



YNH PROPERTY BHD
(Incorporated in Malaysia)

(561986-V)

Interim Financial Statements
31 DECEMBER 2018

YNH PROPERTY BHD
(Incorporated in Malaysia)

**Condensed Consolidated Profit or Loss and Other Comprehensive Income
For the Twelve Months Period Ended 31 December 2018**

	Note	3 months ended		12 months ended	
		31.12.2018 RM	31.12.2017 RM	31.12.2018 RM	31.12.2017 RM
Revenue		86,760,819	100,783,550	362,722,505	344,403,460
Cost of sales		(58,058,196)	(45,380,754)	(232,841,949)	(198,776,024)
Gross profit		28,702,623	55,402,796	129,880,556	145,627,436
Other income	4(a)	13,211,132	5,874,443	39,369,551	39,941,609
Administrative expenses		(19,306,936)	(19,156,285)	(65,669,746)	(69,007,415)
Selling and marketing expenses		(1,720,294)	(3,473,187)	(14,382,994)	(10,598,203)
Other operating expenses		(8,623,538)	(2,238,321)	(23,133,007)	(16,033,340)
Profit from operations		12,262,986	36,409,446	66,064,360	89,930,087
Finance costs	17	(11,054,284)	(11,454,800)	(40,001,883)	(39,796,562)
Profit before tax		1,208,702	24,954,646	26,062,477	50,133,525
Income tax expense	18	(788,991)	(8,559,693)	(10,454,973)	(17,665,387)
Profit for the period		419,711	16,394,953	15,607,504	32,468,138
Other comprehensive income					
-Foreign currency translation difference		-	(1,179,831)	(131,440)	(3,126,475)
Total comprehensive income for the period		419,711	15,215,122	15,476,064	29,341,663
Earnings per share (sen)					
Basic	26 (a)	0.08	3.10	2.95	6.14
Diluted	26 (b)	0.08	3.10	2.95	6.14

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the financial statements.

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**Condensed Consolidated Statement of Financial Position
As at 31 December 2018**

	Note	As at 31.12.2018 RM	As at 31.12.2017 RM
NON-CURRENT ASSETS			
Property, plant and equipment	8	155,342,147	169,743,909
Deferred tax assets		67,059,392	59,168,275
Investment properties	29	301,356,805	307,961,819
Goodwill on consolidation		17,626,036	17,626,036
Land held for future development		357,510,657	388,410,819
Other non-current assets	9(b)	511,197,470	463,205,670
Receivables		-	3,318,418
		<u>1,410,092,507</u>	<u>1,409,434,946</u>
CURRENT ASSETS			
Property development costs		186,468,278	418,973,704
Inventories		243,429,926	97,953,982
Trade and other receivables	9(a)	141,364,778	70,725,285
Other current assets	9(c)	34,394,457	12,515,898
Tax recoverable		8,007,742	15,741,989
Term deposits and fixed income trust fund		433,456	582,553
Cash and bank balances		11,804,458	22,017,824
		<u>625,903,094</u>	<u>638,511,235</u>
TOTAL ASSETS		<u>2,035,995,601</u>	<u>2,047,946,181</u>

**Condensed Consolidated Statement of Financial Position as at 31 December 2018
(Contd.)**

	Note	As at 31.12.2018 RM	As at 31.12.2017 RM
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		528,999,579	528,999,579
Treasury shares		(970,158)	(6,931,198)
Other reserves		31,445,886	31,577,326
Retained earnings		348,532,148	370,141,447
Total equity		<u>908,007,455</u>	<u>923,787,154</u>
Non-Current Liabilities			
Payables		-	15,653,789
Provisions	23	-	8,315,460
Deferred tax liabilities		37,011,482	40,504,037
Long term liabilities	20	<u>174,045,115</u>	<u>238,201,403</u>
		<u>211,056,597</u>	<u>302,674,689</u>
CURRENT LIABILITIES			
Trade and other payables		261,918,799	139,090,408
Other current liabilities	22	48,881,980	89,434,962
Provisions	23	7,846,000	7,251,160
Borrowings	20	590,832,573	582,674,411
Income tax payable		7,452,197	3,033,397
		<u>916,931,549</u>	<u>821,484,338</u>
TOTAL LIABILITIES		<u>1,127,988,147</u>	<u>1,124,159,027</u>
TOTAL EQUITY AND LIABILITIES		<u>2,035,995,602</u>	<u>2,047,946,181</u>
NTA per share (RM)		<u>1.68</u>	<u>1.71</u>
Net asset per share (RM)		<u>1.72</u>	<u>1.75</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the financial statements.

