



YNH PROPERTY BHD
(Incorporated in Malaysia)

(561986-V)

Interim Financial Statements
30 June 2016

YNH PROPERTY BHD
(Incorporated in Malaysia)

**Condensed Consolidated Profit or Loss and Other Comprehensive Income
For the Six Months Period Ended 30 June 2016**

	Note	3 months ended		6 months ended	
		30.06.2016 RM	30.06.2015 RM	30.06.2016 RM	30.06.2015 RM
Revenue		112,156,310	43,860,751	156,665,471	147,089,858
Cost of sales		(64,347,713)	(28,232,643)	(75,562,264)	(102,463,514)
Gross profit		47,808,597	15,628,108	81,103,206	44,626,344
Other income	4(a)	9,126,885	11,769,988	16,651,398	15,544,458
Administrative expenses		(9,929,710)	(12,474,958)	(24,542,090)	(24,577,070)
Selling and marketing expenses		(1,149,241)	(1,712,072)	(2,143,029)	(5,334,239)
Other operating expenses	4(b)	(17,756,811)	(752,679)	(30,784,714)	(1,498,368)
Profit from operations		28,835,762	(14,939,709)	(57,469,833)	(31,409,677)
Finance costs	17	(9,692,166)	(7,787,650)	(17,818,443)	(14,461,840)
Profit before tax	17	18,407,554	4,670,737	22,466,328	14,299,285
Income tax expense	18	(5,971,252)	(2,234,802)	(6,761,672)	(6,685,491)
Profit for the period		12,436,302	2,435,935	15,704,656	7,613,794
Other comprehensive income					
-Foreign currency translation difference		896,372	513,359	(2,281,458)	1,810,898
Total comprehensive income for the period		13,332,674	2,949,294	13,423,198	9,424,692
Earnings per share (sen)					
Basic	26 (a)	3.01	0.60	3.85	1.87
Diluted	26 (b)	3.01	0.60	3.85	1.87

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.

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

	Note	As at 30.06.2016 RM	As at 31.12.2015 RM
NON-CURRENT ASSETS			
Property, plant and equipment	8	187,559,959	196,920,315
Deferred tax assets		50,238,268	46,443,976
Investment properties	29	343,715,435	344,965,129
Goodwill on consolidation		17,626,036	17,626,036
Land held for future development		370,488,504	368,615,659
Other non-current assets	9(b)	334,616,670	321,046,670
Receivables		9,356,460	6,774,861
		<u>1,313,601,332</u>	<u>1,302,392,646</u>
CURRENT ASSETS			
Property development costs		432,090,785	400,416,810
Inventories		26,531,840	48,871,673
Trade and other receivables	9(a)	126,047,224	81,289,711
Other current assets	9(c)	41,746,470	47,115,182
Tax recoverable		5,279,516	7,740,657
Term deposits and fixed income trust fund		564,392	986,126
Cash and bank balances		14,562,569	29,843,684
		<u>646,822,796</u>	<u>616,263,843</u>
TOTAL ASSETS		<u>1,960,424,128</u>	<u>1,918,656,489</u>

**Condensed Consolidated Statement of Financial Position as at 30 June 216
(Contd.)**

	Note	As at 30.06.2016 RM	As at 31.12.2015 RM
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		441,446,129	441,446,129
Share premium		6,353,408	44,698,178
Treasury shares		(36,248,869)	(74,593,405)
Other reserves		30,809,408	33,090,866
Retained earnings		445,486,656	429,782,000
Total equity		887,846,732	874,423,768
Non-Current Liabilities			
Deferred tax liabilities		43,237,576	43,372,513
Long term liabilities	20	267,940,290	242,548,544
		311,177,866	285,921,057
CURRENT LIABILITIES			
Trade and other payables		134,403,238	128,099,019
Other current liabilities	22	16,139,230	52,160,689
Provision	23	15,623,063	21,376,920
Borrowings	20	593,973,420	556,452,529
Income tax payable		1,260,579	222,507
		761,399,530	758,311,664
TOTAL LIABILITIES		1,072,577,396	1,044,232,721
TOTAL EQUITY AND LIABILITIES		1,960,424,128	1,918,656,489
NTA per share (RM)		1.97	1.94
Net asset per share (RM)		2.01	1.98

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.

