



YNH PROPERTY BHD
(Incorporated in Malaysia)

(561986-V)

Interim Financial Statements
31-Dec-12

YNH PROPERTY BHD
(Incorporated in Malaysia)

**Condensed Consolidated Profit or Loss and Other Comprehensive Income
For the Twelve Months Period Ended 31 December 2012**

	Note	3 months ended		12 months ended	
		31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
Revenue		62,909,547	68,458,495	281,526,029	214,085,528
Cost of sales		(25,571,380)	(41,760,111)	(158,335,305)	(94,113,989)
Gross profit		37,338,167	26,698,384	123,190,724	119,971,539
Other income	16	1,115,717	754,753	15,525,952	11,514,440
Administrative expenses		(13,255,885)	(12,346,563)	(36,042,220)	(35,412,026)
Selling and marketing expenses		(4,309,206)	(706,849)	(13,543,628)	(3,438,967)
Other operating expenses		(1,359,006)	(2,441,425)	(9,090,864)	(12,809,307)
Profit from operations		19,529,787	11,958,300	80,039,964	79,825,679
Finance costs	18	(4,855,754)	(3,957,127)	(16,611,094)	(14,601,627)
Profit before tax	18	14,674,033	8,001,173	63,428,870	65,224,052
Income tax expense	19	(3,703,480)	(2,170,470)	(13,838,898)	(20,936,340)
Total comprehensive income for the period		10,970,553	5,830,703	49,589,972	44,287,712
Earnings per share (sen)					
Basic	27 (a)	2.66	1.42	12.05	10.84
Diluted	27 (b)	2.60	1.39	11.79	10.61

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.

YNH PROPERTY BHD

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Financial Position
As at 31 December 2012**

	Note	As at 31.12.2012 RM	As at 31.12.2011 RM
NON-CURRENT ASSETS			
Property, plant and equipment	8	83,726,808	78,888,658
Deferred tax assets		16,804,585	12,892,633
Investment properties	30	88,157,103	85,882,292
Goodwill on consolidation		17,621,512	17,621,512
Land held for future development		330,031,876	285,647,732
		<u>536,341,884</u>	<u>480,932,827</u>
CURRENT ASSETS			
Property development costs		266,706,384	315,184,493
Inventories		190,853,424	38,156,016
Trade and other receivables	9	353,360,156	295,062,241
Other current assets		31,464,028	41,861,742
Tax recoverable		7,014,170	6,886,054
Term deposits and fixed income trust fund		3,844,864	20,633,747
Cash and bank balances		25,361,227	15,895,941
		<u>878,604,253</u>	<u>733,680,234</u>
TOTAL ASSETS		<u>1,414,946,137</u>	<u>1,214,613,061</u>

Condensed Consolidated Statement of Financial Position as at 31 December 2012
(Contd.)

	Note	As at 31.12.2012 RM	As at 31.12.2011 RM
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		412,833,129	409,462,129
Share premium		35,864,663	34,583,683
Treasury shares		(727,293)	(723,568)
Share option reserve		9,951,305	7,726,640
Reserves		374,095,754	338,931,632
Total equity		<u>832,017,558</u>	<u>789,980,516</u>
Non-Current Liabilities			
Deferred tax liabilities		45,241,394	46,952,848
Long term liabilities	21	<u>124,393,877</u>	<u>-</u>
		<u>169,635,271</u>	<u>46,952,848</u>
CURRENT LIABILITIES			
Trade and other payables		60,706,933	60,692,091
Other current liabilities	23	73,719,741	2,479,926
Provision for rectification works	24	371,662	1,278,297
Borrowings	21	277,832,570	312,544,386
Income tax payable		662,402	684,997
		<u>413,293,308</u>	<u>377,679,697</u>
TOTAL LIABILITIES		<u>582,928,579</u>	<u>424,632,545</u>
TOTAL EQUITY AND LIABILITIES		<u>1,414,946,137</u>	<u>1,214,613,061</u>
NTA per share (RM)		<u>1.97</u>	<u>1.89</u>
Net asset per share (RM)		<u>2.02</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.

