



YNH PROPERTY BHD
(Incorporated in Malaysia)

(561986-V)

Interim Financial Statements
30-Sep-12

YNH PROPERTY BHD
(Incorporated in Malaysia)

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

	Note	3 months ended		9 months ended	
		30.09.2012	30.09.2011	30.09.2012	30.09.2011
		RM	RM	RM	RM
Revenue		79,329,174	54,259,837	218,616,482	158,016,036
Cost of sales		(51,311,742)	(20,930,664)	(132,763,925)	(59,178,804)
Gross profit		28,017,432	33,329,173	85,852,557	98,837,232
Other income	16	2,598,356	1,124,538	14,410,235	4,204,884
Administrative expenses		(5,930,527)	(7,373,034)	(22,786,335)	(24,903,590)
Selling and marketing expenses		(4,939,878)	(676,653)	(9,234,422)	(1,520,840)
Other operating expenses		(2,588,900)	(2,374,588)	(7,731,858)	(7,391,111)
Profit from operations		17,156,483	24,029,436	60,510,177	69,226,575
Finance costs	18	(2,939,439)	(3,157,751)	(11,755,340)	(8,628,348)
Profit before tax	18	14,217,044	20,871,685	48,754,837	60,598,227
Income tax expense	19	(2,509,959)	(10,775,323)	(10,135,418)	(20,377,981)
Total comprehensive income for the period		11,707,085	10,096,362	38,619,419	40,220,246
Earnings per share (sen)					
Basic	27 (a)	2.84	2.47	9.39	9.86
Diluted	27 (b)	2.78	2.41	9.19	9.64

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 September 2012**

	Note	As at 30.09.2012 RM	As at 31.12.2011 RM
NON-CURRENT ASSETS			
Property, plant and equipment	8	80,724,829	78,888,658
Deferred tax assets		14,126,494	12,892,633
Investment properties	30	88,207,532	85,882,292
Goodwill on consolidation		17,621,512	17,621,512
Land held for future development		313,158,887	285,647,732
		<u>513,839,254</u>	<u>480,932,827</u>
CURRENT ASSETS			
Property development costs		380,804,844	315,184,493
Inventories		40,050,621	38,156,016
Trade and other receivables	9	337,858,758	295,062,241
Other current assets		22,365,484	41,861,742
Tax recoverable		6,921,906	6,886,054
Term deposits and fixed income trust fund		5,526,760	20,633,747
Cash and bank balances		23,374,494	15,895,941
		<u>816,902,867</u>	<u>733,680,234</u>
TOTAL ASSETS		<u>1,330,742,121</u>	<u>1,214,613,061</u>

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

	Note	As at 30.09.2012 RM	As at 31.12.2011 RM
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		412,518,129	409,462,129
Share premium		35,744,963	34,583,683
Treasury shares		(727,293)	(723,568)
Share option reserve		9,395,139	7,726,640
Reserves		363,130,086	338,931,632
Total equity		<u>820,061,024</u>	<u>789,980,516</u>
Non-Current Liabilities			
Deferred tax liabilities		45,799,045	46,952,848
Long term liabilities	21	<u>67,769,700</u>	-
		<u>113,568,745</u>	<u>46,952,848</u>
CURRENT LIABILITIES			
Trade and other payables		51,273,532	60,692,091
Other current liabilities	23	23,661,475	2,479,926
Provision for rectification works	24	81,986	1,278,297
Dividend payable	26	6,179,762	-
Borrowings	21	311,725,029	312,544,386
Income tax payable		4,190,568	684,997
		<u>397,112,352</u>	<u>377,679,697</u>
TOTAL LIABILITIES		<u>510,681,097</u>	<u>424,632,545</u>
TOTAL EQUITY AND LIABILITIES		<u>1,330,742,121</u>	<u>1,214,613,061</u>
		-	
NTA per share (RM)		<u>1.95</u>	<u>1.89</u>
Net asset per share (RM)		<u>1.99</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 Nine Months Period Ended 30 September 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
Opening balance at 1 January 2011		405,748,129	5,434,973	32,174,321	26,578,054	(719,722)	286,346,884	755,562,639
Total comprehensive income		-	-	-	-	-	40,220,246	40,220,246
Transaction with owners								
Purchase of treasury shares		-	-	-	-	(3,846)	-	(3,846)
Issue of ordinary shares under ESOS		3,714,000		1,411,320	-	-	-	5,125,320
Share option granted under ESOS		-	2,563,107	-	-	-	-	2,563,107
Dividends	Note 26 (a)	-	-	-	-	-	(18,414,246)	(18,414,246)
Total transactions with owners		3,714,000	2,563,107	1,411,320	-	(3,846)	(18,414,246)	(10,729,665)
Closing balance at 30 September 2011		409,462,129	7,998,080	33,585,641	26,578,054	(723,568)	308,152,884	785,053,220
Opening balance at 1 January 2012		409,462,129	7,726,640	34,583,683	26,578,054	(723,568)	312,353,578	789,980,516
Total comprehensive income		-	-	-	-	-	38,619,419	38,619,419
Transactions with owners								
Issue of ordinary shares under ESOS	Note 6 (a)	3,056,000	-	1,161,280	-	-	-	4,217,280
Share option granted under ESOS		-	1,668,499	-	-	-	-	1,668,499
Purchase of treasury shares	Note 6 (b)	-	-	-	-	(3,725)	-	(3,725)
Dividends	Note 26 (a)	-	-	-	-	-	(14,420,965)	(14,420,965)
Total transactions with owners		3,056,000	1,668,499	1,161,280	-	(3,725)	(14,420,965)	(8,538,911)
As at 30 September 2012		412,518,129	9,395,139	35,744,963	26,578,054	(727,293)	336,552,032	820,061,024

