



YNH PROPERTY BHD
(Incorporated in Malaysia)

(561986-V)

Interim Financial Statements
30 June 2018

YNH PROPERTY BHD
(Incorporated in Malaysia)

**Condensed Consolidated Profit or Loss and Other Comprehensive Income
For the Six Months Period Ended 30 June 2018**

	Note	3 months ended		6 months ended	
		30.06.2018 RM	30.06.2017 RM	30.06.2018 RM	30.06.2017 RM
Revenue		98,435,612	63,129,015	177,781,225	130,510,856
Cost of sales		(66,135,056)	(34,599,041)	(113,515,359)	(78,367,082)
Gross profit		32,300,556	28,529,974	64,265,866	52,143,774
Other income		5,995,839	17,315,580	13,089,986	37,644,262
Administrative expenses		(14,416,810)	(15,131,775)	(32,184,413)	(32,887,798)
Selling and marketing expenses		(1,879,610)	(2,675,593)	(3,328,502)	(3,147,140)
Other operating expenses		(7,932,856)	(6,185,986)	(12,394,161)	(16,021,835)
		(24,229,276)	(23,993,354)	(47,907,076)	(52,056,773)
Profit from operations		14,067,119	21,852,200	29,448,776	37,731,263
Finance costs	17	(10,073,085)	(10,960,210)	(18,392,315)	(19,675,264)
Profit before tax		3,994,034	10,891,990	11,056,461	18,055,999
Income tax expense	18	(890,758)	(5,107,741)	(2,763,262)	(7,037,552)
Profit for the period		3,103,276	5,784,249	8,293,199	11,018,447
Other comprehensive income					
-Foreign currency translation difference		1,272,099	21,241	(166,005)	(427,789)
Total comprehensive income for the period		4,375,375	5,805,490	8,127,194	10,590,658
Earnings per share (sen)					
Basic	26 (a)	0.59	1.09	1.57	2.08
Diluted	26 (b)	0.59	1.09	1.57	2.08

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 30 June 2018**

	Note	As at 30.06.2018 RM	As at 31.12.2017 RM
NON-CURRENT ASSETS			
Property, plant and equipment	8	163,678,598	169,743,909
Deferred tax assets		58,500,943	59,168,275
Investment properties	29	307,084,735	307,961,819
Goodwill on consolidation		17,626,036	17,626,036
Land held for future development		390,325,210	388,410,819
Other non-current assets	9(b)	482,352,826	463,205,670
Receivables		3,318,418	3,318,418
		<u>1,422,886,767</u>	<u>1,409,434,946</u>
CURRENT ASSETS			
Property development costs		407,134,537	410,093,135
Inventories		56,171,957	82,719,733
Trade and other receivables	9(a)	105,929,818	111,851,205
Other current assets	9(c)	10,498,835	12,515,898
Tax recoverable		14,755,971	11,659,325
Term deposits and fixed income trust fund		424,609	582,553
Cash and bank balances		15,037,997	22,017,824
		<u>609,953,724</u>	<u>651,439,673</u>
TOTAL ASSETS		<u>2,032,840,491</u>	<u>2,060,874,619</u>

**Condensed Consolidated Statement of Financial Position as at 30 June 2018
(Contd.)**

	Note	As at 30.06.2018 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		(6,931,199)	(6,931,198)
Other reserves		31,411,321	31,577,326
Retained earnings		391,363,086	383,069,885
Total equity		<u>944,842,787</u>	<u>936,715,592</u>
Non-Current Liabilities			
Payables		17,500,000	15,653,789
Provisions	23	8,315,460	8,315,460
Deferred tax liabilities		38,376,630	40,504,037
Long term liabilities	20	<u>226,749,926</u>	<u>238,201,403</u>
		<u>290,942,016</u>	<u>302,674,689</u>
CURRENT LIABILITIES			
Trade and other payables		184,706,282	154,744,197
Other current liabilities	22	13,360,975	73,781,173
Provisions	23	9,019,827	7,251,160
Borrowings	20	586,623,145	582,674,411
Income tax payable		3,345,459	3,033,397
		<u>797,055,688</u>	<u>821,484,338</u>
TOTAL LIABILITIES		<u>1,087,997,704</u>	<u>1,124,159,027</u>
TOTAL EQUITY AND LIABILITIES		<u>2,032,840,491</u>	<u>2,060,874,619</u>
NTA per share (RM)		<u>1.75</u>	<u>1.74</u>
Net asset per share (RM)		<u>1.79</u>	<u>1.77</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 Six Months Period Ended 30 June 2018**

