



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

Interim Financial Statements
30 June 2010

YNH PROPERTY BHD
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position
As at 30 June 2010

	Note	As at 30.06.2010 RM	As at 31.12.2009 RM
NON-CURRENT ASSETS			
Property, plant and equipment	9	77,251,421	77,784,928
Deferred tax assets		11,533,810	13,368,135
Goodwill on consolidation		17,621,512	17,621,512
Land held for future development		291,841,846	292,952,627
		<u>398,248,589</u>	<u>401,727,202</u>
CURRENT ASSETS			
Development property		285,597,872	334,941,925
Inventories		86,773,062	58,319,234
Trade receivables	10	64,569,362	69,463,779
Other receivables and deposits	11	242,401,582	251,850,211
Amount due from customer for contract work		-	11,071,497
Income tax recoverable		12,710,692	14,862,421
Term deposits and fixed income trust fund		52,461,268	471,948
Cash and bank balances		23,993,693	28,377,290
		<u>768,507,531</u>	<u>769,358,305</u>
TOTAL ASSETS		<u>1,166,756,120</u>	<u>1,171,085,507</u>

Condensed Consolidated Statement of Financial Position as at 30 June 2010 (Contd.)

	Note	As at 30.06.2010 RM	As at 31.12.2009 RM
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		405,282,129	403,232,129
Share premium account		40,788,810	40,009,809
Treasury shares		(9,509,558)	(9,507,905)
Share option reserve		597,600	-
Reserves		310,088,536	278,759,988
Total equity		<u>747,247,517</u>	<u>712,494,021</u>
Non-Current Liabilities			
Deferred tax liabilities		47,905,864	48,205,803
Loan and borrowings	23	5,311,621	11,274,712
		<u>53,217,485</u>	<u>59,480,515</u>
CURRENT LIABILITIES			
Trade payables	25	59,424,086	61,736,925
Amount due to customer for contract work		533,648	2,814,295
Other payables and accruals		80,456,198	123,743,191
Provision for rectification works	26	6,139,739	7,381,626
Amount owing to Directors		-	15,000
Loan and borrowings	23	216,816,333	197,052,474
Income tax payable		2,921,114	6,367,460
		<u>366,291,118</u>	<u>399,110,971</u>
TOTAL LIABILITIES		<u>419,508,603</u>	<u>458,591,486</u>
TOTAL EQUITY AND LIABILITIES		<u>1,166,756,120</u>	<u>1,171,085,507</u>
		-	-
NTA per share (RM)		<u>1.80</u>	<u>1.72</u>
Net asset per share (RM)		<u>1.84</u>	<u>1.77</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the financial statements.

YNH PROPERTY BHD
(Incorporated in Malaysia)

Condensed Consolidated Statement of Comprehensive Income
For the Six Months Period Ended 30 June 2010

	Note	3 months ended		6 months ended	
		30.06.2010 RM	30.06.2009 RM	30.06.2010 RM	30.06.2009 RM
Revenue		65,095,196	73,999,330	158,901,934	136,926,751
Cost of sales		(35,423,479)	(45,090,557)	(99,673,252)	(79,552,911)
Gross profit		29,671,717	28,908,773	59,228,682	57,373,840
Other operating income		1,637,832	1,318,981	2,182,553	1,857,770
Administrative and general expenses		(5,718,414)	(6,555,826)	(12,076,226)	(13,062,134)
Profit from operations		25,591,135	23,671,928	49,335,009	46,169,476
Finance costs	20	(2,515,076)	(2,709,909)	(5,701,419)	(5,112,835)
Profit before taxation	20	23,076,059	20,962,019	43,633,590	41,056,641
Income tax expense	21	(7,043,770)	(5,511,040)	(12,844,387)	(10,431,865)
Total comprehensive income for the period		16,032,289	15,450,979	30,789,203	30,624,776
Earnings per share (sen)					
Basic	29 (a)	4.01	4.12	7.72	8.18
Diluted	29 (b)	3.66	4.12	7.03	8.18

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the financial statements.

