



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

(561986-V)

Interim Financial Statements  
30 June 2013

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

**Condensed Consolidated Profit or Loss and Other Comprehensive Income  
For the Six Months Period Ended 30 June 2013**

	Note	3 months ended		6 months ended	
		30.06.2013 RM	30.06.2012 RM	30.06.2013 RM	30.06.2012 RM
Revenue		79,560,045	86,244,926	160,244,676	139,287,308
Cost of sales		(42,169,049)	(55,517,245)	(93,795,095)	(81,452,183)
Gross profit		37,390,996	30,727,681	66,449,581	57,835,125
Other income		3,430,010	10,908,272	7,788,414	11,811,879
Administrative expenses		(10,555,020)	(8,576,475)	(20,106,980)	(16,855,808)
Selling and marketing expenses		(4,065,269)	(2,421,438)	(7,253,583)	(4,294,544)
Other operating expenses		(745,689)	(2,574,541)	(1,491,378)	(5,142,958)
Profit from operations		25,455,028	28,063,499	45,386,054	43,353,694
Finance costs	18	(5,730,526)	(5,793,921)	(10,378,065)	(8,815,901)
Profit before tax	18	19,724,502	22,269,578	35,007,989	34,537,793
Income tax expense	19	(5,457,640)	(3,767,729)	(9,734,472)	(7,625,459)
Total comprehensive income for the period		14,266,862	18,501,849	25,273,517	26,912,334
Earnings per share (sen)					
Basic	27 (a)	3.38	4.50	6.05	6.55
Diluted	27 (b)	3.34	4.40	5.95	6.41

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the financial statements.

**YNH PROPERTY BHD**

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**Condensed Consolidated Statement of Financial Position****As at 30 June 2013**

	Note	As at 30.06.2013 RM	As at 31.12.2012 RM
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	85,137,176	84,352,164
Deferred tax assets		20,228,012	15,005,736
Investment properties	30	90,046,474	88,157,103
Goodwill on consolidation		17,621,512	17,621,512
Land held for future development		366,355,928	332,867,534
Other non-current assets	9(b)	234,989,972	222,961,412
		<u>814,379,074</u>	<u>760,965,461</u>
<b>CURRENT ASSETS</b>			
Property development costs		284,317,316	255,947,706
Inventories		180,889,080	181,224,070
Trade and other receivables	9(a)	86,785,239	110,426,390
Other current assets		66,507,582	52,583,926
Tax recoverable		1,621,938	10,609,067
Term deposits and fixed income trust fund		19,543,801	4,161,089
Cash and bank balances		36,684,638	30,893,548
		<u>676,349,594</u>	<u>645,845,796</u>
<b>TOTAL ASSETS</b>		<u>1,490,728,668</u>	<u>1,406,811,257</u>

**Condensed Consolidated Statement of Financial Position as at 30 June 2013  
(Contd.)**

	Note	As at 30.06.2013 RM	As at 31.12.2012 RM
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		425,713,129	412,833,129
Share premium		42,372,576	37,478,176
Treasury shares		(2,088,335)	(727,293)
Other reserves		35,339,850	34,672,132
Retained earnings		361,561,867	346,599,979
Total equity		<u>862,899,087</u>	<u>830,856,123</u>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		45,479,555	45,513,989
Long term liabilities	21	<u>183,532,357</u>	<u>125,350,000</u>
		<u>229,011,912</u>	<u>170,863,989</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		41,754,373	70,990,875
Other current liabilities	23	33,015,955	50,347,942
Provision for rectification works	24	133,241	371,662
Dividend payable	26	10,311,629	-
Borrowings	21	313,241,186	282,502,548
Income tax payable		361,285	878,118
		<u>398,817,669</u>	<u>405,091,145</u>
<b>TOTAL LIABILITIES</b>		<u>627,829,581</u>	<u>575,955,134</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,490,728,668</u>	<u>1,406,811,257</u>
		-	
NTA per share (RM)		<u>1.99</u>	<u>1.97</u>
Net asset per share (RM)		<u>2.03</u>	<u>2.01</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the financial statements.

