6. SUMMARISED BALANCE SHEETS (Contd.)

6.3.3 MUSB

	Financial years ended 31 December					4 months period to
	1998	1999	2000	2001	2002	30.4.2003
	RM	RM	RM	RM	RM	RM
Land held for future development	-	2,951,024	2,951,024	2,495,383	2,499,894	2,499,894
Current assets	-	-	-	-	1,032	1,783
Current liabilities	(4,911)	(1,256,950)	(1,259,942)	(818,622)	(826,067)	(837,090)
Net current liabilities	(4,911)	(1,256,950)	(1,259,942)	(818,622)	(825,035)	(835,307)
	(4,911)	1,694,074	1,691,082	1,676,761	1,674,859	1,664,587
Financed by:						
Share capital	100	100	100	100	100	100
(Accumulated losses)/Retained profits	(5,011)	1,693,974	1,690,982	1,676,661	1,674,759	1,664,487
	(4,911)	1,694,074	1,691,082	1,676,761	1,674,859	1,664,587
Net tangible (liabilities)/assets	(4,911)	1,694,074	1,691,082	1,676,761	1,674,859	1,664,587
Net tangible (liabilities)/assets per share (RM)	(49.11)	16,940.74	16,910.82	16,767.61	16,748.59	16,645.87

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6. SUMMARISED BALANCE SHEETS (Contd.)

6.3.4 SHSB

	Financial years ended 31 December					4 months period to
	1998	1999	2000	2001	2002	30.4.2003
	RM	RM	RM	RM	RM	RM
Property, plant and equipment	-	-	-	534,545	536,151	754,653
Current assets	2	2	2	215,002	215,002	2
Current liabilities	(4,914)	(6,260)	(7,998)	(764,982)	(774,206)	(781,477)
Net current liabilities	(4,912)	(6,258)	(7,996)	(549,980)	(559,204)	(781,475)
	(4,912)	(6,258)	(7,996)	(15,435)	(23,053)	(26,822)
Financed by:						
Share capital	2	2	2	2	2	2
Accumulated losses	(4,914)	(6,260)	(7,998)	(15,437)	(23,055)	(26,824)
	(4,912)	(6,258)	(7,996)	(15,435)	(23,053)	(26,822)
Net tangible liabilities	(4,912)	(6,258)	(7,996)	(15,435)	(23,053)	(26,822)
Net tangible liabilities per share (RM)	(2,456.00)	(3,129.00)	(3,998.00)	(7,717.50)	(11,526.50)	(13,411.00)

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6. SUMMARISED BALANCE SHEETS (Contd.)

6.3.5 HSB

	Financial years ended 31 December					4 months period to
	1998	1999	2000	2001	2002	30.4.2003
	RM	RM	RM	RM	RM	RM
Land held for future development	2,291,335	2,888,937	2,898,096	2,948,096	3,004,674	-
Current assets	1,546,801	1,547,301	1,547,301	503	11,951	3,782,813
Current liabilities	(303,659)	(922,253)	(931,801)	(982,563)	(1,054,720)	(1,269,701)
Net current assets /(liabilities)	1,243,142	625,048	615,500	(982,060)	(1,042,769)	2,513,112
	3,534,477	3,513,985	3,513,596	1,966,036	1,961,905	2,513,112
Financed by:						
Share capital	3,373,384	3,373,384	3,373,384	3,373,384	3,373,384	3,373,384
Retained profits/ (Accumulated losses)	161,093	140,601	140,212	(1,407,348)	(1,411,479)	(860,272)
	3,534,477	3,513,985	3,513,596	1,966,036	1,961,905	2,513,112
Net tangible assets	3,534,477	3,513,985	3,513,596	1,966,036	1,961,905	2,513,112
Net tangible assets per share (RM)	1.05	1.04	1.04	0.58	0.58	0.74

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6. SUMMARISED BALANCE SHEETS (Contd.)

