



YINSON HOLDINGS BERHAD

Company No: 259147-A
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT For The Six Months Period Ended 31 July 2016

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	31.7.2016 Unaudited RM'000	31.7.2015 Unaudited RM'000	31.7.2016 Unaudited RM'000	31.7.2015 Unaudited RM'000
Continuing operations				
Revenue	114,445	98,405	229,843	197,489
Direct expenses	(52,396)	(65,797)	(118,569)	(128,896)
Gross profit	62,049	32,608	111,274	68,593
Other operating income	13,061	34,007	15,630	41,649
Administrative expenses	(16,662)	3,092	(53,108)	(34,711)
Profit from operations	58,448	69,707	73,796	75,531
Finance costs	(9,254)	(8,094)	(16,634)	(17,778)
Share of results of joint ventures	24,579	21,327	48,450	41,588
Share of results of associates	(112)	1,290	(151)	1,124
Profit before tax from continuing operations	73,661	84,230	105,461	100,465
Income tax expense	(13,413)	(10,342)	(24,511)	(18,344)
Profit after tax from continuing operations	60,248	73,888	80,950	82,121
Discontinued operations				
Profit from discontinued operations, net of tax	206	4,014	1,495	6,519
Profit for the period	60,454	77,902	82,445	88,640
Profit attributable to:				
Owners of the parent	60,362	78,378	82,738	88,823
Non-controlling interests	92	(476)	(293)	(183)
	60,454	77,902	82,445	88,640
Earnings per share attributable to owners of the parent:				
Basic (sen)	5.54	7.34	7.59	8.32
Diluted (sen)	5.54	7.34	7.59	8.32
Earnings per share from continuing operations attributable to owners of the parent:				
Basic (sen)	5.52	6.99	7.42	7.70
Diluted (sen)	5.52	6.99	7.42	7.70
Earnings per share from discontinued operations attributable to owners of the parent:				
Basic (sen)	0.02	0.35	0.17	0.62
Diluted (sen)	0.02	0.35	0.17	0.62

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 Months Period Ended 31 July 2016**

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	31.7.2016 unaudited RM'000	31.7.2015 unaudited RM'000	31.7.2016 unaudited RM'000	31.7.2015 unaudited RM'000
Profit for the period	60,454	77,902	82,445	88,640
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
- Exchange differences on translation of foreign operations	86,278	78,210	(36,362)	69,658
- Cash flows hedge reserve	(7,233)	-	(21,850)	-
- Net loss on available-for-sale financial assets	-	(1,712)	-	(1,858)
Total comprehensive income for the period	139,499	154,400	24,233	156,440
Total comprehensive income for the period attributable to:				
Owners of the parent	139,326	154,876	24,584	156,623
Non-controlling interests	173	(476)	(351)	(183)
	139,499	154,400	24,233	156,440

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 2016**

	AS AT 31.7.2016 Unaudited RM'000	AS AT 31.1.2016 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,508,481	2,997,573
Investment properties	29,931	-
Intangible assets	24,578	22,540
Investment in joint ventures	638,162	598,263
Investment in associates	1,429	2,039
Other receivables	9,295	9,417
Deferred tax assets	903	-
	4,212,779	3,629,832
Current assets		
Inventories	4,717	3,585
Trade and other receivables	119,868	165,788
Advances to joint ventures	56,495	55,595
Advances to associates	5,350	1,627
Other current assets	12,621	13,438
Tax recoverable	5,662	3,486
Other investment	61,523	76,916
Cash and bank balances	634,738	416,187
	900,974	736,622
Assets of disposal group classified as held for sale	-	473,356
	900,974	1,209,978
TOTAL ASSETS	5,113,753	4,839,810

YINSON HOLDINGS BERHAD (Company No. 259147-A)

(Incorporated in Malaysia)