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**Condensed Consolidated Statement of Changes in Equity  
For the Six Months Period Ended 30 June 2013**

Attributable to Equity Holders of the Company							
	Share capital RM	Non-distributable		Distributable		Retained profits RM	Total RM
		Share Option Reserve RM	Share Premium RM	Capital Reserve RM	Treasury Shares RM		
<b>Opening balance at 1 January 2012</b>	409,462,129	7,726,640	34,583,683	26,578,054	(723,568)	312,353,587	789,980,525
Total comprehensive income	-	-	-	-	-	26,912,334	26,912,334
<b>Transaction with owners</b>							
Purchase of treasury shares	-	-	-	-	(1,772)	-	(1,772)
Issue of ordinary shares under ESOS exercised	2,522,000	-	958,360	-	-	-	3,480,360
ESOS lapsed	-	-	-	-	-	-	-
Share option granted under ESOS	-	1,112,334	-	-	-	-	1,112,334
Dividends	-	-	-	-	-	(8,189,242)	(8,189,242)
<b>Total transactions with owners</b>	2,522,000	1,112,334	958,360	-	(1,772)	(8,189,242)	(3,598,320)
<b>Closing balance at 30 June 2012</b>	411,984,129	8,838,974	35,542,043	26,578,054	(725,340)	331,076,679	813,294,539
<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	-	-	-	-	-	25,273,517	25,273,517
<b>Transactions with owners</b>							
Issue of ordinary shares under ESOS	12,880,000	-	4,894,400	-	-	-	17,774,400
Share option granted under ESOS	-	667,718	-	-	-	-	667,718
Purchase of treasury shares	-	-	-	-	(1,361,042)	-	(1,361,042)
Dividends	-	-	-	-	-	(10,311,629)	(10,311,629)
<b>Total transactions with owners</b>	12,880,000	667,718	4,894,400	-	(1,361,042)	(10,311,629)	6,769,447
<b>Closing balance at 30 June 2013</b>	425,713,129	8,761,796	42,372,576	26,578,054	(2,088,335)	361,561,867	862,899,087

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the financial statements.

**YNH PROPERTY BHD**  
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**Condensed Consolidated Statement of Cash Flow**  
**For the Six Months Period Ended 30 June 2013**

	<b>6 months ended 30.06.2013 RM</b>	<b>6 months ended 30.06.2012 RM</b>
Profit before taxation	<u>35,007,989</u>	<u>34,537,793</u>
Net cash used in operating activities	(79,873,890)	(68,797,606)
Net cash used in investing activities	(4,293,825)	(4,066,414)
Net cash generated from used in financing activities	<u>116,561,740</u>	<u>67,942,914</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	32,394,025	(4,921,106)
<b>Cash and cash equivalents at beginning of financial period</b>	(9,557,747)	(44,180,557)
<b>Cash and cash equivalents at end of financial period</b>	<u>22,836,278</u>	<u>(49,101,663)</u>

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

Fixed deposits	19,543,801	29,283,630
Less: pledged fixed deposits	(511,353)	(511,618)
	19,032,448	28,772,012
* Cash and bank balances	36,684,638	15,242,210
Bank overdraft (included within borrowings in Note 21)	(32,880,808)	(93,115,885)
	<u>22,836,278</u>	<u>(49,101,663)</u>

- \* Included in cash at banks of the Group are amounts of RM 23,132,827 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 2012 and the accompanying explanatory notes attached to the financial statements.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2013**

**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 2012 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 2012.

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 2012.

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

The auditors' report on the financial statements for the year ended 31 December 2012 was not qualified.

**3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS**

The Group's performance is not materially affected by seasonal or cyclical factors.

**4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no unusual items due to their nature, size or incidence affecting assets, liabilities, equity, net income or cash flows during the financial period ended 30 June 2013 except as disclosed in note 10 and 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 2012.