6.4 YSSB

	Financial years ended 31 December					4 months period to
	1998	1999	2000	2001	2002	30.4.2003
	RM	RM	RM	RM	RM	RM
Property, plant and equipment	881,389	764,988	682,712	765,772	905,554	861,217
Investment	25,000	25,000	25,000	25,000	25,000	25,000
Rights for development	-	1,297,970	589,084	603,784	607,086	-
Long term receivable	3,180,000	3,180,000	3,180,000	3,180,000	-	-
Deferred tax assets	-	-	-	178,696	590,541	269,693
	4,086,389	5,267,958	4,476,796	4,753,252	2,128,181	1,155,910
Current assets	17,689,348	22,295,463	26,146,628	55,971,661	28,540,969	30,463,097
Current liabilities	(10,064,236)	(9,331,131)	(9,333,822)	(48,317,823)	(18,631,523)	(7,213,875)
Net current assets	7,625,112	12,964,332	16,812,806	7,653,838	9,909,446	23,249,222
	11,711,501	18,232,290	21,289,602	12,407,090	12,037,627	24,405,132
Financed by:						
Share capital	50,004	50,004	50,004	250,000	250,000	250,000
Retained profits	11,661,497	18,182,286	21,239,598	12,157,090	11,787,627	24,155,132
Shareholders' equity	11,711,501	18,232,290	21,289,602	12,407,090	12,037,627	24,405,132
Net tangible assets	11,711,501	16,934,320	20,700,518	11,803,306	11,430,541	24,405,132
Net tangible assets per share (RM)	234.21	338.66	413.98	47.21	45.72	97.62

7. PROFORMA CONSOLIDATED CASH FLOW STATEMENT

The proforma consolidated cash flow statement of YNHB is prepared based on the audited financial statements of YNHB and its subsidiary companies on the assumption that KSB Group and YSSB had been subsidiary companies of YNHB prior to the commencement of financial period ended 30 April 2003.

	Proforma Group Financial period ended 30 April 2003 RM
Cash flows from operating activities	
Proceeds from development works	22,491,020
Payments for land and development expenditure	(12,676,331)
Proceeds from room, food and beverage sales	1,182,005
Payments for hotel operating expenses	(425,413)
Proceeds from sales of estate produce	435,468
Payments for estate operating expenses	(351,894)
Payments for administrative and general expenses	(4,318,011)
Payment of listing expenses	(239,688)
Payment of joint venture security deposit	(15,820,844)
Payment for contract mobilization advances	(148,037)
Taxation	(3,096,185)
Interest income	5,376
Rental received	148,850
Miscellaneous receipts	117,707
Net cash used in operating activities	(12,695,977)
Cash flows from investing activities	
Purchase of land for future development	(1,214,670)
Purchase of property, plant and equipment	(374,839)
Net cash used in investing activities	(1,589,509)

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7. PROFORMA CONSOLIDATED CASH FLOW STATEMENT (Contd.)

	Proforma Group Financial period ended 30 April 2003 RM
Cashflows from financing activities	
Repayments of term loans	(713,250)
Revolving credit facility drawn down	2,000,000
Advances from existing shareholders of subsidiary companies	256,566
Repayments to other creditors	(4,473,732)
Interest expenses	(1,830,769)
Repayment to Directors	(1,155,138)
Net cash used in financing activities	(5,916,323)
Net decrease in cash and cash equivalents	(20,201,809)
Cash and cash equivalents as at 1 January 2003	(42,952,735)
Cash and cash equivalents as at 30 April 2003	(63,154,544)

Cash and cash equivalents comprise the following balance sheet amounts:

	Proforma Group As at 1 January RM	Proforma Group As at 30 April RM
Fixed deposits	204,685	205,435
Cash and bank balances	1,222,297	3,000,666
Bank overdraft	(44,175,032)	(66,155,210)
	(42,748,050)	(62,949,109)
Less: Fixed deposits pledged	(204,685)	(205,435)
	(42,952,735)	(63,154,544)

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8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES

The following proforma statement of assets and liabilities has been prepared based on the audited financial statements of YNHB and its subsidiary companies as at 30 April 2003, except for KSB which has been adjusted to include the effects of the revaluation of landed properties and presented, for illustrative purpose only, to show the effects of the listing exercise as set out in item 8.1. The proforma statement of assets and liabilities have been presented on the basis that the listing exercise had been in effect from 30 April 2003, and should be read in conjunction with the notes thereto.

