YNH PROPERTY BHD
(561986-V)

Annual Report 2012

CONTENTS

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of the Company will be held at Lead View Hotel, 2479, Jalan Dato' Yu Neh Huat, Taman Samudera, 32040 Sri Manjung, Perak Darul Ridzuan, Malaysia on Friday, 28 June 2013 at 11.45 a.m.

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2012, together with the Directors' and Auditors' Reports thereon.

2. To sanction the declaration of a final dividend of 2.5% single tier in respect of the year ended 31 December 2012.

3. To approve payment of Directors' Fees of RM132,000 in respect of the year ended 31 December 2012.

4. To re-elect the following Director retiring pursuant to the Articles of Association of the Company:

   Ching Nye Mi @ Chieng Ngie Chay

5. To consider and if thought fit, pass a resolution pursuant to Section 129(6) of the Companies Act, 1965 to re-appoint Dato' Robert Lim @ Lim Git Hooi, DPMP, JP as a Director of the Company to hold office until the next Annual General Meeting of the Company.

6. To re-appoint Messrs Baker Tilly AC (formerly known as Moore Stephens AC) as the Company's Auditors and to authorise the Board of Directors to fix their remuneration.

7. To transact any other business appropriate to an Annual General Meeting.

8. As Special Business:
   To consider and, if thought fit, pass the following Resolutions:

   Ordinary Resolution No. 1 -
   Proposed Renewal of Share Buy Back Authority

   "That, subject to the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association, the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("the Proposed Share Buy Back") provided that:-

   i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;

   ii) the maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy Back shall not exceed the sum of the Retained Profits and/or the Share Premium Accounts of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy Back. As at 31 December 2012, the audited Retained Profits and Share Premium Account of the Company were RM6,987,478 and RM37,478,176 respectively; and

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING (cont'd)

iii) the shares purchased by the Company pursuant to the Proposed Share Buy Back may be dealt with in all or any of the following manner (as selected by the Company):-

a) the shares so purchased may be cancelled; and/or
b) the shares so purchased may be retained in treasury for distribution as dividend to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or
c) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled.

And that any authority conferred by this resolution may only continue to be in force until:

i) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or

iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting, whichever occurs first.

And that authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares) in accordance with the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company and the Main LR and/or guidelines of the Bursa Securities and all other relevant governmental and/or regulatory authorities."

Ordinary Resolution No. 2 -
Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature

"That, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions involving the interests of Directors, major shareholders or person connected with Directors and/or major shareholders of the Company and/or its subsidiary companies ("Related Parties") as specified in Section 6.2 of the Circular to Shareholders dated 5 June 2013, provided that such arrangements and/or transactions are:

i) recurrent transactions of a revenue or trading nature;
ii) necessary for the day-to-day operations;
iii) carried out on an arm's length basis, in the ordinary course of business and on normal commercial terms which are not more favorable to the Related Parties than those generally available to the public; and
iv) are not to the detriment of the minority shareholders.

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING (cont'd)

And that the shareholders' mandate, unless revoked or varied by the Company in a general meeting, shall take effect from the date of the passing of this Ordinary Resolution and will continue in force until:

i) the conclusion of the next Annual General Meeting of the Company at which time it will lapse unless authority is renewed by a resolution passed at the next Annual General Meeting;
ii) the expiration of the period within which the next Annual General Meeting is to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
iii) revoked or varied by resolution passed by shareholders in a general meeting before the next Annual General Meeting.

whichever is earlier.

And that the Directors of the Company be authorized to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or give effect to the Mandate."

Special Resolution -
Proposed Amendments to the Company's Articles of Association

"That, the deletions, alteration, modifications and additions to the Company's Articles of Association as set out in Appendix II of the Circular to Shareholders dated 5 June 2013 be approved."

By Order of the Board

CHAN YOKE YIN
CHENG GHEE CHENG
CHIEW CINDY

Company Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia
5 June 2013

NOTE:

a) A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend, speak and vote instead of him.
b) A proxy may but need not be a member of the Company and there shall be no restriction as the qualification of the proxy.
c) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (Omnibus Account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
d) Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
e) The instrument appointing a proxy must be deposited at the registered office of the Company, 55, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting.
f) Depositors who appear in the Record of Depositors as at 24 June 2013 shall be regarded as Member of the Company entitled to attend the Eleventh Annual General Meeting or appoint one or two proxies to attend, speak and vote on his behalf.

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING (cont'd)

EXPLANATORY NOTES TO SPECIAL BUSINESS

1) **Ordinary Resolution No. 1 -**
   Proposed Renewal of Share Buy Back Authority

   Further information on the above Ordinary Resolution is set out in the Circular to Shareholders of the Company.

2) **Ordinary Resolution No. 2 -**
   Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature

   Further information on the above Ordinary Resolution is set out in the Circular to Shareholders of the Company.

3) **Special Resolution - Proposed Amendments to the Articles of Association**

   Further information on the above Special Resolution is set out in the Circular to Shareholders of the Company.

2012 ANNUAL REPORT

The 2012 Annual Report is in CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholders within 4 market days from the date of receipt of the request. Shareholders who wish to receive the printed copy of the Annual Report and who require assistance with the viewing of the CD-ROM, kindly contact Madam Cheng at Tel. No.: 605-5451945

STATEMENT ACCOMPANYING NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING

OF YNH PROPERTY BHD
PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Director who is standing for re-election

Ching Nye Mi @ Chieng Ngie Chay, who retires pursuant to the Articles of Association of the Company is standing for re-election at the forthcoming Annual General Meeting.

The details of individual standing for re-election as Directors are set out in the Profile of Directors and Statement of Shareholdings on pages 9 to 11 and page 118 of this Annual Report.

2. Details of attendance of Directors at Board Meetings

Five (5) Board Meetings were held during the financial year from 1 January 2012 till 31 December 2012:

23 February 2012
25 April 2012
28 May 2012
29 August 2012
28 November 2012

Details of attendance of directors at the Board Meetings are as follows:

Name of Directors	Number of Meetings	Number of Meetings Attended
Dato' Dr Yu Kuan Chon, DIMP, PPT, MBBS	5	5
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT	5	5
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP	5	5
Ching Nye Mi @ Chieng Ngie Chay	5	5
Ding Ming Hea	5	5

CORPORATE INFORMATION

Directors
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS
(Chairman, Executive Director)
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT
(Managing Director)
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP
(Senior Independent Non-Executive Director)
Ching Nye Mi @ Chieng Ngie Chay
(Independent Non-Executive Director)
Ding Ming Hea
(Independent Non-Executive Director)

Audit Committee
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP
(Senior Independent Non-Executive Director) - Chairman
Ching Nye Mi @ Chieng Ngie Chay
(Independent Non-Executive Director) - Member
Ding Ming Hea
(Independent Non-Executive Director) - Member

Remuneration Committee
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP
(Senior Independent Non-Executive Director) - Chairman
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT
(Executive Director) - Member
Ching Nye Mi @ Chieng Ngie Chay
(Independent Non-Executive Director) - Member

Nominating Committee
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP
(Senior Independent Non-Executive Director) - Chairman
Ching Nye Mi @ Chieng Ngie Chay
(Independent Non-Executive Director) - Member

ESOS Committee
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT
(Executive Director) - Member
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS
(Executive Director) - Member
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP
(Senior Independent Non-Executive Director) - Member
Ching Nye Mi @ Chieng Ngie Chay
(Independent Non-Executive Director) - Member
Ding Ming Hea
(Independent Non-Executive Director) - Member
Chan Yan Meng
(Financial Controller) - Member

Secretaries
Chan Yoke Yin (MAICSA 7043743)
Cheng Ghee Cheng (LS 04598)
Chiew Cindy (MAICSA 7057923)

R**egistrars**
Symphony Share Registrars Sdn. Bhd.
55, Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh
Perak Darul Ridzuan, Malaysia
Telephone No.: 05-5474833
Fax No.: 05-5474363

Registered Office
55, Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh
Perak Darul Ridzuan, Malaysia
Telephone No.: 05-5474833
Fax No.: 05-5474363

Principal Place Of Business and Head Office
38, Jalan PPMP 7
Pusat Perniagaan Manjung Point 1
32040 Seri Manjung
Perak Darul Ridzuan, Malaysia
Telephone No.: 05-6881128
Fax No.: 05-6881388
Email: karsin@streamyx.com
Website: www.ynhb.com.my

Sales Office – Kuala Lumpur
A-09-01, 9th Floor
Lot 163, Jalan Perak
50450 Kuala Lumpur
Telephone No.: 03-21637700
Fax No.: 03-21627770

Sales Office – Mont' Kiara
Lot No 36-01
Wisma Rapid
Jalan 30/70A
Desa Seri Hartamas
50480 Kuala Lumpur
Telephone No: 03-62019213
Fax: 03-62018213

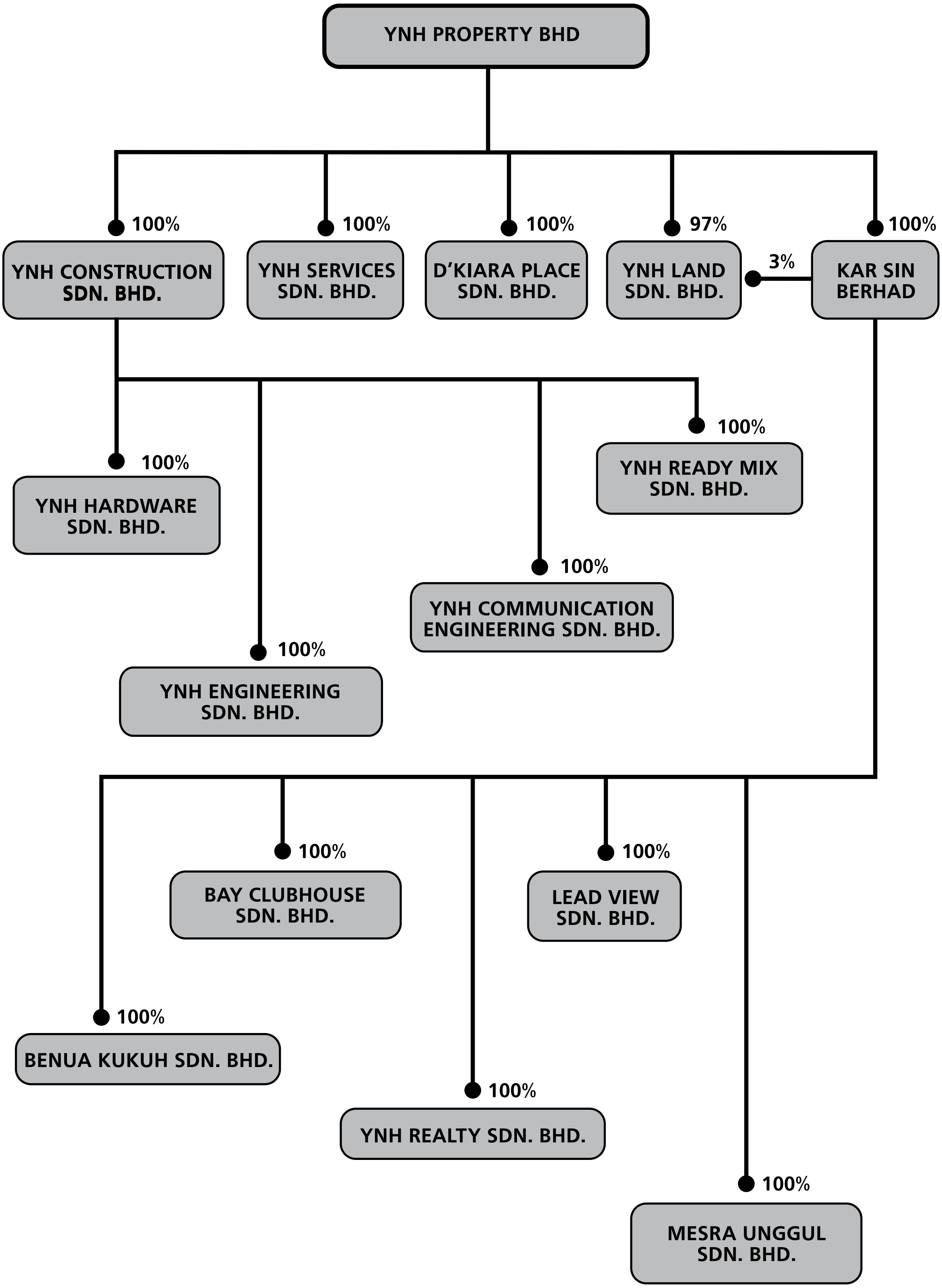
Sales Office – Ipoh
10, Jalan Medan Ipoh 3
Bandar Medan Ipoh Baru
31400 Ipoh
Perak Darul Ridzuan, Malaysia
Telephone No.: 05-5451945
Fax No.: 05-5451945

Auditors
Baker Tilly AC
(formerly known as Moore Stephens AC)
A-37-1, Level 37
Menara UOA Bangsar
5, Jalan Bangsar Utama 1
59000 Kuala Lumpur, Malaysia.

Principal Bankers
Alliance Bank Malaysia Berhad
AmBank (M) Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
Public Investment Bank Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Bhd.

Stock Exchange Listing
Bursa Malaysia Securities Berhad
Main Market

CORPORATE STRUCTURE



PROFILE OF THE BOARD OF DIRECTORS

DATO' DR. YU KUAN CHON, DIMP, PPT, MBBS
51 years of age
Malaysian
Chairman, Executive Director
Member, ESOS Committee

He was appointed to the Board of the Company on 3 September 2003 and subsequently as Chairman of the Company on 20 February 2004. After graduating with a medical degree in 1988, he started work as a houseman in Klang and continued as a medical officer a year later. Subsequently, he has also served as a medical officer in Ipoh and Taiping hospital, Perak. In 1995 he left the government service and started assisting the family business.

He is also a Non-Executive and Non-Independent Director of Rapid Synergy Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

He has attended five (5) out of the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2012.

He is the brother of Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT. He is also a substantial shareholder of the Company.

He has not been convicted of any offences in the last ten years.

DATO' YU KUAN HUAT, DPMP, PMP, AMP, PPT
55 years of age
Malaysian
Managing Director
Member, Remuneration Committee
Member, ESOS Committee

He was appointed to the Board of the Company on 3 September 2003 and subsequently as Managing Director on 8 October 2003. Prior to his appointment to the Board of the Company, he was a Managing and Founder Director of Kar Sin Berhad, which is now a wholly owned subsidiary of the Company. He has over 17 years of experience in property development, construction, money lending and aquaculture.

He is an Alternate Director to Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS of Rapid Synergy Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

He has attended all the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2012.

He does not hold any directorship in any other public listed company. He is also a substantial shareholder of the Company. He and Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS are brothers.

He has not been convicted of any offences in the last ten years.

PROFILE OF THE BOARD OF DIRECTORS (cont'd)

DATO' ROBERT LIM @ LIM GIT HOOI, DPMP, JP
74 years of age
Malaysian
Senior Independent and Non-Executive Director
Chairman, Audit Committee
Chairman, Nominating Committee
Chairman, Remuneration Committee
Member, ESOS Committee

He was appointed to the Board of the Company on 3 September 2003 and subsequently appointed as the Senior Independent and Non-Executive Director of the Company on 17 May 2004. He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

Prior to his appointment to the Board of the Company, he was a partner in Ernst & Young. He also sits on the Board of Gopeng Berhad as an Independent Director. He is a director in Hektar Asset Management Sdn. Bhd., a management company for Hektar REIT which is listed on the Bursa Malaysia Securities Berhad. He also holds directorships in several other private limited companies.

He has attended all the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2012.

He does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted of any offences in the last ten years.

CHING NYE MI @ CHIENG NGIE CHAY
66 years of age
Malaysian
Independent and Non-Executive Director
Member, Audit Committee
Member, Nominating Committee
Member, Remuneration Committee
Member, ESOS Committee

He was appointed to the Board and Audit Committee of the Company on 3 September 2003. He has graduated with a Bachelor of Arts (Econs) from University Malaya in 1971. Prior to his appointment to the Board of the Company, he was a bank manager of Public Bank Berhad before his retirement in August 2002. He has over 31 years of professional experience in all aspects of the banking industry.

He does not hold any directorship in any other public listed company.

He has attended all the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2012.

He does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted of any offences in the last ten years.

PROFILE OF THE BOARD OF DIRECTORS (cont'd)

DING MING HEA
49 years of age
Malaysian
Independent and Non-Executive Director
Member, Audit Committee
Member, ESOS Committee

He was appointed to the Board and Audit Committee of the Company on 1 December 2007. He obtained a Bachelor of Science in Mathematics from Universiti Kebangsaan Malaysia and a Degree in Law in the United Kingdom. He was called to the Bar of England and Wales by the Honourable Society of Gray's Inn, London in 1990 and was admitted as an advocate and solicitor of the High Court of Malaya in 1992. In 1993, he obtained a Master of Laws (LL.M)-Corporate and Commercial Law from King's College London, University of London, United Kingdom. Presently, he is a partner of a legal firm, Nor Ding & Co.

He is also an Independent and Non-Executive Director of Rapid Synergy Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

He has attended all the five (5) Board of Directors' Meetings held during the financial year ended 31 December 2012.

He does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted of any offences in the last ten years.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors of YNH Property Bhd ("YNHP" or the "Company") we present the Annual Report and Audited Financial Statements of the Company and its subsidiaries ("Group") for the financial year ended 31 December 2012.

I am pleased to report that YNHP has had another good year with YNHP Group registering total revenue of RM269.2 million in Financial Year Ended ("FYE") 31 December 2012 and the Profit Before Taxation ("PBT") of RM63.9 million for FYE 2012.

The year under review had been a challenging year as the economy all over the world is still being affected by the massive economic problem suffered by the whole of Europe and also the United States.

However, in Malaysia, the economy grew at a steady pace annually from 5.1% in 2011 to 6.4% in 2012 mainly driven by the Economic Transformation Programme ("ETP") which acts as the catalyst in the transformation of Malaysia's economy with many Government driven infrastructure projects.

Taking into account of the economic environment, the Company had launched a couple of projects in the Klang Valley and also in Seri Manjung in financial year ended 31 December 2012. The Company soft-launched in the first quarter of 2012, the Kiara 163 project, a mixed development project in Mont Kiara. In addition, we have commence the development of a 446 units of service apartment to be known as Fraser Residence Kuala Lumpur (188 Suites), which will be managed by Fraser Hospitality Pte. Ltd, a wholly owned company of the Fraser & Neave Group.

In addition, we are also proud to announce the completion of the AEON Shopping Mall in Seri Manjung which had been in business operation since December 2012. YNHP is currently constructing the Pantai Hospital in Manjung, which is slated to be completed by end 2013.

The Group's other current on-going projects in Perak includes Pusat Perniagaan Manjung Point 3, Taman Megah, Medan Makmur Jaya, Taman Pundut Raya, Taman Pantai Maju and Taman Panchor Damai.

Review Of Operations and Prospect For The Year 2013

For the year 2012, sales contribution were mainly derived from the progressive sales of Fraser Residence Kuala Lumpur, sales of commercial properties at Manjung Point Township (adjacent to AEON Shopping Mall), progressive sales of inventories in Ceriaan Kiara (Mont Kiara, Kuala Lumpur) and progressive sales of development projects in Manjung Point Township.

Despite the challenging global climate, sales from the Company's projects such as Fraser Residence Kuala Lumpur (188 Suites), Manjung Commercial Shoplots and Manjung Point Residence (Seri Manjung, Perak) will continue to contribute strongly to the Group's income. As such, the Board is optimistic of the Group's prospect for 2013.

Fraser Residence Kuala Lumpur is located within the Golden Triangle of Kuala Lumpur city centre. This development consist of a two block service apartment of 446 units with elevated car park podium, facilities and Food & Beverage shops at the ground floor and one level of lower ground car park on the said development. The prime mixed development is located on Jalan Cendana off Jalan Sultan Ismail, Kuala Lumpur. This development has a Gross Development Value ("GDV") of approximately RM530 million and is expected to contribute positively to the Group's earnings for the next couple of years. Currently, we have already secured sales of more than 70%. The construction of the building structure is already completed up to Level 42.

The Board is also optimistic of our Kiara 163 mix development project, a 6 acres freehold development property, which is located in Mont' Kiara, Kuala Lumpur, beside the McDonald's outlet at Plaza Mont' Kiara.

CHAIRMAN'S STATEMENT (cont'd)

The proposed mix development project comprise of:

1. 2 Blocks of 42 storey of Service Apartment (584 units) with facilities and multi-storey car parks,
2. 1 Block of Office tower,
3. 1 Block of shopping mall and basement car parks.

The Kiara 163 development has a total GDV of approximately RM1.2 billion and is now open for registration and thus far the response have been very good. The Company is confident that with the prime location of this project, it will be a success. The Board is confident that Kiara 163 development is expected to contribute positively to the Group's earnings in the next 5 years.

In addition, YNHP had completed the construction of a shopping centre development named as AEON Seri Manjung which is currently leased to AEON Co. (M) Bhd. The shopping mall sited on a piece of freehold land measuring approximately 30 acres at a total Gross Building Cost ("GBC") of approximately RM155.3 million was completed at the end of November 2012 and is expected to improve the value of the properties, both existing and also future developments in our Manjung Township.

YHNP has also entered into a Master Collaboration Agreement with Pantai Holdings Bhd to build and lease a private hospital in the Manjung Point Township development located in Seri Manjung, Perak. The Pantai Hospital in Seri Manjung will also add value to the Company's existing and future developments in the Manjung Point Township in Seri Manjung, Perak. The hospital is expected to be ready by 2013 and this project will contribute positively to the Group's future earnings. The estimated GDC is within the budget of RM51 million.

Furthermore, the Group's township development in Seri Manjung of approximately 700 acres will continue to contribute to the Group's profit for the next 20 to 30 years. With the investment of Vale International SA in Manjung, Perak, the Group believes that our township projects will have a stronger future contributions going forward.

