



**YNH PROPERTY BHD**  
(Incorporated in Malaysia)

(561986-V)

Interim Financial Statements  
30-Jun-12

**YNH PROPERTY BHD**  
(Incorporated in Malaysia)

**Condensed Consolidated Profit or Loss and Other Comprehensive Income  
For the Six Months Period Ended 30 June 2012**

	Note	3 months ended		6 months ended	
		30.06.2012 RM	30.06.2011 RM	30.06.2012 RM	30.06.2011 RM
Revenue		86,244,926	48,495,381	139,287,308	103,756,199
Cost of sales		(55,517,245)	(18,800,194)	(81,452,183)	(40,756,403)
Gross profit		30,727,681	29,695,187	57,835,125	62,999,796
Other income	16	10,908,272	2,039,967	11,811,879	3,080,346
Administrative expenses		(8,576,475)	(7,496,010)	(16,855,808)	(15,102,851)
Selling and marketing expenses		(2,421,438)	(487,830)	(4,294,544)	(763,631)
Other operating expenses		(2,574,541)	(2,508,260)	(5,142,958)	(5,016,521)
Profit from operations		28,063,499	21,243,054	43,353,694	45,197,139
Finance costs	18	(5,793,921)	(2,947,732)	(8,815,901)	(5,470,597)
Profit before tax	18	22,269,578	18,295,322	34,537,793	39,726,542
Income tax expense	19	(3,767,729)	(3,950,634)	(7,625,459)	(9,602,658)
Total comprehensive income for the period		18,501,849	14,344,688	26,912,334	30,123,884
Earnings per share (sen)					
Basic	27 (a)	4.50	3.51	6.55	7.39
Diluted	27 (b)	4.40	3.43	6.41	7.21

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the financial statements.

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**Condensed Consolidated Statement of Financial Position****As at 30 June 2012**

	<b>Note</b>	<b>As at 30.06.2012 RM</b>	<b>As at 31.12.2011 RM</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	80,527,474	78,888,658
Deferred tax assets		12,869,203	12,892,633
Investment properties	31	86,899,500	85,882,292
Goodwill on consolidation		17,621,512	17,621,512
Land held for future development		313,789,890	285,647,732
		<u>511,707,579</u>	<u>480,932,827</u>
<b>CURRENT ASSETS</b>			
Property development costs		319,491,197	315,184,493
Inventories		44,757,006	38,156,016
Trade and other receivables	9	361,578,357	295,062,241
Other current assets		31,253,277	41,861,742
Tax recoverable		8,782,355	6,886,054
Term deposits and fixed income trust fund		29,283,630	20,633,747
Cash and bank balances		15,242,210	15,895,941
		<u>810,388,032</u>	<u>733,680,234</u>
<b>TOTAL ASSETS</b>		<u>1,322,095,611</u>	<u>1,214,613,061</u>

**Condensed Consolidated Statement of Financial Position as at 30 June 2012  
(Contd.)**

	Note	As at 30.06.2012 RM	As at 31.12.2011 RM
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		411,984,129	409,462,129
Share premium		35,542,043	34,583,683
Treasury shares		(725,340)	(723,568)
Share option reserve		8,838,974	7,726,640
Reserves		357,654,733	338,931,632
Total equity		<u>813,294,539</u>	<u>789,980,516</u>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		45,981,925	46,952,848
Long term liabilities		57,772,656	-
		<u>103,754,581</u>	<u>46,952,848</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		60,592,342	60,692,091
Other current liabilities	23	599,155	2,479,926
Provision for rectification works	24	147,462	1,278,297
Dividend payable	26	8,189,243	-
Borrowings	21	332,131,590	312,544,386
Income tax payable		3,386,699	684,997
		<u>405,046,491</u>	<u>377,679,697</u>
<b>TOTAL LIABILITIES</b>		<u>508,801,072</u>	<u>424,632,545</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,322,095,611</u>	<u>1,214,613,061</u>
		-	
NTA per share (RM)		<u>1.93</u>	<u>1.89</u>
Net asset per share (RM)		<u>1.97</u>	<u>1.93</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the financial statements.