		YNHB audited as at	Proforma Group as at 30 April 2003			
	Note	30.4.2003	Stage I	Stage II	Stage III	Stage IV
		RM	RM	RM	RM	RM
Non-current assets						
Property, plant and equipment	8.3	-	-	123,635,008	123,635,008	123,635,008
Investment	8.4	-	-	25,000	25,000	25,000
Land held for future development	8.5	-	-	155,508,130	155,508,130	155,508,130
Deferred tax assets	8.6	-	-	1,405,902	1,405,902	1,405,902
		-	-	280,574,040	280,574,040	280,574,040
Current assets						
Development properties	8.7	-	-	10,913,506	10,913,506	10,913,506
Joint development properties	8.8	-	-	13,961,742	13,961,742	13,961,742
Inventories	8.9	-	-	3,351,774	3,351,774	3,351,774
Amount due from customers for contract works	8.10	-	-	459,075	459,075	459,075
Receivables	8.11	1,000,000	1,000,000	66,909,156	65,909,156	65,909,156
Amount owing by Directors	8.12	-	-	2,044,821	2,044,821	2,044,821
Fixed deposits	8.13	-	-	205,435	205,435	205,435
Cash and bank balances	8.14	250	250	3,000,666	4,000,667	4,000,667
		1,000,250	1,000,250	100,846,175	100,846,176	100,846,176
Current liabilities						
Payables	8.15	2,755,782	2,755,782	14,979,983	14,979,983	14,979,983
Provision for rectification works	8.16	-	-	782,263	782,263	782,263
Amount owing to shareholders	8.17	-	-	256,566	256,566	256,566
Amount owing to Directors	8.12	-	-	3,002	3,002	3,002
Short term borrowings	8.18	-	-	70,332,119	72,651,054	51,344,235
Taxation		-	-	780,058	780,058	780,058
		2,755,782	2,755,782	87,133,991	89,452,926	68,146,107
Net current (liabilities)/assets		(1,755,532)	(1,755,532)	13,712,184	11,393,250	32,700,069
		(1,755,532)	(1,755,532)	294,286,224	291,967,290	313,274,109

8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

	Note	YNHB audited as at 30.4.2003 RM	Proforma Group as at 30 April 2003 Stage I RM	Stage II RM	Stage III RM	Stage IV RM
Shareholders' equity						
Share capital	8.19	250	5,190,190	198,068,190	213,068,190	282,595,009
Capital reserve	8.20	-	-	42,360,999	42,360,999	-
Reserve on consolidation	8.21	-	-	11,060,223	11,060,223	11,060,223
Accumulated losses	8.22	(1,755,782)	(6,945,722)	(6,945,722)	(24,264,656)	(24,264,656)
		(1,755,532)	(1,755,532)	244,543,690	242,224,756	269,390,576
Long term liabilities						
Long term borrowings	8.23	-	-	18,470,472	18,470,472	12,611,471
Deferred tax liabilities	8.6	-	-	31,272,062	31,272,062	31,272,062
		-	-	49,742,534	49,742,534	43,883,533
		(1,755,532)	(1,755,532)	294,286,224	291,967,290	313,274,109
Net tangible (liabilities)/assets		(1,755,532)	(1,755,532)	244,543,690	242,224,756	269,390,576
Net tangible (liabilities)/ assets per share (RM)		(7,022.13)	(0.34)	1.23	1.14	0.95

8.1 Effects of listing exercise

Stage I

(i) Reduction of the existing and issued and paid-up share capital of TAHB from RM207,597,589 comprising 207,597,589 ordinary shares of RM1.00 each to RM5,189,940 comprising 207,597,589 ordinary shares of RM0.025 each representing a capital reduction of RM0.975 for every existing ordinary share of RM1.00 each. Thereafter, forty (40) ordinary shares of RM0.025 each will be consolidated into one (1) ordinary share of RM1.00 each ("Consolidated Share");

(ii) Acquisition of the entire issued and paid-up shares of TAHB by YNHB, to be satisfied by the issuance of 5,189,940 new YNHB Shares, on the basis of one (1) new YNHB Share of RM1.00 each for every one (1) Consolidated Share held in TAHB. The entire cost of investment of RM5,189,940 is then written off immediately to the income statement;

8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.1 Effects of Proposed Scheme (Contd.)

