



YNH PROPERTY BHD
(Incorporated in Malaysia)

(561986-V)

Interim Financial Statements
30 September 2016

YNH PROPERTY BHD
(Incorporated in Malaysia)

Condensed Consolidated Profit or Loss and Other Comprehensive Income
For the Nine Months Period Ended 30 September 2016

	Note	3 months ended		9 months ended	
		30.09.2016 RM	30.09.2015 RM	30.09.2016 RM	30.09.2015 RM
Revenue		90,036,572	112,819,945	246,702,043	259,909,803
Cost of sales		(36,474,622)	(70,715,910)	(112,036,886)	(173,179,424)
Gross profit		53,561,951	42,104,035	134,665,157	86,730,379
Other income	4(a)	16,364,078	9,436,523	33,015,476	24,980,981
Administrative expenses		(12,282,255)	(11,593,761)	(36,824,345)	(36,170,831)
Selling and marketing expenses		(411,040)	(2,247,309)	(2,554,069)	(7,581,548)
Other operating expenses	4(b)	(34,896,928)	(24,202,538)	(65,681,642)	(25,700,906)
		(47,590,223)	(38,043,608)	(105,060,056)	(69,453,285)
Profit from operations		22,335,806	13,496,950	62,620,577	42,258,075
Finance costs	17	(9,315,512)	(9,465,677)	(27,133,955)	(23,927,517)
Profit before tax	17	13,020,294	4,031,273	35,486,622	18,330,558
Income tax expense	18	(2,976,156)	(2,528,161)	(9,737,828)	(9,213,652)
Profit for the period		10,044,138	1,503,112	25,748,794	9,116,906
Other comprehensive income					
-Foreign currency translation difference		1,067,943	3,998,420	(1,213,505)	6,716,060
Total comprehensive income for the period		11,112,081	5,501,532	24,535,289	15,832,966
Earnings per share (sen)					
Basic	26 (a)	2.19	0.37	6.07	2.24
Diluted	26 (b)	2.19	0.37	6.07	2.24

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the financial statements.

YNH PROPERTY BHD

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Financial Position
As at 30 September 2016**

	Note	As at 30.09.2016 RM	As at 31.12.2015 RM
NON-CURRENT ASSETS			
Property, plant and equipment	8	186,164,428	196,920,315
Deferred tax assets		53,314,236	46,443,976
Investment properties	29	348,409,778	344,965,129
Goodwill on consolidation		17,626,036	17,626,036
Land held for future development		377,988,781	368,615,659
Other non-current assets	9(b)	355,836,670	321,046,670
Receivables		6,174,861	6,774,861
		<u>1,345,514,790</u>	<u>1,302,392,646</u>
CURRENT ASSETS			
Property development costs		401,661,952	400,416,810
Inventories		29,239,014	48,871,673
Trade and other receivables	9(a)	136,801,902	81,289,711
Other current assets	9(c)	40,951,563	47,115,182
Tax recoverable		1,260,021	7,740,657
Term deposits and fixed income trust fund		566,107	986,126
Cash and bank balances		23,722,691	29,843,684
		<u>634,203,250</u>	<u>616,263,843</u>
TOTAL ASSETS		<u>1,979,718,040</u>	<u>1,918,656,489</u>