YNH PROPERTY BHD
(Incorporated in Malaysia)

Condensed Statement of Changes in Equity
For the Six Months Period Ended 30 June 2010

	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		
As at 1 January 2009	397,436,729	1,675,626	75,988,530	26,578,054	(45,695,462)	199,141,950	655,125,427
Purchase of treasury shares	-	-	-	-	(1,702,959)	-	(1,702,959)
Share option granted under ESOS	5,795,400	533,400	839,225	-	-	-	7,168,025
Profit for the period	-	-	-	-	-	30,624,776	30,624,776
ESOS vested but not exercised, transferred to retained earnings	-	(1,128,333.00)	-	-	-	1,128,333	-
ESOS exercised, transferred to share premium	-	(1,080,693.00)	1,080,693	-	-	-	-
As at 30 June 2009	403,232,129	-	77,908,448	26,578,054	(47,398,421)	230,895,059	691,215,269
As at 1st January 2010	403,232,129	-	40,009,809	26,578,054	(9,507,905)	252,181,934	712,494,021
Effect of applying FRS 139	-	-	-	-	-	539,345	539,345
Restated balance at 1 January 2010	403,232,129	-	40,009,809	26,578,054	(9,507,905)	252,721,279	713,033,366
Issue of ordinary shares under ESOS	2,050,000	-	779,001	-	-	-	2,829,001
Share option granted under ESOS	-	597,600	-	-	-	-	597,600
Purchase of treasury shares	-	-	-	-	(1,653)	-	(1,653)
Total comprehensive income for the period	-	-	-	-	-	30,789,203	30,789,203
As at 30 June 2010	405,282,129	597,600	40,788,810	26,578,054	(9,509,558)	283,510,482	747,247,517

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the financial statements.

YNH PROPERTY BHD
(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flow
For the Six Months Period Ended 30 June 2010

	6 months ended 30.06.2010 RM	6 months ended 30.06.2009 RM
Profit before taxation	43,633,605	41,056,641
Net cash generated from operating activities	31,401,791	4,435,076
Net cash used in investing activities	(424,169)	(1,790,739)
Net cash used in financing activities	(20,821,153)	(4,509,276)
Net increase/(decrease) in cash and cash equivalents	10,156,469	(1,864,939)
Cash and cash equivalents at beginning of financial period	(22,455,677)	(37,197,876)
Cash and cash equivalents at end of financial period	(12,299,208)	(39,062,815)

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

Fixed deposits	52,461,268	454,910
Less: pledged fixed deposits	(456,528)	(444,057)
	52,004,740	10,853
* Cash and bank balances	23,993,693	20,947,987
Bank overdraft (included within short term borrowing in Note 23)	(88,297,641)	(60,021,655)
	(12,299,208)	(39,062,815)

- * Included in cash at banks of the Group are amounts of RM 18,991,563 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 2009 and the accompanying explanatory notes attached to the financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2010

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 2009 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 2009.

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 2009 except the following changes.

(i) Adoption of New and Revised FRSs

In the first quarter of 2010, the Group adopted the following new FRSs which are applicable to its financial statements and are relevant to its operation:

- FRS 101 (revised), Presentation of Financial Statements
- FRS 139, Financial Instrument: Recognition and Measurement
- Amendment to FRS 117, Lease

The principal effects of changes in presentation, changes in method of computation and in accounting policies resulting from adoption of the new and revised FRSs are set out below:

FRS 101 (revised), Presentation of Financial Statement

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of balance sheet, an income statement, a statement of changes in equity, a cashflow statement and notes to the financial statements. With the adoption of the new FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cashflows and notes to the financial statements.

With the adoption of the revised FRS 101, a new capital disclosure is made to explain the Group's capital management objectives, policies and strategies; how it manages capital and whether the objectives for capital management have been achieved. The details of the capital management disclosure are provided in Note 6 (c) to the interim financial statement.

FRS 139, Financial Instruments: Recognition and Measurement

With the adoption of FRS 139, financial assets and financial liabilities recognized and unrecognised in the prior financial year are classed into the following categories:

Pre-FRS 139	Post-FRS 139
Long term borrowing	Financial liabilities at amortised cost

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2010

1. BASIS OF PREPARATION (Contd.)

(i) Adoption of New and Revised FRSs (Contd.)