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**Condensed Consolidated Statement of Changes in Equity
For the Twelve Months Period Ended 31 December 2018**

Attributable to Equity Holders of the Company								
	Share capital RM	Non-distributable			Distributable			Total RM
		Share Option Reserve RM	Share Premium RM	Translation Reserve RM	Capital Reserve RM	Treasury Shares RM	Retained profits RM	
Opening balance at 1 January 2017	528,999,579	-	-	8,125,747	26,578,054	(6,931,199)	350,601,747	907,373,928
<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)	383,069,885	936,715,591
Opening balance at 1 January 2018	528,999,579			4,999,272	26,578,054	(6,931,199)	383,069,885	936,715,591
Opening adjustment							(40,506,838)	(40,506,838)
	528,999,579	-	-	4,999,272	26,578,054	(6,931,199)	342,563,047	896,208,753
<u>Comprehensive income</u>								
Profit for the year	-	-	-	-	-	-	15,607,504	15,607,504
Share dividends						5,961,041	(5,961,041)	-
Dividends							(3,677,361)	(3,677,361)
<u>Other comprehensive income</u>								
Foreign currency translation difference	-	-	-	(131,440)	-	-	-	(131,440)
Closing balance at 31 December 2018	528,999,579	-	-	4,867,832	26,578,054	(970,158)	348,532,149	908,007,456

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the financial statements.

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Condensed Consolidated Statement of Cash Flow
For the Twelve Months Period Ended 31 December 2018

	12 months ended 31.12.2018 RM	12 months ended 31.12.2017 RM
Profit before taxation	<u>26,062,477</u>	<u>50,133,525</u>
Net cash from operating activities	1,559,981	33,444,698
Net cash from investing activities	47,912,833	37,065,396
Net cash used in financing activities	<u>(56,584,084)</u>	<u>(52,372,911)</u>
Net (decrease)/increase in cash and cash equivalents	(7,111,270)	18,137,183
Cash and cash equivalents at beginning of financial period	(66,493,251)	(84,630,434)
Cash and cash equivalents at end of financial period	<u>(73,604,521)</u>	<u>(66,493,251)</u>

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

Fixed deposits	433,456	577,000
Less: pledged fixed deposits	(422,763)	(570,734)
	10,693	6,266
* Cash and bank balances	11,804,458	18,696,579
Bank overdraft (included within borrowings in Note 20)	(85,419,672)	(99,505,370)
	<u>(73,604,521)</u>	<u>(80,802,525)</u>

- * Included in cash at banks of the Group are amounts of RM 2,571,256 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 2017 and the accompanying explanatory notes attached to the financial statements.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2018

1. BASIS OF PREPARATION

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

- (i) The requirement of the Malaysian Financial Reporting Standards ("MFRS") 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 2017 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 2017. 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 2017.
- (iii) The key effects of adopting MFRS 15 on the property development properties of the Group are as follows:
 - (a) it requires the identification of separate performance obligations arising from the sales of property units from various property development projects for the Group, and may result in acceleration and deferment of revenue recognition in relation to these separate performance obligation.
 - (b) it requires combination of contracts, i.e., sales of land and construction of building when two or more contracts are negotiated as a package.
 - (c) it requires the expenses attributable to securing contracts with customers such as commission and sales promotion cost to be capitalised and expensed by reference to the progress towards complete satisfaction of the performance obligation.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2017 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 2018.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2018

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 2017. There were no changes in estimates that have had a material effect in the current quarter results.

