



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

CONDENSED CONSOLIDATED INCOME STATEMENT
For The Nine Months Period Ended 31 October 2018

	Individual Period (3rd quarter)				Cumulative Period			
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (Amount / %)		Current Year To date	Preceding Year Corresponding Period	Changes (Amount / %)	
	31.10.2018 Unaudited RM'000	31.10.2017 Unaudited RM'000	RM'000	%	31.10.2018 Unaudited RM'000	31.10.2017 Unaudited RM'000	RM'000	%
Revenue	265,576	263,120	2,456	0.9%	747,298	652,762	94,536	14.5%
Direct expenses	(104,322)	(93,778)	(10,544)	11.2%	(310,625)	(267,240)	(43,385)	16.2%
Gross profit	161,254	169,342	(8,088)	-4.8%	436,673	385,522	51,151	13.3%
Other operating income	36,395	(4,962)	41,357	-833.5%	56,604	12,332	44,272	359.0%
Administrative expenses	(88,870)	(28,469)	(60,401)	212.2%	(119,949)	(105,030)	(14,919)	14.2%
Profit from operations	108,779	135,911	(27,132)	-20.0%	373,328	292,824	80,504	27.5%
Finance costs	(43,554)	(30,155)	(13,399)	44.4%	(136,886)	(53,100)	(83,786)	157.8%
Share of profit of joint ventures	5,720	886	4,834	545.6%	11,577	47,392	(35,815)	-75.6%
Share of profit of associates	336	94	242	257.4%	178	855	(677)	-79.2%
Profit before tax	71,281	106,736	(35,455)	-33.2%	248,197	287,971	(39,774)	-13.8%
Income tax expense	(19,465)	(15,514)	(3,951)	25.5%	(55,454)	(52,896)	(2,558)	4.8%
Profit for the period	51,816	91,222	(39,406)	-43.2%	192,743	235,075	(42,332)	-18.0%
Profit attributable to:								
Owners of the Company	43,397	91,156	(47,759)	-52.4%	177,496	235,039	(57,543)	-24.5%
Non-controlling interests	8,419	66	8,353	12656.1%	15,247	36	15,211	42252.8%
	51,816	91,222	(39,406)	-43.2%	192,743	235,075	(42,332)	-18.0%
Earnings per share attributable to owners of the Company:								
Basic (sen)	3.97	8.38	(4.40)	-52.6%	16.23	21.60	(5.37)	-24.9%
Diluted (sen)	3.96	8.35	(4.39)	-52.6%	16.18	21.55	(5.37)	-24.9%

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Nine Months Period Ended 31 October 2018

	Individual Period (3rd quarter)				Cumulative Period			
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes		Current Year To date	Preceding Year Corresponding Period	Changes	
	31.10.2018 Unaudited RM'000	31.10.2017 Unaudited RM'000	(Amount / %) RM'000	%	31.10.2018 Unaudited RM'000	31.10.2017 Unaudited RM'000	(Amount / %) RM'000	%
Profit for the period	51,816	91,222	(39,406)	-43.2%	192,743	235,075	(42,332)	-18.0%
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:								
- Exchange differences on translation of foreign operations	86,929	(30,034)	116,963	-389.4%	206,245	(91,186)	297,431	-326.2%
- Cash flows hedge reserve	14,992	26,743	(11,751)	-43.9%	61,247	(8,756)	70,003	-799.5%
Total comprehensive income for the period	153,737	87,931	65,806	74.8%	460,235	135,133	325,102	240.6%
Total comprehensive income for the period attributable to:								
Owners of the Company	132,249	87,865	44,384	50.5%	420,916	135,097	285,819	211.6%
Non-controlling interests	21,488	66	21,422	32457.6%	39,319	36	39,283	109119.4%
	153,737	87,931	65,806	74.8%	460,235	135,133	325,102	240.6%

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 October 2018

	AS AT 31.10.2018 Unaudited RM'000	AS AT 31.1.2018 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,978,839	4,535,241
Investment properties	20,107	24,308
Intangible assets	411,382	23,660
Investment in joint ventures	538,131	594,943
Investment in associates	1,761	1,949
Other receivables	-	6,497
Other assets	15,382	15,165
Finance lease receivables	14,968	14,289
Derivatives	13,693	-
	5,994,263	5,216,052
Current assets		
Inventories	3,998	4,378
Trade and other receivables	400,121	331,340
Advances to joint ventures	86,918	37,326
Advances to associates	43	374
Other assets	181,584	137,570
Finance lease receivables	413	343
Tax recoverable	1,099	4,375
Derivatives	3,075	1,640
Other investment	52,525	79,901
Cash and bank balances	1,066,615	637,120
	1,796,391	1,234,367
TOTAL ASSETS	7,790,654	6,450,419