**Condensed Consolidated Statement of Financial Position as at 30 September 2016
(Contd.)**

	Note	As at 30.09.2016 RM	As at 31.12.2015 RM
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		528,999,579	441,446,129
Share premium		-	44,698,178
Treasury shares		(6,931,198)	(74,593,405)
Other reserves		31,877,361	33,090,866
Retained earnings		342,463,479	429,782,000
Total equity		<u>896,409,221</u>	<u>874,423,768</u>
Non-Current Liabilities			
Deferred tax liabilities		43,017,363	43,372,513
Long term liabilities	20	<u>254,965,528</u>	<u>242,548,544</u>
		<u>297,982,891</u>	<u>285,921,057</u>
CURRENT LIABILITIES			
Trade and other payables		139,546,167	128,099,019
Other current liabilities	22	16,167,500	52,160,689
Provisions	23	15,790,008	21,376,920
Borrowings	20	610,587,431	556,452,529
Income tax payable		3,234,821	222,507
		<u>785,325,927</u>	<u>758,311,664</u>
TOTAL LIABILITIES		<u>1,083,308,818</u>	<u>1,044,232,721</u>
TOTAL EQUITY AND LIABILITIES		<u>1,979,718,039</u>	<u>1,918,656,489</u>
NTA per share (RM)		<u>1.66</u>	<u>1.94</u>
Net asset per share (RM)		<u>1.69</u>	<u>1.98</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 Nine Months Period Ended 30 September 2016**

	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 2015	441,446,129	-	52,226,740	906,742	26,578,054	(57,565,069)	411,207,462	874,800,058
<u>Comprehensive income</u>								
Profit for the year	-	-	-	-	-	-	9,116,906	9,116,906
<u>Other comprehensive income</u>								
-Foreign currency translation difference	-	-	-	6,716,060	-	-	-	6,716,060
<u>Transaction with owners</u>								
Purchase of treasury shares	-	-	-	-	-	(24,556,899)	-	(24,556,899)
Share dividend			(7,528,562)			7,528,562		
Total transactions with owners	-	-	(7,528,562)	-	-	(17,028,337)	-	(24,556,899)
Closing balance at 30 September 2015	441,446,129	-	44,698,178	7,622,802	26,578,054	(74,593,406)	420,324,368	866,076,125
Opening balance at 1 January 2016	441,446,129	-	44,698,178	6,512,812	26,578,054	(74,593,405)	429,782,000	874,423,768
<u>Comprehensive income</u>								
Profit for the year	-	-	-	-	-	-	25,748,794	25,748,794
<u>Other comprehensive income</u>								
Foreign currency translation difference	-	-	-	(1,213,505)	-	-	-	(1,213,505)
<u>Transactions with owners</u>								
Purchase of treasury shares	-	-	-	-	-	-	-	-
Bonus issue	87,553,450	-	-	-	-	(2,549,836)	(87,553,450)	(2,549,836)
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 30 September 2016	528,999,579	-	-	5,299,307	26,578,054	(6,931,198)	342,463,479	896,409,221

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the financial statements.

YNH PROPERTY BHD
(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flow
For the Nine Months Period Ended 30 September 2016

	9 months ended 30.09.2016 RM	12 months ended 31.12.2015 RM
Profit before taxation	<u>35,486,622</u>	<u>25,057,752</u>
Net cash used in operating activities	(56,717,569)	(8,036,985)
Net cash used in investing activities	(13,842,895)	(76,343,300)
Net cash generated from financing activities	<u>43,433,164</u>	<u>94,405,110</u>
Net (decrease)/increase in cash and cash equivalents	(27,127,299)	10,024,825
Cash and cash equivalents at beginning of financial period	(43,609,381)	(53,634,206)
Cash and cash equivalents at end of financial period	<u>(70,736,680)</u>	<u>(43,609,381)</u>

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

Fixed deposits	566,107	986,126
Less: pledged fixed deposits	(566,107)	(548,706)
	-	437,420
* Cash and bank balances	23,722,691	29,843,684
Bank overdraft (included within borrowings in Note 20)	<u>(94,459,371)</u>	<u>(73,890,485)</u>
	<u>(70,736,680)</u>	<u>(43,609,381)</u>

- * Included in cash at banks of the Group are amounts of RM 21,785,913 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 2015 and the accompanying explanatory notes attached to the financial statements.

YNH PROPERTY BHD

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2016

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 2015 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 2015. 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 2015.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2015 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 September 2016 except as describe below:

- (a) During the current financial year, the Group has recognised a foreign exchange gain of RM1,188,257 due to exposure to US Dollar borrowing. The amount has been reflected as other operating income in the current financial year.
- (b) Included in other operating expenses in the nine month period is rental lease expenses of RM 40,705,811, a provision onerous contract loss of RM11,507,000, a provision for foreseeable loss for contract account of RM2,861,920 and a depreciation charge of RM5,079,435.