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**Condensed Consolidated Statement of Changes in Equity  
For the Six Months Period Ended 30 June 2012**

		Attributable to Equity Holders of the Company						
		Non-distributable			Distributable		Total RM	
		Share capital RM	Share Option Reserve RM	Share Premium RM	Capital Reserve RM	Treasury Shares RM		Retained profits RM
<b>Opening balance at 1 January 2011</b>		405,748,129	5,434,973	32,174,321	26,578,054	(719,722)	286,346,884	755,562,639
Total comprehensive income		-	-	-	-	-	30,123,884	30,123,884
<b>Transaction with owners</b>								
Purchase of treasury shares		-	-	-	-	(2,093)	-	(2,093)
Issue of ordinary shares under ESOS		2,927,000		1,112,260	-	-	-	4,039,260
Share option granted under ESOS		-	1,708,736	-	-	-	-	1,708,736
Dividends	Note 26 (a)	-	-	-	-	-	(12,172,444)	(12,172,444)
<b>Total transactions with owners</b>		2,927,000	1,708,736	1,112,260	-	(2,093)	(12,172,444)	(6,426,541)
<b>Closing balance at 30 June 2011</b>		408,675,129	7,143,709	33,286,581	26,578,054	(721,815)	304,298,324	779,259,982
<b>Opening balance at 1 January 2012</b>		409,462,129	7,726,640	34,583,683	26,578,054	(723,568)	312,353,587	789,980,525
Total comprehensive income		-	-	-	-	-	26,912,334	26,912,334
<b>Transactions with owners</b>								
Issue of ordinary shares under ESOS	Note 6 (a)	2,522,000	-	958,360	-	-	-	3,480,360
Share option granted under ESOS		-	1,112,334	-	-	-	-	1,112,334
Purchase of treasury shares	Note 6 (b)	-	-	-	-	(1,772)	-	(1,772)
Dividends	Note 26 (a)	-	-	-	-	-	(8,189,242)	(8,189,242)
<b>Total transactions with owners</b>		2,522,000	1,112,334	958,360	-	(1,772)	(8,189,242)	(3,598,320)
<b>As at 30 June 2012</b>		411,984,129	8,838,974	35,542,043	26,578,054	(725,340)	331,076,679	813,294,539

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the financial statements.

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**Condensed Consolidated Statement of Cash Flow**  
**For the Six Months Period Ended 30 June 2012**

	<b>6 months ended 30.06.2012 RM</b>	<b>6 months ended 30.06.2011 RM</b>
Profit before taxation	<u>34,537,793</u>	<u>39,726,542</u>
Net cash used in operating activities	(68,797,606)	(67,360,703)
Net cash used in investing activities	(4,066,414)	(3,649,166)
Net cash generated from financing activities	<u>67,942,914</u>	<u>18,532,996</u>
<b>Net decrease in cash and cash equivalents</b>	(4,921,106)	(52,476,873)
<b>Cash and cash equivalents at beginning of financial period</b>	(44,180,557)	(22,469,734)
<b>Cash and cash equivalents at end of financial period</b>	<u>(49,101,663)</u>	<u>(74,946,607)</u>

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

Fixed deposits	29,283,630	503,085
Less: pledged fixed deposits	(511,618)	(503,085)
	28,772,012	-
* Cash and bank balances	15,242,210	18,796,272
Bank overdraft (included within borrowings in Note 21)	<u>(93,115,885)</u>	<u>(93,742,879)</u>
	<u>(49,101,663)</u>	<u>(74,946,607)</u>

- \* Included in cash at banks of the Group are amounts of RM 6,388,444 held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the financial statements.

**EXPLANATORY NOTES PURSUANT TO MFRS 134**

**1. BASIS OF PREPARATION**

The quarterly condensed financial report has been prepared in accordance with:

- (i) MFRS 134: Interim Financial reporting.
- (ii) Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad and should be read in conjunction with the audited annual financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the quarterly condensed financial report. These explanatory notes attached to the quarterly condensed financial report provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

The significant accounting policies adopted for the quarterly condensed financial report are consistent with those of the audited financial statements for the financial year ended 31 December 2011.

