

AMANAH HARTA TANAH PNB

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 30.09.2018 (Unaudited) RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2017 (Audited) RM'000
INVESTMENTS		
Real estate	440,533	446,770
Deposits with financial institutions	13,413	21,799
	<u>453,946</u>	<u>468,569</u>
OTHER ASSETS		
Equipment, furniture and fittings	9	11
Tax recoverable	601	601
Trade receivables	3,151	296
Other receivables	20,084	13,326
Cash and bank balances	159	139
	<u>24,004</u>	<u>14,373</u>
TOTAL ASSETS	<u>477,950</u>	<u>482,942</u>
LIABILITIES		
Financing	187,438	189,786
Rental deposits	5,258	5,360
Other payables	3,098	3,926
Amount due to Manager	246	253
Deferred tax liability	2,441	2,441
TOTAL LIABILITIES	<u>198,481</u>	<u>201,766</u>
FINANCED BY:-		
UNIT HOLDERS' FUND		
Unit holders' capital	219,121	219,121
Retained Earnings	60,348	62,055
TOTAL NET ASSET VALUE ATTRIBUTABLE TO UNIT HOLDERS	<u>279,469</u>	<u>281,176</u>
TOTAL UNIT HOLDERS' FUNDS AND LIABILITIES	<u>477,950</u>	<u>482,942</u>
NUMBER OF UNITS IN CIRCULATION	<u>220,000</u>	<u>220,000</u>
NET ASSET VALUE ("NAV")	<u>279,469</u>	<u>281,176</u>
NAV (EX-DISTRIBUTION) PER UNIT (RM)	<u>1.2703</u>	<u>1.2781</u>

(The Condensed Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended December 31, 2017.)

AMANAH HARTA TANAH PNB

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2018 RM'000	Preceding Year Quarter 30.09.2017 RM'000	Current Year Quarter 30.09.2018 RM'000	Preceding Year Corresponding Quarter 30.09.2017 RM'000
TOTAL REVENUE	8,190	7,104	23,720	22,296
Gross rental income				
Realised	8,046	6,902	23,242	21,821
Unrealised (unbilled lease income receivable) ¹	2,062	2,106	6,420	6,318
	10,108	9,008	29,662	28,139
Less: Assessment	(231)	(231)	(687)	(685)
Quit rent	(14)	(14)	(41)	(41)
Other property operating expenditure	(1,348)	(1,572)	(4,528)	(4,157)
Depreciation	(1)	(1)	(2)	(2)
Net rental income	8,514	7,190	24,404	23,254
Interest income from deposits with financial institutions	144	202	478	475
Net gain/(loss) on real estate/non-real estate-related asset:				
Realised gain on disposal	-	-	-	-
Unrealised gain/(loss) on valuation ¹	(2,062)	(2,106)	(6,420)	(6,318)
	6,596	5,286	18,462	17,411
EXPENSES				
Manager's fee	699	689	2,095	2,050
Trustee's fee	32	32	97	97
Auditors' remuneration	4	3	13	10
Valuation fee	-	-	-	-
Professional fee	-	-	11	25
Printing, postage and general expenses ²	(25)	7	71	107
Finance costs	2,195	2,125	6,492	6,427
Allowance for impairment of trade receivable	-	-	60	-
Deemed finance cost	-	-	-	270
	2,905	2,856	8,839	8,986
INCOME BEFORE TAXATION	3,691	2,430	9,623	8,425
TAXATION	-	-	-	-
INCOME AFTER TAXATION	3,691	2,430	9,623	8,425
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,691	2,430	9,623	8,425

AMANAH HARTA TANAH PNB

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME (cont'd)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2018 RM'000	Preceding Year Quarter 30.09.2017 RM'000	Current Year Quarter 30.09.2018 RM'000	Preceding Year Corresponding Quarter 30.09.2017 RM'000
NET INCOME AFTER TAXATION IS MADE UP OF THE FOLLOWING:				
- Realised	3,691	2,430	9,623	8,425
- Unrealised	-	-	-	-
	<u>3,691</u>	<u>2,430</u>	<u>9,623</u>	<u>8,425</u>
EARNINGS PER UNIT (SEN) ³	<u>1.68</u>	<u>1.10</u>	<u>4.37</u>	<u>3.83</u>

¹ Recognition of unrealised rental income - unbilled lease income receivable pursuant to the requirements of MFRS 117 Leases, to recognise income from operating lease on a straight-line basis, including contractual increase in rental rates over the fixed tenure of the lease agreement.

