



YNH PROPERTY BHD (561986-V)
(Incorporated in Malaysia)

Interim Financial Statements
31 December 2011

YNH PROPERTY BHD
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position
As at 31 December 2011

	Note	As at 31.12.2011 RM	As at 31.12.2010 RM
NON-CURRENT ASSETS			
Property, plant and equipment	8	79,412,352	74,867,887
Deferred tax assets		13,107,218	14,091,809
Investment properties	31	7,638,484	1,923,509
Goodwill on consolidation		17,621,512	17,621,512
Land held for future development		282,354,096	278,924,420
		<u>400,133,662</u>	<u>387,429,137</u>
CURRENT ASSETS			
Property development costs		396,182,455	332,849,604
Inventories		51,921,649	56,992,037
Trade and other receivables	9	295,656,675	286,165,805
Other current assets		29,462,863	12,352,676
Tax recoverable	19	6,126,412	23,836,408
Term deposits and fixed income trust fund		20,489,904	28,492,371
Cash and bank balances		15,486,678	12,771,750
		<u>815,326,636</u>	<u>753,460,651</u>
TOTAL ASSETS		<u>1,215,460,298</u>	<u>1,140,889,788</u>

**Condensed Consolidated Statement of Financial Position as at 31 December 2011
(Contd.)**

	Note	As at 31.12.2011 RM	As at 31.12.2010 RM
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		409,462,129	405,748,129
Share premium		33,585,641	32,174,321
Treasury shares		(723,568)	(719,722)
Share option reserve		8,852,446	5,434,973
Reserves		340,567,104	312,924,938
Total equity		<u>791,743,752</u>	<u>755,562,639</u>
Non-Current Liabilities			
Deferred tax liabilities		46,952,848	47,883,264
Borrowings	21	-	2,796,837
		<u>46,952,848</u>	<u>50,680,101</u>
CURRENT LIABILITIES			
Trade and other payables		61,413,611	64,676,604
Other current liabilities	23	-	57,762,194
Provision for rectification works	24	1,278,297	6,534,552
Borrowings	21	312,306,267	198,617,592
Income tax payable		1,765,523	7,056,106
		<u>376,763,698</u>	<u>334,647,048</u>
TOTAL LIABILITIES		<u>423,716,546</u>	<u>385,327,149</u>
TOTAL EQUITY AND LIABILITIES		<u>1,215,460,298</u>	<u>1,140,889,788</u>
		-	-
NTA per share (RM)		<u>1.89</u>	<u>1.82</u>
Net asset per share (RM)		<u>1.93</u>	<u>1.86</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the financial statements.

YNH PROPERTY BHD
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Condensed Consolidated Statement of Comprehensive Income
For the Twelve Months Period Ended 31 December 2011

	Note	3 months ended		12 months ended	
		31.12.2011	31.12.2010	31.12.2011	31.12.2010
		RM	RM	RM	RM
Revenue		68,458,495	45,205,288	229,400,736	259,708,592
Cost of sales		(41,760,111)	(22,086,943)	(108,330,026)	(148,733,427)
Gross profit		26,698,384	23,118,345	121,070,710	110,975,165
Other operating income		754,753	11,393,932	2,033,432	12,022,444
Selling and distribution costs		(706,849)	(47,642)	(2,016,152)	(399,380)
Administrative and general expenses		(14,787,988)	(15,466,125)	(39,903,115)	(42,904,029)
Profit from operations		11,958,300	18,998,510	81,184,875	79,694,200
Finance costs	18	(3,957,127)	(2,049,791)	(12,585,475)	(8,241,194)
Profit before tax	18	8,001,173	16,948,719	68,599,400	71,453,006
Income tax expense	19	(2,170,470)	(6,352,049)	(22,548,451)	(19,122,584)
Total comprehensive income for the period		5,830,703	10,596,670	46,050,949	52,330,422
Earnings per share (sen)					
Basic	27 (a)	1.42	2.64	11.28	13.09
Diluted	27 (b)	1.39	2.60	11.03	12.88

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the financial statements.

