



YINSON HOLDINGS BERHAD

Company No: 259147-A
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT

For the Six-Month Period Ended 31 July 2014

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	31.7.2014	31.7.2013	31.7.2014	31.7.2013
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue	280,514	227,350	574,584	455,646
Cost of trading goods sold	(156,437)	(164,531)	(316,895)	(340,493)
Direct expenses	(85,915)	(45,112)	(187,435)	(78,755)
Gross profit	38,162	17,707	70,254	36,398
Other operating income	12,509	223	23,015	2,871
Administrative expenses	(18,894)	(5,913)	(36,972)	(11,499)
Profit from operations	31,777	12,017	56,297	27,770
Finance costs	(13,914)	(4,908)	(29,665)	(11,002)
Share of results of joint ventures	21,207	6,762	50,445	15,663
Share of results of associates	220	(667)	82	(1,257)
Profit before tax	39,290	13,204	77,159	31,174
Income tax expense	(7,976)	(2,040)	(14,831)	(3,984)
Profit for the period	31,314	11,164	62,328	27,190
Profit attributable to:				
Owners of the parent	30,684	10,251	60,980	25,656
Non-controlling interests	630	913	1,348	1,534
	31,314	11,164	62,328	27,190
Earnings per share attributable to owners of the parent: #				
Basic (sen)	3.23	2.40	6.42	6.01
Diluted (sen)	3.23	2.40	6.42	6.01

- comparative adjusted for rights issue and share split of RM1 each into two 50 sen shares

These condensed consolidated income statement should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements

YINSON HOLDINGS BERHAD (Company No. 259147-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Six-Month Period Ended 31 July 2014

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	31.7.2014 unaudited RM'000	31.7.2013 unaudited RM'000	31.7.2014 unaudited RM'000	31.7.2013 unaudited RM'000
Profit for the period	31,314	11,164	62,328	27,190
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
- Exchange differences on translation of foreign operations	(11,004)	2,388	(11,783)	2,663
- Net gain/(loss) on available-for-sale financial assets	408	-	512	(3,560)
	20,718	13,552	51,057	26,293
Total comprehensive income for the period				
Total comprehensive income for the period attributable to:				
Owners of the parent	20,088	12,639	49,709	24,759
Non-controlling interests	630	913	1,348	1,534
	20,718	13,552	51,057	26,293

These condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements

YINSON HOLDINGS BERHAD (Company No. 259147-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2014

	AS AT 31.7.2014 Unaudited RM'000	AS AT 31.1.2014 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	946,283	1,023,958
Investment properties	15,155	15,155
Intangible assets	113	109
Land use rights	4,372	4,420
Investment in joint ventures	394,749	357,965
Investment in associates	29,145	29,211
Other receivables	390	1,981
Available-for-sale financial assets	15,860	15,733
Deferred tax assets	1,902	1,148
	1,407,969	1,449,680
Current assets		
Inventories	41,145	40,041
Trade and other receivables	408,094	376,623
Other current assets	7,910	9,420
Tax recoverable	418	420
Marketable securities	12	13
Derivatives	51	-
Cash and bank balances	461,230	267,077
	918,860	693,594
TOTAL ASSETS	2,326,829	2,143,274

YINSON HOLDINGS BERHAD (Company No. 259147-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2014

	AS AT 31.7.2014 Unaudited RM'000	AS AT 31.1.2014 Audited RM'000
EQUITY AND LIABILITIES		
Equity		
Issued capital	516,399	258,200
Share premium	417,163	112,941
Foreign currency translation reserve	9,039	20,822
Retained earnings	207,622	146,642
Available-for-sale reserve	(2,966)	(3,478)
Equity attributable to owners of the parent	1,147,257	535,127
Non-controlling interests	6,612	5,919
Total equity	1,153,869	541,046
Non-current liabilities		
Loans and borrowings	567,256	668,394
Net employee defined benefit liabilities	2,440	7,669
Unfavourable contracts	57,891	75,483
Deferred tax liabilities	10,867	11,246
	638,454	762,792
Current liabilities		
Loans and borrowings	402,070	621,739
Trade and other payables	96,206	180,795
Unfavourable contracts	24,577	24,577
Derivatives	-	127
Tax payables	11,653	12,198
	534,506	839,436
Total liabilities	1,172,960	1,602,228
TOTAL EQUITY AND LIABILITIES	2,326,829	2,143,274
Net assets per share attributable to owners of the parent (RM)	1.111	2.073

These condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

YINSON HOLDINGS BERHAD (Company No. 259147-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the Six-Month Period Ended 31 July 2014

	Attributable to owners of the parent					Total equity attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
	Issued capital RM'000	Foreign currency translation reserve RM'000	Share premium RM'000	Available-for-sale reserve RM'000	Retained earnings RM'000			
At 1 February 2013	200,355	(1,221)	8,076	(10,323)	84,345	281,232	2,556	283,788
Total comprehensive income/(loss) for the period	-	2,663	-	(3,560)	25,656	24,759	1,534	26,293
Share issuance	20,036	-	36,465	-	-	56,501	-	56,501
Share issuance expenses	-	-	(179)	-	-	(179)	-	(179)
At 31 July 2013	220,391	1,442	44,362	(13,883)	110,001	362,313	4,090	366,403
At 1 February 2014	258,200	20,822	112,941	(3,478)	146,642	535,127	5,919	541,046
Reclassification to associate	-	-	-	-	-	-	(655)	(655)
Total comprehensive income for the period	-	(11,783)	-	512	60,980	49,709	1,348	51,057
Share issuance	258,199	-	309,840	-	-	568,039	-	568,039
Share issuance expenses	-	-	(5,618)	-	-	(5,618)	-	(5,618)
At 31 July 2014	516,399	9,039	417,163	(2,966)	207,622	1,147,257	6,612	1,153,869

These condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Six-Month Period Ended 31 July 2014

	6 months ended	
	31.7.2014	31.7.2013
	Unaudited RM'000	Unaudited and restated RM'000
OPERATING ACTIVITIES		
Profit before tax	77,159	31,174
Adjustments for:		
Amortisation and depreciation	44,284	7,238
Amortisation of unfavourable contracts	(13,320)	-
Impairment loss on receivables	3,242	150
Unrealised loss on foreign exchange	12,074	1,574
Finance costs	29,665	10,954
Gain on disposal of property, plant and equipment	-	(298)
Property, plant and equipment written off	122	60
Fair value adjustment on marketable securities	1	-
Net gains on held for trading investment securities	-	(2)
Share of results of joint ventures	(50,445)	(15,663)
Share of results of associates	(82)	1,257
Interest income	(2,054)	(2,022)
Dividend income	-	(1)
Operating cash flows before working capital changes	100,646	34,421
Receivables	(36,689)	(1,260)
Other current assets	415	(24,594)
Inventories	(1,104)	(250)
Payables	(12,062)	32,207
Short term deposits	-	(2)
Cash flows from operations	51,206	40,522
Interest received	2,054	2,022
Interest paid	(29,844)	(11,245)
Tax paid	(15,651)	(4,172)
Net cash flows from operating activities	7,765	27,127
INVESTING ACTIVITIES		
Dividend received	-	1
Proceed from dilution of subsidiary to associate	27	-
Proceeds from disposal of property, plant and equipment	-	2,521
Purchase of intangible assets	(5)	-
Purchase of property, plant and equipment	(5,295)	(2,255)
Investment in joint ventures	(1,607)	(38,137)
Net cash flows used in investing activities	(6,880)	(37,871)

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Six-Month Period Ended 31 July 2014

