



YNH PROPERTY BHD
(Incorporated in Malaysia)

(561986-V)

Interim Financial Statements
31 December 2017

YNH PROPERTY BHD
(Incorporated in Malaysia)

**Condensed Consolidated Profit or Loss and Other Comprehensive Income
For the Twelve Months Period Ended 31 December 2017**

	Note	3 months ended		12 months ended	
		31.12.2017 RM	31.12.2016 RM	31.12.2017 RM	31.12.2016 RM
Revenue		100,783,550	113,544,156	333,727,580	369,722,360
Cost of sales		(45,380,754)	(75,979,710)	(198,932,603)	(205,402,426)
Gross profit		55,402,796	37,564,446	134,794,977	164,319,934
Other income	4(a)	5,874,443	18,516,573	56,449,163	12,054,460
Administrative expenses		(19,156,285)	(16,144,418)	(62,507,419)	(60,698,961)
Selling and marketing expenses		(3,473,187)	(7,211,477)	(10,598,203)	(9,028,292)
Other operating expenses		(2,238,321)	(2,079,156)	(28,208,432)	(14,170,184)
Profit from operations		36,409,446	30,645,968	89,930,087	92,476,957
Finance costs	17	(11,454,800)	(12,563,178)	(39,796,562)	(40,111,603)
Profit before tax		24,954,646	18,082,790	50,133,525	52,365,354
Income tax expense	18	(8,559,693)	(5,444,222)	(17,665,387)	(14,363,406)
Profit for the period		16,394,953	12,638,568	32,468,138	38,001,948
Other comprehensive income					
-Foreign currency translation difference		(1,179,831)	2,826,419	(3,126,475)	1,612,935
Total comprehensive income for the period		15,215,122	15,464,987	29,341,663	39,614,883
Earnings per share (sen)					
Basic	26 (a)	3.12	2.50	6.18	7.52
Diluted	26 (b)	3.12	2.50	6.18	7.52

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the financial statements.

YNH PROPERTY BHD

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Financial Position
As at 31 December 2017**

	Note	As at 31.12.2017 RM	As at 31.12.2016 RM
NON-CURRENT ASSETS			
Property, plant and equipment	8	169,743,909	182,983,160
Deferred tax assets		59,168,275	55,846,825
Investment properties	29	307,961,819	352,537,897
Goodwill on consolidation		17,626,036	17,626,036
Land held for future development		388,410,819	377,553,907
Other non-current assets	9(b)	463,205,670	398,536,670
Receivables		3,318,418	4,935,486
		<u>1,409,434,947</u>	<u>1,390,019,981</u>
CURRENT ASSETS			
Property development costs		397,903,997	373,459,149
Inventories		74,323,837	71,370,287
Trade and other receivables	9(a)	116,384,450	164,888,737
Other current assets	9(c)	28,567,687	22,803,228
Tax recoverable		11,659,325	4,326,025
Term deposits and fixed income trust fund		582,553	1,005,420
Cash and bank balances		22,017,824	34,061,290
		<u>651,439,673</u>	<u>671,914,136</u>
TOTAL ASSETS		<u>2,060,874,620</u>	<u>2,061,934,117</u>

**Condensed Consolidated Statement of Financial Position as at 31 December 2017
(Contd.)**

	Note	As at 31.12.2017 RM	As at 31.12.2016 RM
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		528,999,579	528,999,579
Treasury shares		(6,931,199)	(6,931,198)
Other reserves		31,577,326	34,703,801
Retained earnings		383,069,887	350,601,747
Total equity		<u>936,715,593</u>	<u>907,373,929</u>
Non-Current Liabilities			
Payables		15,653,789	15,653,789
Provision	23	4,604,340	5,914,839
Deferred tax liabilities		40,504,037	41,987,728
Long term liabilities	20	<u>245,565,308</u>	<u>259,120,177</u>
		<u>306,327,474</u>	<u>322,676,533</u>
CURRENT LIABILITIES			
Trade and other payables		174,637,701	145,063,212
Other current liabilities	22	53,887,669	29,588,327
Provisions	23	10,962,280	8,474,810
Borrowings	20	575,310,506	645,452,166
Income tax payable		3,033,397	3,305,140
		<u>817,831,553</u>	<u>831,883,655</u>
TOTAL LIABILITIES		<u>1,124,159,027</u>	<u>1,154,560,188</u>
TOTAL EQUITY AND LIABILITIES		<u>2,060,874,620</u>	<u>2,061,934,117</u>
NTA per share (RM)		<u>1.74</u>	<u>1.68</u>
Net asset per share (RM)		<u>1.77</u>	<u>1.72</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the financial statements.

