



## YINSON HOLDINGS BERHAD

Company No: 259147-A (Incorporated in Malaysia)

### STRENGTHENING POTENTIAL

○ OSLO

○ VIETNAM

○ NIGERIA

○ MALAYSIA

○ PORT HARCOURT

○ SINGAPORE

○ PORT GENTIL

○ GABON

KNOCK ALLAN

2014 Annual Report



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# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-First Annual General Meeting of the Company will be held at Level 6, Orchid Room, Berjaya Waterfront Hotel Johor Bahru (formerly known as The Zon Regency Hotel By The Sea), 88, Jalan Ibrahim Sultan, Stulang Laut, 80720 Johor Bahru, Johor Darul Takzim on Thursday, 31 July 2014 at 12.00 noon for the following purposes :-

## AGENDA

### AS ORDINARY BUSINESS

- |  |                                      |
|--|--------------------------------------|
| 1. To lay the Audited Financial Statements for the financial year ended 31 January 2014 together with the Directors' and Auditors' Reports thereon.  | <b>Please refer to<br/>NOTE A</b>    |
| 2. To declare a Final Single-tier dividend of 1.25 sen per share for the financial year ended 31 January 2014.   | <b>Resolution 1</b>                  |
| 3. To approve the payment of Directors' Fees of RM350,000.00 for the financial year ended 31 January 2014.   | <b>Resolution 2</b>                  |
| 4. To re-elect the following Directors who retire in accordance with Article 107 of the Company's Articles of Association :-<br><br>(i) TUAN HAJI HASSAN BIN IBRAHIM [Independent Non-Executive Director]<br>(ii) MR LIM CHERN YUAN [Executive Director] | <b>Resolution 3<br/>Resolution 4</b> |
| 5. 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.  | <b>Resolution 5</b>                  |

### AS SPECIAL BUSINESS

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

### ORDINARY RESOLUTIONS

- |   |                     |
|---|---------------------|
| 6. <b>Proposed Authority to Directors to issue new shares under Section 132D of the Companies Act, 1965</b><br><br>"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." | <b>Resolution 6</b> |
|---|---------------------|



## ORDINARY RESOLUTIONS

### 7. 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 9 July 2014, 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

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."

### 8. Continuing in Office as Independent Non-Executive Directors

- (i) DATO' ADI AZMARI BIN B.K. KOYA MOIDEEN KUTTY

"THAT authority be and is hereby given to DATO' ADI AZMARI BIN B.K. KOYA MOIDEEN KUTTY who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."

- (ii) MR KAM CHAI HONG

"THAT authority be and is hereby given to MR KAM CHAI HONG who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."

- (iii) TUAN HAJI HASSAN BIN IBRAHIM

"THAT subject to the passing of Resolution 3, authority be and is hereby given to TUAN HAJI HASSAN BIN IBRAHIM who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."

**Resolution 7**

**Resolution 8**

**Resolution 9**

**Resolution 10**





## Notice Of Annual General Meeting (cont'd)

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

### NOTICE OF DIVIDEND ENTITLEMENT

**NOTICE IS ALSO HEREBY GIVEN THAT** subject to the approval of the shareholders at the Twenty-First Annual General Meeting, a Final Single-tier Dividend of 1.25 sen per share in respect of the financial year ended 31 January 2014 will be paid on 12 September 2014 to Depositors registered in the Records of Depositors at the close of business on 15 August 2014.

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 15 August 2014 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)  
(MACS 01516)  
Company Secretary

Johor Bahru  
Date: 9 July 2014

### Notes :-

- (A) This Agenda item is meant for discussion only. The provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements and hence, this Agenda item is not put forward for voting.
- (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 may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
- (2) Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he/she specifies the proportions of his /her shareholdings to be represented by each proxy.
- (3) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (4) Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (5) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.
- (6) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority shall be deposited at the Company's Registered Office at 25, Jalan Firma 2, Kawasan Perindustrian Tebrau IV, 81100 Johor Bahru, Johor Darul Takzim not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
- (7) Depositors whose name appear in the Record of Depositors as at 25 July 2014 shall be regarded as Member of the Company entitled to attend the Annual General Meeting or appoint a proxy to attend and vote on his/her behalf.



## Explanatory Notes on Special Business

### Resolution 6

- (i) The proposed ordinary resolution under Item 6 above, if passed, will empower the Directors of the Company from the date of the above Annual General Meeting, authority to allot and issue securities 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.

The Company continues to consider opportunities to broaden its earnings potential. If any of the expansion proposals involves the issue of new shares, the Directors, under certain circumstances when the opportunity arises, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued capital

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purposes. The renewal authority for allotment of shares will provide flexibility to the Company for the allotment of shares for the purpose of funding future investment, working capital and / or acquisitions.

The General Mandate procured and approved in the preceding year 2013 which was not exercised by the Company during the year, will expire at the forthcoming Twenty-First AGM of the Company.

### Resolution 7

- (ii) Please refer to Circular to Shareholders dated 9 July 2014 in relation to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.

### Resolution 8

- (iii) The Nomination Committee has assessed the independence of Dato' Adi Azmari bin B. K. Koya Moideen Kutty who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications :-
- he fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Securities and thus, he would be able to function as a check and balance, bring an element of objectivity to the Board ;
  - he has been with the Company for more than 9 years and is familiar with the Group's business operations.

### Resolution 9

- (iv) The Nomination Committee has assessed the independence of Mr Kam Chai Hong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications :-
- he fulfilled the criteria of an Independent Director pursuant to the Main Market Listing Requirements of Bursa Securities and his vast experience in the accounting and finance industry would enable him to provide the Board with a diverse set of experience, expertise and independent judgement to better manage and run the Group ;
  - he has exercised due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

### Resolution 10

- (v) The Nomination Committee has assessed the independence of Tuan Haji Hassan bin Ibrahim who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications :-
- he fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Securities and his vast experience of more than 30 years in the legal background would enable him to provide the Board with a diverse set of experience, expertise and independent judgement to better manage and run the Group ;
  - he has devoted sufficient time and attention to the professional obligations for informed and balanced decision making.



# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

## 1. Directors standing for re-election.

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

- \* Tuan Haji Hassan Bin Ibrahim (64), Malaysian  
Independent Non-Executive Director  
- Interest in securities in the Company : Nil ;
- \* Lim Chern Yuan (30), Malaysian  
Executive Director  
- Interest in securities in the Company : 30,600 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 8 to 9 of this Annual Report.

## 2. Details of Attendance of Directors at Board of Directors' Meetings

There were 6 Board of Directors' Meetings held during the financial year ended 31 January 2014. The details of the attendance of the Directors are as follows :-

Name of Directors	Attendance
Dato' Adi Azmari bin B. K. Koya Moideen Kutty	6/6
Mr Lim Han Weng	6/6
Madam Bah Kim Lian	6/6
Mr Lim Han Joeh	6/6
Mr Kam Chai Hong	6/6
Mr Bah Koon Chye	6/6
Tuan Haji Hassan bin Ibrahim	6/6
Mr Lim Chern Yuan	6/6

## 3. Place, date and time of the Twenty-First Annual General Meeting

The Twenty-First Annual General Meeting is scheduled to be held on Thursday, 31 July 2014 at Level 6, Orchid Room, Berjaya Waterfront Hotel Johor Bahru (formerly known as The Zon Regency Hotel by The Sea), 88, Jalan Ibrahim Sultan, Stulang Laut, 80720 Johor Bahru, Johor Darul Takzim at 12 noon.



## BOARD OF DIRECTORS

1. **Mr. Lim Han Weng**  
Group Executive Chairman
2. **Mr. Lim Chern Yuan**  
Executive Director & Group Chief Executive Officer
3. **Mr. Lim Han Joeeh**  
Executive Director
4. **Madam Bah Kim Lian**  
Executive Director
5. **Dato ' IR. Adi Azmari bin B. K. Koya Moideen Kutty**  
Independent Non-Executive Director
6. **Mr. Bah Koon Chye**  
Executive Director
7. **Mr. Kam Chai Hong**  
Independent Non-Executive Director
8. **Tuan Haji Hassan bin Ibrahim**  
Independent Non-Executive Director

## AUDITORS

Ernst & Young  
Level 16-1  
Jaya99, Tower B  
99, Jalan Tun Sri Lanang  
75100 Melaka

## COMPANY SECRETARY

Tan Soo Leong (f) (MACS 01516)

## 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 AND FINANCIERS

AmBank (M) Berhad  
United Overseas Bank Limited  
HSBC Amanah Malaysia Berhad  
OCBC Bank (Malaysia) Berhad  
Malayan Banking Berhad  
Bangkok Bank Berhad  
Hong Leong Bank Berhad  
Bank of China (Malaysia) Berhad  
RHB Bank Berhad  
CIMB Bank Berhad  
Asian Finance Bank Berhad  
Public Bank Berhad  
Bank Muamalat Malaysia Berhad  
The Bank Of East Asia, Ltd  
Hap Seng Credit Sdn Bhd  
PLC Leasing & Factoring Sdn Bhd



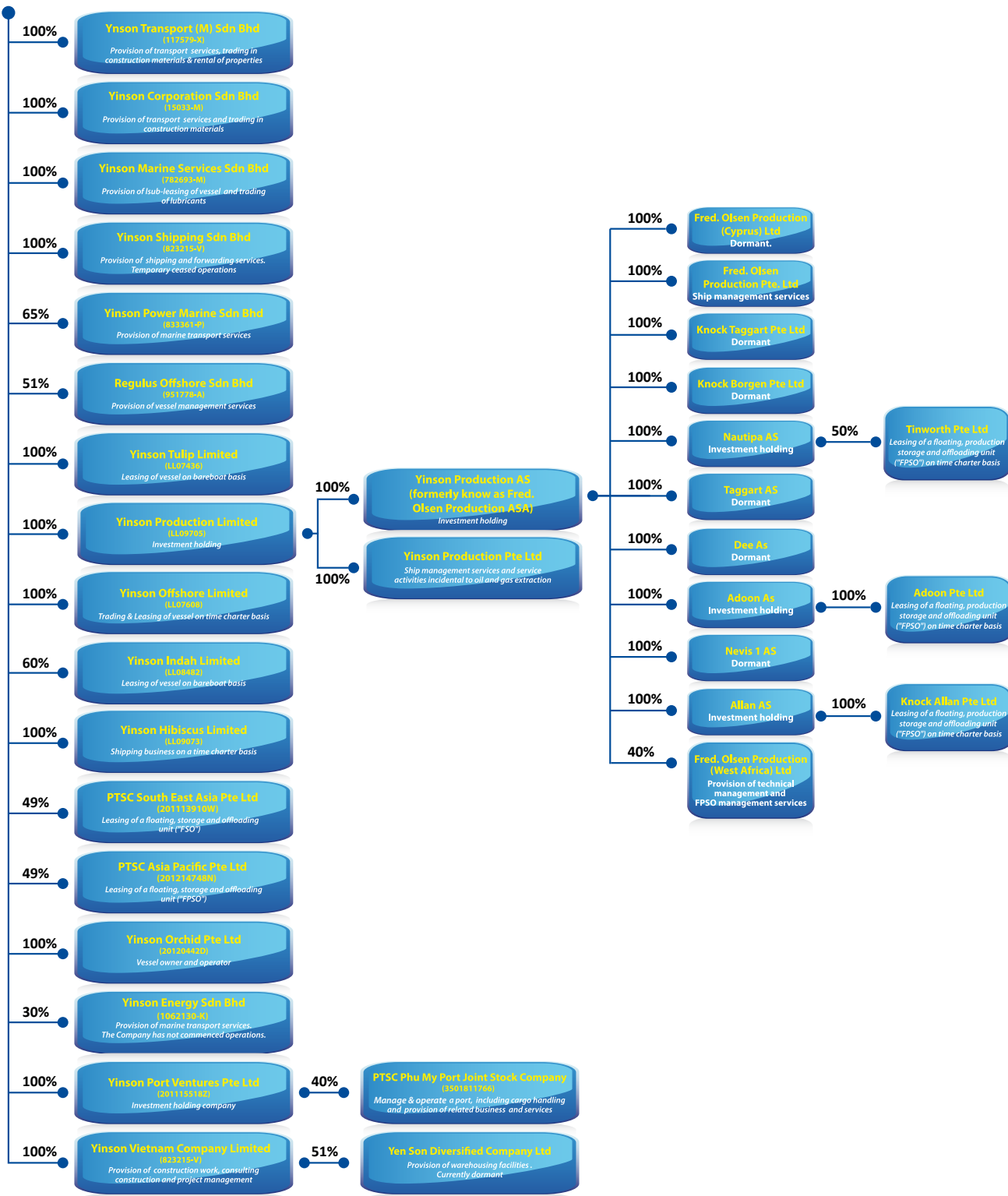


# GROUP STRUCTURE

The structure of the Yinson Group as at 31 January 2014 is set out below:



**Yinson Holdings Berhad**  
(259147-A)



# PROFILE OF BOARD OF DIRECTORS



**MR LIM HAN WENG**  
Group Executive Chairman

Mr Lim Han Weng, a Malaysian, aged 62, was appointed as the Managing Director of Yinson on 9 March 1993 and as the Chairman on 28 September 2009. 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, Madam Bah Kim Lian.

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.

**LIM CHERN YUAN**  
Executive Director and Group Chief Executive Officer



Mr. Lim Chern Yuan, a Malaysian, aged 30, was appointed as a Director of Yinson Holdings Berhad on 28 September 2009. He graduated with a Bachelor of Commerce from University of Melbourne, Australia in 2005. He started his career in March 2005 when he joined the subsidiary company, Yinson Transport (M) Sdn. Bhd. as Business Development Executive and was later transferred to another subsidiary, Yinson Haulage Sdn. Bhd. in January 2006 with the same position. In January 2007, Chern Yuan was promoted to Senior General Manager. He is also in charge of another three subsidiaries of the Company, namely, Yinson Shipping Sdn Bhd, Yinson Marine Services Sdn Bhd and Yinson Vietnam Co. Ltd. (since November 2008). He is also a director of Yinson Tulip Limited, Yinson Offshore Limited and Yinson Indah Limited. He is the son of Mr Lim Han Weng and Madam Bah Kim Lian.



**MR LIM HAN JOEH**  
Executive Director

Mr Lim Han Joeeh, a Malaysian, aged 55, 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.



## Profile Of Board Of Directors (cont'd)



**MADAM BAH KIM LIAN**  
Executive Director

Madam Bah Kim Lian, a Malaysian, aged 62, is the wife of Mr Lim Han Weng. She was appointed to the Board of Yinson on 9 March 1993. She assisted Mr Lim Han Weng 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' IR. ADI AZMARI BIN BK KOYA MOIDEEN KUTTY**  
Independent Non-Executive Director



Dato' Ir. Adi Azmari Bin B.K. Koya Moideen Kutty, Malaysian, aged 50, was appointed to the Board of Yinson on 30 Jan 1996. He graduated with B. Eng (Hons) Civil Engineering from Brighton Polytechnic, United Kingdom and M.Sc Information Technology in Business from University of Lincolnshire & Humberside, United Kingdom.

He is a Professional Engineer registered with Board of Engineers Malaysia (B.E.M) and a Member of Institute Engineer Malaysia (M.I.E.M). Currently he is the Managing Director of SPC Engineering Sdn Bhd, a class A PKK and CIDB G7. He has been actively involved in the Construction Industry since 1987 till to date in various government agencies and consulting firm.



**MR BAH KOON CHYE**  
Executive Director

Mr Bah Koon Chye, a Malaysian, aged 50, was appointed to the Board of Yinson on 30 January 1996. He obtained his Diploma in Management (MIM) in 1997, and is also a member of the Chartered Institute of Logistics & Transport (MCILT). 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 Madam Bah Kim Lian.



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

Mr Kam Chai Hong, a Malaysian, aged 65, 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 Chartered Accountant by Malaysian Institute of Accountants (MIA) and in 1985 admitted as a member of Malaysian Institute of Certified Public Accountants. He is also currently a fellow of CPA Australia. In 1972, Mr Kam worked as an audit assistant with M/s Yeah 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 Chartered Accountant under the name of Syarikat C.H. Kam. He has complied with the Continuing Professional Development (CPD) requirements of MIA.

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

Tuan Haji Hassan bin Ibrahim, a Malaysian, aged 64, was appointed as a Director of Yinson on 21 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



Dear Shareholders,

On behalf of the Board of Directors of Yinson Holdings Berhad ("Yinson" or "the Group"), it gives me great pleasure to present to you the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 January 2014. ("FY2014")

### A YEAR OF TRANSFORMATION AND GROWTH

It goes without saying that FY2014 was a truly eventful year for Yinson, as our corporate transformation as an oil and gas player continued steaming ahead when we completed the acquisition of our subsidiary Yinson Production AS ("YPAS") (formerly known as Fred. Olsen Production ASA) for a total consideration of RM554.9 million. The acquisition, which was completed in January 2014 placed Yinson on the world map as the 6th largest floating-production, storage and offloading ("FPSO") industry player on the global FPSO League Table. Today, Yinson's portfolio of fleet comprises of four (4) FPSOs, one (1) floating storage and off-loading ("FSO") and one (1) mobile offshore production unit ("MOPU") with wide geographical presence in West Africa, United States of America, Europe and South East Asia.

Following the naming ceremony of the FSO, PTSC Bien Dong 01 in April 2013 – the Group's first FSO vessel has since been fully deployed and servicing its appointed oil field in Vietnam waters attached with a contract value worth USD331 million. This bareboat charter contract will generate a handsome revenue for a firm period of ten (10) years with an option to extend for another ten (10) years.

Affirming the abovementioned business activities, I believe that the Group has established a sturdy foothold in the oil and gas industry and global presence. However, with that said the management stall on working towards its strategic plans in carving sustainable growth, ensuring that it is driving ahead of market and technological advancements in maintaining the Group's growth trajectory going forward.

### FINANCIAL PERFORMANCE

For the financial year ended 31 January 2014, the Group delivered a revenue of RM941.9 million representing an increase of 8.8% as compared to RM865.2 million reported for its previous financial year ended 31 January 2013. (FY2013)

Looking at the Group's profit after tax for FY2014, it delivered a staggering profit increase of 92.3% with RM69.8 million as compared to RM36.3 million for FY2013. The heavily expanded profit for the financial period is largely due to earning contributions from the commencement of our floating and offloading vessel





("FSO") –PTSC Bien Dong 01 during the first quarter of our financial year.