YNH PROPERTY BHD

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2016

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

(c) The Group had on 13 April 2016 announced the followings:

(i) Proposed Bonus Issue

Proposed bonus issue of up to 88,289,225 new ordinary shares of RM1.00 each in YNH ("Bonus Shares") on the basis of one (1) Bonus Share for every five (5) existing ordinary shares of RM1.00 each in YNH ("YNH Shares" or "Shares") on an entitlement date at 5 September 2016.

(ii) Proposed Increase in Authorised Share Capital

Proposed increase in authorised share capital of the Company from RM500,000,000 comprising 500,000,000 YNH Shares to RM1,000,000,000 comprising 1,000,000,000 YNH Shares.

(iii) Proposed M&A Amendments

Proposed amendments to the Memorandum and Articles of Association of YNH ("M&A") to facilitate the Proposed Increase in Authorised Share Capital.

The above proposal is approved by Bursa Securities and Extraordinary General Meeting ("EGM") held on 17 August 2016.

(d) The Board after taking into consideration the feedback received from certain shareholders and stakeholders of the Company, had on 2 August 2016, decided to withdraw the Ordinary Resolution 2 and Ordinary Resolutions 4 to 18 in relation to the Proposed ESS as set out in the Notice of EGM dated 12 July 2016. Pursuant thereto, the aforementioned resolutions has not be tabled at the EGM held on 3 August 2016 and 17 August 2016.

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 2015. There were no changes in estimates that have had a material effect in the current quarter results.

YNH PROPERTY BHD

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2016**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 September 2016 and the date of this interim report except the followings:

(a) Treasury Shares

During the financial period ended 30 September 2016, the Company repurchased 1,347,300 of its issued ordinary shares from the open market at an average price of RM 1.89 per share. The total consideration paid for the repurchase including transaction costs was RM2,549,836 and this was financed by internally generated funds. Total treasury shares repurchased as at 30 September 2016 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 September 2016. 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 30 September 2016.

(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 base 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 September 2016, which are within the Group's objectives for capital management, are as follows:

	30.09.2016	31.12.2015
	RM	RM
Total borrowing	865,552,959	799,001,073
Trade and other payables	139,546,167	128,099,019
Less: Term deposits	(566,107)	(986,126)
Less: cash and bank balances	(23,722,691)	(29,843,684)
Net debts	<u>980,810,328</u>	<u>896,270,282</u>
Equity attributable to the owners of parents	<u>896,409,221</u>	<u>874,423,768</u>
Capital and net debts	<u>1,877,219,549</u>	<u>1,770,694,050</u>
Gearing ratio	<u>52%</u>	<u>51%</u>

A higher borrowings is recorded is mainly due a higher working capital requirement as a result of a slower sales during the current financial year.

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2016

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 September 2016 are as follows:

	30.09.2016
	RM
Drawdown of revolving credit (Net of repayment)	33,566,016
Drawdown of term loan (Net of repayment)	12,416,984
Share buy back	(2,549,837)

7. DIVIDEND PAID

Dividend paid during the financial year are as follows:

- (a) In respect of the financial year ended 31 December 2015, the Company paid a final share dividend on the basis of 1 treasury share for every 100 existing ordinary shares of RM1 each held. A total of 4,016,637 treasury share worth of RM 7,603,368 had been distributed on 28.2.2016.
- (b) In respect of the financial year ending 31 December 2016, the Company paid a first interim share dividend on the basis of 1 treasury share for every 25 existing ordinary shares of RM1 each held. A total of 16,239,784 treasury share worth of RM 30,741,402 had been distributed on 20.5.2016.
- (c) In respect of the financial year ending 31 December 2016, the Company paid a second interim share dividend on the basis of 1 treasury share for every 25 existing ordinary shares of RM1 each held. A total of 16,834,803 treasury share worth of RM 31,867,252.43 had been distributed on 12.8.2016.
- (d) The Company had an EGM held on 17 August 2016 approved a Bonus issue of up to 88,289,225 new ordinary shares of RM1.00 each in YNH Property Bhd on the basis of one (1) Bonus Share for every five (5) existing YNH Shares held by the shareholders of YNH whose names appear in the Company's Record of Depositors as at 5.00 p.m. on 5 September 2016.