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 Nine Months Period Ended 30 September 2012

	9 months ended 30.09.2012 RM	9 months ended 30.09.2011 RM
Profit before taxation	<u>48,754,837</u>	<u>60,598,227</u>
Net cash used in operating activities	(64,986,474)	(74,981,485)
Net cash used in investing activities	(5,577,343)	(5,329,064)
Net cash generated from financing activities	<u>103,321,112</u>	<u>37,341,451</u>
Net increase/(decrease) in cash and cash equivalents	32,757,295	(42,969,098)
Cash and cash equivalents at beginning of financial period	(44,180,557)	(22,469,734)
Cash and cash equivalents at end of financial period	<u>(11,423,262)</u>	<u>(65,438,832)</u>

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

Fixed deposits	5,526,760	488,545
Less: pledged fixed deposits	(502,592)	(488,545)
	5,024,168	-
* Cash and bank balances	23,374,494	16,978,559
Bank overdraft (included within borrowings in Note 21)	<u>(39,821,924)</u>	<u>(82,417,391)</u>
	<u>(11,423,262)</u>	<u>(65,438,832)</u>

- * Included in cash at banks of the Group are amounts of RM 13,258,625 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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2012

1. BASIS OF PREPARATION

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

- (i) The requirement of the Financial Reporting Standards ("FRS") Standard 134: Interim Financial Reporting; and
- (ii) Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad and should be read in conjunction with the audited annual financial statements for the year ended 31 December 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.

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 September 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 2011.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2012

6. CAPITAL MANAGEMENT, DEBT AND EQUITY SECURITIES

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

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

During the financial period ended 30 September 2012, the Company issued 3,056,000 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 current financial year, the Company has 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 and this was financed by internally generated funds. Total treasury shares repurchased as at 30 September 2012 is 367,978 ordinary shares of RM 1 each, representing a cumulative 0.09 % of the total paid up share capital of the company as at 30 September 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 September 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 September 2012, which are within the Group's objectives for capital management, are as follows:

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2012

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

(c) Capital Management (contd.)

	30.09.2012	31.12.2011
	RM	RM
Total borrowing	379,494,729	312,544,386
Trade and other payables	51,273,532	60,692,091
Less: Term deposits	(5,526,760)	(20,633,747)
Less: cash and bank balances	(23,374,494)	(15,895,941)
Net debts	<u>401,867,007</u>	<u>336,706,789</u>
Equity attributable to the owners of parents	<u>820,061,024</u>	<u>789,980,516</u>
Capital and net debts	<u>1,221,928,031</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 September 2012 are as follows:

	30.09.2012
	RM
Issue of ESOS	4,217,280
Repayment of revolving credit	(22,292,971)
Drawdown of revolving credit	63,000,000
Drawdown of term loan	69,107,208
Repayment of term loan	(2,465,477)
Share buy back	(3,725)
Dividend payment	(8,241,203)

The increase in total borrowing for the Group is mainly due to utilisation of loan to finance the construction of income generating asset, namely AEON Shopping Complex, in the current financial year.

7. DIVIDENDS PAID

In respect of the financial year ended 31 December 2011, a single tier final dividend of 2% (2011-3%) on 412,060,151 ordinary shares of RM 1 each, which had been approved in AGM held on 29 June 2012, was paid on 28 September 2012, amounting to RM 8,241,203.02.