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Condensed Consolidated Statement of Changes in Equity
For the Twelve Months Period Ended 31 December 2011

	Attributable to Equity Holders of the Company						Total RM
	Share capital RM	Non-distributable		Distributable		Retained profits RM	
		Share Option Reserve RM	Share Premium RM	Capital Reserve RM	Treasury Shares RM		
Opening balance at 1 January 2010	403,232,129	-	40,009,810	26,578,054	(9,507,906)	252,181,934	712,494,011
Total comprehensive income	-	-	-	-	-	52,330,422	52,330,422
Transaction with owners							
Purchase of treasury shares	-	-	-	-	(3,385)	-	(3,385)
Issue of ordinary shares under ESOS	2,516,000	-	956,080	-	-	-	3,472,080
Share option granted under ESOS	-	5,434,973	-	-	-	-	5,434,973
Share dividends	-	-	(8,791,568)	-	8,791,568	-	-
Dividends	-	-	-	-	-	(18,165,472)	(18,165,472)
Total transactions with owners	2,516,000	5,434,973	(7,835,488)	-	8,788,183	(18,165,472)	(9,261,804)
Closing balance at 31 December 2010	405,748,129	5,434,973	32,174,322	26,578,054	(719,723)	286,346,884	755,562,639
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	-	-	-	-	-	46,050,949	46,050,949
Transaction with owners							
Issue of ordinary shares under ESOS	3,714,000	-	1,411,320	-	-	-	5,125,320
Share option granted under ESOS	-	3,417,473	-	-	(3,846)	-	3,417,473
Purchase of treasury shares	-	-	-	-	-	(3,846)	(3,846)
Dividends	-	-	-	-	-	(18,408,783)	(18,408,783)
Total transactions with owners	3,714,000	3,417,473	1,411,320	-	(3,846)	(18,408,783)	(9,869,836)
As at 31 December 2011	409,462,129	8,852,446	33,585,641	26,578,054	(723,568)	313,989,050	791,743,752

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the financial statements.

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Condensed Consolidated Statement of Cash Flow
For the Twelve Months Period Ended 31 December 2011

	12 months ended 31.12.2011 RM	12 months ended 31.12.2010 RM
Profit before taxation	<u>68,599,400</u>	<u>71,453,006</u>
Net cash (used in)/generated from operating activities	(89,997,119)	43,926,749
Net cash used in investing activities	(12,908,255)	(9,922,400)
Net cash generated /(used in) financing activities	<u>80,879,564</u>	<u>(34,018,406)</u>
Net decrease in cash and cash equivalents	(22,025,810)	(14,057)
Cash and cash equivalents at beginning of financial period	(22,469,734)	(22,455,677)
Cash and cash equivalents at end of financial period	<u>(44,495,544)</u>	<u>(22,469,734)</u>

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

Fixed deposits	20,489,904	476,596
Less: pledged fixed deposits	(489,904)	(476,596)
	20,000,000	-
* Cash and bank balances	15,486,678	40,787,525
Bank overdraft (included within borrowings in Note 21)	<u>(79,982,222)</u>	<u>(63,257,259)</u>
	<u>(44,495,544)</u>	<u>(22,469,734)</u>

- * Included in cash at banks of the Group are amounts of RM 6,894,572 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 2010 and the accompanying explanatory notes attached to the financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2011

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 2010 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 2010.

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 2010 except as disclosed below.

- (a) During the third quarter of the year, the YNH Construction Sdn Bhd, a wholly owned subsidiary company of the Group, had changed its accounting policies and reduced its provision of rectification work from 2% of the total contract sum to 0.2% of the total contract sum. The reduction of the provision for rectification work is consistent with a lesser utilisation of the provision for rectification due to improvement in the overall qualities of our homes built.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2010 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 2011 except as disclosed in notes 12 and note 19 in the interim financial statements.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2011

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 2010.

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

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 2011 and the date of this interim report except the followings:

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

During the financial period ended 31 December 2011, the Company issued 3,714,000 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 period ended 31 December 2011, the Company has repurchased 2,000 of its issued ordinary shares from the open market at an average price of RM 1.92 per share. The total consideration paid for the repurchase including transaction costs was RM3,846 and this was financed by internally generated funds. Total treasury shares repurchased as at 31 December 2011 is 365,978 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 2011. 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 2011.

