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##### Basis of Preparation

These unaudited condensed consolidated interim financial statements (Condensed Report) of Yinson Holdings Berhad (the “Group”) for the period ended 31 July 2013 have been prepared in accordance with *MFRS134: Interim Financial Reporting,* paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This condensed report also comply with *IAS34: Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”).

This condensed report should be read in conjunction with the audited financial statements for the financial year ended 31 January 2013. The significant accounting policies and methods adopted for the unaudited condensed report are consistent with those adopted for the audited financial statements for the financial year ended 31 January 2013. The adoption of the following MFRSs and Amendments to MFRSs that came into effect on 1 February 2013 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

* MFRS 10 Consolidated Financial Statements (effective from 1 January 2013)
* MFRS 12 Disclosure of Interests in Other Entities (effective from 1 January 2013)
* MFRS 13 Fair Value Measurement (effective from 1 January 2013)
* MFRS 119 Employee Benefits (effective from 1 January 2013)
* MFRS 127 Separate Financial Statements (effective from 1 January 2013)
* MFRS 128 Investments in Associates and Joint Ventures (effective from 1 January 2013)
* Amendments to MFRS 7 Financial Instruments: Disclosures (effective from 1 January 2013)
* Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income (effective from 1 July 2012)
* Annual Improvements to MFRS 2009 – 2011 Cycle (effective from 1 January 2013)
* Amendments to MFRS 10, 11 and 12 Consolidated Financial Statements, Joint Arrangements and

Disclosure of Interests in Other Entities: Transition Guidance (effective from 1 January 2013)

* Amendments to MFRS 134 Interim Financial Reporting (effective from 1 January 2013)

**MFRSs and Amendments to MFRSs that is applicable to the Group but not yet effective**

The Group has not early adopted the following accounting standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) as these are effective for the financial periods beginning on or after 1 February 2014:

* MFRS 9 Financial Instruments (effective from 1 January 2015)
* Amendments to MFRS 10, 12 and 127 Investment Entities (effective from 1 February 2014)
* Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities (effective from 1 January 2014)

1. **Seasonal or Cyclical Factors**

The Group’s transport operations are generally affected by major festivals that occur in the first and third quarter of the financial year as there were fewer working days.

1. **Unusual Items due to their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial year to-date.

### Changes in Accounting Estimate

There were no material changes in accounting estimates during the period under review that would have a material effect that would substantially affect the results of the Group.

### Changes in the Composition of the Group

On 28 May 2013, the Company incorporated a wholly owned subsidiary,Yinson Production Limited, ("YPL") with a paid-up share capital of USD2,000.00.  The principal activities of YPL shall be investment holdings and management services. YPL has not commenced its operations.

### Segmental Information



**Segmental Information**



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

1. The marine segment consists of leasing of vessels, provision of barge services and marine management services.
2. The transport segment consists of the provision of trucking services.
3. The trading segment consists of trading activities mainly in the construction related materials.
4. Other operations consist of provision of warehouses, rental from investment properties and investment income.

Transactions between segments are carried out on mutually agreed basis. The effects of such inter-segment transactions are eliminated on consolidation.

**Marine**

Revenue from marine segment for the period under review has increased by RM12.989 million as compared to the corresponding prior period ended 31 July 2012. The increase was mainly due to the increase in contribution from chartering of two new vessels during the period under review. The increase in revenue resulted in an increase of the segment results for the period under review by RM2.339 million as compared to the corresponding prior period ended 31 July 2012.

**Transport**

Revenue from transport segment for the period under review has decreased by RM5.760 million or 9.6% as compared to the corresponding prior period ended 31 July 2012. The decrease was mainly due to the decrease in demand for the Group’s transportation services. The decrease in revenue and drop in gross profit margin resulted in a decrease of the segment result by RM1.270 million as compared to the corresponding prior period ended 31 July 2012.

**Trading**

Revenue from trading segment for the period under review has decreased by RM51.586 million or 12.7% as compared to the corresponding prior period ended 31 July 2012. The decrease was mainly due to the decrease in demand and drop in average unit price of trading materials. The decrease in revenue and drop in gross profit margin resulted in a decrease of the segment results by RM6.045 million as compared to the corresponding prior period ended 31 July 2012.

**Other Operations**

The segment loss of other operations increased by RM2.532 million as compared to the corresponding prior period ended 31 July 2012. The increase was mainly attributable to the unrealized loss on foreign exchange arising from the impact of weakening of Ringgit Malaysia against United States Dollars.