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**Condensed Consolidated Statement of Changes in Equity
For the Six Months Period Ended 30 June 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
Comprehensive income								
Profit for the year	-	-	-	-	-	-	7,613,794	7,613,794
Other comprehensive income								
-Foreign currency translation difference	-	-	-	1,810,898	-	-	-	1,810,898
Transaction with owners								
Purchase of treasury shares	-	-	-	-	-	(24,556,680)	-	(24,556,680)
Total transactions with owners	-	-	-	-	-	(24,556,680)	-	(24,556,680)
Closing balance at 30 June 2015	441,446,129	-	52,226,740	2,717,640	26,578,054	(82,121,749)	418,821,256	859,668,070
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
Comprehensive income								
Profit for the year	-	-	-	-	-	-	15,704,656	15,704,656
Other comprehensive income								
Foreign currency translation difference	-	-	-	(2,281,458)	-	-	-	(2,281,458)
Transactions with owners								
Purchase of treasury shares	-	-	-	-	-	-	-	-
Share dividend	-	-	(38,344,770)	-	-	38,344,770	-	(234)
Total transactions with owners	-	-	(38,344,770)	-	-	38,344,536	-	(234)
Closing balance at 30 June 2016	441,446,129	-	6,353,408	4,231,354	26,578,054	(36,248,869)	445,486,656	887,846,732

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.

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Condensed Consolidated Statement of Cash Flow
For the Six Months Period Ended 30 June 2016

	6 months ended 30.06.2016 RM	3 months ended 31.12.2015 RM
Profit before taxation	<u>22,466,328</u>	<u>25,057,752</u>
Net cash used in operating activities	(78,472,461)	(8,036,985)
Net cash used in investing activities	(158,477)	(76,343,300)
Net cash generated from financing activities	<u>38,049,019</u>	<u>94,405,110</u>
Net increase in cash and cash equivalents	(40,581,919)	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>(84,191,300)</u>	<u>(43,609,381)</u>

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

Fixed deposits	564,392	986,126
Less: pledged fixed deposits	(564,392)	(548,706)
	-	437,420
* Cash and bank balances	14,562,569	29,843,684
Bank overdraft (included within borrowings in Note 20)	<u>(98,753,867)</u>	<u>(73,890,485)</u>
	<u>(84,191,298)</u>	<u>(43,609,381)</u>

- * Included in cash at banks of the Group are amounts of RM 10,129,053 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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 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 June 2016 except as describe below:

- (a) During the current financial year, the Group has recognised a foreign exchange gain of RM2,094,819 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 six month period is rental lease expenses of RM 26,810,034.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 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 June 2016 and the date of this interim report except the followings:

(a) Treasury Shares

During the financial period ended 30 June 2016, the Company repurchased 100 of its issued ordinary shares from the open market at an average price of RM 1.90 per share. The total consideration paid for the repurchase including transaction costs was RM234 and this was financed by internally generated funds. Total treasury shares repurchased as at 30 June 2016 is 19,149,194 ordinary shares of RM 1 each, representing a cumulative 4.3% of the total paid up share capital of the company as at 30 June 2016. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965. Subsequent to 30 June 2016, the Company repurchased 1,347,100 ordinary share of RM1 each at a total consideration of RM2,539,898.

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

	30.06.2016	31.12.2015
	RM	RM
Total borrowing	861,913,710	799,001,073
Trade and other payables	134,403,238	128,099,019
Less: Term deposits	(564,392)	(986,126)
Less: cash and bank balances	(14,562,569)	(29,843,684)
Net debts	<u>981,189,987</u>	<u>896,270,282</u>
Equity attributable to the owners of parents	<u>887,846,732</u>	<u>874,423,768</u>
Capital and net debts	<u>1,869,036,719</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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 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 June 2016 are as follows:

	30.06.2016
	RM
Drawdown of revolving credit (Net of repayment)	12,657,507
Drawdown of term loan (Net of repayment)	25,391,746
Share buy back	(234)

7. DIVIDEND PAID

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.