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 October 2018

	AS AT 31.10.2018 Unaudited RM'000	AS AT 31.1.2018 Audited RM'000
EQUITY AND LIABILITIES		
Equity		
Share capital	1,100,348	1,099,490
Treasury shares	(34,660)	(12,633)
Foreign currency translation reserve	225,035	34,351
Cash flows hedge reserve	6,574	(46,162)
Capital reserve	-	96,690
Share-based option reserve	2,192	1,962
Put option reserve	(489,551)	-
Retained earnings	994,873	826,703
Equity attributable to owners of the Company	1,804,811	2,000,401
Perpetual securities issued by subsidiaries	1,575,885	632,162
Non-controlling interests	329,471	595
Total equity	3,710,167	2,633,158
Non-current liabilities		
Loans and borrowings	2,488,050	2,647,066
Other payables	370,480	361,783
Unfavourable contracts	-	4,670
Derivatives	-	42,349
Deferred tax liabilities	42	42
	2,858,572	3,055,910
Current liabilities		
Loans and borrowings	311,169	363,092
Trade and other payables	302,942	331,632
Dividend payable	43,413	61
Unfavourable contracts	10,034	18,713
Derivatives	-	3,813
Put option liability	489,551	-
Tax payables	64,806	44,040
	1,221,915	761,351
Total liabilities	4,080,487	3,817,261
TOTAL EQUITY AND LIABILITIES	7,790,654	6,450,419
Net assets per share attributable to owners of the Company (RM)	1.65	1.83

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For The Nine Months Period Ended 31 October 2018

	Attributable to owners of the Company									Perpetual securities of subsidiaries RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Cash flows hedge reserve RM'000	Share-based option reserve RM'000	Capital reserve RM'000	Put option reserve RM'000	Retained earnings RM'000	Total equity attributable to owners of the Company RM'000			
At 1 February 2017	1,099,462	(12,633)	347,501	(102,031)	304	-	-	636,110	1,968,713	437,460	-	2,406,173
Total comprehensive income for the period	-	-	(91,186)	(8,756)	-	-	-	235,039	135,097	-	36	135,133
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	-	701	701
Accrued and paid perpetual securities distributions	-	-	-	-	-	-	-	(23,241)	(23,241)	-	-	(23,241)
Issue of perpetual securities by a subsidiary	-	-	(516)	-	-	-	-	-	(516)	414,251	-	413,735
Redemption of perpetual securities by a subsidiary	-	-	-	-	-	-	-	(1,801)	(1,801)	(219,200)	-	(221,001)
Issuance of ESS	-	-	-	-	1,244	-	-	-	1,244	-	-	1,244
Cash dividend	-	-	-	-	-	-	-	(65,291)	(65,291)	-	-	(65,291)
At 31 October 2017 (Unaudited)	1,099,462	(12,633)	255,799	(110,787)	1,548	-	-	780,816	2,014,205	632,511	737	2,647,453
At 1 February 2018	1,099,490	(12,633)	34,351	(46,162)	1,962	96,690	-	826,703	2,000,401	632,162	595	2,633,158
Impacts arising from application of MFRS 9 (Note 27)	-	-	-	-	-	-	-	(12,401)	(12,401)	-	-	(12,401)
At 1 February 2018 (Restated)	1,099,490	(12,633)	34,351	(46,162)	1,962	96,690	-	814,302	1,988,000	632,162	595	2,620,757
Total comprehensive income for the period	-	-	190,684	52,736	-	-	-	177,496	420,916	-	39,319	460,235
Accrued and paid perpetual securities distributions	-	-	-	-	-	-	-	(66,211)	(66,211)	-	-	(66,211)
Issue of perpetual securities by a subsidiary	-	-	-	-	-	-	-	-	-	943,723	-	943,723
Effect of changes in shareholding in subsidiaries	-	-	-	-	-	-	(489,551)	177,806	(311,745)	-	289,557	(22,188)
Exercise of ESS	858	-	-	-	-	-	-	-	858	-	-	858
Issuance of ESS	-	-	-	-	230	-	-	-	230	-	-	230
Cash dividends	-	-	-	-	-	-	-	(108,520)	(108,520)	-	-	(108,520)
Purchase of treasury shares	-	(22,027)	-	-	-	-	-	-	(22,027)	-	-	(22,027)
Redemption of convertible notes instrument by a subsidiary	-	-	-	-	-	(96,690)	-	-	(96,690)	-	-	(96,690)
At 31 October 2018 (Unaudited)	1,100,348	(34,660)	225,035	6,574	2,192	-	(489,551)	994,873	1,804,811	1,575,885	329,471	3,710,167

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For The Nine Months Period Ended 31 October 2018

