



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

(561986-V)

Interim Financial Statements  
31 March 2014

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

**Condensed Consolidated Profit or Loss and Other Comprehensive Income  
For the Three Months Period Ended 31 March 2014**

	Note	3 months ended		3 months ended	
		31.03.2014 RM	31.03.2013 RM	31.03.2014 RM	31.03.2013 RM
Revenue		105,280,216	80,684,631	105,280,216	80,684,631
Cost of sales		(49,561,331)	(51,626,046)	(49,561,331)	(51,626,046)
Gross profit		55,718,885	29,058,585	55,718,885	29,058,585
Other income		4,429,341	4,358,404	4,429,341	4,358,404
Administrative expenses		(10,512,721)	(9,551,960)	(10,512,721)	(9,551,960)
Selling and marketing expenses		(1,572,330)	(3,188,314)	(1,572,330)	(3,188,314)
Other operating expenses	31	(18,330,659)	(745,689)	(18,330,659)	(745,689)
Profit from operations		(30,415,710)	(13,485,963)	(30,415,710)	(13,485,963)
Finance costs	18	29,732,516	19,931,026	29,732,516	19,931,026
Profit before tax	18	(5,724,291)	(4,647,539)	(5,724,291)	(4,647,539)
Income tax expense	19	24,008,225	15,283,487	24,008,225	15,283,487
Total comprehensive income for the period		(6,995,970)	(4,276,832)	(6,995,970)	(4,276,832)
Earnings per share (sen)		17,012,255	11,006,655	17,012,255	11,006,655
Basic	27 (a)	4.07	2.66	4.07	2.66
Diluted	27 (b)	4.03	2.61	4.03	2.61

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the financial statements.

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**Condensed Consolidated Statement of Financial Position****As at 31 March 2014**

	<b>Note</b>	<b>As at 31.03.2014 RM</b>	<b>As at 31.12.2013 RM</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	147,969,061	140,593,897
Deferred tax assets		19,742,483	20,750,552
Investment properties	30	89,062,539	89,102,609
Goodwill on consolidation		17,626,036	17,626,036
Land held for future development		340,432,142	337,091,689
Other non-current assets	9(b)	308,102,972	308,072,972
		<u>922,935,233</u>	<u>913,237,755</u>
<b>CURRENT ASSETS</b>			
Property development costs		298,400,904	279,371,806
Inventories		229,796,720	231,047,937
Trade and other receivables	9(a)	56,182,410	108,483,896
Other current assets		113,921,449	55,060,712
Tax recoverable		9,040,992	10,740,807
Term deposits and fixed income trust fund		523,680	4,260,179
Cash and bank balances		25,065,076	16,556,084
		<u>732,931,231</u>	<u>705,521,421</u>
<b>TOTAL ASSETS</b>		<u>1,655,866,464</u>	<u>1,618,759,176</u>

**Condensed Consolidated Statement of Financial Position as at 31 March 2014  
(Contd.)**

	Note	As at 31.03.2014 RM	As at 31.12.2013 RM
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		432,067,129	426,147,129
Share premium		52,404,899	50,153,299
Treasury shares		(41,202,198)	(9,084,118)
Other reserves		28,334,950	28,183,176
Retained earnings		389,648,855	372,636,600
Total equity		<u>861,253,635</u>	<u>868,036,086</u>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		43,641,824	43,641,824
Long term liabilities	21	<u>220,045,024</u>	<u>220,731,866</u>
		<u>263,686,848</u>	<u>264,373,690</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		122,046,174	104,498,219
Other current liabilities	23	-	20,073,834
Provision for rectification works	24	133,779	197,794
Borrowings	21	407,738,382	360,949,634
Income tax payable		1,007,646	629,919
		<u>530,925,981</u>	<u>486,349,400</u>
<b>TOTAL LIABILITIES</b>		<u>794,612,829</u>	<u>750,723,090</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,655,866,464</u>	<u>1,618,759,176</u>
		-	
NTA per share (RM)		<u>1.95</u>	<u>2.00</u>
Net asset per share (RM)		<u>1.99</u>	<u>2.04</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the financial statements.

