



YINSON HOLDINGS BERHAD

Company No: 259147-A
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT

For The Nine Months Period Ended 31 October 2016

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	31.10.2016 Unaudited RM'000	31.10.2015 Unaudited RM'000	31.10.2016 Unaudited RM'000	31.10.2015 Unaudited RM'000
Continuing operations				
Revenue	127,944	110,720	357,787	308,210
Direct expenses	(66,806)	(85,407)	(185,375)	(214,303)
Gross profit	61,138	25,313	172,412	93,907
Other operating income	11,553	78,959	27,183	120,608
Administrative expenses	(13,600)	(23,359)	(66,708)	(58,070)
Profit from operations	59,091	80,913	132,887	156,445
Finance costs	(7,011)	(11,980)	(23,645)	(29,758)
Share of results of joint ventures	25,104	25,028	73,554	66,616
Share of results of associates	251	203	100	1,327
Profit before tax from continuing operations	77,435	94,164	182,896	194,630
Income tax expense	(15,113)	(9,239)	(39,624)	(27,583)
Profit after tax from continuing operations	62,322	84,925	143,272	167,047
Discontinued operations				
Profit/(loss) from discontinued operations, net of tax	787	(4,955)	2,282	1,563
Profit for the period	63,109	79,970	145,554	168,610
Profit attributable to:				
Owners of the parent	63,109	85,742	145,847	174,565
Non-controlling interests	-	(5,772)	(293)	(5,955)
	63,109	79,970	145,554	168,610
Earnings per share attributable to owners of the parent:				
Basic (sen)	5.79	8.03	13.38	16.36
Diluted (sen)	5.79	8.03	13.38	16.36
Earnings per share from continuing operations attributable to owners of the parent:				
Basic (sen)	5.72	8.66	13.14	16.37
Diluted (sen)	5.72	8.66	13.14	16.37
Earnings/(loss) per share from discontinued operations attributable to owners of the parent:				
Basic (sen)	0.07	(0.63)	0.24	(0.01)
Diluted (sen)	0.07	(0.63)	0.24	(0.01)

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 Nine Months Period Ended 31 October 2016**

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	31.10.2016 unaudited RM'000	31.10.2015 unaudited RM'000	31.10.2016 unaudited RM'000	31.10.2015 unaudited RM'000
Profit for the period	63,109	79,970	145,554	168,610
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
- Exchange differences on translation of foreign operations	62,928	154,015	26,566	223,673
- Cash flows hedge reserve	(16,550)	(100,865)	(38,400)	(100,865)
- Net loss on available-for-sale financial assets	-	13,208	-	11,350
Total comprehensive income for the period	109,487	146,328	133,720	302,768
Total comprehensive income for the period attributable to:				
Owners of the parent	109,487	152,100	134,071	308,723
Non-controlling interests	-	(5,772)	(351)	(5,955)
	109,487	146,328	133,720	302,768

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 October 2016**

	AS AT 31.10.2016 Unaudited RM'000	AS AT 31.1.2016 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,945,428	2,997,573
Investment properties	29,931	-
Intangible assets	25,574	22,540
Investment in joint ventures	681,558	598,263
Investment in associates	1,728	2,039
Other receivables	9,601	9,417
Deferred tax assets	2,746	-
	4,696,566	3,629,832
Current assets		
Inventories	5,256	3,585
Trade and other receivables	139,098	165,788
Advances to joint ventures	59,763	55,595
Advances to associates	6,771	1,627
Other current assets	10,435	13,438
Tax recoverable	5,618	3,486
Other investment	38,793	76,916
Cash and bank balances	608,694	416,187
	874,428	736,622
Assets of disposal group classified as held for sale	-	473,356
	874,428	1,209,978
TOTAL ASSETS	5,570,994	4,839,810

YINSON HOLDINGS BERHAD (Company No. 259147-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As at 31 October 2016**