Lastly, a prestigious project planned for the immediate future by YNHP is the Menara YNH development. The commercial development sits on approximately 3 acres of land on Jalan Sultan Ismail, which is located within the Golden Triangle area of Kuala Lumpur city centre. The location of Menara YNH offers easy accessibility and close proximity to public transport facilities. This development has a GDV of approximately RM2.3 billion. The Menara YNH will be comprised of office tower and shopping mall. Contributions from this project which includes rental income is expected to contribute positively to the Group's future earnings.

Acknowledgement

On behalf of the Board, I would like to thank the management team and all employees for their continuous effort, commitment and support during the year. I would also like to express my appreciation to our valued customers, bankers and other business associates for their support and co-operation. To our valued shareholders, I would like to thank them for their faith in us.

Last but not least, I would like to extend my sincere appreciation to my fellow Board members for their continued support, guidance and contribution to the Group.

DATO' DR. YU KUAN CHON, DIMP, PPT, MBBS
Chairman

CORPORATE GOVERNANCE STATEMENT

The Board is committed to ensuring that good corporate governance is practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the long-term financial performance of the Group. The Board acknowledged and welcome the implementation towards achieving the objectives of the Code.

The Board is pleased to report on the manner the Group has compiled with the relevant principle and recommendations of good governance as set out in the Malaysian Code on Corporate Governance 2012 (the Code) pursuant to Paragraph 15.25 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (the Main Market Listing Requirements) as set out below. The Board having duly considered the rationale for the said exception as explained in this Annual Report.

1. Board of Directors

Principal Responsibilities

The Board has the overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the investment and business of the Group. The following are specific areas of responsibilities of the Board:-

- Strategic plan of the Group
- Monitoring the conduct and management of the Group's business
- Identification of risks and ensure appropriate systems for risk management
- Succession planning for senior management
- Internal control system
- Developing and implementing an investor and shareholders communication policy

The Board shall meet at least four (4) times a year at quarterly intervals with additional meetings convened as necessary. Five (5) Board Meetings were held during the financial year ended 31 December 2012. Details of attendance of Directors at the Board Meetings are presented in the Statement Accompanying the Notice of the Eleventh Annual General Meeting.

Board charter

The Board has adopted a Charter, which sets out the Board's strategic intent and outlines the Board's roles and responsibilities including the vision and mission and principles of the Company and the policies and strategy development of the Group. The Charter also serves as a source of reference and primary induction literature, providing insights to new Board members.

The Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

Supply of information

All Directors have unhindered access to the advice and services of the Company Secretary who is responsible for ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with. All Directors also have access to all information within the Group.

A formal procedure shall be implemented to enable the full Board or in their individual capacity to take independent professional advice at Group's expense in furtherance of their duties.

CORPORATE GOVERNANCE STATEMENT (cont'd)

2. Board composition and balance

The Company is currently led by a Board comprising five (5) members, one (1) of whom is the Executive Chairman and one (1) is the Managing Director whilst the remaining three (3) are Independent Non-Executive Directors. The Board has reviewed the composition of its members which comprised five (5) and has decided to keep the Board members to five (5) having regards to the current level of activities.

There is a Board balance of Executive Directors and Independent Non-Executive Directors with at least half (1/2) of the Board consisting of Independent Non-Executive Directors. Together, the Directors bring a wide range of business and financial experience relevant to the direction of the Group.

There is a clear division of responsibility between the Chairman and Managing Director to ensure a proper balance of power and authority. The Managing Director has overall responsibilities over the operating units, organisational effectiveness and implementation of Board policies and decisions. The Chairman's responsibility is to ensure effectiveness and conduct of the Board. The presence of three (3) Independent Non-Executive Directors fulfil a pivotal role in corporate accountability. Although all the Directors have an equal responsibility for the Group's operations, the role of these Independent Non-Executive Directors are particularly important as they provide unbiased and independent views, advice and judgment.

Dato' Robert Lim @ Lim Git Hooi, DPMP, JP acts as the Senior Independent Non-Executive Director. Any concerns relating to the Group may be conveyed to him.

3. Appointments to the Board

The Board has set up a Nominating Committee on 20 February 2004 with the responsibility for proposing new nominees for the Board and for assessing Directors on an on-going basis. Nevertheless, the actual decision as to who shall be appointed should be the responsibility of the entire Board after considering the recommendations of the Nominating Committee.

4. Directors training

All Directors have attended the Mandatory Accreditation Programmes as required under the Listing Requirements of Bursa Securities. The following in house trainings had been conducted and attended by all Directors during the Financial year:

a) Workshop on Recent Tax Cases
b) Related Party Transactions and updated to Listing Requirements
c) Updates of the 2012 IFRS Compliant MFRSs
d) Preparing for convergence to IFRSs

Dato' Robert Lim @ Lim Git Hooi, DPMP, JP also attended an external training on MFRS/IFRS Guide for Audit Committee and Internal Auditors during the Financial year.

The Directors will continue to undergo training and other relevant programmes to further enhance their skills and knowledge where relevant.

5. Re-election of Directors

In accordance with the Articles of Association of the Company, all Directors who are appointed by the Board are subject to re-election at the next Annual General Meeting immediately after appointment and at least one-third (1/3) of the Directors are subject to re-election by rotation at each Annual General Meeting. The Articles of Association also provide that all Directors shall retire at least once in each three (3) years.

CORPORATE GOVERNANCE STATEMENT (cont'd)

6. Investor relations and shareholder communication

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company. Announcements and release of financial results on a quarterly basis provide the shareholders and the investing public with an overview of the Group's performance and operations. These are available in the Bursa Malaysia Securities Berhad website and provides an avenue to its shareholders to receive information about the Group electronically.

7. The AGM

The Annual General Meeting which is held each year (not later than 30 June each year), provides a means of communication with shareholders. A copy of the Annual Report and notice of AGM are sent to all shareholders at least twenty-one (21) days before the AGM. Members of the Board as well as the Auditors of the Company are present to answer questions raised at the meeting.

Each item of special business included in the notice of meeting will be accompanied by a full explanation of the effects of the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

Shareholders are also informed and invited to attend any Extraordinary General Meetings through circulars and notice of meeting where the Board is available to respond to shareholders' questions during the meeting.

At all times shareholders may contact the Company through the Company Secretary for information.

8. Corporate social responsibility statement

In the midst of pursuing business objective and striving to enhance shareholders' value of the Company, the Board of Directors has also dedicated to assist the local community and the general public to create a harmonious and pleasant living environment. The Company has ensured that, in achieving such objectives, the benefit shall not only include its shareholders but also its employees, the community and the environment. During the year 2012, the Group has contributed to the local community through Dato' Yu Neh Huat Foundation which is a trust maintained and operated by the controlling shareholder of the Company.

Dato' Yu Neh Huat Foundation ("the Foundation") is dedicated to the advancement of education and religion, relief of poverty, promotion of activities for the benefit and advancement of the sports, culture and art and for the benefit and preservation of the environment, nature and wildlife and specific for purposes beneficial to the local community mainly in the District of Manjung, Perak.

The Foundation has pledged to continue to contribute and to assist Eng Ling School in the construction of a primary school for the local community in Seri Manjung. The Foundation has also donated to an Old Folks Home in Kg Cina, Community Centre, Chinese Temples, Hindu Temples, Sports Associations and various local schools in the District of Manjung. The Foundation has also provided scholarships to qualified students from the lower income group of society.

The Group emphasizes the need for safety and ethics not only in the work place but also in the products that it delivers. The Group also provide industrial training to technical students from various colleges and universities for a period of three to six months.

CORPORATE GOVERNANCE STATEMENT (cont'd)

9. Financial reporting

The Company's financial statements are prepared in accordance with the requirements of applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The Board is responsible to ensure that the financial statements of the Company present a balanced and understandable assessment of the state of affairs of the Company. The Audit Committee assists the Board in scrutinizing information for disclosure to ensure accuracy and adequacy. In this respect, it is the Board's policy to ensure the accurate and timely dissemination of financial and corporate announcements for greater accountability and transparency. Such announcements are made to Bursa Malaysia Securities Berhad promptly upon the Board's approval.

10. Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial period and of their profit or loss and cash flows for the period then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

11. Risk Management and Internal control

The Board recognises the importance of sound risk management and internal controls practices to good corporate governance. In this respect, the Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems.

The Board has established a Risk Management Committee in 2005 that comprises the Managing Director and all senior management to assess the various types of risks which might have an impact on the profitable operation of the Group's business.

The Statement on Risk Management and Internal Control furnished on pages 24 to 25 of the Annual Report provides an overview on the state of risk management and internal controls within the Group.

12. Relationship with the auditors

The Company has always maintained a formal and transparent relationship with the external auditors in seeking professional advice and ensuring compliance with approved accounting standards. Both the external and internal auditors will meet the Board at least twice a year for the presentation of audit plan and results of audit when the annual financial statements are presented to the Directors. Annual appointment or re-appointment of the external auditors is by shareholders' resolution at the AGM on the recommendation of the Board. Annual appointment or re-appointment of the internal auditors is made by the Board on the Audit Committee's recommendation.

CORPORATE GOVERNANCE STATEMENT (cont'd)

13. Board Committees

The Board has established four committees to assist the Board in discharging certain responsibilities and duties. The establishment of these Board Committees further enhance the effectiveness of the Board in decision making.

a) Audit Committee

The Audit Committee is made up of three (3) Independent Non-Executive Directors. The Terms of Reference of the Audit Committee regulates the conduct of the members. The members are empowered to review the financial statements of the Group and deliberate on any audit finding from both the external and internal auditors arising from the Group's financial statements and any issues raised by the external and internal auditors.

The Committee has full access to both internal and external auditors. These auditors in turn have access at all times to the Chairman of the Audit Committee.

The Audit Committee Report is set out on pages 26 to 27 of the Annual Report.

b) Nominating Committee

The members of the Nominating Committee are:-

Chairman	:	Dato' Robert Lim @ Lim Git Hooi, DPMP, JP *(Senior Independent Non-Executive Director)*
Members	:	Ching Nye Mi @ Chieng Ngie Chay *(Independent Non-Executive Director)*

Terms of Reference

Composition

The Nominating Committee comprised two (2) members all of which are non-executive directors.

Functions

The functions of the Nominating Committee shall include the following:

a) recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board.

b) consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any director or shareholder.

c) recommend to the Board, Directors to fill the seats on Board Committees.

d) the Board, through the Nominating Committee, should review annually its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board. This should be disclosed in the Annual Report.

e) the Board should implement a process, to be carried out by the Nominating Committee annually, for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each individual Director.

CORPORATE GOVERNANCE STATEMENT (cont'd)

13. Board Committees (cont'd)

b) Nominating Committee (cont'd)

Functions (cont'd)

f) training and orientation of directors.

g) in connection with the Remuneration Committee, succession plan for senior officers and key group managers.

c) Remuneration Committee

The members of the Remuneration Committee are:

Chairman	:	Dato' Robert Lim @ Lim Git Hooi, DPMP, JP *(Senior Independent Non-Executive Director)*
Members	:	Ching Nye Mi @ Chieng Ngie Chay *(Independent Non-Executive Director)*
		Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT *(Managing Director)*

Terms of Reference

Composition

The Remuneration Committee comprise three (3) members, the majority of whom are Non-Executive Directors.

Functions

The functions of the Committee shall include the following:

a) to recommend to the Board the remuneration of the Executive Directors in all its forms, drawing from outside advice as necessary. Executive Directors should play no part in decisions on their own remuneration.

b) to recommend to the Board the determination of remuneration packages of Non-Executive Directors, including the Non-Executive Chairman. The individuals concerned should abstain from discussion on their own remuneration.

c) establish a formal and transparent procedure for developing policy on executive directors remuneration and for fixing the remuneration packages of individual Director.

d) disclose in the Annual Report the details of the remuneration of each Director.

e) compensation policies and programme.

f) in conjunction with the Nominating Committee, succession planning for senior officers, key group managers and staff.

g) employee compensation and benefits programme.

CORPORATE GOVERNANCE STATEMENT (cont'd)

13. Board Committees (cont'd)

c) Remuneration Committee (cont'd)

Terms of Reference (cont'd)

Functions (cont'd)

During the last financial year, a Remuneration Committee Meeting was held on 23 February 2012.

The remuneration of each Director reflects the level of responsibility and commitment, which goes with Board membership. The Board determines the remuneration of each Director. It is the Board's or Committee's duty to ensure that the level of remuneration is sufficient to attract and retain the Directors needed to run the Company successfully. The Executive Directors play no parts in deciding their own remuneration and the respective Board members shall abstain from all discussion pertaining to their remuneration.

The fees for Directors, are endorsed by the Board for approval by the shareholders at the Annual General Meeting prior to payment to the Directors.

The details of the remuneration for Directors of the Company received or receivable for the financial year ended 31 December 2012 by category and in bands of RM50,000 and RM500,000 are as described below:-

Range of remuneration per annum	No. of Directors (Executive)	No. of Directors (Non-Executive)
RM100,001 to RM150,000	-	3
RM150,001 to RM200,000	-	-
RM6,000,001 to RM6,500,000	-	-
RM6,500,001 to RM7,000,000	2	-

The remuneration packages of the Directors are as follows:-

	Total per annum for the financial year ended 31 December 2012	
Remuneration packages	**Executive Directors RM**	**Non-Executive Directors RM**
Fees	-	125,680
Salaries & other emoluments	13,673,214	272,940
Benefits-in-kind	1,200	-
TOTAL	**13,674,414**	**398,620**

d) Employees' Share Option Scheme (ESOS) Committee

The ESOS Committee was established on 23 June 2004. The ESOS Committee is given full power to administer the Scheme in such manner as it shall in its entire discretion deem fit and in accordance with the terms and conditions as set out in the bye-laws of the Scheme including setting and amending any regulations as allowed under the bye-laws. The ESOS Committee comprises Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT, Dato' Dr Yu Kuan Chon, DIMP, PPT, MBBS, Dato' Robert Lim @ Lim Git Hooi, DPMP, JP, Ching Nye Mi @ Chieng Ngie Chay, Ding Ming Hea and Chan Yan Meng.

CORPORATE GOVERNANCE STATEMENT (cont'd)

14. Compliance with the Code

The Group has complied with the relevant principle and recommendations of good governance as contained in the Code other than those exception set out below. The reasons for such non-compliances are as follows:

a) The Chairman must be of a non-executive member of the Board. However, the Nominating Committee have assessed, reviews and determined that the chairmanship of Dato' Dr Yu Kuan Chon, DIMP., PPT, MBBS remains based on the following justifications and aspects contributed by Dato' Dr Yu Kuan Choon, DIMP, PPT, MBBS, as a member of the Board:

- His vast experience in managing the operations of the Group's property investments, property development, constructions and hotel enable him to provide the Board with a diverse set of experience, expertise and skills to better manage and run the Group.
- He has exercised his due care in the interest of the Company and shareholders during his tenure as an Executive Chairman of the Company.
- He has provided objectivity in decision making and ensured effective check and balance in the proceedings of the Board.

b) The tenure of an independent director should not exceed a cumulative term of 9 years. However, the Nomination Committee and Board have determined at the annual assessment carried out that Dato' Robert Lim @ Lim Git Hooi, DPMP, JP and Ching Nye Mi @ Chieng Ngie Chay, who has served on the Board for more than 9 years, remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committee. The length of their service on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interest of the Company. Dato' Robert Lim @ Lim Git Hooi, DPMP, JP and Ching Nye Mi @ Chieng Ngie Chay have been demonstrably independent in carrying out their roles as Members of the Board and Board Committees.

Dato' Robert Lim @ Lim Git Hooi, DPMP, JP has also notably fulfilled his roles as Chairman of the Audit Committee

The Board has also determined not to seek shareholders' approval and retained Dato' Robert Lim @ Lim Git Hooi, DPMP, JP and Ching Nye Mi @ Chieng Ngie Chay to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

(a) Dato' Robert Lim @ Lim Git Hooi, DPMP, JP

i) He fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), and thus he would be able to function as check and balance, provide a broader view and brings an element of objectivity to the Board.

ii) His vast experience in accountancy, taxation and financial consultancy enabled him to provide the Board with a diverse set of experience, expertise and independent judgment.

iii) He has performed his duty diligently and in the best interest of the Company as required by the Code as an Independent Director and provides a broader view, independent and balanced assessment of proposals from the management.

CORPORATE GOVERNANCE STATEMENT (cont'd)

14. Compliance with the Code (cont'd)

b) (b) Ching Nye Mi @ Chieng Ngie Chay

i) He fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), and thus he would be able to function as check and balance, provide a broader view and brings an element of objectivity to the Board.

ii) His vast experience in banking industry enabled him to provide the Board with a diverse set of experience, expertise and independent judgment.

iii) He has performed his duty diligently and in the best interest of the Company as required by the Code as an Independent Director and provides a broader view, independent and balanced assessment of proposals from the management.

c) Disclosure of Directors' remuneration is not made in detail for each Director. However, the remuneration paid are categorised into the appropriate components and , in compliance with the Bursa Securities Listing Requirements, analyzed in bands of RM50,000 and RM500,000.

ADDITIONAL COMPLIANCE INFORMATION

1. **Utilisation of Proceeds**
   The Company did not raise funds through any corporate proposal during the financial year.

2. **Share Buy Back**
   The information on share buy back for the financial year is presented in the Directors' Reports.

3. **Options, Warrants or Convertible Securities**
   The amount of options exercised in respect of the financial year is presented in the Directors' Report. The Audit Committee has verified that the allocation of the Employees' Shares Options during the year is in accordance with the criteria set out in the ESOS bye-laws.

   The Company did not issue any warrants or convertible securities during the financial year.

4. **Depository Receipt Programme**
   The Company did not sponsor any Depository Receipt programme during the financial year.

5. **Sanctions and/or Penalties**
   There were no material public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

6. **Non-Audit Fees**
   Non-audit fees paid to external auditors for the financial year ended 31 December 2012 amounted to RM8,000.

7. **Variation in Results**
   There was no materials variance between the audited results for the financial year ended 31 December 2012and unaudited results previously released for the financial quarter ended 31 December 2012.

8. **Profit Guarantee**
   There was no profit guarantee given by the Company during the financial year.

9. **Material Contracts**
   There were no material contracts, entered into or loan made by the Company and its subsidiaries, involving Directors' and substantial shareholders' either still subsisting at the end of the financial year 31 December 2012 or entered into since the end of the previous financial year.

10. **Revaluation of Landed Properties**
    There were no revaluations of landed properties during the financial year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements require the Board of Directors of public listed companies to include in its annual report a "statement about the state of internal control of the listed issuer as a group".

The Board of Directors is committed to maintain a sound system of risk management and internal control in the Group and is pleased to provide the following statement which has been prepared in accordance with the Guidelines for Directors of Listed Issuers on the Statement on Risk Management And Internal Control.

Key Elements Of Risk Management and Internal Control

The Board has overall responsibility for the Group's risk management and system of internal control and for reviewing its adequacy and integrity to safeguard shareholders' investment and Group's assets. The Board has received assurance from the Group Managing Director and Group Financial Controller that the Group's risk management and internal control system is operating adequately and effectively. The Board's responsibility covers not only financial controls, but also relating to operational risk management and compliance with applicable laws and regulations and guidelines set by the authorities.

However, because of the limitations that are inherent in any internal control, it should be noted that such system is designed to manage rather than to eliminate the risk of failure to achieve business objectives and can only provide a reasonable assurance against material misstatement. The Directors have established the following operational framework to provide an adequate internal control system.

- The Group operates within an organisational structure with defined lines of responsibilities and accountabilities. A procedural and hierarchical reporting has been established which provides for a documented and auditable trail of accountability.

- The Group's risk management process identifies the principal business risks. The Management is responsible for the identification and evaluation, on an on-going basis, of significant risks inherent to the business. Appropriate action plans are developed to mitigate the key risk areas. Management meetings will be conducted to schedule available resources to address the identified risks within the risks management process.

- The Audit Committee provides assistance to the Board of Directors in fulfilling its overall responsibilities. The Audit Committee reviews the internal audit plan for the year, and reviews the action taken on internal control issues identified in the reports prepared by the Internal Auditor.

- The Group outsourced its Internal Audit Function to an accounting firm during the current year and the Internal Auditors, which report directly to the Audit Committee, performed reviews on the effectiveness of the current controls in place and highlighted key risk areas affecting the Group as well as made practical recommendations to address any potential weaknesses. The Internal Audit Function carries out the audit on rotational basis to cover selected areas and companies in every audit. The Audit Committee, together with the Management, reviewed the issues identified by the Internal Auditors and external auditors and ensured that all practical recommendations, agreed to by the Management, are implemented. In year 2012, the Internal Audit Function reviewed the property development and hotel operation segments covering the following areas:

    - Follow Up Audit On Expenditure Review, which focused on the implementation status of the agreed recommendations by internal auditors.

    - Review of Procedures For Recurrent Related Party Transactions("PPRT") , to ensure adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner to ensure that the RRPT are conducted at arm's length and on normal commercial terms and that such transactions are not prejudicial to the interest of the shareholders of the Company

    - Review Fraser Place Kuala Lumpur Service Charge Distribution Procedures, to ensure that it is properly accounted for and distributed to staff in accordance with established policies and procedures at Fraser Place, Kuala Lumpur.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

Risk Management

The Group has established appropriate risk management infrastructure to ensure that the Group assets are protected and shareholders' value are enhanced. The Group had a Risk Management Committee ("RMC"), which is chaired by the Group Managing Director, Dato Yu Kuan Huat, DPMP, PMP, AMP, PPT, and attended by the Group Financial Controller and all head of departments. RMC is given the task of implementing and maintaining the appropriate risk management framework to achieve the following objectives:

- Identify business risks/threats and monitor significant risks in an effective manner.
- To carry out review and reporting on key risk areas, on a half yearly basis
- Inculcate risk awareness culture at every level of management.

