



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

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**For The Three Months Period Ended 30 April 2019**

|  | Individual and Cumulative Period<br>(1st quarter)           |  | Changes<br>(Amount / %) |             |
|--|---|--|-------------------------|-------------|
|  | Current Year<br>Quarter<br>30.4.2019<br>Unaudited<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>30.4.2018<br>Unaudited<br>RM'000 |                         |             |
| Revenue  | 208,996   | 235,178  | (26,182)                | -11.1%      |
| Direct expenses  | (88,529)  | (101,136)  | 12,607                  | -12.5%      |
| Gross profit   | 120,467   | 134,042  | (13,575)                | -10.1%      |
| Other operating income   | 14,111  | 1,725  | 12,386                  | 718.0%      |
| Administrative expenses  | (17,010)  | (14,750)   | (2,260)                 | 15.3%       |
| Profit from operations   | 117,568   | 121,017  | (3,449)                 | -2.9%       |
| Finance costs  | (43,507)  | (46,535)   | 3,028                   | -6.5%       |
| Share of profit of joint ventures                                | 5,616   | 1,153  | 4,463                   | 387.1%      |
| Share of loss of associates                                      | -   | (93)   | 93                      | -100.0%     |
| Profit before tax  | 79,677  | 75,542   | 4,135                   | 5.5%        |
| Income tax expense   | (17,991)  | (14,918)   | (3,073)                 | 20.6%       |
| <b>Profit for the period</b>                                     | <b>61,686</b>   | <b>60,624</b>  | <b>1,062</b>            | <b>1.8%</b> |
| <b>Profit attributable to:</b>                                   |   |  |                         |             |
| Owners of the Company  | 49,854  | 60,431   | (10,577)                | -17.5%      |
| Non-controlling interests  | 11,832  | 193  | 11,639                  | 6030.6%     |
|  | 61,686  | 60,624   | 1,062                   | 1.8%        |
| <b>Earnings per share attributable to owners of the Company:</b> |   |  |                         |             |
| Basic (sen)  | 4.55  | 5.55   | (1.00)                  | -18.1%      |
| Diluted (sen)  | 4.55  | 5.56   | (1.01)                  | -18.2%      |

*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 Three Months Period Ended 30 April 2019**

|  | Individual and Cumulative Period<br>(1st quarter)           |  | Changes<br>(Amount / %)<br>RM'000 | %             |
|--|---|--|-----------------------------------|---------------|
|  | Current Year<br>Quarter<br>30.4.2019<br>Unaudited<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>30.4.2018<br>Unaudited<br>RM'000 |                                   |               |
| Profit for the period  | 61,686  | 60,624   | 1,062                             | 1.8%          |
| Other comprehensive income/(loss) to be reclassified to<br>profit or loss in subsequent periods: |   |  |                                   |               |
| - Exchange differences on translation of foreign operations                                      | 41,380  | 11,354   | 30,026                            | 264.5%        |
| - Cash flows hedge reserve   | (27,275)  | 39,289   | (66,564)                          | -169.4%       |
| <b>Total comprehensive income for the period</b>   | <b>75,791</b>   | <b>111,267</b>   | <b>(35,476)</b>                   | <b>-31.9%</b> |
| <b>Total comprehensive income for the period attributable to:</b>                                |   |  |                                   |               |
| Owners of the Company  | 66,097  | 111,074  | (44,977)                          | -40.5%        |
| Non-controlling interests  | 9,694   | 193  | 9,501                             | 4922.8%       |
|  | <b>75,791</b>   | <b>111,267</b>   | <b>(35,476)</b>                   | <b>-31.9%</b> |

*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 30 April 2019**

|                                | AS AT<br>30.4.2019<br>Unaudited<br>RM'000 | AS AT<br>31.1.2019<br>Audited<br>RM'000 |
|--------------------------------|---|---|
| <b>ASSETS</b>                  |   |   |
| <b>Non-current assets</b>      |   |   |
| Property, plant and equipment  | 5,546,054                                 | 5,298,201                               |
| Investment properties          | 20,108                                    | 20,108                                  |
| Intangible assets              | 403,977                                   | 401,468                                 |
| Investment in joint ventures   | 493,509                                   | 483,040                                 |
| Investment in associates       | 1,734                                     | 1,718                                   |
| Other assets                   | 14,602                                    | 14,754                                  |
| Finance lease receivables      | 15,179                                    | 15,169                                  |
|                                | <b>6,495,163</b>                          | <b>6,234,458</b>                        |
| <b>Current assets</b>          |   |   |
| Inventories                    | 10,781                                    | 9,926                                   |
| Trade and other receivables    | 370,273                                   | 282,101                                 |
| Amount due from joint ventures | 168,618                                   | 147,095                                 |
| Other assets                   | 112,249                                   | 115,151                                 |
| Finance lease receivables      | 490                                       | 468                                     |
| Tax recoverable                | 2,622                                     | 3,703                                   |
| Derivatives                    | 589                                       | 893                                     |
| Other investments              | 57,103                                    | 72,226                                  |
| Cash and bank balances         | 1,730,884                                 | 1,217,279                               |
|                                | <b>2,453,609</b>                          | <b>1,848,842</b>                        |
| <b>TOTAL ASSETS</b>            | <b>8,948,772</b>                          | <b>8,083,300</b>                        |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 30 April 2019**