(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 2011, which are within the Group's objectives for capital management, are as follows:

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2011

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

(c) Capital Management (contd.)

	31.12.2011	31.12.2010
	RM	RM
Total borrowing	312,306,267	201,414,429
Trade and other payables	61,413,611	64,676,604
Less: Term deposits	(20,489,904)	(28,492,371)
Less: cash and bank balances	(15,486,678)	(12,771,750)
Net debts	<u>337,743,296</u>	<u>224,826,912</u>
Equity attributable to the owners of parents	<u>791,743,752</u>	<u>755,562,639</u>
Capital and net debts	<u>1,129,487,048</u>	<u>980,389,551</u>
Gearing ratio	<u>30%</u>	<u>23%</u>

(c) Capital Management (Contd.)

The details of the issuance and repayment of debts and equity instrument in the current quarter ended 31 December 2011 are as follows:

	31.12.2011
	RM
Issue of ESOS	5,125,320
Repayment of revolving credit	-
Drawdown of revolving credit	98,059,761
Repayment of term loan	(3,892,888)
Share buy back	(3,846)
Dividend payment	(18,408,783)

7. DIVIDENDS PAID

- (a) In respect of the financial year ended 31 December 2010, a single tier final dividend of 3% (3 sen per share) ((2009-1.5% (1.5 sen per share)) on 409,077,151 ordinary shares of RM 1 each, which had been approved in AGM held on 29 June 2011, was paid on 26 September 2011, amounting to RM 12,272,314.53.
- (b) Dividend paid on 25 November 2011 were declared on 26 August 2011, in respect of the financial year ended 31 December 2011, being interim dividend of 1.5% (1.5 sen per share) single tier on 409,096,151 ordinary shares of RM 1 each, amounting to RM 6,136,467.91.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2011

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 2010.

9. TRADE AND OTHER RECEIVABLES

	As at 31.12.2011	As at 31.12.2010
	RM	RM
Trade receivables	75,965,964	61,926,309
Other receivables	219,690,711	224,239,496
	<u>295,656,675</u>	<u>286,165,805</u>

The ageing analysis for the trade receivables are as follows:

	As at 31.12.2011	As at 31.12.2010
	RM	RM
Neither past due nor impaired	52,576,948	18,330,653
1-30 days	10,676,382	17,873,682
31-60 days	3,721,296	4,922,902
61-90 days	2,186,241	6,276,109
91-120 days	1,568,176	1,397,207
121-150 days	1,016,284	541,651
>150 days	2,322,733	12,119,095
	21,491,112	43,130,646
Impaired	1,897,904	465,010
	<u>75,965,964</u>	<u>61,926,309</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 RM208,056,260.

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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 2011 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.

KSB has entered its appearance vide its solicitors, Messrs Raja, Darryl & Loh, to contest the abovesaid claims. In this connection, KSB has previously appealed against the income tax assessments raised for the years of assessment 1998 and 1999 and the Special Commissioners of Income Tax ("SCIT") have on 22 August 2011 dismissed the appeal. KSB will appeal against the decision of SCIT at the High Court and the hearing date is set at 8 May 2012.

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

YNHC has entered its appearance vide its solicitors, Messrs Raja, Darryl & Loh, to contest the above said claims. In this connection, YNHC has previously appealed against the income tax assessment raised for the year of assessment 1999 and the Special Commissioners of Income Tax ("SCIT") have on 21 September 2011 dismissed the appeal. YNHC will appeal against the decision of SCIT at the High Court and the hearing date is set at 8 May 2012.

13. CAPITAL COMMITMENTS

There was no capital commitment for the interim financial statement ended 31 December 2011 and as at the date of this report except the following:

Contracted but not provided for	RM <u>11,158,294</u>
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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2011

14. PERFORMANCE REVIEW

The Group registered a profit before taxation of RM 8,001,173 for the fourth quarter of the financial year against RM 20,871,685 in the third quarter of the financial year. This is mainly due to less commercial properties registered at Pusat Perniagaan Seksyen 3 in the current quarter of the year as against to the previous quarters.