Risk assessment, monitoring and review of the various risks are on-going process with RMC playing a vital role. The RMC meeting is conducted on a half yearly basis to review the key risk profile and will report the findings direct to the Audit Committee. The risk assessment, monitoring and review process has been in place for the year under review up to the date of approval of this statement for inclusion in the annual report.

The Group has a Management Information System that generates management reports on a regular and consistent basis to facilitate the Board and the Management to perform financial and operational reviews.

Monitoring And Review Of The Adequacy And Integrity Of The System Of Internal Control

The procedures adopted by the Group to review of the adequacy and integrity of the system of internal control include:

- Confirmation and assurance by the Managing Director and Head of RMC on the effectiveness of the system of internal control, highlighting potential risk areas and weaknesses in management control.
- Examination on the control procedures by internal audit function, which are carried out and report the findings directly to Audit Committee.

Weaknesses In Internal Control And Risk Management That Result in Material Losses

There were no material losses incurred during the financial year under review as a result of weaknesses in internal control.

The Board concurs that the system of internal control will continue to be reviewed, added on or updated in line with the changes in the operating environment. The Board will continue to seek regular assurance on the effectiveness of the internal control system through the work carried out by internal auditors. The monitoring, review and reporting arrangement in place provide a reasonable assurance that the control procedures and risk management are appropriate to the Group's operation and that risks are at an acceptable level. The Board is of the view that the existing system of internal control and risk management is adequate and effective to safeguard the Group's assets at the existing level of operations of the Group.

This statement has been reviewed by the external auditors in compliance with Paragraph 15.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

AUDIT COMMITTEE REPORT

MEMBERS OF THE COMMITTEE

Name of Members	Directorship	Designation
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP	Senior Independent Non-Executive Director	Chairman of Committee
Ching Nye Mi @ Chieng Ngie Chay	Independent Non-Executive Director	Committee Member
Ding Ming Hea	Independent Non-Executive Director	Committee Member

Functions

The functions of the Committee shall include the following:

(1) review the following and report the same to the Board:

(a) with the external auditor, the audit plan;
(b) with the external auditor, his evaluation of the system of internal controls;
(c) with the external auditor, his audit report, management letter and management's response;
(d) the assistance given by the employees of the Company to the external auditor;
(e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
(f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
(g) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
(i) changes in or implementation of major accounting policy changes;
(ii) significant and unusual events; and
(iii) compliance with accounting standards and other legal requirements;
(h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
(i) any letter of resignation from the external auditors of the Company; and
(j) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and

(2) recommend the nomination of a person or persons as external auditors.

Attendance of Meetings

During the financial year, a total of five (5) meetings were held.

The details of the attendance of the Committee members are as follows:

Name	Number of Meetings Attended
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP	5/5
Ching Nye Mi @ Chieng Ngie Chay	5/5
Ding Ming Hea	5/5

AUDIT COMMITTEE REPORT (cont'd)

Summary of Activities

The activities of the Audit Committee during the financial year under review are as summarised below:

- Reviewed and approved the Internal Audit's plan and programmes;
- Reviewed the internal audit reports and considered the findings by the auditors and management's responses thereto;
- Reviewed, prior to the recommencement of audit, the external auditors' scope of engagement, their audit plan and approach;
- Reviewed with the external auditors the results of their audit, their audit report and management letters relating to the audit, their internal control recommendations in respect of control weaknesses noted in the cause of their audit and the management's responses thereto;
- Reviewed the annual and quarterly financial statements and reporting to Bursa Malaysia Securities Berhad and ensured compliance with additional disclosure requirements in accordance with the Main Market Listing Requirements of Bursa Securities;
- Reviewed the related party transactions and conflict of interest situations that arose within the Company or Group during the year.

Internal Audit Function

The Internal Audit Function was established in 2004 with the initial engagement of a major audit firm to provide the internal audit services. The role of the internal audit team is to provide independent and objective reports on the state of internal control and compliance to policies and procedures. The internal audit team will assist the Group in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process.

It is the responsibility of the internal auditors to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

The Internal Audit Function is currently outsourced to another professional services firm which reports directly to the Audit Committee. The scope of work covered by the Internal Audit Function is determined by the Audit Committee after discussion of the audit plan with the Board. The costs incurred for the Internal Audit Function for the financial year ended 31 December 2012 were RM35,500.

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 13 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	48,428,537	17,349,850
Profit attributable to:		
Owners of the Company	48,428,537	17,349,850

DIVIDENDS

Dividends paid by the Company since the end of the previous financial year were:

(i) A final single tier dividend of 2% (2 sen per ordinary share) amounting to RM8,241,203 in respect of the financial year ended 31 December 2011 approved at the Annual General Meeting on 29 June 2012, which was paid on 28 September 2012; and

(ii) An interim single tier dividend of 1.5% (1.5 sen per ordinary share) amounting to RM6,184,647 in respect of the financial year ended 31 December 2012, which was paid on 29 November 2012.

The directors have recommended a final single tier dividend of 2.5% (2.5 sen per ordinary share) amounting to RM10,311,629 based on 412,465,151 ordinary shares for the current financial year ended 31 December 2012, subject to shareholders' approval at the forthcoming Annual General Meeting to be held at a date to be determined later.

The financial statements for the current financial year do not reflect the final dividend. Such dividend, if approved will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013. The actual net amount payable will depend on the number of ordinary shares in issue on the entitlement date.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those as shown in the financial statements.

DIRECTORS' REPORT (cont'd)

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT (cont'd)

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid up share capital by way of the issuance of 3,371,000 ordinary shares of RM1 each for cash pursuant to the Company's ESOS at an exercise price of RM1.38 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respect with the existing ordinary shares of the Company.

DIRECTORS

The directors in office since the date of the last report are:

DATO' DR. YU KUAN CHON, DIMP, PPT, MBBS
DATO' YU KUAN HUAT, DPMP, PMP, AMP, PPT
DATO' LIM GIT HOOI @ ROBERT LIM, DPMP, JP
CHING NYE MI @ CHIENG NGIE CHAY
DING MING HEA

DIRECTORS' INTEREST

According to the register of directors' shareholding, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

		Number of ordinary shares of RM1 each			
	Note	At 1.1.2012	Bought	Sold	At 31.12.2012
Direct interest					
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	*	71,421,135	-	-	71,421,135
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT	*	47,781,277	60,000	-	47,841,277
Dato' Lim Git Hooi @ Robert Lim, DPMP, JP		461,108	-	-	461,108
Ching Nye Mi @ Chieng Ngie Chay		707,973	1,272,700	-	1,980,673
Ding Ming Hea		773,247	-	-	773,247
Indirect interest					
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	**	61,668,029	60,000	-	61,728,029
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT	**	85,173,340	-	-	85,173,340
Ching Nye Mi @ Chieng Ngie Chay	***	550,024	-	(550,000)	24

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTEREST (cont'd)

				<———Number of ESOS———>		
Name	**Exercise price**	**Grant date**	**Expiry date**	**Balance as at 1.1.2012**	**Exercised**	**Balance as at 31.12.2012**
Dato' Dr. Yu Kuan, Chon, DIMP, PPT, MBBS	1.38	5.1.2010	4.8.2014	3,900,000	-	3,900,000
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT	1.38	5.1.2010	4.8.2014	3,900,000	-	3,900,000
Dato' Lim Git Hooi @ Robert Lim, DPMP, JP	1.38	5.1.2010	4.8.2014	480,000	-	480,000
Ching Nye Mi @ Chieng Ngie Chay	1.38	5.1.2010	4.8.2014	800,000	-	800,000
Ding Ming Hea	1.38	5.1.2010	4.8.2014	800,000	-	800,000

* Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS and Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT, by virtue of their interests in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent that the Company has an interest.

** Deemed interested through spouse, sibling, spouse of sibling and Neh Huat & Sons Sdn. Bhd.

*** Deemed interested through spouse.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of the emoluments received or due and receivable by the directors as disclosed in Note 9 to the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any deemed benefits which may arise from transactions entered into in the ordinary course of business as disclosed in Note 35 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than those arising from the share options granted under the Employees' Share Option Scheme.

TREASURY SHARES

During the financial year, the Company repurchased 2,000 of its issued ordinary shares from the open market at an average price of RM1.86 per share. The total consideration paid for the repurchase including transaction costs was RM3,725. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2012, the Company held as treasury shares a total of 367,978 of its 412,833,129 issued ordinary shares. Such treasury shares are held at a carrying amount of RM727,293 and further relevant details are disclosed in Note 25 to the financial statements.

DIRECTORS' REPORT (cont'd)

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting held on 29 June 2009, shareholders approved the Employees' Share Option Scheme for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible senior executives and employees respectively.

The committee administering the Employees' Share Option Scheme comprises five Directors, Dato' Lim Git Hooi @ Robert Lim, DPMP, JP, Ching Nye Mi @ Chieng Ngie Chay, Ding Ming Hea, Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT, Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS and the Group's Financial Controller, Chan Yan Meng.

Details of options granted to directors are disclosed in the section on directors' interest in this report.

The salient features and other terms of the Employees' Share Option Scheme and movements of share option during the financial year are disclosed in Note 28 to the financial statements.

The Company had on 5 January 2010 granted 39,840,000 share options under the ESOS to eligible employees of the Group. No options were granted to employees during the financial year. The new ESOS is to be in force for a period of 5 years from the date of implementation, expiring on 4 August 2014.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the Employees' Share Option Scheme as at 31 December 2011 are as follows:

Expiry date	Exercise price (RM)	Number of options
4 August 2014	1.38	28,981,000

AUDITORS

The auditors, Messrs. Baker Tilly AC, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 April 2013.

DATO' YU KUAN HUAT,
DPMP, PMP, AMP, PPT

DATO' DR. YU KUAN CHON,
DIMP, PPT, MBBS

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, the undersigned, being two of the directors of the Company, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 36 to 107 are drawn up in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 108 has been prepared in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 April 2013.

DATO' YU KUAN HUAT,
DPMP, PMP, AMP, PPT

DATO' DR. YU KUAN CHON,
DIMP, PPT, MBBS

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS, being the director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 36 to 107and the supplementary information set out on page 108 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at
Kuala Lumpur in the Federal Territory
on 25 April 2013

DATO' DR. YU KUAN CHON
DIMP, PPT, MBBS

Before me

TENGKU FARIDDUDIN BIN TENGKU SULAIMAN (W 533)
Comissioner for Oaths

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YNH PROPERTY BHD.

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of YNH Property Bhd., which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 107.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YNH PROPERTY BHD.

(Incorporated in Malaysia) (cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

c) Our auditor's reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Resposibilities

The supplementary information set out on page 108 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Securities. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Securities.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

BAKER TILLY AC
AF 001826
Chartered Accountants

LEE KONG WENG
2967/07/13 (J)
Chartered Accountant

Kuala Lumpur
Date: 25 April 2013

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Revenue	4	269,244,073	214,085,528	25,200,000	25,000,000
Cost of sales	5	(147,196,210)	(94,113,989)	-	-
Gross profit		122,047,863	119,971,539	25,200,000	25,000,000
Other income		17,511,197	11,514,440	2,410	70
Administrative expenses		(33,029,641)	(32,428,254)	(683,420)	(731,026)
Selling and marketing expenses		(13,613,479)	(8,438,891)	-	-
Other operating expenses		(12,509,845)	(12,809,307)	(1,045,125)	(8,954,875)
		(59,152,965)	(53,676,452)	(1,728,545)	(9,685,901)
Profit from operations		80,406,095	77,809,527	23,473,865	15,314,169
Finance costs	6	(16,530,413)	(12,585,475)	-	-
Profit before tax	7	63,875,682	65,224,052	23,473,865	15,314,169
Tax expense	10	(15,447,145)	(20,936,340)	(6,124,015)	(6,204,362)
Profit for the financial year, representing total comprehensive income for the financial year		48,428,537	44,287,712	17,349,850	9,109,807
Profit attributable to:					
Owners of the Company		48,428,537	44,287,712	17,349,850	9,109,807
Total comprehensive income attributable to:					
Owners of the Company		48,428,537	44,287,712	17,349,850	9,109,807
Earnings per share attributable to owners of the Company (sen per share)	11				
- Basic		11.78	10.84		
- Dilluted		11.55	10.61		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

		Group			Company	
		2012	2011	As at 1.1.2011	2012	2011
	Note	RM	RM	RM	RM	RM
ASSETS						
Non-current assets						
Property, plant and equipment	12	84,352,164	78,888,658	74,867,887	-	-
Investments in subsidiaries	13	-	-	-	424,903,258	427,069,336
Investment properties	14	88,157,103	85,882,292	75,402,669	-	-
Land held for property development	15	332,867,534	285,647,732	278,924,420	-	-
Deferred tax assets	16	15,005,736	12,892,633	14,091,809	-	-
Goodwill on consolidation	17	17,621,512	17,621,512	17,621,512		
Other non-current assets	21	222,961,412	208,026,262	212,712,902	-	-
		760,965,461	688,959,089	673,621,199	424,903,258	427,069,336
Current assets						
Property development costs	18	255,947,706	315,184,493	259,370,444	-	-
Inventories	19	181,224,070	38,156,016	56,992,037	-	-
Receivables and deposits	20	110,426,390	79,488,734	68,991,457	91,915,791	80,321,840
Other current assets	21	52,583,926	49,408,987	16,814,122	2,077	2,077
Tax recoverable		10,609,067	6,886,054	23,836,408	323,263	147,278
Term deposits and fixed income fund	23	4,161,089	20,633,747	28,492,371	-	-
Cash and bank balances	24	30,893,548	15,895,941	12,771,750	384,946	188,183
		645,845,796	525,653,972	467,268,589	92,626,077	80,659,378
TOTAL ASSETS		1,406,811,257	1,214,613,061	1,140,889,788	517,529,335	507,728,714

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012 (cont'd)

		Group			Company	
		2012	2011	As at 1.1.2011	2012	2011
	Note	RM	RM	RM	RM	RM
EQUITY AND LIABILITIES						
Equity attributable to owners of the Company						
Share capital	25	412,833,129	409,462,129	405,748,129	412,833,129	409,462,129
Share premium	25	37,478,176	34,583,683	32,174,321	37,478,176	34,583,683
Treasury shares	25	(727,293)	(723,568)	(719,722)	(727,293)	(723,568)
Other reserves	26	34,672,132	34,304,694	32,013,027	8,094,078	7,726,640
Retained earnings	27	346,599,979	312,353,578	286,346,884	6,987,478	3,819,764
Total equity		830,856,123	789,980,516	755,562,639	464,665,568	454,868,648
Non-current liabilities						
Borrowings	29	125,350,000	-	2,796,837	-	-
Deferred tax liabilities	16	45,513,989	46,952,848	47,883,264	-	-
		170,863,989	46,952,848	50,680,101	-	-
Current liabilities						
Payables and accruals	30	70,990,875	60,692,091	64,676,604	52,863,767	52,860,066
Other current liabilities	31	50,347,942	2,479,926	57,762,194	-	-
Provision for rectification works	32	371,662	1,278,297	6,534,552	-	-
Tax payable		878,118	684,997	7,056,106	-	-
Borrowings	29	282,502,548	312,544,386	198,617,592	-	-
		405,091,145	377,679,697	334,647,048	52,863,767	52,860,066
Total liabilities		575,955,134	424,632,545	385,327,149	52,863,767	52,860,066
TOTAL EQUITY AND LIABILITIES		1,406,811,257	1,214,613,061	1,140,889,788	517,529,335	507,728,714

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (cont'd)

		<---Attributable to owners of the Company--->						
			<---Non-distributable--->			Distributable		
Group	**Note**	**Share capital RM**	**Share premium RM**	**Share option reserve RM**	**Capital reserve RM**	**Retained earnings RM**	**Treasury shares RM**	**Total equity RM**
2012								
At 1 January 2012		409,462,129	34,583,683	7,726,640	26,578,054	312,353,578	(723,568)	789,980,516
Profit for the financial year, representing total comprehensive income for the finacial year		-	-	-	-	48,428,537	-	48,428,537
Transactions with owners								
Issue of ordinary shares:								
- Pursuant to ESOS	25	3,371,000	1,280,980	-	-	-	-	4,651,980
ESOS exercised		-	1,613,513	(1,613,513)	-	-	-	-
ESOS lapsed		-	-	(243,714)	-	243,714	-	-
Share options granted under ESOS	26	-	-	2,224,665	-	-	-	2,224,665
Share buy back	25	-	-	-	-	-	(3,725)	(3,725)
Dividends	33	-	-	-	-	(14,425,850)	-	(14,425,850)
Total transactions with owners		3,371,000	2,894,493	367,438	-	(14,182,136)	(3,725)	(7,552,930)
At 31 December 2012		412,833,129	37,478,176	8,094,078	26,578,054	346,599,979	(727,293)	830,856,123
2011								
At 1 January 2011		405,748,129	32,174,321	5,434,973	26,578,054	286,346,884	(719,722)	755,562,639
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	44,287,712	-	44,287,712
Transactions with owners								
Issue of ordinary shares:								
- Pursuant to ESOS	25	3,714,000	1,411,320	-	-	-	-	5,125,320
ESOS exercised		-	998,042	(998,042)	-	-	-	-
ESOS lapsed		-	-	(127,765)	-	127,765	-	-
Share options granted under ESOS	26	-	-	3,417,474	-	-	-	3,417,474
Share buy back	25	-	-	-	-	-	(3,846)	(3,846)
Dividends	33	-	-	-	-	(18,408,783)	-	(18,408,783)
Total transactions with owners		3,714,000	2,409,362	2,291,667	-	(18,281,018)	(3,846)	(9,869,835)
At 31 December 2011		409,462,129	34,583,683	7,726,640	26,578,054	312,353,578	(723,568)	789,980,516

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (cont'd)

		<----Attributable to owners of the Company					---->
			<---Non-distributable	--->	Distributable		
Company	Note	Share capital RM	Share premium RM	Share option reserve RM	Retained earnings RM	Treasury shares RM	Total equity RM
2012							
At 1 January 2012		409,462,129	34,583,683	7,726,640	3,819,764	(723,568)	454,868,648
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	17,349,850	-	17,349,850
Transaction with owners							
Issue of ordinary shares:							
- Pursuant to ESOS	25	3,371,000	1,280,980	-	-	-	4,651,980
ESOS exercised		-	1,613,513	(1,613,513)	-	-	-
ESOS lapsed		-	-	(243,714)	243,714	-	-
Share options granted under ESOS	26	-	-	2,224,665	-	-	2,224,665
Share buy back	25	-	-	-	-	(3,725)	(3,725)
Dividends	33	-	-	-	(14,425,850)	-	(14,425,850)
Total transactions with owners		3,371,000	2,894,493	367,438	(14,182,136)	(3,725)	(7,552,930)
At 31 December 2012		412,833,129	37,478,176	8,094,078	6,987,478	(727,293)	464,665,568
2011							
At 1 January 2011		405,748,129	32,174,321	5,434,973	12,990,975	(719,722)	455,628,676
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	9,109,807	-	9,109,807
Transaction with owners							
Issue of ordinary shares:							
- Pursuant to ESOS	25	3,714,000	1,411,320	-	-	-	5,125,320
ESOS exercised		-	998,042	(998,042)	-	-	-
ESOS lapsed		-	-	(127,765)	127,765	-	-
Share options granted under ESOS	26	-	-	3,417,474	-	-	3,417,474
Share buy back	25	-	-	-	-	(3,846)	(3,846)
Dividends	33	-	-	-	(18,408,783)	-	(18,408,783)
Total transactions with owners		3,714,000	2,409,362	2,291,667	(18,281,018)	(3,846)	(9,869,835)
At 31 December 2011		409,462,129	34,583,683	7,726,640	3,819,764	(723,568)	454,868,648

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Cash Flows from Operating Activities					
Profit before tax		63,875,682	65,224,052	23,473,865	15,314,169
Adjustments for:-					
Impairment loss on:					
- investments in subsidiaries		-	-	1,045,125	8,954,875
- trade receivables		254,052	1,898,473	-	-
- other receivables		502,139	443,445	-	-
Reversal of impairment loss on trade receivables		(1,386,903)	(169,660)	-	-
Depreciation of investment properties		130,579	11,506	-	-
Bad debts written off		871	-	-	-
Deposits written off		-	57,133	-	-
Depreciation of property, plant and equipment		1,772,751	1,851,191	-	-
Dividend income		-	-	(25,200,000)	(25,000,000)
Gain on disposal of property, plant and equipment		-	(46,174)	-	-
Interest expense		16,530,413	12,585,475	-	-
Interest income		(340,118)	(247,617)	-	-
Inventories written off		1,527,714	-	-	-
Property, plant and equipment written off		64,495	61,291	-	-
Provision for rectification works		294,675	120,339	-	-
Reversal of provision for rectification works		(942,839)	(4,988,175)	-	-
Share options granted under ESOS		2,224,665	3,417,474	134,016	205,872
Operating profit/(loss) before working capital changes carried down		84,508,176	80,218,753	(546,994)	(525,084)

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (cont'd)

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Operating profit/(loss) before working capital changes brought down		84,508,176	80,218,753	(546,994)	(525,084)
Change in property development costs		52,340,859	(38,768,443)	-	-
Change in inventories		(144,595,768)	18,406,021	-	-
Change in receivables		(42,992,733)	(11,230,623)	3,750,000	(3,750,000)
Change in contract work-in-progress		(7,905,097)	(84,686,538)	-	-
Change in payables		60,646,726	(3,984,513)	3,701	(2,967)
Cash generated from/(used in) operations		2,002,163	(40,045,343)	3,206,707	(4,278,051)
Utilisation of provision for rectification works		(258,471)	(388,419)	-	-
Dividend received		-	-	18,900,000	18,750,000
Interest paid		(17,063,906)	(12,585,475)	-	-
Interest received		340,118	247,617	-	-
Recharge of share options under ESOS to subsidiaries received		-	-	3,211,602	5,107,565
Tax refunded		2,634,478	10,534,880	-	120,486
Tax paid		(25,163,477)	(20,623,215)	-	-
Net cash (used in)/from operating activities		(37,509,095)	(62,859,955)	25,318,309	19,700,000
Cash flows from investing activities					
Land held for property development - net of disposals and revocation		(38,150,220)	(25,655,571)	-	-
Placement of pledged fixed deposits		(14,285)	(13,308)	-	-
Additions in investment properties		(2,405,390)	(7,391,597)	-	-
Proceeds from disposal of property, plant and equipment		-	97,000	-	-
Increase in investment in a subsidiary		-	-	-	(11,650,000)
(Advances to)/Repayment from subsidiaries		-	-	(15,343,951)	5,240,554
Purchase of property, plant and equipment	12	(8,164,573)	(6,766,958)	-	-
Net cash used in investing activities carried down		(48,734,468)	(39,730,434)	(15,343,951)	(6,409,446)

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (cont'd)

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Net cash used in investing activities brought down		(48,734,468)	(39,730,434)	(15,343,951)	(6,409,446)
Cash flows from financing activities					
Dividends paid	33	(14,425,850)	(18,408,783)	(14,425,850)	(18,408,783)
Shares buy back	25	(3,725)	(3,846)	(3,725)	(3,846)
Proceeds from issue of shares		4,651,980	5,125,320	4,651,980	5,125,320
(Repayment)/Drawdown of short term revolving credit		(2,070,361)	98,059,763	-	-
Drawdown of term loans		140,450,000	-	-	-
Repayments of term loans		(7,735,671)	(3,892,888)	-	-
Net cash from/(used in) financing activities		120,866,373	80,879,566	(9,777,595)	(13,287,309)
Net increase/(decrease) in cash and cash equivalents		34,622,810	(21,710,823)	196,763	3,245
Cash and cash equivalents at beginning of the financial year		(44,180,557)	(22,469,734)	188,183	184,938
Cash and cash equivalents at end of the financial year	34	(9,557,747)	(44,180,557)	384,946	188,183

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012

1. CORPORATE INFORMATION

YNH Property Bhd. is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at No. 55, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan and principal place of business of the Company is located at No. 38, Jalan PPMP 7, Pusat Perniagaan Manjung Point 1, 32040 Seri Manjung, Perak Darul Ridzuan.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are property development, cultivation and sales of oil palm, general contracting, provision of consultancy services, provision of management services and lodging facilities, operation and management of a hotel, property investment, trading of properties and construction materials and related construction materials.