|  | <b>AS AT<br/>30.4.2019<br/>Unaudited<br/>RM'000</b> | <b>AS AT<br/>31.1.2019<br/>Audited<br/>RM'000</b> |
|--|---|---|
| <b>EQUITY AND LIABILITIES</b>  |   |   |
| <b>Equity</b>  |   |   |
| Share capital  | 1,101,737   | 1,101,090   |
| Treasury shares  | (50,238)  | (43,829)  |
| Foreign currency translation reserve                                   | 203,386   | 160,617   |
| Cash flows hedge reserve   | (57,806)  | (35,664)  |
| Share-based option reserve   | 3,272   | 2,140   |
| Put option reserve   | (460,109)   | (455,725)   |
| Retained earnings  | 1,051,565   | 1,016,783   |
| <b>Equity attributable to owners of the Company</b>                    | <b>1,791,807</b>                                    | <b>1,745,412</b>                                  |
| Perpetual securities issued by subsidiaries                            | 1,847,675   | 1,575,885   |
| Non-controlling interests  | 312,374   | 302,680   |
| <b>Total equity</b>  | <b>3,951,856</b>                                    | <b>3,623,977</b>                                  |
| <b>Non-current liabilities</b>   |   |   |
| Loans and borrowings   | 3,308,576   | 2,748,368   |
| Lease liabilities  | 13,406  | -   |
| Other payables   | 413,687   | 355,344   |
| Derivatives  | 61,219  | 36,358  |
| Deferred tax liabilities   | 551   | 546   |
|  | <b>3,797,439</b>                                    | <b>3,140,616</b>                                  |
| <b>Current liabilities</b>   |   |   |
| Loans and borrowings   | 346,413   | 401,362   |
| Lease liabilities  | 6,838   | -   |
| Trade and other payables   | 295,091   | 371,221   |
| Amount due to joint ventures   | 4,579   | 8,528   |
| Dividend payable   | 42  | 77  |
| Unfavourable contracts   | -   | 4,906   |
| Derivatives  | 5,567   | 3,082   |
| Put option liability   | 460,109   | 455,725   |
| Tax payables   | 80,838  | 73,806  |
|  | <b>1,199,477</b>                                    | <b>1,318,707</b>                                  |
| <b>Total liabilities</b>   | <b>4,996,916</b>                                    | <b>4,459,323</b>                                  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                    | <b>8,948,772</b>                                    | <b>8,083,300</b>                                  |
| <b>Net assets per share attributable to owners of the Company (RM)</b> | <b>1.64</b>   | <b>1.60</b>                                       |

*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 Three Months Period Ended 30 April 2019**

|  | ← 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 |   |                                  |                     |
| <b>At 1 February 2018</b>  | 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                         | -   | -                      | -   | -                               | -                                 | -                      | -                         | (18,526)                 | (18,526)  | -   | -                                | (18,526)            |
| <b>At 1 February 2018 (Restated)</b>                               | 1,099,490                                 | (12,633)               | 34,351                                      | (46,162)                        | 1,962                             | 96,690                 | -                         | 808,177                  | 1,981,875   | 632,162                                     | 595                              | 2,614,632           |
| Total comprehensive income for the period                          | -   | -                      | 11,354                                      | 39,289                          | -                                 | -                      | -                         | 60,431                   | 111,074   | -   | 193                              | 111,267             |
| Paid and accrued perpetual securities distribution by subsidiaries | -   | -                      | -   | -                               | -                                 | -                      | -                         | (11,001)                 | (11,001)  | -   | -                                | (11,001)            |
| Acquisition of subsidiary with non-controlling interests           | -   | -                      | -   | -                               | -                                 | -                      | -                         | -                        | -   | -   | 279                              | 279                 |
| Exercise of ESS  | 571                                       | -                      | -   | -                               | (128)                             | -                      | -                         | -                        | 443   | -   | -                                | 443                 |
| Issuance of ESS  | -   | -                      | -   | -                               | 138                               | -                      | -                         | -                        | 138   | -   | -                                | 138                 |
| Cash dividends   | -   | -                      | -   | -                               | -                                 | -                      | -                         | (43,485)                 | (43,485)  | -   | -                                | (43,485)            |
| Purchase of treasury shares  | -   | (4,616)                | -   | -                               | -                                 | -                      | -                         | -                        | (4,616)   | -   | -                                | (4,616)             |
| <b>At 30 April 2018 (Unaudited)</b>                                | <b>1,100,061</b>                          | <b>(17,249)</b>        | <b>45,705</b>                               | <b>(6,873)</b>                  | <b>1,972</b>                      | <b>96,690</b>          | <b>-</b>                  | <b>814,122</b>           | <b>2,034,428</b>  | <b>632,162</b>                              | <b>1,067</b>                     | <b>2,667,657</b>    |
| <b>At 1 February 2019</b>  | 1,101,090                                 | (43,829)               | 160,617                                     | (35,664)                        | 2,140                             | -                      | (455,725)                 | 1,016,783                | 1,745,412   | 1,575,885                                   | 302,680                          | 3,623,977           |
| Total comprehensive income for the period                          | -   | -                      | 42,769                                      | (22,142)                        | -                                 | -                      | (4,384)                   | 49,854                   | 66,097  | -   | 9,694                            | 75,791              |
| Paid and accrued perpetual securities distribution by subsidiaries | -   | -                      | -   | -                               | -                                 | -                      | -                         | (28,564)                 | (28,564)  | -   | -                                | (28,564)            |
| Issue of perpetual securities by a subsidiary                      | -   | -                      | -   | -                               | -                                 | -                      | -                         | -                        | -   | 490,050                                     | -                                | 490,050             |
| Redemption of perpetual securities by a subsidiary                 | -   | -                      | -   | -                               | -                                 | -                      | -                         | 13,492                   | 13,492  | (218,260)                                   | -                                | (204,768)           |
| Exercise of ESS  | 647                                       | -                      | -   | -                               | -                                 | -                      | -                         | -                        | 647   | -   | -                                | 647                 |
| Issuance of ESS  | -   | -                      | -   | -                               | 1,132                             | -                      | -                         | -                        | 1,132   | -   | -                                | 1,132               |
| Purchase of treasury shares  | -   | (6,409)                | -   | -                               | -                                 | -                      | -                         | -                        | (6,409)   | -   | -                                | (6,409)             |
| <b>At 30 April 2019 (Unaudited)</b>                                | <b>1,101,737</b>                          | <b>(50,238)</b>        | <b>203,386</b>                              | <b>(57,806)</b>                 | <b>3,272</b>                      | <b>-</b>               | <b>(460,109)</b>          | <b>1,051,565</b>         | <b>1,791,807</b>  | <b>1,847,675</b>                            | <b>312,374</b>                   | <b>3,951,856</b>    |