YNH PROPERTY BHD
(Incorporated in Malaysia)

**Condensed Consolidated Statement of Changes in Equity
For the Twelve Months Period Ended 31 December 2012**

	Attributable to Equity Holders of the Company						Total RM
	Share capital RM	Non-distributable		Distributable		Retained profits RM	
		Share Reserve RM	Share Premium RM	Capital Reserve RM	Treasury Shares 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	-	-	-	-	-	44,287,712	44,287,712
Transaction with owners							
Purchase of treasury shares	-	-	-	-	(3,846)	-	(3,846)
Issue of ordinary shares under ESOS	3,714,000	(998,042)	1,411,320	-	-	-	5,125,320
ESOS exercised	-	(127,765)	998,042	-	-	127,765	-
ESOS lapsed	-	3,417,474	-	-	-	-	3,417,474
Share option granted under ESOS	-	-	-	-	-	(18,408,783)	(18,408,783)
Dividends	-	-	-	-	-	(18,281,018)	(9,869,835)
Total transactions with owners	3,714,000	2,291,667	2,409,362	-	(3,846)	(18,281,018)	(9,869,835)
Closing balance at 31 December 2011	409,462,129	7,726,640	34,583,683	26,578,054	(723,568)	312,353,578	789,980,516
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	-	-	-	-	-	49,589,972	49,589,972
Transactions with owners							
Issue of ordinary shares under ESOS	3,371,000	-	1,280,980	-	-	-	4,651,980
Share option granted under ESOS	-	2,224,666	-	-	-	-	2,224,666
ESOS exercised	-	-	-	-	-	-	-
ESOS lapsed	-	-	-	-	(3,725)	-	(3,725)
Purchase of treasury shares	-	-	-	-	-	(14,425,851)	(14,425,851)
Dividends	-	-	-	-	-	-	-
Total transactions with owners	3,371,000	2,224,666	1,280,980	-	(3,725)	(14,425,851)	(7,552,930)
As at 31 December 2012	412,833,129	9,951,306	35,864,663	26,578,054	(727,293)	347,517,699	832,017,558

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.

YNH PROPERTY BHD
(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flow
For the Twelve Months Period Ended 31 December 2012

	12 months ended 31.12.2012	12 months ended 31.12.2011
	RM	RM
Profit before taxation	<u>63,428,870</u>	<u>65,224,052</u>
Net cash used in operating activities	(78,161,476)	(62,859,955)
Net cash used in investing activities	(9,080,871)	(39,730,434)
Net cash generated from financing activities	<u>121,713,394</u>	<u>80,879,566</u>
Net increase/(decrease) in cash and cash equivalents	34,471,047	(21,710,823)
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>(9,709,510)</u>	<u>(44,180,557)</u>

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

Fixed deposits	3,844,864	20,633,747
Less: pledged fixed deposits	(504,189)	(489,904)
	3,340,675	20,143,843
* Cash and bank balances	25,361,227	15,895,941
Bank overdraft (included within borrowings in Note 21)	<u>(38,411,413)</u>	<u>(80,220,341)</u>
	<u>(9,709,511)</u>	<u>(44,180,557)</u>

- * Included in cash at banks of the Group are amounts of RM 15,043,426 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.

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 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 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 31 December 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.

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 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 31 December 2012 and the date of this interim report except the followings:

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

During the financial period ended 31 December 2012, the Company issued 3,371,000 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 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 and this was financed by internally generated funds. Total treasury shares repurchased as at 31 December 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 31 December 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 31 December 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 31 December 2012, which are within the Group's objectives for capital management, are as follows:

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2012

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

(c) Capital Management (contd.)