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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2012

9. TRADE AND OTHER RECEIVABLES

	As at 30.09.2012	As at 31.12.2011
	RM	RM
Trade receivables	89,766,951	75,670,042
Other receivables	248,091,807	219,392,199
	<u>337,858,758</u>	<u>295,062,241</u>

The ageing analysis for the trade receivables are as follows:

	As at 30.09.2012	As at 31.12.2011
	RM	RM
Neither past due nor impaired	41,151,453	52,576,948
1-30 days	17,023,932	10,676,382
31-60 days	10,171,028	3,721,296
61-90 days	6,400,513	2,186,241
91-120 days	5,583,420	1,568,176
121-150 days	1,741,362	1,016,284
>150 days	7,695,243	3,924,715
	48,615,498	23,093,094
Impaired	846,261	2,193,823
	<u>90,613,212</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 RM 222,988,412.

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 September 2012 and the date of this interim financial report.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2012

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 High Court had on 30 October 2012 dismissed with cost the appeal by KSB against the assessments raised by Inland Revenue Board. Pursuant to this matter, KSB had filed an appeal against the decision in the Court of Appeal.

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 30 November 2012.

13. CAPITAL COMMITMENTS

There was no capital commitment for the interim financial statement ended 30 September 2012.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2012

14. PERFORMANCE REVIEW

The Group's cumulative turnover for the current financial period ended 30 September 2012 has reached RM 218,616,482 (year 2011-RM158,016,036) and profit before taxation is reported at RM 48,754,837 (year 2011-RM60,598,227). The Group's profit before taxation has decreased 19.5 % 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), sales of development land and contribution from commission income.

On a quarter to quarter basis, the current quarter profit before taxation of RM14,217,044 has shown a decrease of 36% compared to the previous quarter of the financial year of RM22,269,578. This is mainly due to recognition of one off gain on compulsory land acquisition in the previous 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 48,754,837 for the nine months period, compared to RM60,598,227 in the preceding year financial period ended 30 September 2012. The Group's profit before taxation has decreased 19.5% 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 321 million, has contributed RM 7.1 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 previous quarter is an amount of RM9,213,866 being gain on compulsory acquisition of a few pieces of freehold land at Seri Manjung, Perak.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2012

17. COMMENTARY ON PROSPECTS

The global economic climate remains challenging. 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 one and a half 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 and the construction of the project is progressing well. 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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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2012

17. COMMENTARY ON PROSPECTS (Contd.)

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

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.

AEON Shopping Centre at Seri Manjung is built on a 30.2 acres of land at Pusat Perniagaan Manjung Point (Seri Manjung) and the construction of AEON Shopping Centre is progressing well. 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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2012

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:	9 months ended 30.09.2012 RM
Short term revolving interest	8,411,156
Overdraft interest	<u>3,344,184</u>
and crediting	9 months ended 30.09.2012 RM
Interest income	<u>178,679</u>

19. INCOME TAX EXPENSE

	3 months ended 30.09.2012 RM	3 months ended 30.09.2011 RM	9 months ended 30.09.2012 RM	9 months ended 30.09.2011 RM
Tax expense for the period:				
Malaysian income tax	(2,406,915)	(11,302,830)	(11,061,717)	(20,598,987)
Deferred tax	(103,044)	527,507	926,299	221,006
	<u>(2,509,959)</u>	<u>(10,775,323)</u>	<u>(10,135,418)</u>	<u>(20,377,981)</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2012

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:

	9 months ended 30.09.2012 RM
Profit before taxation	<u>48,754,837</u>
Taxation at applicable statutory tax rate	(12,188,709)
Income not taxable	2,631,404
Expenses not deductible for tax purposes	(907,153)
Deferred tax recognised on attributable assets	926,299
Current tax over/(under) provided	(876,539)
Others	<u>279,280</u>
Tax expense for the quarter/year	<u>(10,135,418)</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 September 2012 except for the sales of development properties in the ordinary course of business.

21. LOAN AND BORROWINGS

	As at 30.09.2012 RM	As at 31.12.2011 RM
Current		
Secured-Bank overdraft and revolving credit	310,035,324	307,768,195
Non-secured-Bank overdraft	52,883	2,011,400
Term loan	1,636,822	2,764,791
Non-current		
Secured-Term loan	<u>67,769,700</u>	-
	<u>379,494,729</u>	<u>312,544,386</u>

All of the above borrowings are denominated in Ringgit Malaysia. Included in current portion of loan and borrowing is RM 39,821,924 (2011-RM 82,417,391) of 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 RM23,743,461 of accrued billing (2011-RM 1,501,800).

24. PROVISION FOR RECTIFICATION WORKS

	As at 30.09.2012	As at 31.12.2011
	RM	RM
Opening	1,278,297	6,534,552
Provision during the period/year	-	120,339
Utilisation/ written back during the period/year	(1,196,311)	(5,376,594)
Closing	<u>81,986</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

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.