The interim financial report has applied MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards (MFRS1). The date of transition to the MFRS framework is January 2011 and no significant impact to the Group from the transition from FRS framework to MFRS framework.

**2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the financial statements for the year ended 31 December 2011 was not qualified.

**3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS**

The Group's performance is not materially affected by seasonal or cyclical factors.

**4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no unusual items due to their nature, size or incidence affecting assets, liabilities, equity, net income or cash flows during the financial period ended 30 June 2012 except as disclosed in notes 12 and 16 in the interim financial statements.

**5. CHANGES IN ESTIMATES**

The Group has not submitted any financial forecast or projections to any authority during the current quarter and prior financial year ended 31 December 2012.

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

**EXPLANATORY NOTES PURSUANT TO MFRS 134**

**6. CAPITAL MANAGEMENT, DEBT AND EQUITY SECURITIES**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period ended 30 June 2012 and the date of this interim report except the followings:

**(a) Employee Share Option Scheme ("ESOS")**

During the financial period ended 30 June 2012, the Company issued 2,522,000 ordinary shares of RM1 each for cash pursuant to the Company's ESOS at exercise prices of RM1.38 per ordinary share.

**(b) Treasury Shares**

During the previous financial period, the Company has repurchased 1,000 of its issued ordinary shares from the open market at an average price of RM 1.70 per share. The total consideration paid for the repurchase including transaction costs was RM1,772 and this was financed by internally generated funds. Total treasury shares repurchased as at 30 June 2012 is 366,978 ordinary shares of RM 1 each, representing a cumulative 0.09 % of the total paid up share capital of the company as at 30 June 2012. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965. No further transaction on repurchase of the Company's share were made subsequent to the quarter ended 30 June 2012.

**(c) Capital Management**

The Group's objectives of managing capital are to safeguard the group's ability to continue in operation as a going concern in order to provide fair returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

For capital management purposes, the Group consider shareholders' equity to be the key component in the Group's capital structure. The Group monitors capital base on gearing ratio. The ratio is calculated on total borrowings to total capital and net debts. The Group's strategy is to maintain a gearing ratio of 20%-40%. The gearing ratio as at 30 June 2012, which are within the Group's objectives for capital management, are as follows:



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**EXPLANATORY NOTES PURSUANT TO MFRS 134**

**6. CAPITAL MANAGEMENT, DEBT AND EQUITY SECURITIES (Contd.)**

**(c) Capital Management (contd.)**

	<b>30.06.2012</b>	<b>31.12.2011</b>
	<b>RM</b>	<b>RM</b>
Total borrowing	389,904,246	312,544,386
Trade and other payables	60,592,342	60,692,091
Less: Term deposits	(29,283,630)	(20,633,747)
Less: cash and bank balances	(15,242,210)	(15,895,941)
Net debts	<u>405,970,748</u>	<u>336,706,789</u>
Equity attributable to the owners of parents	<u>813,294,539</u>	<u>789,980,516</u>
Capital and net debts	<u>1,219,265,287</u>	<u>1,126,687,305</u>
Gearing ratio	<u>33%</u>	<u>30%</u>

The details of the issuance and repayment of debts and equity instrument in the current quarter ended 30 June 2012 are as follows:

	<b>30.06.2012</b>
	<b>RM</b>
Issue of ESOS	3,480,360
Repayment of revolving credit	(6,109,343)
Drawdown of revolving credit	14,340,060
Drawdown of term loan	57,696,021
Repayment of term loan	(1,552,421)
Share buy back	(1,772)
Dividend payment	-

**7. DIVIDENDS PAID**

No dividend was paid out during the financial period ended 30 June 2012.

**8. CARRYING AMOUNT OF REVALUED ASSETS**

The valuation of property, plant and equipment and investment properties have been brought forward without amendment from the financial statements for the year ended 31 December 2011.