	Attributable to Equity Holders of the Company							Total RM
	Share capital RM	Non-distributable			Distributable			
		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	-	-	-	-	-	-	11,018,447	11,018,447
<u>Other comprehensive income</u>								
-Foreign currency translation difference	-	-	-	(427,789)	-	-	-	(427,789)
Closing balance at 30 June 2017	528,999,579	-	-	7,697,958	26,578,054	(6,931,199)	361,620,194	917,964,586
Opening balance at 1 January 2018	528,999,579			4,999,272	26,578,054	(6,931,199)	383,069,886	936,715,592
<u>Comprehensive income</u>								
Profit for the year	-	-	-	-	-	-	8,293,199	8,293,199
<u>Other comprehensive income</u>								
Foreign currency translation difference	-	-	-	(166,005)	-	-	-	(166,005)
Closing balance at 30 June 2018	528,999,579	-	-	4,833,267	26,578,054	(6,931,199)	391,363,085	944,842,786

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 Six Months Period Ended 30 June 2018

	6 months ended 30.06.2018 RM	12 months ended 31.12.2017 RM
Profit before taxation	<u>11,056,461</u>	<u>50,133,525</u>
Net cash (used in)/from operating activities	(509,137)	33,444,698
Net cash from investing activities	1,033,898	37,065,396
Net cash used in financing activities	<u>(36,559,092)</u>	<u>(52,372,911)</u>
Net (decrease)/increase in cash and cash equivalents	(36,034,330)	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>(102,527,581)</u>	<u>(66,493,251)</u>

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

Fixed deposits	424,609	577,000
Less: pledged fixed deposits	(422,763)	(570,734)
	1,846	6,266
* Cash and bank balances	15,037,997	18,696,579
Bank overdraft (included within borrowings in Note 20)	(117,567,424)	(99,505,370)
	<u>(102,527,581)</u>	<u>(80,802,525)</u>

- * Included in cash at banks of the Group are amounts of RM4,522,913 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 - 30 JUNE 2018

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 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.

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 30 June 2018 except as describe as below:

- (a) Included in other operating expenses in the second quarter of the financial year is a loss of foreign exchange of RM1,112,823.

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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2018

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 30 June 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 30 June 2018. Total treasury shares repurchased cumulatively as at 30 June 2018 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 30 June 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 30 June 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 30 June 2018, which are within the Group's objectives for capital management, are as follows:

	30.06.2018	31.12.2017
	RM	RM
Total borrowing	813,373,071	820,875,814
Trade and other payables	184,706,282	186,051,775
Less: Term deposits	(424,609)	(582,553)
Less: cash and bank balances	(15,037,997)	(22,017,824)
Net debts	<u>982,616,747</u>	<u>984,327,212</u>
Equity attributable to the owners of parents	<u>944,842,787</u>	<u>936,715,592</u>
Capital and net debts	<u>1,927,459,534</u>	<u>1,921,042,804</u>
Gearing ratio	<u>51%</u>	<u>51%</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 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 30 June 2018 are as follows:

	30.06.2018
	RM
Repayment of revolving credit (net of repayment)	(21,035,914)
Repayment of term loan	(15,523,178)

7. DIVIDEND PAID

No dividend was paid for the financial period ended 30 June 2018.

The shareholders had at the Annual General Meeting held on 29 June 2018 approved the following final dividend in respect of the financial year ended 31.12.2017:

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

The actual treasury shares and cash dividend to be distributed will depend on the issued share capital on the entitlement date. Entitlement date and payment date are 30 August 2018 and 28 September 2018 respectively. Such dividend, 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 2017.

9(a). TRADE AND OTHER RECEIVABLES

	As at	As at
	30.06.2018	31.12.2017
	RM	RM
Trade receivables	104,810,380	98,125,620
Less: Provision for impairment	(11,077,205)	(11,071,384)
	<u>93,733,175</u>	<u>87,054,236</u>
Other receivables	12,196,643	24,796,969
	<u>105,929,818</u>	<u>111,851,205</u>

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

The ageing analysis for the trade receivables are as follows:

	As at 30.06.2018 RM	As at 31.12.2017 RM
Neither past due nor impaired	6,265,395	23,695,762
1-30 days	17,697,795	3,645,748
31-60 days	7,174,383	3,428,273
61-90 days	14,474,793	1,978,774
91-120 days	5,360,296	3,548,505
121-150 days	9,673,975	2,712,366
>150 days	33,086,537	48,044,809
	87,467,780	63,358,475
Impaired	11,077,205	11,071,383
	104,810,380	98,125,620

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 RM36,913,384 owing by certain directors of the Company and companies related to a director
- (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 RM7,113,029(2017-RMNil).

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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2018

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There is no contingent liabilities and contingent assets for the period ended 30 June 2018 and the date of this interim financial report.