	6 months ended	
	31.7.2014	31.7.2013
	Unaudited RM'000	Unaudited and restated RM'000
FINANCING ACTIVITIES		
Repayment to directors	(85,077)	-
Increase in short-term borrowings	11,024	20,615
Repayment of term loans	(284,642)	(15,870)
Repayment of obligations under finance leases	(2,708)	(1,584)
Net cash outflow from dilution to associate	(391)	-
Proceeds from shares issuance	568,039	56,500
Shares issuance expenses	(5,618)	(179)
Net cash flows from financing activities	200,627	59,482
NET INCREASE IN CASH AND CASH EQUIVALENTS	201,512	48,738
Effects of foreign exchange rate changes	2,570	3,639
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	184,984	11,064
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	389,066	63,441
	As at	As at
	31.7.2014	31.7.2013
	RM'000	RM'000
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	461,230	73,142
Bank overdrafts (included within short-term borrowings)	(8,141)	(9,616)
	453,089	63,526
Deposits pledged to banks	(64,023)	(85)
	389,066	63,441

These condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

1. Basis of Preparation

This unaudited condensed consolidated interim financial statements (Condensed Report) of Yinson Holdings Berhad (the "Group" or "YHB") for the period ended 31 July 2014 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 complies 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 2014. The significant accounting policies and methods adopted for the Condensed Report are consistent with those adopted for the audited financial statements for the financial year ended 31 January 2014 except for the adoption of Amendments to Standards and Issue Committee (IC) Interpretations effective as of 1 January 2014.

- Amendments to MFRS10 *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12 *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127 *Separate Financial Statements: Investment Entities*
- Amendment to MFRS 132 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139 *Financial Instruments: Recognition and Measurement*
- IC Interpretation 21 *Levies*

MFRSs and Amendments to MFRSs Issued but not yet effective

At the date of authorisation of the Condensed Report, the following Standards were issued but not yet effective and have not been adopted by the Group.

- MFRS 9 *Financial Instruments* (to be announced by MASB)
- Amendments to MFRS 119 *Defined Benefits Plans: Employee Contributions* (Effective from 1 July 2014)
- Annual Improvements to MFRSs 2010 – 2012 Cycle (effective 1 July 2014)
- Annual Improvements to MFRSs 2011 – 2013 Cycle (effective 1 July 2014)
- Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation* (effective 1 January 2016)
- Amendments to MFRS 11 *Accounting for Acquisitions of Interest in Joint Operations* (effective 1 January 2016)
- MFRS 14 : *Regulatory Deferral Accounts* (effective 1 January 2016)
- MFRS 15 : *Revenue from Contracts with Customers* (effective 1 January 2017)

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

MFRS 9 Financial Instruments

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

2. 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.

3. Unusual Items due to their Nature, Size or Incidence

Except for the issued of 258,199,610 new ordinary shares of RM1.00 each for cash under rights issue at a value of RM2.20 for each share and for total consideration of RM568,039,142, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 31 July 2014.

4. 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.

5. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter ended 31 July 2014 except for the incorporation of a wholly-owned subsidiary, Yinson TMC Sdn Bhd, by YHB on 31 July 2014. The principal activities of YTMC is among others the provision of cash financing, debt management, investment services and financial risk management within the Group.

6. Segmental Information

For the Six-Month Period Ended 31 July 2014					
	Marine	Transport	Trading	Other	Consolidated
	RM'000	RM'000	RM'000	Operations RM'000	RM'000
Revenue					
External Sales					
Gross revenue	205,480	50,712	338,414	10,543	605,149
Elimination	(15,784)	(541)	(4,238)	(10,002)	(30,565)
Net revenue	189,696	50,171	334,176	541	574,584
Results					
Segment results	47,183	1,023	12,127	(4,036)	56,297
Finance costs					(29,665)
Share of results of associates					82
Share of results of joint ventures					50,445
Income tax expense					(14,831)
Profit net of tax and before non-controlling interests					62,328
Non-controlling interests					(1,348)
Profit net of tax for the period					60,980

