chairman** *Non-Executive Independent Director*

YBhg Tan Sri Dato' Jaffar bin Abdul, a Malaysian, aged 76, was appointed as the Chairman of Yinson on 9 February 1995 and has served in the Royal Malaysian Police for 38 years from the rank of Probation Asiatic Inspector and rose to become the Deputy Inspector General of Police before retiring from the Civil Service in May 1989. He has vast experience especially in Management and Development of Human Resources and specialises in Senior Command and Administration including Policy Analysis and Development of Organisation/Institution.

He also has vast experience in banking and finance matters after having been appointed as Chairman of both Oriental Bank Berhad and Malaysian International Merchant Bankers Berhad from 1989 to 1992. He is currently the director of several other public listed companies such as Berjaya Sports Toto Berhad, Mycom Berhad, Olympia Industries Berhad, Amalgamated Containers Berhad, Angkasa Marketing Berhad and Cosway Corporation Berhad.

**MR LIM HAN WENG** *Managing Director*

Mr Lim Han Weng, a Malaysian, aged 56, was appointed as the Managing Director of Yinson on 9 March 1993. He has been a director of Yinson Transport (M) Sdn Bhd (YTSB) since the date of incorporation on 5 April 1984 and was appointed as a director of Yinson Corporation Sdn Bhd (YCSB) on 1 March 1986. Armed with the experience gained while working with Lori Malaysia Bhd, a transport company, he embarked into the transport and trading business in 1984 under the partnership with his wife. In 1985, the business was transferred to YTSB. Mr Lim is the driving force in the formulation and implementation of the Yinson Group corporate strategy. In addition to planning the business strategy and taking care of the financial aspects, he also oversees and supervises the operations of the branches. Being the prime mover of the Group's excellent achievements, Mr Lim maintains close relationship with customers by entertaining and securing corporate clients. He is the one primarily responsible for the success currently enjoyed by the Group.

**MR LIM HAN JOEH** *Executive Director*

Mr Lim Han Joeh, a Malaysian, aged 49, was appointed as a director on 30 January 1996. He is a graduate with a Bachelor Degree in Civil Engineering from Monash University in Melbourne, Australia. Upon graduation in the year 1984, he took up the position of Operations Manager in YTSB before he assumed the position of Executive Director of YCSB in 1986. He is primarily responsible for the overall management of the YCSB and is the brother of Mr Lim Han Weng.

**MADAM BAH KIM LIAN** *Executive Director*

Madam Bah Kim Lian, a Malaysian, aged 56, is the wife of Mr Lim Han Weng. She was appointed to the Board of Yinson on 9 March 1993. She assisted Mr Lim in the general administration of the Group's operations. Madam Bah is also responsible for the customers services of the Company, maintaining close relationship with the customers.

**DATO' ADI AZMARI BIN BK KOYA MOIDEEN KUTTY** *Non-Executive Director*

Dato' Adi Azmari bin BK Koya Moideen Kutty, a Malaysian, aged 44, was appointed to the Board of Yinson on 30 January 1996. He obtained a Diploma in Civil Engineering from Institut Teknologi Mara Shah Alam in 1984 and obtained a Bachelor in Engineering (Hons) Civil Engineering from Brighton Polytechnic, United Kingdom in 1987. Subsequently in 1999, he obtained a Master of IT in Business from the University of Lincolnshire & Humberside.

From July 1984 to July 1985, he worked with Pahang State Development Corporation as a technical assistant, responsible for general supervision, contract administration and liaising with the local authorities. He worked with Perunding Budiman Sdn Bhd from 1987 to 1989 functioning as Resident Engineer, assisting head office on liaison with local authority and some design office works beside being fulltime at site for project administration.

He later moved on to Pembinaan Ratim Sdn Bhd in 1989 as a Project Engineer. He managed the project site independently for a year, responsible for negotiation with subcontractor, liaising with local authorities, clients as well as consultants. In 1990, he joined Bescorp Construction Sdn Bhd (previously known as Multi Piling & Construction Sdn Bhd) as Project Engineer and was later promoted to Project Manager. From 1992 to July 1996, he was appointed to the post of Project Director of Bescorp Construction Sdn Bhd, Bescorp Geotechnique Sdn Bhd and Bescorp Piling Sdn Bhd. He is a young entrepreneur with Civil Engineering education background, many years of track record in piling and construction business and active involvement in public listed companies.

**MR BAH KOON CHYE** *Executive Director*

Mr Bah Koon Chye, a Malaysian, aged 44, was appointed to the Board of Yinson on 30 January 1996. He completed his Diploma in Management Program (DIMP) in 1995 and is an associate member of Malaysian Institute of Management. He obtained his Diploma in Management (MIM) in 1997, and is also a member of the Chartered Institute of Transport (MCIT). Subsequently, he obtained his Master in Business Administration (MBA) from the University of Strathclyde, United Kingdom in 2000 and Advance Diploma in Transport from the Chartered Institute of Transport, United Kingdom in 2001.

He joined YTSB in 1989 as the Operation Manager. He is in charge of the entire operations of Yinson covering mainly the planning of fleet maintenance, sales, marketing, customer service. Additionally, he also handles the drivers as well as assignment of lorries and destination. He was appointed a Director of YTSB on 28 November 1991 and is the brother-in-law of Mr Lim Han Weng and brother of Miss Bah Kim Hoon and Madam Bah Kim Lian.

**MR KAM CHAI HONG** *Independent Non-Executive Director*

Mr Kam Chai Hong, a Malaysian, aged 59, was appointed as a Director of Yinson on 30 January 1996. He is a fellow of the Chartered Association of Certified Accountants. In 1980, he was admitted as a Public Accountant by Malaysian Institute of Accountants and as a Registered Accountant by Institute of Certified Public Accountants of Singapore. He is also currently a member of the Malaysian Institute of Certified Public Accountants.

In 1972, Mr Kam worked as an audit clerk with M/s Yeoh Eng Chong & Co. He later joined M/s Hanafiah Raslan & Mohd in 1973 and left the firm in 1980 as a qualified accountant. From 1981 until now, Mr Kam has been practising as Public Accountant under the name of Syarikat C.H. Kam.

**TUAN HAJI HASSAN BIN IBRAHIM** *Independent Non-Executive Director*

Tuan Haji Hassan bin Ibrahim, a Malaysian, aged 58, was appointed as a Director of Yinson on 25 June 2001. He graduated with a Bachelor of Arts Degree, majoring in History (International Relations) from the University of Malaya in 1973. He later studied law at Lincoln's Inn, London, United Kingdom and was subsequently called to the English Bar in 1977. He served in various positions in the Judicial and Legal Service and was called to the Malaysian Bar in 1981. Presently, he has his own legal practice under the name of Hassan Ibrahim & Co. He is currently the director of several private limited companies.

# chairman's statement

On behalf of the Board of Directors of Yinson Holdings Berhad, I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 January 2008.


**INDUSTRY TRENDS AND DEVELOPMENT**

In 2007, Malaysian economy continued its strong growth momentum with real gross domestic product expanding from 5.9% to 6.3%. Economic growth was driven by a combination of strong commodity prices and robust domestic demand, especially private sector activities, despite a weaker external environment. Private consumption and investment activities expanded strongly during the year. Growth in 2007 was broad based, reflecting expansion across all key sectors of the economy.

The services sector has, in recent years, emerged as a key driver of growth in the economy, expanded by 9.7% (2006: 7.2%). Construction sector turned around to register a positive growth of 4.6% (2006: -0.5%), driven by civil engineering sub-sector. The mining sector expanded by 3.2% (2006: -0.4%) with improved performance especially from higher production of crude oil. Manufacturing sector recorded moderate expansion of 3.1% (2006: 7.1%) as growth was tempered by weak performance from export-oriented industries, especially electronics and electrical products. Agriculture sector expanded at a moderate pace of 2.2% (2006: 5.2%) as it was weighed down by lower production of crude palm oil and rubber.

**CORPORATE DEVELOPMENT**

On 18 September 2007, the Company announced the bonus issue of 23,234,500 ordinary shares of RM1.00 each on the basis of one for every two ordinary shares of RM1.00 each pursuant to the approval by Bursa Malaysia Securities Berhad. The bonus issue exercise was completed on 3 October 2007 with the issuance of 22,832,500 ordinary shares of RM1.00 each.

The proposed transfer of the listing of and quotation for the entire issued and paid-up share capital from the Second Board to the Main Board of Bursa Malaysia Securities Berhad as announced by the Boards on 2 July 2007 could not be considered and was subsequently returned by Securities Commission vide its letter dated 5 October 2007. On 30 May 2008, OSK Investment Bank Berhad on behalf of the Board, had re-submitted the application for the proposed transfer of the listing of and quotation for the entire issued and paid-up share capital of the Company from the Second Board to the Main Board of Bursa Malaysia Securities Berhad to Securities Commission for its approval.

On 19 June 2008, the Company Secretary had on behalf of the Board of Directors announced that a wholly-owned subsidiary of the Company known as Yinson Shipping Sdn Bhd with a paid-up capital of RM100,000 will be formed to provide shipping and forwarding services.

**FINANCIAL PERFORMANCE**

For financial year ended 31 January 2008, the Group's revenue increased by 15.35% or RM64.304 million to RM483.255 million compared to RM418.951 million for the preceding year corresponding period due to increase in volume of business. The increase in revenue was mainly attributable to 16% increase in revenue from the trading segment of business and 12.9% increase in revenue from the transport segment of business.

The Group's net profit before taxation for the financial year ended 31 January 2008 increased by 22.6% or RM3.421 million to RM18.571 million compared to RM15.149 million for the preceding financial year. The increase was due to gain of RM2.608 million from the disposal of a piece of land, decrease in finance costs and increase in revenue and profit from the transport segment of the business.

Correspondingly, profit after taxation and before minority interest increased to RM13.665 million compared to RM11.004 million achieved in previous financial year. Consequently, basic earnings per share attributable to shareholders of the Company increased from 16.5 sen to 19.2 sen this year and net tangible assets per share as at 31 January 2008 increased from RM1.11 to RM1.29.

**REVIEW OF OPERATIONS**

The Group has 350 trucks in operation as at 31 January 2008 compared to 365 trucks as at 31 January 2007. During the current financial year, the Group also engaged about 200 trucks from other transport operators to supplement its transportation services to its customers.

**DIVIDEND**

The Board of Directors is pleased to recommend a first and final dividend of 2.5% less 25% taxation, amounting to 1.875 sen net per share, in respect of current financial year ended 31 January 2008. The recommendation is subject to shareholders' approval at the forthcoming Annual General Meeting.

**PROSPECTS**

The growth in developed economies in 2008 is expected to be moderate while growth momentum in Asia and other emerging economies is expected to be sustained and to remain strong. However, the global growth outlook would be dependent on the length and depth of the US slowdown and the extent of the impact of the financial market turbulence. Overall uncertainties in the global economic remain, with global growth outlook expected to moderate to 3.7% as compared to 4.7% in 2007.

Over the years, Malaysian economy has strengthened and is more resilient to be able to weather a slowdown in global economies. The Malaysian economy is projected to expand by 5 to 6 percent in 2008 as the growth is expected to continue to remain resilient, supported by sustained growth in domestic demand and reinforced by expanding intra-regional trade.

# chairman's statement cont'd


In view of the significant hive in diesel price in June, the Board foresees the Group's operating environment to remain challenging and competitive due to rising inflationary concern. The Group will take the necessary measures to mitigate the sharp rise in diesel price and to intensify its efforts to improve its efficiency and productivity to sustain its performance for the current financial year.

**APPRECIATION**

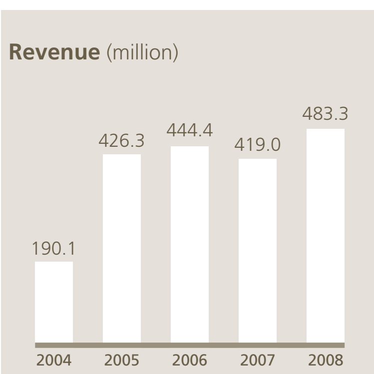
On behalf of the Board of Directors, I wish to express our appreciation to the management and staff of the Group for their dedication, commitment and diligence. To our value customers, financiers, suppliers, Government and supportive shareholders, I would like to take this opportunity to thank them for their continuous support.

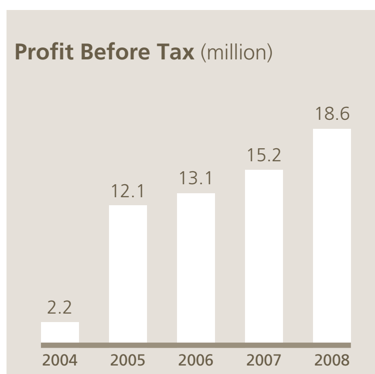
TAN SRI DATO' JAFFAR BIN ABDUL
*Chairman*

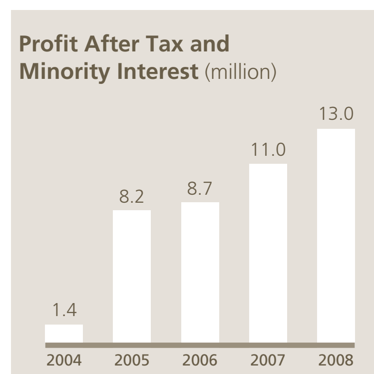
# group financial highlights

| FINANCIAL YEAR ENDED 31 JANUARY | 2004 RM'000 | 2005 RM'000 | 2006 RM'000 | 2007 RM'000 | 2008 RM'000 |
|---|---|---|---|---|---|
| Revenue | 190,070 | 426,309 | 444,436 | 418,951 | **483,255** |
| Profit before tax | 2,160 | 12,087 | 13,080 | 15,149 | **18,571** |
| Profit after tax and minority interest | 1,462 | 8,150 | 8,681 | 11,004 | **13,000** |
| Paid-up capital | 43,560 | 43,815 | 43,828 | 43,828 | **68,498** |
| Shareholders' equity | 47,090 | 55,022 | 63,086 | 74,049 | **88,226** |
| Weighted number of ordinary shares in issue | 43,560 | 43,815 | 43,828 | 66,661 | **67,585** |
| Total assets | 135,540 | 226,961 | 244,687 | 195,544 | **237,249** |
| Total borrowings | 64,925 | 95,928 | 144,891 | 94,573 | **125,263** |
| Basic earnings per share (sen) | 4.1 | 18.6 | 19.8 | 16.5# | **19.2** |
| Dividends rate (%) | 1.5 | 2.0 | 2.0 | 2.0 | **2.5** |
| Net assets backing per share (RM) ^ | 1.08 | 1.26 | 1.44 | 1.69 | **1.29** |
| Borrowings to equity (%) | 138 | 174 | 230 | 128 | **142** |

*# - computed based on enlarged capital after 1:2 bonus issue.*
*^ - computed based on share capital as at year end*





# statement on corporate governance

The Board of Directors of Yinson Holdings Berhad is pleased to report on the manner the Company has applied the Principles of the Malaysian Code of Corporate Governance (the "Code") and the extend of compliance with the Best Practices of good governance as set out in Part 1 & 2 respectively of the Code.

The Board recognises the importance of adopting the principles and best practices as set out in the Code and is committed in ensuring that good corporate governance is observed and practice throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of Yinson Holdings Berhad.

## COMPLIANCE STATEMENT

The Company has complied with the Principles and Best Practices of the Malaysian code on Corporate Governance as set out in the Code.