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 Three Months Period Ended 30 April 2019**

|   | Cumulative Period                |                                  |
|---|----------------------------------|----------------------------------|
|   | 30.4.2019<br>Unaudited<br>RM'000 | 30.4.2018<br>Unaudited<br>RM'000 |
| <b>OPERATING ACTIVITIES</b>   |                                  |                                  |
| Profit before tax   | 79,677                           | 75,542                           |
| Adjustments for:  |                                  |                                  |
| Amortisation and depreciation                                       | 57,000                           | 67,384                           |
| Amortisation of unfavourable contracts                              | (4,901)                          | (4,681)                          |
| Unrealised gain on foreign exchange                                 | (7,501)                          | (365)                            |
| Finance costs   | 43,203                           | 47,144                           |
| Fair value loss on investment properties                            | -                                | 700                              |
| Impairment loss on trade and other receivables                      | 2,815                            | -                                |
| Impairment loss on advances to a joint venture                      | 156                              | -                                |
| Loss on disposal of property, plant and equipment                   | 879                              | 19                               |
| Net fair value loss/(gain) on derivatives                           | 304                              | (609)                            |
| Net fair value loss on other investments                            | 82                               | 818                              |
| Property, plant and equipment written off                           | 23                               | -                                |
| Bad debt written off  | 42                               | -                                |
| Share of loss of associates   | -                                | 93                               |
| Share of profit of joint ventures                                   | (5,616)                          | (1,153)                          |
| Interest income   | (6,442)                          | (2,474)                          |
| Operating cash flows before working capital changes                 | 159,721                          | 182,418                          |
| Receivables   | (69,701)                         | 63,377                           |
| Other current assets  | (24,395)                         | (11,847)                         |
| Inventories   | (855)                            | 80                               |
| Payables  | (114,878)                        | (95,314)                         |
| Cash flows from operations  | (50,108)                         | 138,714                          |
| Interest received   | 6,442                            | 2,474                            |
| Interest paid   | (39,843)                         | (42,511)                         |
| Tax paid  | (10,630)                         | (11,589)                         |
| <b>Net cash flows (used in)/generated from operating activities</b> | <b>(94,139)</b>                  | <b>87,088</b>                    |
| <b>INVESTING ACTIVITIES</b>   |                                  |                                  |
| Investment in subsidiaries  | -                                | 328                              |
| Placement of short term investment                                  | (1)                              | (3)                              |
| Proceeds from disposal of other investments                         | 16,149                           | -                                |
| Proceeds from disposal of property, plant and equipment             | 1,601                            | 97                               |
| Purchase of intangible assets                                       | (33)                             | (10)                             |
| Purchase of property, plant and equipment                           | (187,473)                        | (65,558)                         |
| Withdrawal of deposits pledged as security                          | 139,560                          | 63,369                           |
| <b>Net cash flows used in investing activities</b>                  | <b>(30,197)</b>                  | <b>(1,777)</b>                   |

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For The Three Months Period Ended 30 April 2019**