The Group's financial performance for FY2014 was enhanced due to the profit contribution from the Group's newly acquired subsidiary, YPAS.

Subsequently, the Board has announced a renounceable rights issue at RM2.20 per share to raise gross proceeds of up to RM600 million. We anticipate that the proposed rights issue will strengthen the Group's capital base and enable Yinson to further undertake sizable projects that may arise.



## CORPORATE DEVELOPMENTS

During the course of the financial year FY2014, there were several corporate developments that were exercised in line with our business growth activities.

On 10th June 2013, a 10% private placement was completed with 20,035,510 new shares listed raising RM56.5 million. A further 15% private placement was completed on 6th December 2013 with 38,892,460 new shares listed raising RM106.6 million – of which the entire 15% placement was taken up by Kencana Capital Sdn Bhd, and have since become one of the Group's major shareholders with 18.52%. The total funds raised from the two private placements were allotted towards the Group's funding requirement for key project activities as well as the Group's working capital.

The trust shown by all our shareholders has provided the Board and the Management further encouragement and motivation to strive harder and work towards greater success for the Group.

## CORPORATE GOVERNANCE

The Board and the Management of the Group are always committed to carrying out the best practices of corporate governance throughout the Group's activities and operations. We believe that this is a fundamental part of fulfilling the Group's responsibilities to protect our shareholders' interest and values and to enhance the business prosperity of the Group.

The Board believes in maintaining at all times high standards of transparency, accountability and integrity in its activities, business practices, operation effectiveness, efficiency and competitiveness. We are confident that this will ensure sustainable growth and long-term shareholder value.

To facilitate the Group's expanding operations new executive positions were appointed to ensure best practices and a structured management. Hence, as at 03 January 2014 the Board has appointed, Mr. Lim Chern Yuan as Group Chief Executive Officer, Mr. Tan Fang Fing as Group Chief Financial Officer, Mr. Daniel Bong as Group Chief Strategy Officer and Mr. Lim Hang Weng re-designated as the Group Executive Chairman.

These effective measures are further specified in the Corporate Governance Statement within this Annual Report.

## FUTURE PROSPECTS AND INDUSTRY OUTLOOK

As of the close of FY2014, the Group's floating storage solutions firm period order book stands at a strong USD1.16 billion that will last until year 2023. In addition to this firm period order book, there is a potential optional period order book worth USD1.2 billion that could run until year 2033. Based on the abovementioned order book, the management believes that the Group will be able to sustain a healthy financial growth moving forward. However, with that said the management will continue to pursue business opportunities in this area in which we are actively participating in project tenders locally and across waters such as Indonesia, West Africa and Vietnam.

Strong active prospects and global market demands for the oil and gas industry and FPSO market will continue to grow over the next five (5) years – at an expected average rate of ten (10) to twelve (12) new orders per annum. Thus we foresee that the FPSO market has strong growth potential in which Yinson can capitalise on.



## Chairman's Statement (cont'd)

*(Source: Maybank Industry Report)*

The management believes that Malaysia's oil and gas industry will remain to be robust for the near future with supported on-going activities driven by government initiatives and influx of major international oil and gas players to cater for the growing demand in the market.

Despite external economical whirlwinds hitting the Asian market, the Malaysian economy has remained resilient and expanded by 4.7% in 2013, which was largely driven by the continued growth in domestic demand. Domestic demand is expected to continue its growth momentum with the Malaysian economic expected to grow at a rate of 5% - 5.5% in 2014. On a global scale, the 2013 World Economic Outlook ("WEO") is expecting to improve in 2014 and 2015 at a growth rate of approximately 3.7% and rising to 3.9%, respectively. The improving activities are largely on the account of recovery in the advanced economies that have been affecting global economy in the recent years.

*(Source: BNM Annual Report 2013 and International Monetary Fund, WEO Update, January 2014)*

In view of the abovementioned external factors, partnered with internal efforts the Group anticipates that we will continue to deliver strong growth momentum going forward, barring any unforeseen circumstances. Furthermore, with our heightened presence and increased operation capacity we believe that we are now in a stronger position to capitalise on opportunities on a global scale.

### APPRECIATION

On behalf of the Board, I wish to express our sincere thanks and appreciate to the management and employees who through their hard work and dedication, the Group has navigated through a smooth transformation and global expansion. Your continued hard work and commitment are highly valued by the Board.

To our esteem Shareholders, the Board and I would like to thank you for your continued support, confidence and trust in the Group. We will continue to strive and work towards our best with continuous efforts of creating shareholder value in Yinson.

Last but not least, I would like to take this opportunity to express our heart-felt thanks to all our valued-customers, financiers, suppliers and business partners for their continued support, cooperation and relentless trust.

### MR LIM HAN WENG

Group Executive Chairman



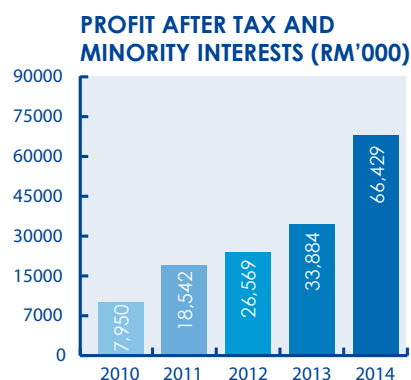
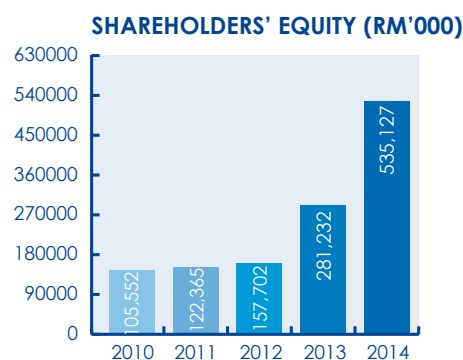
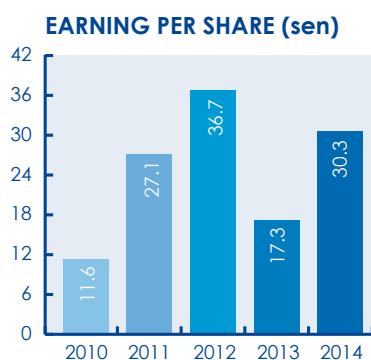
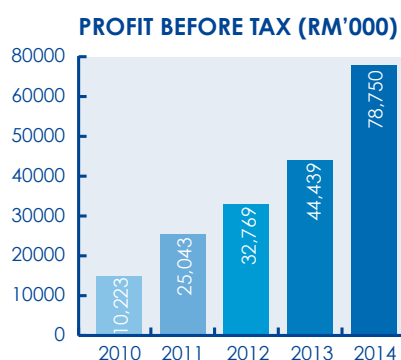
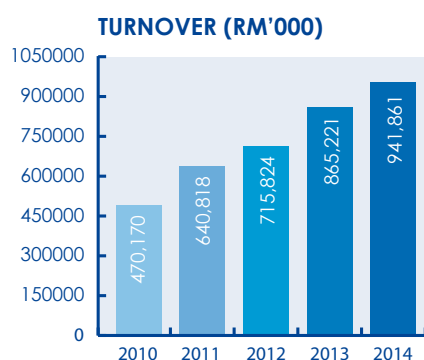
# GROUP FINANCIAL HIGHLIGHTS



Financial year ended 31 January	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Revenue	470,170	640,818	715,824	865,221	941,861
Profit before tax	10,223	25,043	32,769	44,439	78,750
Profit after tax and minority interests	7,950	18,542	26,569	33,884	66,429
Paid-up capital	68,498	68,498	75,347	200,355	258,200
Shareholders' equity #^	105,552	122,365	157,702	281,232	535,127
Net assets #^	105,829	122,380	157,378	283,788	541,046
Weighted number of ordinary shares in issue	68,498	68,498	72,409	196,225	219,525
Total assets	241,373	385,131	495,594	800,898	2,143,274
Total borrowings	98,134	189,956	251,942	448,541	1,290,133
Basic earnings per share (sen)	11.6	27.1	36.7	17.3	30.3
Dividends rate (%)	2.5	2.5	2.5	2.5	2.5
Net assets backing per share (RM) ^	1.55	1.79	2.09	1.42	2.10
Borrowings to equity (%)	93	156	160	158	238

^ - computed based on share capital as at year end

# - amount restated for year end 2011 & 2012





PTSC BIEN DONG



PTSC LAM SOON



KNOCK ADOON



FPSO PETROLEO NAUTIPA



KNOCK ALLAN





The Board of Yinson Holdings Bhd (the "Company") recognizes the importance of adopting high standards of corporate governance in the Company in order to safeguard stakeholders' interests as well as enhancing shareholders' value. As such, the Board strives to embed in the Group a culture that aims to balance conformance requirements with the need to deliver long-term strategic success through performance, without compromising on personal or corporate ethics and integrity.

This corporate governance statement ("Statement") sets out how the Company has applied the 8 Principles of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and observed the 26 Recommendations supporting the Principles during the financial year following the release of the MCCG 2012 by the Securities Commission in late March 2012. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observation, including the reasons thereof and, where appropriate, the alternative practice, if any, is mentioned in this Statement.

## PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Board recognizes the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- reviewing and adopting a strategic plan for the company, addressing the sustainability of the group's business;
- overseeing the conduct of the group's business and evaluating whether or not its businesses are being properly managed;
- identifying principal business risks faced by the group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- ensuring that all candidates appointed to senior management positions are of sufficient calibre, including having in place a process to provide for the orderly succession of senior management personnel and members of the board;
- overseeing the development and implementation of a shareholder communications policy; and
- reviewing the adequacy and integrity of the group's internal control and management information systems.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

### (i) Board Manual

To enhance accountability, the Board has established clear functions reserved for the Board and those delegated to Management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. Key matters reserved for the Board include, inter-alia, the approval of annual budgets, quarterly and annual financial statements for announcement, major investments, borrowings and expenditure as well as monitoring of the Group's financial and operating performance. Such delineation of roles is clearly set out in the Board Manual ("Manual"), which serves as a reference point for Board activities. The Manual provides guidance for Directors and Management regarding the responsibilities of the Board, its Committees and Management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities. As the Manual had yet to be made publicly available, the Board will take the relevant measures to upload the Manual on the Company's website at [www.yinson.com.my](http://www.yinson.com.my) in line with Recommendation 1.7 of the MCCG 2012.

### (ii) Code of Ethics

At the date of this Statement, the Board has formalized a Directors' Code of Ethics, setting out the standards of conduct expected from Directors. To inculcate good ethical conduct, the Group has established a Code of Conduct for employees, encapsulated in Yinson's Employees Manual, which has been communicated to all levels of employees in the Group.

The Board has also formalized a Whistle-blowing Policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices. The Board recognizes the importance of adhering to the Code of Ethics and has taken measures to put in place a process to ensure its compliance.





## Corporate Governance Statement (cont'd)

### PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (cont'd)

#### (iii) Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact of the Group's business on the environmental, social and governance ("ESG") aspects is taken into consideration. Whilst the Group embraces sustainability in its operations and supply chain, the Board will formalize a Sustainability Policy, addressing the ESG aspects to be incorporated in the Group's strategy.

The Group's activities on corporate social responsibilities for the financial year under review are disclosed on page 26 of this Annual Report.

#### (iv) Access to Information and Advice

Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters for decisions to be made on an informed basis and effective discharge of the Board's responsibilities.

Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors at least seven (7) days prior to the Board and Board Committee meetings, to facilitate decision making by the Board and to deal with matters arising from such meetings. Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in accordance with established procedures set out in the Board Manual in furtherance of their duties.

Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretary who is qualified, experienced and competent on statutory and regulatory requirements, and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities.

### PRINCIPLE 2 - STRENGTHEN COMPOSITION OF THE BOARD

During the financial year under review, the Board consisted of eight (8) members, comprising five (5) Executive Directors and three (3) Independent Non-Executive Directors. This composition fulfills the requirements as set out under the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa"), which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent. The profile of each Director is set out on pages 9 to 11 of this Annual Report. The Directors, with their diverse backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as engineering; entrepreneurship; finance; taxation; accounting and audit and legal and economics.

#### (i) Nomination Committee – Selection and Assessment of Directors

The Board conducts an assessment on the performance of the Board, as a whole, the Audit, Nomination and Remuneration Committees and individual Directors, based on a self and peer assessment approach. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board considers and approves recommendations by the Nomination Committee on the re-election and re-appointment of Directors at the Company's forthcoming Annual General Meeting.

The Nomination Committee was established on 25 September 2001, as the Board recognizes the importance of the role the Committee plays not only in the selection and assessment of Directors but also in other aspects of corporate governance which the Committee can assist the Board to discharge its fiduciary and leadership functions. The Nomination Committee comprises the following members:

- Dato' Ir. Adi Azmari bin B.K. Koya Moideen Kutty (Chairman of Committee and Independent Non-Executive Director);
- Mr. Kam Chai Hong (Independent Non-Executive Director); and
- Tuan Haji Hassan bin Ibrahim (Independent Non-Executive Director).



## PRINCIPLE 2 - STRENGTHEN COMPOSITION OF THE BOARD (cont'd)

### (i) Nomination Committee – Selection and Assessment of Directors (cont'd)

The Board has stipulated specific terms of reference for the Nomination Committee, which cover, inter-alia, assessing and recommending to the Board the candidature of Directors, appointment of Directors to Board Committees and training programmes for the Board. The terms of reference require the Nomination Committee to review annually the required mix of skills and experience of Directors; succession planning; training courses for Directors and other qualities of the Board, including core-competencies which the Independent Non-Executive Directors should bring to the Board. The Committee is also entrusted to assess annually the effectiveness of the Board as a whole, the Board Committees and contribution of each individual Director. Insofar as board diversity is concerned, the Board does not intend to develop any specific policy on targets for women Director. The Board believes that the on-boarding process of Directors should not be based on any gender discrimination. As such, the evaluation of suitable candidates is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company, including, where appropriate, the ability of the candidates to act as Independent Non-Executive Directors, as the case may be.

### (ii) Directors' Remuneration

A Remuneration Committee was established by the Board on 25 September 2001 to assist the Board in the adoption of fair remuneration practices to attract, retain and motivate Directors. Business strategies, long-term objectives, responsibilities of Directors, expertise required in the discharge of the duties and the complexity of the Group's business are aligned to the remuneration of Directors.

In essence, the key principles and procedures in remunerating executive employees below Board level are also applicable to the Executive Directors. The remuneration policy of the Group seeks to attract and retain as well as to motivate employees of all levels to contribute positively to the Group's performance.

The guidelines on bonuses in respect of the financial year ended 31 January 2014 and annual increment for 2015 in respect of executive employees of the Group were recommended for the Board's approval. The quantum of the annual performance bonus is dependent on the operating results of the Group, taking into account the prevailing business conditions. The same guidelines are also applied to the Group Managing Director in instances where there are no provisions of the same in his service contract with the Company.

The remuneration of Non-Executive Directors is determined by the Board, as a whole, within an aggregate Directors' fee limit of not exceeding RM100,000 per annum, which has been approved by shareholders of the Company. The Non-Executive Directors do not participate in discussion of their remuneration.

Directors' remuneration during the financial year ended 31 January 2014 in aggregate, with categorization into appropriate components, distinguishing between Executive and Non-Executive Directors, is as follows:

	Fees RM'000	Salaries and allowances RM'000	Bonuses RM'000	Total RM'000
Executive Directors	160	2,448	530	3,138
Non-Executive Directors	210	25	-	235

The number of Directors of the Company, whose remuneration band falls within the following successive bands of RM50, 000, is as follows:



## Corporate Governance Statement (cont'd)

### PRINCIPLE 2 - STRENGTHEN COMPOSITION OF THE BOARD (cont'd)

Range of remuneration	Executive	Non-Executive
RM50,001 to RM100,000	-	3
RM200,001 to RM250,000	1	-
RM250,001 to RM300,000	1	-
RM400,001 to RM450,000	1	-
RM1,050,001 to RM1,100,000	1	-
RM1,100,001 to RM1,150,001	1	-

### PRINCIPLE 3 – REINFORCE INDEPENDENCE OF THE BOARD

The positions of Chairman and Chief Executive Officer of the Company are held by the different person. The Board is of the view that the composition of Independent Non-Executive Directors, which fulfils the Listing Requirements of Bursa, coupled with the use of Board Manual that formally sets out the schedule of matters reserved solely to the Board for decision making, provides for the relevant checks and balance. In addition, the Chairman has a significant financial interest in the Company and, accordingly, the Board is of the view that he is well placed to act on behalf of shareholders and in their best interest.

The Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. As the Group Chief Executive Officer, supported by fellow Executive Directors and an Executive Management team, he implements the Group's strategies, policies and decision adopted by the Board and oversees the operations and business development of the Group.

The Independent Non-Executive Directors bring to bear objective and independent views, advice and judgment on the interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the communities in which the Group conducts its business. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

During the financial year under review, the Board assessed the independence of its Independent Non-Executive Directors based on criteria set out in the Listing Requirements of Bursa. The Board Manual does not provide a limit of a cumulative term of nine (9) years on the tenure of an Independent Director. The Board has appointed external consultants to assist the Board, in the review and update of the Board Manual against the promulgations of the MCCG 2012 on the independence of Independent Directors.

Recommendation 3.2 stipulates that an Independent Director may continue to serve on the Board upon reaching the 9-year limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at a general meeting, normally the Annual General Meeting of the Company. In justifying the decision, the Board is required to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria of independence as adopted by the Board.

Following an assessment by the Board, Dato' Adi Azmari Bin B.K. Koya Moideen Kutty, Mr. Kam Chai Hong and Tuan Haji Hassan bin Ibrahim, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years each as at the end of the financial year under review, have been recommended by the Board to continue to act as Independent Non-Executive Directors, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company. The key justifications for their recommended continuance as Independent Non-Executive Directors are as follows:

- they fulfil the criteria under the definition of Independent Director as stated in the Listing Requirements of Bursa and, therefore, are able to bring independent and objective judgment to the Board;
- their experience in the relevant industries enable them to provide the Board and Board Committees, as the case may be, with pertinent expertise, skills and competence; and
- they have been with the Company long and therefore understand the Company's business operations which enable them to contribute actively and effectively during deliberations or discussions at Board and Committee meetings.



## PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS

The Board ordinarily meets at least five (5) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committees papers, which are prepared by Management, provide the relevant facts and analysis for the convenience of Directors. The meeting agenda, the relevant reports and Board papers are furnished to Directors and Board Committees members at least seven (7) days before the meeting to allow the Directors sufficient time to study for effective discussion and decision making at the meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings. During the financial year under review, the number of Board of Directors' meeting attended by each director are as follow:

Directors	Designation	Number of meetings Attended by Member	%
Lim Han Weng	Group Executive Chairman	6/6	100
Lim Han Joeh	Executive Director	6/6	100
Bah Kim Lian	Executive Director	6/6	100
Bah Koon Chye	Executive Director	6/6	100
Dato' Ir Adi Azmari bin B.K. Koya Moideen Kutty	Independent Non-Executive Director	6/6	100
Kam Chai Hong	Independent Non-Executive Director	6/6	100
Hassan bin Ibrahim	Independent Non-Executive Director	6/6	100
Lim Chern Yuan	Executive Director, Group Chief Executive Officer	6/6	100

As stipulated in the Board Manual, the Directors are required to devote sufficient time and efforts to carry out their responsibilities. The Board obtains this commitment from Directors at the time of their appointment. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees.

### Directors' Training – Continuing Education Programmes

The Board is mindful of the importance for its members to undergo continuous training to be apprised of changes to regulatory requirements and the impact such regulatory requirements have on the Group. During the financial year under review, the training attended by Directors includes briefings, seminars and conferences conducted by relevant regulatory authorities and professional bodies as well as internal officers.

The training attended by the Directors during the financial year ended 31 January 2014 comprises the following:

Name of Director	Details of Programme
Mr. Lim Han Weng	• Enterprise Risk Management
Mr. Lim Han Joeh	• Enterprise Risk Management
Madam Bah Kim Lian	• Enterprise Risk Management
Dato' Ir Adi Azmari Bin B.K. Koya Moideen Kutty	• Enterprise Risk Management
Mr. Bah Koon Chye	• Enterprise Risk Management
Mr. Kam Chai Hong	• Problem Solving Using 7QC Tools
	• Enterprise Risk Management
	• Seminar Percukaian Kebangsaan 2013
	• Corporate Financial Reporting Standard (Module 3)
	• Workshop On Insights To Malaysia's First Transfer Pricing Litigation
Tuan Haji Hassan Bin Ibrahim	• Enterprise Risk Management
Mr. Lim Chern Yuan	• Enterprise Risk Management



## Corporate Governance Statement (cont'd)

### PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS (cont'd)

#### Directors' Training – Continuing Education Programmes (cont'd)

The Company Secretary normally circulates the relevant statutory and regulatory requirements from time to time for the Board's reference and briefs the Board on the updates, where applicable. The Group Financial Controller and External Auditors also brief the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements for the financial year under review.

### Principle 5 – Uphold integrity in financial reporting by the Company

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of Group's results to Bursa, the annual financial statements of the Group and Company as well as the Chairman's statement and review of the Group's operations in the Annual Report, where relevant.

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 as at the end of the reporting period and of their results and cash flows for the period then ended.

In assisting the Board to discharge its duties on financial reporting, the Board established an Audit Committee on 5 March 1996, comprising wholly Independent Non-Executive Directors, with Dato' Ir. Adi Azmari Bin B.K. Koya Moideen Kutty as the Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report on pages 29 to 32 of this Annual Report. One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia and provisions of the Companies Act, 1965. Such financial statements comprise the quarterly financial report announced to Bursa and the annual statutory financial statements.

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the Audit Committee, which assists the Board in overseeing the financial reporting process of the Company, will formalize and adopt a policy for the types of non-audit services permitted to be provided by the external auditors, including the need for the Audit Committee's approval in writing before such services can be provided by the external auditors. To address the "self review" threat faced by the external audit firm, the procedures to be included in the policy require the engagement team conducting the non-audit services to be different from the external audit team.

In assessing the independence of external auditors, the Audit Committee requires written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

### PRINCIPLE 6 – RECOGNIZE AND MANAGE RISKS OF THE GROUP

The Board regards risk management and internal controls as an integral part of the overall management processes. The following represent the key elements of the Group's risk management and internal control structure:

- (a) An organizational structure in the Group with formally defined lines of responsibility and delegation of authority;
- (b) Review and approval of annual business plan and budget of all major business units by the Board. This plan sets out the key business objectives of the respective business units, the major risks and opportunities in the operations and ensuing action plans;
- (c) Quarterly review of the Group's business performance by the Board, which also covers the assessment of the impact of changes in business and competitive environment;
- (d) Active participation and involvement by the Executive Chairman and Group Managing Director in the day-to-day running of the major businesses and regular discussions with the senior management of smaller business units on operational issues; and
- (e) Monthly financial reporting by the subsidiaries to the holding company.





## PRINCIPLE 6 – RECOGNIZE AND MANAGE RISKS OF THE GROUP (cont'd)

Recognizing the importance of having risk management processes and practices, the Board will formalize an Enterprise Risk Management framework to provide Management with structured policies and procedures to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an ongoing basis, including remedial measures to be taken to address the risks vis-à-vis the risk parameters of the Group.

In line with the MCCG 2012 and the Listing Requirements of Bursa, the Company has in place an in-house Internal Audit ("IA") function, which reports directly to the Audit Committee on the adequacy and effectiveness of the Group's internal controls. The internal audit is guided by internal auditing standards promulgated by the Institute of Internal Auditors Inc, a globally recognized professional body for internal auditors. The internal audit function is independent of the activities it audits and the scope of work it covered during the financial year under review is provided in the Audit Committee Report set out on pages 29 to 32 of this Annual Report.

## Principle 7 – Ensure timely and high quality disclosure

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. Accordingly, the Board will formalize pertinent corporate disclosure policies not only to comply with the disclosure requirements as stipulated in the Listing Requirements of Bursa, but also setting out the persons authorized and responsible to approve and disclose material information to regulators, shareholders and stakeholders.

To augment the process of disclosure, the Board has earmarked a dedicated section for corporate governance on the Company's website, where information on the Company's announcements to the regulators, the Board Manual, rights of shareholders and the Company's Annual Report may be accessed.

## PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

### (i) Shareholder participation at general meeting

The Annual General Meeting ("AGM"), which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general. At the last AGM, a question & answer session was held where the Chairman of the meeting invited shareholders to raise questions with responses from the Board and Senior Management.

The Notice of AGM is circulated to shareholders at least twenty-one (21) days before the date of the meeting to enable them to go through the Annual Report and papers supporting the resolutions proposed. All the resolutions set out in the Notice of the last AGM were put to vote by a show of hands and duly passed. The outcome of the AGM was announced to Bursa on the same meeting day.

### (ii) Communication and engagement with shareholders and prospective investors

The Board recognizes the importance of being transparent and accountable to the Company's shareholders and prospective investors. The various channels of communications are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at [www.yinson.com.my](http://www.yinson.com.my) where shareholders and prospective investors can access corporate information, annual reports, press releases, financial information, company announcements and share prices of the Company. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, i.e. [info@yinson.com.my](mailto:info@yinson.com.my) to which stakeholders can direct their queries or concerns.

However, any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder group.



## Corporate Governance Statement (cont'd)

### PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS (cont'd)

#### (iii) Investor Relations

The Company takes into consideration the shareholder's rights to access information relating to the Company and has thusly, taken measures to enable the Company to communicate effectively with its shareholders, prospective investors, stakeholders and public generally with the intention of giving them a clear picture of the Group's performance and operations.

### 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 (BMSB)

#### Share Buybacks

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

#### Options, Warrants or Convertible Securities

There were no options, 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 RM331,000.

#### 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 2014 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

As at 31 January 2014, the Group has fully utilized the proceeds raised from the issue of shares from the following corporate proposals:-

- i) 20,035,510 ordinary shares of RM1.00 each at an issue price of RM2.82 per share under the Private Placement Issue which was listed on the Main Market of Bursa Securities on 10 June 2013 and
- ii) 37,809,000 ordinary shares of RM1.00 each at an issue price of RM2.82 per share under the Share Placement which were listed on the Main Market of Bursa Securities on 5 December 2013.



## OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD (BMSB) (cont'd)

Shares Issue	Total Proceed RM'000	Utilised RM'000	Unutilised RM'000
Private Placement To fund the Group's Business Expansion	56,500	56,500	-
Share Placement To finance the Group's acquisition of Yinson Production AS	106,622	106,622	-

### Revaluation of Landed Properties

The details of the revaluation of landed properties are disclosed on pages 118 and 119 of the Financial Statements.

### 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 2014 between the Company and/or its subsidiaries companies with related parties are disclosed on page 104 of the Financial Statements.

Statement made in accordance with the resolution of the Board of Directors dated 26 June 2014.



# CORPORATE SOCIAL RESPONSIBILITY

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 obligation ("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, festival feast, annual dinner and some sports 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. The Group practises the Occupational Health & Safety Management System to enhance the safety and health practices amongst the employees from different operations and to take precautionary measures against potential hazardous sources which could arise from the daily operation of the business through the process of Hazard Identification, Risk Assessment and Control.

Other initiatives to improve employee working conditions include provision of medical treatment, medical insurance and subsidised meal allowance.

## The Environment and Community

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.

## The Marketplace

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 RISK MANAGEMENT AND INTERNAL CONTROL



Paragraph 15.26 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of a listed issuer to include in its Annual Report a statement on the state of internal control of the listed issuer as a Group. Accordingly, the Board of Directors is pleased to provide the following statement which outlines the nature and scope of risk management and internal control of the Group for the financial year ended 31 January 2014.

## BOARD RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound system of risk management and internal control to safeguard shareholders' investments and Group's assets and for reviewing the adequacy and effectiveness of the risk management and internal control system. The system of risk management and internal control of the Group covers all aspects of its business.

In view of the limitations inherent in any system of risk management and internal control, the Board is aware that the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's corporate objectives. Accordingly, the system can only provide reasonable, but not absolute, assurance against material misstatement or loss.

## RISK MANAGEMENT AND INTERNAL CONTROL STRUCTURE

Risk management and internal controls are regarded as an integral part of the Group's overall management processes.

The following represent the key elements of the Group's risk management and internal control structure:

- (i) An organizational structure in the Group with formally defined lines of responsibility and delegation of authority;
- (ii) Review the business plan for any potential acquisitions by the Board. This plan sets out the key business objectives, the major risks and opportunities in the operations.
- (iii) Quarterly review of the performance of Group's business by the Board which also covers assessment of the impact of changes in business and competitive environment;
- (iv) Active participation and involvement by the Executive Chairman and Group Managing Director, assisted by other Executive Directors, in the day-to-day running of the major businesses and regular discussions with the Senior Management of the respective business units on operational issues; and
- (v) Monthly financial reporting by the subsidiaries to the holding company.

The internal controls of the Group are further supported by formalized limits of authority for various management committees. Support functions like Finance, Internal Audit, and also play a vital role in the overall control and risk management processes of the Group.

Various management committees have been established to manage and control the Group's businesses. Matters beyond the formalized limits of authority for Management are referred upward to the Board for approval.

Recognizing the importance of having risk management processes and practices, the Board had formalized an Enterprise Risk Management framework to provide Management with structured policies and procedures to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an ongoing basis, including remedial measures to be taken to address the risks vis-à-vis the risk parameters of the Group.

The Board has received assurance from the Group Managing Director and the Group Financial Controller that the Group's Risk Management and internal control system is operating adequately and effectively, in all material aspects.





## Statement On Risk Management And Internal Control (cont'd)

### INTERNAL AUDIT FUNCTION

The Group has in place an independent in-house internal audit department, which provides the Board, through the Audit Committee, with assurance on the adequacy and effectiveness of the Group's system of internal control and management information system.

The internal audit function adopts an approach that focuses on major business units and functions in the Group for the purpose of identifying areas to be audited on a prioritized basis, vis-à-vis the business risks inherent in the business units concerned. The Group's internal audit plan is tabled annually and approved by the Audit Committee.

Action plans are taken by Management to address the findings and concerns raised in the internal audit reports. The internal audit department also follows up on the status of Management's action plans on internal audit findings.

### CONCLUSION

The Board is of the view that there were no material losses incurred by the Group during the financial year ended 31 January 2014 as a result of weaknesses or lapses in internal controls. The Board continues to take measures to strengthen the risk management and internal control systems of the Group.

This statement was made in accordance with a resolution of the Board of directors passed on 26 June 2014.

As required by paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirement, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. RPG 5(Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.



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

## CHAIRMAN

Dato' Ir. Adi Azmari Bin BK Koya Moideen Kuty  
(appointed on 28 September 2009)

*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*

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, all of them must be non-executive directors, with a majority of them being independent 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, senior management members and the representative of the internal audit are normally invited to attend the meetings. The representatives 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.



## Report On Audit Committee (cont'd)

### TERMS OF REFERENCE (cont'd)

#### 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;



## TERMS OF REFERENCE (cont'd)

### Duties and Responsibilities (cont'd)

- 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, competency 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 by in-house internal audit department. 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.

The cost for maintaining the Internal Audit function for the year under review approximately RM198,000.00 and the activities carried out by IA during the year are to carry out independent assessments of the adequacy, efficiency and effectiveness of the Group's internal control systems in anticipation of any potential risk areas within key business processes of the Group.

The findings are set out in the Internal Audit reports and forwarded to the Management team for their attention and for the necessary remedial actions as recommended.



## Report On Audit Committee (cont'd)

### SUMMARY OF ACTIVITIES

The Committee met six 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
Dato' Ir Adi Azmari Bin BK Koya Moideen Kutty	Chairman	5/5
Mr. Kam Chai Hong	Member	5/5
Tuan Haji Hassan bin Ibrahim	Member	5/5



# 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 2014, 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 Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of Companies Act, 1965 (the "Act").

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 MFRS and IFRS 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 2014.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are described in Note 21 to the financial statements.

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

### RESULTS

	Group RM'000	Company RM'000
Profit for the year	69,792	5,699
Attributable to:		
Owners of the parent	66,429	5,699
Non-controlling interests	3,363	-
	69,792	5,699

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the gain on a bargain purchase of approximately RM48.01 million as disclosed in Note 9 and acquisition costs of approximately RM15.94 million as disclosed in Note 21, arising from the acquisition of subsidiaries and impairment loss on available-for-sale financial assets of approximately RM19.22 million as disclosed in Note 10.

### DIVIDEND

The amount of dividend paid by the Company since 31 January 2013 was as follows:

	RM'000
In respect of the financial year ended 31 January 2013:	
First and final dividend of 2.5% less 25% taxation on 220,390,610 ordinary shares declared on 31 July 2013 and paid on 10 September 2013	4,132

At the forthcoming Annual General Meeting, a final single tier dividend of 1.25 sen per ordinary shares in respect of the financial year ended 31 January 2014, amounting to approximately RM12.91 million, 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 2015.



## 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:

Lim Han Weng  
Bah Kim Lian  
Dato' Adi Azmari bin B.K. Koya Moideen Kutty  
Bah Koon Chye  
Kam Chai Hong  
Lim Han Joei  
Hassan bin Ibrahim  
Lim Chern Yuan

## 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.

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 12 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 39 to the financial statements.

## DIRECTORS' INTERESTS

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

Name of director	Number of ordinary shares of RM1 each			
	1.2.2013	Acquired	Sold	31.1.2014
<b>The Company</b>				
<b>Direct interest:</b>				
Lim Han Weng	67,068,042	-	-	67,068,042
Bah Kim Lian	22,715,650	-	-	22,715,650
Bah Koon Chye	100,000	-	30,000	70,000
Dato' Adi Azmari bin B.K. Koya Moideen Kutty	68,700	-	-	68,700
Lim Han Joei	10,327,594	-	-	10,327,594
Kam Chai Hong	66,000	-	-	66,000
Lim Chern Yuan	15,300	-	-	15,300
<b>Indirect interest:</b>				
Lim Han Weng	34,647,350	-	-	34,647,350
Bah Kim Lian	67,640,342	-	-	67,640,342
Lim Chern Yuan	89,783,692	-	-	89,783,692

Lim Han Weng, Bah Kim Lian and Lim Chern Yuan 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.



## Directors' Report (cont'd)

### ISSUE OF SHARE CAPITAL

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM200,355,100 to RM258,199,610 by way of the issuance of 57,844,510 ordinary shares of RM1.00 each via:

- (i) private placement of 20,035,510 new ordinary shares of RM1.00 each, at an issue price of RM2.82 each and.
- (ii) share issuance of 37,809,000 new ordinary shares of RM1.00 each, at an issue price of RM2.82 each.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

### OTHER STATUTORY INFORMATION

- (a) Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts 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) it necessary to write off any bad debts or the amount of the provision for doubtful debts 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 their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.



### **SIGNIFICANT EVENTS**

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 21 to the financial statements.

### **SUBSEQUENT EVENTS**

Details of subsequent events are disclosed in Note 45 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 28 May 2014.

**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 41 to 114 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 1965 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 2014 and of their financial performance and the cash flows for the year then ended.

The information set out in Note 47 to the financial statements on page 115 have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 May 2014.

**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 41 to 114 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 28 May 2014 )

**TAN FANG FING**

Before me,

**SULONG BIN AWANG A.M.N.**  
Commission for Oaths

# INDEPENDENT AUDITORS' REPORT

## to the members of Yinson Holdings Berhad (Incorporated in Malaysia)



### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Yinson Holdings Berhad, which comprise statements of financial position as at 31 January 2014 of the Group and of the Company, and income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 41 to 114.

#### *Directors' responsibility for the financial statements*

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 January 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 21 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) 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.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.