² Negative figure for current year quarter was due to reclassification of expenses to property expenditure in current quarter.

³ The earnings per unit has been calculated based on the income after taxation for the period divided by the number units in circulation.

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended December 31, 2017.)

AMANAH HARTA TANAH PNB

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	Unit holders' Capital (RM'000)	Retained Earnings Distributable Realised Income (RM'000)	Non- Distributable Unrealised Income (RM'000)	Total NAV Attributable to unit Holders (RM'000)
Current Year To-date				
At 1 January 2018	219,121	15,577	46,478	281,176
Total comprehensive income for the period	-	9,623	-	9,623
Income distribution during the period:				
Final income distribution (Year ended Dec. 31, 2017)	-	(5,500)	-	(5,500)
Interim income distribution (Year ended Dec. 31, 2018)	-	(5,830)	-	(5,830)
At September 30, 2018	<u>219,121</u>	<u>13,870</u>	<u>46,478</u>	<u>279,469</u>
Preceding Year To-date				
At 1 January 2017	100,000	13,382	40,495	153,877
Issuance of rights units	120,000	-	-	120,000
Expenses related to rights issue	(879)	-	-	(879)
Total comprehensive income for the period	-	8,425	-	8,425
Income distribution during the period:				
Final income distribution (Year ended Dec. 31, 2016)	-	(3,300)	-	(3,300)
Interim income distribution (Year ended Dec. 31, 2017)	-	(5,940)	-	(5,940)
At September 30, 2017	<u>219,121</u>	<u>12,567</u>	<u>40,495</u>	<u>272,183</u>

(The Condensed Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended December 31, 2017.)

AMANAH HARTA TANAH PNB

UNAUDITED CONDENSED STATEMENT OF
CASH FLOW FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	Current Year To-date 30.09.2018 (RM'000)	Preceeding Year To-date 30.09.2017 (RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before taxation	9,623	8,425
Adjustments for non-cash flow:		
Non-cash items	6,422	6,320
Non-operating items	6,014	5,952
Operating profit before working capital changes	<u>22,059</u>	<u>20,697</u>
Changes in working capital		
Net change in current assets	(9,586)	2,522
Net change in current liabilities	(983)	(109,365)
Net cash generated from operating activities	<u>11,490</u>	<u>(86,146)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Real estate	(183)	(1,016)
Interest received	451	437
Net cash generated from investing activities	<u>268</u>	<u>(579)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of income distribution	(11,330)	(9,240)
Proceed from right issue	-	120,000
Financing costs paid	(6,446)	(13,622)
Financing repayment	(2,348)	-
Net cash used in financing activities	<u>(20,124)</u>	<u>97,138</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(8,366)	10,413
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>21,938</u>	<u>9,580</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>13,572</u>	<u>19,993</u>

(The Condensed Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended December 31, 2017.)

AMANAH HARTA TANAH PNB

EXPLANATORY NOTES AS REQUIRED BY MFRS 134 INTERIM FINANCIAL REPORTING ("MFRS 134")

A1. BASIS OF PREPARATION

The quarterly financial report has been prepared in accordance with MFRS 134: Interim Financial Reporting and should be read in conjunction with the audited financial statements for the year ended December 31, 2017.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2017 except for the adoption of the following standards that became effective for financial period beginning 1 January 2018 :

(a) MFRS 9 Financial Instruments

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard is not relevant to the Trust. In accordance with the transition requirements under paragraph 7.2.15 of this Standard, comparatives are not restated and the financial impact on the adoption of this Standard, if any, is recognised in retained earnings as at 1 January 2018.

(i) Changes to the accounting policies

Financial assets

The Trust classify its financial assets into the following measurement categories depending on the Trust business model for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value through profit or loss.