Segmental Information

For the Six-Month Period Ended 31 July 2013					
	Marine	Transport	Trading	Other	Consolidated
	RM'000	RM'000	RM'000	Operations RM'000	RM'000
Revenue					
External Sales					
Gross revenue	68,538	54,501	358,396	546	481,981
Elimination	(23,045)	(400)	(2,878)	(12)	(26,335)
Net revenue	45,493	54,101	355,518	534	455,646
Results					
Segment results	14,763	3,307	12,301	(2,601)	27,770
Finance costs					(11,002)
Share of results of an associate					(1,257)
Share of results of joint ventures					15,663
Income tax expense					(3,984)
Profit net of tax and before non-controlling interests					27,190
Non-controlling interests					(1,534)
Profit net of tax for the period					25,656

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

- (a) The marine segment consists of leasing of vessels, provision of barge services and marine management services.
- (b) The transport segment consists of the provision of trucking services.
- (c) The trading segment consists of trading activities mainly in the construction related materials.
- (d) 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 RM144.203 million as compared to the corresponding prior period ended 31 July 2013. The increase was mainly due to increase in contribution from new subsidiary, Yinson Production AS ("YPAS"), acquired in December 2013. The increase in revenue resulted in an increase in segment results for the period under review by RM32.420 million as compared to the corresponding prior period ended 31 July 2013.

Transport

Revenue from transport segment for the period under review has decreased by RM3.930 million or 7.3% as compared to the corresponding prior period ended 31 July 2013. The decrease was mainly due to the decrease in demand for the Group's transportation services.

The decrease in revenue resulted in a drop in segment result by RM2.284 million as compared to corresponding prior year ended 31 July 2013.

Trading

Revenue from trading segment for the period under review has decreased by RM21.342 million or 6% as compared to the corresponding prior period ended 31 July 2013. The decrease was mainly due to the decrease in demand. The decrease in revenue and increase in impairment on trade receivables of RM3 million was offset by improvement in profit margin and resulted in a marginal decline in segment result by RM0.174 million as compared to the corresponding prior period ended 31 July 2013.

Other Operations

The segment loss of other operations increased to RM4.036 million as compared to RM2.601 million in corresponding prior period ended 31 July 2013. The increase was mainly attributable to increase in foreign exchange loss to RM8.5 million as compared to RM2.8 million in corresponding prior period ended 31 July 2013 and offset by increase in sundry income by RM4.3 million.

Results of Joint Ventures and Associates

The share of the results of joint ventures has increased to profit of RM50.445 million for the period ended 31 July 2014 as compared to RM15.663 million for the corresponding prior period ended 31 July 2013 due to revenue contribution from a floating, production and storage and offloading facility ("FPSO") of RM21.7 million and contribution of RM9.7 million from the joint venture of subsidiary acquired in December 2013.

The share of results of associates has increased to profit of RM0.082 million for the period ended 31 July 2014 as compared to loss of RM1.257 million for the corresponding prior period ended 31 July 2013 due to improvement in the results of an associate.

Consolidated profit before tax

For the current period under review, the Group's profit before tax has increased by RM45.985 million or 148% to RM77.159 million as compared to RM31.174 million for the corresponding prior period ended 31 July 2013. The increase was mainly attributable to increase in contribution from marine segment, trading segment and joint ventures and offset by increase in net foreign exchange loss of RM8.3 million and finance costs.

7. Profit Before Tax

Included in the profit before tax are the following items:

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	31.7.2014 RM000	31.7.2013 RM000	31.7.2014 RM000	31.7.2013 RM000
Interest income	(1,611)	(767)	(2,054)	(2,022)
Other income including investment income	(3,694)	(6)	(6,312)	(256)
Gain on disposal of property, plant and equipment	-	(71)	-	(298)
Bad debts recovered	(42)	(293)	(52)	(293)
Finance costs	13,914	4,882	29,665	10,954
Depreciation of property, plant and equipment	22,033	3,611	44,234	7,186
Amortisation of land use rights	24	24	48	48
Amortisation of intangible assets	1	2	2	4
Amortisation of unfavourable contracts	(6,587)	-	(13,320)	-
Impairment loss on receivable	1,666	75	3,242	150
Property, plant and equipment written off	122	54	122	60
(Gain)/loss on foreign exchange - realised	310	38	(1,277)	923
Loss on foreign exchange - unrealised	6,671	2,492	12,074	1,574
Net fair value adjustment on marketable securities	1	(4)	1	(2)
Net loss on fair value changes of derivatives/forward currency	-	8,177	0	8,177
Gain on fair value of firm commitment	-	(8,177)	0	(8,177)