YNH PROPERTY BHD
(Incorporated in Malaysia)

**Condensed Consolidated Statement of Changes in Equity
For the Twelve Months Period Ended 31 December 2017**

	Attributable to Equity Holders of the Company							
	Non-distributable			Distributable				
	Share capital RM	Share Option Reserve RM	Share Premium RM	Translation Reserve RM	Capital Reserve RM	Treasury Shares RM	Retained profits RM	Total RM
Opening balance at 1 January 2016	441,446,129	-	44,698,178	6,512,812	26,578,054	(74,593,405)	425,667,114	870,308,882
<u>Comprehensive income</u>								
Profit for the year	-	-	-	-	-	-	38,001,948	38,001,948
<u>Other comprehensive income</u>								
-Foreign currency translation difference	-	-	-	1,612,935	-	-	-	1,612,935
<u>Transaction with owners</u>								
Purchase of treasury shares	-	-	-	-	-	(2,549,836)	-	(2,549,836)
Bonus issue	87,553,450						(87,553,450)	
Share dividend			(44,698,178)			70,212,043	(25,513,865)	
Total transactions with owners	87,553,450	-	(44,698,178)	-	-	67,662,207	(113,067,315)	(2,549,836)
Closing balance at 31 December 2016	528,999,579	-	-	8,125,747	26,578,054	(6,931,198)	350,601,747	907,373,929
Opening balance at 1 January 2017	528,999,579			8,125,747	26,578,054	(6,931,199)	350,601,749	907,373,930
<u>Comprehensive income</u>								
Profit for the year	-	-	-	-	-	-	32,468,138	32,468,138
<u>Other comprehensive income</u>								
Foreign currency translation difference	-	-	-	(3,126,475)	-	-	-	(3,126,475)
Closing balance at 31 December 2017	528,999,579	-	-	4,999,272	26,578,054	(6,931,199)	383,069,887	936,715,593

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the financial statements.

YNH PROPERTY BHD
(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flow
For the Twelve Months Period Ended 31 December 2017

	12 months ended 31.12.2017 RM	12 months ended 31.12.2016 RM
Profit before taxation	<u>50,133,525</u>	<u>52,365,354</u>
Net cash from/(used in) operating activities	28,217,841	(74,582,151)
Net cash from/(used in) investing activities	43,009,226	(23,495,239)
Net cash (used in)/generated from financing activities	<u>(48,740,843)</u>	<u>57,056,337</u>
Net increase/(decrease) in cash and cash equivalents	22,486,224	(41,021,053)
Cash and cash equivalents at beginning of financial period	(84,630,434)	(43,609,381)
Cash and cash equivalents at end of financial period	<u>(62,144,210)</u>	<u>(84,630,434)</u>

Cash and cash equivalents at end of financial period comprise the following:

Fixed deposits	582,553	1,002,420
Less: pledged fixed deposits	(573,861)	(570,734)
	8,692	431,686
* Cash and bank balances	22,017,822	34,061,290
Bank overdraft (included within borrowings in Note 20)	(84,170,724)	(119,126,410)
	<u>(62,144,210)</u>	<u>(84,633,434)</u>

- * Included in cash at banks of the Group are amounts of RM 9,791,562 held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the financial statements.

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2017

1. BASIS OF PREPARATION

The quarterly condensed financial report has been prepared in accordance with:

- (i) The requirement of the Financial Reporting Standards ("FRS") Standard 134: Interim Financial Reporting; and
- (ii) Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad and should be read in conjunction with the audited annual financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the quarterly condensed financial report. These explanatory notes attached to the quarterly condensed financial report provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2016. The significant accounting policies adopted for the quarterly condensed financial report are consistent with those of the audited financial statements for the financial year ended 31 December 2016.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2016 was not qualified.

3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's performance is not materially affected by seasonal or cyclical factors.

4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items due to their nature, size or incidence affecting assets, liabilities, equity, net income or cash flows during the financial period ended 31 December 2017 except as describe below:

- (a) Included in other operating income in the twelve months period is income derived from rental income from properties and machineries of RM19,794,892, a gain on disposal of an investment property, namely Pantai Medical Centre of RM12,669,519, a gain on land acquisition from a joint venture land of RM6,223,743, a reversal of provision for onerous contract loss, amounting to RM5,831,672 and a gain on disposal of property, plant and equipment amounting to RM3,780,674.

