



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

(561986-V)

Interim Financial Statements  
31 December 2014

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

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

	Note	3 months ended		12 months ended	
		31.12.2014 RM	31.12.2013 RM	31.12.2014 RM	31.12.2013 RM
Revenue		56,200,788	87,194,270	390,194,014	303,086,311
Cost of sales		(15,406,416)	(63,337,349)	(216,177,519)	(183,783,707)
Gross profit		40,794,372	23,856,921	174,016,495	119,302,604
Other income		3,541,984	4,782,610	21,402,543	17,271,880
Administrative expenses		(16,869,239)	(8,609,155)	(52,217,889)	(37,200,217)
Selling and marketing expenses		(3,118,873)	(2,227,083)	(12,873,351)	(12,697,823)
Other operating expenses	30	(6,160,566)	(748,689)	(29,731,697)	(2,982,756)
		(26,148,678)	(11,584,927)	(94,822,937)	(52,880,796)
Profit from operations		18,187,678	17,054,604	100,596,101	83,693,688
Finance costs	17	(9,941,145)	(6,895,771)	(31,334,815)	(23,068,450)
Profit before tax	17	8,246,533	10,158,833	69,261,286	60,625,238
Income tax expense	18	(4,170,109)	(2,990,373)	(23,088,282)	(17,860,174)
Profit for the period		4,076,424	7,168,460	46,173,004	42,765,064
Total comprehensive income for the period		4,076,424	7,168,460	46,173,004	42,765,064
Earnings per share (sen)					
Basic	26 (a)	0.99	1.70	11.26	10.17
Diluted	26 (b)	0.99	1.68	11.21	10.05

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

**YNH PROPERTY BHD**

(Incorporated in Malaysia)

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

	<b>Note</b>	<b>As at 31.12.2014 RM</b>	<b>As at 31.12.2013 RM</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	188,916,344	140,593,897
Deferred tax assets		25,585,469	20,750,552
Investment properties	29	96,609,509	89,102,609
Goodwill on consolidation		17,626,036	17,626,036
Land held for future development		335,866,901	337,091,689
Other non-current assets	9(b)	<u>280,641,412</u>	<u>308,072,972</u>
		<u>945,245,671</u>	<u>913,237,755</u>
<b>CURRENT ASSETS</b>			
Property development costs		279,535,306	279,371,806
Inventories		293,048,932	231,047,937
Trade and other receivables	9(a)	132,327,194	108,483,896
Other current assets	9(c)	36,664,245	55,060,712
Tax recoverable		6,269,536	10,740,807
Term deposits and fixed income trust fund		532,886	4,260,179
Cash and bank balances		<u>19,995,526</u>	<u>16,556,084</u>
		<u>768,373,625</u>	<u>705,521,421</u>
<b>TOTAL ASSETS</b>		<u>1,713,619,296</u>	<u>1,618,759,176</u>

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

	Note	As at 31.12.2014 RM	As at 31.12.2013 RM
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		441,446,129	426,147,129
Share premium		50,112,471	50,153,299
Treasury shares		(57,565,069)	(9,084,118)
Other reserves		30,035,632	28,183,176
Retained earnings		410,608,796	372,636,600
Total equity		<u>874,637,959</u>	<u>868,036,086</u>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		43,548,622	43,641,824
Long term liabilities	20	<u>218,497,684</u>	<u>220,731,866</u>
		<u>262,046,306</u>	<u>264,373,690</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		120,111,811	104,498,219
Other current liabilities	22	-	20,073,834
Provision for rectification works	23	663,843	197,794
Borrowings	20	454,638,991	360,949,634
Income tax payable		1,520,386	629,919
		<u>576,935,031</u>	<u>486,349,400</u>
<b>TOTAL LIABILITIES</b>		<u>838,981,337</u>	<u>750,723,090</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,713,619,296</u>	<u>1,618,759,176</u>
		-	
NTA per share (RM)		<u>1.94</u>	<u>2.00</u>
Net asset per share (RM)		<u>1.98</u>	<u>2.04</u>

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

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Condensed Consolidated Statement of Changes in Equity  
For the Twelve Months Period Ended 31 December 2014