8. Income Tax Expense

The income tax expense figures consist of

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	31.7.2014	31.7.2013	31.7.2014	31.7.2013
	RM000	RM000	RM000	RM000
Current period income tax	8,316	2,563	15,557	4,809
Deferred tax:				
- Relating to origination and reversal of temporary difference	(340)	(523)	(726)	(825)
Total income tax expense	7,976	2,040	14,831	3,984

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

9. Earnings Per Share

(a) Basic

Basic earnings per share amount are calculated by dividing the profit for the current and cumulative quarter of financial year 2015, net of tax, attributable to owners of the parent by the weighted average number of shares outstanding during the period.

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

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	31.7.2014	31.7.2013	31.7.2014	31.7.2013
Profit net of tax attributable to owners of the parent used in the computation of EPS (RM'000)	30,684	10,251	60,980	25,656
Weighted average number of ordinary shares in issue ('000) #	950,475	688,075	950,475	688,075
Basic earnings per share (sen)	3.23	1.49	6.42	3.73

- comparative adjusted for rights issue and share split of RM1 each into two 50 sen shares

(b) Diluted

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

10. Acquisitions and disposals of property, plant and equipment

During the current period under review, the Group acquired property, plant and equipment ("PPE") with aggregate cost of RM10.833 million (31 July 2013: RM6.252 million).

There was no disposal of property, plant and equipment ("PPE") by the Group during the current period ended 31 July 2014 while in corresponding prior period ended 31 July 2013 PPE with a carrying amount of RM2.223 million was disposed and a gain on disposal of RM0.298 million was recognised and included in other operating income.

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

As at reporting date, the carrying amounts of available-for-sale financial assets and marketable securities were measured using Level 1 method of hierarchy and interest rate swap were measured by using Level 2 method in the hierarchy in determining their fair value.

12. Debt and Equity Securities

Except for the issuance of the 258,199,610 ordinary shares of RM1.00 each under rights issue at a value of RM2.20 for each share and for total consideration of RM568.039 million, there 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.

13. Interest-bearing Loans and Borrowings

The Group's total borrowings as at 31 July 2014 are as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short term borrowings	197,847	204,223	402,070
Long term borrowings	567,256	-	567,256
Total borrowings	765,103	204,223	969,326

Except for the borrowings of RM794.851 million denominated in United States Dollar, all other borrowings are denominated in Ringgit Malaysia.

14. Dividend Paid

No interim dividend has been declared or paid for the current quarter ended 31 July 2014 (31 July 2013: Nil).

15. Capital Commitments

As at 31 July 2014, the capital commitment for property, plant and equipment not provided for in the interim condensed financial statements is as follows:

- approved and contracted for – RM19.709 million
- approved but not contracted for – RM6.799 million

16. 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.

17. Related Party Disclosures

Significant related party transactions are as follows:

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	31.7.2014	31.7.2013	31.7.2014	31.7.2013
	RM'000	RM'000	RM'000	RM'000
<u>With companies substantially owned by directors, Lim Han Weng and Bah Kim Lian</u>				
Rental income from Yinson Tyres Sdn Bhd	15	15	30	30
Transport income from Liannex Corporation (S) Pte Ltd	992	1,692	2,655	3,491
Transport income from Handal Indah Sdn Bhd	3	5	3	6
Transport income from Kargo Indera Sdn Bhd	-	-	-	112
Sales of goods to Handal Indah Sdn Bhd	-	104	8	200
Sales of goods to Triton Commuter Sdn Bhd	-	72	-	154
Purchases from Yinson Tyres Sdn Bhd	970	860	1,827	1,639
Interest expense from Liannex Corporation (S) Pte Ltd	-	7	-	15
Barge income from Liannex Corporation (S) Pte Ltd	856	1,008	1,809	1,851
Purchases of goods from Liannex Corporation (S) Sdn Bhd	9	66	12	71
<u>With joint ventures</u>				
Interest income from PTSC South East Asia Pte Ltd	-	755	-	755
Interest income from PTSC Asia Pacific Pte Ltd	-	664	-	1,914
<u>With associate</u>				
Ship management fee from Regulus Offshore Sdn Bhd	304	-	304	-
Management fee from Regulus Offshore Sdn Bhd	20	-	20	-
Purchases from Regulus Offshore Sdn Bhd	476	-	476	-
Rental income from Regulus Offshore Sdn Bhd	61	-	61	-

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.

18. Event After The Reporting Date

- a) On 24 July 2014, YHB announced that Yinson Production AS (*formerly known as Fred. Olsen Production ASA*), a wholly-owned indirect subsidiary of YHB, entered into a share purchase agreement with Prosafe Production Public Limited ("**PPPL**"), a wholly-owned indirect subsidiary of BW Offshore Limited, on 24 July 2014 to dispose of its entire equity interest in Nautipa AS to PPPL for a cash consideration of USD59.30 million (equivalent to approximately RM187.98 million), subject to the Completion Adjustments and shareholders' approval at an EGM which shall be held on 7 October 2014.
- b) On 6 August 2014, YHB announced that a wholly-owned subsidiary known as YINSON TMC SDN. BHD. ("YTMC") was incorporated on 31 July 2014. The authorised share capital of YTMC is RM500,000 and the initial issued and paid-up capital is RM3 and by 25 September 2014, the authorised and paid-up capital have increased to RM1billion and RM198 million, respectively. The principal activities of YTMC is among others the provision of cash financing, debt management, investment services and financial risk management within the Group.
- c) On 22 August 2014, YHB announced that the Company has entered into a Memorandum of Agreement on 20 August 2014 with a U.K. registered company, Golden State Petro ("the Seller") in which the Company or any of Yinson Group's nominated wholly-owned subsidiary (whether direct or indirectly owned by the Company) is purchasing a vessel named "Ulriken" from the Seller. The said purchase is for Yinson Group's business expansion in the marine and offshore production sector.
- d) On 25 August 2014, YHB announced that the Company is proposing to provide financial assistance in the form of security to be provided by YHB for the loan facility taken by PTSC Asia Pacific Pte Ltd ("**PTSC AP**"), jointly controlled company of YHB ("**Proposed Provision of Financial Assistance**").

The Company had on 28 August 2013, obtained the approval from shareholders of YHB at a general meeting for the provision of financial assistance in the form of security and guarantee in connection to the USD300.00 million (equivalent to approximately RM951.00 million) facility agreement dated 28 December 2012 ("**Facility Agreement**") entered into between, amongst others, (1) PTSC AP as the borrower, (2) PTSC and YHB as sponsors and (3) Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited as mandated lead arranger, lender and hedging bank.

The Proposed Provision of Financial Assistance herein is to increase the aforesaid financial assistance amount from USD300.00 million (equivalent to approximately RM951.00 million) to USD345.00 million (equivalent to approximately RM1,093.65 million). However, shareholders' approval is also sought for an additional 10% increase in the aforesaid financial assistance over the USD345.00 million i.e. up to USD379.50 million (equivalent to approximately RM1,203.02 million) to cater for any unforeseen circumstances which would require YHB to provide additional financial assistance to PTSC AP.

The Proposed Provision of Financial Assistance is subject to the shareholders' approval at an EGM which shall be held on 7 October 2014.