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2013**

**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 2013 and the date of this interim report except the followings:

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

During the financial period ended 30 June 2013, the Company issued 12,880,000 ordinary shares of RM1 each for cash pursuant to the Company's ESOS at exercise prices of RM1.38 per ordinary share.

**(b) Treasury Shares**

During the financial year, the Company repurchased 717,000 of its issued ordinary shares from the open market at an average price of RM1.90 per share. The total consideration paid for the repurchase including transaction costs was RM1,361,042 and this was financed by internally generated funds. Total treasury shares repurchased as at 30 June 2013 is 1,084,978 ordinary shares of RM 1 each, representing a cumulative 0.25 % of the total paid up share capital of the company as at 30 June 2013. 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 2013.

**(c) Capital Management**

The Group's objectives of managing capital are to safeguard the group's ability to continue in operation as a going concern in order to provide fair returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

For capital management purposes, the Group consider shareholders' equity to be the key component in the Group's capital structure. The Group monitors capital base on gearing ratio. The ratio is calculated on total borrowings to total capital and net debts. The Group's strategy is to maintain a gearing ratio of 20%-40%. The gearing ratio as at 30 June 2013, which are within the Group's objectives for capital management, are as follows:

	<b>30.06.2013</b>	<b>31.12.2012</b>
	<b>RM</b>	<b>RM</b>
Total borrowing	496,773,543	407,852,548
Trade and other payables	41,754,373	70,990,875
Less: Term deposits	(19,543,801)	(4,161,089)
Less: cash and bank balances	(36,684,638)	(30,893,548)
Net debts	<u>482,299,477</u>	<u>443,788,786</u>
Equity attributable to the owners of parents	<u>862,899,087</u>	<u>830,856,123</u>
Capital and net debts	<u>1,345,198,564</u>	<u>1,274,644,909</u>
Gearing ratio	<u>36%</u>	<u>35%</u>



**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2013**

**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 30 June 2013 are as follows:

	<b>30.06.2013</b>
	<b>RM</b>
Issue of ESOS	17,774,400
Repayment of revolving credit	(13,146,917)
Drawdown of revolving credit	58,000,000
Repayment of term loan	(3,782,121)
Drawdown of term loan	59,077,420
Share buy back	(1,361,042)

**7. DIVIDEND PAID**

No dividend was paid out during the financial period ended 30 June 2013.

**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 2012.

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

	<b>As at</b>	<b>As at</b>
	<b>30.06.2013</b>	<b>31.12.2012</b>
	<b>RM</b>	<b>RM</b>
Trade receivables	77,970,215	105,887,555
Less: Provision for impairment	(1,015,717)	(1,060,972)
	<u>76,954,498</u>	<u>104,826,583</u>
Other receivables	9,830,741	5,599,807
	<u>86,785,239</u>	<u>110,426,390</u>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2013**

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

The ageing analysis for the trade receivables are as follows:

	As at 30.06.2013 RM	As at 31.12.2012 RM
Neither past due nor impaired	36,460,167	62,245,768
1-30 days	9,245,370	9,858,175
31-60 days	8,405,343	8,036,722
61-90 days	4,058,342	3,327,479
91-120 days	6,740,009	6,576,270
121-150 days	4,120,564	3,530,181
>150 days	7,924,703	11,251,988
	40,494,331	42,580,815
Impaired	1,015,717	1,060,972
	<u>77,970,215</u>	<u>105,887,555</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**

Subsequent to the financial period, the Group had entered into a contract to purchase 3 units of pilling equipments, amounting to RM 18,340,000. The pilling machines are designated for project Kiara 163 usage.

**11. CHANGES IN COMPOSITION OF THE GROUP**

There is no change in the composition of the Group for the period ended 30 June 2013 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 High Court had on 30 October 2012 dismissed with cost the appeal by KSB against the assessments raised by Inland Revenue Board. Pursuant to this matter, KSB had filed an appeal against the decision in the Court of Appeal.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2013****12. 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 RM1,436,817.20. The IRB are further seeking penalties amounting to RM154,795.14 for late payment of the above said taxes.