|   | Cumulative Period                                   |   |
|---|---|---|
|   | 30.4.2019<br>Unaudited<br>RM'000                    | 30.4.2018<br>Unaudited<br>RM'000                    |
| <b>FINANCING ACTIVITIES</b>   |   |   |
| Drawdown of loans and borrowings  | 708,331   | 90,630  |
| Perpetual securities distribution paid  | (23,219)  | (30,652)  |
| Proceeds from equity-settled share-based options                              | 647   | 571   |
| Proceeds from issuance of perpetual securities                                | 490,050   | -   |
| Purchase of treasury shares   | (6,409)   | (4,616)   |
| Repayment of loans and borrowings   | (221,595)   | (181,626)   |
| Repayment of obligations under finance leases                                 | (106)   | (91)  |
| Repayment of lease liabilities  | (2,032)   | -   |
| Repayment of perpetual securities   | (203,750)   | -   |
| <b>Net cash flows generated from/(used in) financing activities</b>           | <b>741,917</b>                                      | <b>(125,784)</b>                                    |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>                   | <b>617,581</b>                                      | <b>(40,473)</b>                                     |
| Effects of foreign exchange rate changes                                      | 30,833  | 45,445  |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING<br/>OF THE FINANCIAL PERIOD</b> | <b>723,509</b>                                      | <b>291,295</b>                                      |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>           | <b>1,371,923</b>                                    | <b>296,267</b>                                      |
|   | <b>As at<br/>30.4.2019<br/>Unaudited<br/>RM'000</b> | <b>As at<br/>30.4.2018<br/>Unaudited<br/>RM'000</b> |
| <b>CASH AND CASH EQUIVALENTS COMPRISE:</b>                                    |   |   |
| Cash and bank balances  | 1,730,884   | 580,484   |
| Short term investment   | (363)   | (351)   |
| Bank balance in Escrow account  | -   | (65,481)  |
| Deposits pledged to banks   | (358,598)   | (218,385)   |
|   | <b>1,371,923</b>                                    | <b>296,267</b>                                      |

*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 financial period ended 30 April 2019 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 2019. 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 2019 except for the adoption of Amendments to Standards and Issue Committee (IC) Interpretations effective as of 1 February 2019.

- 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"
- Annual Improvements to MFRSs 2015 - 2017 Cycle
  - MFRS 3 "Business Combinations"
  - MFRS 11 "Joint Arrangements"
  - MFRS 112 "Income Taxes"
  - MFRS 123 "Borrowing Costs"

The adoption of the above amendments to published standards does not have any material impact to the Group, other than MFRS 16 as disclosed in Note 27.

**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.

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 relevant or do not have 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 financial period ended 30 April 2019.

## 4. Changes in Accounting Estimate

There were no material changes in accounting estimates during the financial 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 financial period ended 30 April 2019 except for:

### (i) Incorporation of a subsidiary

| Name of subsidiaries           | Date of incorporation | Countries of incorporation | Proportion of ownership interest (%) | Principal activities   |
|--------------------------------|-----------------------|----------------------------|--------------------------------------|--|
| Yinson Boronia Production B.V. | 25 February 2019      | Netherlands                | 100%                                 | Provision of floating marine assets for chartering and service activities incidental to oil and gas extraction |

## 6. Segmental Information

### For the Three Months Period Ended 30 April 2019

|                                   | Offshore & Marine<br>RM'000 | Other<br>Operations<br>RM'000 | Consolidated<br>RM'000 |
|-----------------------------------|-----------------------------|-------------------------------|------------------------|
| <b>Revenue</b>                    |                             |                               |                        |
| Gross revenue                     | 220,420                     | 45,752                        | 266,172                |
| Elimination                       | (16,956)                    | (40,220)                      | (57,176)               |
| Net revenue                       | 203,464                     | 5,532                         | 208,996                |
| <b>Results</b>                    |                             |                               |                        |
| Segment results                   | 111,621                     | 5,947                         | 117,568                |
| Finance costs                     |                             |                               | (43,507)               |
| Share of profit of joint ventures |                             |                               | 5,616                  |
| Income tax expense                |                             |                               | (17,991)               |
| Profit after tax                  |                             |                               | 61,686                 |

## 6. Segmental Information (continued)

### For the Three Months Period Ended 30 April 2018

|                                   | Offshore &<br>Marine<br>RM'000 | Other<br>Operations<br>RM'000 | Consolidated<br>RM'000 |
|-----------------------------------|--------------------------------|-------------------------------|------------------------|
| <b>Revenue</b>                    |                                |                               |                        |
| Gross revenue                     | 263,954                        | 27,828                        | 291,782                |
| Elimination                       | (28,987)                       | (27,617)                      | (56,604)               |
| Net revenue                       | 234,967                        | 211                           | 235,178                |
| <b>Results</b>                    |                                |                               |                        |
| Segment results                   | 131,413                        | (10,396)                      | 121,017                |
| Finance costs                     |                                |                               | (46,535)               |
| Share of profit of joint ventures |                                |                               | 1,153                  |
| Share of loss of associates       |                                |                               | (93)                   |
| Income tax expense                |                                |                               | (14,918)               |
| Profit after tax                  |                                |                               | 60,624                 |

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

- a) Offshore & marine segment consists of leasing of vessels and marine related services.
- b) 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 financial period under review has decreased by RM31.51 million to RM203.46 million as compared to RM234.97 million in the corresponding financial period ended 30 April 2018. The decrease mainly due to the effect of cessation of revenue contribution from FPSO Allan's charter at Olowi field in Gabon, higher impairment loss on trade and other receivables and net unfavorable foreign exchange movement, set-off by lower depreciation and amortization.

#### **Other Operations**

The segment turned into profit at RM5.95 million as compare to loss of RM10.40 million in the corresponding financial period ended 30 April 2018. The improvement was mainly driven by net favorable foreign exchange movement, absence of fair value loss on investment properties, lower fair value loss on other investments and lower finance costs but set-off by higher administrative overheads.