- e) On 18 September 2014, a subsidiary of YHB has acquired two units of Multi-Purpose Offshore Supply / Anchor Handling vessel for a total consideration of US\$27 million.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

19. Performance Review

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

20. 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 2015 has increased by RM1.422 million to RM39.291 million as compared to the RM37.869 million for preceding quarter. The increase was mainly attributable to increase in contribution from marine segment of RM2.3 million, trading segment of RM1.8 million and sundry income of RM1.1 million and offset by decrease in contribution from a joint venture of RM8 million and increase in net exchange loss of RM3.2 million.

21. Commentary on Prospects

Going forward, the global economy is expected to continue on a moderate growth path. Recent improvements in economic activity suggest a cyclical recovery remains underway in some advanced economies. For the Malaysian economy, growth of exports is expected to moderate slightly in the second half of the year.

Barring unforeseen circumstances, the Group expects operational results for the current financial year to improve due to contribution from newly acquired business and contribution from joint venture in FPSO operations which come on-stream during the current financial year.

22. 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.

23. Status of Corporate Proposals

a) Status of Utilisation of Proceeds From Rights Issue ("RI").

Purpose	Proposed Utilisation	Actual utilisation of RI as at 26 September 2014	Initial timeframe for utilisation of SP proceeds from date of listing (i.e. 13 June 2014)	Balance of unutilised SP proceeds
	RM'000	RM'000		RM'000
Repayment of Lim Han Weng advances	92,000	(92,000)	Within 3 months	-
Warehousing facilities	30,000	(12,026)	Within 24 months	17,974
Repayment of bank borrowings	237,000	(216,566)	Within 6 months	20,434
Working capital	203,000	(79,724)	Within 24 months	123,276
Defray expenses in relation to the Corporate Exercise	6,000	(5,594)	Within 3 months	406
Total	568,000	(405,910)		162,090

24. Material Litigation

As at 31 July 2014, there was no material litigation against the Group since the last audited financial statements.

25. Dividend Payable

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

26. Derivatives

a) Disclosure of Derivatives

Details of derivative financial instruments outstanding as at 31 July 2014 are as follow:-

Types of derivatives	Contract / Notional Amount	Fair Value Assets
	RM'000	RM'000
Interest rate swap	70,893	51

Interest rate swaps

The Group has entered into the following interest rate swap contracts to mitigate the Group's exposure from fluctuations in interest rate arising from a floating rate term loans:-

- i. contract amounting to RM48.578 million that receives floating interest at SIBOR + 2.75% p.a. and pays fixed interest at 3.40% p.a.; and
- ii. contract amounting to RM22.315 million that receives a fixed rate of 2.5% p.a. + COF and pays a fixed rate of 2.5% p.a. + COF + fixed rate of 1.04% p.a. less one month LIBOR rate.

The interest rate swaps have similar maturity terms as the term loans.

The interest rate swaps have 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.

b) Gains/Losses Arising From Fair Value Changes in Derivatives

As at 31 July 2014, the net fair value loss on interest rate swap derivative measured at fair value through profit and loss is RM0.178 million. The fair values of the above derivatives were based on quotes obtained from the respective counterparty banks.

27. Realised and Unrealised Retained Earnings

The breakdown of the retained earnings of the Group as at 31 July 2014 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.

	Current financial period ended	Previous financial year ended
	31.7.2014	31.1.2014
	RM'000	RM'000
<hr/>		
Total retained earnings of the Company and its subsidiaries:-		
- Realised	141,873	109,925
- Unrealised	(18,141)	4,776
	<hr/>	<hr/>
	123,732	114,701
Total retained earnings from joint ventures- realised	85,841	35,396
Total accumulated losses from an associates - realised	(1,639)	(1,743)
Less Consolidation adjustments	(312)	(1,712)
Total Group retained earnings as per consolidated financial statements	<hr/>	<hr/>
	207,622	146,642

28. Auditors' Report on Preceding Annual Financial Statements

The Auditors' Report on the financial statements for the year ended 31 January 2014 was not qualified.

29. 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 2014.