The Group's cumulative turnover for the current financial period ended 31 December 2011 has reached RM 229,400,736 (year 2010-RM259,708,592) and cumulative profit before taxation is reported at RM 68,599,400 (year 2010-RM71,453,006). The Group's profit before taxation is fairly consistent compared to previous years corresponding financial period. The Group's performance for this quarter mainly derived from the sales of its commercial properties at Pusat Perniagaan Manjung Point Seksyen 3, progressive sales of Fraser Residence Kuala Lumpur, progressive sales of its inventories in Ceriaan Kiaran (Mont Kiara, Kuala Lumpur), Taman Megah (Seri Manjung), Taman Sejati II, Taman Permata, and Taman Seri Melor (Seri Manjung).

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 68,599,400 for the twelve months period, compared to RM71,453,006 in the preceding financial period ended 31 December 2010. The group profit before taxation is fairly consistent with previous year corresponding quarter. The Company registered a higher gross profit margin in the current year of 53% compared to previous year's margin of 43% due to changes in sales product mix. More commercial properties were secured in the current year compared to the previous year, resulting in a higher gross profit margin for the current year.

Profit before taxation for the current quarter of RM 8,001,173 is lower than the profit before taxation reported for the third quarter of the current financial year of RM 20,871,685. This is mainly due to less commercial properties registered at Pusat Perniagaan Seksyen 3 in the fourth quarter of the year as against to the previous quarters. In addition, the Group's project in Kuala Lumpur City Centre, namely, Fraser Residence Kuala Lumpur, which has a secured sales of approximately RM 210 million, is in the initial stage of construction. The project has contributed RM 5.6 million profit before taxation in the fourth quarter of the financial year. The project is expected to increase its profit contribution to the Group in the next financial year in line with the progress of the construction of the project.

17. COMMENTARY ON PROSPECTS

The global economic climate remains challenging after almost 3 years from the 2008 global financial crisis. Notwithstanding the challenging environment, the Company had been achieving strong 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.

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17. COMMENTARY ON PROSPECTS (Contd.)

As mentioned above, the Company has newly launched its Kuala Lumpur project, namely Fraser Residence Kuala Lumpur. The Company intends to develop 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 3 years.

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

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

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

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

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

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17. COMMENTARY ON PROSPECTS (Contd.)

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

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

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

The Group has commenced the development of AEON Shopping Centre at Seri Manjung, and it will be built on a 31.2 acres of land at Pusat Perniagaan Manjung Point (Seri Manjung). The construction of AEON Seri Manjung Shopping Centre 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.

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18. PROFIT BEFORE TAXATION

This is arrived at after charging:	12 months ended 31.12.2011 RM
Short term revolving interest	8,106,363
Overdraft interest	<u>4,479,112</u>
and crediting	12 months ended 31.12.2011 RM
Interest income	<u>243,559</u>

19. INCOME TAX EXPENSE

	3 months ended 31.12.2011 RM	3 months ended 31.12.2010 RM	12 months ended 31.12.2011 RM	12 months ended 31.12.2010 RM
Tax expense for the period:				
Malaysian income tax	(2,167,573)	(9,520,725)	(22,766,560)	(20,168,797)
Deferred tax liabilities	(2,897)	3,168,676	218,109	1,046,213
	<u>(2,170,470)</u>	<u>(6,352,049)</u>	<u>(22,548,451)</u>	<u>(19,122,584)</u>

Included in taxation recoverable of the Group for year 2010 are amount recoverable from provision of additional tax assessments and tax penalties amounting to RM 2,495,777 and RM 3,336,207 for Years of Assessment 1998 and 1999 respectively arising from tax investigations of Kar Sin Bhd and YNH Construction Sdn Bhd.

The Special Commissioners of Income Tax ("SCIT") have on 22 August 2011 and 21 September 2011 dismissed the appeal by Kar Sin Bhd and YNH Construction Sdn Bhd respectively. As such, additional tax provision of RM 5,831,983.92 has been provided in the current financial year.