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**EXPLANATORY NOTES PURSUANT TO MFRS 134**

**9. TRADE AND OTHER RECEIVABLES**

	As at 30.06.2012	As at 31.12.2011
	RM	RM
Trade receivables	113,595,231	75,670,042
Other receivables	247,983,126	219,392,199
	<u>361,578,357</u>	<u>295,062,241</u>

The ageing analysis for the trade receivables are as follows:

	As at 30.06.2012	As at 31.12.2011
	RM	RM
Neither past due nor impaired	83,482,523	52,576,948
1-30 days	8,781,190	10,676,382
31-60 days	3,362,993	3,721,296
61-90 days	3,525,921	2,186,241
91-120 days	7,084,798	1,568,176
121-150 days	843,593	1,016,284
>150 days	6,514,213	3,924,715
	30,112,708	23,093,094
Impaired	1,971,505	2,193,823
	<u>115,566,736</u>	<u>77,863,865</u>

The management is of the opinion that no further provision for doubtful debts is required for those trade receivables which are more than 150 days as most of the receivables are government loan debtors.

Included in other receivables and deposits are security deposits for various joint venture projects amounting to RM216,036,261.

**10. SUBSEQUENT EVENTS**

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

**11. CHANGES IN COMPOSITION OF THE GROUP**

There is no change in the composition of the Group for the period ended 30 June 2012 and the date of this interim financial report.

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**EXPLANATORY NOTES PURSUANT TO MFRS 134**

**12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The Company wholly-owned subsidiary Kar Sin Berhad ("KSB"), have on 21 January 2010, been served with a writ of summons and statement of claim by the Inland Revenue Board ("IRB") for back taxes for the years of assessment 1998 and 1999 amounting to RM1.059 million and RM3.336 million respectively. The IRB are further seeking penalties amounting RM150,164 and RM517,112 for late payment of the above said taxes.

KSB has entered its appearance vide its solicitors, Messrs Raja, Darryl & Loh, to contest the abovesaid claims. In this connection, KSB has previously appealed against the income tax assessments raised for the years of assessment 1998 and 1999 and the Special Commissioners of Income Tax ("SCIT") have on 22 August 2011 dismissed the appeal. KSB will appeal against the decision of SCIT and the judgement date is fixed on 2 October 2012.

YNH Construction Sdn Bhd ("YNHC"), a wholly-owned subsidiary of the Company, have on 25 January 2010, been served with a writ of summons and statement of claim by the Inland Revenue Board ("IRB") for back taxes for the year of assessment 1999 amounting to RM718,408.60. The IRB are further seeking penalties amounting to RM718,408.60 for late payment of the above said taxes.

YNHC has entered its appearance vide its solicitors, Messrs Raja, Darryl & Loh, to contest the above said claims. In this connection, YNHC has previously appealed against the income tax assessment raised for the year of assessment 1999 and the Special Commissioners of Income Tax ("SCIT") have on 21 September 2011 dismissed the appeal. YNHC will appeal against the decision of SCIT at the High Court and the case has been set for case management on 19 July 2012 and the hearing date is fixed on 6 September 2012.

**13. CAPITAL COMMITMENTS**

There was no capital commitment for the interim financial statement ended 30 June 2012 and as at the date of this report except the following:

Contracted but not provided for	<b>RM</b> <u>127,000</u>
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## **EXPLANATORY NOTES PURSUANT TO MFRS 134**

### **14. PERFORMANCE REVIEW**

The Group's cumulative turnover for the current financial period ended 30 June 2012 has reached RM 139,287,308 (year 2011-RM103,756,199) and profit before taxation is reported at RM 34,537,793 (year 2011-RM39,726,542). The Group's profit before taxation has decreased 13 % compared to previous year corresponding quarter. This is mainly due to change in sales product mix. More sales of commercial land and properties were secured in the previous year's corresponding quarter, resulted in a higher profit before taxation in the previous year. The Group's performance for this quarter mainly derived from progressive sales of Fraser Residence Kuala Lumpur and commercial properties at Manjung Point Township, progressive sales of its inventories in Ceriaan Kiaran (Mont Kiara, Kuala Lumpur), Taman Sejati II , Taman Permata , Taman Seri Melor (Seri Manjung) and sales of development land.