## PRINCIPLE STATEMENT

The following statements set out how the Company has applied the code. The principles of the Code are divided into four Sections:

Section 1: Directors
Section 2: Directors' Remuneration
Section 3: Shareholders
Section 4: Accountability and Audit

## Section 1: DIRECTORS

### Composition of the Board

The Company is led by a strong and experienced Board. The Board has eight members, comprising four executive directors and four non-executive directors, three of whom are independent. No individual dominates the Board's decision making. The profiles of the Board members are set out on pages 6 to 7.

Tan Sri Dato' Jaffar bin Abdul is the Chairman of the Board while Mr. Lim Han Weng acts as the Managing Director. There is a clear division of responsibility between these two roles to ensure a balance of power and authority. The Managing Director has overall responsibilities over the operating units, organisational effectiveness and implementation of Board policies and decisions. The Chairman's responsibility is to ensure pivotal role in corporate accountability.

The Company considers that its complement of non-executive directors provides an effective Board with a mix of industry-specific knowledge and broad business and commercial experience. This balance enables the Board to provide clear and effective leadership to the Company and to bring informed and independent judgement to many aspects of the Company's strategy and performance so as to ensure that the highest standards of conduct and integrity are maintained by the Company on a global basis.

More than one-third of the Board comprises non-executive directors since the Company recognises the contribution of non-executive directors as equal Board members to the development of the Company's strategy, the importance of representing the interests of public shareholders and providing a balanced and independent view to the Board. All non-executive directors are independent of management and free from any relationship which could interfere with their independent judgement.

In accordance with the requirements of the Code, Mr. Kam Chai Hong was appointed as a senior Independent Non-Executive Director to be available to deal with concerns regarding the Company where it could be inappropriate for these to be dealt with by the Chairman or the Managing Director.

### Board Responsibilities

The Board retains full and effective control of the company. This includes responsibility for determining the Company's overall strategic direction as well as, development and control of the Group. Key matters, such as approval of annual and interim results, acquisitions and disposals, as well as material agreements, major capital expenditures and long range plans are reserved for the Board.

During the financial year, the Board held five regular meetings where it deliberated and considered a variety of matters. At each regularly scheduled meeting, there is a full financial and business review and discussion.

The Board has also delegated certain responsibilities to other Board committees, which operate within clearly defined terms of reference. Standing committees of the Board include the Audit Committee (please refer to the Report on Audit Committee set out on pages 20 to 22, a Nomination Committee and a Remuneration Committee.

**Supply of Information**

Each Board member receives quarterly operating results, including comprehensive review and analysis. Prior to each Board meeting, directors are sent an agenda and a full set of Board papers for each agenda item to be discussed at the meeting. This is issued in sufficient time to enable the directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting.

Guidelines are in place concerning the content, presentation and delivery of papers to the Board for each meeting, so that the directors have enough information to be properly briefed. Directors have the right to seek independent professional advice at the Company's expense, in furtherance of their duties.

Directors have access to all information within the Company whether as full board or in their individual capacity, in furtherance of their duties.

Directors also have direct access to the advice and the services of the Group's Company Secretary who is responsible for ensuring that Board procedures are followed.

**Directors' Training**

All the directors have attended the Mandatory Accreditation Programme and had completed the training requirements under the Continuing Education Programme as stipulated by Bursa Securities. The directors are also encouraged to attend relevant seminars and training programme on continuous basis to keep abreast of latest developments in the market place as well as to enhance their skills and knowledge.

**Appointments of the Board and Re-election**

The Board through the Nomination Committee ensures that it recruits to its Board only individuals of sufficient caliber, knowledge and experience to fulfil the duties of a director appropriately.

The Nomination Committee was established on 25 September 2001 to assist the Board in the execution of its duties. The Committee is empowered to bring to the Board recommendations as to the appointment of any new executive or non-executive director, provided that the Chairman of the Nomination Committee, in developing such recommendations, consults all directors and reflects that consultation in any recommendation of the Nomination Committee brought forward to the Board.

The Nomination Committee comprises the following members:

| | | |
|---|---|---|
| Tan Sri Dato' Jaffar bin Abdul | *Independent Non-Executive Director* | *Chairman* |
| Kam Chai Hong | *Independent Non-Executive Director* | *Member* |
| Hassan bin Ibrahim | *Independent Non-Executive Director* | *Member* |

The directors have direct access to the advice and the services of the Group's Secretary who is responsible for ensuring that all appointments are properly made and all necessary information is obtained from directors, both for the Group's own records and for the purposes of meeting the requirements of the Companies Act 1965, Listing Requirements of Bursa Securities and other regulatory requirements.

On appointment, the Managing Director will brief the directors about the Group, the Board's role, the power which have been delegated to the Company's senior managers and management committees and latest financial information about the Group in an informal manner. Throughout their period in office, they are updated on the Group's business, the competitive and regulatory environments in which it operates and other changes, by meetings with the managing director and senior executives. Directors are also advised on appointment of their legal and other obligations as a director of a listed company, both formally and in face-to-face meetings with the Company Secretary. They are reminded of these obligations each year and encouraged to attend training courses at the Company's expense.

In accordance with the Company's Articles of Association, all directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Articles also provided that at least one-third of the Board including the Managing Director is subject to re-election at regular intervals and at least once every three years. Directors over the age of seventy (70) years are required to offer themselves for re-appointment at each Annual General Meeting in accordance with Section 129 (6) of the Companies Act, 1965.

## Section 2: DIRECTORS' REMUNERATION

### Remuneration Policy and Procedure

The Remuneration Committee was established on 25 September 2001 to assist the Board in the execution of its duties. The Remuneration Committee comprises the following members:

| | | |
|---|---|---|
| Tan Sri Dato' Jaffar bin Abdul | *Independent Non-Executive Director* | *Chairman* |
| Lim Han Weng | *Managing Director* | *Member* |
| Kam Chai Hong | *Independent Non-Executive Director* | *Member* |
| Hassan bin Ibrahim | *Independent Non-Executive Director* | *Member* |

Under the terms of reference, the Remuneration Committee reviews and recommends to the Board for approval of the remuneration packages and other employment conditions for the executive directors. Appropriate survey data on remuneration practices of comparable companies is taken into consideration.

The Managing Director will not be present when matters affecting his own remuneration arrangements are considered. The Committee met one time during the financial year.

The determination of remuneration is a matter for the Board as a whole and individuals are required to abstain from discussion of their own remuneration.

The remuneration package for the Chairman, Managing Director and other directors comprises some of the following elements:

- **Basic Salaries and Fees**

  In setting the basic salary and fees for each executive director, the Remuneration Committee takes into account the compensation practices of other companies and the performance of the Group. Salaries are reviewed (although not necessarily increased) annually. Salaries are increased only where the Committee believes that adjustments are appropriate to reflect performance, increased responsibilities and/or market pressures.

  Non-executive directors' fees and executive directors' salaries are determined by the Board with the approval from shareholders at the Annual General Meeting.

- **Bonus**

  At present, the payment of bonus is dependent on the financial performance of the Group. Bonus payable to executive directors were reviewed by the Remuneration Committee and determined by the Board with approval from shareholders at the Annual General Meeting are shown below.

- **Retirement Plan**

  Contributions are made to the Employees Provident Fund for executive directors.

### Directors' Remuneration

The details of the directors' remuneration of the Company for the financial year ended 31 January 2008 are as follows:

| | Executive Directors RM | Non-Executive Directors RM |
|---|---|---|
| Salaries and other emoluments | 1,378,240 | 22,900 |
| Bonus | 243,139 | - |
| Fees | 90,000 | 90,000 |
| Total | 1,711,379 | 112,900 |

The number of directors of the Company whose total remuneration during the year fall within the following bands is as follows:

| | Executive Directors<br>No | Non-Executive Directors<br>No |
|---|---|---|
| Less than RM50,000 | - | 4 |
| RM100,001 to RM150,000 | 1 | - |
| RM150,001 to RM200,000 | 1 | - |
| RM600,001 to RM650,000 | 1 | - |
| RM750,001 to RM800,000 | 1 | - |

Remuneration of each member of the Board of Directors is not shown in detail individually as the directors are of the opinion that there was necessity to safeguard the physical security of the directors and members of their family. The Board is of the opinion that the transparency and accountability aspects of the corporate governance as applicable to directors' remuneration are appropriately served by the disclosure made above.

## Section 3: SHAREHOLDERS

### Dialogue Between the Company and Investors

As part of the Board's responsibility in developing and implementing an investor relations programme, regular discussion were held between the Managing Director and the investors throughout the year. Presentations based on permissible disclosures are made to explain the Group's performance and major development programmes. Price-sensitive information about the Group is, however, not disclosed in these exchanges until after the prescribed announcement to the BMSB has been made. The annual and quarterly reports, together with the Company's earnings and other announcements about the Company provides shareholders with an overview of the Group's performance and operations are available at the BMSB's website and information about the Company is available at the Company's website, i.e., http://www.yinson.com.my.

### Annual General Meeting

The Chairman and the Board encourage shareholders to attend and participate in the Annual General Meeting ("AGM") held annually. The AGM is the principal forum for dialogue and interaction with shareholders. Notice of the AGM and annual reports are sent to shareholders at least 21 days before the date of the meeting.

Besides the usual agenda for the AGM, the Board presents the progress and performance of the business as contained in the annual report and provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. All directors are available to provide responses to questions from shareholders during these meetings.

For re-election of directors, the Board ensures that full information is disclosed through the notice of meetings regarding directors who are retiring and who are willing to serve if re-elected.

Items of special business included in the notice of the meeting will be accompanied by an explanatory statement to facilitate full understanding and evaluation of the issues involved.

## Section 4: ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Board always aims to provide and present a balanced and fair assessment of the Group's financial performance and prospects to shareholders, investors and regulatory authorities. This assessment is primarily provided in the Annual Report through the Chairman's Statement, review of operations and the financial statements. The Group also presents the Group's financial results on a quarterly basis via public announcement to BMSB.

The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness of the Annual Report and the quarterly financial results prior to release to the BMSB and the public.

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of their results and their cash flows for the financial year ended. The Statement by Directors pursuant to Section 169 of the Companies Act 1965 is set out on page 27 of this annual report.

### Internal Control

Information on the Group's internal control is presented in the Statement on Internal Control set out on page 19 of the annual report.

### Relationship with Auditors

The Company always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

The Board has delegated the function of reviewing its relationship with the external auditors to the Audit Committee. The role of the Audit Committee in relation to the external auditors is stated in the Report on Audit Committee set out on pages 20 to 22.

### Attendance at Board of Directors' Meetings

The number of Board of Directors' meetings held during the directors' tenure in office in the current financial year and the number of meetings attended by each director are as follows:

| Directors | Designation | Number of Meeting Attended by Member | % |
|---|---|---|---|
| Tan Sri Dato' Jaffar bin Abdul | Chairman,<br>Independent Non-Executive Director | 5/5 | 100 |
| Lim Han Weng | Managing Director | 5/5 | 100 |
| Lim Han Joeh | Executive Director | 5/5 | 100 |
| Bah Kim Lian | Executive Director | 5/5 | 100 |
| Bah Koon Chye | Executive Director | 5/5 | 100 |
| Adi Azmari bin B.K. Koya Moideen Kutty | Non-Executive Director | 3/5 | 60 |
| Kam Chai Hong | Independent Non-Executive Director | 5/5 | 100 |
| Hassan bin Ibrahim | Independent Non-Executive Director | 5/5 | 100 |

## ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

### Family Relationships With Any Directors and/or Major Shareholder

Save as disclosed under the Profile of Directors, none of the other directors has any other relationship with any directors and/or major shareholder of the Company.

### Convictions for Offences (within the past 10 years other than traffic offences)

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

## OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD (BS)

### Share Buybacks

During the financial year, the Company did not enter into any share buyback transactions.

### Options, Warrants or Convertible Securities

Details of options exercised in respect of the Company's Employee Share Option Scheme ("ESOS") are disclosed in Note 26 to the financial statements. There were no warrants or convertible securities issued during the financial year.

### Imposition of Sanctions and Penalties

There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

### Non-Audit Fees

The amount of non-audit fees paid to the external auditors by the Group for the financial year amounted to RM75,600.

### Profit Estimate, Forecast or Projection

The Company did not make any public release on Profit estimate, forecast or projection during the financial year.

### Variation of Results

There were no variances of 10% or more between the results for the financial year ended 31 January 2008 and the unaudited results for the same period previously announced.

### Profit Guarantee

During the financial year, there was no Profit guarantee given by the Company.

### Material Contracts Involving Directors' and Major Shareholders' Interests

No material contracts involving the directors and major shareholders were entered into since the end of the previous financial year.

### Status of Utilisation of Proceeds Raised from Corporate Proposals

The Company did not raise any funds from any corporate proposals during the financial year ended 31 January 2008.

### Revaluation of Landed Properties

The details of the revaluation of landed properties are disclosed on pages 67 to 68 of the annual report.

### Recurrent Related Party Transactions of Revenue or Trading Nature

The details of the recurrent related party transactions of a revenue or trading nature conducted pursuant to Shareholders' Mandate during the financial year ended 31 January 2008 between the Company and/or its subsidiaries companies with related parties are disclosed on page 59 of the Financial Statements.

Statement made in accordance with the resolution of the Board of Directors dated 28 June 2008.

TAN SRI DATO' JAFFAR BIN ABDUL
*Chairman*

# corporate social responsibilities

Yinson Holdings Berhad ("YHB") recognises the importance of being a good corporate citizen in the conduct of its business as well as fulfilling its corporate and social obligations ("CSR"). YHB is progressively integrating CSR as part of its business activities and will undertake responsible practices that impact our society and environment in a positive manner and to inculcate a culture of responsibility in all aspect of our business.

**The Work Place**

YHB considers its employees as valuable assets and treats all staff with dignity, fairness and respect. We foster a conducive working environment to encourage development of all employees. Employees are given training to develop and upgrade their skills, knowledge and attitudes. During the year under review, trainings, annual dinner and some sport activities have been carried out to build better rapport among employees.

The Group strives to maintain a safe and healthy working environment for all our employees through adoption of good occupational safety and health practices in all business operations. Other initiatives to improve employee working conditions include provision of medical treatment, medical insurance and subsidised meal allowance.

**The Environment, Community and Marketplace**

YHB disposes the discharge of effluents and waste from daily operations to recycling companies that treat and recycle the waste for further uses.

YHB assists the needy and less fortunate group through cash contributions.

YHB is committed to the conduct of business based on practices of transparency, confidentiality and integrity in building long term relationship with our stakeholders.

# statement on internal control

## INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of listed companies should maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Paragraph 15.27(b) of the Listing Requirements of Bursa Securities requires the Board of Directors to provide a statement on the status of internal control in the annual report of the Group.

## RESPONSIBILITY

The Board acknowledges its overall responsibility to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. This includes reviewing the effectiveness, adequacy and integrity of financial, operational and compliance controls and risk management procedures.

In view of the inherent limitation in any system of internal control, the system is designed to manage rather than eliminate the risk of failure to achieve business objectives. In pursuing these objectives, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss.

## KEY PROCESSES

The key processes that the directors have established in reviewing the effectiveness, adequacy and integrity of the system of internal control are as follows:

- The Board has always regarded risk management as part of business process. It recognises that an important element of a sound system of internal control is to have in place a risk management framework in order to identify, evaluate, report and monitor the significant risks faced by the Group and implement appropriate controls to manage such risks. The Group's risk management principles and procedures are clearly documented, setting out the Board's attitude to risks and the processes in achievement of the business objectives.