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	Share capital RM	Non-distributable			Distributable			Total RM
		Share Option Reserve RM	Share Premium RM	Translation Reserve RM	Capital Reserve RM	Treasury Shares RM	Retained profits RM	
<b>Opening balance at 1 January 2013</b>	412,833,129	8,094,078	37,478,176	-	26,578,054	(727,293)	346,599,979	830,856,123
Total comprehensive income	-	-	-	-	-	-	11,006,655	11,006,655
<b>Transaction with owners</b>								
Purchase of treasury shares	-	-	-	-	-	(1,361,042)	-	(1,361,042)
Issue of ordinary shares under ESOS	9,533,000	-	3,622,540	-	-	-	-	13,155,540
Share option granted under ESOS	-	333,860	-	-	-	-	-	333,860
<b>Total transactions with owners</b>	9,533,000	333,860	3,622,540	-	-	(1,361,042)	-	12,128,358
<b>Closing balance at 31 March 2013</b>	422,366,129	8,427,938	41,100,716	-	26,578,054	(2,088,335)	357,606,634	853,991,136
<b>Opening balance at 1 January 2014</b>	426,147,129	1,557,184	50,153,299	47,938	26,578,054	(9,084,118)	372,636,600	868,036,086
Total comprehensive income	-	-	-	-	-	-	17,012,255	17,012,255
<b>Transactions with owners</b>								
Issue of ordinary shares under ESOS	Note 6 (a)	5,920,000	-	2,251,600	-	-	-	8,171,600
Share option granted under ESOS		-	151,774	-	-	-	-	151,774
Purchase of treasury shares	Note 6 (b)	-	-	-	-	(32,118,080)	-	(32,118,080)
<b>Total transactions with owners</b>		5,920,000	151,774	2,251,600	-	(32,118,080)	-	(23,794,706)
<b>Closing balance at 31 March 2014</b>		432,067,129	1,708,958	52,404,899	47,938	(41,202,198)	389,648,855	861,253,635

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the financial statements.

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**Condensed Consolidated Statement of Cash Flow**  
**For the Three Months Period Ended 31 March 2014**

	<b>3 months ended 31.03.2014 RM</b>	<b>3 months ended 31.03.2013 RM</b>
Profit before taxation	<u>24,008,225</u>	<u>15,283,487</u>
Net cash used in operating activities	(9,230,750)	(50,833,999)
Net cash used in investing activities	(8,153,612)	(1,623,109)
Net cash generated from financing activities	<u>72,938,929</u>	<u>59,650,238</u>
<b>Net increase in cash and cash equivalents</b>	55,554,567	7,193,130
<b>Cash and cash equivalents at beginning of financial period</b>	(78,075,911)	(9,557,747)
<b>Cash and cash equivalents at end of financial period</b>	<u>(22,521,344)</u>	<u>(2,364,617)</u>

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

Fixed deposits	523,680	3,863,938
Less: pledged fixed deposits	(523,680)	(505,331)
	-	3,358,607
* Cash and bank balances	25,065,076	23,767,345
Bank overdraft (included within borrowings in Note 21)	<u>(47,586,420)</u>	<u>(29,490,569)</u>
	<u>(22,521,344)</u>	<u>(2,364,617)</u>

- \* Included in cash at banks of the Group are amounts of RM7,472,966 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 2013 and the accompanying explanatory notes attached to the financial statements.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014**

**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 2013 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 2013.

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 2013.

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

The auditors' report on the financial statements for the year ended 31 December 2013 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 March 2014 except as disclosed in note 12 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 2013.

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014**

**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 March 2014 and the date of this interim report except the followings:

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

During the financial period ended 31 March 2014, the Company issued 5,920,000 ordinary shares of RM1 each for cash pursuant to the Company's ESOS at exercise prices of RM1.38 and 1.48 per ordinary share.

**(b) Treasury Shares**

During the financial year, the Company repurchased 17,681,000 of its issued ordinary shares from the open market at an average price of RM1.82 per share. The total consideration paid for the repurchase including transaction costs was RM32,118,080 and this was financed by internally generated funds. Total treasury shares repurchased as at 31 March 2014 is 22,565,978 ordinary shares of RM 1 each, representing a cumulative 5.22% of the total paid up share capital of the company as at 31 March 2014. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965. Subsequent to the quarter ended 31 March 2014, the Company repurchased 8,759,800 ordinary shares of RM1 each from open market, representing a cumulative 7.23% of the total paid up share capital of the Company.