		Attributable to Equity Holders of the Company							
		Non-distributable			Distributable			Total RM	
		Share capital RM	Share Option Reserve RM	Share Premium RM	Translation Reserve RM	Capital Reserve RM	Treasury Shares RM		Retained profits RM
<b>Opening balance at 1 January 2013</b>		412,833,129	8,094,078	37,478,176	47,938	26,578,054	(727,293)	346,599,979	830,904,061
Total comprehensive income		-	-	-	-	-	-	42,717,126	42,717,126
<b>Transaction with owners</b>									
Purchase of treasury shares		-	-	-	-	-	(8,356,825)	-	(8,356,825)
Issue of ordinary shares under ESOS		13,314,000	-	5,059,320	-	-	-	-	18,373,320
ESOS exercise		-	(7,615,803)	7,615,803	-	-	-	-	-
ESOS lapsed		-	(256,526)	-	-	-	-	256,526	-
Share option granted under ESOS		-	1,335,435	-	-	-	-	-	1,335,435
Dividends		-	-	-	-	-	-	(16,937,031)	(16,937,031)
<b>Total transactions with owners</b>		13,314,000	(6,536,894)	12,675,123	-	-	(8,356,825)	(16,680,505)	(5,585,101)
<b>Closing balance at 31 December 2013</b>		426,147,129	1,557,184	50,153,299	47,938	26,578,054	(9,084,118)	372,636,600	868,036,086
<b>Opening balance at 1 January 2014</b>		426,147,129	1,557,184	50,153,299	47,938	26,578,054	(9,084,118)	372,636,600	868,036,086
<b>Comprehensive income</b>									
Profit for the year		-	-	-	-	-	-	46,173,004	46,173,004
<b>Other comprehensive income</b>									
Foreign currency translation difference		-	-	-	1,237,328	-	-	-	1,237,328
<b>Transactions with owners</b>									
Issue of ordinary shares under ESOS		15,299,000	-	5,825,620	-	-	-	-	21,124,620
Share option granted under ESOS		-	615,128	-	-	-	-	-	615,128
Purchase of treasury shares		-	-	-	-	-	(54,347,399)	-	(54,347,399)
Distribution of share dividend		-	-	(5,866,448)	-	-	5,866,448	-	-
Dividends		-	-	-	-	-	-	(8,200,808)	(8,200,808)
<b>Total transactions with owners</b>		15,299,000	615,128	(40,828)	-	-	(48,480,951)	(8,200,808)	(40,808,459)
<b>Closing balance at 31 December 2014</b>		441,446,129	2,172,312	50,112,471	1,285,266	26,578,054	(57,565,069)	410,608,796	874,637,959

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

**YNH PROPERTY BHD**  
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**Condensed Consolidated Statement of Cash Flow**  
**For the Twelve Months Period Ended 31 December 2014**

	<b>12 months ended 31.12.2014 RM</b>	<b>12 months ended 31.12.2013 RM</b>
Profit before taxation	<u>69,261,286</u>	<u>60,577,300</u>
Net cash used in operating activities	(4,138,598)	(11,083,499)
Net cash used in investing activities	(46,191,487)	(170,081,342)
Net cash generated from financing activities	<u>74,874,226</u>	<u>112,646,677</u>
<b>Net increase in cash and cash equivalents</b>	24,544,141	(68,518,164)
<b>Cash and cash equivalents at beginning of financial period</b>	(78,075,911)	(9,557,747)
<b>Cash and cash equivalents at end of financial period</b>	<u>(53,531,770)</u>	<u>(78,075,911)</u>

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

Fixed deposits	532,886	4,260,179
Less: pledged fixed deposits	(532,886)	(522,240)
	-	3,737,939
* Cash and bank balances	19,995,526	16,556,084
Bank overdraft (included within borrowings in Note 20)	<u>(73,527,296)</u>	<u>(98,369,934)</u>
	<u>(53,531,770)</u>	<u>(78,075,911)</u>

\* Included in cash at banks of the Group are amounts of RM9,692,427 held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

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

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

**1. BASIS OF PREPARATION**

The quarterly condensed financial report has been prepared in accordance with:

- (i) The requirement of the Financial Reporting Standards ("FRS") Standard 134: Interim Financial Reporting; and
- (ii) Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad and should be read in conjunction with the audited annual financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the quarterly condensed financial report. These explanatory notes attached to the quarterly condensed financial report provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2013. The significant accounting policies adopted for the quarterly condensed financial report are consistent with those of the audited financial statements for the financial year ended 31 December 2013.