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 2018 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 2018. Total treasury shares repurchased cumulatively as at 31 December 2018 is 512,512 ordinary shares, representing a cumulative 0.10% of the total paid up share capital of the company as at 31 December 2018. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016. There is no repurchase of treasury share subsequent to the interim financial period ended 31 December 2018.

(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 2018, which are within the Group's objectives for capital management, are as follows:

	31.12.2018	31.12.2017
	RM	RM
Total borrowing	764,877,688	820,875,814
Trade and other payables	261,918,799	186,051,775
Less: Term deposits	(433,456)	(582,553)
Less: cash and bank balances	(11,804,458)	(22,017,824)
Net debts	<u>1,014,558,573</u>	<u>984,327,212</u>
Equity attributable to the owners of parents	<u>908,007,455</u>	<u>936,715,592</u>
Capital and net debts	<u>1,922,566,029</u>	<u>1,921,042,804</u>
Gearing ratio	<u>53%</u>	<u>51%</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2018

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 2018 are as follows:

	31.12.2018
	RM
Repayment of revolving credit (net of repayment)	(79,595,089)
Drawdown of term loan	49,000,000
Repayment of term loan	(22,311,633)
	(3,677,361)

7. DIVIDEND PAID

Dividend paid on 28 September 2018 was declared and approved in AGM on 29 June 2018, in respect of financial year ended 31 December 2017. Details of the share and cash dividends are as follows:

- (a) a final share dividend at the ratio of six (6) treasury shares for every one thousand (1000) ordinary shares, amounting to RM5,961,040, has been distributed to the entitled shareholders in relation to the share dividend
- (b) a final cash dividend of zero point seven sen (0.7 sen) per ordinary shares, amounting to RM3,677,361, has been distributed to the entitled shareholders in relation to the cash dividend.

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 2017.

9(a). TRADE AND OTHER RECEIVABLES

	As at	As at
	31.12.2018	31.12.2017
	RM	RM
Trade receivables	76,161,432	56,999,700
Less: Provision for impairment	(11,577,761)	(11,071,384)
	<u>64,583,671</u>	<u>45,928,316</u>
Other receivables	76,781,107	24,796,969
	<u>141,364,778</u>	<u>70,725,285</u>

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

The ageing analysis for the trade receivables are as follows:

	As at 31.12.2018 RM	As at 31.12.2017 RM
Neither past due nor impaired	6,543,876	23,695,762
1-30 days	3,254,712	3,645,748
31-60 days	2,135,700	3,428,273
61-90 days	11,453,210	1,978,774
91-120 days	4,685,435	3,548,505
121-150 days	7,245,001	2,712,366
>150 days	29,265,737	6,918,889
	58,039,795	22,232,555
Impaired	11,577,761	11,071,383
	<u>76,161,432</u>	<u>56,999,700</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 RM Nil owing by certain directors of the Company
- (ii) an amount of RM Nil 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 31,460,233 (2017-RMNil).

10. SUBSEQUENT EVENTS

There is no subsequent event from the financial period ended 31 December 2018 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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2018

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There is no contingent liabilities and contingent assets for the period ended 31 December 2018 and the date of this interim financial report.

13. CAPITAL COMMITMENTS

There is not capital commitment as at 31 December 2018.

14. PERFORMANCE REVIEW

	3 months ended		changes		12 months ended		changes	
	31.12.2018	31.12.2017			31.12.2018	31.12.2017		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	86,760,819	100,783,550	(14,022,731)	-14%	362,722,505	344,403,460	18,319,045	5%
Profit from operations	12,262,986	36,409,446	(24,146,460)	-66%	66,064,360	89,930,087	(23,865,727)	-27%
Profit before tax	1,208,702	24,954,646	(23,745,944)	-95%	26,062,477	50,133,525	(24,071,048)	-48%
Profit for the period	419,711	16,394,953	(15,975,242)	-97%	15,607,504	32,468,138	(16,860,634)	-52%