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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:

	3 months ended 31.12.2011 RM	12 months ended 31.12.2011 RM
Profit before taxation	8,001,173	68,599,400
Taxation at applicable statutory tax rate	(2,000,293)	(17,149,850)
Income not taxable	-	1,295,040
Expenses not deductible for tax purposes	(167,280)	(3,329,190)
Deferred tax recognised on attributable assets	-	2,719,491
Current tax (over)/under provided	-	(446,433)
Income tax provision for YA 1999	-	(5,831,984)
Others	-	(23,634)
Tax expense for the quarter/year	<u>(2,167,573)</u>	<u>(22,766,560)</u>

The effective tax rate is higher than the statutory tax rate mainly due to the recognition of additional income tax expense for YA 1999 of RM 5,831,984, following the Special Commissioners of Income Tax dismissal of the appeal by Kar Sin Bhd and YNH Construction Sdn Bhd.

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 2011 except for the sales of development properties in the ordinary course of business.

21. LOAN AND BORROWINGS

	As at 31.12.2011 RM	As at 31.12.2010 RM
Current		
Secured-Bank overdraft and revolving credit	310,294,866	198,234,288
Non-secured-Bank overdraft	2,011,401	383,304
Non-current		
Secured-Term loan	-	2,796,837
	<u>312,306,267</u>	<u>201,414,429</u>

All of the above borrowings are denominated in Ringgit Malaysia. Included in short term borrowing is RM79,982,222 (2010-RM 63,257,259) 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 previous year's current liabilities is an amount of RM 50,610,119 of accrued billing.

24. PROVISION FOR RECTIFICATION WORKS

	As at 31.12.2011	As at 31.12.2010
	RM	RM
Opening	6,534,552	7,381,626
Provision during the period/year	120,339	2,772,212
Utilisation/ written back during the period/year	(5,376,594)	(3,619,286)
Closing	<u>1,278,297</u>	<u>6,534,552</u>

25. CHANGES IN MATERIAL LITIGATION

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

26. DIVIDEND PAYABLE

The Board has recommended final single tier dividend of 2 % (2 sen per share) in respect of the financial year ended 31 December 2011 ((2010-3% (3 sen per share)) on 409,462,129 ordinary shares, amounting to RM 8,189,242.58 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 2012.

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26. DIVIDEND PAYABLE (Contd.)

The dividend paid out in 2011 is as follows:

- (a) A final single tier dividend of 3% (3 sen per share) in respect of the financial year ended 31 December 2010, ((2009-1.5%(1.5 sen per share), amounting to RM 6,007,938)) on 409,077,151 ordinary shares, amounting to a dividend payable of RM 12,272,314.53 had been approved at the Ninth Annual General Meeting (AGM) of the Company held on 29 June 2011. The dividend has been accounted for in equity as an appropriation of retained earnings in the financial year ended 31 December 2011. The entitlement date and payment date are on 5 September 2011 and 26 September 2011 respectively.
- (b) An interim dividend in respect of the financial year ended 31 December 2011 of 1.5% (1.5 sen per share) single tier, on 409,096,151 ordinary shares of RM 1 each, has been declared and paid. The entitlement date and distribution date of the interim dividend is 27 October 2011 and 25 November 2011 respectively. A total of RM 6,136,467.91 has been distributed for the interim 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 31.12.2011	3 months ended 31.12.2010	12 months ended 31.12.2011	12 months ended 31.12.2010
	RM	RM	RM	RM
Net profit for the period	5,830,703	10,596,670	46,050,949	52,330,422
Weighted average number of ordinary shares in issue	409,462,129	400,852,085	408,415,806	399,861,046
Basic earnings per share (sen)	1.42	2.64	11.28	13.09

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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 31.12.2011	3 months ended 31.12.2010	12 months ended 31.12.2011	12 months ended 31.12.2010
	RM	RM	RM	RM
Net profit for the period	5,830,703	10,596,670	46,050,949	52,330,422
Weighted average number of ordinary shares in issue	409,462,129	400,852,085	408,415,806	399,861,046
Adjustment for assumed exercise of ESOS	9,120,367	6,542,904	9,155,342	6,383,550
Adjusted weighted number of ordinary shares in issue	418,582,496	407,394,989	417,571,148	406,244,596
Diluted earnings per share (sen)	1.39	2.60	11.03	12.88

28. UPDATE ON MEMORANDUM OF UNDERSTANDING

On 16 November 2009, the Company had executed a master collaboration agreement with Pantai Holdings Berhad to build and lease a private hospital in the Manjung Point township development located in Seri Manjung, Perak. The Ministry of Health has issued a letter stating that the Ministry has no objection in general to the feasibility study submitted for the development of a private hospital in Manjung, Perak.