	AS AT 31.10.2016 Unaudited RM'000	AS AT 31.1.2016 Audited RM'000
EQUITY AND LIABILITIES		
Equity		
Issued capital	546,399	546,399
Treasury shares	(8,714)	-
Share premium	553,063	553,063
Reserves of disposal group classified as held for sale	-	7,125
Foreign currency translation reserve	234,577	207,953
Cash Flows Hedge reserve	(188,101)	(149,701)
Retained earnings	751,963	649,235
Equity attributable to owners of the parent	1,889,187	1,814,074
Perpetual securities of a subsidiary	437,460	437,460
Non-controlling interests	-	1,850
Total equity	2,326,647	2,253,384
Non-current liabilities		
Loans and borrowings	2,412,416	1,446,630
Unfavourable contracts	30,203	44,860
Derivatives	188,101	149,701
Deferred tax liabilities	21,371	26,773
	2,652,091	1,667,964
Current liabilities		
Loans and borrowings	226,446	207,521
Trade and other payables	282,190	422,153
Unfavourable contracts	20,141	19,942
Derivatives	3,563	6,177
Tax payables	59,916	34,170
	592,256	689,963
Liabilities of disposal group classified as held for sale	-	228,499
	592,256	918,462
Total liabilities	3,244,347	2,586,426
TOTAL EQUITY AND LIABILITIES	5,570,994	4,839,810
Net assets per share attributable to owners of the parent (RM)	1.7288	1.6600

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 Nine Months Period Ended 31 October 2016

	← Attributable to owners of the parent →									Perpetual securities of a subsidiary RM'000	Non-controlling interests RM'000	Total equity RM'000
	← Non-distributable →						Distributable					
	Issued capital RM'000	Treasury Shares RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Reserves of disposal group classified as held for sale RM'000	Cash Flows Hedge reserve RM'000	Available-for-sale reserve RM'000	Retained earnings RM'000	Total equity attributable to owners of the parent RM'000			
At 1 February 2015	516,399	-	417,163	73,567	-	-	(11,350)	454,731	1,450,510	-	8,999	1,459,509
Total comprehensive income for the period	-	-	-	223,673	-	(100,865)	11,350	174,565	308,723	-	(5,955)	302,768
Accrued perpetual securities distributions	-	-	-	-	-	-	-	(3,051)	(3,051)	-	-	(3,051)
Dividends in respect of the previous year	-	-	-	-	-	-	-	(16,392)	(16,392)	-	-	(16,392)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,622	1,622
Disposal of subsidiaries	-	-	-	(8,065)	8,065	-	-	-	-	437,460	-	437,460
Issue of share capital	30,000	-	139,800	-	-	-	-	-	169,800	-	-	169,800
Share issuance expenses	-	-	(3,900)	-	-	-	-	-	(3,900)	-	-	(3,900)
At 31 October 2015	546,399	-	553,063	289,175	8,065	(100,865)	-	609,853	1,905,690	437,460	4,666	2,347,816
At 1 February 2016	546,399	-	553,063	207,953	7,125	(149,701)	-	649,235	1,814,074	437,460	1,850	2,253,384
Total comprehensive income for the period	-	-	-	26,624	-	(38,400)	-	145,847	134,071	-	(351)	133,720
Realisation arising from disposal of foreign subsidiaries and associate	-	-	-	-	(7,125)	-	-	-	(7,125)	-	-	(7,125)
Accrued and paid perpetual securities distributions	-	-	-	-	-	-	-	(21,328)	(21,328)	-	-	(21,328)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,499)	(1,499)
Buy-back of shares by the Company	-	(8,714)	-	-	-	-	-	-	(8,714)	-	-	(8,714)
Dividends in respect of the previous year	-	-	-	-	-	-	-	(21,791)	(21,791)	-	-	(21,791)
At 31 October 2016	546,399	(8,714)	553,063	234,577	-	(188,101)	-	751,963	1,889,187	437,460	-	2,326,647

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 Nine Months Period Ended 31 October 2016