	31.12.2012	31.12.2011
	RM	RM
Total borrowing	402,226,447	312,544,386
Trade and other payables	60,706,933	60,692,091
Less: Term deposits	(3,844,864)	(20,633,747)
Less: cash and bank balances	(25,361,227)	(15,895,941)
Net debts	<u>433,727,289</u>	<u>336,706,789</u>
Equity attributable to the owners of parents	<u>832,017,558</u>	<u>789,980,516</u>
Capital and net debts	<u>1,265,744,847</u>	<u>1,126,687,305</u>
Gearing ratio	<u>34%</u>	<u>30%</u>

The details of the issuance and repayment of debts and equity instrument in the current quarter ended 31 December 2012 are as follows:

	31.12.2012
	RM
Issue of ESOS	4,651,980
Repayment of revolving credit	(37,730,900)
Drawdown of revolving credit	36,100,254
Drawdown of term loan	135,886,426
Repayment of term loan	(2,764,791)
Share buy back	(3,725)
Dividend payment	(14,425,850)

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

- (a) 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.
- (b) In respect of the financial year ended 31 December 2012, a single tier interim dividend of 1.5% (2011-1.5%) on 412,308,151 ordinary shares of RM 1 each, was paid on 29 November 2012, amounting to RM 6,184,646.74.

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 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.

9. TRADE AND OTHER RECEIVABLES

	As at 31.12.2012 RM	As at 31.12.2011 RM
Trade receivables	105,427,099	75,670,042
Other receivables	247,933,057	219,392,199
	<u>353,360,156</u>	<u>295,062,241</u>

The ageing analysis for the trade receivables are as follows:

	As at 31.12.2012 RM	As at 31.12.2011 RM
Neither past due nor impaired	61,673,347	52,576,948
1-30 days	9,919,703	10,676,382
31-60 days	7,862,410	3,721,296
61-90 days	3,469,973	2,186,241
91-120 days	8,346,262	1,568,176
121-150 days	3,530,181	1,016,284
>150 days	10,625,223	3,924,715
	43,753,752	23,093,094
Impaired	1,774,160	2,193,823
	<u>107,201,259</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 secured by financial institutions.

Included in other receivables and deposits are security deposits for various joint venture projects amounting to RM 222,991,411.

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 31 December 2012 and the date of this interim financial report.

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 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 RM1,436,817.20. The IRB are further seeking penalties amounting to RM154,795.14 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 had successfully appealed against the decision of SCIT at the High Court and YNHC has been awarded RM 5,000 cost for the cost of appeal.

13. CAPITAL COMMITMENTS

There was no capital commitment for the interim financial statement ended 31 December 2012.

14. PERFORMANCE REVIEW

The Group's cumulative turnover for the current financial year ended 31 December 2012 has reached RM 281,526,029 (year 2011-RM214,085,528) and profit before taxation is reported at RM 63,428,870 (year 2011-RM65,224,052). The Group's profit before taxation is fairly consistent compared to previous year. The Group's performance for this year is mainly derived from progressive sales of Fraser Residence Kuala Lumpur and commercial properties at Manjung Point Township (adjacent to AEON Shopping Complex), progressive sales of its inventories in Ceriaan Kiaran (Mont Kiara, Kuala Lumpur), Taman Pundut Raya (Seri Manjung), and sales of development land.

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2012

14. PERFORMANCE REVIEW (Contd.)

On a quarter to quarter basis, the current quarter profit before taxation of RM14,674,033 is fairly consistent compared to the previous quarter for the financial year of RM14,217,044.

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 63,428,870 for the twelve months period, compared to RM65,224,052 in the preceding year financial period ended 31 December 2011. The Group's profit before taxation is fairly consistent to 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 338 million, has contributed RM 5.4 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 second quarter is an amount of RM9,213,866 being gain on compulsory acquisition of a few pieces of freehold land at Seri Manjung, Perak.

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 (Phase 1 and 2), 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.