5. CHANGES IN ESTIMATES

The Group has not submitted any financial forecast or projections to any authority during the current quarter and prior financial year ended 31 December 2016. There were no changes in estimates that have had a material effect in the current quarter results.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2017

6. CAPITAL MANAGEMENT, DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period ended 31 December 2017 and the date of this interim report.

(a) Treasury Shares

There is no purchase of treasury shares during the current quarter of the financial period ended 31 December 2017. Total treasury shares repurchased cumulatively as at 31 December 2017 is 3,661,591 ordinary shares of RM 1 each, representing a cumulative 0.69% of the total paid up share capital of the company as at 31 December 2017. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965. There is no repurchase of treasury share subsequent to the interim financial period ended 31 December 2017.

(b) Capital Management

The Group's objectives of managing capital are to safeguard the group's ability to continue in operation as a going concern in order to provide fair returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

For capital management purposes, the Group consider shareholders' equity to be the key component in the Group's capital structure. The Group monitors capital based on gearing ratio. The ratio is calculated on total borrowings to total capital and net debts. The Group's strategy is to maintain a gearing ratio of 20%-55%. The gearing ratio as at 31 December 2017, which are within the Group's objectives for capital management, are as follows:

	31.12.2017	31.12.2016
	RM	RM
Total borrowing	820,875,814	904,572,343
Trade and other payables	174,637,701	160,717,001
Less: Term deposits	(582,553)	(1,005,420)
Less: cash and bank balances	(22,017,824)	(34,061,290)
Net debts	<u>972,913,138</u>	<u>1,030,222,634</u>
Equity attributable to the owners of parents	<u>936,715,593</u>	<u>907,373,929</u>
Capital and net debts	<u>1,909,628,731</u>	<u>1,937,596,563</u>
Gearing ratio	<u>51%</u>	<u>53%</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2017

6. CAPITAL MANAGEMENT, DEBT AND EQUITY SECURITIES (Contd.)

(c) Capital Management (contd.)

The details of the issuance and repayment of debts and equity instrument in the current quarter ended 31 December 2017 are as follows:

	31.12.2017
	RM
Repayment of revolving credit (net of repayment)	(2,206,427)
Repayment of term loan	(46,534,416)

7. DIVIDEND PAID

No dividend was paid for the financial period ended 31 December 2017.

The Board of Directors has recommended the following:

- (a) a final share dividend at the ratio of six (6) treasury shares for every one thousand (1000) ordinary shares, which will be proposed for shareholders' approval.
- (b) a final cash dividend of zero point seven sen (0.7 sen) per ordinary shares, which will be proposed for shareholders' approval.

The actual treasury shares and cash dividend to be distributed will depend on the issued share capital on the entitlement date. Such dividend, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the financial year ending 2018.

8. CARRYING AMOUNT OF REVALUED ASSETS

The valuation of property, plant and equipment and investment properties have been brought forward without amendment from the financial statements for the year ended 31 December 2016.

9(a). TRADE AND OTHER RECEIVABLES

	As at	As at
	31.12.2017	31.12.2016
	RM	RM
Trade receivables	98,122,191	147,845,794
Less: Provision for impairment	(11,077,205)	(838,395)
	<u>87,044,985</u>	<u>147,007,399</u>
Other receivables	29,339,465	17,881,338
	<u>116,384,450</u>	<u>164,888,737</u>

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2017

9(a). TRADE AND OTHER RECEIVABLES (Contd.)

The ageing analysis for the trade receivables are as follows:

	As at 31.12.2017 RM	As at 31.12.2016 RM
Neither past due nor impaired	17,738,547	73,167,003
1-30 days	17,791,881	40,637,146
31-60 days	1,460,040	2,512,825
61-90 days	7,236,259	4,353,126
91-120 days	3,444,617	6,264,270
121-150 days	3,423,384	1,447,515
>150 days	35,950,257	18,625,514
	69,306,438	73,840,396
Impaired	11,077,205	838,395
	<u>98,122,191</u>	<u>147,845,794</u>

The management is of the opinion that no further provision for doubtful debts is required for those trade receivables which are more than 150 days and will continue to monitor closely on this matter.