Stage II

Incorporating **Stage I** and the following:

Acquisition of the entire issued and paid-up share capital of KSB and YSSB by YNHB for a total purchase consideration of RM241,098,000 to be satisfied by the issuance of 192,878,000 new YNHB Shares at an issue price of RM1.00 per share and the issuance of RM48,220,000 nominal value of 3% 5-year ICULS by YNHB;

Stage III

Incorporating **Stage II** and the following:

(i) Restricted issue of 15,000,000 new YNHB Shares at an issue price of RM1.00 per share to raise RM15 million cash, of which RM1 million was previously prepaid, to pay TAHB as consideration for the transfer of listing status of TAHB to YNHB. The entire cost of investment of RM15 million is then written off immediately to the income statement;

(ii) Disposal by YNHB of the entire issued and paid-up share capital of TAHB, from the Share Swap with YNHB, to a special purpose vehicle nominated by the SA for a nominal sum of RM1.00;

(iii) The total expenses for the listing exercise estimated at RM4,050,000, of which RM1,731,065 had been incurred by 30 April 2003, is charged to the income statement;

Stage IV

Incorporating **Stage III** and the following:

(i) The exercise of the entire option granted under ESOS into 21,306,819 new YNHB Shares of RM1.00 each representing 10% of the enlarged issued and paid-up ordinary share capital in YNHB. It is assumed that the exercise price for the options under ESOS will be RM1.00 per ordinary share. The proceeds from the exercise of the options is used to reduce bank borrowings; and

(ii) The conversion of RM48,220,000 nominal value of 3% 5-year ICULS into 48,220,000 new YNHB Shares.

8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.2 Significant accounting policies

(a) Basis of preparation

The financial statements of the Proforma Group are prepared under the historical cost convention, unless otherwise indicated in this summary of significant accounting policies, and comply with applicable Approved Accounting Standards issued by the Malaysian Accounting Standards Board ("MASB") and the provisions of the Companies Act 1965.

(b) Basis of consolidation

The Proforma Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies (to be acquired pursuant to the Proposals), which have been prepared in accordance with the Group's accounting policies and drawn up to the same reporting date, except for KSB which has been adjusted to include the effects of the revaluation of landed properties as mentioned in item **6.1** above.

A subsidiary company is an enterprise that is controlled by YNHB. Control is the power to govern the financial and operating policies of the investee enterprise so as to obtain benefits from its activities. Investments in subsidiary companies are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with item **8.2(m)**.

Subsidiary companies are consolidated using the acquisition method of accounting from the date on which control is transferred to the Proforma Group and are no longer consolidated from the date that control ceases. The assets and liabilities of a subsidiary company are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the acquisition cost and the fair value of an acquired subsidiary company's net assets is reflected as goodwill or reserve on consolidation as appropriate.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Proforma Group's share of its net assets together with any unamortised balance of goodwill or reserve on acquisition.

All intercompany transactions, balances and unrealised gains on transactions are eliminated. Unrealised losses resulting from intercompany transactions that are deducted in arriving at the carrying amount of assets are also eliminated unless cost cannot be recovered.

8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.2 Significant accounting policies (Contd.)

(c) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Proforma Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary company at the date of acquisition.

Goodwill is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with item **8.2(m)**. Goodwill is not amortised but is reviewed annually for impairment in value and written down where it is considered necessary.

Conversely, reserve arising from consolidation, which represents the excess of the fair value of the identifiable assets and liabilities of a subsidiary company over the cost of acquisition, is taken to reserve.

On disposal of a subsidiary company, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for recognition and measurement of impairment losses is in accordance with item **8.2(m)**.

Freehold land is not amortised while leasehold lands are amortised evenly over their remaining lease periods ranging between 47 to 79 years.

Other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life using the following annual rates:

	%
Buildings	2
Plant and machinery	20
Plant and office equipment, furniture and fittings and renovations	10 - 20
Tennis court	10
Motor vehicles	20

Crockery, glassware, cutlery, linen and general supplies used are not depreciated but are charged to income statement on the replacement basis.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is taken to the income statement.

8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.2 Significant accounting policies (Contd.)

(e) Investments

Other investments are stated at cost less allowance for any diminution in value. Such allowance is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(f) Land held for future development

This is stated at cost and reflected as long term assets, unless significant development work has been undertaken and is expected to be completed within the normal operating cycle, in which case, such assets will then be reclassified to development properties. Cost includes cost of land and attributable development expenditure.

(g) Development properties

Land and development expenditure are classified as development properties when significant development work has been undertaken and is expected to be completed within the normal operating cycle. Development properties are stated at aggregate costs incurred up to balance sheet date and includes attributable profit or loss recognised on each development project, less progress billings receivable up to balance sheet date. Cost includes cost of land, building, infrastructure and other related development expenditure, including borrowing costs incurred during the period of active development.