In respect of the financial year ending 31 December 2016, the Company paid an 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.

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.

9(a) TRADE AND OTHER RECEIVABLES

	As at	As at
	30.06.2016	31.12.2015
	RM	RM
Trade receivables	101,224,943	61,761,741
Less: Provision for impairment	(499,658)	(503,836)
	<u>100,725,285</u>	<u>61,257,905</u>
Other receivables	25,321,939	20,031,806
	<u>126,047,224</u>	<u>81,289,711</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2016

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

The ageing analysis for the trade receivables are as follows:

	As at 30.06.2016 RM	As at 31.12.2015 RM
Neither past due nor impaired	43,005,645	36,680,619
1-30 days	26,191,347	1,705,071
31-60 days	3,784,545	4,387,923
61-90 days	1,465,516	1,925,434
91-120 days	4,525,761	5,212,612
121-150 days	8,050,906	1,132,587
>150 days	13,701,564	10,213,659
	57,719,640	24,577,286
Impaired	499,658	503,836
	<u>101,224,943</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 6,104,354 (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 except as disclosed in Note 4(c) and Note 4(d) of the interim financial statements.

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.

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2016

13. CAPITAL COMMITMENTS

RM

Contracted by not provided for

1,005,756.00

14. PERFORMANCE REVIEW

The Group's cumulative turnover for the current financial period ended 30 June 2016 is RM 156,665,471 (year 2015-RM147,089,858) and profit before taxation is reported at RM 22,466,328 (year 2015-RM14,299,285). 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 sales of development land.

On a quarter to quarter basis, the current quarter profit before taxation of RM18,407,554 is higher than previous quarter of RM4,607,737. This is mainly due to recognition of sales of inventories in Fraser Residence Kuala Lumpur in the current 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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 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. Piling and sub-structure work for Kiara 163 has already commenced in the previous 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 RM383 million, and is expected to contribute to the Company for the next three 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.

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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:	6 months ended 30.06.2016 RM
Short term revolving interest	10,790,215
Term loan interest	4,233,024
Overdraft interest	<u>2,795,204</u>
and crediting	6 months ended 30.06.2016 RM
Interest income	<u>65,464</u>

18. INCOME TAX EXPENSE

	3 months ended 30.06.2016 RM	3 months ended 30.06.2015 RM	6 months ended 30.06.2016 RM	6 months ended 30.06.2015 RM
Tax expense for the period:				
Malaysian income tax	(7,137,000)	(7,207,000)	(9,927,551)	(19,987,000)
Deferred tax	1,165,748	4,972,198	3,165,879	13,301,509
	<u>(5,971,252)</u>	<u>(2,234,802)</u>	<u>(6,761,672)</u>	<u>(6,685,491)</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 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:

	6 months ended 30.06.2016 RM
Profit before taxation	<u>22,466,328</u>
Taxation at applicable statutory tax rate	(5,391,919)
Expenses not deductible for tax purposes	(3,064,830)
Income not taxable	1,846,560
Others timing differences	<u>(151,483)</u>
Tax expense for the quarter/year	<u>(6,761,672)</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 30.06.2016 RM	As at 31.12.2015 RM
Current		
Secured-Bank overdraft and revolving credit	569,475,815	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	258,335,862	224,305,476
Secured-Finance lease liabilities	9,604,428	18,243,068
	<u>-</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 RM98,753,867 (2015-RM73,890,485) of bank overdraft.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 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 10,529,815 (2015-RM 74,260).

23. PROVISION

	As at 30.06.2016 RM	As at 31.12.2015 RM
Opening	21,376,920	31,030,843
Provision during the period/year	-	11,986,857
Utilisation/ written back during the period/year	(5,753,857)	(21,640,780)
Closing	<u>15,623,063</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

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 RM7,603,368 had been distributed on 29 February 2016.

In respect of the financial year ending 31 December 2016, the Company paid an 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.

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.

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25. DIVIDEND PAYABLE (Contd.)