- The Board receives and reviews reports from the management on the key operating statistics, legal environment and regulatory matters. The Board approves appropriate responses to the Group's policy.

- There is a comprehensive system of financial reporting to the Board based on quarterly results.

- The Group's internal audit department reporting to the Audit Committee performs regular reviews of business processes to assess the effectiveness of internal controls and highlight significant risks impacting the Group. The Audit Committee had approved the internal audit plan.

- The Audit Committee, on behalf of the Board, regularly reviews and holds discussions with management on the action taken on internal control issues identified in reports prepared by internal auditors and the external auditors. During the current financial year, four such reports were received and reviewed by the Audit Committee.

- Close involvement in daily operations of the Group by the Managing Director and the Executive Directors.

A number of internal control weaknesses were identified by the internal auditors during the year under review, all of which have been or are being addressed by the management. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report. The Board is currently in the process of developing written internal policies and procedures, authority limits, responsibilities and boundaries to enhance the system of internal control of the Group. All these documents will be subjected to regular review improvement.

## CONCLUSION

The above Statement on Internal Control has been reviewed by the External Auditors for inclusion in the annual report the Group for the year ended 31 January 2008.

# report on audit committee

The Audit Committee of the Company was established by the Board of Directors on 5 March 1996.

**Chairman**

| | | |
|---|---|---|
| YBhg Tan Sri Dato' Jaffar bin Abdul | *(appointed on 5 March 1996)* | *Chairman, Independent Non-Executive Director* |

**Members**

| | | |
|---|---|---|
| Mr Kam Chai Hong | *(appointed on 25 March 1996)* | *Independent Non-Executive Director* |
| Tuan Haji Hassan bin Ibrahim | *(appointed on 25 June 2001)* | *Independent Non-Executive Director* |
| Mr Lim Han Weng | *(appointed on 25 March 1996, resigned on 1 October 2007)* | *Managing Director* |

The Audit Committee is formally constituted with written terms of reference. All members of the Committee have a working familiarity with basic finance and accounting practices, and one of its member i.e. Kam Chai Hong, is a member of the Malaysian Institute of Accountants.

**TERMS OF REFERENCE**

**Composition**

The Audit Committee shall be appointed by the Board from amongst the directors and shall consist no fewer than 3 members, a majority of whom shall be independent non-executive directors. The member of the Audit Committee shall elect a chairman from among their members who shall be an independent Director. An alternate Director must not be appointed as a member of the Audit Committee.

At least one member of the Audit Committee:

- Must be a member of the Malaysian Institute of Accountants; or
- If he is not a member of the Malaysian Institute of Accountants, he must have at least three years' working experience and;
  - He must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1976; or
  - He must be a member of one of the association of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1976.

If a member of the Committee resigns, dies, or for any reason ceases to be a member with the results that the number of members is reduced to less than three, the Board of Directors shall, within three months of that event, appoint such number of members as may be required to make up the minimum number of three members.

The Company Secretary shall be the Secretary of the Committee.

**Meetings**

The Committee shall hold at least four regular meetings per year or such additional meetings as the Chairman shall decide in order to fulfil its duties and if requested to do so by any committee member. As part of its duty to foster open communication, the Group Accountant, senior management members and the representative of the internal audit are normally invited to attend the meetings. The representative from the external auditors also attend for part or whole of each meeting and have direct access to the chairman of the committee without the presence of the executive directors for independent discussions. Other Board members may attend meetings upon invitation of the Committee.

**Powers**

In carrying out its duties and responsibilities, the Audit Committee will have the following rights:

- Have explicit authority to investigate any matter within its terms of reference;
- Have the resources which are required to perform its duties;
- Have full, free and unrestricted access to information, records, properties and personnel of the Company and of any other companies within the Group;
- Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);

- Be able to obtain independent professional or other advice through the assistance of the Company Secretary, to invite outsiders with relevant experience to attend the committee's meetings (if required) and to brief the committee thereof;

- The attendance of any particular Audit Committee meeting by other directors and employees of the Company shall be at the committee's invitation and discretion and must be specific to the relevant meeting; and

- Be able to convene meetings with external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

**Duties and Responsibilities**

- The following are the main duties and responsibilities of the Audit Committee collectively. These are not exhaustive and can be augmented if necessary by the overall board approval:

  - Recommends to the board, the annual appointment of a suitable accounting firm to act as external auditor, negotiate on the annual audit fee and/or additional fee, consider any letter of resignation or dismissal and evaluate the basis of billings, if requested. Amongst the factors to be considered for the appointment are the adequacy of the experience and resources of the firm; the persons assigned to the audit; and the recommended audit fee payable thereof;

  - Discusses with the external auditor before the audit commences, the nature and scope of the audit, the annual audit plan and ensure co-ordination where more than one audit firm is involved;

- Reviews the quarterly interim results and annual financial statements of the Company, before recommending to the board for deliberation, focusing particularly on:

  - Any changes in accounting policies and practices;

  - Significant adjustments arising from the audit;

  - The going concern assumption;

  - Compliance with accounting standards and other legal requirements.

- Discusses problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss in the absence of the management where necessary;

- Reviews the external auditor's management letter, management's response and Audit Report;

- Reviews the assistance and co-operation given by the Company and its Group's officers to the external and internal auditors;

- Reviews with the internal and external auditors their evaluations of the systems and standards of internal control and any comments they may have with respect to improving control;

- Considers the major findings of internal investigations and management's response;

- Reviews any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

- Avail to the external and internal auditors a private, confidential audience at any time they desire and requested it through the Committee Chairman, with or without the prior knowledge of the management;

- Oversees the internal audit function by:

  - Reviewing the internal audit plan;

  - Reviewing the adequacy of the scope, functions and the resources of the internal audit function and that it has the necessary authority to carry out its work;

  - Reviewing the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken whether or not appropriate action is taken on the recommendations of the internal audit function;

- Reviewing appraisal or assessing the performance of members of the internal audit function;

- Approving any appointment or termination of senior members of the internal audit; and

- Informing itself of resignations of internal audit staff members and providing the resigning staff member an opportunity to submit his/her reason for resigning;

• Additional Duties and Responsibilities:

  - Reviews the Company's business ethics code, the method of monitoring compliance with the code and the disposition of reported exceptions.

  - Reports to the Board of Directors if there is any breach of the Listing Requirements and recommends corrective measures.

  - Reports to the Bursa Malaysia Securities Berhad if there is any breach of the Listing Requirements, which the Company has failed to satisfactorily correct after due notice.

• Considers other issues as defined by the board.

## INTERNAL AUDIT FUNCTION

The Audit Committee is supported by an independent and adequately resourced internal audit function. The Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

## EMPLOYEES SHARE OPTION SCHEME ("ESOS")

Appendix 9C Part A Item No. 25 of the Listing Requirements of Bursa Malaysia requires a statement by the Audit Committee in relation to the allocation of share options pursuant to any share scheme for employees as required under paragraph 8.21A. During the financial year ended 31 January 2008, no further share options were allocated pursuant to the Company's ESOS.

## SUMMARY OF ACTIVITIES

The Committee met five times during the current financial year for the following purposes:

- Reviewed the unaudited quarterly financial statements of the Group before the announcements to Bursa Securities.
- Reviewed the year-end financial statements together with external auditors' management letter and management's response.
- Discussed with the external auditors the audit plan and scope for the year as well as the audit procedures to be utilised.
- Discussed with the internal auditors on its scope of work, adequacy of resources and co-ordination with external auditors.
- Reviewed the reports prepared by the internal auditors on the state on internal control of the Group.
- Discussed and reviewed risk management framework.
- Reviewed and discussed on corporate proposal matters.
- Reviewed the internal audit plan.
- Reviewed related party transactions for compliance with Bursa Securities's Listing Requirements.

The number of Audit Committee's meetings held during the members' tenure in office in the current financial year and the number of meetings attended by each member are as follows:

| | | Number of Meetings Attended |
|---|---|---|
| YBhg Tan Sri Dato' Jaffar bin Abdul | Chairman | 5/5 |
| Mr. Kam Chai Hong | Member | 5/5 |
| Tuan Haji Hassan bin Ibrahim | Member | 5/5 |
| Mr. Lim Han Weng | Member | 4/4 |

# statement of directors' responsibilities

The directors are required to prepare the financial statements which give a true and fair view of the financial position of the Group and of the Company as at 31 January 2008, and of the results and cash flows of the Group and of the Company for the financial year then ended, in accordance with the requirements of the Companies Act, 1965 (the "Act") and applicable Financial Standards in Malaysia.

In preparing the financial statements the Directors have,

- used appropriate accounting policies that are consistently applied;
- made judgements and estimates that are prudent and reasonable;
- ensured that all applicable approved accounting standards in Malaysia have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Act and applicable approved accounting standards in Malaysia.

The Directors are also responsible for safeguarding the assets of the Group and the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2008.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company are investment holding and insurance agency.

The principal activities of the subsidiaries are described in Note 17 to the financial statements.

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

**RESULTS**

| | Group RM | Company RM |
|---|---|---|
| Profit for the year | 13,665,142 | 22,638,705 |
| Attributable to : | | |
| Equity holders of the Company | 13,000,162 | 22,638,705 |
| Minority interest | 664,980 | - |
| | 13,665,142 | 22,638,705 |

There were no material transfers to or from reserves or provisions during the financial year.

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

**DIVIDENDS**

The amount of dividend paid by the Company since 31 January 2007 was as follows :

| | RM |
|---|---|
| In respect of the financial year ended 31 January 2007 | |
| Final dividend of 2.0% less 27% taxation on 45,263,000 ordinary shares paid on 18 September 2007 | 660,841 |

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 January 2008, of 2.5% less 25% taxation, amounting to a dividend of 1.875 sen net per share will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 January 2009.

**DIRECTORS**

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Jaffar bin Abdul
Lim Han Weng
Bah Kim Lian
Dato' Adi Azmari bin B.K. Koya Moideen Kutty
Bah Koon Chye
Kam Chai Hong
Lim Han Joeh
Hassan bin Ibrahim

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Option Scheme.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 8 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 32 to the financial statements.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company during the financial year were as follows:

| | Number of Ordinary Shares of RM1 Each | | | | |
|---|---|---|---|---|---|
| The Company | 1 February 2007 | Acquired | Bonus Shares | Sold | 31 January 2008 |
| **Direct interest :** | | | | | |
| Lim Han Weng | 17,219,222 | 100,000 | 8,659,613 | - | 25,978,835 |
| Bah Kim Lian | 7,478,274 | 100,000 | 3,789,137 | - | 11,367,411 |
| Bah Koon Chye | 22,600 | 95,000 | 58,800 | - | 176,400 |
| Dato' Adi Azmari bin B.K. Koya Moideen Kutty | 45,800 | - | 22,900 | - | 68,700 |
| Lim Han Joeh | 2,654,026 | 100,000 | 1,377,013 | - | 4,131,039 |
| Kam Chai Hong | 17,600 | - | 8,800 | - | 26,400 |
| Tan Sri Dato' Jaffar bin Abdul | 17,600 | - | 8,800 | - | 26,400 |
| **Indirect interest :** | | | | | |
| Lim Han Weng | 8,131,574 | 100,000 | 4,115,787 | - | 12,347,361 |
| Bah Kim Lian | 17,287,222 | 100,000 | 8,693,613 | - | 26,080,835 |

| | Number of Options Over Ordinary Shares of RM1 Each | | | | |
|---|---|---|---|---|---|
| | 1 February Acquired | Granted | Exercised | Lapsed | 31 January 2008 |
| **Direct interest :** | | | | | |
| Lim Han Weng | 125,000 | - | 100,000 | - | 25,000 |
| Bah Kim Lian | 125,000 | - | 100,000 | - | 25,000 |
| Bah Koon Chye | 120,000 | - | 95,000 | - | 25,000 |
| Lim Han Joeh | 125,000 | - | 100,000 | - | 25,000 |

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

Other than as stated above, the other director in office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

## ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up share capital from RM43,828,000 to RM68,497,500 by way of:

(a) bonus issue of 22,832,500 ordinary shares of RM1.00 each in the Company on the basis of one bonus share for every two ordinary shares of RM1.00 each held in the Company out of its retained earnings and share premium accounts; and

(b) issuance of 1,837,000 ordinary shares of RM1 each for cash pursuant to the Company's Employee Share Option Scheme at an issue price of RM1.00 per ordinary share.

## EMPLOYEE SHARE OPTIONS SCHEME

The Company's Employee Share Options Scheme ("ESOS") is governed by by-laws approved by the shareholders at an Extraordinary General Meeting held on 25 September 2002. The ESOS was implemented on 18 December 2003 and is to be in force for a period of 5 years from the date of implementation.

The salient features and other terms of the ESOS are disclosed in Note 26 to the financial statements.

Details of options granted to directors are disclosed in the section on Directors' Interests in this report.

## OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps :

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in financial statements of the Group and of the Company inadequate to any substantial extent; and
- (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

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

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

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

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors :

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## SIGNIFICANT EVENTS

Details of significant events are disclosed in Note 36 to the financial statements.

## SUBSEQUENT EVENT

Details of subsequent event is disclosed in Note 37 to the financial statements.

## AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 16 May 2008.

LIM HAN WENG

BAH KIM LIAN

# statement by directors

pursuant to Section 169(15) of the Companies Act, 1965

We, LIM HAN WENG and BAH KIM LIAN, being two of the directors of YINSON HOLDINGS BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 29 to 64 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 16 May 2008.