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

The auditors' report on the financial statements for the year ended 31 December 2013 was not qualified.

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

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

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

There were no unusual items due to their nature, size or incidence affecting assets, liabilities, equity, net income or cash flows during the financial period ended 31 December 2014 except as disclosed in note 12 in the interim financial statements.

**5. CHANGES IN ESTIMATES**

The Group has not submitted any financial forecast or projections to any authority during the current quarter and prior financial year ended 31 December 2013. There were no changes in estimates that have had a material effect in the current quarter results.

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

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

During the financial period ended 31 December 2014, the Company issued 15,299,000 ordinary shares of RM1 each for cash pursuant to the Company's ESOS at exercise prices of RM1.38 and 1.48 per ordinary share. The existing ESOS scheme had expired on 4 August 2014.

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

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

**(b) Treasury Shares**

During the financial year, the Company repurchased 28,965,100 of its issued ordinary shares from the open market at an average price of RM1.88 per share. The total consideration paid for the repurchase including transaction costs was RM54,347,399 and this was financed by internally generated funds.

On 28 August 2014, the Company announced to distribute treasury shares to the entitled shareholders at the ratio of one (1) treasury shares for every one hundred and thirty (130) ordinary shares of RM 1 each held. A total of 3,150,744 treasury shares were distributed to the entitled shareholders in relation to the share dividend. The entitlement date and distribution date on the treasury shares are on 24 October 2014 and 28 November 2014 respectively.

Total treasury shares repurchased as at 31 December 2014 is 30,699,334 ordinary shares of RM 1 each, representing a cumulative 6.95% of the total paid up share capital of the company as at 31 December 2014. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965. No subsequent share repurchase is made subsequent to the financial period until the date of this report.

**(c) Capital Management**

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

For capital management purposes, the Group consider shareholders' equity to be the key component in the Group's capital structure. The Group monitors capital base on gearing ratio. The ratio is calculated on total borrowings to total capital and net debts. The Group's strategy is to maintain a gearing ratio of 20%-50%. The gearing ratio as at 31 December 2014, which are within the Group's objectives for capital management, are as follows:

	<b>31.12.2014</b>	<b>31.12.2012</b>
	<b>RM</b>	<b>RM</b>
Total borrowing	673,136,675	581,681,500
Trade and other payables	120,111,811	104,498,219
Less: Term deposits	(532,886)	(4,260,179)
Less: cash and bank balances	(19,995,526)	(16,556,084)
Net debts	<u>772,720,074</u>	<u>665,363,456</u>
Equity attributable to the owners of parents	<u>874,637,959</u>	<u>868,036,086</u>
Capital and net debts	<u>1,647,358,033</u>	<u>1,533,399,542</u>
Gearing ratio	<u>47%</u>	<u>43%</u>

A higher borrowings is recorded is mainly due to the purchase of pilling equipments for construction usage and share repurchase made during the financial year.



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

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

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

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

	<b>31.12.2014</b>
	<b>RM</b>
Issue of ESOS	21,124,620
Drawdown of revolving credit	140,271,025
Repayment of revolving credit	(22,146,257)
Drawdown of term loan	1,038,879
Repayment of term loan	(2,865,834)
Share buy back	(54,347,399)
Payment of dividend	(8,200,808)

**7. DIVIDEND PAID**

In respect of the financial year ended 31 December 2013, a single tier final dividend of 2% (2012-2.5%) on 410,040,351 ordinary shares of RM 1 each, which had been approved in AGM held on 30 June 2014, was paid on 30 September 2014, amounting to RM 8,200,808.