## **Independent Auditors' Report (cont'd)** **to the members of Yinson Holdings Berhad (Incorporated in Malaysia)**

### **OTHER REPORTING RESPONSIBILITIES**

The supplementary information set out in Note 47 on page 115 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### **OTHER MATTERS**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

#### **Ernst & Young**

AF: 0039  
Chartered Accountants

#### **Lee Ah Too**

2187/09/15(J)  
Chartered Accountant

Melaka, Malaysia  
Date: 28 May 2014

# STATEMENTS OF PROFIT OR LOSS

for the financial year ended 31 January 2014



	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Revenue</b>	7	941,861	865,221	7,949	9,500
Cost of sales	8	(867,342)	(780,639)	-	-
<b>Gross profit</b>		74,519	84,582	7,949	9,500
<b>Other items of income</b>					
Interest income		3,694	3,037	4,096	3,649
Dividend income		1	2	-	-
Rental income		381	406	-	-
Other income	9	58,497	4,346	7,045	2
<b>Other items of expenses</b>					
Administrative expenses	10	(63,741)	(29,954)	(3,048)	(2,999)
Finance costs	13	(28,971)	(17,286)	(10,277)	(4,519)
Share of results of joint ventures		35,686	(267)	-	-
Share of results of associates		(1,316)	(427)	-	-
<b>Profit before tax</b>		78,750	44,439	5,765	5,633
Income tax expense	14	(8,958)	(8,156)	(66)	-
<b>Profit for the year</b>		69,792	36,283	5,699	5,633
Attributable to:					
Owners of the parent		66,429	33,884	5,699	5,633
Non-controlling interests		3,363	2,399	-	-
		69,792	36,283	5,699	5,633
Earnings per share attributable to owners of the parent (sen per share)					
Basic	15(a)	30.3	17.3		
Diluted	15(b)	N/A	N/A		

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



## STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 January 2014

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Profit for the year</b>	69,792	36,283	5,699	5,633
<b>Other comprehensive income</b>				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
- Exchange differences on translation of foreign operations	22,043	(183)	-	-
- Net loss on available-for-sale financial assets	(12,378)	(10,323)	-	-
- Reclassification of cumulative loss of AFS reserve recognised as impairment loss to profit or loss	19,223	-	-	-
Other comprehensive income/(loss) for the year	28,888	(10,506)	-	-
Total comprehensive income for the year	98,680	25,777	5,699	5,633
Attributable to:				
Owners of the parent	95,317	23,378	5,699	5,633
Non-controlling interests	3,363	2,399	-	-
	98,680	25,777	5,699	5,633

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



# STATEMENTS OF FINANCIAL POSITION

as at 31 January 2014



		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	17	1,023,958	232,313	-	-
Investment properties	18	15,155	15,175	-	-
Land use rights	19	4,420	4,516	-	-
Intangible assets	20	109	114	-	-
Investment in subsidiaries	21	-	-	36,145	36,139
Investment in joint ventures	22	357,965	153,498	198,838	153,131
Investment in associates	23	29,211	29,016	30	-
Other receivables	26	1,981	-	37,934	34,339
Available-for-sale financial assets	24	15,733	11,391	-	-
Deferred tax assets	36	1,148	-	-	-
		1,449,680	446,023	272,947	223,609
<b>Current assets</b>					
Inventories	25	40,041	680	-	-
Trade and other receivables	26	376,623	287,549	436,497	134,922
Other current assets	27	9,420	42,031	1,075	39,412
Tax recoverable		420	734	281	338
Marketable securities		13	44	-	-
Cash and bank balances	28	267,077	23,837	5,671	211
		693,594	354,875	443,524	174,883
<b>Total assets</b>		2,143,274	800,898	716,471	398,492



## Statements Of Financial Position (cont'd) as at 31 January 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Equity and liabilities</b>					
<b>Equity</b>					
Issued capital	29	258,200	200,355	258,200	200,355
Share premium		112,941	8,076	112,941	8,076
Reserves	30	17,344	(11,544)	-	-
Retained earnings	31	146,642	84,345	2,908	1,341
<b>Equity attributable to owners of the parent</b>		535,127	281,232	374,049	209,772
Non-controlling interests		5,919	2,556	-	-
<b>Total equity</b>		541,046	283,788	374,049	209,772
<b>Non-current liabilities</b>					
Loans and borrowings	32	668,394	139,406	22,789	27,238
Net employee defined benefit liabilities	34	7,669	-	-	-
Unfavourable contracts	35	75,483	-	-	-
Deferred tax liabilities	36	11,246	2,796	-	-
		762,792	142,202	22,789	27,238
<b>Current liabilities</b>					
Loans and borrowings	32	621,739	309,135	221,218	146,624
Trade and other payables	37	180,795	65,006	98,415	14,858
Unfavourable contracts	35	24,577	-	-	-
Derivatives	38	127	120	-	-
Tax payables		12,198	647	-	-
		839,436	374,908	319,633	161,482
<b>Total liabilities</b>		1,602,228	517,110	342,422	188,720
<b>Total equity and liabilities</b>		2,143,274	800,898	716,471	398,492



## STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 January 2014

Group	Attributable to owners of the parent		Foreign currency translation reserve		Available-for-sale reserve		Retained earnings		Non-controlling interests		Total equity	
	Issued capital RM'000 (Note 29)	Share premium RM'000	Non-Distributable	Distributable	RM'000 (Note 30 (a))	RM'000 (Note 30 (b))	RM'000 (Note 31)	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2014</b>												
As at 1 February 2013	200,355	8,076			(1,221)	(10,323)	84,345		2,556		281,232	283,788
Profit for the year	-	-	-	-	-	-	66,429		3,363		66,429	69,792
Other comprehensive income	-	-	22,043		22,043	6,845	-		-		28,888	28,888
<b>Total comprehensive income</b>	<b>200,355</b>	<b>8,076</b>	<b>20,822</b>		<b>20,822</b>	<b>(3,478)</b>	<b>150,774</b>		<b>5,919</b>		<b>376,549</b>	<b>382,468</b>
<b>Transactions with owners</b>												
Cash dividend (Note 16)	-	-	-		-	-	(4,132)		-		(4,132)	(4,132)
Issue of share capital	57,845	105,277	-		-	-	-		-		163,122	163,122
Share issuance expenses	-	(412)	-		-	-	-		-		(412)	(412)
	57,845	104,865	-		-	-	(4,132)		-		158,578	158,578
At 31 January 2014	258,200	112,941	20,822		20,822	(3,478)	146,642		5,919		535,127	541,046



## Statements Of Changes In Equity (cont'd) for the financial year ended 31 January 2014

Group	Attributable to owners of the parent						Total equity RM'000
	Non-Distributable			Distributable			
	Issued capital RM'000 (Note 29)	Share premium RM'000	Foreign currency translation reserve RM'000 (Note 30 (a))	Available-for-sale reserve RM'000 (Note 30 (b))	Retained earnings RM'000 (Note 31)	Non-controlling interests RM'000	
<b>2013</b>							
As at 1 February 2012	75,347	4,369	(1,038)	-	79,024	(325)	157,377
Profit for the year	-	-	-	-	33,884	2,399	36,283
Other comprehensive income	-	-	(183)	(10,323)	-	-	(10,506)
<b>Total comprehensive income</b>	<b>75,347</b>	<b>4,369</b>	<b>(1,221)</b>	<b>(10,323)</b>	<b>112,908</b>	<b>2,074</b>	<b>183,154</b>
<b>Transactions with owners</b>							
Cash dividend (Note 16)	-	-	-	-	(3,757)	-	(3,757)
Issue of share capital	125,008	4,942	-	-	(24,806)	482	105,626
Share issuance expenses	-	(1,235)	-	-	-	-	(1,235)
	125,008	3,707	-	-	(28,563)	482	100,634
At 31 January 2013	200,355	8,076	(1,221)	(10,323)	84,345	2,556	283,788

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

# STATEMENTS OF CHANGES IN EQUITY

## for the financial year ended 31 January 2014



Company	Issued capital RM'000 (Note 29)	Non- Distributable Share premium RM'000	Distributable Retained earnings RM'000 (Note 31)	Total equity RM'000
<b>2014</b>				
<b>As at 1 February 2013</b>	200,355	8,076	1,341	209,772
Total comprehensive income	-	-	5,699	5,699
<b>Transactions with owners</b>				
Cash dividend (Note 16)	-	-	(4,132)	(4,132)
Issue of share capital	57,845	105,277	-	163,122
Share issuance expenses	-	(412)	-	(412)
	57,845	104,865	(4,132)	158,578
<b>At 31 January 2014</b>	258,200	112,941	2,908	374,049
<b>2013</b>				
<b>As at 1 February 2012</b>	75,347	4,369	24,271	103,987
Total comprehensive income	-	-	5,633	5,633
<b>Transactions with owners</b>				
Cash dividend (Note 16)	-	-	(3,757)	(3,757)
Issue of share capital	125,008	4,942	(24,806)	105,144
Share issuance expenses	-	(1,235)	-	(1,235)
	125,008	3,707	(28,563)	100,152
<b>At 31 January 2013</b>	200,355	8,076	1,341	209,772

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



## STATEMENTS OF CASH FLOWS

### for the financial year ended 31 January 2014

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Operating activities</b>				
Profit before tax	78,750	44,439	5,765	5,633
Adjustments for:				
Amortisation and depreciation	22,825	13,711	-	-
Amortisation of unfavourable contracts	(2,111)	-	-	-
Impairment loss on:				
- trade receivables	5,831	1,828	-	-
- other receivables	11	15	-	-
Reversal of impairment loss on:				
- trade receivables	(8)	(232)	-	-
- other receivables	(6)	(8)	-	-
Bad debts written off	-	9,331	-	-
Impairment loss on available-for-sale financial assets	19,223	-	-	-
Unrealised (gain)/loss on foreign exchange	(4,263)	(611)	(4,025)	254
Finance costs	28,971	17,286	10,277	4,519
Fair value (gain)/loss on:				
- investment properties	20	2	-	-
- marketable securities	(2)	3	-	-
- derivatives	7	-	-	-
Gain on a bargain purchase:				
- investment in an associate	-	(3,051)	-	-
- acquisition of subsidiaries	(48,014)	-	-	-
Gain on disposal of property, plant and equipment	(558)	(91)	-	-
Loss on disposal of asset held for sale	-	34	-	-
Plant and equipment written off	350	202	-	-
Impairment of property, plant and equipment	-	200	-	-
Share of results of joint ventures	(35,686)	267	-	-
Share of results of associates	1,316	427	-	-
Dividend income	(1)	(2)	(7,949)	(9,500)
Interest income	(3,694)	(3,037)	(4,096)	(3,649)
Operating cash flows before working capital changes	62,961	80,713	(28)	(2,743)
Receivables	(78,465)	(70,017)	997	(40,820)
Other current assets	32,611	(23,379)	38,337	(22,919)
Inventories	(36,946)	(25)	-	-
Payables	10,960	(17,903)	(2,882)	(10,790)
Short term deposits	-	238	-	240
Cash flows from/(used in) operations	(8,879)	(30,373)	36,424	(77,032)
Interest received	3,694	3,037	4,096	3,649
Interest paid	(26,502)	(16,192)	(8,430)	(3,798)
Taxes paid	(11,543)	(8,531)	(9)	-
Net cash flows (used in)/from operating activities	(43,230)	(52,059)	32,081	(77,181)



# Statements Of Cash Flows (cont'd)

## for the financial year ended 31 January 2014



	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Investing activities</b>				
Dividend received	1	2	7,949	9,500
Dilution of interest in a subsidiary	-	-	-	1
Increase in amount due from subsidiaries	-	-	(286,541)	(2,992)
Net cash flow on acquisition of subsidiaries	(358,320)	-	(6)	(82)
Investment in joint ventures	(44,105)	(124,212)	(49,406)	(123,287)
Investment in associates	(193)	(26,392)	(30)	-
Proceeds from disposal of property, plant and equipment	4,324	606	-	-
Proceeds from disposal of asset held for sale	-	576	-	-
Purchase of intangible assets	(3)	(8)	-	-
Purchase of property, plant and equipment	(3,118)	(23,186)	-	-
Purchase of an investment property	-	(322)	-	-
Net cash flows used in investing activities	(401,414)	(172,936)	(328,034)	(116,860)
<b>Financing activities</b>				
Increase in short-term borrowings	62,899	7,323	16,728	-
Advances from directors	84,572	-	84,592	-
Drawdown of term loans	404,647	216,777	48,402	176,854
Repayment of term loans	(32,502)	(103,943)	(6,887)	(83,926)
Dividend paid	(4,132)	(3,757)	(4,132)	(3,757)
Repayment of obligations under finance leases	(3,826)	(1,877)	-	-
Proceeds from issuance of shares	163,122	105,144	163,122	105,144
Share issuance expenses	(412)	(1,235)	(412)	(1,235)
Proceeds from non-controlling interests	-	482	-	-
Placement of fixed deposit pledged as security (Note 28)	(66,914)	-	-	-
Net cash flows from financing activities	607,454	218,914	301,413	193,080
<b>Net increase/(decrease) in cash and cash equivalents</b>	162,810	(6,081)	5,460	(961)
Effects of foreign exchange rate changes	11,110	(3,352)	-	-
<b>Cash and cash equivalents at beginning of year</b>	11,064	20,497	211	1,172
<b>Cash and cash equivalents at end of year (Note 28)</b>	184,984	11,064	5,671	211

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



# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 31 January 2014

### 1. Corporate information

Yinson Holdings Berhad (the "Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 25, Jalan Firma Dua, Kawasan Perindustrian Tebrau IV, 81100 Johor Bahru, Johor Darul Ta'zim.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are described in Note 21 to the financial statements.

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

#### 2.1 Basis of preparation

The consolidated financial statements of Yinson Holdings Berhad and its subsidiaries (the "Group") have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, 1965 in Malaysia.

The consolidated financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The consolidated financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000), except when otherwise indicated.

#### 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 January 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.



## 2.2 Basis of consolidation (cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

## 3. Summary of significant accounting policies

### 3.1 Business combinations and goodwill

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

In other case of acquisitions, business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 3. Summary of significant accounting policies (cont'd)

#### 3.1 Business combinations and goodwill (cont'd)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### 3.2 Investment in associates and joint ventures

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

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.



### 3. Summary of significant accounting policies (cont'd)

#### 3.2 Investment in associates and joint ventures (cont'd)

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group except for an associate as disclosed in Note 23. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

#### 3.3 Current versus non-current classification

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

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

All other assets are classified as non-current. A liability is current when:

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

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### 3.4 Fair value measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each statement of financial position date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 41.



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 3. Summary of significant accounting policies (cont'd)

#### 3.4 Fair value measurement (cont'd)

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

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

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The Group's senior management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted AFS financial assets.

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually by the senior management after discussion with and approval by the Company's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The senior management, in conjunction with the Group's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.





### 3. Summary of significant accounting policies (cont'd)

#### 3.4 Fair value measurement (cont'd)

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

#### 3.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

##### (i) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

##### (ii) Rendering of services

Revenue from rendering services is recognised upon services rendered. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

##### (iii) Dividends

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

##### (iv) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

##### (v) Vessel charter fees

Revenue from vessel chartering contracts classified as operating leases are recognised on a straight-line basis over the lease period for which the customer has contractual right over the vessel.

#### 3.6 Taxes

##### (i) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 3. Summary of significant accounting policies (cont'd)

#### 3.6 Taxes (cont'd)

##### (ii) Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

# Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



## 3. Summary of significant accounting policies (cont'd)

### 3.6 Taxes (cont'd)

#### (iii) Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

### 3.7 Foreign currencies

The Group's consolidated financial statements are presented in RM, which is also the parent company's functional currency. The Group determines the functional currency for each entity and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from using this method.

#### (i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 3. Summary of significant accounting policies (cont'd)

#### 3.7 Foreign currencies (cont'd)

##### (ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

#### 3.8 Cash dividend and non-cash distribution to owners of the parent

The Company recognises a liability to make cash or non-cash distributions to owners of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

#### 3.9 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	50 to 60 years
Buildings	50 years
Electrical installation	5 years
Motor vehicles	10 years
Renovation, equipment, furniture and fittings	10 years
Tug boats, barges and boat equipment	10 years
Vessels	20 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.



## 3. Summary of significant accounting policies (cont'd)

### 3.10 Leases

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

#### (i) Group as a lessee

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

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

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

#### (ii) Group as a lessor

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

### 3.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 3.12 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 3. Summary of significant accounting policies (cont'd)

#### 3.13 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 value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life 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 the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

#### 3.14 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### (i) Financial assets

###### (a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

###### (b) Subsequent measurement

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

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; and
- Available-for-sale financial assets.



# Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



## 3. Summary of significant accounting policies (cont'd)

### 3.14 Financial instruments – initial recognition and subsequent measurement (cont'd)

#### (i) Financial assets (cont'd)

##### (b) Subsequent measurement (cont'd)

###### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by MFRS 139.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

###### Loans and receivables

This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

###### Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs.



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 3. Summary of significant accounting policies (cont'd)

#### 3.14 Financial instruments – initial recognition and subsequent measurement (cont'd)

##### (i) Financial assets (cont'd)

##### (b) Subsequent measurement (cont'd)

The Group did not have any held-to-maturity investments during the years ended 31 January 2014 and 2013.

##### Available-for-sale (AFS) financial assets

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

##### (c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the group's consolidated statement of financial position) when:

The rights to receive cash flows from the asset have expired, or

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.



## 3. Summary of significant accounting policies (cont'd)

### 3.14 Financial instruments – initial recognition and subsequent measurement (cont'd)

#### (i) Financial assets (cont'd)

##### (c) Derecognition (cont'd)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### (ii) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

##### Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

##### Available-for-sale (AFS) financial assets

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 3. Summary of significant accounting policies (cont'd)

#### 3.14 Financial instruments – initial recognition and subsequent measurement (cont'd)

##### (ii) Impairment of financial assets (cont'd)

###### Available-for-sale (AFS) financial assets (continued)

When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

##### (iii) Financial liabilities

###### (a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

###### (b) Subsequent measurement

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

###### Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

# Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



## 3. Summary of significant accounting policies (cont'd)

### 3.14 Financial instruments – initial recognition and subsequent measurement (cont'd)

#### (iii) Financial liabilities (cont'd)

##### (b) Subsequent measurement (cont'd)

###### Financial liabilities at fair value through profit or loss (continued)

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied.

###### Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

###### Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

##### (c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### (iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 3. Summary of significant accounting policies (cont'd)

#### 3.15 Derivative financial instruments

The Group uses derivative financial instruments, interest rate swaps, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

#### 3.16 Inventories

Inventories are valued at the lower of cost and net realisable value.