Trade receivables are generally on credit terms ranging from 14 days to 180 days. Credit terms for the sales of commercial properties range from 14 days to 270 days.

Included in trade receivables are:

- (i) an amount of RM10,063,384 owing by certain directors of the Company
- (ii) an amount of RM4,992,700 owing by persons related to directors

The amounts owing by directors and persons related to directors are in respect of purchase of properties from the Group and is under normal credit terms granted to customers.

9(b) Other non current assets represent security deposits for various joint venture projects.

9(c) Included in other current assets is accrued billings in respect of property development of RM 65,413 (2016- RM863,736).

10. SUBSEQUENT EVENTS

There is no subsequent event from the financial period ended 31 December 2017 until the date of this interim financial report.

11. CHANGES IN COMPOSITION OF THE GROUP

There is no change in the composition of the Group since the last financial year until the date of this interim report.

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2017

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There is no contingent liabilities and contingent assets for the period ended 31 December 2017 and the date of this interim financial report.

13. CAPITAL COMMITMENTS

There is not capital commitment as at 31 December 2017.

14. PERFORMANCE REVIEW

	3 months ended		changes		12 months ended		changes	
	31.12.2017	31.12.2016			31.12.2017	31.12.2016		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	100,783,550	113,544,156	(12,760,606)	-11%	333,727,580	369,722,360	(35,994,780)	-10%
Profit from operations	36,409,446	30,645,968	5,763,478	19%	89,930,087	92,476,957	(2,546,870)	-3%
Profit before tax	24,954,646	18,082,790	6,871,856	38%	50,133,525	52,365,354	(2,231,829)	-4%
Profit for the period	16,394,953	12,638,568	3,756,385	30%	32,468,138	38,001,948	(5,533,810)	-15%

The Group's cumulative turnover for the current financial period ended 31 December 2017 is RM333,727,580 (year 2016-RM369,722,360) and profit before taxation is reported at RM50,133,525 (year 2016-RM52,365,354). The revenue as well as profit before taxation for the current quarter is fairly consistent compared to previous year's corresponding quarter. The Group's performance for this year is mainly derived from profit recognition from sales of inventories in Taman Desa Manjung, sales of a portion of development land at Genting Highland and progressive profit recognition of Kiara 163 , Sfera Residensi and Taman Sejati II projects.

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2017

14. PERFORMANCE REVIEW (Contd.)

	Current Quarter RM	Immediate Preceeding Quarter RM	Changes	
			RM	%
Revenue	100,783,550	102,433,174	(1,649,624)	-2%
Profit from operations	36,409,446	15,789,377	20,620,069	131%
Profit before tax	24,954,646	7,122,879	17,831,767	250%
Profit for the period	16,394,953	5,054,737	11,340,216	224%

On a quarter to quarter basis, the current quarter profit before taxation of RM24,954,646 is higher than previous quarter of RM7,122,879. This is due to the Group registered a better take up rate for both projects in Kuala Lumpur, namely Sfera Residensi and Kiara 163. As a results, the Group recognised a stronger performance for the forth quarter of the financial year.

An analysis of other operating income for the current financial period are as follows:

	31.12.2017	31.12.2016
Other operating income	RM	RM
Gain on disposal of investment properties	12,669,519	-
Gain on land acquisition by government	6,223,743	-
Rental income from properties and machineries	19,794,892	11,657,904
Provision for onerous contract loss		
written back	5,831,672	-
Provision for impairment on other receivables written back	740,371	-
Gain on disposal of property, plant and		
equipment	3,780,674	-
Commission income	1,472,038	-
Sales of building material & others	2,719,395	396,556
Others	3,216,859	-
	56,449,163	12,054,460

15. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There was no off balance sheet financial instruments as at the date of this report.

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2017

16. COMMENTARY ON PROSPECTS

The local and global economic climate remains challenging. Taking into consideration of the overall reduced contributions from existing projects, the Board look forward for an improvement in the current economic climate and a relaxation in the banking guideline over the subsequent quarters for a reversal of its performance.

The Board is cautiously optimistic of our Kiara 163 mixed development project held under D'Kiara Place Sdn Bhd ("DKP"), a wholly owned subsidiary company of YNH Property Bhd. DKP is the registered and beneficial owner of the 6 acres freehold development property located in Mont' Kiara, Kuala Lumpur, besides McDonald outlet at Plaza Mont' Kiara and opposite One Mont' Kiara. The proposed commercial development comprises:

- i) 1 block of 46 storey of service apartment and 1 block of hotel suites of 44 storey (718 units) with facilities and multi-storey car park,
- ii) 1 Small Office Versatile Office ("SOVO") Tower,
- iii) 1 shopping mall and basement car park.

