



**YINSON HOLDINGS BERHAD**

Company No.: 259147-A (Incorporated in Malaysia)

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## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Tenth Annual General Meeting of the Company will be held at Angsana Room, Level 6, Eden Garden Hotel, 88, Jalan Ibrahim Sultan, Stulang Laut, 80720 Johor Bahru, Johor Darul Takzim on Monday, 28 July 2003 at 11.00 a.m. for the following purposes :-

### AGENDA

1. To receive and adopt the Audited Financial Statements for the year ended 31 January 2003 together with the Directors' and Auditors' Reports thereon. **(Resolution 1)**
2. To declare a first and final dividend of 1.5% less tax at 28% for the year ended 31 January 2003. **(Resolution 2)**
3. To approve the payment of Directors' Fees of RM290,000.00. **(Resolution 3)**
4. To re-appoint YBhg. Tan Sri Dato' Jaffar bin Abdul who is retiring in accordance with Section 129 of the Companies Act, 1965 as a Director of the Company to hold office until the conclusion of the next Annual General meeting. **(Resolution 4)**
5. To re-elect the following Directors who retire in accordance with Article 107 of the Company's Articles of Association :-
  - i. Bah Kim Lian (Executive Director) **(Resolution 5)**
  - ii. Bah Kim Hoon (Executive Director) **(Resolution 6)**
6. To re-appoint Messrs Ernst & Young as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors. **(Resolution 7)**
7. To transact any other ordinary business of which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

### Special Business

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

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

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

## NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

**NOTICE OF DIVIDEND ENTITLEMENT**

**NOTICE IS ALSO HEREBY GIVEN THAT** subject to the approval of the shareholders at the Tenth Annual General Meeting, the First and Final Dividend of 1.5% less 28% Income Tax in respect of the financial year ended 31 January 2003 will be paid on 2 September 2003 to Depositors registered in the Records of Depositors at the close of business on 4 August 2003.

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 4 August 2003 in respect of ordinary transfers;
- b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

**TAN SOO LEONG**

Company Secretary

Johor Bahru

4 July 2003

**Notes:**

- i. *A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.*
- ii. *The instrument appointing a proxy, in the case of an individual shall be signed by the appointer or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
- iii. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at 25, Jalan Firma 2, Kawasan Perindustrian Tebrau IV, 81100 Johor Bahru, Johor not less than 48 hours before the time for holding the meeting or any adjournment thereof.*

**Explanatory Notes****Resolution 8**

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

**Resolution 9**

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

## CORPORATE INFORMATION



*Standing from left to right:*

Mr. Bah Koon Chye  
Encik Adi Azmari bin  
B.K. Koya Moideen Kutty  
Mr. Kam Chai Hong  
Tuan Haji Hassan bin Ibrahim

*Sitting from left to right:*

Miss Bah Kim Hoon  
Madam Bah Kim Lian  
Mr. Lim Han Weng  
YBhg Tan Sri Dato' Jaffar  
bin Abdul (Chairman)  
Mr. Lim Han Joeh

### BOARD OF DIRECTORS

YBhg Tan Sri Dato' Jaffar bin Abdul  
Mr. Lim Han Weng  
Mr. Lim Han Joeh  
Miss Bah Kim Hoon  
Madam Bah Kim Lian  
Mr. Bah Koon Chye  
Encik Adi Azmari bin B.K. Koya Moideen Kutty  
Mr. Kam Chai Hong  
Tuan Haji Hassan bin Ibrahim

Chairman, Independent Non-Executive Director  
Managing Director  
Executive Director  
Executive Director  
Executive Director  
Executive Director  
Non-Executive Director  
Independent Non-Executive Director  
Independent Non-Executive Director

### SECRETARY

Tan Soo Leong (LS 02389)

### PRINCIPAL BANKERS

Bumiputra Commerce Bank Berhad  
RHB Bank Berhad  
Public Bank Berhad  
Hong Leong Bank Berhad  
Malayan Banking Berhad  
Bangkok Bank Berhad  
PLC Leasing & Factoring Sdn Bhd

### 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 22, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Tel: 03-2095 7077 Fax: 03-2094 9940

### AUDITORS

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

### STOCK EXCHANGE LISTING

The Kuala Lumpur Stock Exchange ("KLSE"),  
Second Board

## PROFILE OF BOARD OF DIRECTORS

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

YBhg Tan Sri Dato' Jaffar bin Abdul, a Malaysian, aged 71, was appointed as the Chairman of Yinson on 9 February 1995 and has served in the Royal Malaysian Police for 38 years from the rank of Probation Asiatic Inspector and rose to become the Deputy Inspector General of Police before retiring from the Civil Service in May 1989. He has vast experience especially in Management and Development of Human Resources and specialises in Senior Command and Administration including Policy Analysis and Development of Organisation/Institution.

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

**LIM HAN WENG** *Managing Director*

Mr Lim Han Weng, a Malaysian, aged 51, was appointed as the Managing Director of Yinson on 9 March 1993. He has been a director of Yinson Transport (M) Sdn Bhd (YTSB) since the date of incorporation on 5 April 1984 and was appointed as a director of Yinson Corporation Sdn Bhd (YCSB) on 1 March 1986. Armed with the experience gained while working with Lori Malaysia Bhd, a transport company, he embarked into the transport and trading business in 1984 under the partnership with his wife. In 1985, the business was transferred to YTSB.

Mr Lim is the driving force in the formulation and implementation of the Yinson Group corporate strategy. In addition to planning the business strategy and taking care of the financial aspects, he also oversees and supervises the operations of the branches. Being the prime mover of the Group's excellent achievements, Mr Lim maintains close relationship with customers by entertaining and securing corporate clients. He is the one primarily responsible for the success currently enjoyed by the Group.

**LIM HAN JOEH** *Executive Director*

Mr Lim Han Joeh, a Malaysian, aged 44, 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, a training ground for his career in the transportation line of business. In 1986, he assumed the position of Executive Director of YCSB. His role was to seek new markets in the central region mainly Klang Valley area in line with the expansion programme of Yinson Group's nationwide trucking activities as well as to service existing clients of Yinson Group in the Klang Valley and liaison with relevant government departments. He is primarily responsible for the overall management of the YCSB and is the brother of Mr Lim Han Weng.

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

Madam Bah Kim Lian, a Malaysian, aged 51, is the wife of Mr Lim Han Weng. She was appointed to the Board of Yinson on 9 March 1993. She assisted Mr Lim in the general administration of the Group's operations. Madam Bah is also responsible for the customers services of the Company, maintaining close relationship with the customers.

## PROFILE OF BOARD OF DIRECTORS (Cont'd)

### **ENCIK ADI AZMARI BIN BK KOYA MOIDEEN KUTTY** *Non-Executive Director*

Encik Adi Azmari bin BK Koya Moideen Kutty, a Malaysian, aged 39, was appointed to the Board of Yinson on 30 January 1996. He obtained a Diploma in Civil Engineering from Institut Teknologi Mara Shah Alam in 1984 and obtained a Bachelor in Engineering (Hons) Civil Engineering from Brighton Polytechnic, United Kingdom in 1987. Subsequently in 1999, he obtained a Master of IT in Business from the University of Lincolnshire & Humberside.

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

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

### **MISS BAH KIM HOON** *Executive Director*

Miss Bah Kim Hoon, a Malaysian, aged 48, was appointed to the Board of Yinson on 30 January 1996. She is trained in office organisation and secretarial duties and has additional experience gained from external exposures to the transport industry during her engagements with United Motor Works (Malaya) Sdn Bhd. This is one of the subsidiaries of UMW (M) Holdings Bhd, a distributor of backhoe loader equipment. She has worked in this department as Administration Officer/Assistant to Parts Manager during the period of January 1983 to June 1984.

She joined Malaysia Air Charter Co Sdn Bhd ("MAC") from July 1984 to September 1986 as the Secretary to the Operations Manager. MAC is commuter/general aviation company mainly catering to scheduled and unscheduled passenger and cargo-air transport services as well as other services including aerial photography, weather modification and off shore oil exploration.

Miss Bah joined the team of YTSB in 1987 as the Administration Manageress/Secretary to the Managing Director and to-date remains in the heartline of the administration. She is the sister-in-law of the Mr Lim Han Weng and the sister of Mr. Bah Koon Chye and Madam Bah Kim Lian.

## PROFILE OF BOARD OF DIRECTORS (Cont'd)

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

Mr Bah Koon Chye, a Malaysian, aged 39, was appointed to the Board of Yinson on 30 January 1996. He completed his Diploma in Management Program (DIMP) in 1995 and is an associate member of Malaysian Institute of Management. He obtained his Diploma in Management (MIM) in 1997, and is also a member of the Chartered Institute of Transport (MCIT). Subsequently, he obtained his Master in Business Administration (MBA) from the University of Strathclyde, United Kingdom in 2000 and Advance Diploma in Transport from the Chartered Institute of Transport, United Kingdom in 2001.

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

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

Mr Kam Chai Hong, a Malaysian, aged 54, was appointed as a Director of Yinson on 30 January 1996. He is a fellow of the Chartered Association of Certified Accountants. In 1980, he was admitted as a Public Accountant by Malaysian Institute of Certified Public Accountants and as a Registered Accountant by Institute of Certified Public Accountants of Singapore. He is also currently a member of the Malaysian Association of Certified Public Accountants.

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

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

Tuan Haji Hassan bin Ibrahim, a Malaysian, aged 53, was appointed as a Director of Yinson on 25 June 2001. He graduated with a Bachelor of Arts Degree, majoring in History (International Relations) from the University of Malaya in 1973. He later studied law at Lincoln's Inn, London, United Kingdom and was subsequently called to the English Bar in 1977. He served in various positions in the Judicial and Legal Service and was called to the Malaysian Bar in 1981. Presently, he has his own legal practice under the name of Hassan Ibrahim & Co. He is currently the director of a public listed company, Lankhorst Berhad, and also holds directorship in several other private limited companies.