13. CAPITAL COMMITMENTS

There is not capital commitment as at 30 June 2018.

14. PERFORMANCE REVIEW

	3 months ended		changes		6 months ended		changes	
	30.06.2018	30.06.2017			30.06.2018	30.06.2017		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	98,435,612	63,129,015	35,306,597	56%	177,781,225	130,510,856	47,270,369	36%
Profit from operations	14,067,119	21,852,200	(7,785,081)	-36%	29,448,776	37,731,263	(8,282,487)	-22%
Profit before tax	3,994,034	10,891,990	(6,897,956)	-63%	11,056,461	18,055,999	(6,999,538)	-39%
Profit for the period	3,103,276	5,784,249	(2,680,973)	-46%	8,293,199	11,018,447	(2,725,248)	-25%

The Group's cumulative turnover for the current financial period ended 30 June 2018 is RM177,781,225 (year 2017-RM130,510,856) and profit before taxation is reported at RM11,056,461 (year 2017-RM18,055,999). The profit before taxation for the current quarter is lower compared to previous year's corresponding quarter mainly due to previous year profit before taxation includes a gain on disposal of investment property of RM12,669,5819 and a gain on land acquisition by government of RM6,223,743. The Group's performance for this year is mainly derived from profit recognition from progressive profit recognition of Kiara 163 , Sfera Residensi and sales of Pangsapuri Samudera.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2018

14. PERFORMANCE REVIEW (Contd.)

	Current Quarter RM	Immediate Preceding Quarter RM	Changes	
			RM	%
Revenue	98,435,612	79,345,613	19,089,999	24%
Profit from operations	14,067,119	15,381,657	(1,314,538)	-9%
Profit before tax	3,994,034	7,062,427	(3,068,393)	-43%
Profit for the period	3,103,276	5,189,923	(2,086,647)	-40%

On a quarter to quarter basis, the current quarter profit before taxation of RM 3,994,034 is lower than previous quarter of RM7,062,427. This is due to the Group recognised a loss on foreign exchange of RM1,112,823 in the second quarter of the financial year. As a results, the Group recognised a lower profit for the second quarter of the financial year.

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

	30.06.2018 RM	30.06.2017 RM
Other operating income		
Gain on disposal of investment properties	-	12,669,519
Gain on land acquisition by government	-	6,223,743
Gain on disposal of property, plant and equipment	-	3,780,674
Rental income from properties and machineries	11,686,988	6,228,036
Provision for onerous contract loss written back	-	4,279,802
Provision for impairment on other receivables written back	673,770	-
Commission income	-	1,344,538
Foreign exchange gain	-	201,962
Sales of building material & others	729,228	2,915,988
	-	
	13,089,986	37,644,262

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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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2018

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 and is 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 2018.

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:	6 months ended 30.06.2018 RM
Short term revolving interest	11,069,597
Term loan interest	4,208,839
Overdraft interest	<u>3,113,879</u>

18. INCOME TAX EXPENSE

	3 months ended 30.06.2018 RM	3 months ended 30.06.2017 RM	6 months ended 30.06.2018 RM	6 months ended 30.06.2017 RM
Tax expense for the period:				
Malaysian income tax	310,000	(5,726,786)	(3,555,000)	(7,945,658)
Deferred tax	(1,200,758)	619,045	791,738	908,106
	<u>(890,758)</u>	<u>(5,107,741)</u>	<u>(2,763,262)</u>	<u>(7,037,552)</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:

	6 months ended 30.06.2018 RM
Profit before tax	<u>11,056,461</u>
Taxation at applicable statutory tax rate	(2,653,551)
Expenses not deductible for tax purposes	1,518,995
Income not taxable	(1,098,640)
Others timing differences	(530,067)
Tax expense for the quarter/year	<u>(2,763,262)</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 2nd quarter ended 30.06.2018					
	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		251,285,349	-	24,535,423	-	275,820,772
Secured-Bank overdraft and revolving credit	-	-	-	537,552,299	-	537,552,299

	As at 2nd quarter ended 30.06.2017					
	Long term		Short term		Total borrowings	
	USD denomination	RM denomination	USD denomination	RM denomination	USD denomination	RM denomination
Secured						
Secured-Finance lease liabilities	-	-	8,733,089	-	8,733,089	-
Secured-Term loan	-	221,720,105	-	16,850,480	-	238,570,585
Secured-Bank overdraft and revolving credit	-	-	-	610,647,755	-	610,647,755

The weighted average interest of borrowings is 5.85 % and RM 7,208,846 of loan and borrowings in the current year are based on fixed interest rate and RM 842,009,494 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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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2018

22. OTHER CURRENT LIABILITIES

Included in other current liabilities is accrued billing of RM23,393,750(2017-RM36,654,748).