LIM HAN WENG

BAH KIM LIAN

# statutory declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, TAN FANG FING, being the officer primarily responsible for the financial management of YINSON HOLDINGS BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 29 to 64 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed TAN FANG FING
at Johor Bahru in the State of Johor
on 16 May 2008

TAN FANG FING

Before me,

HJ. AHMAD TAJUDIN BIN YOUP RASID
NO: J. 157
*Commissioner of Oaths*

# auditors' report

to the members of Yinson Holdings Berhad (Incorporated In Malaysia)

We have audited the accompanying financial statements set out on pages 29 to 64. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion :

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of :

  (i) the financial position of the Group and of the Company as at 31 January 2008 and of the results and the cash flows of the Group and of the Company for the year then ended; and

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' report on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG
AF : 0039
*Chartered Accountants*

WUN MOW SANG
1821/12/08 (J)
*Partner*

Johor Bahru, Malaysia
Date : 16 May 2008

# income statements

for the financial year ended 31 January 2008

| | Note | Group 2008 RM | Group 2007 RM | Company 2008 RM | Company 2007 RM |
|---|---|---|---|---|---|
| Revenue | 3 | 483,254,974 | 418,951,381 | 33,450,173 | 3,882,290 |
| Cost of sales | 4 | (450,400,428) | (384,994,988) | (2,084,017) | (2,245,740) |
| Gross profit | | 32,854,546 | 33,956,393 | 31,366,156 | 1,636,550 |
| Other income | 5 | 3,103,734 | 326,284 | 263,263 | 597,020 |
| Administrative expenses | 6 | (13,132,329) | (11,851,446) | (636,212) | (482,499) |
| Operating profit | | 22,825,951 | 22,431,231 | 30,993,207 | 1,751,071 |
| Finance costs | 9 | (4,255,220) | (7,281,857) | (262,264) | (596,110) |
| Profit before tax | | 18,570,731 | 15,149,374 | 30,730,943 | 1,154,961 |
| Income tax expense | 10 | (4,905,589) | (4,145,829) | (8,092,238) | (385,625) |
| Profit for the year | | 13,665,142 | 11,003,545 | 22,638,705 | 769,336 |
| Attributable to: | | | | | |
| Equity holders of the Company | | 13,000,162 | 11,003,545 | 22,638,705 | 769,336 |
| Minority interest | | 664,980 | - | - | - |
| | | 13,665,142 | 11,003,545 | 22,638,705 | 769,336 |
| Earnings per share attributable to equity holders of the Company (sen): | | | | | |
| Basic | 11(a) | 19.2 | 16.5 | | |
| Diluted | 11(b) | 19.0 | 15.8 | | |

*The accompanying notes form an integral part of the financial statements.*

# balance sheets

as at 31 January 2008

| | Note | Group 2008 RM | Group 2007 RM (Restated) | Company 2008 RM | Company 2007 RM |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 13 | 40,880,410 | 40,084,332 | - | - |
| Investment properties | 14 | 13,414,097 | 18,965,000 | - | - |
| Prepaid land lease payments | 15 | 11,453,634 | 8,255,498 | - | - |
| Intangible assets | 16 | 53,688 | 79,203 | - | - |
| Investment in subsidiaries | 17 | - | - | 16,489,188 | 16,289,188 |
| Investment in associate | 18 | - | 1 | - | 1 |
| Other investment | 19 | 100,000 | 100,000 | - | - |
| | | 65,901,829 | 67,484,034 | 16,489,188 | 16,289,189 |
| **Current assets** | | | | | |
| Inventories | 20 | 264,370 | 345,823 | - | - |
| Trade and other receivables | 21 | 157,572,625 | 117,530,602 | 53,868,992 | 38,369,428 |
| Current tax recoverable | | 287,415 | 259,923 | 287,415 | 259,923 |
| Marketable securities | 22 | 69,000 | 69,000 | - | - |
| Cash and bank balances | 23 | 7,503,433 | 4,553,047 | 31,807 | 17,985 |
| | | 165,696,843 | 122,758,395 | 54,188,214 | 38,647,336 |
| Non-current assets held for sale | 24 | 5,650,000 | 5,301,176 | - | - |
| | | 171,346,843 | 128,059,571 | 54,188,214 | 38,647,336 |
| **TOTAL ASSETS** | | 237,248,672 | 195,543,605 | 70,677,402 | 54,936,525 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity attributable to equity holders of the Company** | | | | | |
| Share capital | 25 | 68,497,500 | 43,828,000 | 68,497,500 | 43,828,000 |
| Reserves | 27 | 19,728,283 | 30,221,462 | 1,777,181 | 2,631,817 |
| | | 88,225,783 | 74,049,462 | 70,274,681 | 46,459,817 |
| Minority interest | | 664,980 | - | - | - |
| **Total equity** | | 88,890,763 | 74,049,462 | 70,274,681 | 46,459,817 |
| **Non-current liabilities** | | | | | |
| Long term borrowings | 28 | 4,383,010 | 5,059,485 | - | - |
| Deferred tax liabilities | 30 | 3,168,000 | 2,050,000 | - | - |
| | | 7,551,010 | 7,109,485 | - | - |
| **Current liabilities** | | | | | |
| Short term borrowings | 28 | 120,879,539 | 89,513,666 | - | - |
| Trade and other payables | 31 | 18,890,659 | 23,778,083 | 402,721 | 8,476,708 |
| Current tax payables | | 1,036,701 | 1,092,909 | - | - |
| | | 140,806,899 | 114,384,658 | 402,721 | 8,476,708 |
| **Total liabilities** | | 148,357,909 | 121,494,143 | 402,721 | 8,476,708 |
| **TOTAL EQUITY AND LIABILITIES** | | 237,248,672 | 195,543,605 | 70,677,402 | 54,936,525 |

*The accompanying notes form an integral part of the financial statements.*

# consolidated statement of changes in equity

for the financial year ended 31 January 2008

| Group | Note | Share capital RM | Non-Distributable Share premium RM (Note 27) | Distributable Retained earnings RM (Note 27) | Total RM | Minority Interest RM | Total Equity RM |
|---|---|---|---|---|---|---|---|
| | | Attributable to Equity Holders of the Company | | | | | |
| At 1 February 2006 | | 43,828,000 | 587,061 | 18,670,570 | 63,085,631 | - | 63,085,631 |
| Effects of adopting FRS 140 | | | | | | | |
| - Fair value adjustment | | - | - | 846,409 | 846,409 | - | 846,409 |
| - Deferred tax | | - | - | (255,000) | (255,000) | - | (255,000) |
| | | 43,828,000 | 587,061 | 19,261,979 | 63,677,040 | - | 63,677,040 |
| Profit for the year, representing total total recognised income and expenses for the year | | - | - | 11,003,545 | 11,003,545 | - | 11,003,545 |
| Dividend | 12 | - | - | (631,123) | (631,123) | - | (631,123) |
| At 31 January 2007 | | 43,828,000 | 587,061 | 29,634,401 | 74,049,462 | - | 74,049,462 |
| At 1 February 2007 | | 43,828,000 | 587,061 | 29,634,401 | 74,049,462 | - | 74,049,462 |
| Profit for the year, representing total recognised income and expenses for the year | | - | - | 13,000,162 | 13,000,162 | 664,980 | 13,665,142 |
| Issue of ordinary shares pursuant to ESOS | | 1,837,000 | - | - | 1,837,000 | - | 1,837,000 |
| Bonus shares | | 22,832,500 | (587,061) | (22,245,439) | - | - | - |
| Dividend | 12 | - | - | (660,841) | (660,841) | - | (660,841) |
| At 31 January 2008 | | 68,497,500 | - | 19,728,283 | 88,225,783 | 664,980 | 88,890,763 |

*The accompanying notes form an integral part of the financial statements.*

# company statement of changes in equity

for the financial year ended 31 January 2008

| Company | Note | Share capital RM | Non-Distributable Share premium RM (Note 27) | Distributable Retained earnings RM (Note 27) | Total RM |
|---|---|---|---|---|---|
| **At 1 February 2006** | | 43,828,000 | 587,061 | 1,906,543 | 46,321,604 |
| Profit for the year, representing total recognised income and expenses for the year | | - | - | 769,336 | 769,336 |
| Dividend | 12 | - | - | (631,123) | (631,123) |
| **At 31 January 2007** | | 43,828,000 | 587,061 | 2,044,756 | 46,459,817 |
| Profit for the year, representing total recognised income and expenses for the year | | - | - | 22,638,705 | 22,638,705 |
| Issue of ordinary shares pursuant to ESOS | | 1,837,000 | - | - | 1,837,000 |
| Bonus shares | | 22,832,500 | (587,061) | (22,245,439) | - |
| Dividend | 12 | - | - | (660,841) | (660,841) |
| **At 31 January 2008** | | 68,497,500 | - | 1,777,181 | 70,274,681 |

*The accompanying notes form an integral part of the financial statements.*

# cash flow statements

for the financial year ended 31 January 2008

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 RM | 2007 RM (Restated) | 2008 RM | 2007 RM |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Profit before taxation | 18,570,731 | 15,149,374 | 30,730,943 | 1,154,961 |
| Adjustments for : | | | | |
| Amortisation and depreciation | 5,942,251 | 6,328,400 | - | - |
| Bad and doubtful debts | 836,777 | 363,585 | - | - |
| Interest expenses | 4,160,725 | 7,168,543 | 261,155 | 595,534 |
| Fair value adjustment of investment properties | (40,000) | 359,075 | - | - |
| Loss on disposal of intangible assets | - | 38,628 | - | - |
| Gain on disposal of property, plant and equipment | (126,390) | (201,728) | - | - |
| Gain on disposal of asset held for sale | (2,607,951) | - | - | - |
| Write off of investment in associate | 1 | - | 1 | - |
| Plant and equipment written off | 231,683 | 543,966 | - | - |
| Dividend income (gross) | (1,000) | (1,468) | (31,229,730) | (1,500,000) |
| Interest income | (32,600) | (16,447) | (261,155) | (595,534) |
| Operating profit/(loss) before working capital changes | 26,934,227 | 29,731,928 | (498,786) | (345,039) |
| Receivables | (40,878,800) | 55,548,375 | (9,013) | 15,808 |
| Inventories | 81,453 | 50,895 | - | - |
| Payables | (4,887,424) | (8,975,348) | (9,962) | (55,283) |
| Cash (used in)/generated from operations | (18,750,544) | 76,355,850 | (517,761) | (384,514) |
| Interest received | 32,600 | 16,447 | 261,155 | 595,534 |
| Interest paid | (4,160,725) | (7,168,543) | (261,155) | (595,534) |
| Tax paid | (3,871,019) | (4,456,987) | - | - |
| Net cash (used in)/generated from operating activities | (26,749,688) | 64,746,767 | (517,761) | (384,514) |

# cash flow statements cont'd

for the financial year ended 31 January 2008

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 RM | 2007 RM (Restated) | 2008 RM | 2007 RM |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Dividend received | 730 | 1,067 | 23,110,000 | 1,095,000 |
| Increase in amount due from subsidiaries | - | - | (23,554,576) | (85,749) |
| Investment in subsidiary | - | - | (200,000) | - |
| Proceeds from disposal of property, plant and equipment | 356,161 | 351,688 | - | - |
| Proceeds from disposal of intangible assets | - | 10,500 | - | - |
| Proceeds from disposal of asset held for sale | 7,909,127 | - | - | - |
| Prepaid land lease payments | (3,337,380) | (822,792) | - | - |
| Purchase of intangible assets | (6,273) | (2,440) | - | - |
| Purchase of investment properties | (59,097) | (2,379,075) | - | - |
| Purchase of property, plant and equipment | (5,472,241) | (5,689,269) | - | - |
| Net cash (used in)/generated from investing activities | (608,973) | (8,530,321) | (644,576) | 1,009,251 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Increase/(Decrease) in bankers' acceptances and revolving credits | 31,924,240 | (49,125,019) | - | - |
| Dividend paid | (660,841) | (631,123) | (660,841) | (631,123) |
| Drawdown of term loans | 1,289,970 | 686,494 | - | - |
| Hire purchase financing | 1,298,410 | - | - | - |
| Proceeds from issuance of ordinary shares | 1,837,000 | - | 1,837,000 | - |
| Repayment of hire purchase payables | (3,149,537) | (2,700,476) | - | - |
| Repayment of term loans | (2,787,353) | (1,231,218) | - | - |
| Net cash generated from/(used in) financing activities | 29,751,889 | (53,001,342) | 1,176,159 | (631,123) |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | 2,393,228 | 3,215,104 | 13,822 | (6,386) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | (10,791,870) | (14,006,974) | 17,985 | 24,371 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 23)** | (8,398,642) | (10,791,870) | 31,807 | 17,985 |

*The accompanying notes form an integral part of the financial statements.*

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Second Board of Bursa Malaysia Securities Berhad. The principal place of business and registered office of the Company is located at No. 25, Jalan Firma Dua, Kawasan Perindustrian Tebrau IV, 81100 Johor Bahru, Johor Darul Ta'zim.

The principal activities of the Company are investment holding and insurance agency. The principal activities of the subsidiaries are described in Note 17. There have been no other significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 16 May 2008.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial period beginning on and after 1 February 2007 as fully described in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except for investment properties that have been measured at their fair values and prepaid land lease payments, which were previously revalued, are carried at surrogate carrying amount in accordance with the provisions of FRS 117 : Leases.

The financial statements are presented in Ringgit Malaysia (RM).

### 2.2 Summary of Significant Accounting Policies

#### (a) Subsidiaries and Basis of Consolidation

##### (i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

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

##### (ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Subsidiaries and businesses acquired under common control are accounted for in the consolidated financial statements by way of the application of merger principles of accounting. The common control transfers are acquisitions of entities, or businesses controlled by such entities, at book values as recorded in these entities whereby these entities and the Group have common ultimate controlling parties prior to and immediately after such transfers. The results of such subsidiaries and businesses are presented as if the "merger" had been effected throughout the current and previous financial periods.

In other case of acquisition, the acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movement in the acquiree's equity since then.

(b) **Associates**

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policies decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognised its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) **Property, Plant and Equipment and Depreciation**

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Building in-progress and motor vehicles in-progress are not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates :

| | |
|---|---|
| Buildings | 2% |
| Electrical installation | 20% |
| Motor vehicles | 10% |
| Renovation, equipment, furniture and fittings | 10% |

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(d) **Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

(e) **Investment Properties**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gain or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

(f) **Impairment of Non-Financial Assets**

The carrying amounts of assets, other than investment properties, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill and intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(g) **Inventories**

Inventories are stated at lower of cost and net realisable value determined using the first in, first out method.

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.

(h) **Financial Instruments**

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) **Cash and Cash Equivalents**

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) **Other Non-Current Investments**

Non-current investments other than investment in subsidiaries and associates are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(iii) **Marketable Securities**

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in profit or loss. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

(iv) **Trade Receivables**

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(v) **Trade Payables**

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(vi) **Interest-Bearing Borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vii) **Equity Instrument**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which the obligation to pay is established.

(i) **Leases**

(i) **Classification**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the exception of land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) **Finance Leases - the Group as Lessee**

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(c).

(iii) **Operating Leases - the Group as Lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(iv) **Operating Leases – the Group as Lessor**

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 2.2(m)(iv)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(j) **Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(k) **Income Tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(l) **Employee Benefits**

(i) **Short Term Benefits**

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

(ii) **Defined Contribution Plans**

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(iii) **Share-based Compensation**

The Company's Employee Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the options expires, upon which it will be transferred directly to retained earning.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

The Group has applied the transitional provision for share-based payment, in particular, for ESOS which was granted before 31 December 2004 and vested before 1 January 2006.

(m) **Revenue Recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

(i) **Sale of goods**

Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

(ii) **Revenue from services**

Revenue from services rendered is recognised net of discounts as and when the services are performed.

(iii) **Interest income**

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

(iv) **Rental income**

Rental income from investment properties is recognised on a straight-line basis over the term of the lease.

(v) **Dividend income**

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

(vi) **Insurance income**

Revenue from insurance agency is recognised on a receivable basis.

(n) **Foreign Currencies**

(i) **Functional and Presentation Currency**

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

(ii) **Foreign Currency Transactions**

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

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

(o) **Non-current Assets (or Disposal Groups) Held for Sale and Discontinued Operation**

Non-current assets (or disposal groups) 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 (or disposal group) 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 (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

### 2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year, except for the adoption of the following new FRSs on 1 February 2007 as discussed below.

| | |
|---|---|
| FRS 6 | Exploration for and Evaluation of Mineral Resources |
| FRS 117 | Leases |
| FRS 124 | Related Party Disclosures |
| Amendment to FRS $119_{2004}$ | Employee Benefits - Actuarial gains and losses, group plans and disclosures. |

FRS 6 is not relevant to the Group's operations.

The adoption of FRS 124 and Amendment to FRS $119_{2004}$ does not have any significant financial impact on the Group and the Company in the current and prior year financial year. The principal effects of the change in accounting policy resulting from the adoption of the revised FRS 117 is set out below :

Prior to 1 February 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 February 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and comparatives in the balance sheet have been restated.