**(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%-50%. The gearing ratio as at 31 March 2014, which are within the Group's objectives for capital management, are as follows:

	<b>31.03.2014</b>	<b>31.12.2012</b>
	<b>RM</b>	<b>RM</b>
Total borrowing	627,783,406	581,681,500
Trade and other payables	122,046,174	104,498,219
Less: Term deposits	(523,680)	(4,260,179)
Less: cash and bank balances	(25,065,076)	(16,556,084)
Net debts	<u>724,240,824</u>	<u>665,363,456</u>
Equity attributable to the owners of parents	<u>861,253,635</u>	<u>868,036,086</u>
Capital and net debts	<u>1,585,494,459</u>	<u>1,533,399,542</u>
Gearing ratio	<u>46%</u>	<u>43%</u>

A higher borrowings is recorded is mainly due to the purchase of pilling equipments for construction usage.



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

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

The details of the issuance and repayment of debts and equity instrument in the current quarter ended 31 March 2014 are as follows:

	<b>31.04.2014</b>
	<b>RM</b>
Issue of ESOS	8,171,600
Drawdown of revolving credit	97,165,024
Repayment of term loan	(279,615)
Share buy back	(32,118,080)
Payment of dividend	-

**7. DIVIDEND PAID**

No dividend was paid out during the financial period ended 31 March 2014.

**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 2013.

**9(a). TRADE AND OTHER RECEIVABLES**

	<b>As at</b>	<b>As at</b>
	<b>31.03.2014</b>	<b>31.12.2013</b>
	<b>RM</b>	<b>RM</b>
Trade receivables	51,521,593	92,970,079
Less: Provision for impairment	(411,920)	(533,406)
	<u>51,109,673</u>	<u>92,436,673</u>
Other receivables	5,072,737	16,047,223
	<u>56,182,410</u>	<u>108,483,896</u>

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**9(a). TRADE AND OTHER RECEIVABLES (Contd.)**

The ageing analysis for the trade receivables are as follows:

	As at 31.03.2014 RM	As at 31.12.2013 RM
Neither past due nor impaired	3,886,938	47,879,093
1-30 days	9,887,415	10,058,903
31-60 days	9,880,608	12,874,127
61-90 days	1,081,470	5,243,153
91-120 days	8,031,758	6,046,223
121-150 days	5,386,360	3,302,671
>150 days	12,955,124	7,032,503
	47,222,735	44,557,580
Impaired	411,920	533,406
	<u>51,521,593</u>	<u>92,970,079</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.

**9(b).** Other non current assets represent security deposits for various joint venture projects.

**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 March 2014 and the date of this interim financial report.

**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.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014**

**12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Contd.)**

The Court of Appeal has on 17 April 2014 allowed Kar Sin Bhd's appeal against the additional assessment raised by Inland Revenue Board of Malaysia for Years of Assessment 1998 and 1999 and awarded cost of RM10,000 to Kar Sin Bhd.

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 and won the case against the decision of SCIT at the High Court and YNHC has been awarded RM 5,000 cost for the cost of appeal. However, IRB had appealed the decision of High Court at the Court of Appeal.

**13. CAPITAL COMMITMENTS**

Contracted but not provided for	<b>RM</b> <u>3,058,131</u>
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The capital commitment is mainly due to of purchase of a pilling equipment and certain pieces of land.

**14. PERFORMANCE REVIEW**

The Group's cumulative turnover for the current financial year ended 31 March 2014 has reached RM105,280,216 (year 2013-RM80,684,631) and profit before taxation is reported at RM 24,008,225 (year 2013-RM15,283,487). The Group registered a higher profit before taxation for the financial period compared to previous year correspondence quarter due to stronger contribution from Fraser Residence Kuala Lumpur. The Group's performance for this year is mainly derived from progressive sales of Fraser Residence Kuala Lumpur, 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.

On a quarter to quarter basis, the current quarter profit before taxation of RM24,008,225 is higher than previous year forth quarter of RM 10,158,833. This is mainly due to stronger profit contribution from Fraser Residence Kuala Lumpur as a result of a higher take up rate and a more advanced stage of completion for the project.

**15. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

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

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014**

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

A higher profit before taxation is recorded in the current year compared to previous year corresponding quarter of RM15,283,487 . This is mainly due to stronger profit contribution from Fraser Residence Kuala Lumpur as a result of a higher take up rate and a more advanced stage of completion for the project.

**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), 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 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.