## STATEMENT ON CORPORATE GOVERNANCE

The Malaysian Code on Corporate Governance (the “Code”) was formalised in October 2000. The Code set out the principles and best practices which companies should adopt to enhance good corporate governance.

Appreciating the importance of adopting good corporate governance, the Board of Directors is committed to the maintenance of high standards of corporate governance and has taken steps to progressively implement the prescriptions of the Principles and Best Practices set out in Part 1 and Part 2 respectively of the Code.

The Board is pleased to report on the manner the Company has applied the Principles, and the extent of compliance with the Best Practices of good governance as set out in Part 1 & 2 respectively of the Code pursuant to paragraph 15.26 of the Listing Requirements of the Kuala Lumpur Stock Exchange.

### COMPLIANCE STATEMENT

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

### PRINCIPLE STATEMENT

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

Section 1: Directors

Section 2: Directors’ Remuneration

Section 3: Shareholders

Section 4: Accountability and Audit

### Section 1: DIRECTORS

#### Composition of the Board

The Company is led by a strong and experienced Board. The Board has nine members, comprising five executive directors and four non-executive directors, three of whom are independent. No individual dominates the Board’s decision making. The profile of the Board members are set out on pages 5 to 7.

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

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

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

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



## STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

**Section 1: DIRECTORS (Cont'd)****Board Responsibilities**

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

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

The Board has also delegated certain responsibilities to other Board committees, which operate within clearly defined terms of reference. Standing committees of the Board include the Audit Committee (please refer to the Report on Audit Committee set out on pages 16 to 19), a Nomination Committee and a Remuneration Committee.

**Supply of Information**

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

Guidelines are in place concerning the content, presentation and delivery of papers to the Board for each meeting, so that the directors have enough information to be properly briefed.

Directors have the right to seek independent professional advice at the Company's expense, in furtherance of their duties.

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

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

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

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

The Nomination Committee comprises the following members:

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

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

## STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

**Section 1: DIRECTORS (Cont'd)****Appointments of the Board and Re-election (Cont'd)**

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

In accordance with the Company's Articles of Association, all directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Articles also provided that at least one-third of the Board including the Managing Director is subject to re-election at regular intervals and at least once every three years.

**Section 2: DIRECTORS' REMUNERATION****Remuneration Policy and Procedure**

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

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

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

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

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

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

- Basic Salaries and Fees**

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

## STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

**Section 2: DIRECTORS' REMUNERATION (Cont'd)****Remuneration Policy and Procedure (Cont'd)**

- Basic Salaries and Fees (Cont'd)**

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

- Bonus**

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

- Retirement Plan**

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

**Directors' Remuneration**

The details of the remuneration of directors of the Company during the financial year are as follows:

	Executive Directors RM	Non-Executive Directors RM
Salaries and other emoluments	1,062,840	28,800
Bonus	108,000	–
Fees	171,000	119,000
Total	1,341,840	147,800

The number of directors and their aggregate remuneration categorised into bands of RM50,000 are as follows:

	Executive Directors		Non-Executive Directors	
	No.	RM	No.	RM
Less than RM50,000	–	–	3	93,600
RM50,000 to RM100,000	–	–	1	54,200
RM100,001 to RM150,000	2	246,014	–	–
RM150,001 to RM200,000	1	154,710	–	–
RM350,001 to RM400,000	1	388,636	–	–
RM550,001 to RM600,000	1	552,480	–	–

## STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

### Section 3: SHAREHOLDERS

#### Dialogue Between the Company and Investors

As part of the Board's responsibility in developing and implementing an investor relations programme, regular discussion were held between the Managing Director and the investors throughout the year. Presentations based on permissible disclosures are made to explain the Group's performance and major development programmes. Price-sensitive information about the Group is, however, not disclosed in these exchanges until after the prescribed announcement to the KLSE has been made.

The annual and quarterly reports, together with the Company's earnings and other announcements about the Company provides shareholders with an overview of the Group's performance and operations are available at the KLSE's website and information about the Company is available at the Company's website, i.e., <http://www.yinson.com.my>.

#### Annual General Meeting

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

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

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

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

### Section 4: ACCOUNTABILITY AND AUDIT

#### Financial Reporting

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

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

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

#### Internal Control

Information on the Group's internal control is presented in the Statement on Internal Control laid on page 15.

## STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

**Section 4: ACCOUNTABILITY AND AUDIT (Cont'd)****Relationship with Auditors**

The role of the Audit Committee in relation to the external auditors may be found in the Report on Audit Committee set out on pages 17 to 19. The Company always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

**Attendance at Board of Directors' Meetings**

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

Directors	Designation	Number of meetings Attended by Member	%
Tan Sri Dato' Jaffar bin Abdul	Chairman, Independent Non-Executive Director	4/5	80
Lim Han Weng	Managing Director	5/5	100
Lim Han Joeeh	Executive Director	5/5	100
Bah Kim Hoon	Executive Director	5/5	100
Bah Kim Lian	Executive Director	4/5	80
Bah Koon Chye	Executive Director	5/5	100
Adi Azmari bin B.K. Koya Moideen Kutty	Non-Executive Director	4/5	80
Kam Chai Hong	Independent Non-Executive Director	5/5	100
Hassan bin Ibrahim	Independent Non-Executive Director	5/5	100

**ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS****Family relationships with any Directors and/or Major Shareholder**

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

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

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

## STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

### OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE KLSE

#### Share Buybacks

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

#### Options or Warrants

No options or warrants were exercised 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 RM159,130.

#### Profit Estimate, Forecast or Projection

There was a less than 10% variance between the actual profit after taxation submitted to the Securities Commission in respect of the corporate proposal exercise.

#### Profit Guarantee

During the financial year, there were no profit guarantees 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.

Statement made in accordance with the resolution of the Board of Directors dated 25 June 2003.

**TAN SRI DATO' JAFFAR BIN ABDUL**

*Chairman*

## STATEMENT ON INTERNAL CONTROL

### RESPONSIBILITY

The Board acknowledges its responsibility to maintain a sound system of internal control to safeguard shareholders' investment and the company's assets. The Board has overall responsibility for the Group's system of internal control and reviewing its adequacy and integrity whilst the role of management is to implement the Board's policies on risk and control.

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

### KEY PROCESSES

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

- The Group's risk management principles and procedures are clearly documented, setting out the Board's attitude to risks and the processes in achievement of the business objectives. The Group's management operates a risk management process that identifies the key risks of the Group.
- The Board receives and reviews regular reports from the management of various lines of business, on the key operating statistics, legal environment and regulatory matters. The Board approves appropriate responses to the Group's policy.
- There is a comprehensive system of financial reporting to the Board based on quarterly results. The Group is in the process of setting up a committee to prepare financial budget to enhance its internal control process.
- The Group outsourced its internal audit function to assist the Audit Committee in discharging its duties in respect of the internal controls within the Group. The internal auditor, reporting to the Audit Committee, performs regular reviews of business processes to assess the effectiveness of internal controls and highlight significant risks impacting the Group. Four internal audits were carried out during the year under review. The Audit Committee had approved the internal audit plan.
- The Audit Committee, on behalf of the Board, regularly reviews and holds discussions with management on the action taken on internal control issues identified in reports prepared by internal auditors and the external auditors.
- Close involvement in daily operations of the Group by the Managing Director and the Executive Directors.

A number of internal control weaknesses were identified during the year under review. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report. The Board is currently in the process of enhancing the following areas of the system of internal control of the Group:

- Setting up a comprehensive budgeting and forecasting system to further enhance existing financial reporting system.
- Setting up internal audit department.
- Developing written internal policies and procedures, authority limits, responsibilities and boundaries. All these documents will be subjected to regular review and improvement.

Statement made in accordance with the resolution of the Board of Directors dated 25 June 2003.

**TAN SRI DATO' JAFFAR BIN ABDUL**

Chairman

## REPORT ON AUDIT COMMITTEE

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

### Chairman

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

### Members

Mr. Kam Chai Hong	(appointed on 25 March 1996)	Independent Non-Executive Director
Tuan Haji Hassan bin Ibrahim	(appointed on 25 June 2001)	Independent Non-Executive Director
Mr. Lim Han Weng	(appointed on 25 March 1996)	Managing Director

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

### TERMS OF REFERENCE

#### Composition

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

At least one member of the Audit Committee:

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

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

The Company Secretary shall be the Secretary of the Committee.

### Meetings

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



## 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;

## REPORT ON AUDIT COMMITTEE (Cont'd)

### TERMS OF REFERENCE (Cont'd)

#### Duties and Responsibilities (Cont'd)

- Reviews with the internal and external auditors their evaluations of the systems and standards of internal control and any comments they may have with respect to improving control;
- Considers the major findings of internal investigations and management's response;
- Reviews any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- Avail to the external and internal auditors a private, confidential audience at any time they desire and requested it through the Committee Chairman, with or without the prior knowledge of the management;
- Oversees the internal audit function by:
  - Reviewing the adequacy of the scope, functions and the resources of the internal audit function and that it has the necessary authority to carry out its work;
  - Reviewing the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken whether or not appropriate action is taken on the recommendations of the internal audit function;
  - Reviewing appraisal or assessing the performance of members of the internal audit function;
  - Approving any appointment or termination of senior members of the internal audit; and
  - Informing itself of resignations of internal audit staff members and providing the resigning staff member an opportunity to submit his/her reason for resigning;
- Additional Duties and Responsibilities :
  - Reviews the Company's business ethics code, the method of monitoring compliance with the code and the disposition of reported exceptions.
  - Reports to the Board of Directors if there is any breach of the Listing Requirements and recommends corrective measures.
  - Reports to the Kuala Lumpur Stock Exchange 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 which is outsourced to a professional firm. 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.