The dividend paid out in 28 September 2012 is as follows:

A final single tier dividend of 2% in respect of the financial year ended 31 December 2011, (2010-3%, amounting to RM 12,272,314.53) on 412,060,151 ordinary shares, amounting to a dividend payable of RM 8,241,203.02 had been approved at the Tenth Annual General Meeting (AGM) of the Company held on 29 June 2012. The dividend has been accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2012. The entitlement date and payment date are on 7 September 2011 and 28 September 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.

	3 months ended 30.09.2012	3 months ended 30.09.2011	9 months ended 30.09.2012	9 months ended 30.09.2011
	RM	RM	RM	RM
Net profit for the period	11,707,085	10,096,362	38,619,419	40,220,246
Weighted average number of ordinary shares in issue	412,327,575	409,309,705	411,215,671	408,063,199
Basic earnings per share (sen)	2.84	2.47	9.39	9.86

(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").

	3 months ended 30.09.2012	3 months ended 30.09.2011	9 months ended 30.09.2012	9 months ended 30.09.2011
	RM	RM	RM	RM
Net profit for the period	11,707,085	10,096,362	38,619,419	40,220,246
Weighted average number of ordinary shares in issue	412,327,575	409,309,705	411,215,671	408,063,199
Adjustment for assumed exercise of ESOS	8,759,103	8,979,102	9,102,686	9,310,620
Adjusted weighted number of ordinary shares in issue	421,086,677	418,288,807	420,318,357	417,373,819
Diluted earnings per share (sen)	2.78	2.41	9.19	9.64

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28. RELATED PARTY TRANSACTION

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

Party	Transaction	30.09.2012 RM
Transaction with non-group members	Rental of equipment and transportation payable and purchase of construction material and rental of land and properties	<u>12,270,934</u>
Transaction with person connected with Directors	Rental paid for service apartment	<u>1,528,623</u>
Transaction with person connected with Directors	Legal services paid	<u>3,952,688</u>
	Sales of properties	<u>32,505,912</u>
	Rental received from properties	<u>243,000</u>
Transaction with Directors	Sales of properties	36,396,830
	Rental paid for service apartment and office	<u>4,312,098</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:

	30.09.2012 RM
Type of compensation	
Salaries and allowances (including employer EPF portion)	8,008,361
Directors fee	125,685
Employee share option	<u>427,176</u>
	<u>8,561,222</u>

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29. REALISED AND UNREALISED PROFITS	30.09.2012	31.12.2011
	RM	RM
Total retained profits of YNH Property and its subsidiaries		
-Realised profits	519,515,013	447,547,160
-Unrealised (loss)/gain	(31,754,537)	9,578,847
	<u>487,760,476</u>	<u>457,126,007</u>
Consolidation adjustments	(151,208,444)	(144,772,429)
Total group retained profits as per consolidated accounts	<u>336,552,032</u>	<u>312,353,578</u>

30. INVESTMENT PROPERTIES

	Completed investment property RM	Investment property under construction RM	Total RM
Cost			
At 1 January	3,038,793	82,918,473	85,957,266
Additions	-	2,367,782	2,367,782
As at 30 September	<u>3,038,793</u>	<u>85,286,255</u>	<u>88,325,048</u>
Accumulated amortisation			
At 1 January	74,974	-	74,974
Additions	42,542	-	42,542
As at 30 September	<u>117,516</u>	<u>-</u>	<u>117,516</u>
Net carrying amounts	<u>2,921,277</u>	<u>85,286,255</u>	<u>88,207,532</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 28 November 2012.

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32. SEGMENTAL REPORTING

	Property Development		Hotel & Hospitality		Adjustment & Elimination		Consolidated	
	30.09.2012 RM	30.09.2011 RM	30.09.2012 RM	30.09.2011 RM	30.09.2012 RM	30.09.2011 RM	30.09.2012 RM	30.09.2011 RM
Revenue								
External customers	351,874,999	175,392,253	18,695,203	16,932,727	(151,953,720)	(34,308,944)	218,616,482	158,016,036
Inter-segment	-	-	78,330	72,150	(78,330)	(72,150)	-	-
Results								
Interest income	-	1,116,415	-	-	-	(954,946)	-	161,469
Dividend income	700,000	700,000	-	-	(700,000)	(700,000)	-	-
Depreciation	832,890	1,119,772	557,453	788,743	-	-	1,390,343	1,908,515
Finance cost	11,484,954	8,628,348	270,386	-	-	-	11,755,340	8,628,348
Profit/(loss) before taxation	83,187,476	73,859,992	(775,082)	(344,951)	(33,657,557)	(12,916,814)	48,754,837	60,598,227
Segment assets	1,792,256,001	1,698,861,087	20,675,344	37,638,959	(482,189,224)	(584,190,579)	1,330,742,121	1,152,309,467
Segment liabilities	707,111,478	684,872,310	12,829,856	28,447,843	(209,260,237)	(346,063,906)	510,681,097	367,256,247