On 28 August 2014, the Company announced to distribute treasury shares to the entitled shareholders at the ratio of one (1) treasury shares for every one hundred and thirty (130) ordinary shares of RM 1 each held. A total of 3,150,744 treasury shares worth of RM5,866,448 were distributed to the entitled shareholders in relation to the share dividend. The entitlement date and distribution date on the treasury shares are on 24 October 2014 and 28 November 2014 respectively.

**8. CARRYING AMOUNT OF REVALUED ASSETS**

The valuation of property, plant and equipment and investment properties have been brought forward without amendment from the financial statements for the year ended 31 December 2013.

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

	<b>As at</b>	<b>As at</b>
	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>RM</b>	<b>RM</b>
Trade receivables	112,863,388	92,970,079
Less: Provision for impairment	(2,430,656)	(533,406)
	<u>110,432,732</u>	<u>92,436,673</u>
Other receivables	21,894,462	16,047,223
	<u>132,327,194</u>	<u>108,483,896</u>

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

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

The ageing analysis for the trade receivables are as follows:

	As at 31.12.2014 RM	As at 31.12.2013 RM
Neither past due nor impaired	46,232,797	47,879,093
1-30 days	19,413,619	10,058,903
31-60 days	33,903,958	12,874,127
61-90 days	5,622,425	5,243,153
91-120 days	1,614,768	6,046,223
121-150 days	1,856,053	3,302,671
>150 days	1,789,112	7,032,503
	64,199,935	44,557,580
Impaired	2,430,656	533,406
	<u>112,863,388</u>	<u>92,970,079</u>

The management is of the opinion that no further provision for doubtful debts is required for those trade receivables which are more than 150 days as most of the receivables are secured by financial institutions.

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

**9(c).** Included in other current assets is accrued billings in respect of property development of RM22,749,759 (2013-RM12,780,654).

**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**

The Company has on 23 July 2014 acquired the entire issued and paid up capital of YNH Electrical Engineering Sdn Bhd ("YEESB") for a total consideration of RM2.00, resulting YEESB becoming a wholly-owned subsidiary of the Company. The intended principal activity of YEESB is that of electrical engineering contractors and electrical works.

**12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The Company wholly-owned subsidiary Kar Sin Berhad ("KSB"), have on 21 January 2010, been served with a writ of summons and statement of claim by the Inland Revenue Board ("IRB") for back taxes for the years of assessment 1998 and 1999 amounting to RM1.059 million and RM3.336 million respectively. The IRB are further seeking penalties amounting RM150,164 and RM517,112 for late payment of the above said taxes.

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### **NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2014**

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

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

YNH Construction Sdn Bhd ("YNHC"), a wholly-owned subsidiary of the Company, have on 25 January 2010, been served with a writ of summons and statement of claim by the Inland Revenue Board ("IRB") for back taxes for the year of assessment 1999 amounting to RM1,436,817.20. The IRB are further seeking penalties amounting to RM154,795.14 for late payment of the above said taxes.

YNHC has entered its appearance vide its solicitors, Messrs Raja, Darryl & Loh, to contest the above said claims. In this connection, YNHC has previously appealed against the income tax assessment raised for the year of assessment 1999 and the Special Commissioners of Income Tax ("SCIT") have on 21 September 2011 dismissed the appeal. YNHC had successfully appealed and won the case against the decision of SCIT at the High Court and YNHC has been awarded RM 5,000 cost for the cost of appeal. IRB had on 20 June 2014 withdrawn its appeal to the Court of Appeal against the decision of the High Court which allowed the appeal by YNH Construction Sdn Bhd.

#### **13. CAPITAL COMMITMENTS**

There was no capital commitment for the interim financial statement ended 31 December 2014 and as at the date of this report.