There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were approved and authorised for issue in accordance with a Board of Directors' resolution dated 25 April 2013.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 3.

New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs")

(i) Adoption of Revised FRS, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int

The Group and the Company had adopted the following revised FRS, amendments/improvements to FRSs, new IC Int and amendments to IC Int that are mandatory for the current financial year:-

<u>Revised FRS</u>

FRS 124	Related Party Disclosures

<u>Amendments/Improvements to FRSs</u>

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 7	Financial Instruments: Disclosures
FRS 112	Income Taxes

<u>New IC Int</u>

IC Int 19	Extinguishing Financial Liabilities with Equity Instruments

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (cont'd)

(i) Adoption of Revised FRS, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int (cont'd)

Amendments to IC Int

IC Int 14	FRS 119-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above revised FRS, amendments/improvements to FRSs, new IC Int and amendments to IC Int did not have any effect on the financial statements of the Group and of the Company.

(ii) New and Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new and revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
New FRSs		
FRS 9	Financial Instruments	1 January 2015
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
Revised FRSs		
FRS 119	Employee Benefits	1 January 2013
FRS 127	Separate Financial Statements	1 January 2013
FRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments/Improvements to FRSs		
FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2013
FRS 7	Financial Instruments: Disclosures	1 January 2013
FRS 10	Consolidated Financial Statements	1 January 2013 and 1 January 2014
FRS 11	Joint Arrangements	1 January 2013

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (cont'd)

(ii) New and Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

The Group and the Company have not adopted the following new and revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:- (cont'd)

		Effective for financial periods beginning on or after
Amendments/Improvements to FRSs (cont'd)		
FRS 12	Disclosure of Interests in Other Entities	1 January 2013 and 1 January 2014
FRS 101	Presentation of Financial Statements	1 July 2012 and 1 January 2013
FRS 116	Property, Plant and Equipment	1 January 2013
FRS 127	Separate Financial Statements	1 January 2014
FRS 132	Financial Instruments: Presentation	1 January 2013 and 1 January 2014
FRS 134	Interim Financial Reporting	1 January 2013
New IC Int		
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Int		
IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments	1 January 2013

A brief discussion on the above significant new and revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int which are relevant to the Group and the Company are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

FRS 9 Financial Instruments

FRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to the former FRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (cont'd)

(ii) New and Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

FRS 10 Consolidated Financial Statements and FRS 127 Separate Financial Statements (Revised)

FRS 10 replaces the consolidation part of the former FRS 127 Consolidated and Separate Financial Statements. The revised FRS 127 will deal only with accounting for investment in subsidiaries, joint ventures and associates in the separate financial statements of an investor and require the entity to account for such investments either at cost, or in accordance with FRS 9.

FRS 10 brings about convergence between FRS 127 and IC Int 12 Consolidation-Special Purpose Entities, which interprets the requirements of FRS 10 in relation to special purpose entities. FRS 10 introduces a new single control model to identify a parent-subsidiary relationship by specifying that "an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.

FRS 12 Disclosures of Interests in Other Entities

FRS 12 is a single disclosure standard for interests in subsidiary companies, joint ventures, associated companies and unconsolidated structured entities. The disclosure requirements in this FRS are aimed at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows.

FRS 13 Fair Value Measurement

FRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(iii) MASB Approved Accounting Standards, MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1 January 2012.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (cont'd)

(iii) MASB Approved Accounting Standards, MFRSs (cont'd)

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate* ("Transitioning Entities"). The Transitioning Entities are given an option to defer adoption of the MFRSs framework to financial periods beginning on or after 1 January 2014. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework to financial year beginning on 1 January 2014. The Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for the financial year ending 31 December 2014.

As at 31 December 2012, all FRSs issued under the existing FRSs framework are equivalent to the MFRSs issued under MFRSs framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 *Agriculture* and IC Int 15 *Agreements for the Construction of Real Estate* as well as differences in effective dates contained in certain of the existing FRSs. As such, other than those as discussed below, the main effects arising from the transition to the MFRSs Framework has been discussed in Note 2(a)(ii). The effect is based on the Group's and the Company's best estimates at the reporting date. The financial effect may change or additional effects may be identified, prior to the completion of the Group's and the Company's first MFRSs based financial statements.

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for annual periods beginning on or after 1 January 2014 have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs. The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

MFRS 141 Agriculture

MFRS 141 requires a biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably. MFRS 141 also requires agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Gains or losses arising on initial recognition of a biological asset and the agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in the profit or loss for the period in which it arises. The Group is currently assessing the impact of the adoption of this standard.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs") (cont'd)

(iii) MASB Approved Accounting Standards, MFRSs (cont'd)

IC Int 15 Agreements for the Construction of Real Estate

IC Int 15 establishes that the developer will have to evaluate whether control and significant risks and rewards of the ownership of work in progress, can be transferred to the buyer as construction progresses before revenue can be recognised. The Group is currently assessing the impact of the adoption of this Interpretation.

(b) Basis of measurement

The financial statements have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

(c) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ('RM'), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

(d) Significant accounting judgements and estimates

The preparation of the financial statements requires management to make judgement, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant areas of estimation, uncertainty and critical judgements in applying accounting principles that have significant effect on the amount recognised in the financial statements are described in the following notes:

(i) Revenue and cost of sales recognition (Note 4 and 5) – the Group recognises property development revenue and cost of sales by reference to the stage of completion of the development activity at the reporting date. The stage of completion is determined based on the proportion of development costs incurred for work performed to-date bears to the estimated total property development costs. Significant judgement is required in the estimation of total property development costs. Where the actual total property development costs is different from the estimated total property development costs, such difference will impact the property development profit/(loss) recognised.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting judgements and estimates (cont'd)

(ii) Tax expense (Note 10) - significant judgement is required in determining the taxability of certain gains, the capital allowances and deductibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax in the periods in which the outcome is known.

(iii) Useful life of property, plant and equipment (Note 12) – the cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 50 years based on past experience with similar assets. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets resulting in revision of future depreciation charges.

(iv) Classification between investment properties and property, plant and equipment – the Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

Due to the commercial buildings rented out could not be sold separately from its hotel building, the Group has treated the whole property as property, plant and equipment.

(v) Operating lease and finance lease for leasehold land (Note 12) – Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset and operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership. If the leasehold land meets the criteria of the financial lease, the lease will be classified as property, plant and equipment if it is for own use. Judgements are made on the individual leasehold land to determine whether the leasehold land qualifies as operating lease or finance lease.

(vi) Classification between investment properties and inventories – certain completed properties which were developed by the Group for sale in the ordinary course of business have been let out to tenants. The Group has determined that their intention to sell these properties in the ordinary course of business remains unchanged and has classified these properties as inventories.

(vii) Operating lease arrangement - The Group has entered into commercial property leases on its landed properties. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting judgements and estimates (cont'd)

(viii) Deferred tax assets (Note 16) – deferred tax assets are recognised for deductible temporary differences in respect of expenses, unutilised tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future financial performance of the Group.

(ix) Impairment of goodwill (Note 17) – significant judgement is used in the estimation of the present value of future cash flows generated by the cash-generating units which involve uncertainties and are based on assumptions used and judgement made regarding estimates of future cash flows and discount rate.

(x) Inventories (Note 19) – the saleability of inventories are reviewed by management on a periodic basis. This review involves comparison of the carrying value of the inventory items with the respective net realisable value. The purpose is to ascertain whether a write down to net realisable value is required to be made.

(xi) Impairment loss on receivables (Note 20) – the Group assesses at each reporting date whether there is any objective evidence that a receivable is impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectable. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.

(xii) Construction contracts (Note 22) – significant judgement is used in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue (for contracts other than fixed price contracts) and costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the works that are recoverable from the customers. In making judgements, the Group evaluates based on past experience and work of specialists.

(xiii) Provision for rectification works (Note 32) – the Group recognised provision for rectification works on completed contracts. It is expected that most of these costs will be incurred when one year after the completion of construction contracts. Based on management's past experience, the provision is computed at 0.2% (2011: 0.2%) on the total contract sum of completed contracts.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The consolidated financial statements incorporate the audited financial statements of the company and all of its subsidiaries which are disclosed in Note 13 made up to the end of the financial year.

All intra-group balances, transactions and resulting unrealised profits and losses (unless cost cannot be recovered) are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Consolidation (cont'd)

Subsidiaries are consolidated using the purchase method, from the date of acquisition being the date on which the Company obtains control and continue to be consolidated until the date that such control ceases. The assets, liabilities and contingent liabilities assumed from a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated financial statements. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Where the present ownership interests in the acquiree entitles the holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects for each individual business combination, whether non-controlling interests in the acquisition is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributable to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company owners' ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

The Group has applied the revised FRS 127 prospectively on 1 January 2011 in accordance with the transitional provisions. Accordingly, transactions with non-controlling interests, if any, prior to the effective date have not been restated to comply with the Standard.

(b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Development properties

Revenue from development properties sold is recognised on the percentage of completion method when the outcome of the property development projects can be reliably estimated. The stage of completion is measured by the proportion that development costs incurred for work performed to-date bear to the estimated total development costs for units sold. Where foreseeable losses on development properties are anticipated, full allowance of those losses is made in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Revenue recognition (cont'd)

(i) Development properties (cont'd)

Revenue from the sale of completed development properties and land held for development are measured at fair value of the consideration received or receivable net of trade discounts and rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of properties can be estimated reliably, and there is no continuing management involvement with the properties.

(ii) Construction contract

Revenue from construction contracts is recognised on the percentage of completion method when the outcome of the construction contracts can be reliably estimated. The stage of completion is measured by reference to the certified work done to-date or by the proportion that contract costs incurred for work performed to-date bear to the estimated total construction costs. Where foreseeable losses on construction contracts are anticipated, full allowance of those losses is made in the financial statements.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

(iii) Goods sold

Revenue from sales of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised upon delivery of goods when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(iv) Services

Revenue from rental of service apartments and hotel rooms, sales of food and beverage and other related income are recognised when the services are rendered.

(v) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(vi) Dividend income

Dividend income is recognised when the right to receive payment is established.

(vii) Interest income

Interest income is recognised using the effective interest method.

(viii) Commission income

Commission income is recognised when services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Employee benefits

(i) Short Term Employee Benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense as incurred.

(iii) Employees' share option scheme

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share premium if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

(d) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowings costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Leases

(i) Finance lease – the Group as lessee

Assets acquired by way of finance leases where the Group assumes substantially all the benefits and risks of ownership are classified as property, plant and equipment.

Finance lease is capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding finance lease obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance lease is depreciated in accordance with the depreciation policy for property, plant and equipment.

(ii) Operating lease – the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentive provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(iii) Operating lease – the Group as lessor

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(f) Tax expense

Tax expense in profit or loss represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantially enacted by the reporting date, and any adjustments recognised for prior financial years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Tax expense (cont'd)

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use. Leasehold land is depreciated over the period of 98 years. All other property, plant and equipment are depreciated on the straight line basis to write off the cost of the property, plant and equipment over their estimated useful lives.

The principal annual rates used for this purpose are:

Buildings	1% - 2%
Plant and machinery	20%
Motor vehicles	20%
Tennis court	10%
Office equipment, furniture, fittings and renovations	10% - 20%
Crockery, glassware, cutlery, carpet and linen	12.5% - 25%

The residual values, useful lives and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is provided for on a straight-line basis over the estimated useful life.

Freehold land is not depreciated. Long term leasehold interest is depreciated over the lease period of 79 years. The completed buildings included in investment properties are depreciated over an estimated useful life of 50 years. Investment property under construction is not depreciated as the asset is not yet available for use. The residual values, useful lives and depreciation method are reviewed at each reporting date.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Investment property under construction is classified as investment property.

(i) Subsidiaries

A subsidiary is an entity in which the Company has the power to exercise control over its financial and operating policies so as to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently exercisable are taken into account.

Investments in subsidiaries, which are eliminated on consolidation, are stated at cost less impairment losses, unless the investments are classified as held for sale (or included in a disposal group that is classified as held for sale). Acquisition related costs are recognised as expenses in the period in which the costs are incurred. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(j) Goodwill

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiaries at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of investment in the subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in the subsidiary in profit or loss.

(k) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less cost to sell and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. An impairment loss is recognised whenever the carrying amount of an item of asset exceeds its recoverable amount. An impairment loss is recognised as expense in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior financial years. The reversal of impairment loss is recognised in profit or loss.

(m) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Costs consist of land, construction costs and other development costs including related overheads and capitalised borrowing costs.

When the financial outcome of a development activity can be reliably estimated, property development revenue and costs are recognised in profit or loss by reference to the stage of completion of development activities at the reporting date.

When the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defect liability period, is recognised as an expense immediately. Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

Accrued billings within other current assets represent the excess of revenue recognised in profit or loss over billings to purchasers. Progress billings within other current liabilities represent the excess of billings to purchasers over revenue recognised in profit or loss.

(n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out method.

The cost of building materials and consumables comprise costs of purchase. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Construction contracts

Construction contracts are measured at contract cost plus profit recognised to date less progress billing and recognised losses. Contract cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When the cost incurred on construction contract plus profit recognised to date less recognised losses exceeds progress billings, the balance is classified as amounts due from customers on contracts. When progress billings exceed cost incurred plus recognised profits to date less recognised losses, the balance is classified as amounts due to customers on contracts.

(p) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition and have categorised financial assets in loans and receivables.

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

The Group and the Company classify the following financial assets as loans and receivables:
- cash and cash equivalents, except for bank overdraft; and
- trade and other receivables, including amount owing by subsidiaries and sundry deposits.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdraft.

(s) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(u) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables including amounts owing to subsidiaries, deposits and accruals, and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(v) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(w) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(x) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

(y) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

4. REVENUE

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Sale of:				
- development properties	174,101,839	133,648,456	-	-
- land held for property development	15,387,329	1,193,750	-	-
- completed property units	29,250,517	45,312,355	-	-
- ready mixed concrete	-	1,153,751	-	-
Commission income	7,164,242	-	-	-
Dividend income from a subsidiary	-	-	25,200,000	25,000,000
Income from estates	3,630,996	5,303,749	-	-
Revenue from room sales, food and beverages	22,460,875	19,999,161	-	-
Proceeds from contract work	14,522,048	5,782,807	-	-
Rental income on:				
- properties	2,006,227	1,691,499	-	-
- plant and equipment	720,000	-	-	-
	269,244,073	214,085,528	25,200,000	25,000,000

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

5. COST OF SALES

	Group 2012 RM	Group 2011 RM
Property development costs (Note 18)	88,402,744	46,499,758
Cost of land held for property development sold (Note 15)	8,102,943	483,002
Cost of completed property units	13,841,375	18,948,369
Cost of production	-	1,234,334
Construction contract costs	10,446,882	5,243,708
Direct cost in respect of rental of plant and equipment	538,296	-
Estates costs	872,322	1,178,626
Hotel and other operation costs		
- rental of premises	13,491,842	10,947,577
- other costs	11,499,806	9,578,615
	147,196,210	94,113,989

6. FINANCE COSTS

	Group 2012 RM	Group 2011 RM
Interest expenses:		
- term loans	2,370,965	314,564
- bank overdrafts	3,294,178	4,795,104
- short term revolving credit	12,175,103	8,106,363
- others	-	732,110
	17,840,246	13,948,141
Interest expense capitalised in qualifying assets:		
- investment properties (Note 14)	-	(1,362,666)
- Property development costs (Note 18)	(1,309,833)	-
	16,530,413	12,585,475

In the previous financial year, the borrowing costs capitalised in the qualifying assets arose on the general borrowing pool and had been calculated by applying a capitalisation rate of 5.54% per annum to expenditure on such assets.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

7. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Auditors' remuneration				
- statutory audit				
- current	183,750	170,000	42,000	40,000
- under provision in prior financial year	-	14,900	-	-
- other services	8,000	5,000	5,000	5,000
Bad debts written off	871	-	-	-
Deposits written off	-	57,133	-	-
Depreciation of investment properties	130,579	11,506	-	-
Depreciation of property, plant and equipment	1,772,751	1,851,191	-	-
Employees benefits expense (Note 8)	29,967,628	27,025,216	-	-
Impairment loss on:				
- investments in subsidiaries	-	-	1,045,125	8,954,875
- other receivables	502,139	443,445	-	-
- trade receivables	254,052	1,898,473	-	-
Interest expenses	16,530,413	12,585,475	-	-
Inventories written off	1,527,714	-	-	-
Non-executive directors' remuneration (Note 9)	398,620	458,304	398,620	458,304
Property, plant and equipment written off	64,495	61,291	-	-
Provision for rectification works	294,675	120,339	-	-
Rental guarantee return	9,090,864	9,832,538	-	-
Rental of land	-	48,000	-	-
Rental of office equipment	-	27,948	-	-
Rental of plant and machinery	2,345,060	1,487,379	-	-
Rental of premises	516,880	386,445	-	-
Direct operating expenses from investment properties				
- Generated rental income	239,382	-	-	-
- Non-generated rental income	277,503	285,111	-	-
Gain on compulsory land acquisition by government	(9,213,866)	-	-	-
Gain on disposal of property, plant and equipment	-	(46,174)	-	-
Interest income	(340,118)	(247,617)	-	-
Profit from sale of building materials	(41,554)	(232,331)	-	-
Realised foreign exchange gain	(2,756)	-	-	-
Rental income from properties	(4,812,717)	(3,823,432)	-	-
Reversal of impairment loss on trade receivables	(1,386,903)	(169,660)	-	-
Reversal of provision for rectification works	(942,839)	(4,988,175)	-	-

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

8. EMPLOYEES BENEFITS EXPENSE

	Group 2012 RM	Group 2011 RM
Salaries, bonus and other staff related costs	24,151,070	21,116,817
Employees Provident Fund	3,585,026	2,583,089
Share options granted under ESOS	2,090,649	3,211,602
Socso	140,883	113,708
	29,967,628	27,025,216

Included in employees benefits expense of the Group are executive directors' remuneration amounting to RM13,673,214 (2011: RM12,329,263).