The effects on the comparatives to the Group on adoption of FRS 117 are as follows :

| Group | As previously reported RM | Effects on adoption of FRS 117 RM | As restated RM |
|---|---|---|---|
| At 1 February 2007 | | | |
| Property, plant and equipment | 48,339,830 | (8,255,498) | 40,084,332 |
| Prepaid land lease payments | - | 8,255,498 | 8,255,498 |

### 2.4 Standards and Interpretations Issued but Not Yet Effective

As at the date of authorisation of these financial statements, the following FRSs, Amendments of FRSs and Interpretations were issued but not yet effective:

| FRS, Amendments to FRS and Interpretations | Effective for financial periods beginning on or after |
|---|---|
| FRS 139: Financial Instrument - Recognition and Measurement | Deferred |
| Amendments to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation | 1 July 2007 |
| FRS 107: Cash Flow Statements | 1 July 2007 |
| FRS 111: Construction Contracts | 1 July 2007 |
| FRS 112: Income Taxes | 1 July 2007 |
| FRS 118: Revenue | 1 July 2007 |
| FRS 120: Accounting for Government Grants and Disclosures of Government Assistance | 1 July 2007 |
| Amendments to FRS 134: Interim Financial Reporting | 1 July 2007 |
| Amendments to FRS 137: Provision, Contingent Liabilities and Contingent Assets | 1 July 2007 |
| IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities | 1 July 2007 |
| IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments | 1 July 2007 |

| FRS, Amendments to FRS and Interpretations | Effective for financial periods beginning on or after |
|---|---|
| IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds | 1 July 2007 |
| IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment | 1 July 2007 |
| IC Interpretation 7: Applying the Restatement Approach under FRS $129_{2004}$ Financial Reporting in Hyperinflationary Economies | 1 July 2007 |
| IC Interpretation 8: Scope of FRS 2 | 1 July 2007 |

The above FRS, amendments to FRS and Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application.

The Group is exempted from disclosing the possible financial impact of applying FRS 139.

### 2.5 Significant Accounting Estimates and Judgements

#### (a) Key Sources of Estimation Uncertainty

The judgement made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements is as follows:

**Classification between investment properties and property, plant and equipment**

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

#### (b) Critical Judgements Made in Applying Accounting Policies

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

**Depreciation of plant and machinery**

The cost of transportation vehicles for the provision of transport services is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these transportation vehicles to be within 10 years. These are common life expectancies applied in the transport industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

## 3. REVENUE

Revenue of the Group and of the Company consist of the following :

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| Transport services | 89,906,432 | 79,654,129 | - | - |
| Trading in construction materials | 390,918,226 | 337,125,933 | - | - |
| Rental of properties | 1,023,232 | 602,332 | - | - |
| Insurance income | 1,407,084 | 1,568,987 | 2,220,443 | 2,382,290 |
| Dividend income from subsidiary | - | - | 31,229,730 | 1,500,000 |
| | 483,254,974 | 418,951,381 | 33,450,173 | 3,882,290 |

## 4. COST OF SALES

| | Group 2008 RM | Group 2007 RM | Company 2008 RM | Company 2007 RM |
|---|---|---|---|---|
| Cost of trading goods sold | 375,595,566 | 318,274,992 | - | - |
| Cost of services rendered | 73,338,474 | 65,194,296 | - | - |
| Other direct expenses | 1,466,388 | 1,525,700 | 2,084,017 | 2,245,740 |
| | 450,440,428 | 384,994,988 | 2,084,017 | 2,245,740 |
| Included in cost of sales are : | | | | |
| Charter hire fee | 523,736 | - | - | - |
| Depreciation | 5,150,440 | 5,501,134 | - | - |
| Drivers' commission | 7,057,863 | 6,368,092 | - | - |
| Employee benefits expenses (Note 7) | 2,395,331 | 2,444,220 | - | - |
| Rental of lorries | - | 55,200 | - | - |
| Transport agents' charges | 28,888,449 | 20,511,005 | - | - |
| Upkeep of vehicles | 27,855,314 | 26,974,612 | - | - |

## 5. OTHER INCOME

| | Group 2008 RM | Group 2007 RM | Company 2008 RM | Company 2007 RM |
|---|---|---|---|---|
| Included in other income are : | | | | |
| Bad debts recovered | 20,633 | 49,831 | - | - |
| Dividend income (gross) | 1,000 | 1,468 | - | - |
| Exchange gain - realised | 413 | 1,893 | - | - |
| Gain on disposal of property, plant and equipment | 136,355 | 201,728 | - | - |
| Gain on disposal of asset held for sale | 2,607,951 | - | - | - |
| Interest income | 32,600 | 16,447 | 261,155 | 595,534 |

## 6. ADMINISTRATIVE EXPENSES

Included in administrative expenses are :

| | Group 2008 RM | Group 2007 RM | Company 2008 RM | Company 2007 RM |
|---|---|---|---|---|
| Auditors' remuneration : | | | | |
| Statutory audit | | | | |
| - Current year | 82,000 | 72,000 | 15,000 | 15,000 |
| - Underprovision in prior year | 2,000 | 4,500 | - | 2,000 |
| Other services | 75,600 | 69,875 | 54,500 | 50,000 |
| Amortisation of intangible assets | 31,788 | 37,563 | - | - |
| Amortisation of prepaid land lease payments | 139,244 | 185,749 | - | - |
| Bad and doubtful debts | 836,777 | 363,585 | - | - |
| Depreciation | 620,779 | 603,954 | - | - |
| Fair value adjustment of investment properties | (40,000) | 359,075 | - | - |
| Write off of investment in associate | 1 | - | 1 | - |
| Loss on disposal of property, plant and equipment | 9,965 | - | - | - |
| Plant and equipment written off | 231,683 | 543,966 | - | - |
| Loss on disposal of intangible assets | - | 38,628 | - | - |
| Loss on foreign exchange - Realised | 44,935 | - | - | - |
| Operating leases - Minimun lease payment for land and buildings | 315,772 | 406,340 | - | - |
| Employee benefits expenses (Note 7) | 6,944,811 | 6,130,724 | 30,212 | 26,419 |
| Directors' fees : | | | | |
| - Directors of the Company | 180,000 | 180,000 | 180,000 | 180,000 |
| - Directors of subsidiary | 4,000 | 4,000 | - | - |

## 7. EMPLOYEE BENEFITS EXPENSES

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| Included in : | | | | |
| Cost of sales (Note 4) | 2,395,331 | 2,444,220 | - | - |
| Administrative expenses (Note 6) | 6,944,811 | 6,130,724 | 30,212 | 26,419 |
| | 9,340,142 | 8,574,944 | 30,212 | 26,419 |
| Analysed as follows : | | | | |
| Wages and salaries | 8,255,638 | 7,578,210 | 26,600 | 23,240 |
| Social security contributions | 90,210 | 83,245 | 420 | 371 |
| Contributions to defined contribution plan | 920,013 | 849,207 | 3,192 | 2,808 |
| Other benefits | 74,281 | 64,282 | - | - |
| | 9,340,142 | 8,574,944 | 30,212 | 26,419 |

Included in employee benefits expenses of the Group is executive directors' employee benefit expenses amounting to RM1,602,979 (2007 : RM1,461,042) as further disclosed in Note 8.

## 8. DIRECTORS' REMUNERATION

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| Executive directors' remuneration : | | | | |
| - Fees | 90,000 | 90,000 | 90,000 | 90,000 |
| - Executive employee benefits expenses (Note 7) | 1,602,979 | 1,461,042 | - | - |
| - Other emoluments | 18,400 | 15,700 | 18,400 | 15,700 |
| | 1,711,379 | 1,566,742 | 108,400 | 105,700 |
| Non-executive directors' remuneration : | | | | |
| - Fees | 90,000 | 90,000 | 90,000 | 90,000 |
| - Other emoluments | 22,900 | 19,700 | 22,900 | 19,700 |
| | 112,900 | 109,700 | 112,900 | 109,700 |
| Total directors' remuneration | 1,824,279 | 1,676,442 | 221,300 | 215,400 |

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

| | Number of directors | |
|---|---|---|
| | 2008 | 2007 |
| Executive : | | |
| RM100,001 - RM150,000 | 1 | 1 |
| RM150,001 - RM200,000 | 1 | 1 |
| RM550,001 - RM600,000 | - | 1 |
| RM600,001 - RM650,000 | 1 | - |
| RM701,001 - RM750,000 | - | 1 |
| RM750,001 - RM800,000 | 1 | - |
| Non-Executive : | | |
| Below RM50,000 | 4 | 4 |

## 9. FINANCE COSTS

| | Group 2008 RM | Group 2007 RM | Company 2008 RM | Company 2007 RM |
|---|---|---|---|---|
| Bank charges | 94,495 | 113,314 | 1,109 | 576 |
| Interest expenses | 4,160,725 | 7,168,543 | 261,155 | 595,534 |
| | 4,255,220 | 7,281,857 | 262,264 | 596,110 |

## 10. INCOME TAX EXPENSE

| | Group 2008 RM | Group 2007 RM | Company 2008 RM | Company 2007 RM |
|---|---|---|---|---|
| Current income tax: | | | | |
| Malaysian income tax | 3,647,540 | 4,021,543 | 8,084,000 | 364,000 |
| Under/(Over)provision of income tax in prior years | 46,471 | (8,714) | 8,238 | 21,625 |
| | 3,694,011 | 4,012,829 | 8,092,238 | 385,625 |
| Real property gains tax | 93,578 | - | - | - |
| Deferred tax (Note 30) : | | | | |
| Relating to origination and reversal of temporary differences | 851,000 | 466,138 | - | - |
| Relating to changes in tax rates | (105,000) | (91,138) | - | - |
| Under/(Over)provision in prior years | 372,000 | (242,000) | - | - |
| | 1,118,000 | 133,000 | - | - |
| | 4,905,589 | 4,145,829 | 8,092,238 | 385,625 |

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2006 : 27%) of the estimated assessable profits for the year. The domestic statutory tax rate will be reduced to 25% from the current tax rate of 26%, effective year of assessment 2009. The computation of deferred tax as at 31 January 2008 has reflected these changes.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows :

| Group | 2008 RM | 2007 RM |
|---|---|---|
| Profit before taxation | 18,570,731 | 15,149,374 |
| Taxation at Malaysian statutory tax rate of 26% (2007 : 27%) | 4,828,390 | 4,090,331 |
| Effect of tax at 20% (2007 : 20%) on the first RM500,000 (2007 : RM500,000) | (31,650) | (35,000) |
| Effect of changes in tax rate on opening balance of deferred tax | (63,000) | (73,878) |
| Deferred tax recognised at different tax rate | (37,000) | (17,260) |
| Effect of gain subject to real property gains tax | (584,489) | - |
| Income not subject to tax | - | (12,414) |
| Expenses not deductible for tax purposes | 374,867 | 444,764 |
| Under/(Over) provision of tax expense in prior years | 46,471 | (8,714) |
| Under/(Over) provision of deferred tax in prior years | 372,000 | (242,000) |
| Income tax expense for the year | 4,905,589 | 4,145,829 |

| Company | 2008 RM | 2007 RM |
|---|---|---|
| Profit before taxation | 30,730,943 | 1,154,961 |
| Taxation at Malaysian statutory tax rate of 26% (2007 : 27%) | 7,990,045 | 311,839 |
| Expenses not deductible for tax purposes | 93,955 | 52,161 |
| Underprovision of tax expense in prior year | 8,238 | 21,625 |
| Income tax expense for the year | 8,092,238 | 385,625 |

11. **EARNINGS PER SHARE**

(a) **Basic**

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue during the financial year.

| | Group | |
|---|---|---|
| | 2008 RM | 2007 RM |
| Profit attributable to ordinary equity holders of the Company | 13,000,162 | 11,003,545 |
| Weighted average number of ordinary shares in issue | 67,585,221 | 66,660,500 |
| Basic earnings per share (sen) | 19.2 | 16.5 |

(b) **Diluted**

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the effects of dilutive potential ordinary shares from the exercise of the ESOS. The adjusted weighted average number of ordinary shares is the weighted average number of ordinary shares in issue during the financial year plus the number of ordinary shares which would be in issue on the exercise of the outstanding options under the ESOS.

| | Group | |
|---|---|---|
| | 2008 RM | 2007 RM |
| Profit attributable to ordinary equity holders of the Company (RM) | 13,000,162 | 11,003,545 |
| Weighted average number of ordinary shares in issue | 67,585,221 | 66,660,500 |
| Adjustment for assumed options taken up | 804,000 | 2,783,000 |
| Adjusted weighted average number of ordinary shares in issue and issuable | 68,389,221 | 69,443,500 |
| Diluted earnings per share (sen) | 19.0 | 15.8 |

(c) The comparative basic and diluted earnings per share have been adjusted to take into account the effect of the bonus issue.

12. **DIVIDENDS**

| | Amount | | Dividend Per Share | |
|---|---|---|---|---|
| | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| Ordinary final dividend of 2.0% less 27% taxation (2007 : 2.0% less 28% taxation) | 660,841 | 631,123 | 1.46 | 1.44 |

At the forthcoming Annual General meeting, a final dividend in respect of the financial year ended 31 January 2008, of 2.5% taxation amounting to a dividend of 1.875 sen net per share will be proposed for shareholders's approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the next financial year ending 31 January 2009.

13. **PROPERTY, PLANT AND EQUIPMENT**

| Group | Buildings RM | Motor vehicles RM | *Other assets RM | Total RM |
|---|---|---|---|---|
| **2008** | | | | |
| **Cost** | | | | |
| At 1 February 2007 | 5,528,878 | 66,081,730 | 4,148,084 | 75,758,692 |
| Additions | 2,024,090 | 4,693,930 | 310,731 | 7,028,751 |
| Written off | - | (1,391,816) | (28,035) | (1,419,851) |
| Disposal | - | (3,690,638) | (5,595) | (3,696,233) |
| At 31 January 2008 | 7,552,968 | 65,693,206 | 4,425,185 | 77,671,359 |
| **Accumulated Depreciation** | | | | |
| At 1 February 2007 | 442,435 | 33,026,853 | 2,205,072 | 35,674,360 |
| Charge for the year | 100,991 | 5,288,627 | 381,601 | 5,771,219 |
| Written off | - | (1,177,248) | (10,920) | (1,188,168) |
| Disposal | - | (3,464,788) | (1,674) | (3,466,462) |
| At 31 January 2008 | 543,426 | 33,673,444 | 2,574,079 | 36,790,949 |
| **Net Book Value** | 7,009,542 | 32,019,762 | 1,851,106 | 40,880,410 |
| **2007** | | | | |
| **Cost** | | | | |
| At 1 February 2006 | 5,878,277 | 61,198,731 | 4,087,999 | 71,165,007 |
| Additions | 1,000 | 8,407,918 | 306,227 | 8,715,145 |
| Written off | (350,399) | (1,719,513) | (242,281) | (2,312,193) |
| Disposal | - | (1,805,406) | (3,861) | (1,809,267) |
| At 31 January 2007 | 5,528,878 | 66,081,730 | 4,148,084 | 75,758,692 |
| **Accumulated Depreciation** | | | | |
| At 1 February 2006 | 340,833 | 30,633,552 | 2,022,421 | 32,996,806 |
| Charge for the year | 101,602 | 5,634,139 | 369,347 | 6,105,088 |
| Written off | - | (1,549,309) | (185,780) | (1,735,089) |
| Disposal | - | (1,691,529) | (916) | (1,692,445) |
| At 31 January 2007 | 442,435 | 33,026,853 | 2,205,072 | 35,674,360 |
| **Net Book Value** | 5,086,443 | 33,054,877 | 1,943,012 | 40,084,332 |

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

(a) Net book values of motor vehicles of the Group held under hire purchase agreements amounted to RM10,077,413 (2007 : RM8,079,878).