On a quarter to quarter basis, the current quarter profit before taxation of RM22,269,578 has shown an improvement of 82% compared to the previous quarter of the financial year of RM 12,268,215. This is mainly due the the recognition of the gain on compulsory land acquisition recognised in the current quarter, amounting to RM 9,213,866.

### **15. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

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

### **16. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION**

The Group recorded a profit before taxation of RM 34,537,793 for the six months period, compared to RM39,726,542 in the preceding year financial period ended 30 June 2011. The Group's profit before taxation has decreased 13% compared to previous year corresponding quarter. This is mainly due to change in sales product mix. More sales of commercial land and properties were secured in the previous year's corresponding quarter, resulted in a higher profit before taxation in the previous year .

In addition, the Group's project in Kuala Lumpur City Centre, namely, Fraser Residence Kuala Lumpur, which has a secured sales of approximately RM 281 million, is in the initial stage of construction. The project has contributed RM 5.1 million gross profit in the current quarter of the financial year. The project is expected to increase its profit contribution to the Group in the following quarter of the financial year in line with the progress of the construction of the project.

Included in the other operating income in the current quarter is an amount of RM9,213,866 being gain on compulsory acquisition of a few pieces of freehold land at Seri Manjung, Perak.

**EXPLANATORY NOTES PURSUANT TO MFRS 134**

**17. COMMENTARY ON PROSPECTS**

The global economic climate remains challenging after almost 4 years from the 2008 global financial crisis. Notwithstanding the challenging environment, the Company had been achieving encouraging demand for its projects such as Fraser Residence Kuala Lumpur, Manjung Point Seksyen 5, Pusat Perniagaan Manjung Point Seksyen 3, Taman Seri Melor, and Taman Sejati III in Seri Manjung as well as the balance units in Ceriaan Kiara in Mont Kiara KL. Sales from both the township projects in Manjung and also Klang Valley will continue to contribute to the Group's income.

Taking into consideration of the existing contribution from existing projects, the Board is optimistic of the Group's prospect for the subsequent financial period, subject always to any change in the economic conditions.

As mentioned above, the Company has launched its Kuala Lumpur project, namely Fraser Residence Kuala Lumpur at the end of the previous financial year. The Company is developing a two block of service apartment of 446 units with elevated car park podium, facilities and F&B shops at ground floor and one level of lower ground car park on the said development. This prime mixed development is located off Jalan Sultan Ismail and also off Jalan Ampang, Kuala Lumpur. The Fraser Residence KL development has a Gross Development Value (GDV) of approximately RM 530 million and is expected to contribute positively to the Group's earnings for the next 2 years.

This Fraser Residence KL project will follow the same concept of Fraser Place KL, the first successful partnership that YNH Property Bhd had forged with Frasers Hospitality Pte Ltd (the hospitality arm of the Fraser & Neave group of companies). Fraser Residence KL will be a fully furnished development managed by Frasers Hospitality Pte Ltd. Approvals for the development had already been obtained and construction is already in progress now. The Company has achieved an encouraging take up rate during the soft launch of the project in February 2011.

Furthermore, the Board is also optimistic of our Kiara 163 mixed development project held under D'Kiara Place Sdn Bhd ("DKP"), a wholly owned subsidiary company of YNH Property Bhd. DKP is the registered and beneficial owner of the 6 acres freehold development property located in Mont' Kiara, Kuala Lumpur, besides McDonald outlet at Plaza Mont' Kiara and opposite One Mont' Kiara. The approved development order is for the proposed commercial development comprising of:

- i) 2 Blocks of 42 storey of Service Apartment (584 units) with facilities and multi-storey car park,
- ii) 1 Office Tower,
- iii) 1 shopping mall and basement car park.

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**EXPLANATORY NOTES PURSUANT TO MFRS 134**

**17. COMMENTARY ON PROSPECTS (Contd.)**

The Kiara 163 project had a total GDV of approximately RM1.0 billion with 60% of the GDV comprising of service apartments which are planned to be sold fully furnished and also managed by a reputable manager, with a similar concept like Fraser Place KL. The retail shopping mall will also be one of the main attraction of the development where residents/ tenants have seamless live, work and play lifestyle.