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

	AS AT 31.7.2016 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	171,649	207,953
Cash Flows Hedge reserve	(171,551)	(149,701)
Retained earnings	718,151	649,235
Equity attributable to owners of the parent	1,808,997	1,814,074
Perpetual securities of a subsidiary	437,460	437,460
Non-controlling interests	-	1,850
Total equity	2,246,457	2,253,384
Non-current liabilities		
Loans and borrowings	2,146,598	1,446,630
Unfavourable contracts	34,222	44,860
Derivatives	171,551	149,701
Deferred tax liabilities	22,590	26,773
	2,374,961	1,667,964
Current liabilities		
Loans and borrowings	225,015	207,521
Trade and other payables	195,943	422,153
Unfavourable contracts	19,560	19,942
Derivatives	5,123	6,177
Tax payables	46,694	34,170
	492,335	689,963
Liabilities of disposal group classified as held for sale	-	228,499
	492,335	918,462
Total liabilities	2,867,296	2,586,426
TOTAL EQUITY AND LIABILITIES	5,113,753	4,839,810
Net assets per share attributable to owners of the parent (RM)	1.6554	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 Six Months Period Ended 31 July 2016

	Attributable to owners of the parent										Total equity attributable to owners of the parent RM'000	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		Perpetual securities of a subsidiary RM'000	Non-controlling interests RM'000	Total equity 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	-	-	-	69,658	-	-	(1,858)	88,823	156,623		-	(183)	156,440	
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-		-	1,622	1,622	
Issue of share capital	30,000	-	139,800	-	-	-	-	-	169,800		-	-	169,800	
Share issuance expenses	-	-	(3,900)	-	-	-	-	-	(3,900)		-	-	(3,900)	
At 31 July 2015	546,399	-	553,063	143,225	-	-	(13,208)	543,554	1,773,033		-	10,438	1,783,471	
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	-	-	-	(36,304)	-	(21,850)	-	82,738	24,584		-	(351)	24,233	
Realisation arising from disposal of foreign subsidiaries and associate	-	-	-	-	(7,125)	-	-	-	(7,125)		-	-	(7,125)	
Accrued and paid perpetual securities distributions	-	-	-	-	-	-	-	(13,822)	(13,822)		-	-	(13,822)	
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-		-	-	(1,499)	
Buy-back of shares by the Company	-	(8,714)	-	-	-	-	-	-	(8,714)		-	-	(8,714)	
At 31 July 2016	546,399	(8,714)	553,063	171,649	-	(171,551)	-	718,151	1,808,997		437,460	-	2,246,457	

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 Months Period Ended 31 July 2016

	6 months ended	
	31.7.2016 Unaudited RM'000	31.7.2015 Unaudited RM'000
OPERATING ACTIVITIES		
Profit before tax from continuing operations	105,461	100,465
Profit before tax from discontinued operations	1,905	8,687
Profit before tax, total	107,366	109,152
Adjustments for:		
Amortisation and depreciation	55,051	51,468
Amortisation of favourable contracts	-	3,171
Amortisation of unfavourable contracts	(9,710)	(8,829)
Unrealised loss/(gain) on foreign exchange	6,634	(22,240)
Finance costs	24,669	24,087
Gain on disposal of subsidiaries and associate	(1,324)	-
Gain on disposal of financial assets	(195)	-
Gain on disposal of property, plant and equipment	(1)	(160)
Impairment loss on receivables	12,426	951
Impairment of goodwill	-	1,622
Impairment of available-for-sale financial assets	285	-
Property, plant and equipment written off	51	9
Fair value adjustment on financial assets	1,141	-
Realised loss on derivatives	-	8,153
Reversal of write-down of inventories	(576)	-
Share of results of joint ventures	(48,450)	(41,588)
Share of results of associates	(505)	(2,456)
Interest income	(2,022)	(1,993)
Operating cash flows before working capital changes	144,840	121,347
Receivables	73,256	(5,193)
Other current assets	(1,108)	24,072
Inventories	841	(2,956)
Payables	(113,620)	100,931
Cash flows from operations	104,209	238,201
Interest received	2,022	1,993
Interest paid	(25,722)	(23,695)
Tax paid	(17,691)	(12,201)
Net cash flows from operating activities	62,818	204,298
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	3,310	160
Proceeds from disposal of investment	15,732	-
Proceeds from disposal of subsidiaries	161,000	-
Cash equivalents attributable to disposed subsidiaries	(37,511)	-
Addition in investment	(239)	-
Addition in investment properties	(29,969)	(4,735)
Purchase of intangible assets	(3,613)	(7,123)
Purchase of property, plant and equipment	(624,580)	(120,740)
Investment in joint ventures	-	(1,472)
Dividend received	2,251	-
Placement of short term investment	(6)	(6)
Net cash flows used in investing activities	(513,625)	(133,916)