(b) The additions of property, plant and equipment were acquired by means of :

| | Group 2008 RM | 2007 RM |
|---|---|---|
| Cash payment | 5,472,241 | 5,689,269 |
| Hire purchase arrangements | 1,556,510 | 3,025,876 |
| | 7,028,751 | 8,715,145 |

(c) The net book value of property, plant and equipment pledged to financial institutions for banking facilities granted to the Group, as referred to in Note 28 and Note 29 are as follows:

| | Group | |
|---|---|---|
| | 2008 RM | 2007 RM |
| Buildings | 4,878,971 | 4,978,543 |
| Motor vehicles | 10,077,413 | 7,845,876 |
| | 14,956,384 | 12,824,419 |

(d) Included in property, plant and equipment are motor vehicles with a carrying value of RM1,561,955 (2007 : RM1,115,222) registered in the name of third parties, a director (Lim Han Weng) and companies in which certain directors (Lim Han Weng and Bah Kim Lian) have an interest.

(e) Included in the Group's property, plant and equipment are cost of the following assets in progress which are not depreciated :

| | 2008 RM | 2007 RM |
|---|---|---|
| Motor vehicles in progress | 1,040,510 | 2,140,500 |
| Buildings in progress | 107,901 | 140,039 |
| | 1,148,411 | 2,280,539 |

## 14. INVESTMENT PROPERTIES

| | Group | |
|---|---|---|
| | 2008 RM | 2007 RM |
| At beginning of year | 18,965,000 | 16,098,591 |
| Effect of adopting FRS 140 | - | 846,409 |
| Addition during the year | 59,097 | 2,379,075 |
| Fair value adjustments | 40,000 | (359,075) |
| Reclassified as held for sale | (5,650,000) | - |
| At end of year | 13,414,097 | 18,965,000 |
| The following investment properties are held under lease terms: | | |
| Leasehold land | 2,400,000 | 2,400,000 |
| Buildings | 3,430,000 | 3,470,000 |
| | 5,830,000 | 5,870,000 |

Investment properties with an aggregate carrying value of RM Nil (2007 : RM3,800,000) are pledged as securities for borrowings as referred to in Note 28.

15. **PREPAID LAND LEASE PAYMENTS**

| | Group 2008 RM | Group 2007 RM (Restated) |
|---|---|---|
| Cost : | | |
| At beginning of year | 9,095,279 | 8,272,487 |
| Additions | 3,337,380 | 822,792 |
| At end of year | 12,432,659 | 9,095,279 |
| Accumulated amortisation : | | |
| At beginning of year | 839,781 | 654,032 |
| Amortisation for the year | 139,244 | 185,749 |
| At end of year | 979,025 | 839,781 |
| Net carrying amount | 11,453,634 | 8,255,498 |
| Analysed as : | | |
| Long term leasehold land | 11,453,634 | 8,255,498 |

Leasehold land with an aggregate net carrying value of RM7,293,462 (2007 : RM7,432,706) are pledged to financial institutions for banking facilities granted to the Group, as referred to in Note 28.

16. **INTANGIBLE ASSETS**

| | Group 2008 RM | Group 2007 RM |
|---|---|---|
| **Cost** | | |
| At beginning of year | 158,346 | 310,363 |
| Additions | 6,273 | 2,440 |
| Disposal | - | (154,457) |
| At end of year | 164,619 | 158,346 |
| **Accumulated amortisation** | | |
| At beginning of year | 79,143 | 146,909 |
| Amortisation | 31,788 | 37,563 |
| Disposal | - | (105,329) |
| At end of year | 110,931 | 79,143 |
| **Net carrying amount** | 53,688 | 79,203 |

## 17. INVESTMENT IN SUBSIDIARIES

| | Company 2008 RM | Company 2007 RM |
|---|---|---|
| Unquoted shares, at cost | 16,489,188 | 16,289,188 |

Details of the subsidiaries which were incorporated in Malaysia are as follows :

| Name of Subsidiaries | Country of Incorporation | Group's effective interest 2008 | Group's effective interest 2007 | Principal activities |
|---|---|---|---|---|
| Yinson Transport (M) Sdn. Bhd.* | Malaysia | 100 | 100 | Provision of transport services, trading in construction materials and rental of properties. |
| Yinson Corporation Sdn. Bhd.* | Malaysia | 100 | 100 | Provision of transport services and trading in construction materials. |
| Yinson Haulage Sdn. Bhd.** | Malaysia | 70 | 70 | Transport and haulage contractor. |
| Yinson Marine Services Sdn. Bhd.** | Malaysia | 100 | - | Marine transport services. |

* *Subsidiaries consolidated using merger method of accounting.*

** *Subsidiary consolidated using acquisition method of accounting.*

## 18. INVESTMENT IN ASSOCIATE

| | Group 2008 RM | Group 2007 RM | Company 2008 RM | Company 2007 RM |
|---|---|---|---|---|
| At cost : | | | | |
| Unquoted shares outside Malaysia | 10,114 | 10,114 | 10,114 | 10,114 |
| Share of post acquisition reserves | - | - | - | - |
| | 10,114 | 10,114 | 10,114 | 10,114 |
| Less: Impairment losses | (10,113) | (10,113) | (10,113) | (10,113) |
| Less: Written off | (1) | - | (1) | - |
| | - | 1 | - | 1 |
| Represented by : | | | | |
| Share of net tangible assets | - | 1 | | |

Detailed of the associate :

| Name of Associate | Group's effective interest 2008 | Group's effective interest 2007 | Principal activities |
|---|---|---|---|
| Yinson Transport (Thailand) Co. Ltd.* | 49 | 49 | Dormant |

* *The results of the associate have not been equity accounted as there were no financial statements prepared since the date of its incorporation.*

## 19. OTHER INVESTMENT

| | Group 2008 RM | Group 2007 RM |
|---|---|---|
| Unquoted shares at cost | 100,000 | 100,000 |

## 20. INVENTORIES

| | Group 2008 RM | Group 2007 RM |
|---|---|---|
| At cost : | | |
| Consumable | 257,644 | 322,857 |
| Trading goods | 6,726 | 22,966 |
| | 264,370 | 345,823 |

## 21. TRADE AND OTHER RECEIVABLES

| | Group 2008 RM | Group 2007 RM | Company 2008 RM | Company 2007 RM |
|---|---|---|---|---|
| **Trade receivables** | | | | |
| Third parties | 157,868,645 | 117,723,763 | - | - |
| Related parties | - | 2,469 | - | - |
| | 157,868,645 | 117,726,232 | - | - |
| Provision for doubtful debts | (3,187,266) | (3,717,449) | - | - |
| | 154,681,379 | 114,008,783 | - | - |
| **Other receivables** | | | | |
| Due from subsidiaries | - | - | 53,845,787 | 38,355,236 |
| Deposits | 534,476 | 652,914 | 1,000 | 1,000 |
| Prepayments | 2,111,427 | 1,767,450 | - | - |
| Sundry receivables | 897,401 | 1,668,751 | 22,205 | 13,192 |
| | 3,543,304 | 4,089,115 | 53,868,992 | 38,369,428 |
| Provision for doubtful debts | (652,058) | (567,296) | - | - |
| | 2,891,246 | 3,521,819 | 53,868,992 | 38,369,428 |
| | 157,572,625 | 117,530,602 | 53,868,992 | 38,369,428 |

(a) **Credit risks**

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

Included in trade receivables were amounts due from companies substantially owned by certain directors, namely Lim Han Weng and Bah Kim Lian, as follows :

| | Group 2008 RM | Group 2007 RM |
|---|---|---|
| Handal Indah Sdn. Bhd. | - | 1,169 |
| Liannex Corporation Sdn. Bhd. | - | 1,300 |
| | - | 2,469 |

(b) **Other receivables**

The amounts due from subsidiaries are non-interest bearing and are repayable on demand. These are unsecured and are to be settled in cash.

Further details on related party transactions are disclosed in Note 32.

Other information on financial risks of other receivables is disclosed in Note 38.

## 22. MARKETABLE SECURITIES

| | Group 2008 RM | Group 2007 RM |
|---|---|---|
| At cost : | | |
| Shares quoted in Malaysia | 69,000 | 69,000 |
| Market value of quoted shares | 63,500 | 69,940 |

## 23. CASH AND CASH EQUIVALENTS

| | Group 2008 RM | Group 2007 RM | Company 2008 RM | Company 2007 RM |
|---|---|---|---|---|
| Cash on hand and at banks | 7,106,514 | 4,163,663 | 31,807 | 17,985 |
| Deposits with licensed banks | 396,919 | 389,384 | - | - |
| Cash and bank balances | 7,503,433 | 4,553,047 | 31,807 | 17,985 |
| Bank overdrafts (Note 28) | (15,902,075) | (15,344,917) | - | - |
| | (8,398,642) | (10,791,870) | 31,807 | 17,985 |

(a) Deposits with licensed bank of the Group amounting to RM240,000 (2007 : RM240,000) is registered in the name of a director and held in trust for a subsidiary.

(b) All deposits with licensed banks of the Group are pledged as securities for bank guarantee granted to the subsidiaries.

Other information on financial risks of cash and cash equivalents is disclosed in Note 38.

## 24. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets classified as held for sale on the Group's balance sheet as follows :

| | Carrying amount immediately before classification RM | Allocation of re-measurement RM | Carrying amount as at 31 January RM |
|---|---|---|---|
| **2008** | | | |
| **Assets** | | | |
| Freehold land and building | 5,200,000 | - | 5,200,000 |
| Leasehold land and building | 450,000 | - | 450,000 |
| | 5,650,000 | - | 5,650,000 |
| **2007** | | | |
| **Assets** | | | |
| Leasehold land | 5,301,176 | - | 5,301,176 |

The leasehold land in the previous year was pledged to a licensed bank for borrowings granted to the Group as referred to in Note 28.

## 25. SHARE CAPITAL

| | Number of Ordinary Shares of RM1 Each | | Amount | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 RM | 2007 RM |
| Authorised | 100,000,000 | 100,000,000 | 100,000,000 | 100,000,000 |
| Issued and fully paid : | | | | |
| At beginning of year | 43,828,000 | 43,815,000 | 43,828,000 | 43,815,000 |
| Ordinary shares issued during the year: | | | | |
| Pursuant to bonus issue | 22,832,500 | - | 22,832,500 | - |
| Pursuant to ESOS | 1,837,000 | 13,000 | 1,837,000 | 13,000 |
| At end of year | 68,497,500 | 43,828,000 | 68,497,500 | 43,828,000 |

## 26. EMPLOYEE SHARE OPTION SCHEME

The Company's Employee Share Option Scheme ("ESOS") is governed by the by-laws approved by the shareholders at the Annual General Meeting held on 25 September 2002 and was implemented on 18 December 2003.

The main features of the ESOS are as follows:

(a) The ESOS shall be in force for a period of five years from the implementation date.

(b) Eligible person are employees of the Group (including executive directors) who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the Option Committee appointed by the Board of Directors.

(c) The total number of shares to be issued under the ESOS shall not exceed in aggregate 10% of the issued and paid-up share capital of the Company at any point of time during the tenure of the ESOS.

(d) The option price shall be the higher of the price at a discount of not more than 10% from the weighted average market price of the shares of the Company as shown on the official list issued by the Bursa Malaysia Securities Berhad for the five market days immediately preceding the date of offer, or at par value of the shares of the Company of RM1.00.

(e) No option shall be granted for less than 1,000 shares nor more than 125,000 shares to any eligible employee and shares to be offered shall be in the multiples of 1,000 new shares.

(f) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company commencing from the date of the offer but before the expiry of the five years from the date of the receipt of the last of the requisite approvals.

(g) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.

(h) The person to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

Details of share options exercised during the current financial year and the fair value, at the exercise date of ordinary shares issued was as follows:

| | Exercise Price RM | Fair Value of Ordinary Shares RM | Number of Share Options | Consideration Received RM |
|---|---|---|---|---|
| **2008** | | | | |
| 13 July 2007 | 1.00 | 1.47 | 1,435,000 | 1,435,000 |
| 09 October 2007 | 1.00 | 1.25 | 390,000 | 390,000 |
| 10 October 2007 | 1.00 | 1.25 | 12,000 | 12,000 |
| | | | 1,837,000 | 1,837,000 |
| **2007** | | | | |
| 9 March 2005 | 1.00 | 1.29 | 13,000 | 13,000 |

(i) The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

| | Number of Share Options 2008 | 2007 |
|---|---|---|
| At beginning of year | 2,783,000 | 2,968,000 |
| Exercised | (1,837,000) | - |
| Lapsed | (142,000) | (185,000) |
| At end of year | 804,000 | 2,783,000 |
| WAEP | 1.42 | - |

(ii) Details of share options outstanding at the end of the year:

| Exercise Period | WAEP RM | Number of Share Options Outstanding RM |
|---|---|---|
| **2008** | | |
| 18 December 2003 - 17 December 2008 | 1.42 | 804,000 |
| **2007** | | |
| 18 December 2003 - 17 December 2008 | - | 2,783,000 |

## 27. RESERVES

| | Group 2008 RM | Group 2007 RM | Company 2008 RM | Company 2007 RM |
|---|---|---|---|---|
| Share premium | - | 587,061 | - | 587,061 |
| Retained earnings | 19,728,283 | 29,634,401 | 1,777,181 | 2,044,756 |
| | 19,728,283 | 30,221,462 | 1,777,181 | 2,631,817 |

Prior to year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 January 2008 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 January 2008, the Company has sufficient Section 108 to pay franked dividends out of its entire retained earnings.

## 28. BORROWINGS

| | Group 2008 RM | Group 2007 RM |
|---|---|---|
| **Short term borrowings** | | |
| Secured : | | |
| Bank overdrafts | - | 3,028,037 |
| Term loans | 1,379,312 | 2,714,345 |
| Hire purchase payables (Note 29) | 2,723,736 | 2,504,228 |
| | 4,103,048 | 8,246,610 |
| Unsecured : | | |
| Bank overdrafts | 15,902,075 | 12,316,880 |
| Bankers' acceptances | 92,374,416 | 61,450,176 |
| Revolving credits | 8,500,000 | 7,500,000 |
| | 116,776,491 | 81,267,056 |
| | 120,879,539 | 89,513,666 |
| **Long Term Borrowings** | | |
| Secured : | | |
| Term loans | 2,404,119 | 2,566,380 |
| Hire purchase payables (Note 29) | 1,978,891 | 2,493,105 |
| | 4,383,010 | 5,059,485 |
| **Total Borrowings** | | |
| Bank overdrafts (Note 23) | 15,902,075 | 15,344,917 |
| Bankers' acceptances | 92,374,416 | 61,450,176 |
| Revolving credits | 8,500,000 | 7,500,000 |
| Term loans | 3,783,431 | 5,280,725 |
| | 120,559,922 | 89,575,818 |
| Hire purchase payables (Note 29) | 4,702,627 | 4,997,333 |
| | 125,262,549 | 94,573,151 |

(a) The secured borrowings of the Group are secured by certain assets of the Group as disclosed in Notes 13, 14 and 15 and fixed deposits of the Group as disclosed in Note 23.

(b) All unsecured borrowings are guaranteed by the Company and certain unsecured borrowings were additionally guaranteed jointly and severally by two of the directors namely, Lim Han Weng and Lim Han Joeh.

Other information on financial risks of borrowings is disclosed in Note 38.