Purchase costs and other costs incurred in bringing the trading goods and consumables to its present location and condition are accounted for on a first in, first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### 3.17 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.



# Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



## 3. Summary of significant accounting policies (cont'd)

### 3.18 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

### 3.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

### 3.20 Pensions and other post-employment benefits

The Group makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

The subsidiary of the Group, Yinson Production AS (formerly known as Fred. Olsen Production ASA) operates a defined benefit pension plan, which providing post-employment benefits upon retirement. The benefit to be received by employees depends on factors including length of service, retirement date and future salary increment.

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the statement of financial position date reflecting the maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary.

Actuarial gains and losses will be recognized immediately in other comprehensive income correspondingly affecting the net benefit liability or asset in the statement of financial position.

## 4. Changes in accounting policies

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

On 1 February 2013, the Group adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 February 2013.



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 4. Changes in accounting policies (cont'd)

Description	Effective for annual periods beginning on or after
- Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
- MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
- MFRS 127 Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)	1 January 2013
- MFRS 10 Consolidated Financial Statements	1 January 2013
- MFRS 11 Joint Arrangements	1 January 2013
- MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
- MFRS 13 Fair Value Measurement	1 January 2013
- MFRS 119 Employee Benefits (IAS 19 as amended by IASB in June 2011)	1 January 2013
- MFRS 127 Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
- MFRS 128 Investment in Associate and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
- IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
- Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
- Annual Improvements 2009-2011 Cycle	1 January 2013
- Amendments to MFRS 1: Government Loans	1 January 2013
- Amendments to MFRS 10, MFRS 11 and MFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group except for those discussed below:

#### MFRS 11 Joint Arrangements

MFRS 11 replaces MFRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-Controlled Entities – Non-monetary Contributions by Venturers.

The classification of joint arrangements under MFRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under MFRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

MFRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

The application of this new standard has not affected the financial position of the Group. This is due to the investment in a joint arrangement, Tinworth Pte. Ltd., acquired during the financial year is treated as a joint venture and is accounted for using the equity method under MFRS 11.

#### MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

# Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



## 4. Changes in accounting policies (cont'd)

### MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS. MFRS 13 defines fair value as an exit price. As a result of the guidance in MFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. MFRS 13 also requires additional disclosures.

Application of MFRS 13 has not materially impacted the fair value measurement of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

### Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time (eg. net loss or gain on available-for-sale financial assets) have to be presented separately from items that will not be reclassified (eg. revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

### MFRS 119 Employee Benefits (IAS 19 as amended by IASB in June 2011)

The amendments change the measurement principles of expected return on plan assets and remove the accounting policy choice for recognition of actuarial gains and losses using the corridor method. Actuarial gains and losses will be recognized immediately in other comprehensive income correspondingly affecting the net benefit liability or asset in the statement of financial position.

### MFRS 127 Separate Financial Statements

As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

### MFRS 128 Investments in Associates and Joint Ventures

As a consequence of the new MFRS 11 and MFRS 12, MFRS 128 is renamed as MFRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

## 5. Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
- Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
- Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
- Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
- Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
- IC Interpretation 21 Levies	1 January 2014
- Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
- Annual Improvements to MFRSs 2010–2012 Cycle	1 July 2014
- Annual Improvements to MFRSs 2011–2013 Cycle	1 July 2014



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 5. Standards issued but not yet effective (cont'd)

Description	Effective for annual periods beginning on or after
- MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
- MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
- MFRS 9 Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139	To be announced

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

#### MFRS 9 Financial Instruments

MFRS 9 reflects the first phase of work on the replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

### 6. Significant accounting judgments, estimates and assumptions

The preparation of the Group's and of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### (i) Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

##### Operating lease commitments – Group as lessor

The Group has entered into property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Chartering of vessels to customers are recognised as revenue based on whether the charter contracts are determined to be an operating lease or a finance lease in accordance with MFRS 117 Leases. The classifications of the charter contracts are assessed at the inception of the lease.

If the terms and conditions of the lease contracts change subsequently, the management will reassess whether the new arrangements would be classified as a new lease based on the prevailing market conditions.

## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



### 6. Significant accounting judgments, estimates and assumptions (cont'd)

#### (ii) Estimates and assumptions

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

##### Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 January 2014 for investment properties.

##### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

##### Useful life and residual value of vessel

The depreciable amount of a vessel is determined after deducting its residual value and shall be allocated on a systematic basis over its useful life. The estimated useful lives are based on the management's best estimate and is normally equal to the design lives of the vessel.

Assumptions about residual value are based on prevailing market conditions and expected value to be obtained from the vessel at the end of its useful life. These assumptions by their nature may differ from actual outcome in the future. The residual value and the estimated useful life of a vessel will be reviewed at least at each financial year-end, and where appropriate, the management will adjust the residual value and useful life on individual vessel basis based on the particular conditions of the vessel.

##### Deferred tax assets

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

Significant judgment is required to determine the amount of deferred tax assets to be recognised, based upon the likely timing and magnitude of future taxable profits together with future tax planning strategies.



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 7. Revenue

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Transport services	105,360	110,157	-	-
Vessel chartering and support services fees	127,065	72,727	-	-
Trading in construction materials	708,378	681,373	-	-
Rental of properties	1,058	961	-	-
Forwarding income	-	3	-	-
Dividend from subsidiaries	-	-	7,949	9,500
	941,861	865,221	7,949	9,500

### 8. Cost of sales

	Group	
	2014 RM'000	2013 RM'000
Cost of trading goods sold	679,812	639,162
Cost of services rendered	187,406	141,320
Other direct expenses	124	157
	867,342	780,639
<b>Included in cost of sales are:</b>		
Vessel lease rental	33,760	5,587
Depreciation	22,041	12,853
Direct operating expenses of investment properties:		
- revenue generating during the year	124	157
Employee benefits expenses (Note 11)	4,951	2,496
Transport agents' charges	55,058	59,717



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



### 9. Other income

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Bad debts recovered	209	61	-	-
Gain on a bargain purchase	48,014	3,051	-	-
Gain on foreign exchange				
- Realised	261	-	1,087	-
- Unrealised	4,263	611	4,025	-
Fair value loss on investment properties	-	(2)	-	-
Amortisation of unfavourable contracts	2,111	-	-	-
Fair value gain/(loss) on marketable securities	2	(3)	-	-
Gain on disposal of property, plant and equipment	558	91	-	-
Gain on disposal of a subsidiary	-	2	-	2
Reversal of impairment loss				
- Trade	8	232	-	-
- Others	6	8	-	-
Insurance claim	-	78	-	-
Miscellaneous	3,065	217	1,933	-
	58,497	4,346	7,045	2

### 10. Administrative expenses

Included in administrative expenses are:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Auditors' remuneration:				
Statutory audit				
- Company's auditors	305	220	60	50
- Other auditors	243	39	-	-
- Underprovision in prior year	-	26	-	6
Other services	241	65	77	16
Amortisation of intangible assets	8	12	-	-
Amortisation of land use rights	96	96	-	-
Bad debts written off	-	9,331	-	-
Depreciation	680	750	-	-
Fair value loss on investment properties	20	-	-	-
Impairment loss on receivables:				
- Trade	5,831	1,828	-	-
- Others	11	15	-	-
Impairment loss on property, plant and equipment	-	200	-	-
Impairment loss on available-for-sale financial assets	19,223	-	-	-
Loss on foreign exchange				
- Realised	-	540	-	291
- Unrealised	-	-	-	254
Operating leases - Minimum lease payment for land and buildings	624	721	-	-



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 10. Administrative expenses (cont'd)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Plant and equipment written off	350	202	-	-
Employee benefits expenses (Note 11)	11,108	9,243	1,394	588
Non-executive directors remuneration (Note 12)	235	257	215	237

### 11. Employee benefits expenses

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Included in:				
Cost of sales (Note 8)	4,951	2,496	-	-
Administrative expenses (Note 10)	11,108	9,243	1,394	588
	16,059	11,739	1,394	588
Analysed as follows:				
Wages and salaries	14,002	10,110	1,075	320
Social security contributions	237	81	3	2
Contributions to defined contribution plan	1,465	1,175	129	38
Other benefits	355	373	187	228
	16,059	11,739	1,394	588

Included in employee benefits expenses of the Group and of the Company are executive directors' remuneration as disclosed in Note 12.

# Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



## 12. Directors' remuneration

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Executive directors' remuneration:				
- Fees	160	210	160	210
- Other emoluments	2,978	2,500	28	18
	3,138	2,710	188	228
Non-executive directors' remuneration:				
- Fees	210	240	190	220
- Other emoluments	25	17	25	17
	235	257	215	237
Total directors' remuneration	3,373	2,967	403	465

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

	2014	2013
<b>Executive:</b>		
RM150,001 - RM200,000	-	1
RM200,001 - RM250,000	1	1
RM250,001 - RM300,000	1	1
RM400,001 - RM450,000	1	-
RM950,001 - RM1,000,000	-	1
RM1,050,001 - RM1,100,000	1	1
RM1,100,001 - RM1,150,001	1	-
<b>Non-executive:</b>		
RM50,001 - RM100,000	3	3

## 13. Finance costs

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Bank charges	2,469	1,094	1,847	721
Interest expenses	26,502	16,192	8,430	3,798
	28,971	17,286	10,277	4,519



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 14. Income tax expense

#### Major components of income tax expense

The major components of income tax expense for the years ended 31 January 2014 and 2013 are:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Statement of profit or loss</b>				
Current income tax:				
- Malaysian income tax	7,637	8,334	63	-
- Foreign tax	2,377	-	-	-
- Under/(over) provision in prior years	519	(37)	3	-
	10,533	8,297	66	-
Deferred tax (Note 36):				
- Relating to origination and reversal of temporary differences	(1,134)	(181)	-	-
- (Over)/under provision in prior years	(441)	40	-	-
	(1,575)	(141)	-	-
	8,958	8,156	66	-

#### Reconciliation between tax expense and accounting profit:

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 January 2014 and 2013 are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Profit before tax</b>	78,750	44,439	5,765	5,633
Taxation at Malaysian statutory tax rate of 25% (2013 : 25%)	19,688	11,110	1,441	1,408
Income not subject to tax	(11,209)	(161)	(1,378)	(1,408)
Expenses not deductible for tax purposes	10,978	640	-	-
Different tax rates of subsidiaries and joint ventures	(11,141)	(3,907)	-	-
Deferred tax asset not recognised	564	471	-	-
Under/(over)provision of tax expense in prior years	519	(37)	3	-
(Over)/underprovision of deferred tax in prior years	(441)	40	-	-
<b>Income tax expense recognised in profit or loss</b>	8,958	8,156	66	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year.

# Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



## 14. Income tax expense (cont'd)

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The Malaysian corporate statutory tax rate is expected to reduce from 25% to 24% with effect from year of assessment 2016 as announced in the 2014 Budget. The reduction in the corporate statutory tax rate has no significant impact to the Group and the Company.

## 15. Earnings per share

### (a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2014	2013
Profit attributable to owners of the parent used in the computation of basic earnings per share (RM'000)	66,429	33,884
Weighted average number of ordinary shares for computation of basic earnings per share (RM'000)	219,525	196,225
Basic earnings per share (sen)	30.3	17.3

### (b) Diluted

Diluted earnings per share is the same as basic earnings per share as there is no dilutive potential ordinary shares outstanding as at 31 January 2014.

## 16. Dividend

	In respect of the financial year ended		Recognised during the year	
	2013 RM'000	2012 RM'000	2014 RM'000	2013 RM'000
Dividend on ordinary shares: Final dividend 2.5% less 25% taxation: 1.875 sen per share	4,132	-	4,132	-
Dividend on ordinary shares: Final dividend 2.5% less 25% taxation: 1.875 sen per share	-	3,757	-	3,757
	4,132	3,757	4,132	3,757

At the forthcoming Annual General Meeting, a final single tier dividend of 1.25 sen per ordinary shares in respect of the financial year ended 31 January 2014, amounting to approximately RM12.91 million, 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 2015.



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 17. Property, plant and equipment

Group	Buildings RM'000	Motor vehicles RM'000	Vessels, tugboats, and barges RM'000	*Other assets RM'000	Total RM'000
<b>Cost:</b>					
<b>At 1 February 2012</b>	6,055	44,720	124,991	4,358	180,124
Additions	63	5,946	91,361	167	97,537
Written off	-	(662)	-	-	(662)
Disposals	-	(810)	-	-	(810)
Exchange differences	-	134	3,981	10	4,125
<b>At 31 January 2013 and 1 February 2013</b>	6,118	49,328	220,333	4,535	280,314
Acquisition of subsidiaries	-	-	777,298	-	777,298
Additions	42	10,542	82	427	11,093
Written off	(52)	(801)	-	(14)	(867)
Disposals	-	(5,446)	(3,741)	(2)	(9,189)
Exchange differences	-	363	31,474	40	31,877
<b>At 31 January 2014</b>	6,108	53,986	1,025,446	4,986	1,090,526
<b>Accumulated depreciation and impairment loss:</b>					
<b>At 1 February 2012</b>	1,024	22,616	7,712	3,400	34,752
Charge for the year	120	3,982	9,162	339	13,603
Impairment	-	-	200	-	200
Additions	-	(460)	-	-	(460)
Disposals	-	(256)	-	-	(256)
Exchange differences	-	37	123	2	162
<b>At 31 January 2013 and 1 February 2013</b>	1,144	25,919	17,197	3,741	48,001
Charge for the year	122	4,334	18,057	208	22,721
Written off	-	(506)	-	(11)	(517)
Disposals	-	(3,202)	(2,221)	-	(5,423)
Exchange differences	-	154	1,616	16	1,786
<b>At 31 January 2014</b>	1,266	26,699	34,649	3,954	66,568
<b>Net carrying amount:</b>					
<b>At 31 January 2013</b>	4,974	23,409	203,136	794	232,313
<b>At 31 January 2014</b>	4,842	27,287	990,797	1,032	1,023,958

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



# Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



## 17. Property, plant and equipment (cont'd)

- (a) The carrying amounts of motor vehicles held under finance leases at the reporting date was approximately RM14,652,000 (2013: RM8,176,000).
- (b) During the financial year, the Group acquired property, plant and equipment by means of:

	Group	
	2014 RM'000	2013 RM'000
Cash payment	3,118	23,186
Finance leases	7,975	4,144
Term loan financing	-	70,207
	11,093	97,537

- (c) The carrying amounts of property, plant and equipment pledged to financial institutions for banking facilities granted to the Group and lease assets pledged to the related finance lease liabilities as disclosed in Notes 32 and Note 33 at reporting date were as follows:

	Group	
	2014 RM'000	2013 RM'000
Land and buildings	4,842	4,975
Motor vehicles	8,176	8,176
Vessels and barges	990,799	199,740
	1,003,817	212,891

- (d) Included in property, plant and equipment are motor vehicles with carrying amount of approximately RM4,661,000 (2013: RM2,651,000) 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 interests.

## 18. Investment Properties

	Group	
	2014 RM'000	2013 RM'000
<b>At 1 February</b>	15,175	14,855
Addition	-	322
Net loss from fair value adjustments recognised in profit or loss	(20)	(2)
<b>At 31 January</b>	15,155	15,175

The carrying amount of investment properties held under lease terms at reporting date was approximately RM8,040,000 (2013: RM8,080,000).

The carrying amount of investment properties pledged to financial institutions for banking facilities granted to the Group as disclosed in Notes 32 at reporting date was approximately RM8,470,000 (2013: RM8,470,000)



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 18. Investment Properties (cont'd)

#### Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations at the reporting date. Valuation are performed by accredited independent valuers.

### 19. Land use rights

	Group	
	2014 RM'000	2013 RM'000
<b>Cost:</b>		
At 1 February/31 January	5,763	5,763
<b>Accumulated amortisation:</b>		
At 1 February	1,247	1,151
Amortisation for the year	96	96
31 January	1,343	1,247
<b>Net carrying amount</b>	<b>4,420</b>	<b>4,516</b>
<i>Amount to be amortised:</i>		
- Not later than one year	96	96
- Later than one year but not later than five years	384	384
- Later than five years	3,940	4,036
	<b>4,420</b>	<b>4,516</b>

The land use rights are pledged to financial institutions for banking facilities granted to the Group as disclosed in Notes 32.

# Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



## 20. Intangible Assets

Group	Computer software RM'000	Golf membership RM'000	Total RM'000
<b>Cost:</b>			
At 1 February 2012	151	100	251
Additions	8	-	8
At 31 January 2013	159	100	259
At 1 February 2013	159	100	259
Additions	3	-	3
At 31 January 2014	162	100	262
<b>Accumulated amortisation:</b>			
At 1 February 2012	133	-	133
Amortisation	12	-	12
At 31 January 2013 and 1 February 2013	145	-	145
Amortisation	8	-	8
At 31 January 2014	153	-	153
<b>Net carrying amount</b>			
At 31 January 2013	14	100	114
At 31 January 2014	9	100	109

## 21. Investment In Subsidiaries

	Company	
	2014 RM'000	2013 RM'000
<b>Shares, at cost</b>		
In Malaysia	36,470	36,464
Outside Malaysia	180	180
	36,650	36,644
Impairment losses	(505)	(505)
	36,145	36,139



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 21. Investment In Subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiaries	Countries of incorporation	Proportion (%) of ownership interest		Principal activities
		2014	2013	
Yinson Transport (M) Sdn. Bhd. <sup>(i)</sup>	Malaysia	100	100	Provision of transport services, trading in construction materials and rental of properties.
Yinson Corporation Sdn. Bhd. <sup>(i)</sup>	Malaysia	100	100	Provision of transport services and trading in construction materials.
Yinson Marine Services Sdn. Bhd. <sup>(ii)</sup>	Malaysia	100	100	Provision of sub-leasing of vessels and trading of lubricants.
Yinson Shipping Sdn. Bhd. <sup>(ii)</sup>	Malaysia	100	100	Provision of shipping and forwarding services. Temporary ceased operations.
Yinson Power Marine Sdn. Bhd. <sup>(ii)</sup>	Malaysia	65	65	Provision of marine transport services.
Regulus Offshore Sdn. Bhd. <sup>(ii)</sup>	Malaysia	51	51	Provision of vessel management services.
Yinson Tulip Ltd. <sup>(ii)</sup>	Labuan	100	100	Leasing of vessels on bareboat basis.
Yinson Offshore Limited. <sup>(ii)</sup>	Labuan	100	100	Trading and leasing of vessel on time charter basis.
Yinson Indah Ltd. <sup>(ii)</sup>	Labuan	60	60	Leasing of vessel on bareboat basis.
Yinson Hibiscus Limited <sup>(ii)</sup>	Labuan	100	100	Sub-leasing of vessel on time charter basis.
Yinson Production Limited <sup>(ii)</sup>	Labuan	100	-	Investment holding.
Yinson Port Venture Pte. Ltd. <sup>(ii) (iii)</sup>	Singapore	100	100	Investment holding.
Yinson Orchid Pte. Ltd. <sup>(ii) (iii)</sup>	Singapore	100	100	Vessel operator.
Yinson Vietnam Company Limited <sup>(ii) (iii)</sup>	Vietnam	100	100	Provision of construction work, consulting construction and project management.

# Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



## 21. Investment In Subsidiaries (cont'd)

Name of subsidiaries	Countries of incorporation	Proportion (%) of ownership interest		Principal activities
		2014	2013	
<b>Held through Yinson Vietnam Company Limited:</b>				
Yen Son Diversified Company Limited <sup>(ii) (iii)</sup>	Vietnam	51	51	Provision of warehousing facilities. Currently dormant.
<b>Held through Yinson Production Limited:</b>				
Yinson Production AS (formerly known as Fred. Olsen Production ASA) <sup>(ii) (iii)</sup>	Norway	100	-	Investment holding.
Yinson Production Pte. Ltd. <sup>(ii) (iii)</sup>	Singapore	100	-	Ship management services and service activities incidental to oil and gas extraction.
<b>Held through Yinson Production AS:</b>				
Fred. Olsen Production (Cyprus) Ltd. <sup>(ii) (iii)</sup>	Cyprus	100	-	Presently under liquidation.
Fred. Olsen Production Pte. Ltd. <sup>(ii) (iii)</sup>	Singapore	100	-	Ship management services.
Knock Taggart Pte. Ltd. <sup>(ii) (iii)</sup>	Singapore	100	-	Dormant
Knock Borgen Pte. Ltd. <sup>(ii) (iii)</sup>	Singapore	100	-	Dormant
Nautipa AS <sup>(ii) (iii)</sup>	Norway	100	-	Investment holding.
Taggart AS <sup>(ii) (iii)</sup>	Norway	100	-	Dormant
Dee As <sup>(ii) (iii)</sup>	Norway	100	-	Dormant
Adoon As <sup>(ii) (iii)</sup>	Norway	100	-	Investment holding.
Nevis 1 AS <sup>(ii) (iii)</sup>	Norway	100	-	Dormant
Allan AS <sup>(ii) (iii)</sup>	Norway	100	-	Investment holding.



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 21. Investment In Subsidiaries (cont'd)

Name of subsidiaries	Countries of incorporation	Proportion (%) of ownership interest		Principal activities
		2014	2013	
<b>Held through Allan AS:</b>				
Knock Allan Pte. Ltd. <sup>(ii) (iii)</sup>	Singapore	100	-	Leasing of vessel and ship management services.
<b>Held through Adoon AS:</b>				
Adoon Pte. Ltd. <sup>(ii) (iii)</sup>	Singapore	100	-	Leasing of vessel and ship management services.

(i) Subsidiaries consolidated using merger method of accounting.

(ii) Subsidiaries consolidated using acquisition method of accounting.

(iii) Audited by a firm other than Ernst & Young.

#### Acquisition of subsidiaries

On 28 May 2013, the Company incorporated a wholly owned subsidiary, Yinson Production Limited ("YPL") with an issued and fully paid share capital of USD2,000.

On 31 December 2013, YPL acquired 100% equity interest in Yinson Production AS ("YPAS") (formerly known as Fred. Olsen Production ASA). Upon the acquisition, YPAS became a subsidiary of the Group.

YPAS, which was de-listed from the Oslo Stock Exchange after the acquisition, is a company incorporated in Norway. YPAS and its subsidiaries ("YPAS Group") own and operate two Floating, Production, Storage and Offloading ("FPSO") vessels in the international oil and gas market. YPAS Group also operates a production jack-up, Operating of Mobile Offshore Production Unit ("MOPU") for an oil company customer.



# Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



## 21. Investment In Subsidiaries (cont'd)

### Acquisition of subsidiaries (cont'd)

The fair values of the identifiable assets and liabilities of YPAS as at the date of acquisition were:

	Fair value RM'000	Carrying amount RM'000
Property, plant and equipment	777,298	836,373
Investment in a joint venture	106,041	68,680
Available-for-sales financial assets	17,194	17,194
Trade and other receivables	18,385	18,385
Inventories	2,415	2,415
Cash and cash equivalents	196,553	196,553
	1,117,886	1,139,600
Net employee defined benefit liabilities	7,522	7,522
Loans and borrowings	367,711	367,711
Unfavourable contracts	100,226	-
Trade and other payables	17,788	17,788
Income tax payable	21,752	13,046
	514,999	406,067
Net identifiable assets	602,887	733,533
Total cost of business combination is as follows:		RM'000
Cash paid		554,873
Directly attributable costs of acquisition		15,941
		570,814
The effect of the acquisition on cash flows is as follows:		RM'000
Total cost of the business combination settled in cash		554,873
Less: cash and cash equivalents of subsidiary acquired		(196,553)
Net cash outflow on acquisition		358,320
<u>Gain on a bargain purchase arising on acquisition</u>		RM'000
Fair value of net identifiable assets		602,887
Gain on a bargain purchase		(48,014)
Cost of business combination		554,873



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 21. Investment In Subsidiaries (cont'd)

#### Acquisition of subsidiaries (cont'd)

Provisional accounting of acquisition

The Group has engaged an independent valuer to determine the fair values of the vessels and service contracts attached to the vessels. As at 31 January 2014, the fair values of the vessels and net unfavourable contracts amounting to approximately RM777 million and RM100 million respectively were determined on a provisional basis as the results of the independent valuation had not been received by the date the financial statements were authorised for issue. Gain on a bargain purchase arising from this acquisition, the carrying amounts of the vessels and services contracts will be adjusted accordingly on a retrospective basis when the valuation of the vessels and services contracts are finalised.

### 22. Investment in joint ventures

	<b>Group</b>	
	<b>2014 RM'000</b>	<b>2013 RM'000</b>
Share of net assets of joint ventures	357,965	153,498

	<b>Company</b>	
	<b>2014 RM'000</b>	<b>2013 RM'000</b>
Unquoted shares outside Malaysia, at cost:		
At beginning of the year	54,822	2
Addition	32,796	24,978
Capitalisation of advances to joint ventures	109,637	29,842
At end of the year	197,255	54,822
Advances to joint ventures:		
At beginning of the year	98,309	29,842
Addition	12,911	98,309
Capitalisation of advances to joint ventures	(109,637)	(29,842)
At end of the year	1,583	98,309
	198,838	153,131

Advance to PTSC South East Asia Pte. Ltd. is secured and bears interest at LIBOR+ 2.5% (2013: LIBOR + 2.5%) per annum.

Advance to PTSC Asia Pacific Pte. Ltd. is unsecured and bears interest at 4.5% (2013: 4.5%) per annum.

# Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



## 22. Investment in joint ventures (cont'd)

Details of joint ventures are as follows:

Name of Joint Ventures	Countries of incorporation	Proportion (%) of ownership interest		Principal activities
		2014	2013	
PTSC South East Asia Pte. Ltd. <sup>(i)</sup>	Singapore	49	49	Leasing of a floating, storage and offloading unit ("FSO").
PTSC Asia Pacific Pte. Ltd. <sup>(i)</sup>	Singapore	49	49	Leasing of a floating, production storage and offloading unit ("FPSO").
<b>Held through Nautipa AS:</b>				
Tinworth Pte. Ltd. <sup>(ii)</sup>	Singapore	50	-	Leasing of a floating, production storage and offloading unit ("FPSO") on time charter basis.

(i) Audited by a firm other than Ernst & Young.

(ii) Audited by a member firm of Ernst & Young Global in Singapore.

The Group's commitments in respect of its interest in the joint ventures are disclosed in Note 40.

The Group's interest in PTSC South East Asia Pte. Ltd., PTSC Asia Pacific Pte. Ltd. and Tinworth Pte. Ltd. are accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint ventures, based on its MFRS/IFRS financial statements are set out below:

(i) PTSC South East Asia Pte. Ltd.

	2014 RM'000	2013 RM'000
<b>Summarised statement of financial position:</b>		
Current assets	81,974	22,446
Non-current assets	473,479	335,727
Current liabilities	(133,593)	(62,498)
Non-current liabilities	(247,829)	(214,444)
<b>Equity</b>	<b>174,031</b>	<b>81,231</b>
Proportion of the Group's ownership	49%	49%
Carrying amount of the investment	85,275	39,803



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 22. Investment in joint ventures (cont'd)

(i) PTSC South East Asia Pte. Ltd. (cont'd)

	2014 RM'000	2013 RM'000
<b>Summarised statement of comprehensive income:</b>		
Revenue	93,405	-
Cost of sales	(14,771)	-
Administrative expenses	(910)	(97)
Finance costs	(6,227)	-
<b>Profit/(loss) before tax</b>	71,497	(97)
Income tax expense	(1,444)	-
<b>Profit/(loss) for the year</b>	70,053	(97)
Group's share of profit/(loss) for the year	34,326	(48)

(ii) PTSC Asia Pacific Pte. Ltd.

	2014 RM'000	2013 RM'000
<b>Summarised statement of financial position:</b>		
Current assets	49,344	14,867
Non-current assets	1,170,244	452,069
Current liabilities	(153,443)	(436,384)
Non-current liabilities	(732,656)	-
<b>Equity</b>	333,489	30,552
Proportion of the Group's ownership	49%	49%
Carrying amount of the investment	163,410	14,970

	2014 RM'000	2013 RM'000
<b>Summarised statement of comprehensive income:</b>		
<b>Loss before tax</b>	(584)	(479)
Income tax expense	-	-
<b>Loss for the year</b>	(584)	(479)
Group's share of loss for the year	(286)	(235)

# Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



## 22. Investment in joint ventures (cont'd)

(iii) Tinworth Pte. Ltd.

	2014 RM'000
<b>Summarised statement of financial position:</b>	
Current assets	126,169
Non-current assets	141,479
Current liabilities	(49,092)
<b>Equity</b>	<b>218,556</b>
Proportion of the Group's ownership	50%
Carrying amount of the investment	109,278
<b>Summarised statement of comprehensive income:</b>	
Revenue	8,040
Cost of sales	(6,058)
Other income	2,739
Administrative expenses	(481)
<b>Profit before tax</b>	<b>4,240</b>
Income tax expense	(948)
<b>Profit for the year</b>	<b>3,292</b>
Group's share of profit for the year	1,646



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 23. Investment in associates

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unquoted shares, at cost:				
- Outside Malaysia	26,556	26,392	-	-
- In Malaysia	30	-	30	-
	26,586	26,392	30	-
Gain on a bargain purchase	3,051	3,051	-	-
Share of post-acquisition reserves	(426)	(427)	-	-
	29,211	29,016	30	-

Details of the associates are as follows:

Name of associates	Countries of incorporation	Proportion (%) of ownership interest		Principal activities
		2014	2013	
Yinson Energy Sdn. Bhd.	Malaysia	30	-	Provision of marine transport services. The Company has not commenced operations.
<b>Held through Yinson Port Venture Pte. Ltd.:</b>				
PTSC Phu My Port Joint Stock Company <sup>(i)</sup>	Vietnam	40	40	Manage and operating a port, including cargo handling and provision of related business and services.
<b>Held through YPAS:</b>				
Fred. Olsen Production (West Africa) Ltd. <sup>(i)</sup>	Nigeria	40	-	Provision of technical management and FPSO management services.

(i) Audited by a firm other than Ernst & Young.



# Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



## 23. Investment in associates (cont'd)

### (i) PTSC Phu My Port Joint Stock Company

The Group's interest in PTSC Phu My Port Joint Stock Company is accounted for using the equity method in the consolidated financial statements. The financial statements of PTSC Phu My Port Joint Stock Company for the year ended 31 December 2013 have been used in applying the equity method of accounting as allowed by Paragraph 34 of MFRS 128 Investments in Associates and Joint Ventures. There is no significant transaction or event that occur between 31 December 2013 and the reporting date and hence no adjustment has been made for the current and previous financial years.

The following table illustrates the summarised financial information of the Group's investment in PTSC Phu My Port Joint Stock Company:

	2014 RM'000	2013 RM'000
<b>Summarised statement of financial position:</b>		
Current assets	12,341	25,847
Non-current assets	80,299	73,467
Current liabilities	(17,116)	(24,331)
Non-current liabilities	(2,010)	(2,443)
<b>Equity</b>	<b>73,514</b>	<b>72,540</b>
Proportion of the Group's ownership	40%	40%
Carrying amount of the investment	29,405	29,016

	2014 RM'000	2013 RM'000
<b>Summarised statement of comprehensive income:</b>		
Revenue	14,817	22,957
Cost of sales	(15,369)	(22,531)
Expenses	(2,437)	(1,044)
<b>Loss before tax</b>	<b>(2,989)</b>	<b>(618)</b>
Income tax expense	(166)	(331)
<b>Loss for the year</b>	<b>(3,155)</b>	<b>(949)</b>
Bonus and welfare funds	(132)	(119)
	<b>(3,287)</b>	<b>(1,068)</b>
Group's share of loss for the year	(1,315)	(427)

### (ii) Investment in other associates

The summarised financial information of investment in other associates are not represented due to these investments are individually immaterial to the Group.



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 24. Available-for-sale financial assets

	Group	
	2014 RM'000	2013 RM'000
Quoted equity shares:		
- In Malaysia	2,492	11,391
- Outside Malaysia	13,241	-
	15,733	11,391

Fair values of these quoted equity shares are determined by reference to published price quotations in an active market.

#### Impairment on AFS financial assets

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Based on the assessment, the Group identified an impairment of approximately RM19,223,000 on AFS quoted equity securities and recognised the impairment loss in the statement of profit or loss.

### 25. Inventories

	Group	
	2014 RM'000	2013 RM'000
<b>At cost:</b>		
Consumables	2,936	474
Trading goods	37,105	206
	40,041	680

# Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



## 26. Trade and other receivables

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Current:</b>				
<b>Trade receivables</b>				
Third parties	315,501	246,712	-	-
Joint venture	810	-	-	-
Directors' related companies	1,955	1,754	-	-
	318,266	248,466	-	-
Allowance for impairment	(8,779)	(3,154)	-	-
	309,487	245,312	-	-
<b>Other receivables</b>				
Refundable deposits	588	1,543	1	1,001
Sundry receivables	21,104	1,565	-	-
Due from subsidiaries	-	-	390,778	94,443
Due from joint ventures	45,715	39,478	45,715	39,478
Due from an associate	3	-	3	-
	67,410	42,586	436,497	134,922
Allowance for impairment	(274)	(349)	-	-
	67,136	42,237	436,497	134,922
	376,623	287,549	436,497	134,922
<b>Non-current:</b>				
<b>Other receivables</b>				
Loans to subsidiaries				
- Non-interest bearing	-	-	28,658	27,339
- Interest bearing	-	-	9,276	7,000
Third parties	1,981	-	-	-
	1,981	-	37,934	34,339
	378,604	287,549	474,431	169,261
Total trade and other receivables	378,604	287,594	474,431	169,261
Add: cash and bank balances (Note 28)	267,077	23,837	5,671	211
<b>Total loans and receivables</b>	<b>645,681</b>	<b>311,386</b>	<b>480,102</b>	<b>169,472</b>



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 26. Trade and other receivables (cont'd)

#### (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 (2013: 30 to 120) day terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

##### Ageing analysis of trade receivables

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

	Group	
	2014 RM'000	2013 RM'000
Neither past due nor impaired	119,073	78,296
1 to 30 days past due not impaired	105,383	22,967
31 to 60 days past due not impaired	58,250	12,693
61 to 90 days past due not impaired	6,526	10,681
91 to 120 days past due not impaired	3,755	7,321
More than 121 days past due not impaired	16,500	113,354
	190,414	167,016
Impaired	8,779	3,154
	318,266	248,466

##### Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's receivables that are neither past due nor impaired have been renegotiated during the financial year.

##### Receivables that are past due but not impaired

The Group has trade receivables amounting to approximately RM190,414,000 (2013: RM167,016,000) that are past due at the reporting date but not impaired.

During the previous financial year, a trade receivable amounted to approximately RM35,597,000 was partly settled via its quoted equity shares of approximately RM28,046,000 resulted in a write off of approximately RM6,763,000. The Group had classified the quoted equity shares as available-for-sale financial assets.

# Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



## 26. Trade and other receivables (cont'd)

### Receivables that are impaired

The Group's trade receivables are individually impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2014 RM'000	2013 RM'000
Trade receivable - nominal amount	8,779	3,154
Less: Allowance for impairment	(8,779)	(3,154)
	-	-

Movement for allowance accounts:

	Group	
	2014 RM'000	2013 RM'000
At beginning of year	3,154	2,328
Charge for the year (Note 10)	5,831	1,828
Reversal of impairment loss (Note 9)	(8)	(232)
Written off	(198)	(770)
At end of year	8,779	3,154

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

### (b) Other receivables

Amounts due from subsidiaries, joint ventures and an associate are unsecured, non-interest bearing and are repayable upon demand.

The non-interest bearing loan is denominated in Singapore Dollar (SGD) and the interest bearing loan is denominated in Vietnam Dong (VND). These amounts are unsecured and form part of the Group's net investments. The exchange differences arising from these amounts are recognised in other comprehensive income and shall be reclassified from equity to profit or loss on disposal of the net investments.