9. DIRECTORS' REMUNERATION

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Executive:				
Salaries and other emoluments	8,864,352	8,864,352	-	-
Bonus	2,319,526	1,477,392	-	-
Employees Provident Fund	2,053,784	1,318,435	-	-
Share options granted under ESOS	435,552	669,084	-	-
Total executive directors' remuneration (excluding benefits-in-kind) (Note 8)	13,673,214	12,329,263	-	-
Estimated monetary value of benefits-in-kind	1,200	1,200	-	-
Total executive directors' remuneration (including benefits-in-kind)	13,674,414	12,330,463	-	-
Non-executive:				
Fee	125,680	119,700	125,680	119,700
Share options granted under ESOS	134,016	205,872	134,016	205,872
Other emoluments	138,924	132,732	138,924	132,732
Total non-executive directors' emoluments	398,620	458,304	398,620	458,304
	14,073,034	12,788,767	398,620	458,304

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

9. DIRECTORS' REMUNERATION (cont'd)

The number of directors of the Company whose total remuneration during the financial year fall within the following bands is analysed below:

	Number of directors	
	2012 RM	2011 RM
Executive directors:		
RM6,000,001 - RM6,500,000	-	2
RM6,500,001 - RM7,000,000	2	-
Non-executive directors:		
RM100,001 - RM150,000	3	2
RM150,001 - RM200,000	-	1

10. TAX EXPENSE

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Current tax:				
Malaysian - current financial year	18,415,400	18,739,400	6,167,000	6,152,700
- prior financial year	583,707	1,928,182	(42,985)	(30,190)
	18,999,107	20,667,582	6,124,015	6,122,510
Deferred tax:				
Origination and reversal of temporary differences	(3,166,062)	(619,001)	-	-
(Over)/Under provision in prior financial year	(385,900)	887,759	-	81,852
	(3,551,962)	268,758	-	81,852
Tax expense	15,447,145	20,936,340	6,124,015	6,204,362

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

10. TAX EXPENSE (cont'd)

The reconciliation from the tax amount at statutory income tax rate to the Group's and of the Company's tax expense is as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit before tax	63,875,682	65,224,052	23,473,865	15,314,169
Tax at the Malaysian statutory income tax rate of 25%	15,968,900	16,306,000	5,868,500	3,828,500
Expenses not deductible for tax purposes	1,186,554	1,130,099	298,500	2,324,200
Tax effect of non-taxable income	(2,303,400)	-	-	-
Utilisation of previously unrecognised deferred tax assets	(84,500)	(4,200)	-	-
Deferred tax asset not recognised during the financial year	729,084	688,500	-	-
Recognition of previously unrecognised deferred tax asset	(247,300)	-	-	-
Under/(Over) provision in prior financial years				
- current tax	583,707	1,928,182	(42,985)	(30,190)
- deferred tax	(385,900)	887,759	-	81,852
Tax expense	15,447,145	20,936,340	6,124,015	6,204,362

In the previous financial year, the under provision of current tax in prior financial years of the Group included amounts of RM2,915,953 in respect of additional tax assessments for the years of assessment 1998 and 1999 arising from a tax investigation ("Additional Tax Assessment") which the Group had appealed to the Special Commission of Income Tax ("SCIT") previously. On 21 September 2011, the Special SCIT had dismissed the Company's appeal against the Additional Tax Assessment.

The Group has unutilised tax losses and unabsorbed capital allowances of approximately RM8,603,900 (2011: RM5,973,800) and RM6,827,400 (2011: RM7,211,900) respectively, available for set-off against future taxable profits.

The Group also has available unutilised investment tax allowance of RM2,201,000 (2011: RM2,201,000) carried forward available for off-set against future taxable income.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

11. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share for the financial years ended 31 December:

	Group	
	2012	**2011**
	RM	**RM**
Profit for the financial year attributable to owners of the Company used in the computation of basic and diluted earnings per share	48,428,537	44,287,712
	Number of shares	
Weighted average number of ordinary shares for basis earnings per share computation*	411,221,365	408,415,806
Effect of dilution		
- share options	8,199,543	9,155,342
Weighted average number of ordinary shares for diluted earnings per share computation	419,420,908	417,571,148

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the financial year.

Since the end of the financial year, employees of the Group have exercised their share options to acquire 9,783,000 (2011: 2,389,000) ordinary shares.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Long term leasehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Tennis court RM	Office equipment, furnitures, fittings and renovations RM	Crockery glassware, cutlery, carpet and linen RM	Total RM
Costs									
At 1.1.2012	57,204,612	2,355,862	11,277,916	11,211,051	2,734,906	70,004	5,999,836	684,867	91,539,054
Additions	4,678,630	-	29,223	1,590,240	857,338	-	768,722	240,420	8,164,573
Written off	-	-	-	(229,135)	-	-	(157,284)	(13,963)	(400,382)
At 31.12.2012	61,883,242	2,355,862	11,307,139	12,572,156	3,592,244	70,004	6,611,274	911,324	99,303,245
Accumulated Depreciation									
At 1.1.2012	-	24,039	1,295,364	6,383,016	2,164,683	70,002	2,208,575	504,717	12,650,396
Charge for the financial year	-	24,287	138,543	1,353,762	288,507	-	785,688	45,785	2,636,572
Written off	-	-	-	(206,222)	-	-	(115,902)	(13,763)	(335,887)
At 31.12.2012	-	48,326	1,433,907	7,530,556	2,453,190	70,002	2,878,361	536,739	14,951,081
Net Carrying Amount									
At 31.12.2012	61,883,242	2,307,536	9,873,232	5,041,600	1,139,054	2	3,732,913	374,585	84,352,164

The Group's long term leasehold land has remaining unexpired lease period of more than 50 years.

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land RM	Long term leasehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Tennis court RM	Office equipment, furnitures, fittings and renovations RM	Crockery glassware, cutlery, carpet and linen RM	Total RM
Costs									
At 1.1.2011	57,204,612	-	11,068,600	7,670,978	2,702,107	70,004	5,917,722	684,867	85,318,890
Additions	-	2,355,862	209,316	3,696,658	32,800	-	472,322	-	6,766,958
Disposal	-	-	-	(95,000)	(1)	-	-	-	(95,001)
Written off	-	-	-	(61,585)	-	-	(390,208)	-	(451,793)
At 31.12.2011	57,204,612	2,355,862	11,277,916	11,211,051	2,734,906	70,004	5,999,836	684,867	91,539,054
Accumulated Depreciation									
At 1.1.2011	-	-	1,157,344	5,214,465	1,979,561	70,002	1,524,914	504,717	10,451,003
Charge for the financial year	-	24,039	138,020	1,270,651	185,122	-	1,016,238	-	2,634,070
Disposal	-	-	-	(44,175)	-	-	-	-	(44,175)
Written off	-	-	-	(57,925)	-	-	(332,577)	-	(390,502)
At 31.12.2011	-	24,039	1,295,364	6,383,016	2,164,683	70,002	2,208,575	504,717	12,650,396
Net Carrying Amount									
At 31.12.2011	57,204,612	2,331,823	9,982,552	4,828,035	570,223	2	3,791,261	180,150	78,888,658

The Group's freehold land and buildings with a net carrying amount of RM69,505,438 (2011: RM59,169,126) are pledged to secure the Group's bank borrowings as mentioned in Note 29.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

13. INVESTMENTS IN SUBSIDIARIES

	Company 2012 RM	Company 2011 RM
Unquoted shares, at cost	432,812,609	432,812,609
ESOS granted to employees of subsidiaries	2,090,649	3,211,602
	434,903,258	436,024,211
Less: Impairment loss	(10,000,000)	(8,954,875)
	424,903,258	427,069,336

The details of the subsidiaries which are incorporated in Malaysia, are as follows:

Name of company	Principal activities	Proportion of ownership interest 2012 %	Proportion of ownership interest 2011 %
Direct subsidiaries			
Kar Sin Berhad	Property development and cultivation and sale of oil palm produce	100	100
YNH Construction Sdn. Bhd. #	General contracting	100	100
D'Kiara Place Sdn. Bhd.	Property development and provision of consultancy services	100	100
YNH Services Sdn. Bhd. #	Provision of management services and lodging facilities	100	100
YNH Land Sdn. Bhd.	Property investment	97	97
Indirect subsidiaries through Kar Sin Berhad			
Lead View Sdn. Bhd.	Operation and management of a hotel and its related business and property investment	100	100
Mesra Unggul Sdn. Bhd.	Property investment and development	100	100
Bay Clubhouse Sdn. Bhd.	Property investment	100	100
YNH Land Sdn. Bhd.	Property investment	3	3
YNH Realty Sdn. Bhd.	Marketing agent	100	100
Benua Kukuh Sdn. Bhd.	Property investment	100	100
Indirect subsidiary through YNH Construction Sdn. Bhd.			
YNH Hardware Sdn. Bhd.	Dormant	100	100
YNH Ready Mix Sdn. Bhd.	Rental of plant and equipment	100	100
YNH Communication Engineering Sdn. Bhd.	Dormant	100	100
YNH Engineering Sdn. Bhd.	Dormant	100	100

In the previous financial year, the Company fully subscribed for a total of 11,650,000 new ordinary shares of RM1 each in the respective subsidiaries in cash.

14. INVESTMENT PROPERTIES

The movements of investment properties are as follows:

	2012 Completed investment property RM	2012 Investment property under construction (IPUC) RM	2012 Total RM	2011 Completed investment property RM	2011 Investment property under construction (IPUC) RM	2011 Total RM
Group						
Cost						
At beginning of the financial year	3,038,793	82,918,473	85,957,266	656,666	74,809,471	75,466,137
Additions	-	2,405,390	2,405,390	-	7,391,597	7,391,597
Reclassification upon completion of properties	6,787,199	(6,787,199)	-	2,382,127	(2,382,127)	-
Transfer from land held for property development (Note 15)	-	-	-	-	888,880	888,880
Transfer from property development costs (Note 18)	-	-	-	-	1,780,652	1,780,652
Transfer from inventories	-	-	-	-	430,000	430,000
At end of the financial year	9,825,992	78,536,664	88,362,656	3,038,793	82,918,473	85,957,266
Accumulated amortisation						
At beginning of the financial year	74,974	-	74,974	63,468	-	63,468
Additions	130,579	-	130,579	11,506	-	11,506
At end of the financial year	205,553	-	205,553	74,974	-	74,974
Net carrying amounts	9,620,439	78,536,664	88,157,103	2,963,819	82,918,473	85,882,292
Estimated fair value	15,704,200	433,617,600	449,321,800	10,067,000	293,128,000	303,195,000

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

14. INVESTMENT PROPERTIES (cont'd)

Included in the Group's investment properties are land held under long-term leasehold interest of RM574,963 (2011: RM584,872) which expires in the year ranging from 2081 to 2096.

Completed investment properties comprise 19 units double storey shophouses, commercial buildings and a sports complex.

IPUC comprises commercial land. Included in IPUC are borrowings costs incurred during the previous financial year of RM1,362,666 as mentioned in Note 6.

The Group's freehold land in investment properties with a net carrying amount of RM80,379,654 (2011: RM78,556,901) are pledged to secure the Group's bank borrowings as mentioned in Note 29.

The estimated fair values of the completed investment properties and IPUC were arrived at by reference to similar properties in the locality and adjusting for stage of completion, location, terrain, size, present market trends and other differences.

15. LAND HELD FOR PROPERTY DEVELOPMENT

	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
Group				
Cost				
2012				
At beginning of the financial year	211,871,226	32,584,391	41,192,115	285,647,732
Additions	27,661,299	9,674,132	9,035,866	46,371,297
Transfer from property development costs (Note 18)	13,939,670	326,968	2,626,197	16,892,835
Transfer to property development costs (Note 18)	(7,042,333)	-	(780,920)	(7,823,253)
Disposal of land (Note 5)	(6,659,200)	-	(1,443,743)	(8,102,943)
Acquisition by government	(37,282)	(74,006)	(6,846)	(118,134)
At end of the financial year	239,733,380	42,511,485	50,622,669	332,867,534

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

15. LAND HELD FOR PROPERTY DEVELOPMENT (cont'd)

	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
Group				
Cost				
2011				
At beginning of the financial year	218,099,343	32,584,391	28,240,686	278,924,420
Additions	58,980,062	-	4,758,511	63,738,573
Transfer to investment properties (Note 14)	(880,611)	-	(8,269)	(888,880)
Transfer from property development costs (Note 18)	6,819,234	-	11,129,758	17,948,992
Transfer to property development costs (Note 18)	(33,067,994)	-	(2,924,377)	(35,992,371)
Disposal of land (Note 5)	(478,808)	-	(4,194)	(483,002)
Revocation of land purchase	(37,600,000)	-	-	(37,600,000)
At end of the financial year	211,871,226	32,584,391	41,192,115	285,647,732

Freehold land and leasehold land and development expenditure of the Group with carrying amount of RM167,058,612 (2011: RM96,789,943) are pledged as security for bank borrowings as mentioned in Note 29.

Titles to certain freehold land and leasehold land and development expenditure of the Group with the following carrying amounts are registered under the names of the previous properties' name:

	Group 2012 RM	Group 2011 RM
Freehold land	125,249,642	31,601,087
Leasehold land	3,966,508	-
	129,216,150	31,601,087

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

16. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Deferred tax assets				
At 1 January	12,892,633	14,091,809	-	81,852
Recognised in profit or loss	2,113,103	(1,199,176)	-	(81,852)
At 31 December	15,005,736	12,892,633	-	-
Deferred tax liabilities				
At 1 January	(46,952,848)	(47,883,264)	-	-
Recognised in profit or loss	1,438,859	930,416	-	-
At 31 December	(45,513,989)	(46,952,848)	-	-

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities within the Group.

The components of deferred tax assets and liabilities as at the reporting date are as follows:-

	Group	
	2012 RM	2011 RM
Deferred tax assets		
Deductible temporary differences in respect of expenses	931,107	2,646,189
Arising from transfer of property development cost to investment properties	1,408,060	-
Differences between the carrying amount of property, plant and equipment and its tax base	(1,205,620)	(1,049,800)
Interest attributable to property development cost	9,258,400	6,836,400
Unabsorbed capital allowances	1,125,600	1,146,060
Unrealised profit on development properties	3,384,189	3,313,786
Unutilised tax losses	104,000	-
	15,005,736	12,892,635
Deferred tax liabilities		
Fair value adjustment on consolidation	(45,513,989)	(46,952,848)

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

16. DEFERRED TAX ASSETS/ (LIABILITIES) (cont'd)

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	Group 2012 RM	Group 2011 RM
Investment tax allowance	2,201,000	2,201,000
Deductible temporary differences in respect of expenses	-	371,400
Unutilised tax losses	8,187,900	6,004,600
Unabsorbed capital allowances	2,325,000	2,546,800
	12,713,900	11,123,800

17. GOODWILL ON CONSOLIDATION

	Group 2012 RM	Group 2011 RM
At beginning/end of the financial year	17,621,512	17,621,512
	17,621,512	17,621,512

The carrying amounts of goodwill allocated to the Group's cash generating unit ("CGU") are based on the CGU's excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets and liabilities. The goodwill was allocated to the Group's property development segment.

The recoverable amount of a Cash Generating Unit ("CGU") is determined based on value-in-use calculations using 5 years of cash flow projections from financial budgets and projections approved by management. Cash flows beyond the five year period are extrapolated using the growth rates stated below.

The calculation of value-in-use for the CGU is most sensitive to the following key assumptions:

(i) Budgeted gross margins – Gross margins are based on management's estimate on the industry trends and historical gross margins achieved.
(ii) Growth rates – Growth rates are based on the Company's estimates calculated based on sector and industry trends, general market and economic conditions, planned and existing projects and other available information for the next 5 years and assuming no growth for subsequent years.
(iii) Pre-tax discount rate – Discount rate reflects the current market assessment of the risks specific to the segment. This is the benchmark used by the management to assess operating performance and to evaluate future investment proposals.

No impairment loss was required for the goodwill assessed as its recoverable amount was in excess of its carrying amount.

In assessing the value-in-use, management does not foresee any possible changes in the above key assumptions that would cause the carrying amounts of goodwill to materiality exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

18. PROPERTY DEVELOPMENT COSTS

	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
Group				
2012				
Cumulative property development costs				
At beginning of the financial year	183,761,374	44,890,937	130,454,715	359,107,026
Cost incurred during the financial year	1,305,533	452,766	195,308,200	197,066,499
Transfer from land held for property development (Note 15)	7,042,333	-	780,920	7,823,253
Transfer to land held for property development (Note 15)	(13,939,670)	(326,968)	(2,626,197)	(16,892,835)
Adjustment on completion of projects	(2,723,573)	(96,296)	(8,988,205)	(11,808,074)
Unsold units transferred to inventories	(25,097,995)	-	(133,732,965)	(158,830,960)
At end of the financial year	150,348,002	44,920,439	181,196,468	376,464,909
Cumulative costs recognised in profit or loss				
At beginning of the financial year	(12,684,415)	(4,611,066)	(26,627,052)	(43,922,533)
Recognised during the financial year (Note 5)	(3,954,225)	(4,985,134)	(79,463,385)	(88,402,744)
Adjustment on completion of projects	2,723,573	96,296	8,988,205	11,808,074
At end of the financial year	(13,915,067)	(9,499,904)	(97,102,232)	(120,517,203)
Property development costs at end of the financial year	136,432,935	35,420,535	84,094,236	255,947,706

NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2012 (cont'd)

18. PROPERTY DEVELOPMENT COSTS (cont'd)

	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
Group				
2011				
Cumulative property development costs				
At beginning of the financial year	159,759,951	32,436,922	82,068,945	274,265,818
Cost incurred during the financial year	1,460,209	12,454,015	72,592,771	86,506,995
Transfer from land held for property development (Note 15)	33,067,994	-	2,924,377	35,992,371
Transfer to investment properties (Note 14)	(1,537,884)	-	(242,768)	(1,780,652)
Transfer to land held for property development (Note 15)	(6,819,234)	-	(11,129,758)	(17,948,992)
Adjustment on completion of projects	(2,105,938)	-	(15,366,647)	(17,472,585)
Unsold units transferred to inventories	(63,724)	-	(392,205)	(455,929)
At end of the financial year	183,761,374	44,890,937	130,454,715	359,107,026
Cumulative costs recognised in profit or loss				
At beginning of the financial year	(1,304,814)	-	(13,590,546)	(14,895,360)
Recognised during the financial year (Note 5)	(13,485,539)	(4,611,066)	(28,403,153)	(46,499,758)
Adjustment on completion of projects	2,105,938	-	15,366,647	17,472,585
At end of the financial year	(12,684,415)	(4,611,066)	(26,627,052)	(43,922,533)
Property development costs at end of the financial year	171,076,959	40,279,871	103,827,663	315,184,493

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

18. PROPERTY DEVELOPMENT COSTS (cont'd)

Included in property development costs incurred during the financial year are:

	Group 2012 RM	Group 2011 RM
Depreciation of property, plant and equipment	863,821	782,879
Interest on borrowing capitalised (Note 6)	1,309,833	-
Rental of equipment	805,000	1,751,459

The Group's freehold and leasehold land and development expenditure with a net carrying amount of RM290,632,887 (2011: RM53,552,646) are pledged to secure the Group's bank borrowings as mentioned in Note 29.

Title of leasehold land of the Group with a carrying amount of RM136,119,660 (2011: RM85,663,137) is registered under a third party.

19. INVENTORIES

	Group 2012 RM	Group 2011 RM
Cost		
Building materials and consumables	287,456	639,685
Properties held for sale	180,812,081	37,376,054
Stationery and housekeeping supply	124,533	140,277
	181,224,070	38,156,016

The Group's inventories amounting to RM171,157,770 (2011: RM2,203,981) are pledged to secure the Group's bank borrowings as mentioned in Note 29.

Included in inventories is a shopping complex with carrying amount of RM155,314,053 (2011: RM nil) developed for sale with tenancy.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

20. RECEIVABLES AND DEPOSITS

		Group			Company	
		2012	2011	1.1.2011	2012	2011
	Note	RM	RM	RM	RM	RM
Trade						
Trade receivables		105,887,555	77,863,865	61,926,309	-	-
Less: Allowance for impairment loss		(1,060,972)	(2,193,823)	(465,010)	-	-
	(a)	104,826,583	75,670,042	61,461,299	-	-
Non-trade						
Dividend receivables		-	-	-	-	3,750,000
Other receivables		4,470,842	2,995,765	3,655,139	-	-
Less: Allowance for impairment loss		(945,584)	(443,445)	-	-	-
	(b)	3,525,258	2,552,320	3,655,139	-	3,750,000
Sundry deposits		2,074,549	1,266,372	3,875,019	-	-
Amounts owing by subsidiaries	(c)	-	-	-	91,915,791	76,571,840
		5,599,807	3,818,692	7,530,158	91,915,791	80,321,840
		110,426,390	79,488,734	68,991,457	91,915,791	80,321,840

(a) Trade receivables

Trade receivables are non-interest bearing and generally on credit terms ranging from 14 to 180 (2011: 14 to 180, 1.1.2011: 14 to 180) days. Credit terms for sales of commercial properties range from 14 to 270 (2011: 14 to 270, 1.1.2011: 14 to 270) days.

Included in trade receivables are:

(i) an amount of RM342,640 (2011: RM1,612,862, 1.1.2011: RM nil) owing by a company related to a director;

(ii) an amount of RM3,109,747 (2011: RM nil, 1.1.2011: RM4,740,892) owing by certain directors of the Company;

(iii) an amount of RM9,595,207 (2011:RM1,070,784, 1.1.2011: RM nil) owing by persons related to directors, which is under normal credit terms; and

(iv) retention sums amounting to RM205,388 (2011: RM999,878, 1.1.2011: RM3,045,649) held by stakeholders.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

20. RECEIVABLES AND DEPOSITS (cont'd)

(a) Trade receivables (cont'd)

The amounts owing by a company related to a director, certain directors and persons related to directors are in respect of purchase of properties from the Group and is within the normal credit term granted to customers.