YNHC has entered its appearance vide its solicitors, Messrs Raja, Darryl & Loh, to contest the above said claims. In this connection, YNHC has previously appealed against the income tax assessment raised for the year of assessment 1999 and the Special Commissioners of Income Tax ("SCIT") have on 21 September 2011 dismissed the appeal. YNHC had successfully appealed against the decision of SCIT at the High Court and YNHC has been awarded RM 5,000 cost for the cost of appeal.

**13. CAPITAL COMMITMENTS**

There was no capital commitment for the interim financial statement ended 30 June 2013.

**14. PERFORMANCE REVIEW**

The Group's cumulative turnover for the current financial year ended 30 June 2013 has reached RM160,244,676 (year 2012-RM139,287,308) and profit before taxation is reported at RM 35,007,989 (year 2012-RM34,537,793). The Group's profit before taxation for the financial period is fairly consistent with previous year correspondence quarter. 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 RM19,724,502 is lower than previous year second quarter of RM 22,269,578. This is mainly due to an one off gain on compulsory land acquisition amounting to RM 9,213,866 which was included in the second quarter of previous financial year.

**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**

Profit before taxation for six months period ended 30 June 2013 of RM 35,007,989 is fairly consistent with previous year's profit before taxation of RM 34,537,793.

However, on a quarter to quarter basis, the current quarter profit before taxation of RM19,724,502 is lower than previous year second quarter of RM 22,269,578. This is mainly due to one off gain on compulsory land acquisition amounting to RM 9,213,866 was included in the second quarter of previous financial year.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2013****17. COMMENTARY ON PROSPECTS**

The global economic climate remains challenging. Notwithstanding the challenging environment, the Company had been achieving encouraging demand for its projects such as Fraser Residence Kuala Lumpur, Manjung Point Seksyen 5, Pusat Perniagaan Manjung Point Seksyen 3 (Phase 1 and 2), Taman Seri Melor, and Taman Sejati III in Seri Manjung as well as the balance units in Ceriaan Kiara in Mont Kiara KL. Sales from both the township projects in Manjung and also Klang Valley will continue to contribute to the Group's income.

Taking into consideration of the existing contribution from existing projects, the Board is optimistic of the Group's prospect for the subsequent financial period, subject always to any change in the economic conditions.

As mentioned above, the Company has launched its Kuala Lumpur project, namely Fraser Residence Kuala Lumpur at the end of the previous financial year. The Company is developing a two block of service apartment of 446 units with elevated car park podium, facilities and F&B shops at ground floor and one level of lower ground car park on the said development. This prime mixed development is located off Jalan Sultan Ismail and also off Jalan Ampang, Kuala Lumpur. The Fraser Residence KL development has a Gross Development Value (GDV) of approximately RM 530 million and is expected to contribute positively to the Group's earnings for the next one year.

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

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

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

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

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2013****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.

AEON Shopping Centre at Seri Manjung is built on a 30.2 acres of land at Pusat Perniagaan Manjung Point (Seri Manjung) and the Group had successfully completed the construction of AEON Shopping Centre in December 2012. In addition, the Group has also commenced the construction of Pantai Specialist Center at Seri Manjung. The presence of AEON Seri Manjung Shopping Centre and Pantai Specialist Center will further enhance the value of the balance 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 - 30 JUNE 2013**

**18. PROFIT BEFORE TAXATION**

This is arrived at after charging:	<b>6 months ended 30.06.2013 RM</b>
Short term revolving interest	6,133,459
Term loan interest	3,318,341
Overdraft interest	<u>926,265</u>
and crediting	<b>6 months ended 30.06.2013 RM</b>
Interest income	<u>249,283</u>