## REPORT ON AUDIT COMMITTEE (Cont'd)

**SUMMARY OF ACTIVITIES**

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

- Reviewed the financial statements before the unaudited quarterly announcements to KLSE.
- 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.

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

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

## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Yinson Holdings Berhad, it is my pleasure to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 January 2003.



The recovery of the Malaysian economy gained momentum in 2002 amidst a more challenging external environment, with real gross domestic product expanding by 4.2% (2001: 0.4%). Economic growth was broad based, driven by strong domestic and external demand conditions and supported by continued fiscal and monetary stimulus as well as a significant improvement in commodity prices. The services sector grew by 4.5% in 2002, supported by recovery in domestic demand, expansion in trade related activity and the growth in tourist arrivals. The manufacturing sector grew by 4.1% as a result of strengthening of domestic demand and recovery in exports. Growth in the construction sector was sustained at 2.3% in 2002.

### FINANCIAL PERFORMANCE

The Group recorded better result in the financial year ended 31 January 2003 compared to the previous year. The Group's turnover increased by 11.6% to RM153.310 million compared to RM137.336 million for the preceding year. The increase in turnover was mainly attributable to increase in demand for construction materials and transportation services and this is in tandem with the growth registered in the nation's services and construction sectors.

Despite an increase of 11.6% in turnover, Group's net profit before taxation and minority interests increased marginally to RM1.450 million for the financial year ended 31 January 2003 compared to RM1.345 million for the preceding year. This was mainly attributable to increase in administrative expenses and finance cost and marginal decline in the margin of trading material for the current financial year.

### REVIEW OF OPERATIONS

As at 31 January 2003, the Group had 290 active trucks in operation compared to 230 as at 31 January 2002. During the current financial year, the Group also engaged about 200 trucks from other transport operators to supplement its transportation services to its customers.

### DIVIDEND

The Board of Directors is pleased to recommend a final dividend of 1.5% less taxation 28% amounting to RM213,840 for the financial year ended 31 January 2003 for approval at the forthcoming Annual general Meeting.





## CORPORATE DEVELOPMENTS

On 14 June 2002, AmMerchant Bank Berhad had announced on behalf of the Board of Directors that Securities Commission had on 10 June 2002 approved the following corporate proposals:

- (a) Proposed bonus issue of 11,880,000 new ordinary shares of RM1.00 each to be credited as fully paid to the existing shareholders of the Company on the basis of three (3) new shares for every five (5) existing shares held on entitlement date to be determined;
- (b) Proposed renounceable two-call rights issue of 11,880,000 new shares at an indicative price of RM1.00 per share on the basis of three (3) new shares for every five (5) existing shares held before the Proposed Bonus Issue;
- (c) Proposed employee share option of up to ten percent (10%) of the issued and paid-up capital of the Company; and
- (d) Proposed increase in the authorised share capital of the Company from RM25,000,000 to RM100,000,000 by the creation of an Additional 75,000,000 shares.

On 25 September 2002, the Company had increased its authorised share capital from RM25,000,000 to RM100,000,000 by the creation of an additional 75,000,000 shares.

On 21 March 2003, AmMerchant Bank Berhad had announced that the Securities Commission had approved the Company's application for further extension of time of another nine months until 10 December 2003 to complete the implementation of the Proposed Two-call Rights Issue and the proposed ESOS.







## FUTURE PROSPECTS

The global outlook continues to be affected by the geopolitical and economic uncertainties and the adverse impact of the severe acute respiratory symptom (SARS) on the economy of the East Asia countries. Despite the continued uncertainties in the global environment, the strong economic fundamentals of the Malaysia's macroeconomic fundamentals are expected to remain strong in 2003.

To mitigate the impact of SARS and the uncertainties on the economy, the Government had on 21 May 2003 announced a RM7.3 billion Economic Stimulus Package containing four new strategies aimed at generating economic activities by mobilising domestic sources of growth while reducing the country's dependence on external sector. The strategies and new measures were formulated with the aim of boosting economic activities and to further strengthen the fundamentals of our economy.

The Government is maintaining its gross domestic product growth forecast at 4.5% on the back of an expected stronger performance in the manufacturing and service sectors, particularly in the second half of the year.

Barring unforeseen circumstances, the Board of Directors expects the next financial year to be challenging and competitive and will continue with efforts of cost savings and improvement in operation efficiency and anticipates performance to be slightly better than current year.

## APPRECIATION

On behalf of the Board of Directors, I wish to express our appreciation to the management and staff of the Group for their effort, dedication and contribution. To our customers, bankers, suppliers and Government, I would like to take this opportunity to thank them for their continued support.

Finally, I would like to take this opportunity to thank my fellow board members and the shareholders for their continued support.

**TAN SRI DATO' JAFFAR BIN ABDUL**  
Chairman

## 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 2003.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are described in Note 14 to the financial statements.

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

### RESULTS

	Group RM	Company RM
Profit after taxation	531,863	228,741
Minority interests	165,171	–
Net profit for the year	697,034	228,741

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

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

### DIVIDENDS

The amount of dividend paid by the Company since 31 January 2002 was as follows :

	RM
In respect of the financial year ended 31 January 2002	
Final dividend of 1.5% less 28% taxation paid on 30 August 2002	213,840

At the forthcoming Annual General Meeting, a final dividend in respect of the year ended 31 January 2003, of 1.5% less 28% taxation on 19,800,000 ordinary shares, amounting to a total dividend of RM213,840 (1.08 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 January 2004.

### ISSUE OF SHARES

During the financial year, the Company increased its authorised share capital from RM25,000,000 to RM100,000,000 through the creation of 75,000,000 ordinary shares of RM1 each.

## DIRECTORS' REPORT (Cont'd)

### DIRECTORS

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

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

### DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 8 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in Note 30 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:

The Company	Number of Ordinary Shares of RM1 Each			
	1 February 2002	Bought	Sold	31 January 2003
<b>Direct interest :</b>				
Lim Han Weng	912,000	–	–	912,000
Bah Kim Lian	1,555,910	–	–	1,555,910
Lim Han Joeh	360,419	–	–	360,419
Tan Sri Dato' Jaffar bin Abdul	8,000	–	–	8,000
Kam Chai Hong	8,000	–	–	8,000
Bah Koon Chye	8,000	–	–	8,000
Bah Kim Hoon	8,000	–	–	8,000
Adi Azmari bin B.K. Koya Moideen Kutty	38,000	–	–	38,000
<b>Indirect interest :</b>				
Lim Han Weng	6,901,857	–	–	6,901,857
Bah Kim Lian	1,830,124	–	–	1,830,124
Lim Han Joeh	845,691	–	–	845,691



## DIRECTORS' REPORT (Cont'd)

### DIRECTORS' INTERESTS (Cont'd)

Lim Han Weng and Bah Kim Lian by virtue of their interests in shares of 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 directors in office at the end of the financial year did not have any interest in the shares of the Company or its related corporations during the financial year.

### OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps :
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts has been written off and that adequate provision had been made for doubtful debt; and
  - (ii) to ensure that any current assets which were unlikely to realise their book value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render :
  - (i) the amount written off for bad debts or the amount of provision for doubtful debts in the Group and in the Company inadequate to any substantial extent; and
  - (ii) the values attributable 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 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 in respect of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors :
  - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations as and 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 and of the Company for the financial year in which this report is made.



## DIRECTORS' REPORT (Cont'd)

### 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

**LIM HAN WENG**

**BAH KIM HOON**

Johor Bahru, Malaysia  
27 May 2003

## STATEMENT BY DIRECTORS

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

We, LIM HAN WENG and BAH KIM HOON, being two of the directors of YINSON HOLDINGS BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 29 to 63 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2003 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors

**LIM HAN WENG**

**BAH KIM HOON**

Johor Bahru, Malaysia  
27 May 2003

## STATUTORY DECLARATION

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

I, TAN FANG FING, the officer primarily responsible for the financial management of YINSON HOLDINGS BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 29 to 63 are to 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 27 May 2003                                 )     **TAN FANG FING**

Before me :

**HUSNIAH BINTI ABDULLAH**

NO: J. 116

Commissioner for Oaths

## REPORT OF THE AUDITORS

To the Members of Yinson Holdings Berhad (Incorporated in Malaysia)

We have audited the accompanying financial statements set out on pages 29 to 63. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion :

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of :
  - (i) the financial position of the Group and of the Company as at 31 January 2003 and of the results and the cash flows of the Group and of the Company for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company.
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries have been properly kept in accordance with the provisions of the Act.

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

The auditors' report on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174 (3) of the Companies Act, 1965.