#### **14. PERFORMANCE REVIEW**

The Group's cumulative turnover for the current financial year ended 31 December 2014 has reached RM 390,194,014 (year 2013-RM303,086,311) and profit before taxation is reported at RM 69,261,286 (year 2013-RM60,625,238). The current year financial is arrived after charging a provision for onerous contract for Fraser Residence Kuala Lumpur amounting to RM21,916,210 (2013-RM Nil), a fair value adjustment of RM2,086,636 (2013-RM Nil) and a payment for ascertained liquidated damages of RM2,764,095 (2013-RM Nil). The Group registered a slightly higher profit before taxation for the financial period compared to previous year correspondence quarter due to stronger contribution from Fraser Residence Kuala Lumpur. The Group's performance for this year is mainly derived from progressive sales of Fraser Residence Kuala Lumpur, commercial properties at Manjung Point Township (adjacent to AEON Shopping Complex), progressive sales of its inventories in Ceriaan Kiaran (Mont Kiara, Kuala Lumpur), Taman Pundut Raya (Seri Manjung), and sales of development land.

On a quarter to quarter basis, the current quarter profit before taxation of RM8,246,533 is lower than third quarter of the financial year of RM 17,909,118. This is mainly due to an additional provision of RM 6,216,210 for onerous contract in the forth quarter of the financial year, making a total provision made during the year amounting to RM21,916,210. In addition, an additional liquidated ascertained damages of RM553,304 had been made in the forth quarter of the financial year. Lastly, a provision for doubtful debts of RM2,364,984 had been made in the forth quarter of the financial year. These few factors have pull down the overall Group's performance for the last quarter of the financial year.

#### **15. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

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

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## **NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2014**

### **16. COMMENTARY ON PROSPECTS**

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

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

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

Another project which is currently undertaken by the Company is Sfera Residensi, which is located at Puchong South, Selangor. The project will have a Gross Development Value of approximately RM418 million, and is expected to contribute positively to the Company for the next three financial years. Piling and substructure work has already commenced during the current financial year.

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

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

**16. COMMENTARY ON PROSPECTS (Contd.)**

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

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

The Group had successfully completed the construction of AEON Shopping Centre in year 2012 and Pantai Specialist Centre at Seri Manjung in November 2013. The presence of AEON Seri Manjung Shopping Centre and Pantai Specialist Centre will further enhance the value of the balance 700 acres of undeveloped landbanks in the Manjung Point Township.

The Company had also in the 4th quarter of 2008 acquired 95 acres of strategic development land bank in Genting Highlands. The Genting land bank is located strategically next to the Genting Highland Resort and was acquired for RM16.05 million. The advantage of this land bank is that the purchase consideration is very low and it comes with infrastructure. The land has already been converted to building title. The proximity to the existing Genting Highland Resort is an advantage as the proposed development will complement the existing infrastructure. Other plus point for this development is that it is located in a cool environment and yet is 45 minutes from the KL city centre as the existing highway is already completed from the KL city centre to the existing resort.

The proposed development for this 95 acres land bank comprises commercial, bungalows, condominium, retail and etc for both local and foreign investors. The estimated gross development value for this future development is RM1.96 billion and expected to contribute to the Group's earnings in the next 20 years.

**17. PROFIT BEFORE TAXATION**

This is arrived at after charging:	<b>12 months ended</b>
	<b>31.12.2014</b>
	<b>RM</b>
Short term revolving interest	18,849,758
Term loan interest	8,648,143
Overdraft interest	3,836,914
	<hr/>
and crediting	<b>12 months ended</b>
	<b>31.12.2014</b>
	<b>RM</b>
Interest income	692,676
	<hr/>

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18. INCOME TAX EXPENSE	3 months ended	3 months ended	12 months ended	12 months ended
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM	RM	RM	RM
Tax expense for the period:				
Malaysian income tax	(8,789,809)	(5,290,405)	(27,658,682)	(25,477,155)
Deferred tax	4,619,700	2,300,032	4,570,400	7,616,981
	<u>(4,170,109)</u>	<u>(2,990,373)</u>	<u>(23,088,282)</u>	<u>(17,860,174)</u>

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group is as follow:

	12 months ended 31.12.2014 RM
Profit before taxation	<u>69,261,286</u>
Taxation at applicable statutory tax rate	(17,315,321)
Tax provision written back (YA 1999)	728,998
Expenses not deductible for tax purposes	(11,768,515)
Income not taxable	934,515
Others	<u>(238,359)</u>
Tax expense for the quarter/year	<u>(27,658,682)</u>

Included in taxation provision account for the twelve months is an amount of RM2,915,992 being reversal of provision of taxation subsequent to the successful appeal by Kar Sin Bhd and YNH Construction Sdn Bhd (subsidiaries company of YNH Property Bhd) against the additional assessment raised by the Inland Revenue Board in respect of YA 1998 and YA 1999 .