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2012

17. COMMENTARY ON PROSPECTS (Contd.)

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.

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.

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2012

17. COMMENTARY ON PROSPECTS (Contd.)

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 Group had successfully completed the construction of AEON Shopping Centre in December 2012. In addition, the Group has also commenced the construction of Pantai Specialist Center at Seri Manjung. The presence 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.

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:	12 months ended
	31.12.2012
	RM
Short term revolving interest	12,245,783
Overdraft interest	4,365,311
	<hr/>
and crediting	12 months ended
	31.12.2012
	RM
Interest income	327,290
	<hr/>

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2012

19. INCOME TAX EXPENSE	3 months ended	3 months ended	12 months ended	12 months ended
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM	RM	RM	RM
Tax expense for the period:				
Malaysian income tax	(4,203,095)	(2,167,573)	(15,264,812)	(20,667,582)
Deferred tax	499,615	(2,897)	1,425,914	(268,758)
	<u>(3,703,480)</u>	<u>(2,170,470)</u>	<u>(13,838,898)</u>	<u>(20,936,340)</u>

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:

	12 months ended 31.12.2012 RM
Profit before taxation	<u>63,428,870</u>
Taxation at applicable statutory tax rate	(15,857,218)
Income not taxable	2,881,190
Expenses not deductible for tax purposes	(1,765,641)
Deferred tax recognised on attributable assets	1,425,914
Current tax over/(under) provided	(531,526)
Others	8,383
Tax expense for the quarter/year	<u>(13,838,898)</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 31 December 2012 except for the sales of development properties in the ordinary course of business.

21. LOAN AND BORROWINGS

	As at 31.12.2012 RM	As at 31.12.2011 RM
Current		
Secured-Bank overdraft and revolving credit	266,340,021	307,768,195
Non-secured-Bank overdraft	-	2,011,400
Term loan	11,492,549	2,764,791
Non-current		
Secured-Term loan	124,393,877	-
	<u>402,226,447</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 38,411,413 (2011-RM 80,220,341) of bank overdraft.

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2012

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 RM50,347,942 of accrued billing (2011-RM 1,501,800).

24. PROVISION FOR RECTIFICATION WORKS

	As at 31.12.2012	As at 31.12.2011
	RM	RM
Opening	1,278,297	6,534,552
Provision during the period/year	294,676	120,339
Utilisation/ written back during the period/year	(1,201,311)	(5,376,594)
Closing	<u>371,662</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 2.5 % (2.5 sen per share) in respect of the financial year ended 31 December 2012 ((2011-2% (2 sen per share)) on 412,833,129 ordinary shares, amounting to RM10,320,828.23 which will be proposed for shareholders' approval. The actual amount of dividend payable will depend on the issued share capital of the entitlement date. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 2013.

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2012

26. DIVIDEND PAYABLE (Contd.)

The dividend paid out in the current financial year is as follows:

- (a) 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.
- (b) An interim dividend in respect of the financial year ended 31 December 2012 of 1.5% (1.5 sen per share) single tier, on 412,308,151 ordinary shares of RM 1 each, has been declared and paid. The entitlement date and distribution date of the interim dividend is 31 October 2012 and 29 November 2012 respectively. A total of RM 6,184,646.74 has been distributed for the interim dividend.

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	3 months ended	12 months ended	12 months ended
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM	RM	RM	RM
Net profit for the period	10,970,553	5,830,703	49,589,972	44,287,712
Weighted average number of ordinary shares in issue	412,699,499	409,462,129	411,589,677	408,415,806
Basic earnings per share (sen)	2.66	1.42	12.05	10.84