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

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	6 months ended	6 months ended
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM	RM	RM	RM
Net profit for the period	12,436,302	2,435,935	15,704,656	7,613,794
Weighted average number of ordinary shares in issue	413,373,977	405,054,186	408,426,520	407,853,300
Basic earnings per share (sen)	3.01	0.60	3.85	1.87

(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	6 months ended	6 months ended
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM	RM	RM	RM
Net profit for the period	12,436,302	2,435,935	15,704,656	7,613,794
Weighted average number of ordinary shares in issue	413,373,977	405,054,186	408,426,520	407,853,300
Adjusted weighted number of ordinary shares in issue	413,373,977	405,054,186	408,426,520	407,853,300
Diluted earnings per share (sen)	3.01	0.60	3.85	1.87

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27. RELATED PARTY TRANSACTION

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

Party	Transaction	30.06.2016 RM
Transaction with non-group members	Rental of equipment and transportation payable, purchase of construction material, rental of land and properties and entitlement payable	4,579,940
	Rental of properties and equipment received	15,000
	Sales of properties	-
		<hr/>
Transaction with person connected with Directors	Rental paid for service apartment	1,135,812
	Legal services and disbursement paid (including stamp duty etc.)	1,400,130
	Sales of properties	17,810,050
	Rental of properties received	18,000

Party	Transaction	30.06.2016 RM
Transaction with Directors	Sales of properties	41,371,210
	Rental paid for service apartment and office	6,131,802
Transaction with Directors	Legal services and disbursement paid (including stamp duty etc.)	131,940

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

	30.06.2016 RM
Type of compensation	
Salaries and allowances (including employer EPF portion)	6,180,829
Directors fee	152,830
Employee share option	-
	<hr/> 6,333,659 <hr/>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2016

28. REALISED AND UNREALISED PROFITS

	30.06.2016 RM	31.12.2015 RM
Total retained profits of YNH Property and its subsidiaries		
-Realised profits	681,645,908	652,105,638
-Unrealised profits	(2,750,487)	(2,265,530)
	<u>678,895,421</u>	<u>649,840,108</u>
Consolidation adjustments	<u>(233,408,765)</u>	<u>(220,058,108)</u>
Total group retained profits as per consolidated accounts	<u>445,486,656</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	-	-	-
As at 30 June	<u>271,815,507</u>	<u>77,540,686</u>	<u>349,356,193</u>
Accumulated amortisation			
At 1 January	4,391,064	-	4,391,064
Additions	1,249,694	-	1,249,694
As at 30 June	<u>5,640,758</u>	<u>-</u>	<u>5,640,758</u>
Net carrying amounts	<u>266,174,749</u>	<u>77,540,686</u>	<u>343,715,435</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.

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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 August 2016.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2016

32. SEGMENTAL REPORTING

	Property Development & Construction		Hotel & Hospitality		Adjustment & Elimination		Consolidated	
	30.06.2016 RM	30.06.2015 RM	30.06.2016 RM	30.06.2015 RM	30.06.2016 RM	30.06.2015 RM	30.06.2016 RM	30.06.2015 RM
Revenue								
External customers	136,566,858	122,805,502	20,098,613	24,284,356			156,665,471	147,089,858
Inter-segment			122,616	50,767	(122,616)	(50,767)	-	-
Results								
Interest income	65,464	69,485	-	-	-	-	65,464	69,485
Dividend income	-	-	-	-	-	-	-	-
Depreciation	6,316,149	1,546,942	2,563,847	718,631	-	-	8,879,996	2,265,573
Finance cost	17,452,668	14,399,546	365,775	62,294	-	-	17,818,443	14,461,840
Profit/(loss) before taxation	16,995,942	32,169,745	5,470,386	(17,870,460)	-	-	22,466,328	14,299,285
Segment assets	1,673,219,869	1,557,063,673	287,204,259	274,153,126	-	-	1,960,424,128	1,831,216,799
Segment liabilities	772,630,780	651,006,699	299,946,616	327,345,864	-	-	1,072,577,396	978,352,563