29. **HIRE PURCHASE PAYABLES**

| | Group 2008 RM | Group 2007 RM |
|---|---|---|
| **Minimum hire purchase payments** : | | |
| Not later than 1 year | 2,966,196 | 2,797,950 |
| Later than 1 year and not later than 2 years | 1,871,174 | 1,853,468 |
| Later than 2 years and not later than 5 years | 188,706 | 784,516 |
| | 5,026,076 | 5,435,934 |
| Less : Future finance charges | (323,449) | (438,601) |
| | 4,702,627 | 4,997,333 |
| **Present value of hire purchase liabilities** : | | |
| Not later than 1 year | 2,723,736 | 2,504,228 |
| Later than 1 year and not later than 2 years | 1,794,154 | 1,734,384 |
| Later than 2 years and not later than 5 years | 184,737 | 758,721 |
| | 4,702,627 | 4,997,333 |
| **Analysed as**: | | |
| Due within 12 months (Note 28) | 2,723,736 | 2,504,228 |
| Due after 12 months (Note 28) | 1,978,891 | 2,493,105 |
| | 4,702,627 | 4,997,333 |

The hire purchase are supported by a corporate guarantee from the Company and a subsidiary.

Other information on financial risks of hire purchase payables is disclosed in Note 38.

30. **DEFERRED TAX LIABILITIES**

| | Group 2008 RM | Group 2007 RM |
|---|---|---|
| At beginning of year | 2,050,000 | 1,662,000 |
| Recognised in retained earnings | - | 255,000 |
| Recognised in the income statement (Note 10) | | |
| - Current year | 851,000 | 466,138 |
| - Relating to changes in tax rates | (105,000) | (91,138) |
| - Underprovision in prior year | 372,000 | (242,000) |
| | 1,118,000 | 133,000 |
| At end of year | 3,168,000 | 2,050,000 |

30. **DEFERRED TAX LIABILITIES** cont'd

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

| | Accelerated Capital Allowances RM | Unutilised Tax Losses and Unabsorbed Capital Allowances RM | Investment Properties RM | Provision RM | Total RM |
|---|---|---|---|---|---|
| **2008** | | | | | |
| At 1 February 2007 | 4,581,000 | (2,734,000) | 255,000 | (52,000) | 2,050,000 |
| Recognised in income statement | 230,000 | 675,000 | 172,000 | 41,000 | 1,118,000 |
| At 31 January 2008 | 4,811,000 | (2,059,000) | 427,000 | (11,000) | 3,168,000 |
| **2007** | | | | | |
| At 1 February 2006 | 4,601,000 | (2,907,000) | - | (32,000) | 1,662,000 |
| Effect of adopting FRS 140 | - | - | 255,000 | - | 255,000 |
| Recognised in income statement | (20,000) | 173,000 | - | (20,000) | 133,000 |
| At 31 January 2007 | 4,581,000 | (2,734,000) | 255,000 | (52,000) | 2,050,000 |

31. **TRADE AND OTHER PAYABLES**

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| **Trade payables** | | | | |
| Third parties | 12,067,050 | 14,670,851 | - | - |
| Related parties | 3,806,571 | 3,098,647 | - | - |
| | 15,873,621 | 17,769,498 | - | - |
| **Other payables** | | | | |
| Due to director | 180,000 | 180,000 | 180,000 | 180,000 |
| Due to subsidiary | - | - | 166,311 | 8,230,336 |
| Sundry payables | 1,206,866 | 3,449,540 | 23,210 | 5,919 |
| Accruals | 1,630,172 | 2,379,045 | 33,200 | 60,453 |
| | 3,017,038 | 6,008,585 | 402,721 | 8,476,708 |
| | 18,890,659 | 23,778,083 | 402,721 | 8,476,708 |

(a) **Trade payables**

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from one month to four months.

Included in amount due to related parties are RM3,261,363 (2007 : RM3,098,647) due to Liannex Corporation (S) Pte. Ltd. and RM545,208 (2007 : Nil) due to Yinson Tyres Sdn. Bhd., both of which are substantially owned by two of the directors of the Company, namely Lim Han Weng and Bah Kim Lian.

(b) **Other payables**

Amount due to director is unsecured, non-interest bearing and repayable on demand. This amount is to be settled in cash.

Included in sundry payable is amount due to Tuck Seng Loong Sdn. Bhd., a company substantially owned by two of the directors of the Company, namely Lim Han Weng and Bah Kim Lian, amounting to RM6,171 (2007 : RM6,091).

Further details on related party transactions are disclosed in Note 32.

Other information on financial risks of other payables is disclosed in Note 38.

## 32. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 RM | 2007 RM | 2008 RM | 2007 RM |
| With companies substantially owned by directors, Lim Han Weng and Bah Kim Lian : | | | | |
| Rental income from Yinson Tyres Sdn. Bhd. | 60,000 | 60,000 | - | - |
| Transport income from Liannex Corporation (S) Pte. Ltd. | 9,935,118 | 11,171,870 | - | - |
| Transport income from Liannex Corporation Sdn. Bhd. | 900 | 8,800 | - | - |
| Transport charges from Handal Indah Sdn. Bhd. | 4,601 | 18,530 | - | - |
| Transport charges to Tuck Seng Loong (JB) Sdn. Bhd. and Kargo Indera Sdn. Bhd. | 6,000 | 6,000 | - | - |
| Barge income from Liannex Corporation (S) Pte Ltd | 942,663 | - | - | - |
| Sales of goods to Handal Indah Sdn. Bhd. | 1,276 | 16,695 | - | - |
| Sales of goods to Liannex Corporation (S) Pte Ltd | 86,102 | - | - | - |
| Purchases from Yinson Tyres Sdn. Bhd. | 3,834,312 | 3,453,456 | - | - |
| Purchases from Liannex Corporation (S) Pte. Ltd. | 65,041 | 3,587,474 | - | - |
| Insurance income from Handal Indah Sdn. Bhd. | 696,047 | 774,321 | 696,047 | 774,321 |
| Insurance income from Handal Ceria Sdn. Bhd. | 681,446 | 772,274 | 681,446 | 772,274 |
| Insurance income from Liannex Corporation Sdn Bhd | 297 | 584 | 297 | 584 |
| Insurance income from Yinson Tyres Sdn. Bhd. | 521 | 505 | 521 | 505 |
| With subsidiaries : | | | | |
| Dividend income (gross) | - | - | 3,122,973 | 1,500,000 |
| Interest income | - | - | 261,155 | 595,534 |
| Interest expense | - | - | 261,155 | 595,534 |
| Insurance income | - | - | 813,359 | 813,304 |

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that have been mutually agreed.

Information regarding outstanding balances arising from related party transactions as at 31 January 2008 is disclosed in Note 21 and Note 31.

## 33. COMMITMENTS

| Group | 2008 RM | 2007 RM |
|---|---|---|
| Capital expenditure - Approved and contracted : | | |
| - Property, plant and equipment | 1,752,730 | 3,407,000 |

## 34. OPERATING LEASE ARRANGEMENTS

### The Group as a Lessee

The Group has entered into non-cancellable operating lease agreements for the use of properties and equipment for the Group's operations. The leases have an average life-span of 6 months to two years with options to extend the lease periods mutually agreed between the lessees and lessors. The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:

| Group | 2008 RM | 2007 RM |
|---|---|---|
| Future minimum rentals payments: | | |
| Not later than 1 year | 685,000 | 216,100 |
| Later than 1 year and not later than 5 years | 9,000 | 53,600 |
| | 694,000 | 269,700 |

The lease payments recognised in profit or loss during the financial year are disclosed in Note 6.

35. **CONTINGENT LIABILITIES**

| Company | 2008 RM | 2007 RM |
|---|---|---|
| Corporate guarantees given to financial institutions in respect of facilities granted to subsidiaries : | | |
| - Unsecured | 116,776,491 | 81,897,055 |
| - Secured | 8,486,058 | 13,374,096 |
| | | |
| Corporate guarantees given to a third party - Unsecured | 778,000 | 630,538 |
| | 126,040,549 | 95,901,689 |

The secured corporate guarantees are secured with the subsidiaries' motor vehicles under the hire purchase financing.

36. **SIGNIFICANT EVENTS**

(a) On 13 February 2007, a subsidiary, Yinson Transport (M) Sdn. Bhd. entered into a Sale and Purchase Agreement to dispose its non current asset held for sale for a cash consideration of RM8,102,160. The sale was completed on 20 June 2007.

(b) On 28 July 2007, the Company incorporated a subsidiary, Yinson Marine Services Sdn. Bhd. with an issued and paid-up share capital of RM200,000. The latter commenced operations as a marine transport services during the financial year.

(c) On 19 September 2007, a subsidiary, Yinson Transport (M) Sdn. Bhd. entered into a Conditional Sale and Purchase Agreement to dispose its non current asset held for sale for a cash consideration of RM450,000. The completion of the sale is pending satisfaction of the conditions in the agreement.

(d) On 29 January 2008, a subsidiary, Yinson Transport (M) Sdn. Bhd. entered into a Conditional Sale and Purchase Agreement to dispose its non-current asset held for sale for a cash consideration of RM7,220,000. The completion of the sale is pending satisfaction of the conditions in the agreement.

(e) During the year, the associated company, Yinson Transport (Thailand) Co. Ltd. filed for liquidation and the investment in the associate was written off.

37. **SUBSEQUENT EVENT**

On 7 May 2008, the Company entered into a Memorandum of Understanding with Petroleum Technical Services Corporation, a company incorporated in Vietnam, to establish a joint venture company incorporated under the laws of Vietnam to jointly develop and operate the port at The Phu My Industrial Zone, Vietnam and jointly explore opportunities in the supply of scrap metals and other steel-making raw materials in the industrial zone.

38. **FINANCIAL INSTRUMENTS**

(a) **Financial Risk Management Objectives and Policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risk (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and these are summarised below. It is, and has been throughout the financial year review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) **Interest Rate Risk**

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

| | Note | WAEIR % | Within 1 Year RM | 1 - 2 Years RM | 2 - 3 Years RM | 3 - 4 Years RM | 4 - 5 Years RM | More Than 5 Years RM | Total RM |
|---|---|---|---|---|---|---|---|---|---|
| **At 31 January 2008** | | | | | | | | | |
| **Fixed rate** | | | | | | | | | |
| Hire purchase payables | 29 | 3.94 - 3.98 | 2,723,825 | 1,794,154 | 184,737 | - | - | - | 4,702,716 |
| **Floating rate** | | | | | | | | | |
| Deposits with licensed banks | 23 | 3.0 - 3.7 | 396,919 | - | - | - | - | - | 396,919 |
| Bank overdrafts | 28 | 7.80 - 8.56 | 15,902,075 | - | - | - | - | - | 15,902,075 |
| Bankers' acceptances | 28 | 4.16 - 4.61 | 92,374,416 | - | - | - | - | - | 92,374,416 |
| Revolving credits | 28 | 5.92 - 7.09 | 8,500,000 | - | - | - | - | - | 8,500,000 |
| Term loans | 28 | 7.88 | 1,379,223 | 658,416 | 397,579 | 429,722 | 286,433 | 631,969 | 3,783,342 |
| **At 31 January 2007** | | | | | | | | | |
| **Fixed rate** | | | | | | | | | |
| Hire purchase payables | 29 | 3.94 - 4.20 | 2,504,228 | 1,734,384 | 758,721 | - | - | - | 4,997,333 |
| **Floating rate** | | | | | | | | | |
| Deposits with licensed banks | 23 | 3.0 - 3.7 | 389,384 | - | - | - | - | - | 389,384 |
| Bank overdrafts | 28 | 7.80 - 8.60 | 15,344,917 | - | - | - | - | - | 15,344,917 |
| Bankers' acceptances | 28 | 4.21 - 4.61 | 61,450,176 | - | - | - | - | - | 61,450,176 |
| Revolving credits | 28 | 5.92 | 7,500,000 | - | - | - | - | - | 7,500,000 |
| Term loans | 28 | 7.88 | 2,714,345 | 1,240,109 | 516,991 | 247,856 | 268,587 | 292,837 | 5,280,725 |

Interest on financial instruments subject to floating interest rates are repriced annually. Interest on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of the Group that are not included in the above tables are not subject to interest rate risks.

(c) **Foreign Currency Risk**

The Group is mainly exposed to foreign exchange risk in respect of Singapore Dollars (SGD) and United States Dollars (USD). As at 31 January 2008, the net unhedged financial asset of the Group that is not denominated in Ringgit Malaysia is as follows:

| Group | 2008 RM | 2007 RM |
|---|---|---|
| Cash at bank (SGD) | 42,884 | 167,284 |
| Trade and other receivables (USD) | 327,442 | 67,309 |
| Trade receivables (SGD) | 11,380 | - |

(d) **Liquidity Risk**

The Group actively manages its debts maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(e) **Credit Risk**

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, marketable securities and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

(f) **Fair Values**

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

| | Group | | Company | |
|---|---|---|---|---|
| | Carrying Amount RM | Fair Value RM | Carrying Amount RM | Fair Value RM |
| **2008** | | | | |
| Other investment | 100,000 | * | - | - |
| Marketable securities | 69,000 | 63,500 | - | - |
| Hire purchase payables | 4,702,716 | 4,632,730 | - | - |
| **2007** | | | | |
| Investment in associates | 1 | * | 1 | * |
| Other investment | 100,000 | * | - | - |
| Marketable securities | 69,000 | 69,940 | - | - |
| Hire purchase payables | 4,997,333 | 5,039,404 | - | - |

* *It is not practicable to estimate the fair value of the Group's non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.*

(i) Marketable securities

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(ii) Hire purchase payables

The fair value of hire purchase payables is estimated by discounting the expected future cash flow using the current interest rates for liabilities with similar risk profiles.

It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

39. **SEGMENT INFORMATION**

(a) **Reporting format**

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(b) **Business segments**:

The Group comprises the following main business segments:

(i) Transport
(ii) Trading

Other business segments include rental, insurance and investment income.

(c) **Geographical segments**

Segment information by geographical location has not been prepared as the Group's operations are predominantly located in Malaysia.

(d) **Allocation basis and transfer pricing**

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

Transfer prices 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 transfers between business segments. These transfers are eliminated on consolidation.

| 2008 | Transport RM | Trading RM | Other operations RM | Elimination RM | Consolidated RM |
|---|---|---|---|---|---|
| **REVENUE AND EXPENSES** | | | | | |
| Revenue | | | | | |
| External sales | 91,484,768 | 406,132,409 | 34,884,560 | (49,246,763) | 483,254,974 |
| Result | | | | | |
| Segment results | 8,381,278 | 11,466,898 | 2,977,775 | - | 22,825,951 |
| Finance costs | | | | | (4,255,220) |
| Taxation | | | | | (4,905,589) |
| Profit for the year | | | | | 13,665,142 |
| **ASSETS AND LIABILITIES** | | | | | |
| Segment assets | 75,853,748 | 141,819,400 | 19,288,109 | - | 236,961,257 |
| Unallocated assets | | | | | 287,415 |
| | | | | | 237,248,672 |
| Segment liabilities | 30,915,635 | 111,459,575 | 1,777,998 | - | 144,153,208 |
| Unallocated liabilities | | | | | 4,204,701 |
| | | | | | 148,357,909 |
| **OTHER INFORMATION** | | | | | |
| Capital expenditure | 10,372,404 | - | 59,097 | - | 10,431,501 |
| Amortisation and depreciation | 5,942,251 | - | - | - | 5,942,251 |
| Non-cash expenses/(gain) other than depreciation and amortisation | 249,043 | 819,417 | (39,999) | - | 1,028,461 |

39. **SEGMENT INFORMATION** cont'd

| 2007 (Restated) | Transport RM | Trading RM | Other operations RM | Elimination RM | Consolidated RM |
|---|---|---|---|---|---|
| **REVENUE AND EXPENSES** | | | | | |
| Revenue | | | | | |
| External sales | 80,853,167 | 346,950,000 | 5,080,156 | (13,931,942) | 418,951,381 |
| Result | | | | | |
| Segment results | 7,506,187 | 15,082,318 | (157,274) | - | 22,431,231 |
| Finance costs, net | | | | | (7,281,857) |
| Taxation | | | | | (4,145,829) |
| Profit for the year | | | | | 11,003,545 |
| **ASSETS AND LIABILITIES** | | | | | |
| Segment assets | 74,034,562 | 96,488,748 | 24,760,372 | - | 195,283,682 |
| Unallocated assets | | | | | 259,923 |
| | | | | | 195,543,605 |
| Segment liabilities | 22,004,209 | 93,733,108 | 2,613,917 | - | 118,351,234 |
| Unallocated liabilities | | | | | 3,142,909 |
| | | | | | 121,494,143 |
| **OTHER INFORMATION** | | | | | |
| Capital expenditure | 8,752,708 | - | 2,379,075 | - | 11,131,783 |
| Amortisation and depreciation | 6,272,573 | - | 55,827 | - | 6,328,400 |
| Non-cash expenses other than depreciation and amortisation | 621,114 | 286,437 | 359,075 | - | 1,266,626 |

40. **COMPARATIVES**

Certain comparatives have been reclassified to conform with current year's presentation.