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For The Six Months Period Ended 31 July 2016

	6 months ended	
	31.7.2016 Unaudited RM'000	31.7.2015 Unaudited RM'000
FINANCING ACTIVITIES		
Repayment to directors	(19,443)	(350)
(Decrease)/Increase in borrowings	(7,179)	30,081
Drawdown of term loan	806,539	-
Repayment of term loans	(72,359)	(63,960)
Repayment of obligations under finance leases	(4,047)	(3,408)
Proceeds from settlement of derivatives	-	22,365
Perpetual securities distribution paid	(14,096)	-
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 in fixed deposits pledged as security	19,030	15,085
Net cash flows from financing activities	699,731	174,263
NET INCREASE IN CASH AND CASH EQUIVALENTS	248,924	244,645
Effects of foreign exchange rate changes	(30,188)	64,634
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	210,969	274,595
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	429,705	583,874
	As at	As at
	31.7.2016	31.7.2015
	RM'000	RM'000
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	634,738	755,928
Bank overdrafts (included within short-term borrowings)	(7,724)	(10,306)
	627,014	745,622
Short term investment	(331)	(318)
Deposits pledged to banks	(196,978)	(161,430)
	429,705	583,874

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 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*

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 July 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 July 2016 except for the disposal of Target Subsidiaries on 26 July 2016 as disclosed in Note 23.

6. Segmental Information

For the Six Months Period Ended 31 July 2016					
	Marine	Other	Discontinued	Elimination	Consolidated
	RM'000	Operations	Operations	RM'000	RM'000
		RM'000	RM'000		
Revenue					
External Sales					
Gross revenue	245,042	12,212	221,121	(248,532)	229,843
Elimination	(15,264)	(12,147)	(155)	27,566	-
Net revenue	229,778	65	220,966	(220,966)	229,843
Results					
Segment results	74,739	(943)	9,283	(9,283)	73,796
Finance costs					(16,634)
Share of results of joint ventures					48,450
Share of results of associates					(151)
Income tax expense					(24,511)
Profit after tax from continuing operations					80,950

Segmental Information

For the Six Months Period Ended 31 July 2015					
	Marine	Other	Discontinued	Elimination	Consolidated
	RM'000	Operations	Operations	RM'000	RM'000
		RM'000	RM'000		
Revenue					
External Sales					
Gross revenue	213,314	32,401	290,905	(339,131)	197,489
Elimination	(15,886)	(32,340)	(346)	48,572	-
Net revenue	197,428	61	290,559	(290,559)	197,489
Results					
Segment results	54,480	21,051	13,664	(13,664)	75,531
Finance costs					(17,778)
Share of results of joint ventures					41,588
Share of results of associates					1,124
Income tax expense					(18,344)
Profit after tax from continuing operations					82,121

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

Continuing operations:

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

Discontinued operations include the following segments:

- (a) The transport segment consists of the provision of trucking services.
- (b) The trading segment consists of trading activities mainly in the construction related materials.
- (c) 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.

Marine

Revenue from marine segment for the period under review has increased by RM32.350 million to RM229.778 million as compared to RM197.428 million in the corresponding prior period ended 31 July 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 RM20.259 million mainly due to increase in revenue and improvement in gross profit margin but offset by impairment of receivable RM11 million.

Other Operations

Other operations has recorded a total loss of RM0.943 million as compared to a total profit of RM21.051 million in the corresponding prior period ended 31 July 2015. The decrease in profit was mainly attributable to the decrease in favourable net foreign exchange difference by about RM28.5 million but offset by one-off realised loss on derivatives of RM8.153 million in corresponding prior period.