	Cumulative Period	
	31.10.2018 Unaudited RM'000	31.10.2017 Unaudited RM'000
OPERATING ACTIVITIES		
Profit before tax	248,197	287,971
Adjustments for:		
Amortisation and depreciation	209,729	159,027
Amortisation of unfavourable contracts	(14,446)	(15,557)
Fair value loss on investment properties	4,200	2,923
Finance costs	136,929	54,043
Gain on a bargain purchase of acquisition of a subsidiary	-	(20)
Gain on disposal on other investment	(123)	(415)
Impairment loss on property, plant and equipment	71,797	26,145
Reversal of impairment loss on trade and other receivables	-	(659)
Interest income	(10,070)	(3,396)
Loss/(gain) on disposal of property, plant and equipment	255	(124)
Net fair value gain on derivatives	(44)	(943)
Net fair value loss/(gain) on other investment	1,404	(136)
Property, plant and equipment written off	-	35
Share of profit of associates	(178)	(855)
Share of profit of joint ventures	(11,577)	(47,392)
Unrealised (gain)/loss on foreign exchange	(45,590)	11,696
Operating cash flows before working capital changes	590,483	472,343
Receivables	(14,149)	(252,272)
Other current assets	(34,678)	2,450
Inventories	380	652
Payables	(161,177)	300,356
Cash flows from operations	380,859	523,529
Interest received	10,070	3,396
Interest paid	(140,880)	(49,373)
Tax paid	(35,364)	(41,344)
Net cash flows generated from operating activities	214,685	436,208
INVESTING ACTIVITIES		
Dividend received from joint ventures	45,279	-
Proceeds from capital reduction of a joint venture	50,240	-
Investment in subsidiaries	834	(469)
Placement of short term investment	(7)	(9,783)
Proceeds from disposal of investment	15,723	11,446
Proceeds from disposal of property, plant and equipment	399	162
Proceeds from disposal of shareholdings in a subsidiary	415,786	-
Purchase of intangible assets	(380,023)	(2,511)
Purchase of property, plant and equipment	(390,366)	(407,248)
Withdrawal/(placement) of deposits pledged as security	78,719	(191,226)
Net cash flows used in investing activities	(163,416)	(599,629)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For The Nine Months Period Ended 31 October 2018

	Cumulative Period	
	31.10.2018 Unaudited RM'000	31.10.2017 Unaudited RM'000
FINANCING ACTIVITIES		
Dividends paid	(65,168)	(21,764)
Drawdown of borrowings	222,111	-
Drawdown of term loans	-	308,826
Perpetual securities distribution paid	(45,498)	(21,496)
Proceeds from equity-settled share-based options	858	-
Proceeds from issuance of perpetual securities	943,723	414,251
Purchase of treasury shares	(22,027)	-
Repayment of borrowings	(182,887)	(67,009)
Drawdown/(repayment) of obligations under finance leases	969	(260)
Repayment of perpetual securities	-	(219,200)
Repayment of term loans	(465,173)	(325,978)
Net cash flows generated from financing activities	386,908	67,370
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	438,177	(96,051)
Effects of foreign exchange rate changes	49,937	32,377
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	291,295	504,581
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	779,409	440,907
	As at	As at
	31.10.2018	31.10.2017
	RM'000	RM'000
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	1,066,615	747,511
Short term investment	(358)	(345)
Deposits pledged to banks	(286,848)	(306,259)
	779,409	440,907

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 October 2018 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 2018. 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 2018 except for the adoption of Amendments to Standards and Issue Committee (IC) Interpretations effective as of 1 February 2018.

- Annual Improvements to MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards"
- Amendments to MFRS 2 "Classification and Measurement of Share-based Payment Transactions"
- Annual Improvements to MFRS 128 "Investments in Associates and Joint Ventures"
- Amendments to MFRS 140 "Clarification on 'Change in Use' - Assets transferred to or from Investment Properties"
- IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"
- MFRS 9 "Financial Instruments"
- MFRS 15 "Revenue from Contracts with Customer"

The adoption of the above amendments to published standards does not have any material impact to the Group, other than MFRS 9 as disclosed in Note 27.

There is no material impact on adoption of MFRS 15 as significant portion of the Group's revenue source is governed under MFRS 117 "Leases".

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 February 2019

- Annual Improvements to MFRS Standards ^{2015 – 2017} Cycle
 - MFRS 3 "Business Combinations"
 - MFRS 11 "Joint Arrangements"
 - MFRS 112 "Income Taxes"
 - MFRS 123 "Borrowing Costs"
- Amendments to MFRS 9 "Prepayment Features with Negative Compensation"
- Amendments to MFRS 128 "Long-term Interests in Associates and Joint Ventures"
- MFRS 16 "Leases"
- IC Interpretation 23 "Uncertainty over Income Tax Treatments"

1. Basis of Preparation (continued)

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

b) Effective for financial periods beginning on or after 1 February 2020

- Amendments to MFRS 2 “Share-based Payment”
- Amendments to MFRS 3 “Business Combinations”
- Amendments to MFRS 101 “Presentation of Financial Statements”
- Amendments to MFRS 108 “Accounting Policies, Changes in Accounting Estimates and Errors”
- Amendments to MFRS 134 “Interim Financial Reporting”
- Amendments to MFRS 137 “Provisions, Contingent Liabilities and Contingent Assets”
- Amendments to MFRS 138 “Intangible Assets”

The Directors expect that the adoption of the above standards and interpretations will either not be relevant or do not have a material impact on the financial statements in the year of initial application.