**19. INCOME TAX EXPENSE**

	<b>3 months ended 30.06.2013 RM</b>	<b>3 months ended 30.06.2012 RM</b>	<b>6 months ended 30.06.2013 RM</b>	<b>6 months ended 30.06.2012 RM</b>
Tax expense for the period:				
Malaysian income tax	(11,101,034)	(4,373,731)	(15,073,034)	(8,654,802)
Deferred tax	5,643,394	606,002	5,338,562	1,029,343
	<u>(5,457,640)</u>	<u>(3,767,729)</u>	<u>(9,734,472)</u>	<u>(7,625,459)</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:

Profit before taxation	<b>6 months ended 30.06.2013 RM</b>
	<u>35,007,989</u>
Taxation at applicable statutory tax rate	(8,751,997)
Income not taxable	172,517
Expenses not deductible for tax purposes	(1,298,553)
Deferred tax recognised on attributable assets	143,561
Tax expense for the quarter/year	<u>(9,734,472)</u>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2013**

**20. SALES OF UNQUOTED INVESTMENTS AND PROPERTIES**

There were no sales of unquoted investments and no other sales of properties for the quarter ended 30 June 2013 except for the sales of development properties in the ordinary course of business.

**21. LOAN AND BORROWINGS**

	As at 30.06.2013 RM	As at 31.12.2012 RM
<b>Current</b>		
Secured-Bank overdraft and revolving credit	305,591,818	271,966,122
Term loan	7,649,368	10,536,426
<b>Non-current</b>		
Secured-Term loan	183,532,357	125,350,000
	<u>496,773,543</u>	<u>407,852,548</u>

All of the above borrowings are denominated in Ringgit Malaysia. Included in current portion of loan and borrowing is RM 32,880,808 (2012-RM 93,115,885) 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 current year's current liabilities is an amount of RM 33,006,540 of accrued billing (2012-RM 599,155).

**24. PROVISION FOR RECTIFICATION WORKS**

	As at 30.06.2013 RM	As at 31.12.2012 RM
Opening	371,662	1,278,297
Provision during the period/year	-	294,676
Utilisation/ written back during the period/year	(238,421)	(1,201,311)
Closing	<u>133,241</u>	<u>371,662</u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2013**

**25. CHANGES IN MATERIAL LITIGATION**

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

**26. DIVIDEND PAYABLE**

The Board has recommended final single tier dividend of 2.5 % (2.5 sen per share) in respect of the financial year ended 31 December 2012 ((2011-2% (2 sen per share)) on 412,465,151 ordinary shares, amounting to RM10,311,629. The final dividend had been approved in the 11th AGM which was held on 28 June 2013. The entitlement date and payment date for the final dividend is on 6 September 2013 and 27 September 2013 respectively. The actual amount of dividend payable will depend on the issued share capital of the entitlement date. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 2013.

On 28 August 2013, the Board announced to distribute an interim single tier dividend of 1.5% (2012-1.5% single tier). Based on existing 425,713,129 ordinary share capital of RM 1 each, the amount of dividend pay out is RM 6,385,697. The actual dividend pay out will depend on the issued share capital on entitlement date. The entitlement date and distribution date for the interim dividend are on 31 October 2013 and 29 November 2013 respectively.

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>3 months ended</b>	<b>6 months ended</b>	<b>6 months ended</b>
	<b>30.06.2013</b>	<b>30.06.2012</b>	<b>30.06.2013</b>	<b>30.06.2012</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Net profit for the period	14,266,862	18,501,849	25,273,517	26,912,334
Weighted average number of ordinary shares in issue	422,295,934	411,396,737	418,041,980	410,650,505
Basic earnings per share (sen)	3.38	4.50	6.05	6.55



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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").