**ERNST & YOUNG**  
AF : 0039  
Chartered Accountants

**RAVANDARAN A/L THANGEVELOO**  
No. 1859/09/03 (J)  
Partner

Johor Bahru, Malaysia  
27 May 2003

## INCOME STATEMENTS

For the Year Ended 31 January 2003

	Note	GROUP		COMPANY	
		2003 RM	2002 RM	2003 RM	2002 RM
Revenue	3	<b>153,309,563</b>	137,336,138	<b>1,149,250</b>	11,019,100
Cost of trading goods sold		<b>(90,130,437)</b>	(79,149,501)	–	–
Direct expenses	4	<b>(50,875,338)</b>	(47,653,974)	–	–
Gross profit		<b>12,303,788</b>	10,532,663	<b>1,149,250</b>	11,019,100
Other operating income	5	<b>303,055</b>	124,545	–	–
Administrative expenses	6	<b>(7,961,625)</b>	(6,598,628)	<b>(614,139)</b>	(330,687)
Profit from operations		<b>4,645,218</b>	4,058,580	<b>535,111</b>	10,688,413
Finance costs, net	9	<b>(3,194,586)</b>	(2,712,383)	<b>(370)</b>	(379)
Share of results of associates		<b>(185)</b>	(907)	–	–
Profit before taxation		<b>1,450,447</b>	1,345,290	<b>534,741</b>	10,688,034
Taxation	10	<b>(918,584)</b>	(873,000)	<b>(306,000)</b>	(3,085,348)
Profit after taxation		<b>531,863</b>	472,290	<b>228,741</b>	7,602,686
Minority interest		<b>165,171</b>	127,193	–	–
Net profit for the year		<b>697,034</b>	599,483	<b>228,741</b>	7,602,686
Earnings per share (sen)	11	<b>3.52</b>	3.03		

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

**BALANCE SHEETS**

As at 31 January 2003

		GROUP		COMPANY	
		2003	2002	2003	2002
	Note	RM	RM	RM	RM
NON-CURRENT ASSETS					
Property, plant and equipment	13	62,229,463	45,695,546	–	–
Investment in subsidiaries	14	–	–	11,289,188	11,289,188
Investment in associates	15	39,022	39,207	40,114	40,114
Other investment	16	100,000	100,000	–	–
		62,368,485	45,834,753	11,329,302	11,329,302
CURRENT ASSETS					
Inventories	17	931,962	753,556	–	–
Trade receivables	18	57,694,845	56,515,195	–	–
Other receivables	19	2,164,769	1,500,693	243,254	10,249
Due from associate	20	–	15,011	–	–
Due from subsidiaries	21	–	–	25,821,963	25,983,044
Tax recoverable		204,316	338,542	106,663	79,874
Cash and bank balances	22	552,469	888,833	9,902	9,718
		61,548,361	60,011,830	26,181,782	26,082,885
CURRENT LIABILITIES					
Short term borrowings	23	43,593,064	31,272,559	–	–
Trade payables	25	20,626,999	20,337,116	–	–
Other payables	26	3,976,832	1,297,111	292,243	208,247
Taxation		457,142	–	–	–
		68,654,037	52,906,786	292,243	208,247
NET CURRENT (LIABILITIES)/ASSETS					
		(7,105,676)	7,105,044	25,889,539	25,874,638
		55,262,809	52,939,797	37,218,841	37,203,940

**BALANCE SHEETS (Cont'd)**

As at 31 January 2003

	Note	GROUP		COMPANY	
		2003 RM	2002 RM	2003 RM	2002 RM
FINANCED BY :					
Share capital	27	19,800,000	19,800,000	19,800,000	19,800,000
Reserves		18,234,985	17,751,791	17,418,841	17,403,940
Shareholders' equity		38,034,985	37,551,791	37,218,841	37,203,940
Minority interests		5,233	170,404	–	–
		38,040,218	37,722,195	37,218,841	37,203,940
Long term borrowings	23	13,963,591	11,747,602	–	–
Deferred taxation	28	3,259,000	3,470,000	–	–
Non-current liabilities		17,222,591	15,217,602	–	–
		55,262,809	52,939,797	37,218,841	37,203,940

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

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Year Ended 31 January 2003

Group	Share capital RM	Non- Distributable Share premium RM	Distributable Retained profits RM (Note 29)	Total RM
<b>At 1 February 2001</b>	19,800,000	4,831,886	12,320,422	36,952,308
Net profit for the year	–	–	599,483	599,483
<b>At 31 January 2002</b>	19,800,000	4,831,886	12,919,905	37,551,791
Net profit for the year	–	–	697,034	697,034
Dividend (Note 12)	–	–	(213,840)	(213,840)
<b>At 31 January 2003</b>	<b>19,800,000</b>	<b>4,831,886</b>	<b>13,403,099</b>	<b>38,034,985</b>
<b>Company</b>				
<b>At 1 February 2001</b>	19,800,000	4,831,886	4,969,368	29,601,254
Net profit for the year	–	–	7,602,686	7,602,686
<b>At 31 January 2002</b>	19,800,000	4,831,886	12,572,054	37,203,940
Net profit for the year	–	–	228,741	228,741
Dividend (Note 12)	–	–	(213,840)	(213,840)
<b>At 31 January 2003</b>	<b>19,800,000</b>	<b>4,831,886</b>	<b>12,586,955</b>	<b>37,218,841</b>

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



## CASH FLOW STATEMENTS

For the Year Ended 31 January 2003

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	1,450,447	1,345,290	534,741	10,688,034
Adjustments for :				
Bad and doubtful debts	753,062	1,066,448	–	–
Depreciation	4,461,372	3,515,796	–	–
Interest expenses	3,124,464	2,580,243	–	–
Interest income	(384)	(371)	–	–
Loss/(Gain) on disposal of property, plant and equipment	52,417	(11,021)	–	–
Property, plant and equipment written off	–	116,208	–	–
Share of loss in associates	185	907	–	–
Dividend income	–	–	(1,149,250)	(11,019,100)
Unrealised exchange gain	–	(30,914)	–	–
Operating profit/(loss) before working capital changes	9,841,563	8,582,586	(614,509)	(331,066)
Receivables	(2,584,551)	(8,860,064)	(233,005)	(17,569)
Inventories	(178,406)	(493,952)	–	–
Payables	2,969,604	4,464,648	83,996	54,575
Associate	2,774	(15,011)	–	–
Cash generated from/(used in) operations	10,050,984	3,678,207	(763,518)	(294,060)
Interest received	384	371	–	–
Interest paid	(3,124,464)	(2,580,243)	–	–
Tax paid	(538,216)	(520,108)	(10,999)	–
Net cash generated from/(used in) operating activities	6,388,688	578,227	(774,517)	(294,060)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Dividend received	–	–	827,460	7,933,752
Increase/(Decrease) in subsidiaries balances	–	–	161,081	(7,391,705)
Proceeds from disposal of property, plant and equipment	10,000	138,430	–	–
Purchase of property, plant and equipment	(15,936,656)	(7,734,780)	–	–
Investment in associates:				
DK Yinson Sdn. Bhd.	–	(30,000)	–	(30,000)
Yinson Taksin Transport Co. Ltd.	–	(10,114)	–	(10,114)
Net cash (used in)/from investing activities	(15,926,656)	(7,636,464)	988,541	501,933

**CASH FLOW STATEMENTS (Cont'd)**

For the Year Ended 31 January 2003

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in bankers' acceptances and revolving credits	<b>8,727,000</b>	7,653,000	-	-
Dividend paid	<b>(213,840)</b>	(213,840)	<b>(213,840)</b>	(231,840)
Drawdown of term loans	<b>3,202,141</b>	5,630,742	-	-
Repayment of hire purchase payables	<b>(2,413,382)</b>	(1,208,280)	-	-
Repayment of term loans	<b>(1,571,283)</b>	(4,311,124)	-	-
Net cash from/(used in) financing activities	<b>7,730,636</b>	7,550,498	<b>(213,840)</b>	(231,840)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,807,332)</b>	492,261	<b>184</b>	(23,967)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>(10,043,992)</b>	(10,536,253)	<b>9,718</b>	15,685
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 22)</b>	<b>(11,851,324)</b>	(10,043,992)	<b>9,902</b>	(8,282)

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

# NOTES TO THE FINANCIAL STATEMENTS

31 January 2003

## 1. CORPORATE INFORMATION

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are described in Note 14. There has been no significant changes in the nature of these activities during the financial year.

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

The number of employees in the Group at the end of the financial year are 143 (2002 : 115). There were no employees on the payroll of the Company.

The financial statements were authorised for issue by the Board of directors in accordance with a resolution of the directors on 27 May 2003.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention except for the revaluation of certain freehold and leasehold properties.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

### (b) Basis of Consolidation

#### (i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

All subsidiaries are consolidated using on the merger method of accounting except for a subsidiary (as disclosed in Note 14) which is consolidated using the acquisition method of accounting.

Subsidiaries which meet the criteria for merger accounting under the Malaysian Accounting Standard 2, Accounting for Acquisition and Mergers, are accounted for using merger accounting principles. When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued and the merger deficit arising from the difference between the carrying value of the investment and the nominal value of share capital of the subsidiaries is set off against revaluation reserve and retained profits of the Group. The results of the companies being merged are included as if the merger had been effected throughout the current and previous financial years.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (b) Basis of Consolidation (Cont'd)

##### (i) Subsidiaries (Cont'd)

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.

##### (ii) Associates

Associates are those companies in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

#### (c) Investments in Subsidiaries and Associates

The Company's investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is charged or credited to the income statement.

#### (d) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l).

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****(d) Property, Plant and Equipment and Depreciation (Cont'd)**

Freehold land, building-in-progress and motor vehicles in progress are not depreciated. Leasehold land is depreciated over the period of the respective leases which range from 30 years to 60 years. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Long term leasehold land and buildings	over 60 years
Short term leasehold land and buildings	over 30 years
Other buildings	2%
Electrical installation	20%
Motor vehicles	10%
Renovation, equipment, furniture and fittings	10%

The landed properties of the Group have not been revalued since they were first revalued in 1995. The directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of International Accounting Standards (IAS) 16 (Revised) : Property, Plant and Equipment adopted by the Malaysian Accounting Standards Board, these assets continue to be stated at their 1995 valuation less accumulated depreciation.

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement and the attributable portion of the revaluation surplus is taken directly to retained profits.

**(e) Inventories**

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

**(f) Cash and Cash Equivalents**

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

**(g) Leases**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

**(i) Finance leases**

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

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (g) Leases (Cont'd)

##### (i) Finance leases (Cont'd)

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

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2(d).

##### (ii) Operating leases

Operating lease payments are charged to the income statement on a straight-line basis over the term of the relevant lease.

#### (h) Deferred Tax

The tax expense for the year is based on the profit for the year, as adjusted for tax purposes, together with a charge or credit for deferred taxation.

Deferred taxation is provided for by the liability method for all timing differences except when there is reasonable evidence that these timing differences will not reverse in the foreseeable future. Deferred tax benefits are only recognised when there is a reasonable expectation of realisation in the near future.