The Company is currently focusing on the development of its Kuala Lumpur project, namely Fraser Residence Kuala Lumpur. 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 540 million and is expected to contribute positively to the Group's earnings for the next two quarters.

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 for the project and the construction of the project is at an advanced stage and is expected to reached completion in the middle of the financial year.

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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**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. Piling and sub-structure work for Kiara 163 has already commenced in the previous financial year.

Another prestigious project planned for the 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 had successfully completed the construction of AEON Shopping Centre in year 2012 and Pantai Specialist Center at Seri Manjung in November 2013. The presence of AEON Seri Manjung Shopping Centre and Pantai Specialist Centre will further enhance the value of the balance 700 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.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014**

**18. PROFIT BEFORE TAXATION**

This is arrived at after charging:	<b>3 months ended 31.03.2014 RM</b>
Short term revolving interest	2,816,083
Term loan interest	2,147,256
Overdraft interest	<u>760,952</u>
and crediting	<b>3 months ended 31.03.2014 RM</b>
Interest income	<u>196,907</u>

**19. INCOME TAX EXPENSE**

	<b>3 months ended 31.03.2014 RM</b>	<b>3 months ended 31.03.2013 RM</b>	<b>3 months ended 31.03.2014 RM</b>	<b>3 months ended 31.03.2013 RM</b>
Tax expense for the period:				
Malaysian income tax	(5,982,373)	(3,972,000)	(5,982,373)	(3,972,000)
Deferred tax	(1,013,597)	(304,832)	(1,013,597)	(304,832)
	<u>(6,995,970)</u>	<u>(4,276,832)</u>	<u>(6,995,970)</u>	<u>(4,276,832)</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:

	<b>3 months ended 31.03.2014 RM</b>
Profit before taxation	<u>24,008,225</u>
Taxation at applicable statutory tax rate	(5,761,974)
Tax provision written back (YA 1999)	4,395,127
Expenses not deductible for tax purposes	(4,775,672)
Others	<u>160,146</u>
Tax expense for the quarter/year	<u>(5,982,373)</u>

Included in taxation provision account is an amount of RM4,395,127 being reversal of provision of taxation subsequent to the successful appeal by Kar Sin Bhd (a subsidiary company of YNH Property Bhd) against the additional assessment raised by the Inland Revenue Board in respect of YA 1998 and YA 1999 .

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014**

**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 March 2014 except for the sales of development properties in the ordinary course of business.

**21. LOAN AND BORROWINGS**

	As at 31.03.2014 RM	As at 31.12.2013 RM
<b>Current</b>		
Secured-Bank overdraft and revolving credit	404,317,072	357,935,551
Secured-Term loan	3,421,310	3,014,083
<b>Non-current</b>		
Secured-Term loan	220,045,024	220,731,866
	627,783,406	581,681,500

All of the above borrowings are denominated in Ringgit Malaysia. Included in current portion of loan and borrowing is RM47,586,420 (2013-RM 98,369,934) of bank overdraft.

**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 other current liabilities is accrued billing of RM Nil (2013-RM 16,790,572).

**24. PROVISION FOR RECTIFICATION WORKS**

	As at 31.03.2014 RM	As at 31.12.2013 RM
Opening	197,794	371,662
Provision during the period/year	-	148,826
Utilisation/ written back during the period/year	(64,015)	(322,694)
Closing	133,779	197,794

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014**

**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 2013 ((2012-2.5% (2.5 sen per share)) on 426,147,129 ordinary shares, amounting to RM8,522,942.58, 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 shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 2014.

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</b> <b>31.03.2014</b>	<b>3 months ended</b> <b>31.03.2013</b>	<b>3 months ended</b> <b>31.03.2014</b>	<b>3 months ended</b> <b>31.03.2013</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Net profit for the period	17,012,255	11,006,655	17,012,255	11,006,655
Weighted average number of ordinary shares in issue	418,493,484	413,729,484	418,493,484	413,729,484
Basic earnings per share (sen)	4.07	2.66	4.07	2.66



**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014**

**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 31.03.2014 RM	3 months ended 31.03.2013 RM	3 months ended 31.03.2014 RM	3 months ended 31.03.2013 RM
Net profit for the period	17,012,255	11,006,655	17,012,255	11,006,655
Weighted average number of ordinary shares in issue	418,493,484	413,729,484	418,493,484	413,729,484
Adjustment for assumed exercise of ESOS	3,426,711	7,705,416	3,426,711	7,705,416
Adjusted weighted number of ordinary shares in issue	421,920,195	421,434,900	421,920,195	421,434,900
Diluted earnings per share (sen)	4.03	2.61	4.03	2.61