The Kiara 163 project has a total GDV of approximately RM1.0 billion with 60% of the GDV comprising of service apartments which are planned to be sold fully furnished and also managed by a reputable manager, with a similar concept like Fraser Place KL. The retail shopping mall will also be one of the main attraction of the development where residents/ tenants have seamless life, work and play lifestyle. Main building work for Kiara 163 has already commenced in the current financial year.

Another project which is currently undertaken by the Company is Sfera Residensi, which is located at Puchong South, Selangor. The project will have a Gross Development Value of approximately RM426 million, and is expected to contribute to the Company for the next financial year.

Another prestigious project planned for the future by YNH group is the Menara YNH development, located on one of the most exclusive addresses in Kuala Lumpur city centre, in the Golden Triangle area where most prestigious 5 star hotels and upmarket office spaces are found. The commercial development sits on a 130,826 sq ft (approximately 3 acres) of land with a wide frontage of 320 feet along Jalan Sultan Ismail. The location of Menara YNH also offers easy accessibility and close proximity to efficient public transport facilities such as the Putra Light Rail Transport and the K.L Monorail station. It is also located within walking distance to all major hotels and shopping centres. This Menara YNH has a GDV of approximately RM2.1 billion. Approved development order had already been obtained for this development, comprising office tower and shopping mall.

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2017

16. COMMENTARY ON PROSPECTS

The Group has intention to keep 50% of the Menara YNH referred above as investment property and it will be used as the Group's future corporate headquarter.

The Group has also entered into a series of joint venture projects for the development of a few pieces of land strategically located near Mont' Kiara, Hartamas, Kuala Lumpur city centre, Ipoh city and Seri Manjung town. These developments are at planning stage and have an estimated gross development value of RM1.8 billion and are expected to contribute to the Group's earnings for the next 15 to 20 years.

The Group had successfully completed the construction of AEON Mall Seri Manjung in year 2012 and Pantai Specialist Centre at Seri Manjung in November 2013. The presence of AEON Mall Seri Manjung Shopping Centre and Pantai Specialist Centre will further enhance the value of the balance 700 acres of undeveloped landbanks in the Manjung Point Township.

The Company had also in the 4th quarter of 2008 acquired 95 acres of strategic development land bank in Genting Highlands. The Genting land bank is located strategically next to the Genting Highland Resort and was acquired for RM16.05 million. The advantage of this land bank is that the purchase consideration is very low and it comes with infrastructure. The land has already been converted to building title. The proximity to the existing Genting Highland Resort is an advantage as the proposed development will complement the existing infrastructure. Other plus point for this development is that it is located in a cool environment and yet is 45 minutes from the KL city centre as the existing highway is already completed from the KL city centre to the existing resort.

The proposed development for this 95 acres land bank comprises commercial, bungalows, condominium, retail and etc. for both local and foreign investors. The estimated gross development value for this future development is RM1.96 billion and expected to contribute to the Group's earnings in the next 20 years.

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2017

17. FINANCE COSTS

This is arrived at after charging:	12 months ended 31.12.2017 RM
Short term revolving interest	25,332,478
Term loan interest	9,755,343
Overdraft interest	<u>4,708,741</u>

18. INCOME TAX EXPENSE

	3 months ended 31.12.2017 RM	3 months ended 30.09.2016 RM	12 months ended 31.12.2017 RM	12 months ended 30.09.2016 RM
Tax expense for the period:				
Malaysian income tax	(8,466,059)	(8,821,156)	(18,479,859)	(21,897,747)
Deferred tax	(93,634)	3,376,934	814,472	7,534,341
	<u>(8,559,693)</u>	<u>(5,444,222)</u>	<u>(17,665,387)</u>	<u>(14,363,406)</u>

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group is as follow:

	12 months ended 31.12.2017 RM
Profit before tax	<u>50,133,525</u>
Taxation at applicable statutory tax rate	(12,032,046)
Expenses not deductible for tax purposes	(7,507,164)
Income not taxable	2,249,862
Others timing differences	(376,039)
Tax expense for the quarter/year	<u>(17,665,387)</u>

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2017

19. SALES OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no sales of unquoted investments and no other sales of properties for the financial year ended 31 December 2017 except for the sales of development properties in the ordinary course of business.