The Group's cumulative turnover for the current financial period ended 31 December 2018 is RM 362,722,505 (year 2017-RM344,403,460) and profit before taxation is reported at RM 26,062,477 (year 017-RM50,133,525). The revenue as well as profit before taxation for the current quarter is lower compared to previous year's corresponding quarter due to a lower progressive profit recognised in the current quarter as a result of a slower project progress in the current year. The Group's performance for this year is mainly derived from profit recognition from sales of inventories in Taman Samudera, progressive profit recognition of Kiara 163 , Sfera Residensi and Taman Sejati II projects.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2018

14. PERFORMANCE REVIEW (Contd.)

	Current Quarter RM	Immediate Preceding Quarter RM	Changes	
			RM	%
Revenue	86,760,819	98,180,460	(11,419,641)	-12%
Profit from operations	12,262,986	24,352,598	(12,089,612)	-50%
Profit before tax	1,208,702	13,797,314	(12,588,612)	-91%
Profit for the period	419,711	6,894,594	(6,474,883)	-94%

On a quarter to quarter basis, the current quarter profit before taxation of RM1,208,702 is lower than previous quarter of RM13,797,314. This is due to the Group has a slower progress in project development and resulted in a lower profit recognised in the current quarter of the year.

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

	31.12.2018	31.12.2017
	RM	RM
Other operating income		
Gain on disposal of investment properties	-	12,669,519
Gain on land acquisition by government	19,234	6,223,743
Gain on disposal of property, plant and equipment	3,370,496	3,780,674
Rental income from properties and machineries	27,169,843	13,014,501
Provision for onerous contract loss		
written back	6,900,000	-
Commission income	-	1,472,039
Foreign exchange gain	-	1,473,660
Sales of building material & others	1,909,977	1,307,473
	-	
	39,369,550	39,941,609

15. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

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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 for retail mall for Kiara 163 is expected to complete in the current financial year while the balance two blocks are expected to contribute to the Group for the next two 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 complete in the financial year 2019.

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.

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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.

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17. FINANCE COSTS

This is arrived at after charging:	12 months ended 31.12.2018 RM
Short term revolving interest	24,120,995
Term loan interest	8,475,158
Overdraft interest	<u>7,405,730</u>

18. INCOME TAX EXPENSE

	3 months ended 31.12.2018 RM	3 months ended 31.12.2017 RM	12 months ended 31.12.2018 RM	12 months ended 31.12.2017 RM
Tax expense for the period:				
Malaysian income tax	(1,576,250)	(8,466,059)	(8,340,532)	(22,536,472)
Deferred tax	787,259	(93,634)	(2,114,441)	4,871,085
	<u>(788,991)</u>	<u>(8,559,693)</u>	<u>(10,454,973)</u>	<u>(17,665,387)</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 31.12.2018 RM
Profit before tax	<u>26,062,477</u>
Taxation at applicable statutory tax rate	(6,254,994)
Expenses not deductible for tax purposes	(4,384,079)
Income not taxable	1,351,680
Others timing differences	<u>(1,167,580)</u>
Tax expense for the quarter/year	<u>(10,454,973)</u>

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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 31.12.2018					
	Long term		Short term		Total borrowings	
	USD denomination	RM denomination	USD denomination	RM denomination	USD denomination	RM denomination
Secured						
Secured-Finance lease liabilities	-	-	-	-	-	-
Secured-Term loan		174,045,115	-	104,451,778	-	278,496,893
Secured-Bank overdraft and revolving credit	-	-	-	486,380,795	-	486,380,795

	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	-	-	4,071,700	-	4,071,700	-
Secured-Term loan	-	238,201,403	-	24,535,423	-	262,736,826
Secured-Bank overdraft and revolving credit	-	-	-	554,067,288	-	554,067,288

The weighted average interest of borrowings is 5.85 % and RM 6,388,712 of loan and borrowings in the current year are based on fixed interest rate and RM758,488,976 of loan and borrowings are based on floating interest rate.

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.

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22. OTHER CURRENT LIABILITIES

Included in other current liabilities is accrued billing of RM48,881,980 (2017-RM36,654,748).

23. PROVISIONS

	As at 31.12.2018	As at 31.12.2016
	RM	RM
Opening	15,566,620	14,389,649
Provision during the period/year	329,469	7,474,727
Utilisation/ written back during the period/year	(8,050,089)	(6,297,756)
Closing	<u>7,846,000</u>	<u>15,566,620</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”).