	9 months ended	
	31.10.2016	31.10.2015
	Unaudited RM'000	Unaudited RM'000
OPERATING ACTIVITIES		
Profit before tax from continuing operations	182,896	194,630
Profit before tax from discontinued operations	2,889	1,299
Profit before tax, total	185,785	195,929
Adjustments for:		
Amortisation and depreciation	81,787	81,187
Amortisation of favourable contracts	-	4,983
Amortisation of unfavourable contracts	(14,637)	(13,875)
Unrealised gain on foreign exchange	(12,179)	(103,885)
Finance costs	30,698	40,050
Loss on disposal of subsidiaries and associate	3,511	-
Gain on disposal of financial assets	(195)	-
Loss on disposal of property, plant and equipment	-	639
Impairment loss on receivables	12,913	7,436
Impairment of goodwill	-	1,622
Impairment of available-for-sale financial assets	755	17,170
Impairment of property, plant and equipment	2,034	18,983
Property, plant and equipment written off	51	9
Fair value adjustment on financial assets	1,598	-
Realised loss on derivatives	-	8,153
(Reversal of)/write-down of inventories	(576)	8,000
Share of results of joint ventures	(73,554)	(66,616)
Share of results of associates	(756)	(3,430)
Interest income	(3,092)	(3,096)
Operating cash flows before working capital changes	214,143	193,259
Receivables	45,324	(56,249)
Other current assets	(13,422)	24,099
Inventories	302	1,667
Payables	(30,063)	116,643
Cash flows from operations	216,284	279,419
Interest received	3,092	3,096
Interest paid	(33,310)	(35,595)
Tax paid	(23,046)	(17,278)
Net cash flows from operating activities	163,020	229,642
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	3,310	374
Proceeds from disposal of investment	40,941	-
Proceeds from disposal of subsidiaries	159,366	-
Cash equivalents attributable to disposed subsidiaries	(23,011)	-
Addition in investment	(290)	-
Addition in investment properties	(29,969)	(6,592)
Purchase of intangible assets	(4,859)	(10,758)
Purchase of property, plant and equipment	(985,676)	(406,413)
Investment in joint ventures	-	(97,932)
Dividend received	2,251	-
Placement of short term investment	(9)	(77,358)
Net cash flows used in investing activities	(837,946)	(598,679)

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For The Nine Months Period Ended 31 October 2016

	9 months ended	
	31.10.2016	31.10.2015
	Unaudited	Unaudited
	RM'000	RM'000
FINANCING ACTIVITIES		
(Repayment to)/advances from directors	(19,266)	282
Dividends paid	(21,791)	(16,392)
Increase in borrowings	6,902	43,081
Drawdown of term loan	1,129,154	-
Repayment of term loans	(199,737)	(453,302)
Repayment of obligations under finance leases	(4,122)	(5,131)
Proceeds from settlement of derivatives	-	22,364
Proceeds from perpetual securities issuance	-	437,460
Perpetual securities distribution paid	(28,600)	-
Buy-back of shares by the Company	(8,714)	-
Proceeds from shares issuance	-	169,800
Shares issuance expenses	-	(3,900)
Withdrawal of fixed deposit for investment purpose	-	8,550
Decrease/(increase) in fixed deposits pledged as security	27,416	(56,825)
Net cash flows from financing activities	881,242	145,987
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	206,316	(223,050)
Effects of foreign exchange rate changes	(8,885)	215,538
CASH AND CASH EQUIVALENTS AT THE BEGINNING		
OF THE PERIOD	210,969	274,595
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	408,400	267,083
	As at	As at
	31.10.2016	31.10.2015
	RM'000	RM'000
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	608,694	577,164
Bank overdrafts (included within short-term borrowings)	(8,310)	(11,396)
	600,384	565,768
Short term investment	(334)	(77,671)
Deposits pledged to banks	(191,650)	(221,014)
	408,400	267,083

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

YINSON HOLDINGS BERHAD (Company No. 259147-A)

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

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 October 2016 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 2016. 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 2016 except for the adoption of Amendments to Standards and Issue Committee (IC) Interpretations effective as of 1 January 2016.

- Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11 *Accounting for Acquisitions of Interest in Joint Operations*
- Amendments to MFRS 101 *Disclosure Initiative*
- Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*
- Amendments to MFRS 127 *Equity Method in Separate Financial Statements*
- Annual Improvements to MFRSs 2012 -2014 Cycle
- MFRS 14 : *Regulatory Deferral Accounts*

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.

- a) Effective for financial periods beginning on or after 1 January 2017
 - Amendments to MFRS 107 : *Statements of Cash Flows - Disclosure Initiative*
 - Amendments to MFRS 112 : *Income taxes – Recognition of Deferred Tax Assets for Unrealised Losses*
- b) Effective for financial periods beginning on or after 1 January 2018
 - MFRS 15 : *Revenue from Contracts with Customers*
 - MFRS 9 : *Financial Instruments*
 - Amendments to MFRS 2 : *Classification and Measurement of Share-based Payment Transactions*
- c) Effective for financial periods beginning on or after 1 January 2019
 - MFRS 16 : *Leases*

1. Basis of Preparation (continued)

MFRSs and Amendments to MFRSs issued but not yet effective (continued)

d) Effective for financial periods beginning on or after a date to be determined by Malaysian Accounting Standards Board

- Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between Investor and its Associate or Joint Venture*

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the year of initial application except for MFRS 9, MFRS 15 and MFRS 16. The adoption of these new standards may result in change in accounting policies for which the effect of adopting will be quantified when the standards are effective.