The measurement bases applied to the financial assets and financial liabilities in prior financial year are changed to conform to the measurement standards of FRS 139 in the current year. At initial recognition, all financial assets and the financial liabilities are measured at their fair value. Subsequent to their initial recognition, the financial assets and financial liabilities are measured at follows:

	Category	Measurement basis
1	Financial instruments at fair value through profit and loss	Fair value through profit and loss
2	Held-to-maturity investments	At amortised cost effective interest method
3	Loan and receivables	At amortised cost effective interest method
4	Available-for-sale investment	At fair value through other comprehensive income, unless fair value cannot be reliably measured, in which case, they are measured at cost
5	Loan and other financial liabilities	At amortised cost effective interest method

Amendment to FRS 117, Lease

Prior to the adoption of the Amendment to FRS 117, leasehold land were treated as operating lease. The consideration paid were classified and presented as prepaid lease payment in the statement of financial position. With the adoption of FRS 117, the classification of leasehold land as finance lease or an operating lease is based on the extend to which risks and rewards incident to ownership lie. In making this judgement, the Directors have concluded that lands with an initial lease period of 50 years or more are finance lease because the present value of the minimum lease payment is substantially equal to the fair value of the land. Accordingly, the Group changed the classification of long leasehold land from operating lease to finance lease. This change in classification has no effect to the profit and loss. The effect of the reclassification to the comparative of the prior year's statement of financial position is as follows:

31 December 2009	As previously reported	Reclassification	As restated
Prepaid lease payment	599,441	(599,441)	-
Reclassification as property , plant and equipment	77,185,487	599,441	77,784,928

(ii) IC Interpretations issued but are not yet effective for the Group's current quarter report

(a) IC Interpretation 15, Agreement for the Construction of Real Estates

The Group will adopt this standard beginning on 1 January 2011. The adoption of the new standard in the next financial year will result in changes to some existing accounting policies that could affect the results and measurement of assets and liabilities. These are discussed below:

The recognition of revenue and profit and losses of the Group's property development projects is currently based on the percentage of completion method. When IC Interpretation as adopted in the next financial year, this policy will be changed to the completed contract method. A retrospective adjustment will be made for the change in policy and the effect on the current quarter's results would be as follows:

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2010

1. BASIS OF PREPARATION (Contd.)

(i) Adoption of New and Revised FRSs (Contd.)

	Current quarter 30.06.2010 RM	Comparable prior year quarter 30.06.2009 RM
Profit after taxation based on percentage of completion	30,789,203	30,624,776
Profit / (Loss) after taxation based on completed contract method	62,873,961	(618,635)
Increase / (decrease) in profit after taxation	<u>32,084,758</u>	<u>(31,243,411)</u>

Also, on a quarter-to-quarter basis, the results of the property development activities of the Group under the new policy are expected to fluctuate in the next financial year depending upon the number of projects completed in each quarter.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2009 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 2009.

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 2009.

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 30 June 2010 and the date of this interim report except the followings:

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

During the financial period ended 30 June 2010, the Company issued 2,050,000 ordinary shares of RM1 each for cash pursuant to the Company's ESOS at exercise prices of RM1.38 per ordinary share.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2010

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

(b) Treasury Shares

During the previous financial period, the Company has repurchased 1,000 of its issued ordinary shares from the open market at an average price of RM 1.65 per share. The total consideration paid for the repurchase including transaction costs was RM1,652.49 and this was financed by internally generated funds. Total treasury shares repurchased as at 30 June 2010 is 4,809,055 ordinary shares of RM 1 each, representing a cumulative 1.2 % of the total paid up share capital of the company as at 30 June 2010. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965. No further transaction on repurchase of the Company's share were made subsequent to the quarter ended 30 June 2010.