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 2015.

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2016

9(a) TRADE AND OTHER RECEIVABLES

	As at 30.09.2016 RM	As at 31.12.2015 RM
Trade receivables	103,811,590	61,761,741
Less: Provision for impairment	(1,069,579)	(503,836)
	<u>102,742,011</u>	<u>61,257,905</u>
Other receivables	34,059,891	20,031,806
	<u>136,801,902</u>	<u>81,289,711</u>

The ageing analysis for the trade receivables are as follows:

	As at 30.09.2016 RM	As at 31.12.2015 RM
Neither past due nor impaired	30,559,516	36,680,619
1-30 days	12,644,768	1,705,071
31-60 days	3,807,890	4,387,923
61-90 days	8,756,562	1,925,434
91-120 days	9,329,132	5,212,612
121-150 days	4,246,831	1,132,587
>150 days	33,397,312	10,213,659
	<u>72,182,495</u>	<u>24,577,286</u>
Impaired	1,069,579	503,836
	<u>103,811,590</u>	<u>61,761,741</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 as most of the receivables are secured by financial institutions.

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 38,771,951 (2015-RM10,216,392).

10. SUBSEQUENT EVENTS

There is no material subsequent event from the end of the current quarter to the date of the interim financial statement.

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 - 30 SEPTEMBER 2016**12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There is no contingent liabilities and contingent assets for the period ended 30 September 2016 and the date of this interim financial report.

13. CAPITAL COMMITMENTS**RM**

Contracted but not provided for

12,000,000.00

14. PERFORMANCE REVIEW

The Group's cumulative turnover for the current financial period ended 30 September 2016 is RM 246,702,043 (year 2015-RM259,909,803) and profit before taxation is reported at RM 35,486,622 (year 2015-RM18,330,558). The Group registered a higher profit before taxation for the financial period compared to previous year correspondence quarter due sales of inventories in the current quarter of the financial year. The Group's performance for this year is mainly derived from profit recognition from sales of inventories in Fraser Residence Kuala Lumpur and Taman Desa Manjung, progressive profit recognition of Kiara 163 and Sfera Residensi projects as well as sales of development land.

On a quarter to quarter basis, the current quarter profit before taxation of RM13,020,294 is lower than previous quarter of RM18,407,554. This is mainly due to recognition of sales of inventories in Fraser Residence Kuala Lumpur in the second current quarter of the financial year, thus, pushed up the performance for the second quarter of the financial year.

15. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

16. COMMENTARY ON PROSPECTS

The local and global economic climate remains challenging. Taking into consideration of the 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) 2 Blocks of 43 storey of Hotel Suites (584 units) with facilities and multi-storey car park,
- ii) 1 Small Office Versatile Office ("SOVO") Tower,
- iii) 1 shopping mall and basement car park.

YNH PROPERTY BHD

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2016

16. COMMENTARY ON PROSPECTS (Contd.)

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 two financial years.

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.

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.

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2016

16. COMMENTARY ON PROSPECTS (Contd.)

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.