	<b>3 months ended 30.06.2013</b>	<b>3 months ended 30.06.2012</b>	<b>6 months ended 30.06.2013</b>	<b>6 months ended 30.06.2012</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Net profit for the period	14,266,862	18,501,849	25,273,517	26,912,334
Weighted average number of ordinary shares in issue	422,295,934	411,396,737	418,041,980	410,650,505
Adjustment for assumed exercise of ESOS	5,377,012	9,335,478	6,693,277	9,442,282
Adjusted weighted number of ordinary shares in issue	427,672,946	420,732,215	424,735,257	420,092,787
Diluted earnings per share (sen)	3.34	4.40	5.95	6.41

**28. RELATED PARTY TRANSACTION**

The Group's related party transactions cumulative period-to-date ended 30 June 2013 are as follows:

<b>Party</b>	<b>Transaction</b>	<b>30.06.2013 RM</b>
Transaction with non-group members	Rental of equipment and transportation payable, purchase of construction material and rental of land and properties	6,445,608
	Rental of properties and equipment received	30,000
Transaction with person connected with Directors	Rental paid for service apartment	329,802
Transaction with person connected with Directors	Legal services paid	5,228,662
	Sales of properties	6,050,470
	Rental of properties received	18,000

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

<b>Party</b>	<b>Transaction</b>	<b>30.06.2013 RM</b>
Transaction with Directors	Sales of properties	1,400,000
	Rental paid for service apartment and office	<u>3,564,012</u>
Transaction with Directors	Legal services paid	<u>-</u>

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

	<b>30.06.2013 RM</b>
Type of compensation	
Salaries and allowances (including employer EPF portion)	6,990,172
Directors fee	132,000
Employee share option	170,952
	<u>7,293,124</u>

**29. REALISED AND UNREALISED PROFITS**

	<b>30.06.2013 RM</b>	<b>31.12.2012 RM</b>
Total retained profits of YNH Property and its subsidiaries		
-Realised profits	538,358,168	499,590,760
-Unrealised profits	14,143,340	11,621,547
	<u>552,501,508</u>	<u>511,212,307</u>
Consolidation adjustments	<u>(190,939,641)</u>	<u>(164,612,328)</u>
Total group retained profits as per consolidated accounts	<u>361,561,867</u>	<u>346,599,979</u>

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**30. INVESTMENT PROPERTIES**

	Completed investment property RM	Investment property under construction RM	Total RM
<b>Cost</b>			
At 1 January	9,825,992	78,536,664	88,362,656
Additions	-	1,975,988	1,975,988
Reclassification upon completion	-	-	-
As at 30 June	<u>9,825,992</u>	<u>80,512,652</u>	<u>90,338,644</u>
<b>Accumulated amortisation</b>			
At 1 January	205,553	-	205,553
Additions	86,617	-	86,617
As at 30 June	<u>292,170</u>	<u>-</u>	<u>292,170</u>
<b>Net carrying amounts</b>	<u>9,533,822</u>	<u>80,512,652</u>	<u>90,046,474</u>

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

**31. AUTHORISATION FOR ISSUE**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 August 2013.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 JUNE 2013**

**32. SEGMENTAL REPORTING**

	Property Development		Hotel & Hospitality		Adjustment & Elimination		Consolidated	
	30.06.2013 RM	30.06.2012 RM	30.06.2013 RM	30.06.2012 RM	30.06.2013 RM	30.06.2012 RM	30.06.2013 RM	30.06.2012 RM
<b>Revenue</b>								
External customers	247,173,037	199,083,161	15,640,384	10,871,162	(102,568,745)	(70,667,015)	160,244,676	139,287,308
Inter-segment	-	-	56,750	47,952	(56,750)	(47,952)	-	-
<b>Results</b>								
Interest income	249,283	59,189	-	-	-	-	249,283	59,189
Dividend income	-	-	-	-	-	-	-	-
Depreciation	1,011,258	963,989	435,814	367,847	-	-	1,447,072	1,131,836
Finance cost	10,378,065	8,815,901	-	-	-	-	10,378,065	8,815,901
Profit/( loss) before taxation	38,491,517	34,146,987	(3,483,528)	(794,459)	-	1,185,265	35,007,989	34,537,793
<b>Segment assets</b>	2,036,687,385	1,796,403,723	31,496,125	23,588,934	(577,454,842)	(497,897,046)	1,490,728,668	1,322,095,611
<b>Segment liabilities</b>	926,563,496	748,268,149	28,756,165	15,270,210	(327,490,080)	(262,926,530)	627,829,581	500,611,829