20. LOAN AND BORROWINGS

	As at 4th quarter ended 31.12.2017					
	Long term		Short term		Total borrowings	
	USD denomination	RM denomination	USD denomination	RM denomination	USD denomination	RM denomination
Secured						
Secured-Finance lease liabilities	-	-	2,939,705	-	2,939,705	-
Secured-Term loan		245,565,308	-	16,850,480	-	262,415,788
Secured-Bank overdraft and revolving credit	-	-	-	555,520,321	-	555,520,321

	As at 4th quarter ended 31.12.2016					
	Long term		Short term		Total borrowings	
	USD denomination	RM denomination	USD denomination	RM denomination	USD denomination	RM denomination
Secured						
Secured-Finance lease liabilities	5,391,417		15,913,133	-	21,304,550	-
Secured-Term loan		253,728,760		7,150,833	-	260,879,593
Secured-Bank overdraft and revolving credit				622,388,220	-	622,388,220

The weighted average interest of borrowings is 5.85 % and RM7,996,928 of loan and borrowings in the current year are based on fixed interest rate and RM812,878,886 of loan and borrowings are based on floating interest rate.

The USD denominated loan of RM2,939,705 is not hedged to Ringgit Malaysia and the average exchange rate for this loan is Ringgit Malaysia 4.062 to one USD.

21. PROFIT FORECAST

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2017

22. OTHER CURRENT LIABILITIES

Included in other current liabilities is accrued billing of RM53,878,254 (2016-RM29,588,327).

23. PROVISIONS

	As at 31.12.2017	As at 31.12.2016
	RM	RM
Opening	14,389,649	36,675,617
Provision during the period/year	7,474,726	5,326,136
Utilisation/ written back during the period/year	(6,297,755)	(27,612,104)
Closing	<u>15,566,620</u>	<u>14,389,649</u>

24. CHANGES IN MATERIAL LITIGATION

The Board of Directors of YNH Property Berhad (“YNH”) wishes to announce that its wholly owned subsidiary, YNH Realty Sdn. Bhd. (“YNHR”), had on 24 November 2017 instituted legal proceedings against KKH Development Sdn. Bhd. (“KKH”) for the breach by KKH of certain terms and conditions set out in the Letter of Appointment dated 27 April 2016 (“the said Agreement”), in which KKH appointed YNHR as Project Management Consultant in relation to a proposed construction of a 60 floors, 413 units of service apartments on Lots 531 and 568 Section 57, Jalan Berangan off Jalan Sultan Ismail, Kuala Lumpur (“the said Project”).

After seeking legal advice, YNHR has decided to institute legal proceedings against KKH for breach of contract and to claim for losses and damages incurred (“KKH Lawsuit”). The KKH Lawsuit is not expected to have any material adverse effect on the YNH Group for the current financial year ending 31 December 2017.

25. DIVIDEND PAYABLE

The Board of Directors has recommended the following:

- (a) a final share dividend at the ratio of six (6) treasury shares for every one thousand (1000) ordinary shares, which will be proposed for shareholders' approval.
- (b) a final cash dividend of zero point seven sen (0.7 sen) per ordinary shares, which will be proposed for shareholders' approval.

The actual treasury shares and cash dividend to be distributed will depend on the issued share capital on the entitlement date. Such dividend, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the financial year ending 2018.

The Company has a dividend policy of at least 30% of profit after taxation be fixed for future declaration of dividend.

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2017

26. EARNING PER SHARE

(a) **Basic**

Basic earning per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	3 months ended 31.12.2017	3 months ended 31.12.2016	12 months ended 31.12.2017	12 months ended 31.12.2016
	RM	RM	RM	RM
Net profit for the period	16,394,953	12,638,568	32,468,138	38,001,948
Weighted average number of ordinary shares in issue	525,338,188	505,451,293	525,338,188	505,451,293
Basic earnings per share (sen)	3.12	2.50	6.18	7.52

(b) **Diluted**

There is no dilution effect in calculating earning per shares because there is no Employee Share Scheme in effect during the current financial year. As such , the diluted earning per share is similar with basic earning per shares.