The Company had appointed a retail mall consultant to redesign the commercial mall and also to tenant and manage the retail mall. As such, due to the changes to the designs, the Company and the previous purchaser had decided to mutually terminate the sales and purchase agreement for the Kiara 163 shopping mall to facilitate the new arrangement.

Another prestigious project planned for the immediate future by YNH group is the Menara YNH development, located on one of the most exclusive addresses in Kuala Lumpur city centre, in the Golden Triangle area where most prestigious 5 star hotels and upmarket office spaces are found. The commercial development sits on a 130,826 sq ft (approximately 3 acres) of land with a wide frontage of 320 feet along Jalan Sultan Ismail. The location of Menara YNH also offers easy accessibility and close proximity to efficient public transport facilities such as the Putra Light Rail Transport and the K.L Monorail station. It is also located within walking distance to all major hotels and shopping centres. This Menara YNH has a GDV of approximately RM2.1 billion. Approved development order had already been obtained for this development, comprising office tower and shopping mall.

The Group has intention to keep 50% of the Menara YNH referred above as investment property and it will be used as the Group's future corporate headquarter.

The Group has also entered into a series of joint venture projects for the development of a few pieces of land strategically located near Mont' Kiara, Hartamas, Kuala Lumpur city centre, Ipoh city and Seri Manjung town. These developments are at planning stage and have an estimated gross development value of RM1.8 billion and are expected to contribute to the Group's earnings for the next 15 to 20 years.

The Group has commenced the development of AEON Shopping Centre at Seri Manjung, and it will be built on a 31.2 acres of land at Pusat Perniagaan Manjung Point (Seri Manjung). In addition, the Group has also commenced the construction of Pantai Specialist Center at Seri Manjung. The construction of AEON Seri Manjung Shopping Centre and Pantai Specialist Center will further enhance the value of the balance 1,000 acres of undeveloped landbanks in the Manjung Point Township.

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**EXPLANATORY NOTES PURSUANT TO MFRS 134**

**17. COMMENTARY ON PROSPECTS (Contd.)**

The Company had also in the 4th quarter of 2008 acquired 95 acres of strategic development land bank in Genting Highlands. The Genting land bank is located strategically next to the Genting Highland Resort and was acquired for RM16.05 million. The advantage of this land bank is that the purchase consideration is very low and it comes with infrastructure. The land has already been converted to building title. The proximity to the existing Genting Highland Resort is an advantage as the proposed development will complement the existing infrastructure. Other plus point for this development is that it is located in a cool environment and yet is 45 minutes from the KL city centre as the existing highway is already completed from the KL city centre to the existing resort.

The proposed development for this 95 acres land bank comprises commercial, bungalows, condominium, retail and etc for both local and foreign investors. The estimated gross development value for this future development is RM1.96 billion and expected to contribute to the Group's earnings in the next 20 years.

**18. PROFIT BEFORE TAXATION**

This is arrived at after charging:	<b>6 months ended 30.06.2012 RM</b>
Short term revolving interest	5,472,501
Overdraft interest	<u>3,343,400</u>
and crediting	<b>6 months ended 30.06.2012 RM</b>
Interest income	<u>59,189</u>

**19. INCOME TAX EXPENSE**

	<b>3 months ended 30.06.2012 RM</b>	<b>3 months ended 30.06.2011 RM</b>	<b>6 months ended 30.06.2012 RM</b>	<b>6 months ended 30.06.201 RM</b>
Tax expense for the period:				
Malaysian income tax	(4,373,731)	(3,900,339)	(8,654,802)	(9,178,839)
Deferred tax	606,002	(50,295)	1,029,343	(423,819)
	<u>(3,767,729)</u>	<u>(3,950,634)</u>	<u>(7,625,459)</u>	<u>(9,602,658)</u>

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**EXPLANATORY NOTES PURSUANT TO MFRS 134**

**19. INCOME TAX EXPENSE (Contd.)**

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group is as follow:

	6 months ended 30.06.2012 RM
Profit before taxation	<u>34,537,793</u>
Taxation at applicable statutory tax rate	(8,634,448)
Income not taxable	2,303,466
Expenses not deductible for tax purposes	(1,547,817)
Deferred tax recognised on attributable assets	1,029,343
Current tax over/(under) provided	(531,526)
Others	<u>(244,477)</u>
Tax expense for the quarter/year	<u>(7,625,459)</u>

**20. SALES OF UNQUOTED INVESTMENTS AND PROPERTIES**

There were no sales of unquoted investments and no other sales of properties for the quarter ended 30 June 2012 except for the sales of development properties in the ordinary course of business.