Movement for other receivables allowance accounts:

	Group	
	2014 RM'000	2013 RM'000
At beginning of year	349	403
Charge for the year (Note 10)	11	15
Reversal of impairment loss (Note 9)	(6)	(8)
Written off	(80)	(61)
At end of year	274	349



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 27. Other current assets

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Prepayments	9,420	3,755	1,075	1,136
Advance payments to suppliers for purchase of vessels	-	38,276	-	38,276
	9,420	42,031	1,075	39,412

### 28. Cash and bank balances

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash on hand and at banks	200,080	23,754	5,671	211
Deposits with licensed banks	66,997	83	-	-
Cash and bank balances	267,077	23,837	5,671	211

Deposit with a licensed bank, denominated in USD, of approximately RM66,912,000, has been pledged to the bank for a performance guarantee issued in favour of a subsidiary's customer for a period of six years. The deposit is made for period of three months and earns interest at 6% per annum

Deposit with a licensed bank of approximately RM85,000 has been pledged to the bank for bank guarantee facilities granted to the subsidiaries.

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	267,077	23,837	5,671	211
Bank overdrafts (Note 32)	(15,096)	(12,690)	-	-
	251,981	11,147	5,671	211
Deposits pledged to banks	(66,997)	(83)	-	-
Cash and cash equivalents	184,984	11,064	5,671	211

# Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



## 29. Issued capital

	Number of ordinary shares of RM1 each		Amount	
	2014 000	2013 000	2014 000	2013 000
<b>Authorised:</b>				
At 1 February/31 January	500,000	500,000	500,000	500,000
<b>Issued and fully paid:</b>				
At 1 February	200,355	75,347	200,355	75,347
Issued during the year:				
- Rights issue	-	113,021	-	113,021
- Private placements	20,036	11,987	20,036	11,987
- Share issuance	37,809	-	37,809	-
At 31 January	258,200	200,355	258,200	200,355

## 30. Reserves

### (a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It also included the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in currency different from that of the Group's presentation currency.

### (b) Available-for-sale reserve

The available-for-sale reserve represents cumulative fair value gain or loss arising from available-for-sale financial assets recognised. This reserve will be reclassified to profit or loss upon the investment is derecognised, or when the investment is determined to be impaired.

## 31. Retained earnings

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 their 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 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

Since the transitional period of six years has expired on 31 December 2013, the Company may distribute dividends out of its entire retained earnings as at 31 January 2014 under the single tier system.





## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 32. Loans and borrowings

		Group		Company	
	Maturity	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Current:</b>					
Secured:					
Bank loans:					
- RM loan at BLR + 1.00%	2015	197	218	-	-
- RM loan at BLR + 0.20%	2015	82	76	-	-
- RM loan at BLR + 2.00%	2015	28	29	-	-
- RM loan at BLR + 0.50%	2015	625	1,704	-	-
- RM loan at BLR - 1.60%	2015	1,376	1,306	-	-
- USD loan at COF + 2.50%	2015	4,366	4,033	-	-
- USD loan at COF + 2.80%	2015	8,724	8,065	-	-
- USD loan at SIBOR + 2.85%	2015	11,245	10,377	-	-
- USD loan at COF + 2.80%	2015	6,621	6,115	6,621	6,115
- USD loan at LIBOR + 4.00%	2015	116,288	-	-	-
- USD loan at COF + 4.00%	2015	69,923	-	-	-
Obligations under finance leases (Note 33)	2015	4,242	2,469	-	-
		223,717	34,392	6,621	6,115
<b>Unsecured:</b>					
Bank overdrafts	On demand	15,096	12,690	-	-
Bank loans					
- RM loan at COF + 2.50%	2015	50,000	50,000	50,000	50,000
- USD loan at COF + 2.50%	2015	97,685	90,509	97,685	90,509
- USD loan at COF + 3.50%	2015	50,184	-	50,184	-
Bankers' acceptances	2015	162,829	116,044	-	-
Revolving credits	2015	22,228	5,500	16,728	-
		398,022	274,743	214,597	140,509
		621,739	309,135	221,218	146,624
<b>Non-current:</b>					
Secured:					
Bank loans:					
- RM loan at BLR + 1.00%	2016	40	236	-	-
- RM loan at BLR + 0.20%	2016	2	83	-	-
- RM loan at BLR + 0.50%	2015	-	765	-	-
- RM loan at BLR + 2.00%	2016	195	223	-	-

# Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



## 32. Loans and borrowings (cont'd)

	Maturity	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
- RM loan at BLR - 1.60%	2019	5,660	7,039	-	-
- USD loan at COF + 2.50%	2018	20,614	23,147	-	-
- USD loan at COF + 2.80%	2017	19,796	26,046	-	-
- USD loan at SIBOR + 2.85%	2017	44,789	51,918	-	-
- USD loan at COF + 2.80%	2019	22,789	27,238	22,789	27,238
- USD loan at LIBOR + 4.50%	2019	251,329	-	-	-
- USD loan at COF + 4.50%	2020	298,093	-	-	-
Obligations under finance leases (Note 33)	2019	5,087	2,711	-	-
		668,394	139,406	22,789	27,238
		1,290,133	448,541	244,007	173,862
<b>Total borrowings</b>					
Bank overdrafts (Note 28)		15,096	12,690	-	-
Bankers' acceptances		162,829	116,044	-	-
Revolving credits		22,228	5,500	16,728	-
Bank loans		1,080,651	309,127	227,279	173,862
		1,280,804	443,361	244,007	173,862
Obligations under finance leases (Note 33)		9,329	5,180	-	-
<b>Total loans and borrowings</b>		1,290,133	448,541	244,007	173,862

The remaining maturities of the loans and borrowings (excluding obligations under finance leases) as at the reporting dates are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
On demand or within one year	617,497	306,666	221,218	146,624
More than 1 year and less than 2 years	126,221	30,755	6,647	6,135
More than 2 years and less than 5 years	395,198	102,174	16,142	18,530
5 years or more	141,888	3,766	-	2,573
	1,280,804	443,361	244,007	173,862

- (a) The secured loans and borrowings of the Group are secured by certain assets of the Group as disclosed in Notes 17, 18 and 19.
- (b) Certain unsecured loans and borrowings of the Company are guaranteed jointly and severally by two of the directors namely, Lim Han Weng and Lim Han Joeh.

All unsecured loans and borrowings of the subsidiaries are guaranteed by the Company and certain unsecured loans and borrowings of the subsidiaries are guaranteed jointly and severally by two of the directors namely, Lim Han Weng and Lim Han Joeh.



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 33. Obligations under finance leases

	Group	
	2014 RM'000	2013 RM'000
<b>Minimum lease commitments:</b>		
Not later than 1 year	4,677	2,708
Later than 1 year and not later than 2 years	3,855	1,819
Later than 2 years and not later than 5 years	1,233	1,023
Total minimum lease payments	9,765	5,550
Less: Amounts representing finance charges	(436)	(370)
Present value of minimum lease payments	9,329	5,180
<b>Present value of payments:</b>		
Not later than 1 year	4,242	2,469
Later than 1 year and not later than 2 years	3,699	1,712
Later than 2 years and not later than 5 years	1,388	999
Present value of minimum lease payments	9,329	5,180
Less: Amount due within 12 months (Note 32)	(4,242)	(2,469)
Amount due after 12 months (Note 32)	5,087	2,711

The finance lease liabilities are secured by charges over the leased assets (Note 17) and secured by corporate guarantees from the Company. The average discount rate implicit in the leases ranges from 2.36% to 4.30% (2013: 2.49% to 4.30%) per annum.

### 34. Net employee defined benefit liabilities

	Group	
	2014 RM'000	2013 RM'000
At 1 February	-	-
Assumed from acquisition of subsidiaries (Note 21)	7,522	-
Exchange differences	147	-
At 31 January	7,669	-

Employees in Yinson Production AS (YPAS) participated in a defined pension plan providing entitlement to 70% of the salary at the time of retirement (based on length of service) up to a maximum amount of Norwegian Krone 1.06 million, equivalent to approximately RM570,000. In addition, YPAS had unfunded (unsecured) pension obligations covering senior executives equal to 66% of salary on retirement. The general retirement age under the pension plan is 67 years except for four senior managers who have the right to pension upon reaching 65 years of age.

Prior to 31 December 2013, the pension plan was administered by Fred. Olsen & Co's Pensjonskasse. The administration of pension funds is subject to the Financial Supervisory Authority of Norway (Kredittilsynet) rules of capital management. The pension plan assets consist primarily of bonds, certificates and shares in Norwegian stock listed companies. 14 employees were included in the pension plan at 31 December 2013.

## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



### 34. Net employee defined benefit liabilities (cont'd)

The aforementioned pension plan qualifies under the minimum requirements for mandatory service pension ("Obligatorisk Tjenestepensjon") under the Norwegian law for Company Pensions ("Lov om Foretakspensjon").

Subsequent to the acquisition, the YPAS ended its membership in Fred. Olsen & Co's Pensjonskasse and established a defined contribution pension plan with effect from 1 January 2014.

### 35. Unfavourable contracts

	Group	
	2014 RM'000	2013 RM'000
<b>Cost:</b>		
At 1 February	-	-
Assumed from acquisition of subsidiaries (Note 21)	100,226	-
Exchange differences	1,945	-
At 31 January	102,171	-
<b>Accumulated amortisation and impairment:</b>		
At 1 February	-	-
Amortisation	2,111	-
At 31 January	2,111	-
<b>Net carrying amount:</b>	100,060	-
<b>Amount to be amortised:</b>		
- current	24,577	-
- Non-current	75,483	-
	100,060	-

The unfavourable contracts represents the fair value of the services contracts embedded in the time charter contracts, arising from the acquisition of subsidiaries and recognised as liabilities.



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 36. Deferred tax liabilities

	Group	
	2014 RM'000	2013 RM'000
At 1 February	2,796	2,937
Recognised in profit or loss (Note 14)	(1,575)	(141)
Acquisition of subsidiaries	8,877	-
At 1 January	10,098	2,796
Presented after appropriate offsetting as follows:		
Deferred tax assets	(1,148)	-
Deferred tax liabilities	11,246	2,796
	10,098	2,796

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

	Deferred tax liabilities Accelerated capital allowances RM	Deferred tax assets Unutilised tax losses and unabsorbed capital allowances RM	Provision RM	Total RM
<b>At 1 February 2012</b>	5,681	(2,734)	(10)	2,937
Recognised in profit or loss	82	(218)	(5)	(141)
<b>At 31 January 2013 and 1 February 2013</b>	5,763	(2,952)	(15)	2,796
Recognised in profit or loss	(100)	(308)	(1,167)	(1,575)
Acquisition of subsidiaries	8,877	-	-	8,877
<b>At 31 January 2014</b>	14,540	(3,260)	(1,182)	10,098

As at previous reporting date, the Group had unutilised tax losses and unabsorbed capital allowances of approximately RM4,749,000 that are available to offset against future taxable profits of the respective subsidiaries in which these unutilised tax losses and unabsorbed capital allowances arose.

The availability of unutilised tax losses to offset against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority. The use of tax losses of subsidiaries in other countries are subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislations of the countries in which the subsidiaries operate.

# Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



## 37. Trade and other payables

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Trade payables</b>				
Third parties	43,885	40,318	-	-
Directors' related companies	5,102	121	-	-
Corporate shareholder of a subsidiary	-	429	-	-
	48,987	40,868	-	-
<b>Other payables</b>				
Due to directors	85,450	878	85,450	858
Due to subsidiaries	-	-	11,016	9,376
Directors' related companies	1,175	3,784	-	2,554
Corporate shareholders of subsidiaries	8,057	10,908	-	-
Sundry payables	32,400	4,555	90	975
Accruals	4,726	4,013	1,859	1,095
	131,808	24,138	98,415	14,858
<b>Total trade and other payables</b>	180,795	65,006	98,415	14,858
Total trade and other payables	180,795	65,006	98,415	14,858
Add: loans and borrowings (Note 32)	1,290,133	448,541	244,007	173,862
<b>Total financial liabilities carried at amortised cost</b>	1,470,928	513,547	342,422	188,720

### (a) Trade payables

Trade payables are non-interest bearing and the credit terms granted to the Group and the Company range from 30 to 120 (2013: 30 to 120) days.

### (b) Other payables

Amounts due to directors, directors' related companies, a corporate shareholder of subsidiaries and subsidiaries are unsecured, non-interest bearing and are repayable on demand.

## 38. Derivatives

	Group	
	2014 RM'000	2013 RM'000
<b>Financial liabilities at fair value through profit or loss</b>		
Derivatives not designated as hedge		
- Interest rate swaps	127	120

The interest rate swaps are used to manage the exposure to the risk of changes in market interest rates arising from certain floating rate bank loans of the Group.

The fair values of the interest rate swaps are determined by using the price quoted by the counterparty banks. Fair value of the interest rate swap is categorised as level 2. There is no transfer from level 1 and level 2 or out of level 3 during the financial year.



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 39. Significant related party transactions

#### (a) Sales and purchases of goods and services

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Directors' interest companies:				
- rental income	60	60	-	-
- transport income	7,171	8,668	-	-
- lease of barges	3,262	3,620	-	-
- sales of goods	584	822	-	-
- purchases of goods	3,396	3,284	-	-
- interest income	31	61	-	-
Joint ventures:				
- sales of goods	755	-	-	-
- interest income	3,320	3,004	3,320	-
Subsidiaries:				
- dividend income	-	-	7,949	9,500
- interest income	-	-	441	631

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.

#### (b) Compensation to key management personnel

Key management personnel of the Group and of the Company are also executive directors of the Company. Information of compensation to executive directors is disclosed in Note 12.



# Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



## 40. Commitments

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>(a) Capital commitments</b>				
Approved and contracted for: Property, plant and equipment	15,049	37,716	-	29,334
Share of joint ventures' capital commitments in relation to property, plant and equipment	64,250	252,033	-	-
Approved but not contracted for: Property, plant and equipment	15,813	-	-	-
Share of joint ventures' capital commitments in relation to property, plant and equipment	35,043	-	-	-
	130,155	289,749	-	29,334

### (b) Operating lease commitments – Group as lessee

In addition to the land use rights as disclosed in Note 19, the Group has entered into leases for the use of premises, vessels and equipment. These leases have an average tenure of between 6 months to 2 years with options to extend for the lease periods mutually agreed between the lessees and lessors. The Group is restricted from leasing the leased premises to third parties.

Minimum lease payments, including amortisation of land use rights recognised in profit or loss for the financial year ended 31 January 2014 and 31 January 2013, amounted to approximately RM720,000 (2013: RM817,000).

Future minimum rentals payable under non-cancellable operating leases (excluding land use rights) at the reporting date are as follows:

	Group	
	2014 RM'000	2013 RM'000
Not later than 1 year	1,692	144
Later than 1 year and not later than 5 years	-	7
	-	151



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 40. Commitments (cont'd)

#### (c) Operating lease commitments – Group as lessor

The Group has entered into leases on its investment properties and vessels. These non-cancellable leases have remaining lease terms of between one to six years. All leases include a clause to enable upward revision of the rental charge on renewal basis based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2014 RM'000	2013 RM'000
Not later than 1 year	265,634	17,936
Later than 1 year and not later than 5 years	756,877	243
	1,022,511	18,179

Rental income from leasing of investment properties and chartering fees from leasing of vessels which recognised in profit or loss during the financial year are disclosed in Note 7.

### 41. Fair value of financial instruments

#### (a) Fair values of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of the fair value hierarchy:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>At 31 January 2014</b>				
<i>Financial assets:</i>				
Available-for-sale financial assets	15,733	-	-	15,733
Marketable securities	13	-	-	13
<i>Financial liability:</i>				
Interest rate swaps	-	127	-	127
<b>At 31 January 2013</b>				
<i>Financial assets:</i>				
Available-for-sale financial assets	11,391	-	-	11,391
Marketable securities	44	-	-	44
<i>Financial liability:</i>				
Interest rate swap	-	120	-	120

# Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



## 41. Fair value of financial instruments (cont'd)

### (a) Fair values of financial instruments that are carried at fair value (cont'd)

#### Fair value hierarchy

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 January 2014 and 31 January 2013.

### (b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

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

	Note
Trade and other receivables (current)	26
Trade and other payables (current)	37
Loans and borrowings (current), excluding obligations under finance leases	32
Loans and borrowings (non-current), excluding obligations under finance leases and a bank loan	32

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings excluding obligations under finance leases are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of non-current loans and borrowings excluding obligations under finance leases are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

#### Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guarantee period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the party guaranteed were to default.



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 41. Fair value of financial instruments (cont'd)

#### (c) Fair values of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Group	
Financial liabilities:	2014 RM'000	2013 RM'000
<i>Carrying value:</i>		
- Obligation under finance leases (current and non-current)	9,329	5,180
- USD bank loan (non-current)	251,329	-
	260,658	5,180
<i>Fair value:</i>		
- Obligation under finance leases (current and non-current)	9,222	5,077
- USD bank loan (non-current)	207,668	-
	216,890	5,077

### 42. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise of loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Group also holds available-for-sale financial assets.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a corporate finance team that advises on financial risks and the appropriate financial risk governance framework for the Group. The corporate finance team provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

#### (a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale financial assets and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 January in 2014 and 2013.

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's non-current loans and borrowings with floating interest rates.

# Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



## 42. Financial risk management objectives and policies (cont'd)

### (a) Market risk (cont'd)

#### (i) Interest rate risk (cont'd)

The Group manages its interest rate risk by having a balanced portfolio of fixed and floating rate loans and borrowings. The Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and floating rate interest amounts calculated by reference to an agreed-upon notional principal amount.

##### Interest rate sensitivity

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit before tax would have been approximately RM1,096,000 (2013: RM333,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

#### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's presentation currency) and the Group's net investments in foreign subsidiaries.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily RM, USD and Vietnamese Dong ("VND"). The foreign currency in which these transactions are denominated is mainly USD.

The Group holds cash and cash equivalents denominated in foreign currencies for working capital purposes. The other financial instruments denominated in foreign currencies includes available-for-sale financial assets, trade and other receivables, trade and other payables and loans and borrowings.

The Group is also exposed to currency translation risk arising from its net investment in foreign operations in Vietnam, Labuan, Singapore and Norway. The Group's investments in its foreign subsidiaries, joint ventures and associate are not hedged as the currency position in these investments are considered to be long-term in nature.

##### Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and SGD exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

		Group	
		2014 RM'000	2013 RM'000
USD/RM	- Strengthened 5%	(4,989)	(5,279)
	- Weakened 5%	4,989	5,279
SGD/RM	- Strengthened 5%	6	(25)
	- Weakened 5%	(6)	25



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 42. Financial risk management objectives and policies (cont'd)

#### (b) Credit risk

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

##### (i) Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in statement of financial position. The Group does not hold collateral as security. As at reporting date, approximately 57% (2013: 61%) of the Group's trade receivables are due from companies of a common group.

##### (ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's policy. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in statement of financial position except for trade receivables as disclosed above.

#### (c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases contracts.

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

# Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



## 42. Financial risk management objectives and policies (cont'd)

### (c) Liquidity risk (cont'd)

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>31 January 2014</b>				
Trade and other payables	180,795	-	-	180,795
Loans and borrowings	660,188	672,821	85,207	1,418,216
Derivatives	127	-	-	127
Total undiscounted financial liabilities	841,110	672,821	85,207	1,599,138
<b>31 January 2013</b>				
Trade and other payables	65,006	-	-	65,006
Loans and borrowings	315,385	146,782	3,821	465,988
Derivatives	120	-	-	120
Total undiscounted financial liabilities	380,511	146,782	3,821	531,114
<b>Company</b>				
<b>31 January 2014</b>				
Trade and other payables	98,415	-	-	98,415
Loans and borrowings	222,380	24,549	-	246,929
Total undiscounted financial liabilities	320,795	24,549	-	345,344
<b>31 January 2013</b>				
Trade and other payables	14,858	-	-	14,858
Loans and borrowings	147,959	27,322	2,602	177,883
Total undiscounted financial liabilities	162,817	27,322	2,602	192,741

## 43. Segment information

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

- (i) Transport - This segment includes the provision of commercial land transportation, haulage and shipping services.
- (ii) Marine - This segment comprises provision of vessel, barge and marine related services.
- (iii) Trading - This segment comprises the trading activities mainly in the construction related materials
- (iv) Other business segments include rental, insurance and investment income.





## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 43. Segment information (cont'd)

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

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

	Transport RM'000	Marine RM'000	Trading RM'000	Other operations RM'000	Consolidated RM'000
<b>31 January 2014</b>					
<b>Revenue:</b>					
External sales	106,046	162,085	714,048	9,031	991,210
Elimination					(49,349)
					<u>941,861</u>
<b>Results:</b>					
Segment results	7,880	27,360	20,043	18,068	73,351
Finance costs					(28,971)
Share of results of joint ventures					35,686
Share of results of associates					(1,316)
Income tax expense					(8,958)
					<u>69,792</u>
Profit for the year					
Amortisation and depreciation	4,490	18,211	124	-	22,825
Fair value gain/(loss):					
- investment properties	-	-	-	(20)	(20)
- marketable securities	-	-	-	2	2
Other non-cash expenses	2,554	(279)	3,000	(4,025)	1,250
<b>Assets and liabilities</b>					
Segment assets	374,620	1,432,291	265,759	70,604	2,143,274
Segment liabilities	30,957	1,380,692	187,755	2,824	1,602,228
Addition to non-current assets	10,305	782	-	5	11,092

## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



### 43. Segment information (cont'd)

	Transport RM'000	Marine RM'000	Trading RM'000	Other operations RM'000	Consolidated RM'000
<b>31 January 2013</b>					
<b>Revenue:</b>					
External sales	110,303	109,176	690,012	10,485	919,976
Elimination					(54,755)
					865,221
<b>Results:</b>					
Segment results	7,642	23,996	26,810	3,971	62,419
Finance costs					(17,286)
Share of results of joint ventures					(267)
Share of results of an associate					(427)
Income tax expense					(8,156)
Profit for the year					36,283
Amortisation and depreciation	4,314	9,273	124	-	13,711
Fair value gain/(loss):					
- investment properties	-	-	-	(2)	(2)
- marketable securities	-	-	-	(3)	(3)
Other non-cash expenses	527	(398)	7,714	139	7,982
<b>Assets and liabilities</b>					
Segment assets	66,531	461,641	212,203	60,523	800,898
Segment liabilities	25,867	338,053	146,676	6,514	517,110
Addition to non-current assets	5,949	91,597	-	322	97,868

### 44. Capital management

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to owners of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits.



## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014

### 44. Capital management (cont'd)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Loans and borrowings	1,290,133	448,541	244,007	173,862
Trade and other payables	180,795	65,006	98,415	14,858
Less: Cash and bank balances	(267,077)	(23,837)	(5,671)	(211)
<b>Net debt</b>	<b>1,203,851</b>	<b>489,710</b>	<b>336,751</b>	<b>188,509</b>
<b>Equity attributable to owners of the parent</b>	<b>535,127</b>	<b>281,232</b>	<b>374,049</b>	<b>209,772</b>
<b>Capital and net debt</b>	<b>1,738,978</b>	<b>770,942</b>	<b>710,800</b>	<b>398,281</b>
<b>Gearing ratio</b>	<b>69%</b>	<b>64%</b>	<b>47%</b>	<b>47%</b>

### 45. Subsequent events

#### (i) Renounceable Rights Issue

On 24 January 2014, the Company announced to undertake the following proposals:

- a renounceable rights issue of new ordinary shares ("Rights Share") to the entitled shareholders of the Company to raise maximum gross proceeds of up to RM500 million (Proposed Rights Issue);
- an increase in the authorised share capital of the Company from RM500 million comprising 500 million ordinary shares to RM1 billion comprising 1 billion ordinary shares; and
- a share split involving the subdivision of one ordinary share into two (2) ordinary shares of RM0.50 each in the Company held by the entitled shareholders of the Company on an entitlement date to be determined and announced later.

On 13 March 2014, the Company proposed to revise the maximum gross proceeds to be raised from the Proposed Rights Issue to up to RM600 million in view of the Company's current funding requirements

On 28 April 2014, the Company announced that the issue price is fixed at RM2.20 per Rights Share and that the entitlement basis for the Proposed Rights Issue is one (1) Rights Share for every one (1) existing ordinary share held by the Entitled Shareholders.

On 29 April 2014, the Company announced that it has procured written irrevocable undertakings from several parties to subscribe for their respective entitlements under the Proposed Rights Issue.

#### (ii) Incorporation of a subsidiary

On 5 May 2014, the Company via its wholly-owned subsidiary, Yinson Production Pte. Ltd., incorporated a wholly-owned subsidiary, Yinson Production (West Africa) Pte. Ltd. with a paid-up capital of USD1.00. The intended principal activities of the subsidiary are ship management services and service activities incidental to oil and gas extraction (excluding surveying).

### 46. Authorisation of financial statements for issue

The financial statements for the year ended 31 January 2014 were authorised for issue in accordance with a resolution of the directors on 28 May 2014.

## Notes to the Financial Statements (cont'd) for the financial year ended 31 January 2014



### 47. Supplementary information – breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group and of the Company as at 31 January 2014 and 2013 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Group</b>				
Total retained earnings				
- Realised	109,925	91,357	(1,117)	1,190
- Unrealised	4,776	(2,113)	4,025	151
	114,701	89,244	2,908	1,341
Total retained earnings from:				
Joint ventures:				
- Realised	35,396	(290)	-	-
Associates:				
- Realised	(1,743)	(427)	-	-
	148,354	88,527	2,908	1,341
Less: Consolidation adjustments	(1,712)	(4,182)	-	-
Retained earnings as per financial statements	146,642	84,345	2,908	1,341



## ANALYSIS OF SHAREHOLDINGS AS AT 12 JUNE 2014

Authorised Share Capital	: RM1,000,000,000 ordinary shares of RM1.00 each
Issued and Fully Paid-up Capital	: RM516,399,220 ordinary shares of RM1.00 each
Voting Rights	: One vote per share

### ANALYSIS OF SHAREHOLDINGS (According to the record of Depositors as at 19 June 2014)

Range	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 100	299	14.74	3,574	0.00
100 to 1,000	210	10.36	139,540	0.03
1,001 to 10,000	892	43.98	4,064,912	0.79
10,001 to 100,000	439	21.65	13,206,000	2.56
100,001 to 25,819,960 (*)	185	9.12	335,979,194	65.06
25,819,961 and above (**)	3	0.15	163,006,000	31.57
	2,028	100.00	516,399,220	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 19 June 2014)

Name	No. of Shares	%
1 Lim Han Weng	113,800,500	22.04
2 Kencana Capital Sdn Bhd	95,798,500	18.55
3 Bah Kim Lian	45,538,800	8.82
4 Employees Provident Fund Board	26,435,500	5.12

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

### DIRECTORS SHAREHOLDINGS (As per Register of Director's Shareholdings as at 19 June 2014)

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Lim Han Weng	113,800,500	22.04	23,886,800	4.63
Bah Kim Lian	45,538,800	8.82	-	-
Lim Han Joeeh	20,655,188	4.00	-	-
Bah Koon Chye	140,000	0.03	-	-
Adi Azmari bin Koya Moideen Kutty	110,000	0.02	-	-
Kam Chai Hong	132,300	0.03	-	-
Lim Chern Yuan	30,600	0.01	-	-

# Analysis Of Shareholdings As At 12 June 2014 (cont'd)



## 30 LARGEST SHAREHOLDERS (According to the Record of Depositors as at 19 June 2014)

	Name	No. of Shares	%
1	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Kencana Capital Sdn Bhd (PBCL-0G0042)	75,798,500	14.68
2	Affin Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Han Weng	45,909,200	8.89
3	Kenanga Nominees (Tempatan) Sdn Bhd Pledged securities account for Bah Kim Lian	41,298,300	8.00
4	Amsec Nominees (Tempatan) Sdn Bhd Pledged securities account - Ambank (M) Berhad for Lim Han Weng	22,347,400	4.33
5	Affin Nominees (Asing) Sdn Bhd Pledged securities account for Liannex Corporation (S) Pte Ltd	22,052,400	4.27
6	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged securities account for Yeow Chien Ming	20,655,000	4.00
7	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Han Weng (8081862)	20,094,000	3.89
8	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged securities account for Kencana Capital Assets Sdn Bhd (Margin)	20,000,000	3.87
9	Kenanga Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Han Weng	19,795,000	3.83
10	RHB Nominees (Tempatan) Sdn Bhd Bank Of China (Malaysia) Berhad Pledged securities account for Lim Han Joeh	17,200,000	3.33
11	Maybank Nominees (Tempatan) Sdn Bhd Exempt AN for Areca Capital Sdn Bhd	13,553,620	2.62
12	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	13,444,800	2.60
13	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd	11,555,800	2.24
14	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Kooi Eng (8112574)	9,393,120	1.82
15	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LSF)	6,454,600	1.25
16	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CIMB PRIN)	5,807,000	1.12
17	Citigroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Han Weng (473800)	5,522,900	1.07
18	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LPF)	4,684,400	0.91
19	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for Standard Chartered Bank Singapore Branch (SG PVB CL AC)	4,400,000	0.85
20	Citigroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Bah Kim Lian (473819)	3,919,000	0.76
21	Hong Leong Assurance Berhad As beneficial owner (Unitlinked BCF)	3,660,000	0.71
22	Citigroup Nominees (Asing) Sdn Bhd GSI for Joy Lead Consultants Limited	3,571,800	0.69
23	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (NOMURA)	3,550,200	0.69
24	Citigroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Wai Mun Tuck (471983)	3,514,500	0.68
25	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (Norges BK)	3,210,000	0.62
26	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (HDBS)	3,200,000	0.62
27	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-ASING)	2,954,400	0.57
28	Beh Eng Par	2,790,000	0.54
29	Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt AN for Phillip Capital Management Sdn Bhd	2,679,092	0.52
30	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt AN for Kumpulan Sentiasa Cemerlang Sdn Bhd(TSTAC / CLNT)	2,634,000	0.51
		415,649,032	80.48



## List of Properties

Details of all the landed properties owned by the Group and the Company as at 31 January 2014 are set out as follows:-

Location	Description of Existing Use	Tenure (expiry date/year)	Age of Building (years)	Land Area (sq.m)/ Gross Built up Area (sq m)	Fair Value/ Net Book Value (RM'000)	Last Date of Revaluation (R)/ Acquisition (A)
<b>PROPERTIES</b>						
PLO 248 Mukim of Tebrau Kawasan Perindustrian Tebrau IV Johor Bahru	Office building and warehouse	Leasehold land expiring 31.1.2060	12	23,310/ 5,440	9,262	A: 24.11.1997
<b>INVESTMENT PROPERTIES</b>						
PLO 729 Jalan Keluli Pasir Gudang Industrial Estate 81700 Pasir Gudang, Johor	Yard and office building	Leasehold land expiring 17.2.2068	6	6,070/ 329	1,500	R: 31.1.2014
PLO 734 Jalan Keluli Pasir Gudang Industrial Estate 81700 Pasir Gudang, Johor	Land	Leasehold land expiring 17.2.2068	-	6,669	1,100	R: 31.1.2014
Lot P.T3968 H.S(D) 5638 Mukim 1 Daerah Seberang Perai Tengah Pulau Pinang	Yard and Building	Leasehold land expiring 6.3.2058	6	10,630/ 566	3,500	R: 31.1.2014
PTD 64022 Jalan Angkasamas Satu Mukim of Tebrau Johor Bahru	Office building and warehouse	Leasehold land expiring 14.3.2053	19	11,048/ 4752	4,900	R: 31.1.2014
MLO 2754 Mukim of Plentong Johor Bahru	Vacant land	Freehold	-	4,097	400	R: 31.1.2014
PTD 66206 Taman Putri Wangsa Johor Bahru	Double storey terrace house	Freehold	16	184/ 133	200	R: 31.1.2014
G-3-1 Taman Pelangi Apartment H.S. (D) No.30874, P.T. No.6110 Mukim Bukit Katil Daerah Melaka Tengah, Melaka	Apartment	Freehold	14	142	90	R: 31.1.2014
H-3-1 Taman Pelangi Apartment H.S. (D) No.30874, P.T. No.6110, Mukim Bukit Katil Daerah Melaka Tengah, Melaka	Apartment	Freehold	14	142	90	R: 31.1.2014





Location	Description of Existing Use	Tenure (expiry date/year)	Age of Building (years)	Land Area (sq.m)/ Gross Built up Area (sq m)	Fair Value/ Net Book Value (RM'000)	Last Date of Revaluation (R) / Acquisition (A)
PTD No. 37796, H.S. (D) 127433 Mukim of Pulai District of Johor Bahru Johor Darul Ta'zim	1 1/2 storey light industrial building	Freehold	14	326/326	450	R: 31.1.2014
Parcel No 03-25, Melur Mewangi H.S. (D) 3503, P.T. No 1929 (Block 6), Mukim of Ijuk Kuala Selangor, Selangor	Apartment	Freehold	9	71	65	R: 31.1.2014
Unit No.145 Level 5 Block M1-B Lot No.144 Section 44 City of Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	Office Unit	Freehold	7	432	1,950	R: 31.1.2014
Lot No.D99 (Room 1641/1642 Vila Mayfair, Summerset Colonial Hotel and Villa) Summerset of Rompin, 26800 Kuala Rompin Pahang Darul Makmul	Vacation Resort Villa	Leasehold Building expiring 15.1.2094	18	608/ 135	70	R: 31.1.2014
PTD No.8325, HSM 5011 Mukim Semenyih Daerah Hulu Langat Negeri Selangor	Vacant Land	Leasehold land expiring 05.11.2094	-	1,581	420	R: 31.1.2014
PTD No.127063, H.S. (D) 251022, No.12, Jalan Gunung 4 Bandar Seri Alam, 81750 Masai Johor Darul Takzim	Four storey shopoffice	Freehold	18	178	420	R: 31.1.2014





**YINSON HOLDINGS BERHAD**  
Company No: 259147-A (Incorporated in Malaysia)

# Proxy Form

I / We \_\_\_\_\_

NRIC No. / Passport No. / Company No. \_\_\_\_\_

of \_\_\_\_\_

being a member / members of YINSON HOLDINGS BERHAD hereby appoint \_\_\_\_\_

\_\_\_\_\_

of \_\_\_\_\_

or failing him \_\_\_\_\_

of \_\_\_\_\_

as my / our proxy to vote for me / us on my/our behalf at the Twenty-First Annual General Meeting of the Company to be held at Level 6, Orchid Room, Berjaya Waterfront Hotel Johor Bharu (formerly known as The Zon Regency Hotel by The Sea), 88, Jalan Ibrahim Sultan, Stulang Laut, 80720 Johor Bahru, Johor Darul Takzim on Thursday, 31st July, 2014 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.	Declaration of Final Single-tier Dividend		
2.	Payment of Directors' Fees		
	Re-election of Directors :-		
3.	Tuan Haji Hassan Bin Ibrahim		
4.	Mr. Lim Chern Yuan		
5.	To re-appoint Messrs Ernst & Young as auditors		
6.	To approve the allotment of shares (under Section 132D)		
7.	To approve renewal of Shareholders' Mandate for recurrent related party transactions		
	Continuing in office as Independent Non-Executive Directors :-		
8.	Dato' Adi Azmari bin B.K. Koya Moideen Kutty		
9.	Mr Kam Chai Hong		
10.	Tuan Haji Hassan bin Ibrahim		

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2014

No. of Share Held	:	
CDS Account No	:	

Signature / Common Seal of Shareholder

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 may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
- (2) Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
- (3) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (4) Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (5) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.
- (6) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority shall be deposited at the Company's Registered Office at 25, Jalan Firma 2, Kawasan Perindustrian Tebrau IV, 81100 Johor Bahru, Johor Darul Takzim not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
- (7) Depositors whose name appear in the Record of Depositors as at 25 July 2014 shall be regarded as Member of the Company entitled to attend the Annual General Meeting or appoint a proxy to attend and vote on his/her behalf.



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AFFIX  
STAMP

YINSON HOLDINGS BERHAD  
(259147-A) (Incorporated in Malaysia)  
No. 25, Jalan Firma 2  
Kawasan Perindustrian Tebrau IV  
81100 Johor Bahru  
Johor, Malaysia.

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## YINSON HOLDINGS BERHAD

COMPANY No: 259147-A (INCORPORATED IN MALAYSIA)

No 25, JALAN FIRMA 2  
KAWASAN PERINDUSTRIAN TEBRAU IV  
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