The following summarises the key changes:

- The Available-For-Sale ("AFS"), Held-To-Maturity ("HTM") and loans and receivables financial asset categories were removed.
- A new financial asset category measured at amortised cost was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows only.
- A new financial asset category measured at Fair Value Through Other Comprehensive Income ("FVTOCI") was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

Financial liabilities

There is no impact on the classification and measurement of the Trust's financial liabilities.

Impairment of financial assets

MFRS 9 *Financial Instruments* requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139 *Financial Instruments: Recognition and Measurement*.

The key changes in relation to impairment of financial assets are as follows:

a. Deposits, cash and bank balances

The amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Trust, and all the cash flows that the Trust expects to receive.

The Trust applies a two-step approach to measure the ECL on cash and bank balances:

(i) 12-months ECL

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Trust shall measure the allowance for impairment for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

(ii) Lifetime ECL

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime ECL for that financial asset is recognised as allowance for impairment by the Trust. If, in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Trust shall revert the loss allowance measurement from lifetime ECL to 12-months ECL.

At each financial year end, the Trust assesses whether there is a significant increase in credit risk for cash and bank balances since initial recognition by comparing the risk of default on these financial assets as at the financial year end with the risk of default as at the date of initial recognition. The Trust considers external credit rating and other supportive information to assess deterioration in credit quality of these financial assets.

b. Trade and other receivables which are financial assets

The Trust applies the simplified approach prescribed by MFRS 9 *Financial Instruments*, which requires a lifetime ECL to be recognised from initial recognition of the trade and other receivables which are financial assets.

(ii) Classification and measurement

The following table summarises the reclassification and measurement of the Trust's financial assets as at 1 January 2018:

	Measurement category		Carrying amount as at 1 January 2018	
	Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139) RM'000	New (MFRS 9) RM'000
Financial assets:				
Trade receivables *	Loans and receivables	Amortised cost	296	296
Other receivables which are financial assets *	Loans and receivables	Amortised cost	13,263	13,263
Deposits, cash and bank balances *	Loans and receivables	Amortised cost	21,938	21,938

(*) Trade receivables and other receivables and cash and bank balances that have previously been classified as loans and receivables are now classified at amortised cost. The Trusts intend to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Classification of the Trust's financial liabilities remained unchanged. Financial liabilities consisting of financing, trade payables and other payables which are financial liabilities, continue to be measured at amortised cost.

The adoption of this Standard results in changes in accounting policies for the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets, and has no material financial impact other than the disclosures made in the Trust's financial statements.

(b) MFRS 15 Revenue from Contracts with Customers

This Standard establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Under this Standard, revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The adoption of this Standard results in changes in accounting policies for revenue recognition, and has no material financial impact other than the disclosures made in the Trust's financial statements.

A2. AUDIT REPORT FOR PRECEDING FINANCIAL YEAR

The audit report of the financial statements for the preceding year ended December 31, 2017, was not qualified.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations of the Trust are not affected by material seasonal or cyclical factors.

A4. UNUSUAL ITEMS

There were no unusual items to be disclosed for the quarter under review.

A5. CHANGES IN ESTIMATES

This is not applicable as no estimates were previously reported.

A6. DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and year-to-date.

A7. INCOME DISTRIBUTION PAID

An income distribution of RM5.83 million or 2.65 sen a unit (tax exempt at trust level) for the six-month period ended June 30, 2018, was paid during the current quarter on August 30, 2018.

A8. SEGMENTAL REPORTING

No segment information is prepared as the Trust's assets are located in Malaysia and hence, revenue is generated in Malaysia.

A9. VALUATIONS OF INVESTMENT IN REAL ESTATE

The value of the real estate has been brought forward from the previous annual financial statements without amendment. During the quarter under review, AHP has incurred a capital expenditure amounting to RM0.04 million.

A10. MATERIAL EVENTS

There were no material event as at the latest practicable date from the date of this report.

A11. EFFECT OF CHANGES IN THE COMPOSITION OF THE TRUST

The composition of the investment portfolio of the Trust is as follows:

Investments	Unaudited as at end of current quarter		Audited as at preceeding financial year end	
	(RM'000)	(%)	(RM'000)	(%)
Real estate	440,533	97.01	446,770	95.32
Deposits with financial institutions, cash and bank balances	<u>13,572</u>	<u>2.99</u>	<u>21,938</u>	<u>4.68</u>
	<u><u>454,105</u></u>	<u><u>100.00</u></u>	<u><u>468,708</u></u>	<u><u>100.00</u></u>

A12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets to be disclosed.

ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

Current quarter results

For the quarter ended September 30, 2018, the Trust recorded a total revenue of RM8.190 million, representing an increase of RM1.086 million or 15.29% from RM7.104 million achieved in the corresponding quarter in 2017.

Total expenditure for the quarter under review was RM4.499 million, representing a decrease of RM0.175 million or 3.74% from RM4.674 million recorded in the corresponding period in 2017. The increase was mainly due to the higher building expenditure during the current quarter.

For the quarter under review, the Trust recorded an income before taxation of RM3.691 million which represents an increase of RM1.261 million or 51.89% from income before taxation of RM2.430 million recorded in the corresponding period last year.

Current period-to-date results

For the current period-to-date ended September 30, 2018, the Trust recorded a total revenue of RM23.720 million, representing an increase of RM1.424 million or 6.39% from RM22.296 million achieved in the corresponding period in 2017. The increase was mainly due to new tenancy at Plaza VADS.

Total expenditure for the current period-to-date ended September 30, 2018 was RM14.097 million, representing an increase of RM0.226 million or 1.63% from RM13.871 million recorded in the corresponding period in 2017. The increase was mainly due to the higher building expenditure during the period ended September 30, 2018.

For the period-to-date under review, the Trust recorded an income before taxation of RM9.623 million which represents an increase of RM1.198 million or 14.22% from income before taxation of RM8.425 million recorded in the corresponding period last year.

Total net asset value for the quarter under review was RM279.469 million (RM1.2703 per unit), representing a decrease of RM2.139 million (RM0.0097 per unit) or 0.76% (0.76%) from RM281.608 million (RM1.2800 per unit) recorded in the preceding quarter.

B2. MATERIAL CHANGE IN INCOME BEFORE TAXATION FOR THE QUARTER AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER

Income before taxation for the quarter ended September 30, 2018 was RM3.691 million, representing an increase of RM0.807 million or 27.98% as compared to income before taxation of RM2.884 million recorded in the immediate preceding quarter ended June 30, 2018. The increase was mainly due to the new tenancy at Plaza VADS and lower property operating expenditure.

B3. CHANGES IN THE STATE OF AFFAIRS

There was no material change in the state of affairs of the Trust for the quarter under review.

B4. SUMMARY OF EARNINGS PER UNIT, NET ASSET VALUE AND MARKET PRICE

	Current Year To-date	As at Preceding Financial Year End
Number of units in circulation/listed ('000)	220,000 *	220,000 *
Total comprehensive income (RM'000)	9,623	17,418
Earnings per unit (sen)	4.37	7.92
Net asset value (RM'000)	279,469	281,176
Net asset value per unit (RM)	1.2703	1.2781
Market price per unit (RM)	0.790	0.835

* The Manager did not hold any unit in the Trust, however, Permodalan Nasional Berhad, a holding company of the Manager, held 11,139,700 units, representing approximately 5.06% of the total units in issue as at September 30, 2018 (11,139,700 units, representing approximately 5.06% as at preceding financial year end).

B5. PROSPECTS

The Trust's prospects are driven by the overall property market where the value of the property and the occupancy level influence the performance of the Trust. For the current period, the Trust's occupancy rate remains stable at 87%. In view of the sustainable level of occupancy of the Trust's property portfolio, Management anticipates that the performance of the Trust will remain positive for the current financial year.

B6. STATUS OF CORPORATE PROPOSALS

There were no proceeds raised from any corporate proposal.

B7. UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

There were no issuances of new units for the quarter under review.

B8. CIRCUMSTANCES AFFECTING INTEREST OF UNIT HOLDERS

There were no unusual circumstances which materially affect the interest of the unit holders for the quarter under review.

B9. MATERIAL LITIGATION

There were no pending material litigation since the date of the last audited financial statements up to the date of this report.

B10. MAINTENANCE COST AND MAJOR CAPITAL EXPENDITURE

There were no major maintenance cost incurred during the quarter under review. However, capital expenditure amounting to RM0.04 million has been incurred during the quarter under review.