**28. RELATED PARTY TRANSACTION**

The Group's related party transactions cumulative period-to-date ended 31 March 2014 are as follows:

Party	Transaction	31.03.2014 RM
Transaction with non-group members	Rental of equipment and transportation payable, purchase of construction material and rental of land and properties	1,989,160
	Rental of properties and equipment received	195,000
Transaction with person connected with Directors	Rental paid for service apartment	164,901
	Legal services paid	755,570
	Sales of properties	-
	Rental of properties received	9,000

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014**

**28. RELATED PARTY TRANSACTION (Contd.)**

<b>Party</b>	<b>Transaction</b>	<b>31.03.2014</b> <b>RM</b>
Transaction with Directors	Sales of properties	-
	Rental paid for service apartment and office	1,782,006
		<hr/>
Transaction with Directors	Legal services paid	-
		<hr/>

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

	<b>31.03.2014</b> <b>RM</b>
Type of compensation	
Salaries and allowances (including employer EPF portion)	3,670,123
Directors fee	-
Employee share option	39,372
	<hr/>
	<b>3,709,495</b>
	<hr/>

**29. REALISED AND UNREALISED PROFITS**

	<b>31.03.2014</b> <b>RM</b>	<b>31.12.2013</b> <b>RM</b>
Total retained profits of YNH Property and its subsidiaries		
-Realised profits	545,628,311	516,565,369
-Unrealised profits	14,561,787	13,469,495
	<hr/>	<hr/>
	560,190,098	530,034,864
	<hr/>	<hr/>
Consolidation adjustments	(170,541,243)	(157,398,264)
	<hr/>	<hr/>
Total group retained profits as per consolidated accounts	389,648,855	372,636,600
	<hr/>	<hr/>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014**

**30. INVESTMENT PROPERTIES**

	Completed investment property RM	Investment property under construction RM	Total RM
<b>Cost</b>			
At 1 January	10,869,418	78,601,232	89,470,650
Additions	550	-	550
As at 31 March	<u>10,869,968</u>	<u>78,601,232</u>	<u>89,471,200</u>
<b>Accumulated amortisation</b>			
At 1 January	368,041	-	368,041
Additions	40,620	-	40,620
As at 31 March	<u>408,661</u>	<u>-</u>	<u>408,661</u>
<b>Net carrying amounts</b>	<u>10,461,307</u>	<u>78,601,232</u>	<u>89,062,539</u>

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

**31. OTHER OPERATING EXPENSES**

Included in other operating expenses is a provision for onerous contract for Fraser Residence Kuala Lumpur amounting to RM15,700,000 (2013-RM Nil) and a fair value adjustment of RM1,884,970 (2013-RM Nil).

**32. 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 22 May 2014.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014**

**33. SEGMENTAL REPORTING**

	Property Development		Hotel & Hospitality		Adjustment & Elimination		Consolidated	
	31.03.2014 RM	31.03.2013 RM	31.03.2014 RM	31.03.2013 RM	31.03.2014 RM	31.03.2013 RM	31.03.2014 RM	31.03.2013 RM
<b>Revenue</b>								
External customers	95,467,837	73,108,587	9,812,379	7,576,044	-	-	105,280,216	80,684,631
Inter-segment	-	-	34,641	25,380	(34,641)	(25,380)	-	-
<b>Results</b>								
Interest income	196,907	103,815	-	-	-	-	196,907	103,815
Dividend income	-	-	-	-	-	-	-	-
Depreciation	344,175	249,409	435,597	217,757	-	-	779,772	467,166
Finance cost	5,724,291	4,647,539	-	-	-	-	5,724,291	4,647,539
Profit/( loss) before taxation	25,010,659	17,100,398	(1,002,434)	(1,816,911)	-	-	24,008,225	15,283,487
<b>Segment assets</b>	2,225,539,882	1,970,353,397	22,180,258	23,308,357	(591,853,676)	(553,693,880)	1,655,866,464	1,439,967,874
<b>Segment liabilities</b>	1,085,975,062	928,571,838	22,797,876	18,416,673	(314,160,109)	(361,011,773)	794,612,829	585,976,738