**21. LOAN AND BORROWINGS**

	As at 30.06.2012 RM	As at 31.12.2011 RM
<b>Current</b>		
Secured-Bank overdraft and revolving credit	328,897,217	307,768,195
Non-secured-Bank overdraft	2,098,638	2,011,400
Term loan	1,135,735	2,764,791
<b>Non-current</b>		
Secured-Term loan	57,772,656	-
	<u>389,904,246</u>	<u>312,544,386</u>

All of the above borrowings are denominated in Ringgit Malaysia. Included in short term borrowing is RM93,115,885 (2011-RM 93,742,879) bank overdraft.



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**22. PROFIT FORECAST**

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

**23. OTHER CURRENT LIABILITIES**

Included in current year's current liabilities is an amount of RM599,155 of accrued billing (2011-RM Nil).

**24. PROVISION FOR RECTIFICATION WORKS**

	As at 30.06.2012	As at 31.12.2011
	RM	RM
Opening	1,278,297	6,534,552
Provision during the period/year	3,400	120,339
Utilisation/ written back during the period/year	(1,134,235)	(5,376,594)
Closing	<u>147,462</u>	<u>1,278,297</u>

**25. CHANGES IN MATERIAL LITIGATION**

As at the date of this report, the Group is not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of the Group and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of YNH Property Bhd and its subsidiaries except as disclosed in notes 12 to the interim financial statements.

**26. DIVIDEND PAYABLE**

The Board has recommended final single tier dividend of 2 % (2 sen per share) in respect of the financial year ended 31 December 2011 ((2010-3% (3 sen per share)) on 409,462,129 ordinary shares, amounting to RM 8,189,242.58. The final dividend had been approved in the tenth Annual General Meeting (AGM) which was held on 29 June 2012. The actual amount of dividend payable will depend on the issued share capital of the entitlement date. The final dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 2012.

On 29 August 2012, the Board announced to distribute an interim single tier dividend of 1.5% (2011-1.5% single tier). Based on existing 411,984,129 ordinary share capital of RM 1 each, the amount of dividend pay out is RM 6,179,762. The actual dividend pay out will depend on the issued share capital on entitlement date. The entitlement date and distribution date for the interim dividend are on 31 October 2012 and 29 November 2012 respectively.

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**26. DIVIDEND PAYABLE (Contd.)**

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

**27. EARNING PER SHARE**

(a) **Basic**

Basic earning per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	<b>3 months ended 30.06.2012</b>	<b>3 months ended 30.06.2011</b>	<b>6 months ended 30.06.2012</b>	<b>6 months ended 30.06.2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Net profit for the period	18,501,849	14,344,688	26,912,334	30,123,884
Weighted average number of ordinary shares in issue	411,396,737	408,397,206	410,650,505	407,428,941
Basic earnings per share (sen)	4.50	3.51	6.55	7.39

(b) **Diluted**

For the purpose of calculating diluted earning per share, the net profit for the period and the weighted average number of ordinary shares in issue during the period have been adjusted for the effect of dilutive potential ordinary shares from the exercise of share options granted to employees ("ESOS").