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**19. 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 2014 except for the sales of development properties in the ordinary course of business.

**20. LOAN AND BORROWINGS**

	<b>As at</b> <b>31.12.2014</b> <b>RM</b>	<b>As at</b> <b>31.12.2013</b> <b>RM</b>
<b>Current</b>		
Secured-Bank overdraft and revolving credit	451,217,681	357,935,551
Secured-Term loan	3,421,310	3,014,083
<b>Non-current</b>		
Secured-Term loan	218,497,684	220,731,866
	<u>673,136,675</u>	<u>581,681,500</u>

All of the above borrowings are denominated in Ringgit Malaysia. Included in current portion of loan and borrowing is RM 73,527,296 (2013-RM 98,369,934) of bank overdraft.

**21. 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.

**22. OTHER CURRENT LIABILITIES**

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

**23. PROVISION FOR RECTIFICATION WORKS**

	<b>As at</b> <b>31.12.2014</b> <b>RM</b>	<b>As at</b> <b>31.12.2013</b> <b>RM</b>
Opening	197,794	371,662
Provision during the period/year	653,610	148,826
Utilisation/ written back during the period/year	(187,561)	(322,694)
Closing	<u>663,843</u>	<u>197,794</u>

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

**24. 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.

**25. DIVIDEND PAYABLE**

The Board has recommended final single tier dividend of 2% (2 sen per share) in respect of the financial year ended 31 December 2013 ((2012-2.5% (2.5 sen per share)) on 410,040,351 ordinary shares, amounting to RM8,200,808, which had been approved in the AGM held on 30 June 2014. The entitlement date and payment date is 3 September 2014 and 30 September 2014 respectively. The dividend, had been accounted for in equity as an appropriation of retained earnings in the financial year ending 2014.

On 28 August 2014, the Company announced to distribute treasury shares to the entitled shareholders at the ratio of one (1) treasury shares for every one hundred and thirty (130) ordinary shares of RM 1 each held. A total of 3,150,744 treasury shares worth of RM5,866,448 were distributed to the entitled shareholders in relation to the share dividend. The entitlement date and distribution date on the treasury shares are on 24 October 2014 and 28 November 2014 respectively.

The Board of Directors have recommended a final share dividend on the basis of one (1) treasury share for every one hundred (100) ordinary shares of RM1 each held, to be approved by shareholders in the forthcoming Annual General Meeting. The actual treasury shares to be distributed will depend on the issued share capital on the entitlement date. Such share dividend, if approved by the shareholders, will be accounted for in shareholders' equity as a distribution of treasury shares in the next financial year ending 31 December 2015.

The Company has a dividend policy of at least 30% of profit after taxation be fixed for future declaration of dividend.

**26. EARNING PER SHARE**

(a) **Basic**

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

	<b>3 months ended</b> <b>31.12.2014</b>	<b>3 months ended</b> <b>31.12.2013</b>	<b>12 months ended</b> <b>31.12.2014</b>	<b>12 months ended</b> <b>31.12.2013</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Net profit for the period	4,076,424	7,168,460	46,173,004	42,765,064
Weighted average number of ordinary shares in issue	410,040,251	422,029,118	410,201,728	420,559,069
Basic earnings per share (sen)	0.99	1.70	11.26	10.17



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**26. 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 31.12.2014 RM</b>	<b>3 months ended 31.12.2013 RM</b>	<b>12 months ended 31.12.2014 RM</b>	<b>12 months ended 31.12.2013 RM</b>
Net profit for the period	4,076,424	7,168,460	46,173,004	42,765,064
Weighted average number of ordinary shares in issue	410,040,251	422,029,118	410,201,728	420,559,069
Adjustment for assumed exercise of ESOS	-	4,087,710	1,670,291	5,085,242
Adjusted weighted number of ordinary shares in issue	410,040,251	426,116,828	411,872,019	425,644,311
Diluted earnings per share (sen)	0.99	1.68	11.21	10.05