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 period ended 31 October 2018 except for an indirect wholly-owned subsidiary, Knock Allan Pte Ltd (“Knock Allan”) was served a Notice of Termination on 8 October 2018 for its contract with CNR International (Olowi) Limited (“CNR”) on the ground of convenience. The Notice of Termination entails payment of an early termination payment by CNR, which obligation to make early termination payment has been confirmed by CNR in the Notice of Termination.

Contract termination pursuant to the Notice of Termination takes effect on the Demobilisation Date which is estimated to be 31 January 2019, with the exact date being subject to the coordinated execution of the required activities by CNR and Knock Allan.

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 period ended 31 October 2018 except for:

(i) Incorporation of subsidiaries

<u>Name of subsidiaries</u>	<u>Date of incorporation</u>	<u>Countries of incorporation</u>	<u>Proportion of ownership interest (%)</u>	<u>Principal activities</u>
Yinson Ghacacia Ltd	2 March 2018	Republic of the Marshall Islands	100	Investment holding
Yinson Gazania Production Ltd	2 March 2018	Republic of the Marshall Islands	90	Provision of floating marine assets for chartering
Yinson Lavender Operations Sdn Bhd	30 March 2018	Malaysia	100	Operating and maintaining floating production storage and offloading vessels and other offshore facilities for the production of offshore oil and gas fields
Yinson Nepeta Holdings Ltd	16 May 2018	Republic of the Marshall Islands	100	Investment holding
Yinson Nepeta Production Ltd	16 May 2018	Republic of the Marshall Islands	100	Provision of floating marine assets for chartering
Yinson Boronia Holdings (S) Pte Ltd	3 August 2018	Singapore	100	Investment holding
Yinson Malva Production Pte Ltd	17 August 2018	Singapore	100	Provision of floating marine assets for chartering and service activities incidental to oil and gas extraction
Yinson Malva Operations, S.A. DE C.V.	21 August 2018	Mexico	100	Provision of operations and maintenance of floating marine assets to the offshore oil and gas industry
Yinson Offshore Services Limited	19 October 2018	Federal Territory of Labuan, Malaysia	100	Investment holding
Yinson Offshore Marine Limited	23 October 2018	Federal Territory of Labuan, Malaysia	100	Investment holding

(ii) Changes in shareholdings

On 6 June 2018, following the completion of the disposal of 26% equity interest of Yinson Production (West Africa) Pte Ltd (“YPWAPL”) to a consortium of Japanese companies, the Group’s effective equity interest in YPWAPL has reduced from 100% to 74%.

6. Segmental Information

For the Nine Months Period Ended 31 October 2018

	Offshore & Marine RM'000	Other Operations RM'000	Elimination RM'000	Consolidated RM'000
Revenue				
Gross revenue	846,261	340,668	-	1,186,929
Elimination	(101,225)	(338,406)	-	(439,631)
Net revenue	745,036	2,262	-	747,298
Results				
Segment results	347,401	25,927	-	373,328
Finance costs				(136,886)
Share of profit of joint ventures				11,577
Share of profit of associates				178
Income tax expense				(55,454)
Profit after tax				192,743

For the Nine Months Period Ended 31 October 2017

	Offshore & Marine RM'000	Other Operations RM'000	Elimination RM'000	Consolidated RM'000
Revenue				
Gross revenue	727,213	135,791	-	863,004
Elimination	(75,399)	(134,843)	-	(210,242)
Net revenue	651,814	948	-	652,762
Results				
Segment results	324,861	(32,037)	-	292,824
Finance costs				(53,100)
Share of profit of joint ventures				47,392
Share of profit of associates				855
Income tax expense				(52,896)
Profit after tax				235,075

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

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

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

Offshore & Marine

Revenue from offshore & marine segment for the period under review has increased by RM93.23 million to RM745.04 million as compared to RM651.81 million in the corresponding prior period ended 31 October 2017. The increase mainly due to the effect of full 9-months bareboat chartering contribution in current period from FPSO John Agyekum Kufuor ("FPSO JAK") as opposed to previous corresponding financial period contribution commenced in June 2017. The segment results increased by RM22.54 million mainly due to higher recorded revenue and net favorable foreign exchange movement but set-off by higher impairment loss on property, plant & equipment.