# analysis of shareholdings

as at 18 June 2008

| | |
|---|---|
| Authorised Share Capital | : RM100,000,000 ordinary shares of RM1.00 each |
| Issued and Fully Paid-up Capital | : RM68,497,500 ordinary shares of RM1.00 each |
| Voting Rights | : One vote per share |

**ANALYSIS OF SHAREHOLDINGS** (According to the record of Depositors as at 18 June 2008)

| Range | No. of Holders | % of Holders | No. of Shares | % of Shares |
|---|---|---|---|---|
| Less than 100 | 97 | 4.61 | 2,990 | 0.00 |
| 100 to 1,000 | 56 | 2.66 | 32,726 | 0.05 |
| 1,001 to 10,000 | 1,494 | 70.97 | 6,291,254 | 9.18 |
| 10,001 to 100,000 | 406 | 19.29 | 10,198,722 | 14.89 |
| 100,001 to 3,424,874 (*) | 47 | 2.23 | 24,133,658 | 35.23 |
| 3,424,875 and above (**) | 5 | 0.24 | 27,838,150 | 40.64 |
| | 2,105 | 100.00 | 68,497,500 | 100.00 |

*Remark: * - Less than 5% of issued shares*
*** - 5% and above of issued shares*

**SUBSTANTIAL SHAREHOLDERS** (According to the Company's Register of Substantial Shareholders as at 18 June 2007)

| Name | No. of Shares | % |
|---|---|---|
| 1 Lim Han Weng | 25,978,835 | 37.93 |
| 2 Bah Kim Lian | 11,367,411 | 16.60 |
| 3 Lim Han Joeh | 4,131,039 | 6.03 |

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

**DIRECTORS SHAREHOLDINGS** (As per Register of Director's Shareholdings as at 18 June 2008)

| | Direct Interest | | Indirect Interest | |
|---|---|---|---|---|
| Name | No. of Shares | % | No. of Shares | % |
| Lim Han Weng | 25,978,835 | 37.96 | 979,950 | 1.43 |
| Bah Kim Lian | 11,367,411 | 16.60 | - | - |
| Lim Han Joeh | 4,131,039 | 6.03 | - | - |
| Bah Koon Chye | 176,400 | 0.26 | - | - |
| Adi Azmari bin Koya Moideen Kutty | 68,700 | 0.10 | - | - |
| Tan Sri Dato' Jaffar bin Abdul | 26,400 | 0.04 | - | - |
| Kam Chai Hong | 26,400 | 0.04 | - | - |

# analysis of shareholdings cont'd

as at 18 June 2008

**30 LARGEST SHAREHOLDERS** (According to the Record of Depositors as at 18 June 2008)

| Name | | No. of Shares | % |
|---|---|---|---|
| 1 | HDM Nominees (Tempatan) Sdn Bhd *Eon Finance Berhad for Lim Han Weng* | 6,307,500 | 9.21 |
| 2 | HDM Nominees (Tempatan) Sdn Bhd *Eon Finance Berhad for Bah Kim Lian* | 6,287,550 | 9.18 |
| 3 | Ambank (M) Berhad *Pledged securities account for Lim Han Weng* | 5,700,000 | 8.32 |
| 4 | ABB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Lim Han Weng* | 4,816,381 | 7.03 |
| 5 | MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd *Pledged securities account for Lim Han Weng* | 4,726,719 | 6.90 |
| 6 | Lim Han Weng | 2,671,345 | 3.90 |
| 7 | Bah Kim Lian | 2,541,000 | 3.71 |
| 8 | Mayban Nominees (Tempatan) Sdn Bhd *Pledged securities account for Lim Han Joeh* | 2,266,657 | 3.31 |
| 9 | Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Tan Choon Hoe* | 1,488,124 | 2.17 |
| 10 | Bah Kim Lian | 1,273,281 | 1.86 |
| 11 | Wong Ah Kum | 1,054,300 | 1.54 |
| 12 | EB Nominees (Tempatan) Sendirian Berhad *Pledged securities account for Lim Han Joeh* | 898,981 | 1.31 |
| 13 | Liannex Corporation (S) Pte. Ltd. | 877,950 | 1.28 |
| 14 | Citigroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Bah Kim Lian* | 768,450 | 1.12 |
| 15 | Citigroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Lim Han Weng* | 768,450 | 1.12 |
| 16 | Citigroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Wai Mun Tuck* | 702,900 | 1.03 |
| 17 | Public Nominees (Tempatan) Sdn Bhd *Pledged securities account for Yeo Guik Hiang* | 690,000 | 1.01 |
| 18 | TA Nominees (Tempatan) Sdn Bhd *Pledged securities account for Lim Han Weng* | 618,840 | 0.90 |
| 19 | Mayban Nominees (Tempatan) Sdn Bhd *Pledged securities account for Wong Chon Shuan* | 610,200 | 0.89 |
| 20 | Citigroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Chai Shwu Huey* | 515,000 | 0.75 |
| 21 | Lim Han Joeh | 459,000 | 0.67 |
| 22 | Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Wong Chon Shuan* | 451,800 | 0.66 |
| 23 | Bah Kim Lian | 421,230 | 0.61 |
| 24 | Tan Choon Hoe | 373,500 | 0.55 |
| 25 | Amsec Nominees (Tempatan) Sdn Bhd *Amequities Sdn Bhd for Lim Han Weng* | 343,200 | 0.50 |
| 26 | Cheang Swee Kam | 342,150 | 0.50 |
| 27 | Mayban Securities Nominees (Tempatan) Sdn Bhd *Pledged securities account for Lim Han Joeh* | 297,000 | 0.43 |
| 28 | Chow Yook Hey @ Chow Yoke Pui | 246,000 | 0.36 |
| 29 | Tan Soh Muan | 214,500 | 0.31 |
| 30 | Chan Yow Kam | 181,000 | 0.26 |
| | | 48,913,008 | 71.39 |

# list of properties

Details of all the landed properties owned by the Group and the Company as at 31 January 2008 are set out as follows:-

| Location | Description of Existing Use | Tenure (Expiry Date/ Year) | Age of Building (Years) | Land Area (sq.m)/ Gloss Built up Area (sq m) | Fair Value/ Net Book Value (RM'000) | Last Date of Revaluation (R)/ Acquisition (A) |
|---|---|---|---|---|---|---|
| **PROPERTIES** | | | | | | |
| PLO 248 Mukim of Tebrau Kawasan Perindustrian Tebrau IV Johor Bahru | Office building and warehouse | Leasehold land expiring 31.1.2060 | 6 | 23,310/ 5,440 | 10,347 | A: 24.11.1997 |
| Plot 124, H.S. (D) 1915 P.T. 324, Mukim 13 Seberang Perai Tengah | Vacant land | Leasehold land expiring 25.1.2059 | - | 10,122/- | 1,050 | A: 16.5.1997 |
| Lot 212 Kawasan Perindustrian Bukit Kayu Hitam Fasa 11 Kedah Darul Aman | Vacant land | Leasehold land expiring 28.4.2063 | - | 23,512/- | 1,247 | A: 28.4.2003 |
| PLO 729 Jalan Keluli Pasir Gudang Industrial Estate 81700 Pasir Gudang, Johor | Yard and office building | Leasehold land expiring 17.2.2068 | - | 6,070/ 329 | 1,300 | A: 24.5.2006 |
| PLO 734 Jalan Keluli Pasir Gudang Industrial Estate 81700 Pasir Gudang, Johor | Land | Leasehold land expiring 17.2.2068 | - | 6,669 | 912 | A: 3.4.2007 |
| Lot P.T3968 H.S(D) 5638 Mukim 1 Daerah Seberang Perai Tengah Pulau Pinang | Yard and Building | Leasehold land expiring 6.3.2058 | - | 10,630/ 566 | 3,608 | A: 26.1.2007 |
| **INVESTMENT PROPERTIES** | | | | | | |
| PTD 64022 Jalan Angkasamas Satu Mukim of Tebrau Johor Bahru | Office building and warehouse | Leasehold land expiring 14.3.2053 | 13 | 11,048/ 4752 | 5,000 | R: 31.1.2008 |
| PTD 17897 Taman Pelangi Johor Bahru | 3 storey shophouse | Freehold | 22 | 178/535 | 950 | R: 31.1.2008 |
| MLO 2754 Mukim of Plentong Johor Bahru | Vacant land | Freehold | - | 4,097/- | 400 | R: 31.1.2008 |
| PTD 34990 Taman Putri Wangsa Johor Bahru | Double storey shop office | Freehold | 10 | 276/143 | 280 | R: 31.1.2008 |
| PTD 34991 Taman Putri Wangsa Johor Bahru | Double storey shop office | Freehold | 10 | 378/195 | 380 | R: 31.1.2008 |
| PTD 66206 Taman Putri Wangsa Johor Bahru | Double storey terrace house | Freehold | 10 | 184/133 | 180 | R: 31.1.2008 |
| G-3-1 Taman Pelangi Apartment H.S. (D) No. 30874 P.T. No. 6110 Mukim Bukit Katil Daerah Melaka Tengah, Melaka | Apartment | Freehold | 8 | 142 | 90 | R: 31.1.2008 |
| H-3-1 Taman Pelangi Apartment H.S. (D) No. 30874 P.T. No. 6110 Mukim Bukit Katil Daerah Melaka Tengah, Melaka | Apartment | Freehold | 8 | 142 | 100 | R: 31.1.2008 |

# list of properties cont'd

| Location | Description of Existing Use | Tenure (Expiry Date/ Year) | Age of Building (Years) | Land Area (sq.m)/ Gloss Built up Area (sq m) | Fair Value/ Net Book Value (RM'000) | Last Date of Revaluation (r)/ Acquisition (a) |
|---|---|---|---|---|---|---|
| P.T. 9065<br>HSD 80165<br>Mukim Sungai Buloh<br>Daerah Petaling<br>Negeri Selangor | 4-storey shoplot | Freehold | 22 | 1,650/-<br>153/612 | 1,200 | R: 31.1.2008 |
| P.T. 9066<br>H.S. (D) 80166<br>Mukim Sungai Buloh<br>Daerah Petaling<br>Negeri Selangor | 4-storey shoplot | Freehold | 22 | 1,650/-<br>153/612 | 1,200 | R: 31.1.2008 |
| P.T. 9067<br>H.S. (D) 1014<br>Mukim Sungai Buloh<br>Daerah Petaling<br>Negeri Selangor | 4-storey shoplot | Freehold | 22 | 1,650/-<br>153/612 | 1,200 | R: 31.1.2008 |
| PTD No. 37796<br>H.S. (D) 127433<br>Mukim of Pulai<br>District of Johor Bahru<br>Johor Darul Ta'zim | 12 storey light industrial building | Freehold | 8 | 326/326 | 330 | R: 31.1.2008 |
| Parcel No 03-25<br>Melur Mewangi<br>H.S. (D) 3503<br>P.T. No 1929 (Block 6)<br>Mukim of Ijuk<br>Kuala Selangor<br>Selangor | Apartment | Freehold | 3 | 71 | 65 | R: 31.1.2008 |
| Unit No. 145 Level 5 Block M1-B<br>Lot No. 144 Section 44<br>City of Kuala Lumpur<br>Wilayah Persekutuan Kuala Lumpur | Office Unit | Freehold | 1 | 432 | 1,660 | R: 31.1.2008 |
| Lot No. D99 (Room 1641/1642<br>Villa Mayfair, Summerset Colonial<br>Hotel and Villa) Summerset of Rompin<br>26800 Kuala Rompin<br>Pahang Darul Makmul | Vacation Resort Villa | Leasehold Building expiring 15.1.2094 | 13 | 608/135 | 380 | R: 31.1.2008 |
| **ASSET HELD FOR SALE** | | | | | | |
| Lot No 130<br>Hicom Glenmarie Industrial Park<br>(Phase 3) Subang<br>Selangor Darul Ehsan | Office building and warehouse | Freehold | 10 | 4,251/<br>2199 | 5,200 | R: 31.1.2008 |
| P.T. No. 31733<br>H.S. (D) 119798<br>Pekan Baru Sungai Buloh<br>Damansara Indah Resort Homes<br>Petaling Jaya | Double storey link house | Leasehold land expiring 28.8.2097 | 10 | 178/223 | 450 | R: 31.1.2008 |

# Proxy Form

Yinson Holdings Berhad
Company No. 259147-A (Incorporated In Malaysia)

I/We (Full Name in Block Letters)

NRIC No./ Passport No./ Company No.

of

being a member/members of YINSON HOLDINGS BERHAD, hereby appoint

of

or failing him

of

NRIC No./ Passport No.

as my/our proxy to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held at Level 6, Orchid Room, The Zon Regency Hotel By The Sea, 88, Jalan Ibrahim Sultan, Stulang Laut, 80720 Johor Bahru, Johor Darul Takzim on Monday, 28th July, 2008 at 12.00 noon and at any adjournment thereof.

Please indicate with an "X" in the space below how you wish your votes to be cast.
In the absence of specific directions, your proxy will vote or abstain as he thinks fit.

| RESOLUTIONS | FOR | AGAINST |
|---|---|---|
| 1. Adoption of Reports & Financial Statements | | |
| 2. Declaration of Final Dividend | | |
| 3. Payment of Directors' Fees | | |
| 4. Re-election of Directors:- YBhg Tan Sri Dato' Jaffar bin Abdul | | |
| 5. Mr Lim Han Joeh | | |
| 6. Dato' Adi Azmari bin B.K. Koya Moideen Kutty | | |
| 7. To re-appoint Messrs Ernst & Young as Auditors | | |
| 8. To approve allotment of shares (under Section 132D) | | |
| 9. To allot and issue shares in accordance with ESOS | | |
| 10. To approve the renewal of Shareholders' Mandate for recurrent transactions | | |

No. of Shares Held:

Signed this day of 2008

Signature/ Common Seal of Shareholder

**NOTES**:

*i) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.*

*ii) The instrument appointing a proxy, in the case of an individual shall be signed by the appointer or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.*

*iii) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 25, Jalan Firma 2, Kawasan Perindustrian Tebrau IV, 81100 Johor Bahru, Johor not less than 48 hours before the time for holding the meeting or any adjournment thereof.*