Discontinued Operations

Revenue from discontinued operations for the period under review has decreased by RM69.593 million or 23.9% as compared to the corresponding prior period ended 31 July 2015. The decrease was mainly due to the decrease in sales volume of trading activities.

Segment results of the discontinued operations decreased by RM4.381 million mainly due to the decrease in revenue and lower gross profit margin from trading segment.

Results of Joint Ventures and Associates

The share of the results of joint ventures has increased by RM6.862 million to profit of RM48.450 million for the period ended 31 July 2016 as compared to RM41.588 million for the corresponding prior period ended 31 July 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 recorded a marginal total loss of RM0.151 million for the period ended 31 July 2016 compared to a total profit of RM1.124 million for the period ended 31 July 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 increased by RM4.996 million or 5.0% to RM105.461 million as compared to RM100.465 million for the corresponding prior period ended 31 July 2015. This increase was mainly attributable to the improvement in Marine segment results by RM20.259 million, decrease in realised loss on derivatives by RM8.153 million and increase in share of the results of joint ventures by RM6.862 million but offset by decrease in favourable net foreign exchange difference by about RM28.5 million from other operations.

7. Profit Before Tax

Included in the profit before tax are the following items:

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	31.7.2016 RM'000	31.7.2015 RM'000	31.7.2016 RM'000	31.7.2015 RM'000
Interest income	(1,111)	(799)	(2,022)	(1,933)
Other income including investment income	(4,394)	(1,043)	(6,715)	(1,533)
Bad debts recovered	(8)	(73)	(202)	(73)
Finance costs	12,784	10,720	24,669	24,087
Depreciation of property, plant and equipment	26,923	26,192	53,759	51,415
Amortisation of land use rights	-	24	-	48
Amortisation of intangible assets	839	3	1,292	5
Amortisation of favourable contracts	-	1,603	-	3,171
Amortisation of unfavourable contracts	(4,861)	(4,462)	(9,710)	(8,829)
Gain on disposal of property, plant and equipment	(1)	(160)	(1)	(160)
Gain on disposal on subsidiaries and associate	(1,324)	-	(1,324)	-
Gain on disposal on other investment	-	-	(195)	-
Impairment loss on receivables - net	11,126	801	12,426	951
Impairment of available-for-sale financial assets	285	-	285	-
Impairment of goodwill	-	1,622	-	1,622
Property, plant and equipment written off	46	-	51	9
Gain on foreign exchange - realised	(7,877)	(4,825)	(6,318)	(10,986)
(Gain)/Loss on foreign exchange - unrealised	(9,165)	(39,041)	6,634	(22,240)
Realised loss on derivatives	-	5,307	-	8,153
Net fair value loss/(gain) :				
- other investment	1,077	-	1,141	-
- derivatives	-	(10,221)	-	-
Reversal of write-down of inventories	-	-	(576)	-

8. Income Tax Expense

The income tax expense figures consist of:

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	31.7.2016	31.7.2015	31.7.2016	31.7.2015
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Current income tax	14,398	10,335	28,155	18,337
Deferred income tax	(985)	7	(3,644)	7
	13,413	10,342	24,511	18,344
Income tax attributable to discontinued operations	557	971	410	2,168
Total income tax expense	13,970	11,313	24,921	20,512

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 6 months ended	
	31.7.2016	31.7.2015	31.7.2016	31.7.2015
Profit net of tax attributable to owners of the parent used in the computation of EPS (RM'000)	60,362	78,378	82,738	88,823
Weighted average number of ordinary shares in issue ('000)	1,090,459	1,067,154	1,090,422	1,067,154
Basic earnings per share (sen)	5.54	7.34	7.59	8.32

(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 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 RM631.785 million (31 July 2015: RM637.916 million).