(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 based on gearing ratio. The ratio is calculates as total borrowings to total equity. The Group's strategy is to maintain a gearing ratio of 30%-40%. The gearing ratio as at 30 June 2010, which are within the Group's objectives for capital management, are as follows:

	30.06.2010	30.06.2009
	RM	RM
Total borrowing	222,127,954	229,728,998
Total equity	747,247,517	691,215,269
Gearing ratio	30%	33%

The details of the issuance and repayment of debts and equity instrument in the current quarter ended 30 June 2010 are as follows:

	30.06.2010
	RM
(a) Issue of ESOS	2,829,000
(b) Repayment of revolving credit	(17,685,394)
(c) Drawdown of revolving credit	-
(d) Repayment of term loan	(5,963,091)

7. DIVIDENDS PAID

No dividend was paid out during the financial period ended 30 June 2010.

8. SEGMENTAL REPORTING

No segment information is prepared as the Group's activities are predominantly in one industry segment and occur predominantly in Malaysia.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2010

9. 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 2009.

10. TRADE RECEIVABLES

The ageing analysis for the trade receivables are as follows:

	As at 30.06.2010	As at 31.12.2009
Current	43,481,765	43,884,032
1-30 days	5,507,504	11,908,028
31-60 days	3,692,073	4,611,618
61-90 days	4,629,419	2,538,400
91-120 days	4,054,247	2,560,300
121-150 days	1,179,468	1,520,800
>150 days	2,024,886	2,440,601
	<u>64,569,362</u>	<u>69,463,779</u>

11. OTHER RECEIVABLES AND DEPOSITS

Included in other receivables and deposits are security deposits for various joint venture projects amounting to RM211,399,836.

12. SUBSEQUENT EVENTS

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

13. CHANGES IN COMPOSITION OF THE GROUP

There is no change in the composition of the Group as at 30 June 2010 and the date of this interim financial statement.

14. 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 will be entering 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 IRB have set 3 and 4 November 2010 as the hearing dates.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2010

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Contd.)

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 RM998,678.38. The IRB are further seeking penalties amounting to RM154,795.14 for late payment of the above said taxes.

YNHC will be entering 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 IRB have set 1 and 2 November 2010 as the hearing dates.

15. CAPITAL COMMITMENTS

There was no capital commitment for the interim financial statement ended 30 June 2010 and as at the date of this report except the following:

Contracted but not provided for	RM <u>12,000,000</u>
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16. PERFORMANCE REVIEW

The Group's cumulative turnover for the current financial period ended 30 June 2010 has reached RM158,901,934 (year 2009-RM136,926,751) and cumulative profit before taxation is reported at RM 43,633,605 (year 2009-RM41,056,641). The Group's profit before taxation had increased by RM 2,576,964 or 6 % as compared to previous year corresponding financial. On a quarter to quarter basis, quarter two of 2010 has contributed profit before taxation of RM 23,076,059 compared to quarter one of 2010 of RM 20,557,531. The Group's performance for this quarter mainly derived from the recognition of progressive sales of its inventories in Lot 163 Suites (Kuala Lumpur), Ceriaan Kiaran (Mont Kiara, Kuala Lumpur), sales of its development properties in Taman Manjung Baru (Seri Manjung), Taman Singa Baru, Taman Pegawai, Taman Emas and sales of development land.

17. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

18. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group recorded a profit before taxation of RM 43,633,605 for the cumulative six months period, compared to RM41,056,641 in the preceding financial period ended 30 June 2009. As such, there is no material change in profit before taxation compared to previous year's corresponding results.

19. COMMENTARY ON PROSPECTS

The global economic climate remains challenging after almost 2 years from the 2008 global financial crisis. Notwithstanding the challenging environment, the Company had been achieving strong demand for its on-going projects such as Manjung Point Seksyen II, Taman Seri Melor, Taman Sejati III and Taman Pantai Remis 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, of course, always monitoring closely current developments and economic conditions in Malaysia and also globally.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2010

19. COMMENTARY ON PROSPECTS (Contd.)

The Board is further encouraged that another project in the Company's pipeline is Fraser Residence in Kuala Lumpur city centre. 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 Jalan Ampang, Kuala Lumpur. The Fraser Residence KL development has a Gross Development Value (GDV) of approximately RM 650 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, our 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 Fraser & Neave group. Approvals for the development had already been obtained and construction had already started as early June 2010 with piling work in progress now.