**Results of Joint Ventures and Associate**

The share of the results of joint venture companies has increased to profit of RM15.663 million for the period ended 31 July 2013 as compared to the loss of RM0.194 million for the corresponding prior period ended 31 July 2012 due to the revenue contribution from the commencement of floating storage and offloading vessel (“FSO”) of a joint venture company.

**Consolidated profit before tax**

For the current period under review, the Group’s revenue has decreased by RM44.274 million or 8.9% as compared to the corresponding prior period ended 31 July 2012. The decrease was mainly attributable to decrease in volume of sales from transport and trading businesses.

The Group’s profit before tax for the current period under review has increased by RM4.215 million or 15.6% to RM31.174 million as compared to RM26.959 million for the corresponding prior period ended 31 July 2012. The increase was mainly attributable to increase in contribution from marine segment and a joint venture company and was partly offset by decrease in contribution from trading and transport segments, increase in net borrowing expenses of RM1.6 million, increase in share of loss in associate of RM1.5 million and increase in exchange loss of about RM3.3 million.

1. **Profit Before Tax**

Included in the profit before tax are the following items



1. **Income Tax Expense**

The income tax expense figures consist of:



The effective tax rate of the Group is lower than the statutory tax rate in Malaysia due to certain incomes are not subject to taxation and certain income of subsidiaries are subject to lower tax rates.

1. **Earnings Per Share**

1. **Basic**

Basic earnings per share amount are calculated by dividing the profit for the current and cumulative quarter of 2013, net of tax, attributable to owners of the parent by the weighted average number of shares in issue during the period.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share:

1. **Diluted**

Diluted earnings per share is the same as basic earnings per share as there is no dilutive potential ordinary shares outstanding as at 31 July 2013.

1. **Acquisitions and disposals of property, plant and equipment**

During the current period under review, the Group acquired property, plant and equipment with aggregate cost of RM6.252 million (31 July 2012: RM93.414 million).

Property, plant and equipment with a carrying amount of RM2.223 million were disposed by the Group during the current period of 2013 (31 July 2012: RM0.609 million), resulting in a gain on disposal of RM0.298 million (31 July 2012: loss of RM0.033 million) recognised and included in other operating income.

1. **Fair Value Hierarchy**

The Group uses the following hierarchy for determining the fair value of the financial instruments carried at fair value:

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

Level 2 - Inputs that are based on observable market data, either directly or indirectly

Level 3 - Inputs that are not based on observable market data

As at reporting date, the carrying amounts of available-for-sale investments and held for trading investment securities were measured by using Level 1 method in the hierarchy in determining their fair value.

1. **Debt and Equity Securities**

Except for the issuance of the 20,035,510 ordinary shares of RM1.00 each under private placements at a value of RM2.82 for each share and for a consideration of RM56.5 million, there were no other issuances were no other issuances, repayment of debts, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current period under review.

1. **Interest-bearing Loans and Borrowings**

Details of total Group’s borrowings as at 31 July 2013 are as follows:



Except for the borrowings of RM244.643 million denominated in United States Dollar, all other borrowings are denominated in Ringgit Malaysia.

1. **Dividend Paid**

At the Annual General Meeting held on 31 July 2013, the shareholders of the Company have approved the payment of a first and final dividend of 2.5% less income tax in respect of financial year ended 31 January 2013. The dividend was paid on 10 September 2013.

1. **Capital Commitments**

Capital commitment for the approved and contracted for property, plant and equipment but not provided for in the interim condensed financial statements as at 31 July 2013 amounting to RM4.548 million

1. **Changes in Contingent Liabilities and Contingent Assets**

There were no changes in contingent assets and no changes in contingent liabilities since the last audited financial statements.

1. **Related Party Disclosures**

Significant related party transactions are as follows:

The Directors are of the opinion that the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties. All outstanding balances with these related parties are unsecured and are to be settled in cash within three months of reporting date.

1. **Event After The Reporting Date**
2. On 28 August 2013, Yinson Holdings Berhad (“YHB”) announced that the shareholders of YHB have approved the following ordinary resolutions in the Extraordinary General Meeting (“EGM”) as set out in the Notice of EGM dated 13 August 2013
3. Proposed acquisition of all ordinary shares of Norwegian Krone (“**NOK**”) 1.00 each in Fred. Olsen Production ASA (“**FOP**”), a public listed company on the Oslo Stock Exchange;
4. Proposed issuance and allotment of 37,809,000 new ordinary shares of RM1.00 each in YHB (“**New Issue Share(s)**”) at an issue price of RM2.82 per New Issue Share to Kencana Capital Sdn Bhd to be satisfied in cash; and
5. On 3 September 2013, YHB announced that FOP had on 3 September 2013 announced that on 2 September 2013 the Offeror (YHB) had received acceptances for a total of 102,797,421 shares in FOP (including the pre-acceptance by First Olsen Ltd), equalling approximately 97.0% of the outstanding shares and votes in FOP. The Offeror has up to 18:00 hours (CET) on 29 November 2013 to announce that all the remaining conditions for completion of the Offer have been met or waived.