2. Seasonal or Cyclical Factors

The Group's operations were generally not affected by any material seasonal or cyclical factors.

3. 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 quarter ended 31 October 2016.

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 October 2016 except for:

- i). Knock Borgen Pte. Ltd ("Knock Borgen") and Knock Taggart Pte. Ltd. ("Knock Taggart"), indirect wholly-owned subsidiaries of YHB had been voluntarily liquidated on 30 September 2016.

6. Segmental Information

For the Nine Months Period Ended 31 October 2016

	Marine RM'000	Other Operations RM'000	Discontinued Operations RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External sales					
Gross revenue	390,463	18,881	221,121	(272,678)	357,787
Elimination	(32,845)	(18,712)	(155)	51,712	-
Net revenue	357,618	169	220,966	(220,966)	357,787
Results					
Segment results	132,602	285	9,283	(9,283)	132,887
Finance costs					(23,645)
Share of results of joint ventures					73,554
Share of results of associates					100
Income tax expense					(39,624)
Profit after tax from continuing operations					143,272

For the Nine Months Period Ended 31 October 2015

	Marine RM'000	Other Operations RM'000	Discontinued Operations RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External sales					
Gross revenue	334,326	33,039	426,824	(485,979)	308,210
Elimination	(26,215)	(32,940)	(576)	59,731	-
Net revenue	308,111	99	426,248	(426,248)	308,210
Results					
Segment results	78,595	77,850	9,488	(9,488)	156,445
Finance costs					(29,758)
Share of results of joint ventures					66,616
Share of results of associates					1,327
Income tax expense					(27,583)
Profit after tax from continuing operations					167,047

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

Continuing operations

- The marine segment consists of leasing of vessels and marine related services.
- Other operations mainly consist of investment, management services and treasury services.

Discontinued operations include the following segments:

- The transport segment consists of the provision of trucking services.
- The trading segment consists of trading activities mainly in the construction related materials.
- Other discontinued operations consist of provision of warehouses and rental from investment properties

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

6. Segmental Information (continued)

Marine

Revenue from marine segment for the period under review has increased by RM49.51 million to RM357.62 million as compared to RM308.11 million in the corresponding prior period ended 31 October 2015. The increase arose mainly from higher marine business and the stronger US Dollar had resulted in the higher revenue that was translated into Ringgit. The segment results increased by RM54.01 million mainly due to improvement in gross profit margin arising from more efficient cost control measures and absence of one-off impairment loss on plant and equipment of RM18.98 million but offset by decrease in favourable net foreign exchange difference of RM11.55 million and higher impairment of receivable RM9.90 million.

Other Operations

The segment profit of other operations has decreased by RM77.56 million to RM0.29 million as compared to RM77.85 million in the corresponding prior period ended 31 October 2015. The decrease in profit was mainly attributable to the decrease in favourable net foreign exchange difference by about RM95.56 million and loss on disposal of subsidiaries of RM3.51 million but offset by lower impairment of available-for-sale financial assets RM15.35 million and one-off realised loss on derivatives of RM8.15 million in corresponding prior period.

Discontinued Operations

Discontinued operations has ceased contributing to the Group upon completion of the divestment exercise on such non-oil & gas subsidiaries in July 2016.

Results of Joint Ventures and Associates

The share of the results of joint ventures has increased by RM6.93 million to profit of RM73.55 million for the period ended 31 October 2016 as compared to RM66.62 million for the corresponding prior period ended 31 October 2015 mainly due to higher profits and conversion of USD profits due to appreciation of USD against RM.

The share of results of associates has decreased to profit of RM0.10 million for the period ended 31 October 2016 compared to a total profit of RM1.33 million for the period ended 31 October 2015 due to lower results of some associates.

Consolidated profit before tax

For the current period under review, the Group's profit before tax from continuing operations has decreased by RM11.73 million or 6.03% to RM182.90 million as compared to RM194.63 million for the corresponding prior period ended 31 October 2015. This decrease was mainly attributable to the decrease in favourable net foreign exchange difference by about RM95.56 million and RM11.55 million from other operations and marine segments respectively, however the decrease was offset by improvement in marine segment results with higher gross profit margin, absence of impairment loss on plant and equipment by RM18.98 million, lower impairment of available-for-sale financial assets RM15.35 million and higher share of the results of joint ventures.