## 6. Segmental Information (continued)

### **Results of Joint Ventures and Associates**

The share of the results of joint ventures has improved by RM4.47 million to profit of RM5.62 million for the financial period ended 30 April 2019 as compared to RM1.15 million for the corresponding financial period ended 30 April 2018 mainly due to net profit contribution of RM4.20 million in the absence of loss recorded from the operation and maintenance entity of FPSO John Agyekum Kufuor (“FPSO JAK”).

As of the period ended 30 April 2019, the Company has left with an inactive associate investment where results contribution is immaterial.

### **Consolidated profit after tax**

For the current financial period under review, the Group’s profit after tax increased by RM1.07 million or 1.77% to RM61.69 million as compared to RM60.62 million for the corresponding financial period ended 30 April 2018. The increase was mainly attributable to lower depreciation and amortisation of RM10.38 million, net favorable forex movement of RM4.17 million, higher share of results in joint ventures of RM4.46 million, lower finance cost of RM3.03 million and higher interest income earned of RM3.97 million. The positive contributions are set-off by lower profit contribution on weaker recorded revenue upon FPSO Allan’s charter cessation at the end of last financial year, impairment loss on trade and other receivables of RM2.82 million and higher tax expenses of RM3.07 million.

### **Consolidated financial position**

For the current financial year under review, the Group’s current assets has increased by RM604.77 million or 32.71% to RM2,453.61 million from RM1,848.84 million for the last audited financial year ended 31 January 2019. The increase mainly due to additional drawn-down of loans and borrowings and new issuances of USD120.00 million Perpetual Securities. Whereas, the Group’s current liabilities has decreased by RM119.23 million or 9.04% to RM1,199.48 million from RM1,318.71 million for the last audited financial year ended 31 January 2019 mainly due to repayment of short-term loans and borrowings and substitution of existing conversion project’s payables with long-term loans and borrowings.

The Group’s liquidity indicators, Current Ratio (Calculated as “Current Assets” divided by “Current Liabilities”) improved to 2.05 times as compared to 1.40 times for the last audited financial year ended 31 January 2019. The improvement 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 0.49 times as compared to 0.53 times for the last audited financial year ended 31 January 2019, improvement mainly attributed to higher cash and bank balances and equity enhancement effect from the issuances of Perpetual Securities.

## 7. Profit Before Tax

Included in the profit before tax are the following items:

|   | Current and cumulative quarter<br>3 months ended |                                  |
|---|--|----------------------------------|
|   | 30.4.2019<br>Unaudited<br>RM'000                 | 30.4.2018<br>Unaudited<br>RM'000 |
| Interest income                                   | (6,442)  | (2,474)                          |
| Other income including investment income          | (3,075)  | (123)                            |
| Finance costs                                     | 43,203   | 47,144                           |
| Depreciation of property, plant and equipment     | 55,681   | 66,110                           |
| Amortisation of intangible assets                 | 1,319  | 1,274                            |
| Amortisation of unfavourable contracts            | (4,901)  | (4,681)                          |
| Loss on disposal on property, plant and equipment | 879  | 19                               |
| Impairment loss on trade and other receivables    | 2,815  | -                                |
| Impairment loss on advances to a joint venture    | 156  | -                                |
| Fair value loss on investment properties          | -  | 700                              |
| Property, plant and equipment written off         | 23   | -                                |
| Net (gain)/loss on foreign exchange               | (3,175)  | 997                              |
| Net fair value loss on other investments          | 82   | 818                              |
| Net fair value loss/(gain) on derivatives         | 304  | (609)                            |
| Bad debt written off                              | 42   | -                                |

## 8. Income Tax Expense

The income tax expense figures consist of:

|                    | Current and cumulative quarter<br>3 months ended |                                  |
|--------------------|--|----------------------------------|
|                    | 30.4.2019<br>Unaudited<br>RM'000                 | 30.4.2018<br>Unaudited<br>RM'000 |
| Current income tax | 17,991   | 14,918                           |

The effective tax rate for the current quarter ended 30 April 2019 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 and cumulative quarter<br>3 months ended |                        |
|---|--|------------------------|
|   | 30.4.2019<br>Unaudited                           | 30.4.2018<br>Unaudited |
| Profit net of tax attributable to owners of the Company used in the computation of EPS (RM'000) | 49,854   | 60,431                 |
| Weighted average number of ordinary shares in issue ('000)                                      | 1,096,531  | 1,088,789              |
| Basic earnings per share (sen)  | 4.55   | 5.55                   |

## 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 and cumulative quarter<br>3 months ended |                        |
|---|--|------------------------|
|   | 30.4.2019<br>Unaudited                           | 30.4.2018<br>Unaudited |
| Adjusted profit net of tax attributable to owners of the parent used in the computation of EPS (RM'000) | 50,243   | 60,745                 |
| Weighted average number of ordinary shares in issue ('000)  | 1,096,531  | 1,088,789              |
| Adjustments for ESS ('000)  | 8,821  | 4,378                  |
| Weighted average number of ordinary shares for diluted earnings per share ('000)                        | 1,105,352  | 1,093,167              |
| Diluted earnings per share (sen)  | 4.55   | 5.56                   |

## 10. Acquisitions and disposals of property, plant and equipment

There was no material acquisition and disposal during the current financial period under review except for the Group acquired property, plant & equipment ("PPE") with aggregate cost of RM256.74 million (30 April 2018: RM125.68 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) Yinson Juniper Ltd (“YJL”), a wholly-owned subsidiary of YHB has completed 2 fresh issuances of Perpetual Securities valued USD90 million and USD30 million respectively on bought deal basis under its USD500 million Multi-Currency Perpetual Securities Programme (“Programme”) on 29 March 2019 and 5 April 2019 respectively.