17. PROFIT BEFORE TAXATION

This is arrived at after charging:	9 months ended 30.09.2016 RM
Short term revolving interest	17,221,332
Term loan interest	6,317,935
Overdraft interest	<u>3,594,688</u>
and crediting	9 months ended 30.09.2016 RM
Interest income	<u>80,083</u>

18. INCOME TAX EXPENSE

	3 months ended 30.09.2016 RM	3 months ended 30.09.2015 RM	9 months ended 30.09.2016 RM	9 months ended 30.09.2015 RM
Tax expense for the period:				
Malaysian income tax	(6,068,995)	(680,770)	(15,996,546)	(20,667,770)
Deferred tax	3,092,839	(1,847,391)	6,258,718	11,454,118
	<u>(2,976,156)</u>	<u>(2,528,161)</u>	<u>(9,737,828)</u>	<u>(9,213,652)</u>

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2016

18. INCOME TAX EXPENSE (Contd.)

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:

	9 months ended 30.09.2016 RM
Profit before taxation	<u>35,486,622</u>
Taxation at applicable statutory tax rate	(8,516,789)
Expenses not deductible for tax purposes	(2,774,468)
Income not taxable	891,935
Others timing differences	<u>661,495</u>
Tax expense for the quarter/year	<u>(9,737,828)</u>

19. SALES OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no sales of unquoted investments and no other sales of properties for the quarter ended 31 December 2015 except for the sales of development properties in the ordinary course of business.

20. LOAN AND BORROWINGS

	As at 30.09.2016 RM	As at 31.12.2015 RM
Current		
Secured-Bank overdraft and revolving credit	586,089,824	531,954,924
Secured-Term loan	10,446,463	10,446,463
Secured-Finance lease liabilities	14,051,142	14,051,142
Non-current		
Secured-Term loan	234,166,278	224,305,476
Secured-Finance lease liabilities	<u>20,799,252</u>	<u>18,243,068</u>
-	<u>865,552,959</u>	<u>799,001,073</u>

All of the above borrowings are denominated in Ringgit Malaysia. Included in current portion of loan and borrowing is RM 94,459,371 (2015-RM73,890,485) of bank overdraft.

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2016

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.

22. OTHER CURRENT LIABILITIES

Included in other current liabilities is accrued billing of RM 16,167,500 (2015-RM 74,260).

23. PROVISIONS

	As at 30.09.2016 RM	As at 31.12.2015 RM
Opening	21,376,920	31,030,843
Provision during the period/year	11,570,000	11,986,857
Utilisation/ written back during the period/year	(17,156,912)	(21,640,780)
Closing	<u>15,790,008</u>	<u>21,376,920</u>

24. CHANGES IN MATERIAL LITIGATION

As at the date of this report, the Group is not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of the Group and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of YNH Property Bhd and its subsidiaries.

25. DIVIDEND PAYABLE

No dividend payable as at the date of the interim financial statement dated 30 September 2016. Information in relation to dividend paid during the financial year has been disclosed in note 7 to the interim financial statements.

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 - 30 SEPTEMBER 2016

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	3 months ended	9 months ended	9 months ended
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM	RM	RM	RM
Net profit for the period	10,044,138	1,503,112	25,748,794	9,116,906
Weighted average number of ordinary shares in issue	459,504,575	405,054,181	424,086,208	407,853,300
Basic earnings per share (sen)	2.19	0.37	6.07	2.24

(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	3 months ended	9 months ended	9 months ended
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM	RM	RM	RM
Net profit for the period	10,044,138	1,503,112	25,748,794	9,116,906
Weighted average number of ordinary shares in issue	459,504,575	405,054,181	424,086,208	407,853,300
Adjusted weighted number of ordinary shares in issue	459,504,575	405,054,181	424,086,208	407,853,300
Diluted earnings per share (sen)	2.19	0.37	6.07	2.24

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2016

27. RELATED PARTY TRANSACTION

The Group's related party transactions cumulative period-to-date ended 30 September 2016 are as follows:

Party	Transaction	30.09.2016 RM
Transaction with non-group members	Rental of equipment and transportation payable, purchase of construction material, rental of land and properties and entitlement payable	6,236,587
	Rental of properties and equipment received	45,000
	Sales of properties	6,781,000
		<hr/>
Transaction with person connected with Directors	Rental paid for service apartment	1,972,812
	Legal services and disbursement paid (including stamp duty etc.)	1,711,645
	Sales of properties	25,306,790
	Rental of properties received	27,000
		<hr/>
Party	Transaction	30.09.2016 RM
Transaction with Directors	Sales of properties	41,371,210
	Rental paid for service apartment and office	9,592,756
		<hr/>
Transaction with Directors	Legal services and disbursement paid (including stamp duty etc.)	345,590
		<hr/>

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

	30.09.2016 RM
Type of compensation	
Salaries and allowances (including employer EPF portion)	8,826,041
Directors fee	152,830
Employee share option	-
	<hr/>
	8,978,871

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2016

28. REALISED AND UNREALISED PROFITS	30.09.2016	31.12.2015
	RM	RM
Total retained profits of YNH Property and its subsidiaries		
-Realised profits	587,660,164	652,105,638
-Unrealised profits	(2,578,350)	(2,265,530)
	<u>585,081,814</u>	<u>649,840,108</u>
Consolidation adjustments	<u>(242,618,335)</u>	<u>(220,058,108)</u>
Total group retained profits as per consolidated accounts	<u>342,463,479</u>	<u>429,782,000</u>

29. INVESTMENT PROPERTIES

	Completed investment property RM	Investment property under construction RM	Total RM
Cost			
At 1 January	271,815,507	77,540,686	349,356,193
Additions	-	6,541,056	6,541,056
As at 30 September	<u>271,815,507</u>	<u>84,081,742</u>	<u>355,897,249</u>
Accumulated amortisation			
At 1 January	4,391,064	-	4,391,064
Additions	3,096,407	-	3,096,407
As at 30 September	<u>7,487,471</u>	<u>-</u>	<u>7,487,471</u>
Net carrying amounts	<u>264,328,036</u>	<u>84,081,742</u>	<u>348,409,778</u>

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

30. UPDATE OF MEMORANDUM OF UNDERSTANDING

- (i) 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.

YNH PROPERTY BHD

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2016

30. UPDATE OF MEMORANDUM OF UNDERSTANDING (Contd.)

- (ii) The Group has on 21 December 2015 entered into a Memorandum of Understanding ("MOU") with Ruby Premium Sdn Bhd, a wholly-owned subsidiary of Fong Yu Investment Pte Ltd, in relation to a proposed development of Lot 2497, Lot 2498 and Lot 2499, Mukim Kuala Lumpur. The Group had on 26 April 2016 announced that all the conditions in the MOU have been met, save for the Building and Renovation Contract Agreement ("B&RCA"), which have been mutually waived by both parties. Based on the above, the MOU is deemed unconditional and has been completed.

31. 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 29 November 2016.

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2016

32. SEGMENTAL REPORTING

	Property Development & Construction		Hotel & Hospitality		Adjustment & Elimination		Consolidated	
	30.09.2016 RM	30.09.2015 RM	30.09.2016 RM	30.09.2015 RM	30.09.2016 RM	30.09.2015 RM	30.09.2016 RM	30.09.2015 RM
Revenue								
External customers	190,964,234	216,990,941	55,737,809	42,918,862			246,702,043	259,909,803
Inter-segment	-	-	182,616	62,734	(182,616)	(62,734)	-	-
Results								
Interest income	80,083	519,538	-	-	-	-	80,083	519,538
Dividend income	-	-	-	-	-	-	-	-
Depreciation	7,432,057	2,712,432	4,331,553	1,524,880	-	-	11,763,610	4,237,312
Finance cost	26,750,228	23,493,153	383,727	434,364	-	-	27,133,955	23,927,517
Profit before taxation	30,815,546	7,867,521	4,853,692	10,525,771	(182,616)	(62,734)	35,486,622	18,330,558
Segment assets	1,673,874,351	1,620,980,933	305,843,689	273,071,831	-	-	1,979,718,040	1,894,052,764
Segment liabilities	761,762,622	846,121,497	321,546,196	181,855,142	-	-	1,083,308,818	1,027,976,639