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2012

27. EARNING PER SHARE (Contd.)

(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 31.12.2012 RM	3 months ended 31.12.2011 RM	12 months ended 31.12.2012 RM	12 months ended 31.12.2011 RM
Net profit for the period	10,970,553	5,830,703	49,589,972	44,287,712
Weighted average number of ordinary shares in issue	412,699,499	409,462,129	411,589,677	408,415,806
Adjustment for assumed exercise of ESOS	8,600,584	9,120,367	8,962,524	9,155,342
Adjusted weighted number of ordinary shares in issue	421,300,082	418,582,496	420,552,201	417,571,148
Diluted earnings per share (sen)	2.60	1.39	11.79	10.61

28. RELATED PARTY TRANSACTION

The Group's related party transactions cumulative period-to-date ended 31 December 2012 are as follows:

Party	Transaction	31.12.2012 RM
Transaction with non-group members	Rental of equipment and transportation payable and purchase of construction material and rental of land and properties	14,392,452
	Rental of properties and equipment received	<u>1,127,074</u>
Transaction with person connected with Directors	Rental paid for service apartment	<u>2,038,164</u>
Transaction with person connected with Directors	Legal services paid	6,065,176
	Sales of properties	<u>49,797,103</u>

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2012

28. RELATED PARTY TRANSACTION (Contd.)

Party	Transaction	31.12.2012 RM
Transaction with Directors	Sales of properties	44,278,100
	Rental paid for service apartment and office	5,749,464
		<hr/>
Transaction with Directors	Legal services paid	167,691
		<hr/>

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

Type of compensation	31.12.2012 RM
Salaries and allowances (including employer EPF portion)	10,626,794
Directors fee	125,685
Employee share option	569,568
	<hr/>
	11,322,047
	<hr/>

29. REALISED AND UNREALISED PROFITS

	31.12.2012 RM	31.12.2011 RM
Total retained profits of YNH Property and its subsidiaries		
-Realised profits	524,386,203	447,547,160
-Unrealised (loss)/gain	(28,808,471)	9,578,847
	<hr/>	<hr/>
	495,577,732	457,126,007
	<hr/>	<hr/>
Consolidation adjustments	(148,060,033)	(144,772,429)
	<hr/>	<hr/>
Total group retained profits as per consolidated accounts	347,517,699	312,353,578
	<hr/>	<hr/>

YNH PROPERTY BHD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2012

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	-	2,408,571	2,408,571
Reclassification upon completion	6,785,385	(6,785,385)	-
As at 31 December	<u>9,824,178</u>	<u>78,541,659</u>	<u>88,365,837</u>
Accumulated amortisation			
At 1 January	74,974	-	74,974
Additions	133,760	-	133,760
As at 31 December	<u>208,734</u>	<u>-</u>	<u>208,734</u>
Net carrying amounts	<u>9,615,444</u>	<u>78,541,659</u>	<u>88,157,103</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 February 2013.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2012

32. SEGMENTAL REPORTING

	Property Development		Hotel & Hospitality		Adjustment & Elimination		Consolidated	
	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
Revenue								
External customers	255,774,991	192,394,868	25,751,038	21,690,660	-	-	281,526,029	214,085,528
Inter-segment	-	-	95,785	72,063	(95,785)	(72,063)	-	-
Results								
Interest income	327,290	243,558	533,045	736,199	(526,015)	(732,140)	334,320	247,617
Dividend income	700,000	700,000	-	-	(700,000)	(700,000)	-	-
Depreciation	1,145,921	1,008,966	750,864	856,911	-	-	1,896,785	1,862,697
Finance cost	16,871,480	14,749,231	265,629	584,536	(526,015)	(732,140)	16,611,094	14,601,627
Profit/(loss) before taxation	94,932,739	79,752,438	(1,220,854)	73,241	(30,283,015)	(14,601,627)	63,428,870	65,224,052
Segment assets	1,868,093,451	1,730,343,311	28,500,395	32,874,486	(481,647,709)	(548,604,736)	1,414,946,137	1,214,613,061
Segment liabilities	810,950,812	711,218,796	21,406,294	23,627,068	(249,428,527)	(310,213,319)	582,928,579	424,632,545