#### (i) Provision for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

#### (j) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

##### (i) Sale of goods

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

##### (ii) Revenue from services

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

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****(j) Revenue Recognition (Cont'd)****(iii) Interest income**

Interest income is recognised on an receivable basis.

**(iv) Dividend income**

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

**(v) Rental income**

Revenue from rental income is recognised on an receivable basis.

**(k) Foreign Currencies****(i) Foreign currency transactions**

Transactions in foreign currencies are initially converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items which are carried at historical cost are translated using the historical rate as of the date of acquisition and non monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

The principal exchange rate for every unit of foreign currency ruling at balance sheet date used is as follows :

	<b>2003 RM</b>	<b>2002 RM</b>
Singapore Dollar	2.19	2.05

**(l) Impairment of Assets**

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (m) Financial Instruments

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

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

##### (i) Other Non-Current Investments

Non-current investments other than investment in subsidiaries and associates are stated at cost less provision for any permanent diminution in value. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

##### (ii) Trade Receivables

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

##### (iii) Trade Payables

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

##### (iv) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

##### (v) Equity Instrument

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

**3. REVENUE**

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

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
Transport services	58,540,468	53,672,607	–	–
Trading in construction materials	94,298,695	83,298,750	–	–
Rental of properties	470,400	364,781	–	–
Dividend income	–	–	1,149,250	11,019,100
	153,309,563	137,336,138	1,149,250	11,019,100

**4. DIRECT EXPENSES**

Included in direct expenses are :

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
Depreciation	3,748,625	2,943,949	–	–
Drivers' commission	4,816,928	3,969,672	–	–
Rental of lorries	–	11,474	–	–
Staff costs	1,152,433	1,069,727	–	–
Transport agents' charges	21,849,540	23,032,725	–	–

**5. OTHER OPERATING INCOME**

Included in other operating income are :

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
Bad debts recovered	185,849	18,420	–	–
Exchange gain/(loss)				
- realised	(192)	(92)	–	–
- unrealised	–	30,914	–	–
Gain on disposal of property, plant and equipment	–	11,583	–	–

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

**6. ADMINISTRATIVE EXPENSES**

Included in administrative expenses are :

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
Auditors' remuneration :				
Statutory audit				
- Current year	60,000	59,000	13,000	13,000
- Underprovision in prior year	1,000	–	–	–
Other services	159,130	81,896	72,020	81,896
Bad and doubtful debts	753,062	1,066,448	–	–
Depreciation	712,747	571,847	–	–
Loss on disposal of property, plant and equipment	52,417	562	–	–
Property, plant and equipment written off	–	116,208	–	–
Rental of premises	139,946	98,181	–	–
Staff costs (Note 7)	3,883,716	2,984,568	201,500	69,500

**7. STAFF COSTS**

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM1,341,840 (2002: RM1,130,512) and RM201,500 (2002 : RM69,500) respectively as further disclosed in Note 8.

**8. DIRECTORS' REMUNERATION**

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
<b>Directors of the Company</b>				
Executive :				
- Salaries and other emoluments	1,062,840	1,012,312	30,500	8,500
- Fees	171,000	61,000	171,000	61,000
- Bonus	108,000	57,200	–	–
	1,341,840	1,130,512	201,500	69,500
Non-Executive :				
- Allowances	28,800	10,100	28,800	10,100
- Fees	119,000	39,000	119,000	39,000
	147,800	49,100	147,800	49,100
<b>Total</b>	<b>1,489,640</b>	<b>1,179,612</b>	<b>349,300</b>	<b>118,600</b>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

**8. DIRECTORS' REMUNERATION (Cont'd)**

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

	Number of directors	
	2003	2002
Executive :		
RM50,001 - RM100,000	–	1
RM100,001 - RM150,000	2	2
RM150,001 - RM200,000	1	–
RM250,001 - RM300,000	–	1
RM350,001 - RM400,000	1	–
RM550,001 - RM600,000	1	1
Non-Executive directors :		
Below RM50,000	3	4
RM50,001 - RM100,000	1	–

**9. FINANCE COSTS, NET**

	GROUP		COMPANY	
	2003	2002	2003	2002
	RM	RM	RM	RM
Bank charges	70,506	132,511	370	379
Interest income	(384)	(371)	–	–
Interest expenses				
- Bankers' acceptances	860,125	390,125	–	–
- Bank overdrafts	856,299	853,358	–	–
- Term loans	805,194	740,609	–	–
- Hire purchase	459,772	240,860	–	–
- Revolving credits	123,145	333,961	–	–
- Finance lease	19,929	21,330	–	–
	3,194,586	2,712,383	370	379

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

## 10. TAXATION

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Tax expense for the year :				
Malaysian income tax	<b>1,122,210</b>	559,000	<b>306,000</b>	3,085,348
Transfer (from)/to deferred taxation (Note 28)	<b>(211,000)</b>	314,000	–	–
	<b>911,210</b>	873,000	<b>306,000</b>	3,085,348
Tax expense for prior years :				
Malaysian income tax	<b>7,374</b>	–	–	–
	<b>918,584</b>	873,000	<b>306,000</b>	3,085,348

The effective tax rate of the Group is higher than the statutory rate of taxation due to certain expenses being disallowable for tax purpose and losses of a subsidiary which cannot be set off against taxable profits made by other subsidiaries as no group relief is available.

The current year's provision for the Company is in respect of dividend income received from the subsidiaries.

## 11. EARNINGS PER SHARE

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

	GROUP	
	2003	2002
Net profit for the year (RM)	<b>697,034</b>	599,483
Weighted average number of ordinary shares in issue	<b>19,800,000</b>	19,800,000
Basic earnings per share (sen)	<b>3.52</b>	3.03

No diluted earnings per share is presented as there were no potential ordinary shares outstanding as at 31 January 2003.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

## 12. DIVIDENDS

	Amount		Dividend per share	
	2003 RM	2002 RM	2003 RM	2002 RM
Ordinary final dividend of 1.5% less 28%	213,840	–	1.08	–

At the forthcoming Annual General Meeting, a final dividend in respect of the year ended 31 January 2003, of 1.5% less 28% taxation on 19,800,000 ordinary shares, amounting to a total dividend of RM213,840 (1.08 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 January 2004.

## 13. PROPERTY, PLANT AND EQUIPMENT

GROUP	(a) Land and buildings RM	Motor vehicles RM	*Other assets RM	Total RM
<b>COST/VALUATION</b>				
At 1 February 2002	24,778,179	36,833,718	1,410,846	63,022,743
Additions	6,881,810	11,749,764	2,426,132	21,057,706
Disposals	–	(70,000)	–	(70,000)
At 31 January 2003	31,659,989	48,513,482	3,836,978	84,010,449
Representing :				
At cost	22,529,989	48,513,482	3,836,978	74,880,449
At valuation	9,130,000	–	–	9,130,000
	31,659,989	48,513,482	3,836,978	84,010,449
<b>ACCUMULATED DEPRECIATION</b>				
At 1 February 2002	1,962,128	14,456,127	908,942	17,327,197
Charge for the year	446,596	3,818,736	196,040	4,461,372
Disposals	–	(7,583)	–	(7,583)
At 31 January 2003	2,408,724	18,267,280	1,104,982	21,780,986
Representing :				
At cost	587,634	18,267,280	1,104,982	19,959,896
At valuation	1,821,090	–	–	1,821,090
	2,408,724	18,267,280	1,104,982	21,780,986

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

## 13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

GROUP	(a) Land and buildings RM	Motor vehicles RM	*Other assets RM	Total RM
<b>NET BOOK VALUE</b>				
At 31 January 2003				
At cost	21,942,355	30,246,202	2,731,996	54,920,553
At valuation	7,308,910	–	–	7,308,910
	29,251,265	30,246,202	2,731,996	62,229,463
At 31 January 2002				
At cost	15,215,097	22,377,591	501,904	38,094,592
At valuation	7,600,954	–	–	7,600,954
	22,816,051	22,377,591	501,904	45,695,546
Depreciation charge for 2002	410,110	3,003,167	102,519	3,515,796

## (a) Land and buildings

	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Total RM
<b>COST/VALUATION</b>					
At 1 February 2002	3,620,888	6,963,742	2,400,000	11,793,549	24,778,179
Additions	–	5,526,855	–	1,354,955	6,881,810
At 31 January 2003	3,620,888	12,490,597	2,400,000	13,148,504	31,659,989
Representing:					
At cost	780,888	12,490,597	–	9,258,504	22,529,989
At valuation	2,840,000	–	2,400,000	3,890,000	9,130,000
	3,620,888	12,490,597	2,400,000	13,148,504	31,659,989

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

## 13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

## (a) Land and buildings (Cont'd)

	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Total RM
<b>ACCUMULATED DEPRECIATION</b>					
At 1 February 2002	–	212,105	598,256	1,151,767	1,962,128
Charge for the year	–	116,876	84,462	245,258	446,596
At 31 January 2003	–	<b>328,981</b>	<b>682,718</b>	<b>1,397,025</b>	<b>2,408,724</b>
Representing:					
At cost	–	<b>212,105</b>	–	<b>375,529</b>	<b>587,634</b>
At valuation	–	<b>116,876</b>	<b>682,718</b>	<b>1,021,496</b>	<b>1,821,090</b>
	–	<b>328,981</b>	<b>682,718</b>	<b>1,397,025</b>	<b>2,408,724</b>
<b>NET BOOK VALUE</b>					
At 31 January 2003					
At cost	<b>780,888</b>	<b>12,278,492</b>	–	<b>8,882,975</b>	<b>21,942,355</b>
At valuation	<b>2,840,000</b>	<b>(116,876)</b>	<b>1,717,282</b>	<b>2,868,504</b>	<b>7,308,910</b>
	<b>3,620,888</b>	<b>12,161,616</b>	<b>1,717,282</b>	<b>11,751,479</b>	<b>29,251,265</b>
At 31 January 2002					
At cost	780,888	6,751,637	–	7,682,572	15,215,097
At valuation	2,840,000	–	1,801,744	2,959,210	7,600,954
	3,620,888	6,751,637	1,801,744	10,641,782	22,816,051
Depreciation charge for 2002	–	114,660	84,462	210,988	410,110

- (b) Net book values of motor vehicles of the Group held under hire purchase and finance lease agreements amounted to RM11,796,067 (2002 : RM5,942,739).