An out of court consent judgement in favour of YNHR is obtained on 8 November 2018 whereby YNHR is entitled to a RM4,000,000 fee as a full and final settlement of the case.

25. DIVIDEND PAYABLE

Dividend paid during the year are as followed:

- (a) a final share dividend at the ratio of six (6) treasury shares for every one thousand (1000) ordinary shares, amounting to RM5,961,040, has been distributed to the entitled shareholders in relation to the share dividend.
- (b) a final cash dividend of zero point seven sen (0.7 sen) per ordinary shares, amounting to RM3,677,361, has been distributed to the entitled shareholders in relation to the cash dividend.

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

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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 31.12.2018	3 months ended 31.12.2017	12 months ended 31.12.2018	12 months ended 31.12.2017
	RM	RM	RM	RM
Net profit for the period	419,711	16,394,953	15,607,504	32,468,138
Weighted average number of ordinary shares in issue	528,999,579	528,999,579	528,999,579	528,999,579
Basic earnings per share (sen)	0.08	3.10	2.95	6.14

(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 31.12.2018	3 months ended 31.12.2017	12 months ended 31.12.2018	12 months ended 31.12.2017
	RM	RM	RM	RM
Net profit for the period	419,711	16,394,953	15,607,504	32,468,138
Weighted average number of ordinary shares in issue	528,999,579	528,999,579	528,999,579	528,999,579
Adjusted weighted number of ordinary shares in issue	528,999,579	528,999,579	528,999,579	528,999,579
Diluted earnings per share (sen)	0.08	3.10	2.95	6.14

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27. RELATED PARTY TRANSACTION

The Group's related party transactions cumulative period-to-date ended 31 December 2018 are as follows:

Party	Transaction	31.12.2018 RM
Transaction with non-group members	Rental of equipment and transportation payable, purchase of construction material, rental of land and properties and entitlement payable	3,337,308
	Rental of properties and equipment received	3,332,080
	Sales of properties	-
	Sales of building material	-
Transaction with person connected with Directors	Guarantee return paid for service apartment	837,484
	Legal services and disbursement paid (including stamp duty etc.)	1,642,489
	Sales of properties	24,030,000
	Rental of properties received	-
Transaction with Directors	Sales of properties	66,737,820
	Guarantee return paid for service apartment and office	9,792,567
Transaction with Directors	Legal services and disbursement paid (including stamp duty etc.)	837,586

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

Type of compensation	31.12.2018 RM
Salaries and allowances (including employer EPF portion)(Executive directors)	10,417,734
Directors fee & allowances (Independent & non executive directors)	354,167
Employee share option	-
	<u>10,771,901</u>

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28. 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.

29. 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 28 February 2019.

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30. SEGMENTAL REPORTING

	Property Development & Construction		Hotel & Hospitality		Adjustment & Elimination		Consolidated	
	31.12.2018 RM	31.12.2017 RM	31.12.2018 RM	31.12.2017 RM	31.12.2018 RM	31.12.2017 RM	31.12.2018 RM	31.12.2017 RM
Revenue								
External customers	300,909,863	279,685,658	61,812,642	64,717,802	-	-	362,722,505	344,403,460
Inter-segment		-	98,753	85,738	(98,753)	(85,738)	-	-
Results								
Interest income	155,326	336,522	-	1,879,629	-	-	155,326	2,216,151
Dividend income	-	-	-	-	-	-	-	-
Depreciation	10,375,000	11,199,336	2,235,000	2,156,348	-	-	12,610,000	13,355,684
Finance cost	39,148,883	39,037,830	853,000	758,732	-	-	40,001,883	39,796,562
Profit/(loss) before taxation	26,428,404	97,614,371	(365,927)	(47,480,846)	-	-	26,062,477	50,133,525
Segment assets	1,750,188,201	1,805,575,648	285,807,400	255,298,971	-	-	2,035,995,601	2,060,874,619
Segment liabilities	852,096,636	830,631,039	275,891,510	293,527,988	-	-	1,127,988,146	1,124,159,027