7. Profit Before Tax

Included in the profit before tax are the following items:

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	31.10.2016 RM'000	31.10.2015 RM'000	31.10.2016 RM'000	31.10.2015 RM'000
Interest income	(1,070)	(1,163)	(3,092)	(3,096)
Other income including investment income	(5,753)	(473)	(12,468)	(2,006)
Bad debts recovered	-	(10)	(202)	(83)
Finance costs	6,029	15,963	30,698	40,050
Depreciation of property, plant and equipment	26,087	29,486	79,846	80,901
Amortisation of land use rights	-	24	-	72
Amortisation of intangible assets	649	209	1,941	214
Amortisation of favourable contracts	-	1,812	-	4,983
Amortisation of unfavourable contracts	(4,927)	(5,046)	(14,637)	(13,875)
Loss on disposal on property, plant and equipment	-	799	-	639
Loss on disposal of subsidiaries and associate	4,835	-	3,511	-
Loss on disposal on other investment	-	-	(195)	-
Impairment loss on receivables - net	487	8,073	12,913	9,024
Impairment of available-for-sale financial assets	470	17,170	755	17,170
Impairment of goodwill	-	-	-	1,622
Impairment on property, plant and equipment	2,034	18,983	2,034	18,983
Property, plant and equipment written off	-	-	51	9
Loss/(gain) on foreign exchange - realised	9,011	(1,701)	2,693	(12,687)
Gain on foreign exchange - unrealised	(18,813)	(81,645)	(12,179)	(103,885)
Realised gain on derivatives	-	-	-	(8,153)
Net fair value loss on other investment	457	-	1,598	-
(Reversal)/write down of inventories	-	8,000	(576)	8,000

8. Income Tax Expense

The income tax expense figures consist of:

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	31.10.2016 RM'000	31.10.2015 RM'000	31.10.2016 RM'000	31.10.2015 RM'000
<u>Continuing operations</u>				
Current income tax	16,962	9,246	45,117	27,583
Deferred income tax	(1,849)	(7)	(5,493)	-
	15,113	9,239	39,624	27,583
Income tax attributable to discontinued operations	197	-	607	(264)
Total income tax expense	15,310	9,239	40,231	27,319

The effective tax rate of continuing operations 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 the financial years, 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 9 months ended	
	31.10.2016	31.10.2015	31.10.2016	31.10.2015
Profit net of tax attributable to owners of the parent used in the computation of EPS (RM'000)	63,109	85,741	145,847	174,565
Weighted average number of ordinary shares in issue ('000)	1,089,567	1,067,154	1,090,422	1,067,154
Basic earnings per share (sen)	5.79	8.03	13.38	16.36

(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 October 2016.

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 RM985.68 million (31 October 2015: RM1,224.77 million).

The Group disposed PPE with a carrying amount of RM3.31 million (31 October 2015: RM1.01 million) and a gain on disposal of RM0.001 million (31 October 2015: loss on disposal of RM0.64 million) was recognized in the current period under review.

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

There were no other issuances, repayment of debts, share cancellations and resale of treasury shares during the current financial period under review except for the following:

- a) During the nine months ended 31 October 2016, the Company had repurchased 3,231,300 of its issued ordinary shares from the open market. The total consideration paid for the repurchase including transaction costs was RM8.714 million and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

13. Interest-bearing Loans and Borrowings

The Group's total borrowings as at 31 October 2016 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	172,656	53,790	226,446
Long term borrowings	2,364,520	47,896	2,412,416
Total borrowings	2,537,176	101,686	2,638,862

Except for the borrowings of RM2,343.70 million denominated in United States Dollar, all other borrowings are denominated in Ringgit Malaysia.

14. Dividend Paid

Dividend approved and paid in respect of ordinary shares:

	2017		2016	
	Dividend per share Sen	Amount of single-tier dividend RM'000	Dividend per share Sen	Amount of single-tier dividend RM'000
The Company				
Final dividend paid in respect of the financial years ended:				
- 31 January 2016	2.0	21,791	-	-
- 31 January 2015	-	-	1.5	16,392
Special dividend paid in respect of the financial year ended:				
- 31 January 2017	14.6	159,077	-	-
Dividends recognised as distribution to ordinary equity holders of the Company	16.6	180,868	1.5	16,392

At the Annual General Meeting held on 29 June 2016, the shareholders of the Company have approved the payment of Final Single-tier Dividend of 2.0 sen per share in respect of the financial year ended 31 January 2016. The dividend was paid on 29 August 2016.