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

## 13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

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

	GROUP	
	2003	2002
	RM	RM
Cash payment	15,936,656	7,734,780
Hire purchase and finance lease arrangements	5,121,050	3,827,720
	21,057,706	11,562,500

- (d) The net book value of property, plant and equipment pledged to financial institutions for banking facilities granted to the Group, as referred to in Note 23 and Note 24 are as follows :

	GROUP	
	2003	2002
	RM	RM
Freehold land	1,898,532	1,898,532
Leasehold land	11,003,779	1,786,032
Leasehold building	5,105,372	3,786,949
Motor vehicles	18,007,683	7,471,513
	11,796,067	443,911
	29,803,750	7,915,424

- (e) Included in property, plant and equipment of the Group are cost of the following fully depreciated assets which are still in use :

	GROUP	
	2003	2002
	RM	RM
Motor vehicles	1,817,526	1,065,999
Other assets	412,777	366,759
	2,230,303	1,432,758



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

## 13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

- (f) Details of independent professional valuations of freehold and leasehold properties owned by the Group at 31 January 2003 are as follows :

Year of valuation	Description of property	Amount RM	Basis of valuation
1995	Short term leasehold industrial land and factory at Johor Bahru	6,000,000	Comparison method
1995	Freehold land at Johor Bahru	350,000	Comparison method
1995	Freehold land and office building at Johor Bahru	1,000,000	Comparison method
1995	Freehold industrial land in the district of Petaling	1,780,000	Comparison method
		<u>9,130,000</u>	

Had the revalued freehold land and leasehold properties been carried at historical cost less accumulated depreciation, the net book value of the freehold and leasehold properties that would have been included in the financial statements of the Group as at 31 January 2003 would be as follows :

	GROUP	
	2003 RM	2002 RM
Freehold land and buildings	1,943,959	1,947,959
Short term leasehold land and buildings	2,475,681	2,592,153
	<u>4,419,640</u>	<u>4,540,112</u>

- (g) Included in property, plant and equipment are motor vehicles with a carrying value of RM2,723,050 (2002 : RM2,308,736) registered in the name of third parties, a director (Lim Han Weng) and companies in which certain directors (Lim Han Weng and Bah Kim Lian) have an interest.
- (h) Included in the Group's property, plant and equipment are cost of the following assets in progress which are not depreciated:

	2003 RM	2002 RM
Buildings in progress	1,769,858	4,104,210
Motor vehicles in progress	317,261	2,337,096
	<u>2,087,119</u>	<u>6,441,306</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

## 14. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2003 RM	2002 RM
Unquoted shares, at cost	<b>11,289,188</b>	11,289,188

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

Name of Subsidiaries	Effective Interest (%)		Principal Activities
	2003	2002	
Yinson Transport (M) Sdn. Bhd.*	<b>100</b>	100	Provision of transport services, trading in construction materials and rental of properties.
Yinson Corporation Sdn. Bhd.*	<b>100</b>	100	Provision of transport services and trading in construction materials.
Yinson Haulage Sdn. Bhd.**	<b>70</b>	70	Transport and haulage contractor.

\* Subsidiaries consolidated using merger method of accounting.

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

## 15. INVESTMENT IN ASSOCIATES

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
At cost :				
In Malaysia				
Unquoted investment in Malaysia	<b>30,000</b>	30,000	<b>30,000</b>	30,000
Outside Malaysia :				
Unquoted investment outside Malaysia	<b>10,114</b>	10,114	<b>10,114</b>	10,114
	<b>40,114</b>	40,114	<b>40,114</b>	40,114
Share of post acquisition losses	<b>(1,092)</b>	(907)	<b>–</b>	–
	<b>39,022</b>	39,207	<b>40,114</b>	40,114
Represented by :				
Share of net tangible assets	<b>39,022</b>	39,207		

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

**15. INVESTMENT IN ASSOCIATES (Cont'd)**

The associates are :

Name of Associates	Country of Incorporation	Effective Interest (%)		Principal Activities
		2003	2002	
DK Yinson Sdn. Bhd.	Malaysia	<b>30</b>	30	Dormant
Yinson Transport (Thailand) Co. Ltd. (formerly known as Yinson Taksin Transport Co., Ltd.)*	Thailand	<b>49</b>	49	Dormant

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

**16. OTHER INVESTMENT**

This is respect of investment in golf membership (transferable) in local golf resort and is stated at cost.

**17. INVENTORIES**

	GROUP	
	2003 RM	2002 RM
At cost :		
Consumable	<b>271,010</b>	240,834
Trading goods	<b>660,952</b>	512,722
	<b>931,962</b>	753,556

**18. TRADE RECEIVABLES**

	GROUP	
	2003 RM	2002 RM
Trade receivables	<b>61,735,730</b>	59,868,984
Provision for doubtful debts	<b>(4,040,885)</b>	(3,353,789)
	<b>57,694,845</b>	56,515,195

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

**18. TRADE RECEIVABLES (Cont'd)**

The Group's normal credit term ranges from 30 to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

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

	GROUP	
	2003 RM	2002 RM
Handal Indah Sdn. Bhd.	199,836	–
Liannex Corporation (S) Pte. Ltd.	2,926,422	1,801,105
Budi Handal Sdn. Bhd.	454,135	454,135
	<b>3,580,393</b>	<b>2,255,240</b>

**19. OTHER RECEIVABLES**

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Deposits	442,422	389,349	1,000	1,000
Prepayments	1,142,399	983,119	242,254	9,249
Sundry receivables	981,695	871,495	–	–
	<b>2,566,516</b>	<b>2,243,963</b>	<b>243,254</b>	<b>10,249</b>
Provision for doubtful debts	(401,747)	(404,728)	–	–
	<b>2,164,769</b>	<b>1,839,235</b>	<b>243,254</b>	<b>10,249</b>

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

**20. DUE FROM ASSOCIATE**

Amount due from associate in the previous financial year was non-trade in nature, unsecured, interest free and had no fixed terms of repayment.

**21. DUE FROM SUBSIDIARIES**

Amount due from subsidiaries are non-trade in nature, unsecured, interest free and have no fixed terms of repayment.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

## 22. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Cash on hand and at banks	477,228	816,592	9,902	9,718
Fixed deposits with licensed banks	75,241	72,241	–	–
Cash and bank balances	552,469	888,833	9,902	9,718
Bank overdraft (Note 23)	(12,403,793)	(10,932,825)	–	–
	(11,851,324)	(10,043,992)	9,902	9,718

Fixed deposits with licensed banks of the Group amounting to RM75,241 (2002 : RM72,241) are pledged as securities for bank guarantee granted to the subsidiaries.

## 23. BANK BORROWINGS

	GROUP	
	2003 RM	2002 RM
<b>Short term borrowings</b>		
Secured :		
Bank overdraft	2,074,160	1,989,069
Hire purchase payables (Note 24)	2,996,820	1,790,046
Term loans	1,079,562	204,996
	6,150,542	3,984,111
Unsecured :		
Bank overdrafts	10,329,633	8,943,756
Bankers' acceptances	19,878,000	11,651,000
Revolving credits	6,500,000	6,000,000
Term loans	734,889	693,692
	37,442,522	27,288,448
	43,593,064	31,272,559

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

## 23. BANK BORROWINGS (Cont'd)

	GROUP	
	2003	2002
	RM	RM
<b>Long Term Borrowings</b>		
Secured :		
Term loans	7,154,526	5,705,517
Hire purchase payables (Note 24)	3,678,352	2,177,458
	10,832,878	7,882,975
Unsecured :		
Term loans	3,130,713	3,864,627
	3,130,713	3,864,627
	13,963,591	11,747,602
<b>Total Borrowings</b>		
Bank overdrafts (Note 22)	12,403,793	10,932,825
Hire purchase payables (Note 24)	6,675,172	3,967,504
Term loans	12,099,690	10,468,832
Bankers' acceptances	19,878,000	11,651,000
Revolving credits	6,500,000	6,000,000
	57,556,655	43,020,161
<b>Maturity of Borrowings (except hire purchase payables)</b>		
Not later than 1 year	40,596,244	29,482,513
Later than 1 year and not later than 2 years	1,914,303	2,391,027
Later than 2 years and not later than 5 years	5,576,833	5,467,330
More than 5 years	2,794,103	1,711,787
	50,881,483	39,052,657

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

**23. BANK BORROWINGS (Cont'd)**

The ranges of the interest rates during the financial year for borrowings, excluding hire purchase payables, were as follows :

	GROUP	
	2003 %	2002 %
Bank overdrafts	7.4 - 9.9	7.4 - 9.3
Revolving credits	5.1 - 6.2	5.1 - 6.2
Bankers' acceptances	1.5 - 4.65	3.0 - 3.95
Term loans	4.88 - 7.40	7.15 - 9.05

The secured borrowings of the Group are secured by certain assets of the Group as disclosed in Note 13, fixed deposits of the Company as disclosed in Note 22, fixed deposits of a director, Lim Han Weng and guaranteed by the Company.