Ageing analysis of trade receivables

		Group	
	2012 RM	2011 RM	1.1.2011 RM
Neither past due nor impaired	62,245,768	52,576,948	18,330,653
1 to 30 days past due not impaired	9,858,175	10,676,382	17,873,682
31 to 60 days past due not impaired	8,036,722	3,721,296	4,922,902
61 to 90 days past due not impaired	3,327,479	2,186,241	6,276,109
91 to 120 days past due not impaired	6,576,270	1,568,176	1,397,207
121 to 150 days past due not impaired	3,530,181	1,016,284	541,651
More than 121 days past due not impaired"	11,251,988	3,924,715	12,119,095
	42,580,815	23,093,094	43,130,646
Impaired	1,060,972	2,193,823	465,010
	105,887,555	77,863,865	61,926,309

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired comprise property purchasers mostly with end financing facilities from reputable end-financiers and the government whilst the others are creditworthy customers with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM42,580,815 (2011: RM23,093,094, 1.1.2011: RM43,130,646) that are past due at the reporting date but not impaired because there have been no significant changes in the credit quality of the debtors and the amounts are still considered recoverable. These trade receivables that are past due but not impaired are unsecured in nature.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

20. RECEIVABLES AND DEPOSITS (cont'd)

(a) Trade receivables (cont'd)

Receivables that are impaired
The movements of the allowance accounts used to record the impairment loss are as follows:

	Group	
	2012 RM	2011 RM
At beginning of the financial year	2,193,823	465,010
Charge for the financial year (Note 7)	254,052	1,898,473
Reversal of impairment losses (Note 7)	(1,386,903)	(169,660)
At end of the financial year	1,060,972	2,193,823

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Other receivables

The movements of the allowance accounts used to record the impairment loss on other receivables are as follows:

	Group	
	2012 RM	2011 RM
At beginning of the financial year	443,445	-
Charge for the financial year (Note 7)	502,139	443,445
Reversal of impairment losses (Note 7)	-	-
At end of the financial year	945,584	443,445

(c) Amount owing by subsidiaries

These amounts are unsecured, interest free, expected to be settled in cash and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

21. OTHER NON-CURRENT/CURRENT ASSETS

		Group			Company	
	Note	2012 RM	2011 RM	1.1.2011 RM	2012 RM	2011 RM
Non-current						
Deposits for joint venture and turnkey contracts	(a)	222,961,412	208,026,262	212,712,902	-	-
Current						
Accrued billings in respect of property development cost		8,252,716	20,166,310	3,711,813	-	-
Advances to sub-contractor		6,794,751	2,876,619	-	-	-
Amounts due from customers for contract works (Note 22)		25,074,372	19,649,201	6,699,428	-	-
Deposits for acquisition of development lands		2,855,536	2,307,926	1,282,350	-	-
Deposits for joint venture and turnkey contracts		30,000	30,000	865,096	-	-
Mobilisation deposits	(b)	2,333,200	2,332,700	2,314,000	-	-
Prepayments	(c)	7,243,351	2,046,231	1,941,435	2,077	2,077
		52,583,926	49,408,987	16,814,122	2,077	2,077

(a) Deposits for joint venture and turnkey contracts

The security deposits for joint venture and turnkey contract transactions in other non-current assets are for development work which has yet to commence. The directors are reasonably optimistic that these development works will commence in the future and therefore ensure the recovery of the security deposits. Title deed to a freehold land relating to a security deposit for joint venture amounting to RM65,000,000 (31.12.2011: RM55,000,000, 1.1.2011: RM55,000,000) is pledged to secure bank facilities granted to subsidiary as mentioned in Note 29.

(b) Mobilisation deposits

These amounts are paid to architects and other professional services for future development projects. The directors, after considering all relevant and available information, are of the opinion that these amounts are fully recoverable.

(c) Prepayments

Included in the prepayments is the aggregate costs of RM5,677,388 (31.12.2011: RM1,967,606, 1.1.2011: RM1,889,606) incurred to construct certain properties for a local council in consideration of the eventual alienation of a parcel of land to a subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

22. AMOUNT DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group	
	2012 RM	2011 RM
Construction contract cost incurred todate	33,415,780	103,368,304
Attributable profits	7,360,062	6,861,519
	40,775,842	110,229,823
Less: Progress billings received and receivable	(15,701,470)	(93,060,548)
	25,074,372	17,169,275
Presented as:		
Gross amounts due from customers on contracts (Note 21)	25,074,372	19,649,201
Gross amounts due to customers on contracts (Note 31)	-	(2,479,926)
	25,074,372	17,169,275

Included in progress billings are retention sums of RM nil (2011: RM2,764,518).

23. TERM DEPOSITS AND FIXED INCOME FUND

	Group	
	2012 RM	2011 RM
Cash deposits with (Note 34(b)):		
- Fixed income fund		
- redeemable at call	3,329,447	5,277
- redeemable upon 7 days notice	327,453	134,521
- Licensed banks	504,189	20,493,949
	4,161,089	20,633,747

The interest rates and maturities of deposits as at the reporting date are as follows:

	Maturities		Interest rates	
	2012 Days	2011 Days	2012 %	2011 %
Licensed fund management company				
- Fixed income fund	Not applicable	Not applicable	2.17 - 2.71	2.22 - 2.93
Licensed banks				
- Short term deposits	-	4	-	2
- Fixed deposits	15 - 352	15 - 352	2.15 - 3.15	2.35 - 3.15

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

23. TERM DEPOSITS AND FIXED INCOME FUND (cont'd)

The fixed deposits amounting to RM504,189 (2011: RM489,904) are pledged as security for bank guarantee facilities granted to the Group.

Included in fixed deposits is an amount of RM138,498 (2011:RM134,455) held in trust by a director of the Company.

24. CASH AND BANK BALANCES

Group

Included in cash at banks of the Group are amounts of RM15,043,685 (2011: RM7,520,763) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and are restricted from use in other operations.

25. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Group and Company					
	Number of ordinary shares of RM 1 each		<——Amount——>			
	Share capital (issued and fully paid) shares	**Treasury**	**Share capital (issued and fully paid) RM**	**Share premium RM**	**Total share capital and share premium RM**	**Treasury shares RM**
At 1 January 2011	405,748,129	(363,978)	405,748,129	32,174,321	437,922,450	(719,722)
Issue of ordinary shares:						
- Pursuant to ESOS	3,714,000	-	3,714,000	1,411,320	5,125,320	-
ESOS exercised	-	-	-	998,042	998,042	-
Share buy back	-	(2,000)	-	-	-	(3,846)
At 31 December 2011	409,462,129	(365,978)	409,462,129	34,583,683	444,045,812	(723,568)
Issue of ordinary shares:						
- Pursuant to ESOS	3,371,000	-	3,371,000	1,280,980	4,651,980	-
ESOS exercised	-	-	-	1,613,513	-	-
Share buy back	-	(2,000)	-	-	-	(3,725)
As at 31 December 2012	412,833,129	(367,978)	412,833,129	37,478,176	448,697,792	(727,293)

	Number of ordinary shares of RM1 each		Amount	
	2012	**2011**	**2012 RM**	**2011 RM**
Authorised share capital				
At 1 January / 31 December	500,000,000	500,000,000	500,000,000	500,000,000

NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2012 (cont'd)

25. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (cont'd)

(a) Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Ordinary shares issued pursuant to ESOS

During the financial year, the Company issued 3,371,000 (2011: 3,714,000) ordinary shares at an average issue price of RM1.38 (2011: RM1.38) per ordinary share for cash, pursuant to the Company's ESOS. The share premium of RM1,280,980 (2011: RM1,411,320) arising therefrom have been included in the share premium account. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(c) Share premium

Share premium arose from the issue of ordinary shares and can be utilised for distribution to the members of the Company by way of bonus share issue.

(d) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The Company acquired 2,000 (2011: 2,000) shares in the Company through purchases on the Bursa Malaysia Securities Berhad during the financial year. The total amount paid to acquire the shares was RM3,725 (2011: RM3,846) and this was presented as a component within shareholders' equity.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

26. OTHER RESERVES

	Share option reserve RM	Capital reserve RM	Total RM
Group			
Transaction with owners:			
At 1 January 2011	5,434,973	26,578,054	32,013,027
Share options granted under ESOS	3,417,474	-	3,417,474
ESOS exercised	(998,042)	-	(998,042)
ESOS lapsed	(127,765)	-	(127,765)
At 31 December 2011	7,726,640	26,578,054	34,304,694
Share options granted under ESOS	2,224,665	-	2,224,665
ESOS exercised	(1,613,513)	-	(1,613,513)
ESOS lapsed	(243,714)	-	(243,714)
At 31 December 2012	8,094,078	26,578,054	34,672,132
Company			
Transaction with owners:			
At 1 January 2011	5,434,973	-	5,434,973
Share options granted under ESOS	3,417,474	-	3,417,474
ESOS exercised	(998,042)	-	(998,042)
ESOS lapsed	(127,765)	-	(127,765)
At 31 December 2011	7,726,640	-	7,726,640
Share options granted under ESOS	2,224,665	-	2,224,665
ESOS exercised	(1,613,513)	-	(1,613,513)
ESOS lapsed	(243,714)	-	(243,714)
At 31 December 2012	8,094,078	-	8,094,078

The nature and purpose of each category of reserves are as follows:

(a) Share option reserve

Share option reserve represents the equity-settled share options granted to employees (Note 28). This reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

(b) Capital reserve

This arose from the changes in fair value of the subsidiaries acquired.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

27. RETAINED EARNINGS

The Company has elected for the irrecoverable option under the Finance Act 2007 to disregard the 108 balance as at 31 December 2007. Hence, the Company will be able to distribute dividends out of its entire retained earnings as at 31 December 2012 and 2011 under the single tier system.

28. EMPLOYEE BENEFITS

Employees' share option scheme ("ESOS")

Eligible employees of the Group participate in an equity-settled, share-based compensation plan, i.e. Employees' Share Options Scheme ("ESOS") operated by the Company to acquire ordinary shares of the Company.

The Company's ESOS is governed by the bye-laws approved by its shareholders at an Extraordinary General Meeting held on 29 June 2009. The Company had on 5 January 2010, granted 39,840,000 new shares to the eligible employees of the Group. The existing ESOS was implemented on 5 January 2010 to be in force for a period of 5 years which will expire on 4 August 2014.

The salient features of the ESOS are as follows:

(a) The total number of options to be offered under the ESOS shall be subject to a maximum of 10% of the issued and paid-up share capital of the Company at any point in time;

(b) Any natural person who is employed full-time by and on the payroll of the Company and its subsidiaries and who fulfils the conditions of eligibility stipulated in the bye-laws shall be eligible to participate in the ESOS. Employees include the directors of the Group;

(c) The subscription price for each new share shall be based on the weighted average of the market price of the Company shares for the five (5) market days immediately preceding the date on which the option is granted less a discount of up to 10% or the par value of the Company share, whichever is the higher;

(d) The ESOS shall be in force for a duration of five (5) years from its commencement and may, if the Board deems fit and upon the recommendation of the options committee, be extended for a further five (5) years;

(e) The options granted may be exercised according to the following scale in respect of a maximum of the following:

Maximum percentage of options exercisable from date of acceptance				
Year 1	Year 2	Year 3	Year 4	Year 5
20%	20%	20%	20%	20%

Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years subject to the option period. All unexercised options shall be exercisable in the last year of the option period. Any options which remain unexercised at the expiry date of option period shall be automatically terminated; and

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

28. EMPLOYEE BENEFITS (cont'd)

Employee share option scheme ("ESOS") (cont'd)

The salient features of the ESOS are as follows: (cont'd)

(f) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company except that the shares so issued will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to shareholders prior to the date of allotment of the new shares.

Movement of share option during the financial year
The following table illustrates the number ("No.") and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

	2012		2011	
	No.	WAEP (RM)	No.	WAEP (RM)
Outstanding at 1 January	32,840,000	1.38	37,129,000	1.38
- Exercised	(3,371,000)	1.38	(3,714,000)	1.38
- Lapsed	(488,000)	1.38	(575,000)	1.38
Outstanding at 31 December	28,981,000	1.38	32,840,000	1.38
Exercisable at 31 December	13,045,000	1.38	8,936,000	1.38

The weighted average fair value of options granted in the previous financial year was 32.70 sen.

The weighted average share price at the date of exercise of the options exercised during the financial year was RM1.88 (2011: RM1.90).

The exercise price for options outstanding at the end of the financial year was RM1.38 (2011: RM1.38). The weighted average remaining contractual life for these options is 2 years (2011: 3 years).

Fair value of share option granted
The fair value of the share options granted in the previous financial year was estimated using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the option pricing models for the financial year ended 31 December 2010:

	Black-Scholes 2010
Dividend yield (%)	7.26%
Expected volatility (%)	38.8% - 47.2%
Risk free interest rate (%)	2.3% - 3.8%
Expected life of option	5 years
Weighted average share price (RM)	1.55

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

29. BORROWINGS

	Group 2012 RM	Group 2011 RM
Non-current		
Secured:		
Term loans		
- RM loan at 0.6% +BLR	125,350,000	-
Current		
Secured:		
Bank overdrafts (Note 34(b))	44,108,195	80,220,341
Revolving credits	227,857,927	229,559,254
Term loans		
- RM loan at 0.6% +BLR	10,536,426	2,764,791
	282,502,548	312,544,386
	407,852,548	312,544,386

Bank overdrafts

Bank overdrafts are denominated in Ringgit Malaysia, bear interest ranging from 6.90% to 8.10% (2011: 7.40% to 8.30%) per annum and are secured by the following:

(i) legal charges over certain property, plant and equipment, land held for property development, investment properties, development properties and inventories of the subsidiaries; and
(ii) corporate guarantee from the Company.

Revolving credits

Revolving credits are denominated in Ringgit Malaysia, bear interest ranging from 4.55% to 5.50% (2011: 4.44% to 5.50%) per annum and are secured by the following:

(i) legal charges over certain property, plant and equipment, land held for property development, investment properties, development properties and inventories of the subsidiaries;
(ii) legal charge over land held for property development in the name of a joint venture partner; and
(iii) corporate guarantee from the Company.

The terms and conditions of the term loans of the Group are as follows:

	Repayment terms	Interest rate	Security	Amounts outstanding 2012 RM	Amounts outstanding 2011 RM
(i)	Repayable by 60 monthly instalment of RM41,082 commencing one month after date of full disbursement	1.75% above banker's base lending rate	First legal charge over certain property, inventories of the Group*	-	21

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

29. BORROWINGS (cont'd)

The terms and conditions of the term loans of the Group are as follows: (cont'd)

	Repayment terms	Interest rate	Security	Amounts outstanding 2012 RM	2011 RM
(ii)	Repayable by 120 monthly instalments of RM284,017 each commencing one month after date of full disbursement	1.25% above banker's lending rate	Third party charge over a freehold property of the Group*	-	2,764,770
(iii)	Repayable by 5 quarterly instalments of RM9,000,000 commencing at the end of 12 months from first drawdown.	1.65% above bankers' cost of funds	Legal charge over certain inventories of the Group*	10,155,041	-
(iv)	Repayable by 84 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM11,933, 49th to 83rd instalment of RM14,709 and 84th instalment of RM5,127,197	1.50% above bankers' cost of funds	Legal charge over certain inventories of the Group*	6,022,459	-
(v)	Repayable by 84 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM107,401, 49th to 83rd instalment of RM132,377 and 84th instalment of RM46,144,773	1.50% above bankers' cost of funds	Legal charge over certain inventories of the Group*	54,161,141	-
(vi)	Repayable by 84 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM11,933, 49th to 83rd instalment of RM14,709 and 84th instalment of RM5,127,197	1.50% above bankers' cost of funds	Legal charge over certain inventories of the Group*	6,024,506	-

NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2012 (cont'd)

29. BORROWINGS (cont'd)

The terms and conditions of the term loans of the Group are as follows: (cont'd)

	Repayment terms	Interest rate	Security	Amounts outstanding 2012 RM	2011 RM
(vii)	Repayable by 84 monthly instalments commencing on the 19th month from the first drawdown. 19th to 48th instalment of RM107,401, 49th to 83rd instalment of RM132,377 and 84th instalment of RM46,144,773	1.50% above bankers' cost of funds	Legal charge over certain inventories of the Group*	54,167,346	-
(viii)	Repayable by 47 monthly instalments of RM111,459 each commencing on the 37th month from the first drawdown.	1.50% above bankers' cost of funds	Legal charge over certain joint development land of the Group*	5,355,933	-
				135,886,426	2,764,791

* The term loans are also guaranteed by the Company.

The remaining maturities of the borrowings are as follows:

	Group 2012 RM	2011 RM
On demand or within one year	282,502,548	312,544,386
More than 1 year and less than 5 years	15,798,804	-
More than 5 years	109,551,196	-
	407,852,548	312,544,386

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

30. PAYABLES AND ACCRUALS

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Trade					
Trade payables	(a)	36,311,607	12,714,106	-	-
Non-trade					
Other payables	(b)	23,855,480	39,174,353	37,915	32,039
Deposits		4,706,697	1,652,017	-	-
Accruals		5,939,391	7,110,215	45,235	47,410
Advance receipts		172,600	-	-	-
Amount owing to a director		5,100	41,400	-	-
Amount owing to a subsidiary	(c)	-	-	52,780,617	52,780,617
		34,679,268	47,977,985	52,863,767	52,860,066
		70,990,875	60,692,091	52,863,767	52,860,066

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 14 to 90 days (2011: 30 to 60 days).

Included in trade payables is an amount owing to related company of RM2,854,569 (2011: RM1,678,138), which is under normal trade term.

(b) Other payables

Included in other payables are unsecured advances to the Group amounting to RM12,969,724 (2011: RM16,360,080) which are owing to company in which certain directors have significant financial interest.

The amounts owing are non-interest bearing, expected to be settled in cash and are repayable on demand.

(c) This amount is unsecured, interest free, expected to be settled in cash and is repayable on demand.

31. OTHER CURRENT LIABILITIES

	Group 2012 RM	Group 2011 RM
Progress billings in respect of property development costs	50,347,942	-
Amounts due to customers on contracts (Note 22)	-	2,479,926
	50,347,942	2,479,926

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

32. PROVISION FOR RECTIFICATION WORKS

	Group 2012 RM	Group 2011 RM
At beginning of the financial year	1,278,297	6,534,552
Provision during the financial year (Note 7)	294,675	120,339
Utilitisation during the financial year	(258,471)	(388,419)
Reversal during the financial year (Note 7)	(942,839)	(4,988,175)
At end of the financial year	371,662	1,278,297

A provision is recognised for expected rectification works on completed contracts. It is expected that most of these costs will be incurred within one year after the completion of the construction contract.

Based on management's past experience, provision for rectification works are computed at 0.2% (2011: 0.2%) on the total contracted sum of completed contracts.

33. DIVIDENDS

	Group/Company 2012 RM	Group/Company 2011 RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- final single tier dividend for 2011: 2% (2010: 3%) per share	8,241,203	12,272,315
- interim single tier dividend for 2012: 1.5% (2011: 1.5%) per share	6,184,647	6,136,468
	14,425,850	18,408,783

	Group/Company 2012 RM	Group/Company 2011 RM
Proposed but not recognised as at 31 December:		
- Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- final single tier dividend for 2012: 2.5% (2011: 2%) per share	10,311,629	8,189,243

The directors have recommended a final single tier dividend of 2.5% (2.5 sen per ordinary share) amounting to RM10,311,629 based on the number of outstanding ordinary shares in issue as at the reporting date, for the financial year ended 31 December 2012, subject to shareholders' approval at the forthcoming Annual General Meeting ("AGM"). The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013. The actual net amount payable will depend on the number of ordinary shares in issue on the entitlement date.

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

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

34. NOTES TO STATEMENTS OF CASH FLOWS

(a) Purchase of property, plant and equipment

Purchase of property, plant and equipment during the financial year were fully paid for in cash.

(b) Cash and cash equivalents as at end of the financial year

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Term deposits and fixed income fund	4,161,089	20,633,747	-	-
Cash and bank balances	30,893,548	15,895,941	384,946	188,183
Bank overdrafts (Note 29)	(44,108,195)	(80,220,341)	-	-
	(9,053,558)	(43,690,653)	384,946	188,183
Fixed deposits pledged (Note 23)	(504,189)	(489,904)	-	-
	(9,557,747)	(44,180,557)	384,946	188,183

35. RELATED PARTY DISCLOSURES

(a) For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has a related party relationship with its subsidiaries, key management personnel, companies related to directors and persons related to directors. Companies related to directors refer to companies in which certain directors of the Company have substantial financial interests.

(b) Related party transactions and balances are as follows:

	Group	
	2012 RM	2011 RM
Rental of equipment and transportation from:		
- a company related to directors	4,789,868	3,890,793
Purchase of construction materials from:		
- a company related to directors	9,404,553	5,698,683
Rental payable of property from:		
- a company related to directors	63,360	47,520
Upkeep of motor vehicle from:		
- a company related to directors	274,194	-

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

35. RELATED PARTY DISCLOSURES (cont'd)

(b) Related party transactions and balances are as follows: (cont'd)

	Group 2012 RM	Group 2011 RM
Rental of motor vehicle to:		
- a company related to directors	720,000	360,000
Rental income from properties from:		
- a company related to directors	181,669	-
- persons related to directors	339,000	-
Renovation work to:		
- a company related to directors	92,184	-
Sales of properties to:		
- directors	42,578,670	7,227,058
- a company related to directors	-	2,488,800
- persons related to directors	51,887,153	-
Legal service from a firm related to directors	6,065,176	2,903,783
Legal service from a firm belonging to a director	425,549	35,901
Guarantee return payable to:		
- directors	5,749,464	5,749,464
- persons related to directors	2,038,164	2,038,164

	Company 2012 RM	Company 2011 RM
Dividend income from a subsidiary (gross)	25,200,000	25,000,000

Companies related to a director:

(i) Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT, who is the managing director and major shareholder of YNH Property Bhd., owns 85% equity interest in Kar Sin Hardware Sdn. Bhd. and 75% equity interest in N.A.B Holdings Sdn. Bhd.. The nature of transaction is rental of equipment and provision of transportation.

(ii) The Group purchased ready mix concrete from Kar Sin Ready Mix Sdn. Bhd., a company in which Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT has 50% equity interest and Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS has the balance 50% equity interest in Kar Sin Ready Mix Sdn. Bhd.

(iii) The guarantee return payable is in respect of purchase guarantee return of Lot 163 (Fraser Place Kuala Lumpur) in which all the purchasers are entitled to a 8% guarantee return for the unit purchased and leased back.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

35. RELATED PARTY DISCLOSURES (cont'd)

(b) Related party transactions and balances: (cont'd)

Sales of properties

The sales of properties represent the agreed consideration as per the sale and purchase agreements entered between the Group and the related parties on sales of completed properties and properties under development.