	<b>3 months ended 30.06.2012</b>	<b>3 months ended 30.06.2011</b>	<b>6 months ended 30.06.2012</b>	<b>6 months ended 30.06.2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Net profit for the period	18,501,849	14,344,688	26,912,334	30,123,884
Weighted average number of ordinary shares in issue	411,396,737	408,397,206	410,650,505	407,428,941
Adjustment for assumed exercise of ESOS	9,335,478	10,093,145	9,442,282	10,375,098
Adjusted weighted number of ordinary shares in issue	420,732,215	418,490,351	420,092,787	417,804,039
Diluted earnings per share (sen)	4.40	3.43	6.41	7.21

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**28. RELATED PARTY TRANSACTION**

The Group's related party transactions cumulative period-to-date ended 30 June 2012 are as follows:

<b>Party</b>	<b>Transaction</b>	<b>30.06.2012</b> <b>RM</b>
Transaction with non-group members	Rental of equipment and transportation payable and purchase of construction material and rental of land and properties	<u>8,391,392</u>
Transaction with person connected with Directors	Rental paid for service apartment	<u>1,019,082</u>
Transaction with person connected with Directors	Legal services paid	<u>2,708,426</u>
	Sales of properties	<u>30,277,715</u>
	Rental received from properties	<u>166,800</u>
Transaction with Directors	Sales of properties	15,294,200
	Rental paid for service apartment and office	<u>2,874,732</u>
Transaction with Directors	Legal services paid	<u>167,691</u>

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

	<b>30.06.2012</b> <b>RM</b>
Type of compensation	
Salaries and allowances (including employer EPF portion)	5,338,735
Directors fee	125,685
Employee share option	<u>284,784</u>
	<u>5,749,204</u>

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**29. REALISED AND UNREALISED PROFITS**

	<b>30.06.2012</b>	<b>31.12.2011</b>
	<b>RM</b>	<b>RM</b>
Total retained profits of YNH Property and its subsidiaries		
-Realised profits	518,961,668	447,547,160
-Unrealised (loss)/gain	(33,260,184)	9,578,847
	<u>485,701,484</u>	<u>457,126,007</u>
Consolidation adjustments	<u>(146,435,562)</u>	<u>(144,772,429)</u>
Total group retained profits as per consolidated accounts	<u>339,265,922</u>	<u>312,353,578</u>

**30. INVESTMENT PROPERTIES**

	Completed investment property RM	Investment property under construction RM	Total RM
<b>Cost</b>			
At 1 January	3,038,793	82,918,473	85,957,266
Additions		1,049,812	1,049,812
	2,668,781	(2,668,781)	-
As at 31 December	<u>3,038,793</u>	<u>83,968,285</u>	<u>87,007,078</u>
<b>Accumulated amortisation</b>			
At 1 January	74,974	-	74,974
Additions	32,604		32,604
As at 31 December	<u>107,578</u>	<u>-</u>	<u>107,578</u>
<b>Net carrying amounts</b>	<u>2,931,215</u>	<u>83,968,285</u>	<u>86,899,500</u>

The investment property comprises 19 units double storey shop houses , a sport recreational complex and certain vacant land.

**31. AUTHORISATION FOR ISSUE**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 August 2012.

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**32. SEGMENTAL REPORTING**

	Property Development		Hotel & Hospitality		Adjustment & Elimination		Consolidated	
	30.06.2012 RM	30.06.2011 RM	30.06.2012 RM	30.06.2011 RM	30.06.2012 RM	30.06.2011 RM	30.06.2012 RM	30.06.2011 RM
<b>Revenue</b>								
External customers	199,083,161	115,305,431	10,871,162	11,104,474	(70,667,015)	(22,653,706)	139,287,308	103,756,199
Inter-segment	-	-	47,952	43,200	(47,952)	(43,200)	-	-
<b>Results</b>								
Interest income	59,189	768,367	-	-	-	(666,010)	59,189	102,357
Dividend income	-	-	-	-	-	-	-	-
Depreciation	963,989	753,222	367,847	524,930	-	-	1,331,836	1,278,152
Finance cost	8,815,901	5,470,597	-	-	-	-	8,815,901	5,470,597
Profit/( loss) before taxation	34,146,987	46,077,234	(794,459)	(2,140,816)	1,185,265	(4,209,876)	34,537,793	39,726,542
<b>Segment assets</b>	1,796,403,723	1,708,687,158	23,588,934	38,217,981	(497,897,046)	(613,218,696)	1,322,095,611	1,133,686,443
<b>Segment liabilities</b>	748,268,149	666,785,225	15,270,210	30,287,483	(262,926,530)	(342,646,247)	500,611,829	354,426,461