The Group disposed PPE with a carrying amount of RM3.309 million (31 July 2015 : RM0.001 million) and a gain on disposal of RM0.001 million (31 July 2015 : RM0.160 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

There were no other issuances, repayment of debts, share cancellations and resale of treasury shares during the current financial period under review. During the six months ended 31 July 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 July 2016 are as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short term borrowings	175,967	49,048	225,015
Long term borrowings	2,101,323	45,275	2,146,598
Total borrowings	2,277,290	94,323	2,371,613

Except for the borrowings of RM2,082.975 million denominated in United States Dollar, all other borrowings are denominated in Ringgit Malaysia.

14. Dividend Paid

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.

15. Capital Commitments

As at 31 July 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 – RM516.8 million
- approved but not contracted for – RM1,079.8 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 6 months ended	
	31.7.2016	31.7.2015	31.7.2016	31.7.2015
	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	358	607	797	1,006
Transport income from Liannex Corporation Sdn Bhd	1,810	-	1,955	-
Transport income from Handal Indah Sdn Bhd	1	1	1	1
Transport income from Handal Ceria Sdn Bhd	-	9	-	9
Transport income from Waja Securities Sdn Bhd	21	3	21	3
Purchases from Yinson Tyres Sdn Bhd	626	838	1,384	1,662
Barge income from Liannex Corporation (S) Pte Ltd	-	49	-	690
Barge income from Kargo Indera Sdn Bhd	117	300	788	300
<u>With joint ventures</u>				
Interest income from PTSC South East Asia Pte Ltd	499	419	973	813
Interest income from PTSC Asia Pacific Pte Ltd	29	27	57	52
Management fee income from Anteros Rainbow Offshore Pte Ltd	(58)	-	-	-
<u>With associates</u>				
Ship management fee charges from Regulus Offshore Sdn Bhd	234	217	465	416
Consultancy fee charges from Yinson Energy Sdn Bhd	589	1,289	1,142	1,289
Purchases from Regulus Offshore Sdn Bhd	1,442	480	2,716	594
Management fee income from Regulus Offshore Sdn Bhd	-	10	-	20
Management fee income from Yinson Energy Sdn Bhd	-	19	-	38
Barge income from Kargo Indera Sdn Bhd	199	-	199	-
Interest income from Yinson Enegy Sdn Bhd	5	-	5	-
Interest income from Regulus Offshore Sdn Bhd	23	-	23	-

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		%+/(−)
	31.7.2016 RM'000	30.4.2016 RM'000	
<u>Continuing operations</u>			
Revenue	114,445	115,398	-1%
Direct expenses	(52,396)	(66,173)	-21%
Gross profit	62,049	49,225	26%
Other operating income	13,061	2,569	408%
Administrative expenses	(16,662)	(36,446)	-54%
Profit from operations	58,448	15,348	281%
Finance costs	(9,254)	(7,380)	25%
Share of results of joint ventures	24,579	23,871	3%
Share of results of associates	(112)	(39)	187%
Profit before tax from continuing operations	73,661	31,800	132%
Income tax expense	(13,413)	(11,098)	21%
Profit after tax from continuing operations	60,248	20,702	191%
<u>Discontinued operations</u>			
Profit from discontinued operations, net of tax	206	1,289	-84%
Profit for the period	60,454	21,991	175%

The Group's profit before tax from continuing operations for the 2nd quarter of FY 2017 has increased by 132% or RM41.861 million to RM73.661 million as compared to the RM31.800 million for preceding quarter. The increase was mainly attributable to increase of favourable net foreign exchange difference by about RM34.5 million, improvement in gross profit by RM12.824 million and increase in accrued reimbursements on income tax by RM5.702 million but offset by increase in impairment of receivables by RM9.826 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 have become increasingly 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

The corporate proposal announced but not completed as at 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. The Board of YHB had on even date, acknowledged the receipt of the Offer Letter and commenced negotiations on the terms of the transaction.

YHB had on 28 September 2015 entered into a conditional share sale agreement (“SSA”) to divest its entire equity interest in the Target Subsidiaries to Liannex Labuan for a total cash consideration of RM168.0 million, subject to adjustments in accordance with the SSA. In addition, Liannex Labuan shall settle all inter-company loans owing to YHB by the Target Subsidiaries as at Completion Date.