The above proposals have not been completed as at the date of report.

1. On 13 September 2013, YHB announced that a 30% associate known as YINSON ENERGY SDN. BHD. ("YESB") was incorporated on 12 September 2013.  The authorised share capital of YESB is RM100,000 and the initial issued and paid-up capital is RM1,000.  The principal activities of YESB are the provision of marine vessels for charter and marine services.  YESB has not commenced its operations.



1. **Performance Review**

Explanatory comment on the performance of the Group’s business activities is provided in Note 6.

1. **Material Changes in the Profit Before Taxation of Current Quarter Compared with Preceding Quarter**

The Group’s profit before tax for the 2nd quarter of FY 2014 has decreased by RM4.766 million as compared to the preceding quarter. The decrease was mainly due to lower contribution from joint venture companies in the 2nd quarter and an unrealized loss on foreign exchange of RM2.500 million has been recognized in the 2nd quarter arising from impact of weakening of Ringgit Malaysia against United States Dollar.

1. **Commentary on Prospects**

The global economy expanded at a modest pace during the first half of year 2013 and going forward it is expected to face downside risks. For the Malaysian economy, prolonged weakness in the external environment has affected growth performance of the economy going forward.

Barring unforeseen circumstances, the Group shall strive to sustain a satisfactory performance for the rest of the current financial year.

1. **Profit Forecast**

The disclosure requirements for explanatory notes for the variance of actual profit after tax and non-controlling interests and forecast profit after tax and non-controlling interests are not applicable.

1. **Status of Corporate Proposals**
2. The corporate proposals announced as provided in Note 18 (a) and (b) are not completed as at the date of issue of these financial statements.
3. Status of Utilisation of Proceeds From Share Placement (“SP”) as at 26 September 2013.



1. **Material Litigation**

As at 31 July 2013, there was no material litigation against the Group.

1. **Dividend Payable**

No interim dividend has been declared for the current quarter under review.

1. **Derivatives**
2. **Disclosure of Derivatives**

Details of derivative financial instruments outstanding as at 31 July 2013 are as follow:-

**Interest rate swaps**

The Group has entered into an interest rate swap contract that receives floating interest at SIBOR + 2.75% p.a. and pays fixed interest at 3.40% p.a. to mitigate the Group’s exposure from fluctuations in interest rate arising from a floating rate term loan. The interest rate swap has a similar maturity terms as the term loan.

The interest rate swap has been classified as At Fair Value Through Profit or Loss which is measured at fair value and the changes in fair value will be taken to profit or loss.

**Forward foreign currency exchange contracts**

The Group has entered into a few forward foreign currency exchange contracts to mitigate the Group’s potential exposure from fluctuations in foreign exchange rate of NOK against USD arising from a firm commitment in acquiring all ordinary shares of FOP as disclosed in Note 18. The forward foreign currency exchange contracts have maturities range from six to twelve months.

The forward foreign currency exchange contracts are measured at fair value and the gains or losses arising from the change in fair value of these contracts will be taken to profit or loss.

1. **Gains/Losses Arising From Fair Value Changes in Derivatives**

The net fair value gain on interest rate swap derivative measured at fair value through profit and loss for current period is RM0.291 million.

As at reporting date, the Group had applied fair value hedge accounting. The loss on change in fair value of the forward foreign currency exchange contracts amounted RM8.177 million recognised to the profit or loss has been offset by the gain on fair value change in the firm commitment.

The fair values of the above derivatives were based on quotes obtained from the respective counterparty banks.

1. **Realised and Unrealised Retained Earnings**

The breakdown of the retained earnings of the Group as at 31 July 2013 into realised and unrealised is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, and prepared in accordance with *Guidance on Special Matter No.1*, *Determination of Realised and Unrealised Profits or Losses* in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.



1. **Auditors’ Report on Preceding Annual Financial Statements**

The Auditors’ Report on the financial statements for the year ended 31 January 2013 was not qualified.

1. **Authorised For Issue**

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 September 2013.