Information regarding outstanding balances arising from related party transactions as at the reporting date is disclosed in Notes 20 and 30.

(c) Compensation of key management personnel

	Group		Company	
	2012 RM	**2011 RM**	**2012 RM**	**2011 RM**
Executive				
Salaries and other emoluments	8,864,352	8,864,352	-	-
Employees Provident Fund	2,053,784	1,318,435	-	-
Bonus	2,319,526	1,477,392	-	-
Share options granted under option	435,552	669,084	-	-
Estimated monetary value of benefits-in-kind	1,200	1,200	-	-
	13,674,414	12,330,463	-	-
Non-executive				
Salaries and other emoluments	138,924	132,732	138,924	132,732
Share options granted under option	134,016	205,872	134,016	205,872
Directors' fees	125,680	119,700	125,680	119,700
	398,620	458,304	398,620	458,304
	14,073,034	12,788,767	398,620	458,304

Directors' interest in employees' share option scheme

In the previous financial year, the directors exercised their options for 160,000 ordinary shares of the Company at price of RM1.38 each, with a total cash consideration of RM220,800 paid to the Company.

At the reporting date, the total number of outstanding share options granted by the Company to the above-mentioned directors under the ESOS plan amounts to 9,880,000 (2011: 9,880,000).

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Financial Controller. The Audit Committee provides independent oversight to the effectiveness of risk management process.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and amounts owing by related parties. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. The maximum risk associated with recognised financial assets is the carrying amounts as presented in the statements of financial position and corporate guarantee provided by the Company to banks on its subsidiaries' credit facilities.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

<u>Exposure to credit risk</u>

The Group does not have any significant credit risk exposure to any individual customer or groups of customers. The Group uses ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 20.

<u>Financial guarantee</u>

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries.

The Company monitors on an ongoing basis the repayments made by the subsidiaries and their financial performance.

The maximum exposure to credit risk amounts to RM407,852,548 (2011: RM312,544,386) representing the outstanding credit facilities of the subsidiaries guaranteed by the Company at the reporting date. At the reporting date, there was no indication that the subsidiaries would default on its repayment.

The financial guarantee has not been recognised as the fair value on initial recognition was immaterial since the financial guarantee provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the security pledged by the subsidiaries and it is unlikely the subsidiaries will default within the guarantee period.

NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2012 (cont'd)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount RM	Total Contractual Cash flows RM	On demand or within one year RM	One to five years RM	More than five years RM
2012					
Group					
Financial liabilities:					
Trade and other payables	70,990,875	70,990,875	70,990,875	-	-
Borrowings	407,852,548	445,697,414	288,845,258	39,725,951	117,126,205
	478,843,423	516,688,289	359,836,133	39,725,951	117,126,205
Company					
Financial liabilities:					
Trade and other payables	52,863,767	52,863,767	52,863,767	-	-

	Carrying amount RM	Total Contractual Cash flows RM	On demand or within one year RM
2011			
Group			
Financial liabilities:			
Trade and other payables	60,692,091	60,692,091	60,692,091
Borrowings	312,544,386	312,544,386	312,544,386
	373,236,477	373,236,477	373,236,477
Company			
Financial liabilities:			
Trade and other payables	52,860,066	52,860,066	52,860,066

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk relates to interest bearing financial assets and financial liabilities. Interest bearing financial assets mainly include cash deposits with licensed banks. Deposits are placed for better yield returns than cash at banks and to satisfy conditions for bank guarantee.

The Group's interest bearing financial liabilities comprise bank overdrafts, revolving credits and term loans.

The fixed deposits placed with licensed banks at fixed rate exposes the Group to fair value interest rate risk. The bank overdrafts, revolving credits and term loans totaling RM407,852,548 (2011: RM312,544,386) at floating rate expose the Group to cash flow interest rate risk.

The Group actively reviews its debts portfolio to ensure favourable rates are obtained, taking into account the investment holding period and nature of asset.

Sensitivity analysis for the interest rate risk
The following table demonstrates the sensitivity of the Group's and the Company's profit net of tax to a reasonably possible change in RM interest rate, with all other variables held constant.

	Group	
	Increase/ (decrease) in basis points	**Effect on profit net of tax RM**
2012		
- Ringgit Malaysia	25	(764,724)
- Ringgit Malaysia	(25)	764,724
2011		
- Ringgit Malaysia	25	(586,021)
- Ringgit Malaysia	(25)	586,021

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

(a) Cash and cash equivalents, trade and other receivables and payables

The carrying amounts of cash and cash equivalents, trade and other receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

(b) Borrowings

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amount of long term floating rate loans approximates its fair value as the loans will be re-priced to market interest rate on or near reporting date.

The carrying amounts of financial assets and liabilities recognised in the statements of financial position approximate their fair values.

38. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2012 and 31 December 2011.

During the financial year, the Group monitors capital using a gearing ratio, which is net debts divided by total capital plus net debts. The gearing equity ratios at 31 December 2012 and 2011 were as follows:

	Note	2012 RM	2011 RM
Borrowings	29	407,852,548	312,544,386
Trade and other payables	30	70,990,875	60,692,091
Less: Term deposits and fixed income fund	34 (b)	(4,161,089)	(20,633,747)
Less: Cash and bank balances	34 (b)	(30,893,548)	(15,895,941)
Net debts		443,788,786	336,706,789
Equity attributable to the owners of the Company		830,856,123	789,980,516
Total capital and net debts		1,274,644,909	1,126,687,305
Gearing ratio		35%	30%

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

39. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on two reportable operating segments as follows:

(a) The property development segment

The property development segment is in business of constructing, developing residential and commercial properties. This reportable segment has been formed by aggregating the property construction/ development operating segment, estates, trading or supply of construction materials and the investment properties operating segment, which are regarded by management to exhibit similar economic characteristics.

(b) The hotel and hospitality segment

Hotel and hospitality segment is the operation of and management of a hotel and its related business.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss before tax which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments were carried out on negotiated terms.

39. SEGMENT INFORMATION (cont'd)

	Property Development		Hotel and Hospitality		Adjustment and elimination		Notes	Per consolidated financial statements	
	2012 RM	**2011 RM**	**2012 RM**	**2011 RM**	**2012 RM**	**2011 RM**		**2012 RM**	**2011 RM**
Revenue:									
External customers	246,783,198	192,394,868	22,460,875	21,690,660	-	-		269,244,073	214,085,528
Inter-segment	-	-	333,513	72,063	(333,513)	(72,063)	A	-	-
	246,783,198	192,394,868	22,794,388	21,762,723	(333,513)	(72,063)		269,244,073	214,085,528
Results:									
Interest income	327,556	243,558	538,577	736,199	(526,015)	(732,140)	B	340,118	247,617
Depreciation	1,145,920	1,005,786	757,410	856,911	-	-		1,903,330	1,862,697
Finance costs	16,790,799	12,733,079	265,629	584,536	(526,015)	(732,140)	B	16,530,413	12,585,475
Other non-cash expenses	4,673,697	5,680,722	129,548	199,009	-	-	C	4,803,245	5,879,731
Segment profit/(loss)	66,149,912	65,882,951	(2,274,230)	(658,899)	-	-	D	63,875,682	65,224,052
Assets:									
Additions to non-current assets other than financial instruments and deferred tax assets	131,522,326	93,236,885	1,036,934	191,135	-	-	E	132,559,260	93,428,020
Segment assets	1,378,402,472	1,200,468,871	28,408,785	14,144,190	-	-		1,406,811,257	1,214,613,061
Liabilities:									
Segment total liabilities	553,510,901	417,615,885	22,444,233	7,016,660	-	-		575,955,134	424,632,545

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

39. SEGMENT INFORMATION (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B The following item is deducted from segment interest income/finance costs to arrive at "Interest income/Finance costs" presented in the notes to the financial statements:

	2012 RM	2011 RM
Inter-segment interest	526,015	732,140

C Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2012 RM	2011 RM
Inventories written off	7	1,527,714	-
Impairment loss on trade and other receivables	20	756,191	2,341,918
Share-based payments	28	2,224,665	3,417,474
Provisions	32	294,675	120,339
		4,803,245	5,879,731

D The following item is deducted from segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income:

	2012 RM	2011 RM
Finance costs	16,530,413	12,585,475

E Additions to non-current assets other than financial instruments and deferred tax assets consist of:

	2012 RM	2011 RM
Land held for property development	46,371,297	63,738,573
Property, plant and equipment	8,164,573	6,766,958
Investment properties	2,405,390	7,391,597
Deposits for joint venture and turnkey contracts	75,618,000	15,530,892
	132,559,260	93,428,020

Geographical information

The Group's operations are located only in Malaysia.

Major customer information

There is no single customer with revenue equal or more than 10% of the Group revenue.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

40. OPERATING LEASE ARRANGEMENTS

(a) The Group as lessee

The future aggregate minimum lease payments under non-cancellable operating lease contracted for as at the reporting date but not recognised as liabilities are as follows:

	Group 2012 RM	Group 2011 RM
Future minimum rental payments:		
Not later than 1 year	13,587,618	6,067,289
Later than 1 year and not later than 5 years	42,330,421	-
	55,918,039	6,067,289

The operating lease commitments are in respect of leaseback of service apartments and office suites from the purchasers at 8% per annum of the respective units' sale consideration. The lease for the service apartments is for a period of 2 years from the commencement date as set out in the respective leaseback agreements and may be extended for another 3 years. The lease for the office suites is for a period of 3 years from the commencement date as set out in the respective leaseback agreements and may be extended for a period of between 2 years and 15 years.

There are no restrictions placed upon the Group by entering into the lease.

(b) The Group as lessor

The Group has entered into property leases, which comprise freehold land and shopping complex, with non-cancellable lease terms of 10 years. The lease may be renewed for a further 3 terms of 5 years each and contain a clause to enable upward revision on each renewal.

The future minimum rentals receivable under non-cancellable operating lease at the reporting date but not recognised as receivables, are as follows:

	Group 2012 RM	Group 2011 RM
Future minimum rental payments:		
Not later than 1 year	9,457,000	18,200
Later than 1 year and not later than 5 years	37,828,000	-
Later than 5 years	46,496,917	-
	93,781,917	18,200

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2012 (cont'd)

41. CAPITAL COMMITMENT

	Group	
	2012 RM	2011 RM
Approved but not contracted for		
- investment properties	-	305,000

42. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with current financial year presentation:

	As reclassified RM	As previously classified RM
Group		
Statement of comprehensive income		
Administrative expenses	32,428,254	35,412,026
Selling and marketing expenses	8,438,891	3,438,967
Finance cost	12,585,475	14,601,627

	As reclassified RM	As previously classified RM
Group		
Statement of financial position		
Other non-current/current assets		
- Non-current	208,026,262	-
- Current	49,408,987	41,861,742
Receivables and deposit	79,488,734	295,062,241

SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED PROFIT OR LOSS

The following analysis of realised and unrealised retained earnings of the Group and of the Company at 31 December 2012 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The retained earnings of the Group and of the Company as at 31 December 2012 and 31 December 2011 is analysed as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total retained profits of the Company and its subsidiaries				
- Realised	499,590,760	447,547,160	6,987,478	3,819,764
- Unrealised	11,621,547	9,578,847	-	-
	511,212,307	457,126,007	6,987,478	3,819,764
Less: Consolidated adjustments	(164,612,328)	(144,772,429)	-	-
Total retained earnings	346,599,979	312,353,578	6,987,478	3,819,764

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purpose.

LIST OF PROPERTIES

Location	Description Property	Remaining Land Area @ 31.12.12 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ @ 31.12.12 (RM)	Year of Acquisition/ Last Revaluation
Bal Lot 6154 & 6555 & Lot 6518 Mkm Lumut, Perak (Old Lot No.1557 & 1932)						
- Portion for own investment (PT2781-2782)	Property, plant and equipment	27.9423	Agricultural / for investment	Freehold	5,159,000	2001
- Portion for fixed asset (G28079, PT2722-2780, 2785, 2822-2823)	Property, plant and equipment	142.5100	Agricultural / for investment	Freehold	26,500,000	2001
Lot 36480 & Lot 36481, Sungai Terap, Perak	Property, plant and equipment	25.3180	Agricultural / for investment	Leasehold (28.11.2109)	2,356,000	2011 *
HS (D) Dgs 11772 PT8073 Mukim Lumut, Perak	Vacant Land and approved for development	6.9277	Proposed development – residential	Freehold	1,620,000	2001
Lot 6555 – PT2791, PT2792, PT2793, Mukim of Lumut, Perak	Planted with palm oil and approved for development	100.0000	Proposed mixed development – commercial and residential	Freehold	20,195,000	2001
Lot 1612, Mukim Kota Lama Kiri, Kuala Kangsa	Property, plant and equipment	13.1374	Agricultural / for commercial investment	Freehold	3,050,000	2001
PT2796, PT2797, part PT2798, part PT2799, Mukim Lumut, Perak	Vacant land approved for development	37.9600	Proposed commercial development	Freehold	6,754,000	2001
Entry No.1577 Lot 712 Mukim Lumut, Perak Entry No. 1380 Lot 1387 Mukim Lumut, Perak	Planted with palm oil and approved for development	- 4.7750	Proposed mixed development – commercial and residential	Freehold Freehold	473,000	2001
HS (D) Dgs 1203/78 Lot 2740 Mukim Pengkalan Bharu, HS (D) Dgs 1204/78 Lot 2741 Mukim Pengkalan Bharu, Perak	Planted with palm oil and approved for development	9.6040	Taman Suria, Pantai Remis – commercial and residential	Freehold Freehold	1,080,000	2001
Geran 36493, Lot 495 & Geran 36944, Lot 496, Town of Lumut, Daerah Manjung, Perak	Vacant Land and approved for development	0.7013	Proposed mixed development – commercial and residential	Freehold	1,189,000	2001
CT 17320 Lot 117 Town of Lumut, Perak	Vacant Land and approved for development	0.8343	Proposed mixed development – commercial and residential	Freehold	528,000	2001

** Year of Acquisition*

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.12 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ @ 31.12.12 (RM)	Year of Acquisition/ Last Revaluation
EMR 379 Lot 380 Mukim Pengkalan Bharu, Perak HS (M) 24/75 Lot 3813 Mukim Pengkalan Bharu, Perak	Vacant Land and approved for development	1.3713	Proposed mixed development	Freehold	256,000	2001
HS (D) Dgs 1042/78 Lot 5493 (New lot 13100) Mukim Lumut, Perak	Vacant Land and approved for development	8.6551	Taman Layar, Kg. Acheh, Sitiawan – commercial and residential	Freehold	2,711,000	2001
EMR 9714 Lot 10054 Mukim Sitiawan, Perak	Vacant Land and approved for development	3.0813	Proposed mixed development – commercial and residential	Freehold	361,000	2001
EMR 5198 Lot 4622 Mukim Sitiawan, Perak	Planted with palm oil and approved for development	5.0375	Proposed mixed development – commercial and residential	Freehold	921,000	2001
Geran 7585 Lot 16050 Mukim Sitiawan, Perak	Planted with palm oil and approved for development	9.4932	Taman Sejati III, Sitiawan – commercial and residential	Freehold	2,140,000	2001
Geran 7419 Lot 15655 Mukim Sitiawan, Perak	Planted with palm oil and approved for development	3.0378	Proposed development – residential	Freehold	1,329,000	2001
HS(D)Dgs1673/83 PT10382 & (Lot No. 25893 25900) HS(D)Dgs 1680/83 PT10389 Mukim Sitiawan, Perak	Vacant Land	0.0406	Proposed mixed development – residential and commercial	99 years (23.9.2082)	40,000	2001
HS(D)Dgs 830/89 PT625 Bandar Lumut, Perak	Vacant Land	0.7500	Proposed development – residential	60 years (7.6.2049)	269,000	2001
Lot 1983, Lot 1984 (GM1246, GM1247) Mukim Lumut, Daerah Manjung, Perak	Vacant Land	3.4199	Agricultural land	Freehold land	274,000	2004 *
Bal Lot 6154 & 6555 & Lot 6518 Mkm Lumut, Perak (Old Lot No. 1557 & 1932) PT2789-PT2790	Vacant Land	50.0042	Proposed for clubhouse usage	Freehold	9,045,000	2004 *
Lot 140, Town of Lumut, Perak	Vacant Land	0.6875	Proposed mixed development	Freehold	160,000	2005 *
Lot 732, 733, all in Mukim of Sitiawan, Perak	Vacant Land	0.0166	Proposed mixed development	Freehold	83,000	2005 *
GM 2017 Lot 263 Town of Sitiawan, Perak	Vacant Land and approved for development	1.0000	Proposed development – commercial	Freehold	822,000	2001

** Year of Acquisition*

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.12 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ @ 31.12.12 (RM)	Year of Acquisition/ Last Revaluation
Lot 31776-31780 PT47587-47591 Mukim Sitiawan (Old Lot No. 15173-15177) Perak	Vacant Land and approved for development	0.1977	Proposed mixed development – commercial and residential	99 years (5.5.2088)	160,000	2001
Balance Lot 4818 Mukim Lumut (PT6677, 6678, 4118-4133, 4510-4592, 4673-4778, 4840-4853, PN84692, PN84694) Perak	Vacant Land and approved for development	0.6429	Taman Samudera, Phase 10 & 11 – commercial and residential	99 years (27.3.2093 [PT 6677 & 6678] and 19.5.2091 [the rest])	1,757,000	2001
Geran 7270-7273 Lot 14851-14854 Mukim Sitiawan, Perak Geran 7274 Lot 14855 Mukim Sitiawan (Old Lot No. 34043) (Lot 31656) Perak Geran 7276 Lot 14857 Mukim Sitiawan (Old Lot No. 34045) (Lot 21658), Perak	Vacant Land and approved for development	23.8745	Taman Limbungan, Kg. Acheh, Sitiawan – commercial and residential	Freehold	5,520,000	2001
GM 375 & 376 Lot 6493 & 6494 Mukim Lumut (Old EMR No. 2424 Lot 4275), Perak	Vacant Land and approved for development	1.1162	Proposed development – commercial	Freehold	694,000	2001
EMR 9488 Lot 9187 Mukim Sitiawan, Perak	Vacant Land and approved for development	2.6514	Proposed mixed development – commercial and residential	Freehold	738,000	2001
HS (M) 1528 PT1728 Mukim Sitiawan, Perak	Vacant Land and approved for development		Proposed mixed development – commercial and residential	Freehold		
PT22973-PT22975, Bandar Baru, Sri Manjung, Perak - Commercial Complex - Shops unit	Vacant Land and approved for development	0.4570	Commercial Land, Jalan Lumut, Sri Manjung	99 years (25.2.2101) 99 years (25.2.2101)	653,000	2001
Lot 246 Village of Pekan Gurney, Perak	Vacant Land and approved for development	2.9000	Taman Delima, Ayer Tawar – residential	Freehold	306,000	2001
Lot 4818 Mukim Lumut HS (D) Dgs 3618-3663 (Lot 10685)-Hawker Center Perak	Vacant Land and approved for development	2.2692	Taman Samudera, Sri Manjung – commercial and residential	99 years (29.9.2094)	3,116,000	2001
Geran 18770 Lot 3335 Mukim Pengkalan Bharu Perak	Vacant Land and approved for development	18.2026	Taman Bintang, Pantai Remis – commercial and residential	Freehold	2,294,000	2001
Geran 9851 Lot 379 Town of Lumut, Perak	Vacant Land and approved for development	1.7468	Lumut Ria Condominium, Lumut – residential	Freehold	2,283,000	2001

** Year of Acquisition*

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.12 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ @ 31.12.12 (RM)	Year of Acquisition/ Last Revaluation
Lot 6555 – PT 2786 Mukim of Lumut Perak	Vacant Land and approved for development	0.6458	Taman Desa, Manjung Point – residential	Freehold	32,000	2001
Lot 5,6,182,524,1145-1147 (Trong), Perak	Vacant Land and approved for development	1.5287	Taman Seri Trong Perak, Taiping – commercial	Freehold	73,000	2001
Lot 15541, Geran 7305, Mukim of Sitiawan, Perak	Vacant Land	4.0395	Proposed mixed development	Freehold	1,256,000	2003 *
Geran 21668 Lot 6274 Mukim Beruas, Perak	Planted with palm oil and not approved for development	75.0000	Proposed mixed development – commercial and residential	Freehold	2,659,000	2001
Lot 14785-14788 (old lot 26789-26793), PT19589-PT19637 Mukim Sitiawan, Perak	Vacant Land and approved for development	5.3822	Proposed mixed development – commercial and residential	Freehold	4,100,000	2001
Lot 17768, PT4860 and Lot 17769, PT4861 & PT4862 Mukim Lumut, Perak	Vacant Land and approved for development	5.0783	Proposed mixed development – commercial and residential	99 years (29.04.2101)	4,779,000	2001
Lot 803, EMR1616, Mukim Sitiawan, Daerah Manjung, Perak	Vacant Land and approved for development	2.9749	Proposed mixed development	Freehold	1,162,000	2004 *
Lot 716, Village of Simpang Empat, Mukim Sitiawan, Daerah Manjung, Perak	Vacant Land and approved for development	0.0231	Proposed mixed development	Freehold	157,000	2005 *
Lot 717, Village of Simpang Empat, Mukim Sitiawan, Daerah Manjung, Perak	Vacant Land and approved for development	0.0214	Proposed mixed development	Freehold	150,000	2005 *
Lot 721, Village of Simpang Empat, Mukim Sitiawan, Daerah Manjung, Perak	Vacant Land and approved for development	0.0148	Proposed mixed development	Freehold	125,000	2005 *
Lot 722, undivided 1/3 land under HSM 86/68, Mukim Sitiawan, Perak	Vacant Land and approved for development	0.0255	Proposed mixed development	Freehold	88,000	2005 *
Lot 188, Mukim Lumut, Daerah Manjung, Perak	Vacant Land and approved for development	4.5000	Proposed mixed development	Freehold	1,912,000	2005 *
Lot 5614 (GRN61063) and Lot 5615 (GRN61064), Mukim Batang Padang, Perak	Vacant Land approved for development	14.7438	Proposed mixed development	Freehold	600,000	2005 *
Lot 448 (New lot 13707, Mukim Batu, Daerah Kuala Lumpur	Vacant land approved for development	6.4870	Proposed high rise condominium	Freehold	23,000,000	2007 *