29. RELATED PARTY TRANSACTION

The Group's related party transactions cumulative period-to-date ended 31 December 2011 are as follows:

Party	Transaction	31.12.2011 RM
Transaction with non-group members	Rental of equipment and transportation payable and purchase of construction material and rental of land	9,589,553

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29. RELATED PARTY TRANSACTION (contd.)

		31.12.2011 RM
Transaction with person connected with Directors	Rental paid for service apartment	<u>659,604</u>
Transaction with person connected with Directors	Legal services provided	<u>2,903,783</u>
	Rental of properties	<u>290,520</u>
Transaction with Directors	Sales of properties	9,715,858
	Rental paid for service apartment and office	<u>7,128,024</u>
Transaction with Directors	Legal services provided	<u>24,401</u>

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

	31.12.2011 RM
Type of compensation	
Salaries and allowances (including employer EPF portion)	10,051,816
Directors fee	119,700
Employee share option	874,956
	<u>11,046,472</u>

30. REALISED AND UNREALISED PROFITS

	31.12.2011 RM	31.12.2010 RM
Total retained profits of YNH Property and its subsidiaries		
-Realised profits	506,277,388	480,532,005
-Unrealised loss	<u>(46,952,848)</u>	<u>(40,326,007)</u>
	459,324,540	440,205,998
Consolidation adjustments	<u>(145,335,490)</u>	<u>(153,859,114)</u>
Total group retained profits as per consolidated accounts	<u>313,989,050</u>	<u>286,346,884</u>

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31. INVESTMENT PROPERTIES

	Completed investment property RM	Investment property under construction RM	Total RM
Cost			
At 1 January	656,666	1,330,311	1,986,977
Additions	4,176,666	3,844,259	8,020,925
Transfer to completed investment property	-	(2,322,075)	(2,322,075)
As at 31 December	<u>4,833,332</u>	<u>2,852,495</u>	<u>7,685,827</u>
Accumulated amortisation			
At 1 January	39,018	-	39,018
Additions	8,325	-	8,325
As at 31 December	<u>47,343</u>	<u>-</u>	<u>47,343</u>
Net carrying amounts	<u>4,785,989</u>	<u>2,852,495</u>	<u>7,638,484</u>

The investment property comprises 19 units double storey shop house at Seri Manjung and a sport recreational complex at Seri Manjung.

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 23 February 2012.

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33. SEGMENTAL REPORTING

	Property Development		Hotel & Hospitality		Adjustment & Elimination		Consolidated	
	31.12.2011 RM	31.12.2010 RM	31.12.2011 RM	31.12.2010 RM	31.12.2011 RM	31.12.2010 RM	31.12.2011 RM	31.12.2010 RM
Revenue								
External customers	309,858,543	282,690,511	22,883,231	15,055,271	(107,243,395)	(38,037,190)	225,498,379	259,708,592
Inter-segment	-	-	98,753	92,442	(98,753)	(92,442)	-	-
Results								
Interest income	243,559	325,295	752,028	161,104	(752,028)	(161,104)	243,559	325,295
Dividend income	19,275,000	1,400,000	-	-	(19,275,000)	(1,400,000)	-	-
Depreciation	1,755,092	1,839,191	856,911	582,046	-	-	2,612,003	2,421,237
Finance cost	13,948,141	9,788,577	-	-	(1,362,666)	(1,547,383)	12,585,475	8,241,194
Profit/(loss) before taxation	85,170,151	99,513,001	(381,935)	(4,396,418)	(16,188,816)	(23,663,577)	68,599,400	71,453,006
Segment assets	1,761,306,245	2,536,698,943	33,035,800	18,225,009	(577,881,747)	(1,414,034,164)	1,216,460,298	1,140,889,788
Segment liabilities	709,266,726	704,795,383	23,631,916	17,696,706	(309,182,096)	(337,164,940)	423,716,546	385,327,149