6. Segmental Information (continued)

Other Operations

The segment results of other operations increased by RM57.97 million to RM25.93 million as compared to loss of RM32.04 million in the corresponding prior period ended 31 October 2017. The improvement was mainly driven by net favorable foreign exchange movement on the strengthening of US Dollar. The increase is set-off by higher administrative overheads and higher fair value loss on investment properties.

Results of Joint Ventures and Associates

The share of the results of joint ventures has decreased by RM35.81 million to profit of RM11.58 million for the period ended 31 October 2018 as compared to RM47.39 million for the corresponding prior period ended 31 October 2017 mainly due to comparatively lower scheduled contract chartering rate for FSO PTSC Bien Dong 01 and lower chartering rate from the interim contract entered for continue deployment of FPSO PTSC Lam Son.

The share of results of associates has decreased by RM0.68 million to profit of RM0.18 million for the period ended 31 October 2018 as compared to profit of RM0.86 million for the period ended 31 October 2017 mainly due to the absence of share of results upon an associated company reclassification as the Company's subsidiary since June 2017.

Consolidated profit after tax

For the current period under review, the Group's profit after tax has decreased by RM42.34 million or 18.01% to RM192.74 million as compared to RM235.08 million for the corresponding prior period ended 31 October 2017. The decrease was mainly attributable to higher finance cost of RM83.79 million, higher depreciation and amortisation of RM50.70 million, higher impairment loss on property, plant & equipment of RM45.65 million, higher fair value loss on investment properties of RM1.28 million and lower share of results in joint ventures of RM35.81 million. The reduction is set-off by profit on higher recorded revenue, lower administrative overheads of RM25.42 million and higher net favourable foreign exchange movement of RM61.95 million.

Should the results not be affected by impairment loss on property, plant & equipment, the Group's profit after tax for the current period under review would be RM264.54 million as compared to RM261.22 million for the corresponding period ended 31 October 2017.

Consolidated financial position

For the current year under review, the Group's current assets has increased by RM562.02 million or 45.53% to RM1,796.39 million from RM1,234.37 million for the last audited financial year ended 31 January 2018. The increase mainly due to the issuance of a RM950 million Sukuk Mudharabah Programme in May 2018 and proceeds from the 26% equity interest disposal in a subsidiary. Whereas, the Group's current liabilities has increased by RM460.57 million or 60.49% to RM1,221.92 million from RM761.35 million for the last audited financial year ended 31 January 2018 mainly due to the higher payables position incurred to undertake new FPSO vessel conversion, recognition of put option liability arising from the disposal of 26% equity interest in a subsidiary but set-off by repayment effect of loans and borrowings.

The Group's liquidity indicators, Current Ratio (Calculated as "Current Assets" divided by "Current Liabilities") decreased to 1.47 times as compared to 1.62 times for the last audited financial year ended 31 January 2018. The decrease is in accordance to the deliberation on the movement of the Group's current assets and current liabilities; and Net Gearing Ratio (Calculated as "Total Loans and Borrowings" less "Cash and Bank Balances" divided by "Total Equity") is 0.47 times as compared to 0.90 times for the last audited financial year ended 31 January 2018, improvement mainly attributed to lower loans and borrowings, higher cash and bank balances and equity enhancement effect from the issuance of Sukuk Mudharabah Programme in May 2018.

7. Profit Before Tax

Included in the profit before tax are the following items:

	Current quarter 3 months ended		Cumulative 9 months ended	
	31.10.2018 Unaudited RM'000	31.10.2017 Unaudited RM'000	31.10.2018 Unaudited RM'000	31.10.2017 Audited RM'000
Interest income	(4,185)	(1,280)	(10,070)	(3,396)
Other income including investment income	(58)	868	(470)	(7,583)
Finance costs	43,236	30,780	136,929	54,043
Depreciation of property, plant and equipment	71,172	71,114	205,561	156,050
Amortisation of intangible assets	1,597	989	4,168	2,977
Amortisation of unfavourable contracts	(4,957)	(5,091)	(14,446)	(15,557)
Loss/(gain) on disposal on property, plant and equipment	-	-	255	(124)
Gain on disposal on other investment	(123)	-	(123)	(415)
Reversal of impairment loss on trade and other receivables	-	(2,251)	-	(659)
Impairment loss on property, plant and equipment	65,860	8,483	71,797	26,145
Fair value loss on investment properties	3,500	-	4,200	2,923
Property, plant and equipment written off	-	3	-	35
Net (gain)/loss on foreign exchange	(31,972)	844	(45,272)	16,673
Net fair value loss/(gain) on other investment	570	(21)	1,404	(136)
Net fair value loss/(gain) on derivatives	317	(625)	(44)	(943)

8. Income Tax Expense

The income tax expense figures consist of:

	Current quarter 3 months ended		Cumulative 9 months ended	
	31.10.2018 Unaudited RM'000	31.10.2017 Unaudited RM'000	31.10.2018 Unaudited RM'000	31.10.2017 Audited RM'000
Current income tax	19,465	15,514	55,454	52,904
Deferred income tax	-	-	-	(8)
Total income tax expense	19,465	15,514	55,454	52,896

The effective tax rate for the current quarter ended 31 October 2018 is higher than the statutory tax rate in Malaysia due to certain expenses not deductible for tax.