Pending fulfillment of the Conditions Precedent by the Company, YHB and Liannex Labuan have on 12 January 2016 vide a letter on even date, agreed to extend the Cut-Off Date for the fulfillment of the Conditions Precedent under the SSA pursuant to the Proposed Divestment to 14 March 2016. The proposed divestment was approved by the non-interested shareholders of YHB by way of poll at the Extraordinary General Meeting held on 29 January 2016. Subsequently, YHB and Liannex Labuan have vide a letter dated 11 March 2016, agreed to extend the Cut-Off Date for the fulfilment of the Conditions Precedents under the SSA to the Proposed Divestment to 16 May 2016. On 16 May 2016, all Conditions Precedent pursuant to the SSA are fulfilled and/or waived and the Proposed Divestment has become unconditional.

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 (including any modifications, variations, amendments or additions agreed between the Parties) 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 (“Novation Agreement”). This has resulted in Liannex Asia Pacific being the acquirer of the Disposal Companies. Liannex Asia Pacific is a wholly-owned subsidiary of Liannex Corporation whilst Liannex Labuan is a wholly-owned subsidiary of Liannex Asia Pacific. Additionally, YHB and Liannex Asia Pacific had on 15 July 2016 via an exchange of letter agreed to extend the completion date of the Proposed Divestment to 15 August 2016 to facilitate the completion of the Proposed Divestment pursuant to the Novation Agreement.

YHB has on 26 July 2016 (“Completion Date”) completed the Proposed Divestment. Accordingly, the Disposal Companies shall no longer be subsidiaries of YHB. For purposes of completion, the consideration and inter-company loans amount adopted are (a) disposal consideration of RM161.0 million (which is based on the pro forma consolidated net assets of the Disposal Companies for the FYE 31 January 2016 of RM158.0 million at the Agreed Exchange Rate) and (b) inter-company loans owing by the Disposal Companies to YHB Group as at Completion Date of RM62,194,731.

The total consideration is subject to the Completion Audit/Review and shall be adjusted accordingly in the event the Actual Net Assets is higher or lower than the agreed net assets of the Disposal Companies of RM158.0 million as at 31 January 2016. In order to determine the Actual Net Assets, YHB and Liannex Asia Pacific, shall no later than five (5) Business Days after Completion, mutually agree on appointment of the Completion Auditors to audit or review the consolidated financial statements of the Disposal Companies to determine the consolidated net assets of the Disposal Companies on Completion Date. The Completion Audit/Review is expected to be completed in October 2016, being no later than three (3) months after the Completion Date.

In addition, the Company wishes to inform that it intends to declare the Proposed Special Dividend of up to RM160.0 million as disclosed in the Circular after the completion of the Completion Audit/Review, which is expected to be completed in October 2016.

24. Material Litigation

As at 31 July 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 July 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	33,997	(15)
1 to 3 years	17,614	(80)
More than 3 years	3,219,250	(176,579)

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 RM33.997 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 RM17.614 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 RM407.500 million that receives floating interest at 3 months US\$ LIBOR and pays fixed interest at 1.58% p.a.; and
- iv. contracts amounting to RM2,811.750 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 July 2016, the net fair value gain on interest rate swap derivative measured at fair value through profit and loss is RM1.053 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 July 2016, the net fair value loss on interest rate swap derivative measured at fair value through the reserve is RM21.850 million.

27. Realised and Unrealised Retained Earnings

The breakdown of the retained earnings of the Group as at 31 July 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	Previous financial year ended
	31.7.2016	31.1.2016
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:-		
- Realised	466,224	331,072
- Unrealised	(27,702)	81,903
	438,522	412,975
Total retained earnings from joint ventures- realised	250,397	201,946
Total retained earnings from associates - realised	1,694	3,061
Less Consolidation adjustments	27,538	31,253
Total Group retained earnings as per consolidated financial statements	718,151	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 28 September 2016.