A single tier special cash dividend of 14.6 sen per share in respect of the financial year ending 31 January 2017 has been declared and paid out of the proceeds of the completed Proposed Divestment (Refer to Note 23). The dividend was paid on 21 November 2016.

15. Capital Commitments

As at 31 October 2016, the capital commitment for property, plant and equipment not provided for in the interim condensed financial statements is as follows:

- approved and contracted for – RM567.42 million
- approved but not contracted for – RM703.87 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. Event After The Reporting Date

There was no material event subsequent to the end of the current quarter.

18. Related Party Disclosures

Significant related party transactions are as follows:

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	31.10.2016 RM'000	31.10.2015 RM'000	31.10.2016 RM'000	31.10.2015 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	30	45
Transport Income from Liannex Corporation (S) Pte Ltd	-	667	797	1,673
Transport Income from Liannex Corporation Sdn Bhd	-	-	1,955	-
Transport Income from Handal Indah Sdn Bhd	-	7	1	8
Transport Income from Handal Ceria Sdn Bhd	-	-	-	9
Transport Income from Waja Securities Sdn Bhd	-	165	21	168
Barge Income from Liannex Corporation (S) Pte Ltd	-	213	-	903
Barge Income from Kargo indera Sdn Bhd	309	316	1,297	616
Purchases from Yinson Tyres Sdn Bhd	-	767	1,384	2,429
<u>With Joint Ventures</u>				
Interest income from PTSC South East Asia Pte Ltd	527	485	1,500	1,298
Interest income from PTSC Asia Pacific Pte Ltd	29	31	87	83
<u>With Associates</u>				
Ship management fee to Regulus Offshore Sdn Bhd	1,202	212	1,666	629
Purchase from Regulus Offshore Sdn Bhd	1,355	1,017	4,071	1,611
Rental income from Regulus Offshore Sdn Bhd	-	63	63	187
Management fee income from Regulus Offshore Sdn Bhd	-	49	-	171
Marine Chartering Income from Regulus Offshore Sdn Bhd	1,925	3,027	1,925	3,575
Consultancy Fee to Yinson Energy Sdn Bhd	547	999	1,688	1,858

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.

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

	Quarter ended		%+ / (-)
	31.10.2016 RM'000	31.7.2016 RM'000	
<u>Continuing operations</u>			
Revenue	127,944	114,445	12%
Direct expenses	(66,806)	(52,396)	28%
Gross profit	61,138	62,049	-1%
Other operating income	11,553	13,061	-12%
Administrative expenses	(13,600)	(16,662)	-18%
Profit from operations	59,091	58,448	1%
Finance costs	(7,011)	(9,254)	-24%
Share of results of joint ventures	25,104	24,579	2%
Share of results of associates	251	(112)	324%
Profit before tax from continuing operations	77,435	73,661	5%
Income tax expense	(15,113)	(13,413)	13%
Profit after tax from continuing operations	62,322	60,248	3%
<u>Discontinued operations</u>			
Profit from discontinued operations, net of tax	787	206	282%
Profit for the period	63,109	60,454	4%

The Group's profit before tax from continuing operations for the 3rd quarter of FY 2017 has increased by 5% or RM3.78 million to RM77.44 million as compared to the RM73.66 million for preceding quarter. The increase was mainly attributable to lower impairment of receivables by RM10.51 million and higher fair value movement in interest rate swap contracts approximately RM1.50 million but offset by decrease in favourable net foreign exchange difference by about RM7.50 million.

21. Commentary on Prospects

The short-term to medium-term outlook in the oil and gas sector remains challenging and uncertain due to protracted oversupply. Overall global economic conditions remain challenging, with higher downside risks. Moving forward, global economic activity is expected to remain subdued despite unprecedented easing of monetary conditions in major economies. Amid the challenging global economic environment and the volatility of other currencies against USD, the Group shall strive to achieve satisfactory results for the financial year ending 31 January 2017.