B11. SOFT COMMISSION

There were no soft commission received by the Manager or its delegates during the quarter under review.

B12. INCOME RECOGNITION

(i) Rental

Rental income arising from operating lease on real estates is accounted for on a straight-line basis over the lease terms.

Pursuant to the requirements of MFRS 117 Leases to recognise income from operating lease on a straight-line basis, including contractual increase in rental rates over the fixed tenure of the lease agreement, unrealised rental income relating to the unbilled rental income receivable are also included in the rental income for the year.

(ii) Other Income

Interest income, car park income and other real estate income are accounted for on an accrual basis.

B13. MANAGEMENT FEE

The Manager is entitled to a fee not exceeding 2% per annum of the net asset value of the Trust on each day of the accrual period, as defined in the Deed of Trust. The management fee charged for the current quarter is 1% (2017: 1%) per annum of the daily net asset value of the Trust.

No other fee, commission or initial service charges has been paid or is payable to the Manager.

B14. TRUSTEE'S FEE

The Trustee is entitled to a fee not exceeding 0.1% per annum of the net asset value of the Trust on each day of the accrual period, as defined in the Deed of Trust. The Trustee's fee charged for the current quarter is RM65,000 (2017: RM65,000).

B15. TRANSACTIONS WITH STOCKBROKING COMPANIES

No transaction recorded during the current quarter.

B16. COMPOSITION OF THE INVESTMENT PORTFOLIO

<u>Investments</u>	<u>Units</u>	<u>Total Cost</u> (RM'000)	<u>Fair Value</u> (RM'000)	Percentage of Fair Value Over Net Asset <u>Value</u> (%)
Real estate	7	409,756	440,533	157.63
Deposits with financial institutions, cash and bank balances		13,572	13,572	4.86
Total		<u>423,328</u>	<u>454,105</u>	162.49

B17. TAXATION

The Trust is exempted from income tax on all income provided that at least 90% of its total chargeable income pursuant to Section 61A of the Income Tax Act 1967, is distributed to the unit holders in the basis period effective from year of assessment 2007.

The Trust estimates that it will distribute at least 90% of its chargeable income for the whole financial year and accordingly the Trust is not subject to income tax for the year ended December 31, 2018.

A reconciliation of income tax expense applicable to income before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate of the Trust is as follows:-

	Current Quarter RM'000	Year to-date RM'000
Income before taxation	<u>3,691</u>	<u>9,623</u>
Taxation at Malaysian statutory tax rate of 24%	886	2,310
Effect on income not subject to tax	(35)	(115)
Effect on expenses not deductible for tax purposes	(38)	4
Effect on income distribution exempted from tax at trust level	<u>(813)</u>	<u>(2,199)</u>
Tax expense for the period	<u>-</u>	<u>-</u>

B18. BORROWINGS AND DEBT SECURITIES

As at 30 September 2018, there were no debt securities issued.

Total borrowings as at 30 September 2018 were as follows:

<u>Denominated in RM</u>	Secured RM'000
Islamic revolving credit (current)	62,438
Islamic term loan (non-current)	125,000
	<u>187,438</u>

B19. INCOME DISTRIBUTION DECLARED

No income distribution has been declared for the quarter ended September 30, 2018.

B20. OTHER INFORMATION

The following items which are required to be disclosed pursuant to Part A of Appendix 9B of the Main Market Listing Requirements are not applicable to the Trust:

- a. provision for and write off of inventories
- b. foreign exchange gain or loss
- c. gain or loss on derivatives

B21. STATEMENT BY THE DIRECTORS OF THE MANAGER

In the opinion of the Directors of the Manager, the quarterly report has been prepared in accordance with MFRS 134: Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Amanah Harta Tanah PNB as at September 30, 2018 and its results and the cash flows for the quarter ended on that date and duly authorised for release by the Board of the Manager on November 27, 2018.

BY ORDER OF THE BOARD

ADIBAH KHAIRIAH BINTI ISMAIL @ DAUD (MIA 13755)
Company Secretary
PELABURAN HARTANAH NASIONAL BERHAD (175967-W)
(as the Manager of Amanah Harta Tanah PNB)