For the period ended 31 October 2018, the effective tax rate is lower than the statutory tax rate in Malaysia due to certain income of subsidiaries are not subject to tax or 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 Company by the weighted average number of shares outstanding during the financial period.

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

	Current quarter 3 months ended		Cumulative 9 months ended	
	31.10.2018 Unaudited	31.10.2017 Unaudited	31.10.2018 Unaudited	31.10.2017 Audited
Profit net of tax attributable to owners of the Company used in the computation of EPS (RM'000)	43,397	91,156	177,496	235,039
Weighted average number of ordinary shares in issue ('000)	1,092,414	1,088,191	1,093,618	1,088,191
Basic earnings per share (sen)	3.97	8.38	16.23	21.60

9. Earnings Per Share (continued)

(b) Diluted

Diluted earnings per share are calculated by dividing the Group's profit for the financial period attributable to owners of the Company (adjusted for interest income, net of tax, earned on the proceeds arising from the conversion of the Employee Share Scheme ("ESS") options) ("Adjusted profit") by the weighted average number of ordinary shares as adjusted for the basic EPS and includes all potential dilutive shares arising from the ESS options granted by the reporting date, as if the options had been exercised on the first day of the financial year or the date of the grant, if later.

	Current quarter 3 months ended		Cumulative 9 months ended	
	31.10.2018 Unaudited	31.10.2017 Unaudited	31.10.2018 Unaudited	31.10.2017 Audited
Adjusted profit net of tax attributable to owners of the parent used in the computation of EPS (RM'000)	43,624	91,238	178,406	235,368
Weighted average number of ordinary shares in issue ('000)	1,092,414	1,088,191	1,093,618	1,088,191
Adjustments for ESS ('000)	9,233	4,000	9,233	4,000
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,101,647	1,092,191	1,102,851	1,092,191
Diluted earnings per share (sen)	3.96	8.35	16.18	21.55

10. Acquisitions and disposals of property, plant and equipment

There was no material acquisition and disposal during the current period under review except for the Group acquired property, plant & equipment ("PPE") with aggregate cost of RM457.20 million (31 October 2017: RM455.26 million).

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 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

Save as disclosed below, there were no issuances, repayment of debts, share cancellations and resale of treasury shares during the current financial period under review.

- (a) The Company increased its issued and paid-up share capital by way of issuance of 238,633 new ordinary shares arising from the exercise of options under Employees' Share Scheme; and
- (b) The Company repurchased 5,177,800 of its issued share from open market on Bursa Malaysia Securities Berhad.

13. Interest-bearing Loans and Borrowings

The Group's total borrowings as at 31 October 2018 and 31 October 2017 are as follows:

	As at 31 October 2018		
	Short term RM'000	Long term RM'000	Total borrowings RM'000
Secured			
Term loans	202,421	2,486,958	2,689,379
Obligations under finance lease	378	1,092	1,470
Revolving credits	418	-	418
	203,217	2,488,050	2,691,267
Unsecured			
Revolving credits	107,952	-	107,952
	107,952	-	107,952
Total loans and borrowings	311,169	2,488,050	2,799,219

	As at 31 October 2017		
	Short term RM'000	Long term RM'000	Total borrowings RM'000
Secured			
Term loans	289,279	2,631,434	2,920,713
Obligations under finance lease	349	247	596
Sukuk	2,309	222,547	224,856
	291,937	2,854,228	3,146,165
Unsecured			
Revolving credits	22,703	-	22,703
	22,703	-	22,703
Total loans and borrowings	314,640	2,854,228	3,168,868

Except for the borrowings of RM2,735.82 million (31 October 2017: RM2,921.98 million) denominated in US Dollar, all other borrowings are denominated in Ringgit Malaysia.

Lower outstanding total loans and borrowings is mainly due repayments and lower conversion rate between US Dollar and Ringgit Malaysia.

14. Dividend Paid

Dividend approved and paid in respect of ordinary shares:

	2019		2018	
	Dividend per share Sen	Amount of single-tier dividend RM'000	Dividend per share Sen	Amount of single-tier dividend RM'000
The Company				
Interim dividend in respect of the financial year ended: - 31 January 2019	4.0	43,330	-	-
Final dividend in respect of the financial year ended: - 31 January 2018	2.0	21,705	-	-
Interim dividend in respect of the financial year ended: - 31 January 2018	-	-	4.0	43,527
Final dividend in respect of the financial year ended: - 31 January 2017	-	-	2.0	21,764
Dividends recognised as distribution to ordinary equity holders of the Company	6.0	65,035	6.0	65,291

15. Capital Commitments

As at 31 October 2018, the capital commitment not provided for in the interim condensed financial statements is as follows:

- approved and contracted for – RM391.87 million
- approved but not contracted for – RM459.93 million

16. Changes in Contingent Liabilities and Contingent Assets

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

17. Event After the Reporting Date

There was no material event after the end of the current quarter.