23. PROVISIONS

	As at 30.06.2018	As at 31.12.2016
	RM	RM
Opening	15,566,620	14,389,649
Provision during the period/year	1,970,141	7,474,727
Utilisation/ written back during the period/year	(201,474)	(6,297,756)
Closing	<u>17,335,287</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”).

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 30 June 2018.

25. DIVIDEND PAYABLE

The shareholders had at the Annual General Meeting held on 29 June 2018 approved the following final dividend in respect of the financial year ended 31.12.2017:

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

The actual treasury shares and cash dividend to be distributed will depend on the issued share capital on the entitlement date. Entitlement date and payment date are 30 August 2018 and 28 September 2018 respectively. Such dividend, 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.

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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 30.06.2018	3 months ended 30.06.2017	6 months ended 30.06.2018	6 months ended 30.06.2017
	RM	RM	RM	RM
Net profit for the period	3,103,276	5,784,249	8,293,199	11,018,447
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)	0.59	1.09	1.57	2.08

(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 30.06.2018	3 months ended 30.06.2017	6 months ended 30.06.2018	6 months ended 30.06.2017
	RM	RM	RM	RM
Net profit for the period	3,103,276	5,784,249	8,293,199	11,018,447
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)	0.59	1.09	1.57	2.08

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27. RELATED PARTY TRANSACTION

The Group's related party transactions cumulative period-to-date ended 30 June 2018 are as follows:

Party	Transaction	30.06.2018 RM
Transaction with non-group members	Rental of equipment and transportation payable, purchase of construction material, rental of land and properties and entitlement payable	3,362,671
	Rental of properties and equipment received	<u>(144,000)</u>
	Sales of properties	<u>(30,000)</u>
	Sales of building material	<u>-</u>
Transaction with person connected with Directors	Guarantee return paid for service apartment	<u>601,512</u>
	Legal services and disbursement paid (including stamp duty etc.)	<u>1,048,027</u>
	Sales of properties	<u>(14,377,800)</u>
	Rental of properties received	<u>(9,360)</u>
Transaction with Directors	Sales of properties	(66,737,820)
	Guarantee return paid for service apartment and office	<u>5,321,022</u>
Transaction with Directors	Legal services and disbursement paid (including stamp duty etc.)	<u>274,086</u>

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

	30.06.2018 RM
Type of compensation	
Salaries and allowances (including employer EPF portion)(Executive directors)	5,208,867
Directors fee & allowances (Independent & non executive directors)	228,027
Employee share option	-
	<u>5,436,894</u>

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28. INVESTMENT PROPERTIES

	Completed investment property RM	Investment property under construction RM	Total RM
Cost			
At 1 January	251,718,768	68,086,114	319,804,882
Additions	1,464,129	-	1,464,129
As at 30 June 2018	<u>253,182,897</u>	<u>68,086,114</u>	<u>321,269,011</u>
Accumulated amortisation			
At 1 January	11,843,063	-	11,843,063
Additions	2,341,213	-	2,341,213
As at 30 June 2018	<u>14,184,276</u>	<u>-</u>	<u>14,184,276</u>
Net carrying amounts	<u>238,998,621</u>	<u>68,086,114</u>	<u>307,084,735</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 30 August 2018.

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31. SEGMENTAL REPORTING

	Property Development & Construction		Hotel & Hospitality		Adjustment & Elimination		Consolidated	
	30.06.2018 RM	30.06.2017 RM	30.06.2018 RM	30.06.2017 RM	30.06.2018 RM	30.06.2017 RM	30.06.2018 RM	30.06.2017 RM
Revenue								
External customers	148,954,796	99,727,291	28,826,429	30,783,565	-	-	177,781,225	130,510,856
Inter-segment		-	115,320	129,239	(115,320)	(129,239)	-	-
Results								
Interest income	79,500	92,058	-	-	-	-	79,500	92,058
Dividend income	-	-	-	-	-	-	-	-
Depreciation	6,832,113	6,448,871	2,081,410	2,958,939	-	-	8,913,523	9,407,810
Finance cost	17,858,022	19,108,807	534,293	566,457	-	-	18,392,315	19,675,264
Profit/(loss) before taxation	13,580,996	7,699,962	(2,524,535)	10,356,037			11,056,461	18,055,999
Segment assets	1,755,402,091	1,764,880,912	277,438,400	251,287,724	-	-	2,032,840,491	2,016,168,636
Segment liabilities	830,241,160	837,123,245	257,756,544	261,080,805	-	-	1,087,997,704	1,098,204,050