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) The corporate proposal completed as a the date of issue of the quarterly report:

Offer from Liannex Labuan Limited

On 29 June 2015, the Company had received a letter of offer from Liannex Labuan Limited (“Liannex Labuan”) to acquire from YHB the following companies as well as the repayment of inter-company loans owing to YHB by the said subsidiaries at an offer price of RM228.0 million (“Offer Letter”):-

- i) Yinson Corporation Sdn Bhd;
- ii) Yinson Transport Sdn Bhd;
- iii) Yinson Shipping Sdn Bhd;
- iv) Yinson Power Marine Sdn Bhd;
- v) Yinson Port Ventures Pte Ltd; and
- vi) Yinson Vietnam Company Limited.

(collectively “Target Subsidiaries”). The Target Subsidiaries represent the non-oil and gas business of YHB.

YHB subsequently entered into a conditional share sale agreement to divest its entire equity interest in the Target Subsidiaries to Liannex Labuan. At the request of Liannex Labuan, it was agreed for Liannex Labuan to novate all its liabilities, obligations, duties, rights, title, benefit, interests, covenants and undertaking under the SSA to Liannex Asia Pacific Sdn Bhd (“Liannex Asia Pacific”) via a novation agreement entered into between YHB, Liannex Labuan and Liannex Asia Pacific on 15 July 2016. This has resulted in Liannex Asia Pacific being the acquirer of the Target Subsidiaries.

Pursuant to the Completion Audit/Review in October 2016, the final consideration payable by Liannex Asia Pacific has reduced from RM233.19 million to RM220.88 million. YHB had on 4 November 2016 refunded the additional sum to Liannex Asia Pacific.

- b) Status of Utilisation of Proceeds from Disposal of Target Subsidiaries

Purpose	Proposed Utilisation	Actual utilisation as at 20 December 2016	Initial timeframe for utilisation of proceeds from date of Disposal (i.e. 26 July 2016)	Balance of unutilised proceeds
	RM'000	RM'000		RM'000
Proposed special dividend	Up to 160,000	159,077	Within 12 months	923
Repayment of bank borrowings	58,277	43,091	Within 12 months	15,186
Defray expenses in relation to the Proposed Divestment	2,600	2,838	Within 3 months	(238) *
Total	220,877	205,929		15,871 **

* The excess utilisation of the defray expenses was funded by the balance surplus of proposed special dividend.

** Remaining balance of RM15.871 million has been channelled towards working capital purposes of the Company.

24. Material Litigation

As at 31 October 2016, 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

Details of derivative financial instruments outstanding as at 31 October 2016 are as follows:-

Types of derivatives	Contract / Notional Amount	Fair Value Assets/ (Liabilities)
	RM'000	RM'000
<u>Interest rate swaps</u>		
Within 1 year	31,410	(3)
1 to 3 years	16,742	(50)
More than 3 years	3,314,840	(191,611)

The fair values of the interest rate swaps were based on quotes obtained from the respective counterparty banks.

Interest rate swaps

The Group 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 RM31.41 million that receives floating interest at US\$ LIBOR + 2.75% p.a. and pays fixed interest at 3.40% p.a.;
- ii. contract amounting to RM16.74 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;
- iii. contract amounting to RM419.60 million that receives floating interest at 3 months US\$ LIBOR and pays fixed interest at 1.58% p.a.; and
- iv. contracts amounting to RM2,895.24 million that receive floating interest at 3 months US\$ LIBOR and pays fixed interest at 2.88% p.a.

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

For item i to iii, 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. As at 31 October 2016, the net fair value gain on interest rate swap derivative measured at fair value through profit and loss is RM2.61 million.

For item iv, the interest rate swaps have been classified as Cash Flows Hedge which is measured at fair value and the changes in fair value will be taken to cash flows hedge reserve. As at 31 October 2016, the net fair value loss on interest rate swap derivative measured at fair value through the reserve is RM38.40 million.

27. Realised and Unrealised Retained Earnings

The breakdown of the retained earnings of the Group as at 31 October 2016 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 31.10.2016 RM'000	Previous financial year ended 31.1.2016 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	464,489	331,072
- Unrealised	(5,799)	81,903
	458,690	412,975
Total retained earnings from joint ventures - realised	275,501	201,946
Total retained earnings from associates - realised	1,945	3,061
Less: Consolidation adjustments	15,827	31,253
Total Group retained earnings as per consolidated financial statements	751,963	649,235

28. Auditors' Report on Preceding Annual Financial Statements

The Auditors' Report on the financial statements for the year ended 31 January 2016 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 20 December 2016.