18. Related Party Disclosures

Significant related party transactions are as follows:

	Current and cumulative quarter 3 months ended		Cumulative 9 months ended	
	31.10.2018 RM'000	31.10.2017 RM'000	31.10.2018 RM'000	31.10.2017 RM'000
<u>With companies controlled by Directors</u>				
Rental income from Kargo Indera Sdn Bhd	-	34	56	45
Management fee income from Liannex Corporation (S) Pte Ltd	-	250	-	750
Ship Management Fee from Liannex Corporation (S) Pte Ltd	-	96	-	176
Purchases on behalf of Liannex Corporation (S) Pte Ltd	-	103	-	229
Service Fee income from King Kong Creative Media Sdn Bhd	5	-	6	-
Service Fee income from Yinson Capital Sdn Bhd	20	-	26	-
Service Fee income from Manja Studios Sdn Bhd	5	-	6	-
Service Fee income from Liannex Enterprise Sdn Bhd	20	-	26	-
<u>With Joint Ventures</u>				
Interest income from PTSC South East Asia Pte Ltd	-	345	-	1,093
Interest income from PTSC Asia Pacific Pte Ltd	-	-	-	12
<u>With Associates</u>				
Ship management fee to Regulus Offshore Sdn Bhd	-	-	-	848
Purchase from Regulus Offshore Sdn Bhd	-	-	-	2,044
Rental income from Yinson Energy Sdn Bhd	-	16	11	55
Management fee income from Yinson Ghazania Operations Ltd	3	-	9	-
Management fee income from Regulus Offshore Sdn Bhd	-	-	-	10
Interest income from Regulus Offshore Sdn Bhd	-	-	-	28
Marine chartering income from Regulus Offshore Sdn Bhd	-	-	-	3,241
Consultancy fee to Yinson Energy Sdn Bhd	-	692	439	1,806
Interest income from Yinson Energy Sdn Bhd	-	5	4	16

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that have been mutually agreed.

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

	Current quarter 31.10.2018 RM'000	Immediate Preceding Quarter 31.7.2018 RM'000	Changes (Amount / %)	
Revenue	265,576	246,544	19,032	7.72%
Direct expenses	(104,322)	(105,167)	845	-0.80%
Gross profit	161,254	141,377	19,877	14.06%
Other operating income	36,395	18,484	17,911	96.90%
Administrative expenses	(88,870)	(16,329)	(72,541)	444.25%
Profit from operations	108,779	143,532	(34,753)	-24.21%
Finance costs	(43,554)	(46,797)	3,243	-6.93%
Share of profit of joint ventures	5,720	4,704	1,016	21.60%
Share of profit of associates	336	(65)	401	-616.92%
Profit before tax	71,281	101,374	(30,093)	-29.69%
Income tax expense	(19,465)	(21,071)	1,606	-7.62%
Profit after tax	51,816	80,303	(28,487)	-35.47%

The Group's profit before tax for the third quarter of current financial year has decreased by 29.69% or RM30.09 million to RM71.28 million as compared to the RM101.37 million in the preceding quarter. The decrease was mainly attributable to profit on higher recorded revenue and net favorable forex movement of RM17.68 million is set-off mainly by higher impairment loss on property, plant & equipment of RM59.92 million and fair value loss on investment properties of RM3.50 million.

Should the results not be affected by impairment loss on property, plant & equipment, the Group's profit before tax for the current period under review would be RM137.14 million as compared to RM107.31 million in the preceding quarter.

21. Commentary on Prospects

The short-term to medium-term outlook in the oil and gas industry remains challenging and uncertain due to emerging new alternative energy resources and financial institutions risk appetite towards the sector. Overall current global economic is exposed to the risk of increasing trade protectionism, geopolitical conditions uncertainty, with higher downside risks. Tendency to uphold the unprecedented easing of monetary conditions in major economies to encourage businesses has weakened with the Federal Reserve of United States adopting gradual incremental policy on interest rate. Nevertheless, the lagging investment for the industry in the past years could promote the increase in demand to replenish the depleting global production capacity.

Amid the challenging global economic environment and the volatility of other currencies against US Dollar, the Group shall strive to achieve satisfactory results for the financial year ending 31 January 2019.