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

**24. HIRE PURCHASE PAYABLES**

	GROUP	
	2003 RM	2002 RM
<b>Minimum hire purchase payments :</b>		
Not later than 1 year	3,408,676	2,119,300
Later than 1 year and not later than 2 years	2,742,955	2,324,631
Later than 2 years and not later than 5 years	1,139,999	–
	7,291,630	4,443,931
Less : Future finance charges	(616,458)	(476,427)
	6,675,172	3,967,504
<b>Present value of hire purchase liabilities :</b>		
Not later than 1 year	2,996,820	1,790,046
Later than 1 year and not later than 2 years	2,569,635	2,177,458
Later than 2 years and not later than 5 years	1,108,717	–
	6,675,172	3,967,504
<b>Analysed as:</b>		
Due within 12 months (Note 23)	2,996,820	1,790,046
Due after 12 months (Note 23)	3,678,352	2,177,458
	6,675,172	3,967,504

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

**24. HIRE PURCHASE PAYABLES (Cont'd)**

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

The hire purchase liabilities bore interest during the financial year of between 4.04% and 9.30% (2002 : 7.8% and 9.3%) per annum.

**25. TRADE PAYABLES**

The normal trade credit term granted to the Group ranges from 30 to 120 days.

Included in trade payables are amounts due to companies substantially owned by the directors, namely Lim Han Weng and Bah Kim Lian as follows :

	GROUP	
	2003 RM	2002 RM
Yinson Tyres Sdn. Bhd.	606,779	640,439
Kargo Indera Sdn. Bhd.	–	7,321
	<b>606,779</b>	<b>647,760</b>

**26. OTHER PAYABLES**

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Due to director, Lim Han Weng	108,115	115	115	115
Sundry payables	3,124,846	541,182	4,609	88,132
Accruals	743,871	755,814	287,519	120,000
	<b>3,976,832</b>	<b>1,297,111</b>	<b>292,243</b>	<b>208,247</b>

Amount due to a director is unsecured, interest free and has no fixed terms of repayment.

Included in sundry payables is an amount of RM36,000 (2002 : RM Nil) due to Kargo Indera Sdn. Bhd. and Tuck Seng Loong (JB) Sdn. Bhd., companies which substantially owned by directors, namely Lim Han Weng and Bah Kim Lian.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

## 27. SHARE CAPITAL

	Number of Ordinary Shares of RM1 each		Amount	
	2003	2002	2003 RM	2002 RM
Authorised				
At beginning of year	25,000,000	25,000,000	25,000,000	25,000,000
Created during the year	75,000,000	–	75,000,000	–
At end of year	100,000,000	25,000,000	100,000,000	25,000,000
Issued and fully paid	19,800,000	19,800,000	19,800,000	19,800,000

## 28. DEFERRED TAXATION

	GROUP	
	2003 RM	2002 RM
At beginning of year	3,470,000	3,156,000
Transfer (to)/from income statement (Note 10)	(211,000)	314,000
At end of year	3,259,000	3,470,000
Deferred taxation is in respect of the following :		
Timing difference between depreciation and corresponding capital allowances	12,024,000	12,720,000
Unabsorbed capital allowances	–	(294,000)
Other timing difference	(385,000)	(34,000)
	11,639,000	12,392,000

Deferred taxation amounting to RM185,000 (2002: RM185,000) is not provided on the surplus arising from the revaluation of the subsidiaries landed properties as it is not the intention of the directors to dispose these properties.

As at 31 January 2003, the Group has a potential deferred tax benefit of approximately RM244,000 (2002: RM108,000), arising principally from tax losses carried forward and unutilised capital allowances, the effects of which are not included in the financial statements as there is no assurance beyond any reasonable doubt that future taxable income will be sufficient to allow the benefit to be realised.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

**29. RETAINED PROFITS**

As at 31 January 2003, the Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 to frank the payment of dividends out of its entire retained profits.

**30. SIGNIFICANT RELATED PARTY TRANSACTIONS**

	GROUP		COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
With associated company, DK Yinson Sdn. Bhd. :				
Sales of motor vehicles	–	(16,360)	–	–
With companies substantially owned by directors, Lim Han Weng and Bah Kim Lian :				
Rental income from Yinson Tyres Sdn. Bhd.	(60,000)	(60,000)	–	–
Rental income from Handal Indah Sdn. Bhd.	(80,000)	–	–	–
Transport income from Liannex Corporation (S) Pte. Ltd.	(11,568,811)	(8,598,245)	–	–
Trading income from Handal Indah Sdn. Bhd.	(142,444)	–	–	–
Trading income from Liannex Corporation (S) Pte. Ltd. and Budi Handal Sdn. Bhd.	–	(977,363)	–	–
Transport charges to Tuck Seng Loong (JB) Sdn. Bhd. and Kargo Indera Sdn. Bhd.	36,000	276,000	–	–
Purchases from Yinson Tyres Sdn. Bhd.	3,091,683	2,864,127	–	–
With subsidiaries :				
Dividend income (gross)	–	–	(1,149,250)	(11,019,100)

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 are not materially different from that obtainable in transactions with unrelated parties.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

## 31. COMMITMENTS

	COMPANY	
	2003	2002
	RM	RM
(a) Capital expenditure		
Approved but not contracted for :		
Property, plant and equipment	–	2,069,000
(b) Rental		
Payable within one year	72,180	71,760
Payable within two to five years	39,000	102,600
	111,180	174,360

## 32. CONTINGENT LIABILITIES

	COMPANY	
	2003	2002
	RM	RM
Corporate guarantees given to financial institutions in respect of facilities granted to subsidiaries :		
Unsecured	40,573,000	39,333,000
Secured	16,984,000	3,968,000
	57,557,000	43,301,000

## 33. CORPORATE PROPOSALS

On 10 June 2002, the Securities Commission has approved the following proposals :

- Proposed bonus issue of 11,880,000 new ordinary shares of RM1 each to be credited as fully paid to the existing shareholders of the Company on the basis of three new shares for every five existing shares held on the entitlement date to be determined;
- Proposed renounceable two-call rights issue of 11,880,000 new shares at an indicative issue price of RM1 per share on the basis of three new shares of every five existing shares held before the proposed bonus issue; and
- Proposed employee share option of up to ten percent of the issued and paid-up capital of the Company.

The Company has obtained the approval from the Securities Commission for extension of time until 10 December 2003 to complete the implementation of the above proposals.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

**34. COMPARATIVE FIGURES**

The presentation and classification of items in the current year's financial statements have been consistent with previous financial statements except for the followings:

- (a) The following comparative amounts of the Group have been reclassified to reflect a fairer presentation of the amounts and to conform with current year's presentation :

<b>Group</b>	<b>As restated RM</b>	<b>As previously stated RM</b>
Other receivables	1,500,693	1,839,235
Tax recoverable	338,542	–

- (b) The presentation and classification of items in the segment information (Note 31) of the previous financial year have been changed to comply with the requirements of MASB 22 : Segment Reporting which was adopted during the year.
- (c) The comparative figures were audited by a firm of chartered accountants other than Ernst & Young.

**35. FINANCIAL INSTRUMENTS****(a) Financial Risk Management Objectives and Policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is to not engage in speculative transactions.

**(b) Interest Rate Risk**

The Group's primary interest rate risk relates to interest-bearing debt; the Group had no substantial long term interest-bearing assets as at 31 January 2003. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or occasionally, in short term commercial papers which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

**(c) Liquidity Risk**

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

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

## 35. FINANCIAL INSTRUMENTS (Cont'd)

## (d) Credit Risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

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

## (e) Fair Values

The aggregate net fair values of financial assets and financial liabilities which are not carried at fair value on the balance sheets of the Group and of the Company are represented as follows :

2003	GROUP		COMPANY	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
<b>Financial Assets</b>				
Investment in associates	39,022	*	40,114	*
Other investment	100,000	100,000	—	—
Due from associate	12,237	#	—	#
<b>Financial Liabilities</b>				
Hire purchase payables (Note 24)	6,675,172	6,006,515	—	—
Term loans (Note 23)	12,099,690	9,544,315	—	—
<b>2002</b>				
<b>Financial Assets</b>				
Investment in associates	39,207	*	40,114	*
Other investment	100,000	100,000	—	—
Due from associate	15,011	#	—	#
<b>Financial Liabilities</b>				
Hire purchase payables (Note 24)	3,967,504	3,550,877	—	—
Term loans (Note 23)	10,468,832	8,376,533	—	—

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

# It is also not practical to estimate the fair values of amount due from associate due principally to a lack of fixed repayment term entered by the associate involved.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

**35. FINANCIAL INSTRUMENTS (Cont'd)****(e) Fair Values (Cont'd)**

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

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

- (i) Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short Term Borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

- (ii) Borrowings

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

**36. SEGMENT INFORMATION****(a) Business segments:**

The Group is organised into two major business segments:

- (i) Transport  
(ii) Trading

Other business segments include rental and investment income.