**27. RELATED PARTY TRANSACTION**

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

<b>Party</b>	<b>Transaction</b>	<b>31.12.2014 RM</b>
Transaction with non-group members	Rental of equipment and transportation payable, purchase of construction material and rental of land and properties	10,340,269
	Rental of properties and equipment received	60,000
	Sales of properties	15,527,734.00
Transaction with person connected with Directors	Rental paid for service apartment	659,604
	Legal services and disbursement paid (including stamp duty)	7,641,871
	Sales of properties	2,906,554
	Rental of properties received	36,000

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

<b>Party</b>	<b>Transaction</b>	<b>31.12.2014 RM</b>
Transaction with Directors	Sales of properties	10,257,384
	Rental paid for service apartment and office	<u>8,793,924</u>
Transaction with Directors	Legal services paid	<u>27,348</u>

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

	<b>31.12.2014 RM</b>
Type of compensation	
Salaries and allowances (including employer EPF portion)	14,680,451
Directors fee	138,600
Employee share option	157,488
	<u>14,976,539</u>

**28. REALISED AND UNREALISED PROFITS**

	<b>31.12.2014 RM</b>	<b>31.12.2013 RM</b>
Total retained profits of YNH Property and its subsidiaries		
-Realised profits	585,145,875	516,565,369
-Unrealised profits	19,977,269	13,469,495
	<u>605,123,144</u>	<u>530,034,864</u>
Consolidation adjustments	<u>(194,514,347)</u>	<u>(157,398,264)</u>
Total group retained profits as per consolidated accounts	<u>410,608,797</u>	<u>372,636,600</u>

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**29. INVESTMENT PROPERTIES**

	Completed investment property RM	Investment property under construction RM	Total RM
<b>Cost</b>			
At 1 January	10,869,418	78,601,232	89,470,650
Additions	7,658,443	-	7,658,443
As at 30 September	18,527,861	78,601,232	97,129,093
<b>Accumulated amortisation</b>			
At 1 January	368,041	-	368,041
Additions	151,543	-	151,543
As at 30 September	519,584	-	519,584
<b>Net carrying amounts</b>	18,008,277	78,601,232	96,609,509

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

**30. OTHER OPERATING EXPENSES**

Included in other operating expenses is a provision for onerous contract for Fraser Residence Kuala Lumpur amounting to RM21,916,210 (2013-RM Nil) , a fair value adjustment of RM2,068,636 (2013-RM Nil) and a provision for ascertained liquidated damages of RM2,764,095 (2013-RM Nil).

**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 27 February 2015.

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**32. SEGMENTAL REPORTING**

	Property Development & Construction		Hotel & Hospitality		Adjustment & Elimination		Consolidated	
	31.12.2014 RM	31.12.2013 RM	31.12.2014 RM	31.12.2013 RM	31.12.2014 RM	31.12.2013 RM	31.12.2014 RM	31.12.2013 RM
<b>Revenue</b>								
External customers	353,838,371	272,583,492	36,355,643	30,502,819	-	-	390,194,014	303,086,311
Inter-segment	-	-	97,731	106,292	(97,731)	(106,292)	-	-
<b>Results</b>								
Interest income	692,676	524,938	365,749	333,342	(365,749)	(333,342)	692,676	524,938
Dividend income	-	-	-	-	-	-	-	-
Depreciation	8,613,995	2,406,252	1,034,511	948,705	-	-	9,648,506	3,354,957
Finance cost	31,334,815	23,356,008	367,593	45,784	(367,593)	(333,342)	31,334,815	23,068,450
Profit/( loss) before taxation	76,352,730	66,178,486	(7,091,444)	(5,601,186)	-	-	69,261,286	60,625,238
<b>Segment assets</b>	1,686,843,288	1,585,844,037	26,776,008	32,915,139	-	-	1,713,619,296	1,618,759,176
<b>Segment liabilities</b>	805,077,633	715,009,237	33,903,704	35,713,853	-	-	838,981,337	750,723,090