** Year of Acquisition*

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.12 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ @ 31.12.12 (RM)	Year of Acquisition/ Last Revaluation
Lot 3719, HSD 83603, Wilayah Persekutuan, Daerah Kuala Lumpur	Vacant land approved for development	2.9800	Proposed mixed development	Freehold	12,180,000	2007 *
Lot 41023, 41024, 41025, 41026 Mukim Lumut, Daerah Manjung, Perak	Vacant land approved for development	48.6197	Proposed mixed development	Freehold	23,150,000	2007 *
Lot 1612, Mukim Pengkalan Baharu , Perak	Vacant land approved for development	2.6813	Proposed mixed development	Freehold	201,000	2008 *
Lot 15666, Mukim Sitiawan, Perak	Vacant land approved for development	2.3201	Proposed mixed development	Freehold	1,202,000	2008 *
Lot 15700, Mukim Sitiawan, Perak	Vacant land approved for development	1.5511	Proposed mixed development	Freehold	815,000	2008 *
PT 11202 & PT 11388, Mukim Bentong, Pahang Darul Makmur, Pahang	Vacant land	94.8518	Proposed mixed development and resort development	Freehold	16,050,000	2008 *
Lot 382868 (old PT 212710), Mukim Hulu Kinta , Daerah Kinta, Perak	Vacant land approved for development	2.8039	Proposed commercial development	Leasehold (24.7.2105)	9,805,000	2008 *
PT 2788, Mukim Lumut, Daerah Manjung, Perak	Vacant land approved for development	15.0000	Proposed mixed development	Freehold	13,069,000	2008 *
PT 357017, Mukim Hulu Kinta, Daerah Kinta, Perak	Vacant land approved for development	2.0070	Proposed mixed development	Leasehold (4.6.2103)	4,385,000	2008 *
Lot 29760 & 29761, Mukim Sungai Terap, Daerah Kinta, Perak	Vacant land approved for development	36.0000	Proposed mixed development	Leasehold (25.11.2101)	5,430,000	2008 *
PT 6152, Mukim Pengkalan Baharu, Perak	Vacant land approved for development	2.9208	Proposed mixed development	Freehold	609,000	2008 *
Lot 307443-Lot 307541, Mukim Kampar, Daerah Kampar, Perak	Vacant land approved for development	3.4590	Proposed mixed development	Leasehold (10.2.2013)	1,500,000	2009 *
PT6151, Mukim Pengkalan Baru, Perak	Vacant land approved for development	3.1604	Proposed mixed development	Freehold	942,000	2011 *
Lot 2497-2499, Mukim Kuala Lumpur, Daerah Kuala Lumpur	Vacant land	2.3937	Proposed mixed development	Freehold	32,500,000	2011 *
Lot 40931, Mukim Sitiawan, Perak	Vacant land	1.4600	Proposed mixed development	Freehold	500,000	2011 *

** Year of Acquisition*

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.12 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ @ 31.12.12 (RM)	Year of Acquisition/ Last Revaluation
Lot 6254, Lot 307627-Lot 307696, PT 17105-PT 17194, Lot 308020-Lot 308097, Lot 305190, Mukim Kampar, Perak	Vacant land approved for development	14.1100	Proposed mixed development	Freehold	6,838,000	2012 *
Lot 12819, Mukim Sitiawan, Perak	Vacant land	3.8000	Proposed mixed development	Freehold	83,000	2011 *
Lot 412, Mukim Pengkalan Baharu, Perak	Vacant land	2.0000	Proposed mixed development	Freehold	1,000	2011 *
Lot 6278, Mukim Lumut, Perak	Vacant land	0.9474	Proposed mixed development	Freehold	175,000	2011 *
PT10860 (PT 17284, Bal Pantai Hospital land) Mukim Lumut, Perak	Vacant land	1.3040	Proposed mixed development	Freehold	1,073,000	2011 *
Lot 6555 - PT2842 Mukim of Lumut, Perak	Vacant land	12.5317	Residential development	Freehold	2,688,000	2001 *
Lot 38321 (Lot 16060), Mukim Sitiawan, Perak	Vacant land	1.0243	Residential development	Freehold	1,000	2012 *
Lot 303864-Lot 303915, Mukim Belanja	Vacant land and approved for developement	-	Residential development	Leasehold (29.1.2103)	400,000	2012 *
Lot 3624 (Lot 302158), Mukim Belanja	Vacant land and approved for development	6.8053	Residential development	Leasehold (24.9.2100)	600,000	2012 *
Lot 214, Mukim of Kuala Lumpur	Vacant land and approved for development	2.8760	High Rise development	Freehold	32,750,000	2012 *
PT 2783-PT 2784, Mukim Lumut, Perak	Vacant land and approved for development	16.5300	Residential development	Freehold	2,915,000	2012 *
Lot 4958, Mukim Sayung, Kuala Kangsa	Vacant land and approved for development	1.6500	Residential development	Freehold	395,000	2012 *
Lot 4959,3332,3334,3337, Mukim Sayung, Kuala Kangsa	Vacant land and approved for development	8.5600	Residential development	Freehold	2,055,000	2012 *
Geran 7256 Lot 14837 Mukim Sitiawan, Perak	Vacant land and approved for development	4.9424	Residential development	Freehold	343,000	2012 *
Geran 7444, Lot 15680, Mukim Sitiawan (Balance of land), Perak	Vacant land and approved for development	0.6771	Residential development	Freehold	200,000	2012 *
PT 28260, Lot 16059, Mukim Sitiawan, Daerah Manjung, Perak	Vacant land and approved for development	0.0440	Residential development	Freehold	1,000	2012 *

** Year of Acquisition*

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.12 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ @ 31.12.12 (RM)	Year of Acquisition/ Last Revaluation
Lot 42693, Mukim Sitiawan	Vacant land and approved for development	2.8892	Residential development	Freehold	970,000	2012 *
Lot 966 EMR 1237 Mukim Sitiawan, Perak	Vacant land and approved for development	0.8900	Taman Mutiara - residential	Freehold	204,000	2012 *
Lot 4818 (Balance of commercial) (Plot 1, 22 dsth, and balance of land), Perak	Vacant land and approved for development	0.9100	Taman Samudera, residential	Leasehold (19.5.2091)	63,000	2012 *
PT 2818, PT 2819, PT 2803, PT 2804 & PT 2805 (Phase III), Mukim Lumut, Daerah Manjung, Perak	Vacant land and approved for development	13.1027	Pusat Perniagaan Manjung Point Seksyen 3	Freehold	4,429,000	2012 *
HSD 15538, PT 5018, Bandar Teluk Intan, Perak	Vacant land and approved for development	0.1289	Commercial development - Bandar Baru Baru Teluk Intan	Leasehold (24.09.2100)	327,000	2012 *
HSD DGS 16751, PT 9040 & PT 9041, Mukim Lumut, Daerah Manjung, Perak	Joint development properties	40.0000	Mix development	Freehold	115,000	2012 *
Lot PT 6676, 9445 and Lot 9240 to Lot 9248, Mukim of Lumut, Perak	Property, plant and equipment	1.4394	Hotel operation	Freehold	20,171,000	2001
DEVELOPMENT PROPERTIES						
Lot 374, Mukim Pengkalan Baru, Perak	Development properties	0.1929	Proposed development - commercial	Freehold	221,000	2004 *
Lot 4818 (PT4511-4571) Cosmos portion & 16 house, Mukim Lumut, Perak	Development properties	1.1937	Proposed development - commercial (Taman Samudera)	Leasehold (19.5.2091)	569,000	2001
Lot 4818 - Balance of Phase 9 (Shop unit) Mukim Lumut (PT6398-PT6411, PT6412-PT6421), Perak	Development properties	0.8434	Proposed development - commercial (Taman Samudera)	99 years (19.5.2091)	183,000	2001
PT 2812-2814 (Giant shop land), Sri Manjung, Perak	Development properties	0.3856	Pusat Perniagaan Manjung Point 1	Freehold	152,000	2001
Lot 4818 (behind office land - 24 shops land)	Development properties		Proposed development of commercial units		141,000	2001
Lot 4818 (behind office land - 12 units 2 1/1 house)	Development properties	1.6240	Proposed development of commercial units	Leasehold (19.5.2091)	469,000	2001
Lot 4818 (behind office land - LVSB car park & vacant land, PT10411), Perak	Development properties		Proposed development of commercial units (Taman Samudera)		1,193,300	2001

** Year of Acquisition*

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.12 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ @ 31.12.12 (RM)	Year of Acquisition/ Last Revaluation
Lot 44, Mukim of Sitiawan Perak	Development properties	0.3650	Commercial development - Medan Setiawan	Freehold	1,393,000	2005 *
EMR 523 Lot 600 Mukim Pengkalan Bharu, Perak	Development properties	0.1547	Taman Bahtera – commercial and residential	Freehold	47,000	2001
PT2800, PT2801, PT2802 (New-Lot 9907, 9908, 9909) (8.33 commercial area and Plot 1-132 residential), Perak	Development properties	12.9000	Manjung Point Township	Freehold	3,476,000	2001
Geran 7582 Lot 16047 Mukim Sitiawan, Perak	Development properties	1.4839	Taman Sejati IV, Sitiawan – commercial and residential	Freehold	94,000	2001
CT 21662 Lot 11430 (New Lot 5942) Mukim Sitiawan, Perak	Development properties	0.1075	Proposed mixed development – commercial and residential	Freehold	152,000	2001
Lot 26805 part of Geran 7255 Lot 14836 Mukim Sitiawan, Perak	Development properties	1.4316	Taman Pelabuhan, Kg Acheh, Sitiawan – commercial and residential	Freehold	730,000	2001
Lot 4818-Tangki 14 house land - PT 10353-10361, 10288-10292, Perak	Development properties	0.4400	Residential development (Taman Samudera)	Leasehold (19.5.2091)	5,000	2010 *
PT 2798 (part), PT 2799 (part), Mukim of Lumut Daerah Manjung, Perak	Development properties	12.6000	Manjung Point Seksyen 5	Freehold	614,000	2001
Lot 1883 & Lot 1884, Mukim Batu, Kuala Lumpur	Development properties	6.0000	Commercial development Proposed Kiara 163	Freehold	121,766,000	2008 *
PT 6, Mukim Kuala Lumpur	Development properties	1.7447	Fraser Residence Kuala Lumpur	Leasehold (21.03.2078)	30,249,000	2010 *
PT 2818, PT2819, PT2803, PT 2804 & PT 2805 (Phase I, II & III), Mukim Lumut, Daerah Manjung, Perak	Development properties	27.7690	Pusat Perniagaan Manjung Point Seksyen 3	Freehold	1,505,000	2001
Plot 35-Plot 96, PPMP 2, Mukim Lumut, Daerah Manjung, Perak	Development properties	2.1945	Pusat Perniagaan Manjung Point Seksyen 2	Freehold	655,000	2012 *
Lot 6509, Mukim Sitiawan, Perak	Development properties	7.7640	Proposed mixed development	Freehold	2,098,000	2007 *

** Year of Acquisition*

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.12 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ @ 31.12.12 (RM)	Year of Acquisition/ Last Revaluation
Lot 4947, Mukim Lumut, Perak	Development properties	0.5205	Commercial development Taman Permata	Freehold	235,000	2008 *
Lot 1616, Mukim Pengkalan Baharu, Perak	Development properties	7.6061	Mixed development - Taman Pancur Damai	Freehold	1,152,000	2012 *
Lot 1440, Mukim Pengkalan Baharu, Perak	Development properties	1.1544	Mixed development	Freehold	52,000	2012 *
Lot 386, Mukim Pengkalan Baharu, Perak	Development properties	2.3750	Mixed development - Taman Pantai Maju	Freehold	1,000	2012 *
Lot 441, Mukim Pengkalan Baharu, Perak	Development properties	0.9694	Mixed development	Freehold	32,000	2012 *
PT 17283, (Pantai Hospital land) Mukim Lumut, Perak	Development properties	4.9400	Pantai Hospital	Freehold	4,095,000	2012 *
INVESTMENT PROPERTIES						
PT 6706-6724, Daerah Manjung (Fasa 2B), Perak	Investment property - shophouses	0.7019	Shophouses	Leasehold land (expired 29.8.2081)	2,895,000	2010 *
Lot 1077, Geran 11310, Section 57, Kuala Lumpur	Investment property - Proposed Menara YNH	3.0033	Vacant Land	Freehold	77,605,000	2004
PT 2838, Mukim Lumut, Perak	Investment property - Proposed Hotel & a completed petrol station	5.0000	Vacant Land & Shell Petrol station building	Freehold	2,587,000	2001
Plot 276, Pusat Perniagaan Manjung Point Seksyen 1, Seri Manjung, Perak	Investment property - Multi purpose sports complex	2.2538	Multi purpose sports complex	Freehold	3,141,000	2001
Lot 10466 Stall & Futsal, Medan Sejahtera ll, Mukim Sitiawan, Perak	Investment property - Food Stall & Futsal	1.0330	Futsal and Foodcourt	Freehold	1,837,000	2011 *
JOINT DEVELOPMENT PROPERTIES						
Lot 13079, Mukim Lumut, Perak	Joint development properties	0.3200	Mixed development	Freehold	78,000	-
Lot 351373, Tmn Falim, Perak	Joint development properties	0.6405	Commercial development	Leasehold (17.2.2112)	146,000	-
Lot 224018, Mukim Hulu Kinta, Ipoh, Perak	Joint development properties	0.1400	Commercial development	Freehold	12,000	-
Lot 224019, Mukim Hulu Kinta, Ipoh, Perak	Joint development properties	0.8715	Commercial development	Leasehold	244,000	-
GRAND TOTAL		1,106.0434			607,066,000	

** Year of Acquisition*

STATEMENT OF SHAREHOLDINGS as at 20 May 2013

Authorised Capital	:	RM500,000,000.00
Issued and Fully Paid-up Capital	:	RM423,019,151 (Excluding 1,084,978 Treasury Shares)
Class of Shares	:	Ordinary shares of RM1.00 each fully paid
Voting Rights	:	One vote per RM1.00 share

BREAKDOWN OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Holdings	%
1 – 99	5,393	54.41	210,914	0.05
100 – 1,000	2,394	24.16	648,003	0.15
1,001 – 10,000	1,422	14.35	4,660,133	1.10
10,001 – 100,000	447	4.51	12,817,749	3.03
100,001 – 21,150,956 (*)	253	2.55	354,464,930	83.80
21,150,957 and above (**)	2	0.02	50,217,422	11.87
TOTAL	9,911	100.00	423,019,151	100.00

Note: * - Less than 5% of issued holdings
** - 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS AS AT 20 MAY 2013

According to the Register of Substantial Shareholders required to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company:

Name of Substantial Shareholder	Direct Interest (A)	%	Indirect Interest (B)	%	Total Interest (A+B)	%
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	72,441,135	17.12	66,288,029	15.67	138,729,164	32.79
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT	50,961,277	12.05	87,633,340	20.72	138,594,617	32.77
Lembaga Tabung Haji	25,002,335	5.91	-	-	25,002,335	5.91
Aberdeen Asset Management PLC and its subsidiaries	-	-	60,635,041	14.33	60,635,041	14.33
Mitsubishi UFJ Financial Group, Inc.	-	-	60,635,041	14.33	60,635,041	14.33
Aberdeen Asset Management Asia Limited	-	-	40,605,929	9.60	40,605,929	9.60
Aberdeen International Fund Managers Limited	-	-	25,215,087	5.96	25,215,087	5.96

STATEMENT OF SHAREHOLDINGS as at 20 May 2013
(cont'd)

DIRECTORS' INTEREST AS AT 20 MAY 2013

According to the Register of Directors' Shareholdings required to be kept under Section 134 of the Companies Act, 1965 the Directors' interests in the ordinary share capital of RM1 each of the Company and its subsidiary companies are as follows:

Shares in the Company

Name of Director	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	72,441,135	17.12	66,288,029	15.67	138,729,164	32.79
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT	50,961,277	12.05	87,633,340	20.72	138,594,617	32.77
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP	621,108	0.15	-	-	621,108	0.15
Ching Nye Mi @ Chieng Ngie Chay	2,655,673	0.63	24	0.00	2,655,697	0.63
Ding Ming Hea	773,247	0.18	-	-	773,247	0.18

Options in the Company Name of Director	Options over Ordinary Shares of RM1.00 each at a price of RM1.38 each Granted	%	Exercised	%	Balance	%
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	3,900,000	9.79	3,120,000	7.83	780,000	1.96
Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT	3,900,000	9.79	3,120,000	7.83	780,000	1.96
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP	800,000	2.01	480,000	1.20	320,000	0.81
Ching Nye Mi @ Chieng Ngie Chay	800,000	2.01	-	-	800,000	2.01
Ding Ming Hea	800,000	2.01	-	-	800,000	2.01

By virtue of their interests in the Company, Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS and Dato' Yu Kuan Huat, DPMP, PMP, AMP, PPT are deemed to be interested in shares in the subsidiary companies to the extent that the Company has an interest.

None of the other Directors had any interest in shares in the Company's related corporations.

STATEMENT OF SHAREHOLDINGS as at 20 May 2013
(cont'd)

LIST OF TOP THIRTY HOLDERS AS AT 20 MAY 2013

	Name of Holder	Holdings	%
1.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas Secs SVS LUX for Aberdeen Global	25,215,087	5.96
2.	Lembaga Tabung Haji Lembaga Tabung Haji, Bhg Pemerosesan Pelaburan	25,002,335	5.91
3.	Yu Kuan Huat	19,099,288	4.52
4.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	13,023,074	3.08
5.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for American International Assurance Berhad	12,386,686	2.93
6.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas Secs SVS Paris for Aberdeen Asian Smaller Companies Investment Trust PLC	10,568,042	2.50
7.	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	9,807,000	2.32
8.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Swee Ming	9,469,516	2.24
9.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Huat	9,097,977	2.15
10.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberdeen)	8,348,566	1.98
11.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon (CEB)	8,281,203	1.96
12.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	8,135,917	1.92
13.	Citigroup Nominees (Tempatan) Sdn Bhd ING Insurance Berhad (INV-IL PAR)	7,292,472	1.72
14.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Huat	6,919,354	1.64
15.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon (8076930)	6,552,347	1.55
16.	Ling Mooi Hung	5,647,015	1.33
17.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Nomura B)	5,536,227	1.31
18.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon	5,456,684	1.29
19.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	5,291,959	1.25
20.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Swee Ming (CEB)	4,758,400	1.12
21.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Huat (Margin)	4,757,720	1.12
22.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Huat	4,550,000	1.08
23.	Teh Nai Sim	4,504,266	1.06
24.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Swee Ming (8080176)	4,460,000	1.05
25.	ECML Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yu Kuan Chon (001)	4,074,455	0.96
26.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Kenanga B)	3,688,664	0.87
27.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Kuan Chon (MGN-YKC0008M)	3,465,155	0.82
28.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Yu Kuan Huat (STW-SFC)	3,416,938	0.81
29.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Weng Fui (CEB)	3,281,867	0.78
30.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CIMB Prin)	3,207,300	0.76
	TOTAL	245,295,514	57.99

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PROXY FORM

I/We, ____

NRIC No./Company No. ______________________________ of ______________________________

____ being a member of

YNH Property Bhd hereby appoint the following person(s):

Name of proxy & NRIC No.	No. of shares	%
1. ____________________	__________	________
2. ____________________	__________	________

or failing him/her

1. ____________________	__________	________
2. ____________________	__________	________

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the Eleventh Annual General Meeting of the Company to be held on 28 June 2013 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Ordinary Business	For	Against
1. The declaration of a Final Dividend		
2. The payment of Directors' Fees		
3. The re-election of Director: Ching Nye Mi @ Chieng Ngie Chay		
4. The re-appointment of Director: Dato' Robert Lim @ Lim Git Hooi, DPMP, JP		
5. The re-appointment of Auditors and their remuneration		
Special Business 6. Oridinary Resolution No. 1 - Proposed Renewal of Share Buy Back Authority		
7. Oridinary Resolution No. 2 - Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature		
8. Special Resolution - Proposed Amendments to the Company's Articles of Association		

Please indicate with (✓) how you wish your vote to be cast.

No. of shares held	
CDS Account No.	

Date: ....

Signature of Shareholder

NOTE:

a) A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend, speak and vote instead of him.
b) A proxy may but need not be a member of the Company and there shall be no restriction as the qualification of the proxy.
c) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (Omnibus Account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
d) Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
e) The instrument appointing a proxy must be deposited at the registered office of the Company, 55, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting.
f) Depositors who appear in the Record of Depositors as at 24 June 2013 shall be regarded as Member of the Company entitled to attend the Eleventh Annual General Meeting or appoint one or two proxies to attend, speak and vote on his behalf.

+If it is desired to appoint another person as a proxy, the words "the Chairman of the Meeting" should be deleted and the name of the proxy should be inserted in block capitals, and the alteration should be initialed.

In the case of a corporation, the proxy must be executed under its Common Seal, or under the hand of a duly authorised officer.

fold

80 Sen Stamp
(within Malaysia)

The Secretary
YNH PROPERTY BHD (561986-V)
55, MEDAN IPOH 1A
MEDAN IPOH BISTARI
31400 IPOH, PERAK DARUL RIDZUAN
MALAYSIA

fold

YNH PROPERTY BHD
(Company No.: 561986-V)
(Incorporated in Malaysia)

No. 38, Jalan PPMP 7, Pusat Perniagaan Manjung Point 1,
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