	3 months ended 31.12.2017	3 months ended 31.12.2016	12 months ended 31.12.2017	12 months ended 31.12.2016
	RM	RM	RM	RM
Net profit for the period	16,394,953	12,638,568	32,468,138	38,001,948
Weighted average number of ordinary shares in issue	525,338,188	505,451,293	525,338,188	505,451,293
Adjusted weighted number of ordinary shares in issue	525,338,188	505,451,293	525,338,188	505,451,293
Diluted earnings per share (sen)	3.12	2.50	6.18	7.52

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2017

27. RELATED PARTY TRANSACTION

The Group's related party transactions cumulative period-to-date ended 31 December 2017 are as follows:

Party	Transaction	31.12.2017 RM
Transaction with non-group members	Rental of equipment and transportation payable, purchase of construction material, rental of land and properties and entitlement payable	5,636,611
	Rental of properties and equipment received	3,746,841
	Sales of properties	5,030,150
	Sales of building material	
Transaction with person connected with Directors	Guarantee return paid for service apartment	1,319,988
	Legal services and disbursement paid (including stamp duty etc.)	2,867,908
	Sales of properties	9,830,872
	Rental of properties received	36,000
Transaction with Directors	Sales of properties	1,109,800
	Guarantee return paid for service apartment and office	12,570,683
Transaction with Directors	Legal services and disbursement paid (including stamp duty etc.)	161,362

The Group's Directors personal compensation for the period under review are as follows:

	31.12.2017 RM
Type of compensation	
Salaries and allowances (including employer EPF portion)(Executive directors)	9,921,652
Directors fee & allowances (Independent & non executive directors)	303,224
Employee share option	-
	<u>10,224,875</u>

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2017

28. INVESTMENT PROPERTIES

	Completed investment property RM	Investment property under construction RM	Total RM
Cost			
At 1 January	270,887,646	91,443,386	362,331,032
Additions	-	9,814,519	9,814,519
Written back upon disposals	(52,340,669)	-	(52,340,669)
Reclassification upon completion	33,171,791	(33,171,791)	-
As at 31 December 2017	<u>251,718,768</u>	<u>68,086,114</u>	<u>319,804,882</u>
Accumulated amortisation			
At 1 January	9,793,135	-	9,793,135
Additions	4,060,115	-	4,060,115
Written back upon disposals	(2,010,187)	-	(2,010,187)
As at 31 December 2017	<u>11,843,063</u>	<u>-</u>	<u>11,843,063</u>
Net carrying amounts	<u>239,875,705</u>	<u>68,086,114</u>	<u>307,961,819</u>

The investment properties comprise AEON Mall Seri Manjung, an international school, a hotel and service apartment block, 19 units double storey shop houses , a sport recreational complex, a petrol station and certain vacant land.

29. UPDATE OF MEMORANDUM OF UNDERSTANDING

The Group has on 4 February 2015 entered into a Memorandum of Understanding ("MOU") in relation to a proposed hotel to be branded as " Hilton Kuala Lumpur City Centre & Residences", to be managed by Hilton Worldwide Manage Limited, for its Menara YNH Development in Kuala Lumpur City Centre. No further changes arise from the date of the MOU to the date of this interim report.

30. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 February 2018.

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2017

31. SEGMENTAL REPORTING

	Property Development & Construction		Hotel & Hospitality		Adjustment & Elimination		Consolidated	
	31.12.2017 RM	31.12.2016 RM	31.12.2017 RM	31.12.2016 RM	31.12.2017 RM	31.12.2016 RM	31.12.2017 RM	31.12.2016 RM
Revenue								
External customers	267,286,645	296,733,697	66,440,935	72,988,663	-	-	333,727,580	369,722,360
Inter-segment			85,738	71,766	(85,738)	(71,766)	-	-
Results								
Interest income	289,819	153,278	1,879,598	1,645,822	-	-	2,169,417	1,799,100
Dividend income	-	-	-	-	-	-	-	-
Depreciation	11,370,236	6,063,366	5,245,344	6,285,968	-	-	16,615,580	12,349,334
Finance cost	39,037,830	39,126,436	758,732	985,167	-	-	39,796,562	40,111,603
Profit/(loss) before taxation	59,947,708	81,185,349	(9,814,183)	(28,819,993)			50,133,525	52,365,356
Segment assets	1,775,836,902	1,759,401,926	285,037,718	302,532,189	-	-	2,060,874,620	2,061,934,115
Segment liabilities	843,756,206	803,937,044	280,402,821	350,623,141	-	-	1,124,159,027	1,154,560,185