Profit accruing on a development project is accounted for on the percentage of completion method when the development work has progressed to a stage where the profit can be reliably measured. The percentage of completion is measured by reference to the proportion of development costs incurred for work performed to date to estimated total development costs, which correspond approximately with the physical completion of the development.

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8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.2 Significant accounting policies (Contd.)

(h) Joint development properties

A joint venture is a contractual arrangement whereby the Proforma Group and other parties undertake an economic activity which is subject to joint control. Where the Proforma Group undertakes its activities under joint venture arrangements directly, the Proforma Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis.

Joint development properties comprise aggregate development costs incurred up to balance sheet date and includes attributable profit or loss recognised on each joint development project, less progress billings receivable up to balance sheet date. Cost includes cost of building and infrastructure, share of profits accruing to venture partners and other related development expenditures.

Profit accruing on a joint development project is accounted for on the percentage of completion method when the development work has progressed to a stage where the profit can be reliably measured. The percentage of completion is measured by reference to the proportion of development costs incurred for work performed to date to estimated total development costs, which correspond approximately with the physical completion of the development.

(j) Construction contracts

This is stated at aggregate costs incurred up to balance sheet date and incorporates the profit or loss recognised on each contract and compared against progress billings up to balance sheet date. Where the aggregate costs and the recognised profit or loss exceeds the progress billings receivable, the balance is shown as "Amounts due from customers for contract works". Conversely, should the progress billings exceed the aggregate costs and recognised profits or losses, the balance is then shown as "Amounts due to customers for contract works". Cost includes cost of material, labour, direct overheads and a proportion of indirect overhead.

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised by reference to the stage of completion of the contract activity at the balance sheet date. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of the recoverable contract costs. When it is probable that total contract costs will exceed total contract revenue, the anticipated loss is recognised as an expense immediately.

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8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.2 Significant accounting policies (Contd.)

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of unsold property units comprise cost of land and development expenditure incurred thereon. Net realisable value represents estimated selling price less costs to be incurred in marketing and selling.

(l) Receivables

Receivables are carried at anticipated realisable value. Known bad debts are written off and specific allowance is made for any debt considered to be doubtful of collection.

(m) Impairment of assets

At each balance sheet date, the Proforma Group reviews the carrying amounts of its assets, other than inventories, deferred tax assets, and financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is charged to the income statement immediately. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

(n) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future, whether or not billed to the Proforma Group.

(o) Provisions for liabilities

Provisions for liabilities are recognised when the Proforma Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.2 Significant accounting policies (Contd.)

(p) Interest-bearing borrowings

Interest-bearing term loans, short term revolving credit facilities and bank overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition and construction of development properties are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. All other borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(q) ICULS

In accordance with the principal terms of issuance, ICULS as issued by YNHB are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar debt. The difference between the proceeds of issue of the ICULS and the fair value assigned to the liability component is included in shareholders' equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or redemption whilst the value of the equity component is not adjusted in subsequent periods. Attributable transaction costs are apportioned and deducted directly from the liability and equity component based on their carrying amounts at the date of issue.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar debt. The difference between this amount and the interest paid is reduced to the carrying value of the liability component of ICULS.

(r) Income tax

Income tax on the profit or loss for the period/year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period/year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.2 Significant accounting policies (Contd.)

(r) Income tax (Contd.)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Prior to the adoption of MASB 25 - Income Taxes on 1 January 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. This change in accounting policy has been accounted for retrospectively and the effects of the change are disclosed in item **8.6**.

(s) Financial instruments

Financial instruments are recognised in the balance sheet when the Proforma Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Proforma Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The particular recognition method adopted for financial instruments recognised at balance sheet date is disclosed in the individual policy statement of each item, where applicable.

(t) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Revenue from property under development is recognised in proportion to the percentage of completion, where the percentage of completion is measured by reference to the proportion of development costs incurred for work performed to date to estimated total development costs, which correspond approximately with the physical completion of the development.

Revenue from construction contracts and joint development property is recognised in proportion to the percentage of completion, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.2 Significant accounting policies (Contd.)

(t) Revenue recognition (Contd.)