The Programme is unconditionally and irrevocably guaranteed by YHB. The Perpetual Securities have a perpetual tenor with a call option on the fifth anniversary of their issuance. They were issued at par with a coupon rate of 8.10% per annum and will subject to an agreed step-up margin of 5% per annum above the prevailing U.S. Treasury Rate after First Reset Date.

- (b) On 25 March 2019, Yinson TMC Sdn Bhd (“YTMC”), a wholly-owned subsidiary of YHB had fully repurchased and cancelled the outstanding USD50 million hybrid Perpetual Securities.
- (c) The Company increased its issued and paid-up share capital by way of issuance of 191,600 new ordinary shares arising from the exercise of options under Employees’ Share Scheme; and
- (d) The Company repurchased 1,402,900 of its issued shares from open market on Bursa Malaysia Securities Berhad.

## 13. Interest-bearing Loans and Borrowings

The Group’s total borrowings as at 30 April 2019 and 30 April 2018 are as follows:

|                                   | As at 30 April 2019  |                     |                            |
|-----------------------------------|----------------------|---------------------|----------------------------|
|                                   | Short term<br>RM'000 | Long term<br>RM'000 | Total borrowings<br>RM'000 |
| <b><u>Secured</u></b>             |                      |                     |                            |
| Term loans                        | 262,536              | 3,307,617           | 3,570,153                  |
| Obligations under finance lease   | 310                  | 959                 | 1,269                      |
| Revolving credits                 | 414                  | -                   | 414                        |
|                                   | 263,260              | 3,308,576           | 3,571,836                  |
| <b><u>Unsecured</u></b>           |                      |                     |                            |
| Revolving credits                 | 83,153               | -                   | 83,153                     |
|                                   | 83,153               | -                   | 83,153                     |
| <b>Total loans and borrowings</b> | <b>346,413</b>       | <b>3,308,576</b>    | <b>3,654,989</b>           |

### 13. Interest-bearing Loans and Borrowings (continued)

|                                   | As at 30 April 2018  |                     |                            |
|-----------------------------------|----------------------|---------------------|----------------------------|
|                                   | Short term<br>RM'000 | Long term<br>RM'000 | Total borrowings<br>RM'000 |
| <b>Secured</b>                    |                      |                     |                            |
| Term loans                        | 174,719              | 2,424,711           | 2,599,430                  |
| Obligations under finance lease   | 320                  | 88                  | 408                        |
| Sukuk                             | 75,315               | 151,146             | 226,461                    |
| Revolving credits                 | 21,449               | -                   | 21,449                     |
|                                   | 271,803              | 2,575,945           | 2,847,748                  |
| <b>Unsecured</b>                  |                      |                     |                            |
| Revolving credits                 | 118,557              | -                   | 118,557                    |
|                                   | 118,557              | -                   | 118,557                    |
| <b>Total loans and borrowings</b> | <b>390,360</b>       | <b>2,575,945</b>    | <b>2,966,305</b>           |

Except for the borrowings of RM3,653.72 million (30 April 2018: RM2,675.01 million) denominated in US Dollar, all other borrowings are denominated in Ringgit Malaysia.

Higher outstanding total loans and borrowings is mainly due additional term loan drawdown for project and working capital.

### 14. Dividend Paid

Dividend approved and paid in respect of ordinary shares:

|  | As at 30 April 2019       |  | As at 30 April 2018       |  |
|--|---------------------------|--|---------------------------|--|
|  | Dividend per share<br>Sen | Amount of single-tier dividend<br>RM'000 | Dividend per share<br>Sen | Amount of single-tier dividend<br>RM'000 |
| The Company<br>Special dividend in respect of the financial year ended:<br>- 31 January 2018 | -                         | -  | 4.0                       | 43,452                                   |
| <b>Dividends recognised as distribution to ordinary equity holders of the Company</b>        | <b>-</b>                  | <b>-</b>                                 | <b>4.0</b>                | <b>43,452</b>                            |

### 15. Capital Commitments

As at 30 April 2019, the capital commitment not provided for in the interim condensed financial statements is as follows:

- approved and contracted for – RM235.40 million
- approved but not contracted for – RM464.57 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

- (a) Extension of contract for the charter of Floating, Production, Storage and Offloading vessel (“FPSO Adoon”) (“Extension Contract”)

Adoon Pte Ltd (“Adoon”, an indirect wholly-owned subsidiary of the Company incorporated in Singapore) and Addax Petroleum Development (Nigeria) Limited (“Addax”) had on 17 June 2019 entered into an Extension Contract for the time charter of FPSO Adoon for an additional duration of 4 years with retrospective effect from 17 October 2018 to 16 October 2022.

The contract value of the Extension Contract is approximately USD137.50 million (equivalent to approximately RM574.10 million).