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 secured unbilled sales of approximately RM200 million for the commercial portion of Kiara 163 development. This Kiara 163 project is expected to contribute positively to YNH group's earnings in the next 5 years due to the prime location and good product mix. This project is slated to begin after the launch of Fraser Residence KL.

Another prestigious project planned for the immediate future by YNH group is the Menara YNH development, whereby, the project is located on one of the most exclusive addresses in Kuala Lumpur city centre, the Jalan Sultan Ismail, which is located in the Golden Triangle area where most prestigious 5 star hotels and upmarket office spaces are located. 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. In 2009, we have secured sales of RM300 million for the retail podium. Approved development order had already been obtained for this development, comprising office tower and shopping mall.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2010

19. COMMENTARY ON PROSPECTS (Contd.)

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.

In addition, the Group's township development in Seri Manjung of approximately 1,000 acres will continue to contribute to the Group's profit for the next twenty to thirty years.

The Company had also in the 4th quarter of 2008 acquired 95 acres of strategic development landbank in Genting Highlands. The Genting landbank is located strategically next to the Genting Highland Resort and was acquired for RM16.05 million. The advantage of this landbank 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 landbank 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.

20. PROFIT BEFORE TAXATION

This is arrived at after charging:

	6 months ended 30.06.2010 RM
Short term revolving interest	3,020,730
Overdraft interest	<u>2,680,689</u>
and crediting:	
Interest income	<u>757,651</u>

21. INCOME TAX EXPENSE

	3 months ended 30.06.2010 RM	3 months ended 30.06.2009 RM	6 months ended 30.06.2010 RM	6 months ended 30.06.2009 RM
Tax expense for the period:				
Malaysian income tax	(7,370,000)	(7,831,196)	(11,310,000)	(12,619,196)
Deferred tax liabilities	326,230	2,320,156	(1,534,387)	2,187,331
	<u>(7,043,770)</u>	<u>(5,511,040)</u>	<u>(12,844,387)</u>	<u>(10,431,865)</u>

Included in taxation recoverable of the Group 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 Company, in consultation with their lawyers, is of the opinion that the additional tax provisions should be discharged in full.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2010

22. SALES OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no sales of unquoted investments and no other sales of properties for the quarter ended 30 June 2010 except for the sales of development properties in the ordinary course of business.

23. LOAN AND BORROWINGS

	As at 30.06.2010 RM	As at 31.12.2009 RM
Short term borrowing:		
Secured	216,816,333	197,052,474
Long term borrowing:		
Secured	5,311,621	11,274,712
	222,127,954	208,327,186

All of the above borrowings are denominated in Ringgit Malaysia. Included in short term borrowing is RM 88,297,641 (2009-RM 50,848,387) bank overdraft.

24. 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.

25. TRADE PAYABLES

Included in trade payables is an amount of RM 32,559,612 (2009-RM 50,064,377) being accrued billing take up in the account.

26. PROVISION FOR RECTIFICATION

	As at 30.06.2010 RM	As at 31.12.2009 RM
Opening	7,381,626	4,521,484
Provision during the period/year	-	3,069,883
Utilisation during the period/year	(1,241,887)	(209,741)
Closing	6,139,739	7,381,626

27. CHANGES IN MATERIAL LITIGATION

Save as disclosed below, 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

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27. CHANGES IN MATERIAL LITIGATION (Contd.)

A claim for specific performance by Lau Geok Swee & Co Sdn Bhd ("LGS") against Kar Sin Bhd ("KSB"), a subsidiary company of YNH Property Bhd (formerly known as Yu Neh Huat Bhd), vide Ipoh High Court, Civil Suit No. 22-240-02, with LGS claiming for specific performance of a sale and purchase agreement dated 28 October 1995 entered into between LGS as vendor and KSB as purchaser in respect of a piece of property held under Lot No. 2, Town of Lumut for a purchase price of RM4,496,698-80. A deposit and part payment of the purchase consideration amounting to RM674,504-85 had been paid by KSB pursuant to the said agreement.