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 and Utilisation of Proceeds

(a) Contract award for Ca Rong Do Field development – Block 07/03 Offshore Vietnam (“Contract”)

On 25 March 2018, PTSC Ca Rong Do Ltd (“PTSC CRD”), a joint venture company owned by Yinson Clover Ltd (“YCL”) and PetroVietnam Technical Services Corporation (“PTSC”) (each holding 49% and 51% respectively in PTSC CRD) had received a notice (“Notice”) from PTSC under the Bareboat Charter Contract.

In the Notice, PTSC informed that on 24 March 2018, PTSC has been notified by Talisman Vietnam 07/03 B.V. (“TLV”) of a force majeure event under the Contract where TLV has been directed by Government of Vietnam not to carry out scheduled work program for CRD Project.

The Contract is a time charter contract comprising the bareboat scope of work (“Bareboat SOW”) and operation and maintenance of the FPSO.

YCL, an indirect wholly-owned subsidiary of YHB had on 26 April 2017 entered into the Contract with TLV for CRD Project. As a requirement under the bid for the Contract, YCL had also on even date entered into a novation agreement with TLV and PTSC for the novation of all rights and liabilities under the Contract to PTSC.

PTSC CRD was incorporated on 5 December 2017 to jointly undertake the execution and performance of the Bareboat SOW.

YHB, together with PTSC will jointly discuss with TLV for next course of action pursuant to the force majeure event. Pending resolution of this matter, and in compliance with the Notice, PTSC CRD will endeavour to take all reasonable actions to mitigate the effects of the alleged force majeure event.

There is no material development on the status of the contract for the quarter under review.

(b) Utilisation of proceeds from the disposal of 26% equity interest of Yinson Production (West Africa) Pte Ltd to a consortium of Japanese companies

The details of the utilisation of the proceeds are as follows:

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Intended timeframe for utilisation
Capital expenditure	100,212	100,212	Within 24 months
Repayment of borrowings	208,775	79,775	Within 24 months
Working capital	Up to 177,459	8,313	Within 24 months
Estimated expenses	2,088	2,088	Within 6 months
Total	Up to 488,534	190,388	

24. Material Litigation

As at 31 October 2018, there was no material litigation against the Group since the last audited financial statements.

25. Dividend Payable

The Board of Directors has in the previous quarter declared an interim single-tier dividend of 4 sen per ordinary share, amounting to approximately RM43.4 million, which is payable on 21 December 2018. The entitlement date for the dividend payment was 29 November 2018.

26. Derivatives

Details of derivative financial instruments outstanding as at 31 October 2018 are as follows:

Types of derivatives	Contract / Notional Amount	Fair Value Assets/ (Liabilities)
	RM'000	RM'000
<u>Interest rate swaps</u>		
1 to 3 years	209,210	1,684
More than 3 years	2,365,747	15,084

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 floating rate term loans:

- i. contract amounting to RM209.21 million that receives floating interest at 3 months US\$ LIBOR and pays fixed interest at 1.58% p.a.; and
- ii. contracts amounting to RM2,365.75 million that receive floating interest at 3 months US\$ LIBOR and pays fixed interest at 2.88% p.a.

For item i, the interest rate swap has been classified as At Fair Value through Profit or Loss which is measured at fair value and the changes in fair value will be taken to profit or loss. As at 31 October 2018, the net fair value gain on interest rate swap derivative measured at fair value through profit and loss is RM0.04 million.

For item ii, 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 2018, the net fair value gain on interest rate swap derivative measured at fair value through the reserve is RM61.25 million.

27. Adoption of MFRS 9

MFRS 9 introduces new requirements in three main areas, which are classification and measurement of financial assets, expected credit loss model on impairment and hedge accounting. The Group has adopted the new rules retrospectively from 1 February 2018, with practical expedients permitted under the standard. Comparatives for financial year ended 31 January 2018 will not be restated. The impact of adoption of MFRS 9 are described below:

(i) Classification and measurement of financial assets

There is no impact on the classification and measurement of financial assets as significant portion of the Group's financial assets are debt instruments currently classified as loan and receivables and measured at amortised cost.

(ii) Hedge accounting

The current hedge relationships are align with the new hedge accounting rules and in accordance to the Group's risk management practices.

(iii) Expected credit loss model on impairment

The Group has performed impairment assessment for trade and other receivables, finance lease receivables and cash and bank balances at the end of reporting period, using both historical and forward-looking information available. The assessment has resulted in a decrease in opening retained earnings as at 1 February 2018 of RM12.40 million, with corresponding decrease in other receivables as presented below:

	Reported as at 31.1.2018 <u>RM'000</u>	Effect of MFRS 9 <u>RM'000</u>	Restated as at 1.2.2018 <u>RM'000</u>
<u>Consolidated Statement of Financial Position</u>			
Trade and other receivables	331,340	(12,401)	318,939
Retained earnings	826,703	(12,401)	814,302

28. Auditors' Report on Preceding Annual Financial Statements

The Auditors' Report on the financial statements for the year ended 31 January 2018 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 2018.