- (b) Extension of contract for the charter of Floating, Production, Storage and Offloading vessel (“FPSO PTSC Lam Son”) (“Extension Contract”)

PTSC Asia Pacific Pte Ltd (“PTSC AP”, a joint venture of the Company incorporated in Singapore) and Petrovietnam Technical Services Corporation (“PTSC”) had on 21 June 2019 entered into an Extension Contract for the bareboat charter of FPSO PTSC Lam Son for an additional duration of 1 month from 1 July 2019 to 31 July 2019.

The contract value of the Extension Contract is approximately USD1.54 million (equivalent to approximately RM6.39 million).

## 18. Related Party Disclosures

Significant related party transactions are as follows:

|   | Current and cumulative quarter<br>3 months ended |                     |
|---|--|---------------------|
|   | 30.4.2019<br>RM'000                              | 30.4.2018<br>RM'000 |
| <u>With companies controlled by Directors</u>             |  |                     |
| Rental income from Kargo Indera Sdn Bhd                   | -  | 34                  |
| Service Fee income from King Kong Creative Media Sdn Bhd  | 5  | -                   |
| Service Fee income from Yinson Capital Sdn Bhd            | 20   | -                   |
| Service Fee income from Manja Studios Sdn Bhd             | 5  | -                   |
| Service Fee income from Liannex Enterprise Sdn Bhd        | 20   | -                   |
| <u>With Associates</u>                                    |  |                     |
| Rental income from Yinson Energy Sdn Bhd                  | -  | 11                  |
| Management fee income from Yinson Ghazania Operations Ltd | -  | 3                   |
| Consultancy fee to Yinson Energy Sdn Bhd                  | -  | 439                 |
| Interest income from Yinson Energy Sdn Bhd                | -  | 4                   |

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<br>30.4.2019<br>RM'000 | Immediate<br>Preceding<br>Quarter<br>31.1.2019<br>RM'000 | Changes<br>(Amount / %) |                |
|-----------------------------------|--|--|-------------------------|----------------|
| Revenue                           | 208,996                                | 287,601  | (78,605)                | -27.33%        |
| Direct expenses                   | (88,529)                               | (129,829)  | 41,300                  | -31.81%        |
| Gross profit                      | 120,467                                | 157,772  | (37,305)                | -23.64%        |
| Other operating income            | 14,111                                 | (6,011)  | 20,122                  | -334.75%       |
| Administrative expenses           | (17,010)                               | (8,478)  | (8,532)                 | 100.64%        |
| Profit from operations            | 117,568                                | 143,283  | (25,715)                | -17.95%        |
| Finance costs                     | (43,507)                               | (48,673)   | 5,166                   | -10.61%        |
| Share of profit of joint ventures | 5,616                                  | 1,082  | 4,534                   | 419.04%        |
| Share of profit of associates     | -                                      | (28)   | 28                      | -100.00%       |
| Profit before tax                 | 79,677                                 | 95,664   | (15,987)                | -16.71%        |
| Income tax expense                | (17,991)                               | (24,028)   | 6,037                   | -25.12%        |
| <b>Profit after tax</b>           | <b>61,686</b>                          | <b>71,636</b>  | <b>(9,950)</b>          | <b>-13.89%</b> |

The Group's profit before tax for the first quarter of current financial year is lower by 16.71% or RM15.98 million to RM79.68 million as compared to the RM95.66 million in the immediate preceding quarter. The decrease was mainly attributable to lower profit contribution on weaker recorded revenue upon FPSO Allan's charter cessation at the end of last financial year and absence of the positive reversal effect on impairment loss on property, plant & equipment of RM38.77 million, set-off mainly by lower impairment losses of RM18.17 million, net favorable forex movement of RM19.72 million, lower depreciation and amortization of RM17.82 million, lower financing cost of RM5.17 million and higher share of profit in joint ventures of RM4.53 million.

**21. Commentary on Prospects**

The long-term outlook in the oil and gas industry remains challenging with emerging of 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. The monetary policy uncertainties in major economies has growth on continuation of unsettled global trade disputes. Nevertheless, the Management is optimistic that the industry will replenish its production capacity with new FPSO awards in current financial year to counter the lagging investment effect from the past years.

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 next financial year ending 31 January 2020.

## 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) Potential part acquisition of Ezion Holdings Limited (“EHL”)

On 31 March 2019, Yinson Eden Pte Ltd (formerly known as Yinson Boronia Production (S) Pte Ltd) (“YEPL”), an indirect wholly owned subsidiary of the Company, entered into a Conditional Debt Conversion Agreement and Conditional Option Agreement, with EHL, a Singapore company specialises in the development, ownership and chartering of offshore assets to support the offshore energy markets, with the intention to acquire a majority stake in EHL.

YEPL is currently in advanced stage of discussions with certain lenders including major secured lenders of EHL and/ or its subsidiaries and jointly owned companies (collectively “EHL Group”)(“Designated Lenders”) to acquire the benefits and rights in respect of up to USD916,000,000 (equivalent to approximately RM3,739,112,000) of the existing loans extended to the relevant EHL Group company (“Existing Loans”) under the relevant facility and/ or credit agreements (“Existing Financing Agreements”) with such Designated Lenders (“Relevant Debts”) through debt assignments.