The solicitors of KSB had confirmed that a statement of defence and a counter-claim had been filed on behalf of KSB. Pursuant to the counter claim, KSB is seeking a declaration that the said agreement has been rescinded and is seeking a refund of the deposit and part payment of RM674,504-85 made by KSB to LGS. As at the date of this interim report, the court has yet to set the next date for case management.

28. DIVIDEND PAYABLE

On 26 August 2010, the Company announced to distribute an interim single tier dividend of 3% (2009-Nil). Based on existing issued capital of 405,282,129 ordinary shares of RM 1 each, the amount of dividend pay out is RM12,584,638. The actual dividend pay out will depend on the issued share capital on entitlement date. The entitlement date and distribution date on the interim dividend are on 26 October 2010 and 26 November 2010 respectively.

In respect of the financial year ended 31 December 2009, the Board of Directors have recommended the followings:

- (a) a distribution of treasury shares as share dividend at the ratio of one (1) treasury share for every ninety (90) ordinary shares of RM 1 each held, which has been approved by the shareholders at the Annual General Meeting held at 30 June 2010. The actual treasury shares to be distributed will depend on the issued share capital on entitlement date. Such share dividend, will be accounted for in shareholders' equity as a distribution of treasury shares in the financial year ending 31 December 2010. The entitlement date and payment date is 1st September 2010 and 30 September 2010 respectively.
- (b) a final dividend of 1.5% (2008-Nil) on issued capital of 398,424,074 ordinary shares of RM 1 each, amounting to RM 5,976,361. The actual net account payable will depend on the issued share capital on entitlement date. The dividend is approved by the shareholder at the Annual General Meeting held at 30 June 2010 and, will be accounted for in shareholders' equity as a distribution in the current financial year ending 31 December 2010. The entitlement date and payment date is 1st September 2010 and 30 September 2010 respectively.

29. EARNING PER SHARE

(a) Basic

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

	3 months ended 30.06.2010	3 months ended 30.06.2009	6 months ended 30.06.2010	6 months ended 30.06.2009
	RM	RM	RM	RM
Net profit for the period	16,032,289	15,450,979	30,789,203	30,624,776
Weighted average number of ordinary shares in issue	399,628,755	374,840,443	399,029,742	374,465,342
Basic earnings per share (sen)	4.01	4.12	7.72	8.18

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29. EARNING PER SHARE

(b) **Diluted**

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

	3 months ended 30.06.2010 RM	3 months ended 30.06.2009 RM	6 months ended 30.06.2010 RM	6 months ended 30.06.2009 RM
Adjusted net profit for the period	16,032,289	15,450,979	30,789,203	30,624,776
Weighted average number of ordinary shares in issue	399,628,755	374,840,443	399,029,742	374,465,342
Adjustment for assumed exercise of ESOS	38,635,319	-	39,234,331	-
Adjusted weighted number of ordinary shares in issue	438,264,074	374,840,443	438,264,073	374,465,342
Diluted earnings per share (sen)	3.66	4.12	7.03	8.18

No diluted earnings per share has been computed for the previous year's quarter ended 30 June 2009 as the previous ESOS scheme has expired as at 30 June 2009.

30. 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.

31. RELATED PARTY TRANSACTION

The Group's related party transactions cumulative period-to-date ended 30 June 2010 are as follows:

Party	Transaction	30.06.2010 RM
Transaction with non-group members	Rental of equipment and transportation payable and purchase of construction material	2,765,419
Transaction with person connected with Directors	Sales of property	-

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31. RELATED PARTY TRANSACTION (Contd.)

Transaction with person connected with Directors	Legal services provided	<u>944,071</u>
Transaction with Directors	Sales of condominium, office space and commercial units	<u>33,708,000</u>
Transaction with Directors	Legal services provided	<u>20,031</u>

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

	30.06.2010
	RM
Type of compensation	
Salaries	4,786,568
Employee share option	<u>156,366</u>
	<u>4,942,934</u>

32. EFFECT OF APPLYING FRS 139

The opening retained profit has been restated due to adoption of FRS 139. The loan and borrowings has been remeasured using amortised cost effective interest method and the difference from the initial book value has been adjusted in the opening retained profit.

33. 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 26 August 2010.