2003	Transport RM	Trading RM	Other operations RM	Elimination RM	Consolidated RM
<b>REVENUE AND EXPENSES</b>					
Revenue					
External sales	60,756,241	95,425,605	1,619,650	(4,491,933)	153,309,563
Result					
Segment results	2,438,524	2,444,883	(238,189)	–	4,645,218
Finance costs, net					(3,194,586)
Share of results of associated company					(185)
Taxation					(918,584)
Profit after taxation					531,863
Minority interests					165,171
Net profit for the year					697,034

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 January 2003

## 36. SEGMENT INFORMATION (Cont'd)

## (a) Business segments (Cont'd):

2003	Transport RM	Trading RM	Other operations RM	Elimination RM	Consolidated RM
<b>ASSETS AND LIABILITIES</b>					
Segment assets	82,360,085	32,452,415	9,104,346	–	123,916,846
Segment liabilities	67,035,642	18,548,744	292,242	–	85,876,628
<b>OTHER INFORMATION</b>					
Capital expenditure	15,318,102	5,682,877	56,727	–	21,057,706
Depreciation	2,256,462	2,193,991	10,919	–	4,461,372
Non-cash expenses other than depreciation and amortisation	210,330	594,225	1,109	–	805,664
<b>2002</b>					
<b>REVENUE AND EXPENSES</b>					
Revenue					
External sales	56,264,403	83,298,750	11,383,781	(13,610,796)	137,336,138
Result					
Segment results	1,789,264	2,349,416	(80,100)	–	4,058,580
Finance costs, net					(2,712,383)
Share of results of associated company					(907)
Taxation					(873,000)
Profit after taxation					472,290
Minority interests					127,193
Net profit for the year					599,483
<b>ASSETS AND LIABILITIES</b>					
Segment assets	61,833,066	26,098,813	17,914,704	–	105,846,583
Segment liabilities	49,752,809	18,163,332	208,247	–	68,124,388
<b>OTHER INFORMATION</b>					
Capital expenditure	8,702,644	2,839,798	20,058	–	11,562,500
Depreciation	1,486,342	2,022,125	7,329	–	3,515,796
Non-cash expenses other than depreciation and amortisation	466,286	671,195	4,147	–	1,141,628

## ANALYSIS OF SHAREHOLDINGS

As at 18 June 2003

Authorised Share Capital : RM25,000,000 ordinary shares of RM1.00 each  
 Issued & Fully Paid-up Capital : RM19,800,000 ordinary shares of RM1.00 each  
 Voting Rights : One vote per ordinary share

## ANALYSIS OF SHAREHOLDINGS (According to the Record of Depositors as at 18 June 2003)

Range	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 100	4	0.23	110	0.00
100 to 1,000	956	54.94	954,940	4.82
1,001 to 10,000	696	40.00	2,458,856	12.42
10,001 to 100,000	64	3.68	1,763,107	8.90
100,001 to 989,999 (*)	17	0.98	7,038,526	35.55
990,000 and above (**)	3	0.17	7,584,461	38.31
Total	1,740	100.00	19,800,000	100.00

Remark \* - Less than 5% of issued shares

\*\* - 5% and above of issued shares

## 30 LARGEST SHAREHOLDERS (According to the Record of Depositors as at 18 June 2003)

Name	No. of Shares	%
1. AMMB Nominees (Tempatan) Sdn Bhd (Pledged securities account for Lim Han Weng)	3,701,630	18.70
2. Affin-ACF Nominees (Tempatan) Sdn Bhd (Pledged securities account for Lim Han Weng)	2,327,011	11.75
3. AMMB Nominees (Tempatan) Sdn Bhd (Pledged securities account for Bah Kim Lian)	1,555,820	7.86
4. Tan Ching Ching	985,000	4.97
5. Lim Han Weng	904,000	4.57
6. Bah Kim Lian	777,910	3.93
7. Bah Kim Lian	770,000	3.89
8. Hong Leong Finance (Pledged securities account for Lim Han Joeh)	668,000	3.37
9. AMMB Nominees (Tempatan) Sdn Bhd (Pledged securities account for Lim Han Weng)	581,688	2.94
10. Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged securities account for Tan Choon Hoe)	448,000	2.26
11. Poo Choo @ Ong Poo Choi	270,000	1.36
12. AMMB Nominees (Tempatan) Sdn Bhd (Pledged securities account for Bah Kim Lian)	259,304	1.31
13. Citicorp Nominees (Tempatan) Sdn Bhd (Pledged securities account for Wai Mun Tuck)	213,000	1.08
14. Chan Wan Moi	195,000	0.98
15. Tan Han Chuan	190,000	0.96



## ANALYSIS OF SHAREHOLDINGS (Cont'd)

As at 18 June 2003

**30 LARGEST SHAREHOLDERS** (According to the Record of Depositors as at 18 June 2003) (Cont'd)

Name	No. of Shares	%
16. TA Nominees (Tempatan) Sdn Bhd (Pledged securities account for Lim Han Weng)	187,528	0.95
17. Ong Har Hong	187,528	0.93
18. Lim Han Joeh	150,064	0.76
19. AMMB Nominees (Tempatan) Sdn Bhd (Pledged securities account for Lim Han Joeh)	150,032	0.76
20. AMSEC Nominees (Tempatan) Sdn Bhd (Pledged securities account for Lim Han Weng)	104,000	0.53
21. Bee Yang Sek	100,000	0.51
22. Kenanga Nominees (Tempatan) Sdn Bhd (Pledged securities account for Chan Wai Pun)	92,000	0.45
23. Mayban Securities Nominees (Tempatan) Sdn Bhd (Pledged securities account for Lim Han Joeh)	90,000	0.45
24. EB Nominees (Tempatan) Sdn Bhd (Pledged securities account for Lim Han Joeh)	80,000	0.40
25. A.A. Assets Nominees (Tempatan) Sdn Bhd (Pledged securities account for Tan Choon Hoe)	69,802	0.35
26. Tan Soh Muan	65,000	0.33
27. Tan Choon Hoe	46,000	0.23
28. Hong Leong Finance Berhad (Pledged securities account for Chan Wai Pun)	46,000	0.23
29. Lim Han Joeh	42,355	0.21
30. Yap Bing Sia	40,000	0.20
Total	15,294,144	77.24

**SUBSTANTIAL SHAREHOLDERS** (According to the Company's Register of Substantial Shareholders as at 18 June 2003)

Name	No. of Shares	%
1. Lim Han Weng	7,813,857	39.46
2. Bah Kim Lian	3,386,034	17.10
3. Lim Han Joeh	1,206,110	6.09

**DIRECTORS' INTEREST IN THE SHARE CAPITAL AS AT 21 FEBRUARY 2003**

Directors' interest in the Company as at 31 January 2003 as shown in the Directors' Report remain unchanged as at 21 February 2003.

## LIST OF PROPERTIES

## PROPERTIES

Details of all the landed properties owned by the Group and the Company as at 31st January 2003 are set out as follows:-

Location	Description of existing use	Tenure (expiry date/years)	Age of building (years)	Land areas (sq.m)/ Gross built-up area (sq.m)	Net book value (RM'000)	Last date of Revaluation (R)/ Acquisition (A)
PTD 64022 Jalan Angkasamas Satu Mukim of Tebrau Johor Bahru	Office building and warehouse	Leasehold land expiring 14.3.2022	8	11,048/4752	4,389	R: 25.1.1995
PTD 17897 Taman Pelangi Johor Bahru	3 storey shophouse	Freehold	17	178/535	951	R: 25.1.1995
Lot No 130 Hicom Glenmarie Industrial Park (Phase 3) Subang Selangor Darul Ehsan	Office building and warehouse	Freehold	5	4,251/2199	4,789	R: 25.1.1995
MLO 2754 Mukim of Plentong Johor Bahru	Vacant land	Freehold	–	4,097/-	350	R: 25.1.1995
PLO 248 Mukim of Tebrau Kawasan Perindustrian Tebrau IV, Johor Bahru	Office building and warehouse	Leasehold land expiring 31.1.2060	–	23,310/5,069	10,584	A: 24.11.1997
PTD 34990 Taman Putri Wangsa Johor Bahru	Double storey shop office	Freehold	5	276/143	302	A: 15.8.1998
PTD 34991 Taman Putri Wangsa Johor Bahru	Double storey shop office	Freehold	5	378/195	427	A: 15.8.1998
PTD 66206 Taman Putri Wangsa Johor Bahru	Double storey terrace house	Freehold	5	184/133	206	A: 15.8.1998

## LIST OF PROPERTIES (Cont'd)

Location	Description of existing use	Tenure (expiry date/years)	Age of building (years)	Land areas (sq.m)/ Gross built-up area (sq.m)	Net book value (RM'000)	Last date of Revaluation (R)/ Acquisition (A)
Lot 91028 Block 1-1-3A Skudaiville Apartment Mukim of Pulai Johor Bahru	Apartment (in progress)	Freehold	–	100	149	A: 14.8.1998
Lot 40A, Section 4 Phase 2A Pulau Indah Industrial Park West Port, Klang Selangor	Container yard & workshop	Leasehold	1	25,090	5,527	A: 7.2.2002
Lot 91028 Block 2-2-03 Skudaiville Apartment Mukim of Pulai Johor Bahru	Apartment (in progress)	Freehold	–	113	168	A: 17.8.1998
Plot 124 H.S. (D) 1915 P.T. 324 Mukim 13 Seberang Perai Tengah	Vacant land	Leasehold land expiring 25.1.2059	1	10,122/-	1,153	A: 16.5.1997
G-3-1 Taman Pelangi Apartment H.S. (D) No. 30874 P.T. No. 6110 Mukim Bukit Katil Daerah Melaka Tengah Melaka	Apartment	Freehold	3	142	125	A: 2.7.1999
H-3-1 Taman Pelangi Apartment H.S. (D) No. 30874 P.T. No. 6110 Mukim Bukit Katil Daerah Melaka Tengah Melaka	Apartment	Freehold	3	142	131	A: 2.7.1999





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

## PROXY FORM

I/We.....

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 Tenth Annual General Meeting of the Company to be held on Monday, 28 July, 2003 at 11.00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the space below how you wish your votes to be cast.

In the absence of specific directions, your proxy will vote or abstain as he thinks fit.

RESOLUTIONS		FOR	AGAINST
1	Adoption of Reports and Financial Statements		
2	Declaration of Final Dividend		
3	Payment of Directors' Fees		
4	Re-election of Directors:- YBhg. Tan Sri Dato' Jaffar bin Abdul		
5	Bah Kim Lian		
6	Bah Kim Hoon		
7	To appoint Messrs Ernst & Young as Auditors		
8	To approve allotment of shares (under Section 132D)		
9	To allot and issue shares in accordance with ESOS		

As witness my/our hand this ..... day of .....2003

No. Of Shares Held

.....  
Signature of Shareholder

### Notes:

- A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- The instrument appointing a proxy, in the case of an individual shall be signed by the appointer or his attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at 25, Jalan Firma 2, Kawasan Perindustrian Tebrau IV, 81100 Johor Bahru, Johor not less than 48 hours before the time for holding the meeting or any adjournment thereof.