## 23. Status of Corporate Proposals and Utilisation of Proceeds

### (b) Potential part acquisition of Ezion Holdings Limited (“EHL”) (continued)

The Conditional Debt Conversion Agreement allows YEPL to capitalise the Relevant Debts into EHL shares at SGD0.055 per share. The Conditional Option Agreement allows YEPL to subscribe for up to 3.36 billion EHL shares at the exercise price of SGD0.0605 per share at any time during a period of 5 years commencing from the date of the issuance of options. Upon completion of the debt conversion, YEPL will hold a minimum of 70% of EHL’s enlarged share capital. The debt assignment, debt conversion and the subscription options are collectively known as the “Proposals”.

The Proposals are subject to, amongst others, finalisation of the debt assignment with the lenders and a whole host of regulatory approvals. It is YEPL’s intention to retain the listing status of EHL. The Proposals are inter-conditional and the completion of such Proposals shall take place simultaneously.

As at the date of reporting, the execution of the Debt Assignment Agreements is still pending.

### (c) 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:

| <b>Purpose</b>          | <b>Proposed utilisation<br/>RM’000</b> | <b>Actual utilisation<br/>RM’000</b> | <b>Intended timeframe for utilisation</b> |
|-------------------------|--|--------------------------------------|---|
| Capital expenditure     | 100,212                                | 100,212                              | Within 24 months                          |
| Repayment of borrowings | 208,775                                | 125,706                              | Within 24 months                          |
| Working capital         | Up to 177,459                          | 147,589                              | Within 24 months                          |
| Estimated expenses      | 2,088                                  | 2,088                                | Within 6 months                           |
| <b>Total</b>            | <b>Up to 488,534</b>                   | <b>375,595</b>                       |   |

On 20 June 2019, Yinson Trillium Limited, a wholly-owned subsidiary of the Group, received the remaining consideration amounting to a total sum of USD13.0 million (equivalent to approximately RM54.3 million) from Japan Sankofa Offshore Production Pte. Ltd. for the disposal 26% equity interest of Yinson Production (West Africa) Pte Ltd. As such, the total final consideration for the disposal is USD117.0 million (equivalent to approximately RM488.5 million), which is the maximum consideration receivable for the disposal.

## 24. Material Litigation

As at 30 April 2019, there was no material litigation against the Group since the last audited financial statements.

## 25. Dividend Payable

The Board of Directors recommended on 27 March 2019 a final single-tier dividend of 2.0 sen per share for the financial year ended 31 January 2019. The proposed dividend is subject to shareholders’ approval at the forthcoming Annual General Meeting to be held on 11 July 2019.

If approved, the entitlement date and payable date for the dividend would be 8 August 2019 and 28 August 2019 respectively.

## 26. Derivatives

Details of derivative financial instruments outstanding as at 30 April 2019 are as follows:

| Types of derivatives | Contract / Notional Amount | Fair Value Assets/ (Liabilities) |
|----------------------|----------------------------|----------------------------------|
|                      | RM'000                     | RM'000                           |
| Interest rate swaps  |                            |                                  |
| 1 to 3 years         | 82,694                     | 589                              |
| More than 3 years    | 3,057,197                  | (66,786)                         |

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 following floating rate term loans:

- i. contract amounting to RM82.69 million that pays floating interest at 3 months US\$ LIBOR;
- ii. contracts amounting to RM2,213.72 million that pays floating interest at 3 months US\$ LIBOR; and
- iii. contracts amounting to RM843.48 million that pays floating interest at 3 months US\$ LIBOR.

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 30 April 2019, the net fair value loss on interest rate swap derivative measured at fair value through profit and loss is RM0.30 million.

For item ii and iii, 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 30 April 2019, the net fair value loss on interest rate swap derivative measured at fair value through the reserve is RM27.28 million.

## 27. Adoption of MFRS 16

MFRS 16 "Leases" supersedes MFRS 117 "Leases" and the related interpretations. MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 "Property, Plant and Equipment" and the lease liability is accreted over time with interest expense recognised in the profit or loss.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

## 27. Adoption of MFRS 16 (continued)

The Group has elected to apply the following exemptions and practical expedients in recognition and measurement of right-of-use assets and lease liabilities:

- (a) Not to reassess whether a contract is, or contains, a lease at 1 February 2019;
- (b) Not to apply MFRS 16 to leases for which lease term ends within 12 months from 1 February 2019;
- (c) Not to apply MFRS 16 for short term leases (leases with a lease term of 12 months or less) and lease contracts for which the underlying asset is of low value (below USD 5,000);
- (d) Uses a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (e) Exclude initial direct costs from the measurement of the right-of-use asset at 1 February 2019; and
- (f) Uses hindsight, such as in determining the lease term if the contract contains option to extend or terminate the lease.

### Impact of adoption

The Group has adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application from 1 February 2019. Comparatives for financial year ended 31 January 2019 are not restated.

The effect of adoption as at 1 February 2019 is as follows:

### **Consolidated Statement of Financial Position**

|                               | <b>RM'000</b> |
|-------------------------------|---------------|
| <u>Assets</u>                 |               |
| Property, plant and equipment | 21,915        |
| <u>Liabilities</u>            |               |
| Lease liabilities             | <u>21,915</u> |

## 28. Auditors' Report on Preceding Annual Financial Statements

The Auditors' Report on the financial statements for the financial year ended 31 January 2019 was not qualified.

## 29. Authorised For Issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 June 2019.