Revenue from sale of completed property units and land held for future development is recognised when the risks and rewards associated with ownership has transferred to the purchaser with no further substantial contractual acts to complete.

Revenue from other sources are recognised as follows:

Sale of goods	- upon acceptance of delivery
Rental and room sales	- over the period of tenancy
Dividend income	- when the right to receive such dividend is established
Interest income	- on a time proportion basis that reflects the effective yield on the asset
Management fee	- over the period where such service is provided
Harvesting revenue	- when the service is provided

(u) Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These are stated after off-set against overdraft balances where appropriate. Cash and cash equivalents in the cash flow statements exclude fixed deposits pledged to financial institutions and thus not available for use by the Proforma Group and the Company.

8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.3 Property, plant and equipment

	Proforma Group		
	Cost	Accumulated depreciation /Impairment losses	Carrying amount
As at 30 April 2003	RM	RM	RM
Freehold land	90,520,160	(89,999)	90,430,161
Long term leasehold land and buildings	31,982,029	(300,618)	31,681,411
Short term leasehold land	165,738	(7,981)	157,757
Plant and machinery	3,888,123	(3,589,345)	298,778
Motor vehicles	1,615,908	(1,207,399)	408,509
Tennis court	70,004	(57,754)	12,250
Plant and office equipment, furniture, fittings and renovations	793,196	(538,568)	254,628
Crockery, glassware, cutlery, carpet and linen	391,514	-	391,514
	129,426,672	(5,791,664)	123,635,008

Freehold land and long term leasehold land and buildings with carrying amounts of RM65,456,885 and RM29,713,551 respectively are charged as securities for banking facilities granted to KSB and LVSB.

Title deeds to certain freehold land and long term leasehold land of the Proforma Group with carrying amounts of RM11,311,321 and RM2,534,653 respectively have yet to be registered in the respective company's name pending processing by the relevant authority.

8.4 Investment

This comprises investment in a unit trust which is quoted in Malaysia. The investment is stated at cost, with a market value amounting to RM15,508 as at 30 April 2003.

The Directors consider the diminution in value of the investments to be temporary in nature. Accordingly, no allowance for diminution in value has been provided for these investments as at 30 April 2003.

8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.5 Land held for future development

	Proforma Group RM
As at 30 April 2003	
Freehold land at cost	127,826,005
Less: Provision for impairment losses	(402,991)
	127,423,014
Leasehold land at cost	19,309,005
Development expenditure at cost	8,776,111
	155,508,130

Freehold and leasehold land with carrying amounts of RM104,838,709 and RM19,381,816 respectively have been pledged as securities for banking facilities granted to KSB.

Title deeds to certain freehold and leasehold land of the Proforma Group with carrying amounts of RM16,337,366 have yet to be registered in the respective company's name pending processing by the relevant authority.

Borrowing costs of RM264,018 were capitalised as development expenditure during the financial period ended 30 April 2003.

8.6 Deferred taxation

The components of deferred tax assets/(liabilities) of the Proforma Group as at 30 April 2003 prior to offsetting are as follows:

	Proforma Group RM
Accelerated capital allowances	(484,056)
Provision for impairment losses	138,037
Allowance for doubtful recovery	483,740
Unabsorbed capital allowances	524,277
Intra-Proforma Group unrealised profit	441,150
Provision for rectification	219,034
Other payables	83,720
Fair value adjustment on consolidation	(31,272,062)
	(29,866,160)

Presented after appropriate offsetting as follows:

Deferred tax assets	1,405,902
Deferred tax liabilities	(31,272,062)
	(29,866,160)

8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.6 Deferred taxation (Contd.)

The Proforma Group has available investment tax allowance of RM2,201,004 for off-set against future taxable income.

During the financial period from 1 January 2003 to 30 April 2003, the Proforma Group adopted MASB 25 - Income Taxes, which became effective for financial periods beginning on or after 1 July 2002, and accordingly modified its accounting policy for deferred taxes. Under MASB 25 - Income Taxes, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Proforma Group has commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

The change in accounting policy has been applied retrospectively and the effects on accumulated losses of the Proforma Group as at 30 April 2003 are as follows:

	YNHB audited as at 30.4.2003 RM	← Proforma Group as at 30 April 2003 → Stage I RM	Stage II RM	Stage III RM	Stage IV RM
Proforma accumulated losses as at 30 April 2003:					
Prior to adoption of MASB 25	(1,755,782)	(6,945,722)	(7,840,177)	(25,159,111)	(25,159,111)
Effects of adopting MASB 25	-	-	894,455	894,455	894,455
	(1,755,782)	(6,945,722)	(6,945,722)	(24,264,656)	(24,264,656)

8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.7 Development properties

As at 30 April 2003	Proforma Group RM
At cost:	
Freehold land	7,104,492
Leasehold land	2,583,460
Development expenditure	12,314,817
	22,002,769
Attributable profits	7,584,770
	29,587,539
Less: Progress billings received and receivable	(18,674,033)
	10,913,506

Capitalised in development expenditure during the financial period ended 30 April 2003 is equipment rental expense of RM184,520.

8.8 Joint development properties

As at 30 April 2003	Proforma Group RM
Land premium	132,414
Rights to development	500,000
Development expenditure	13,952,846
	14,585,260
Attributable profits	329,903
	14,915,163
Less: Progress billings received and receivable	(953,421)
	13,961,742

Capitalised in development expenditure during the financial period ended 30 April 2003 are the following:

	Proforma Group RM
Rental of equipment	128,840
Share of profit on joint venture development properties paid to a related party (item **8.25**)	750,000

8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.9 Inventories

Inventories comprise land and development expenditure of unsold property units stated at cost.

Property units with carrying amounts of RM1,744,727 are pledged as security for banking facilities granted to KSB.

Title deeds to certain property units amounting to RM2,468,404 have yet to be issued by the relevant authorities.

8.10 Amounts due to customers for contract works

	Proforma Group RM
Cost incurred todate	2,796,597
Proportion of profit attributable to work performed todate	1,068,078
	3,864,675
Progress billings received and receivable	(3,405,600)
	459,075
Comprising:	
Amounts due to customers on contract	(129,774)
Amounts due from customers on contract	588,849
	459,075

Included in the above are amounts totalling RM189,641 due to a a company connected with a Director of YSSB. Included in progress billings are retention sums of RM170,280.

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8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.11 Receivables

	YNHB audited as at 30.4.2003 RM	Proforma Group as at 30 April 2003 Stage I RM	Stage II RM	Stage III RM	Stage IV RM
Trade receivables	-	-	44,268,980	44,268,980	44,268,980
Less: Allowance for doubtful recovery	-	-	(1,030,403)	(1,030,403)	(1,030,403)
	-	-	43,238,577	43,238,577	43,238,577
Other receivables	-	-	1,587,604	1,587,604	1,587,604
Deposits and prepayments	1,000,000	1,000,000	22,791,128	21,791,128	21,791,128
Less: Allowance for doubtful recovery	-	-	(708,153)	(708,153)	(708,153)
	1,000,000	1,000,000	22,082,975	21,082,975	21,082,975
	1,000,000	1,000,000	66,909,156	65,909,156	65,909,156

(i) Trade receivables

Included in trade receivables are unprovided and overdue debts of RM10,421,800 owing to YSSB by a company in which the Directors of YSSB have significant interest. The Directors, after considering all pertinent information available, are of the opinion that these overdue debts are recoverable in full and no allowance for doubtful recovery needs to be made in respect of these debts.

In addition, trade receivables include amounts totalling RM1,133,462 owing to KSB by persons connected to certain Directors.

Ageing analysis of total trade receivables is as follows:

	KSB Group RM	YSSB RM	Proforma adjustments RM	Proforma Group RM
Current 1-30 days	1,557,561	4,898,675	(4,400,364)	2,055,872
31-90 days	10,780,854	4,562,490	(4,088,955)	11,254,389
91 - 180 days	8,979,093	2,416,426	(521,715)	10,873,804
More than 180 days	6,733,702	13,351,213	-	20,084,915
	28,051,210	25,228,804	(9,011,034)	44,268,980
Normal trade credit period	14 - 180 days	30 - 60 days		14 - 180 days

8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.11 Receivables (Contd.)

(ii) Other receivables

Included in other receivables is an amount of RM1,516,508 owing to YSSB, by a company connected with a Director of YSSB, for future contract works. The Directors, after considering all relevant and available information, are of the opinion that this amount is fully recoverable.

(iii Deposits and prepayments

The deposits and prepayments of YNHB company level as at 30 April 2003 represent a deposit paid to the SA being part of the sum payable for acquisition of the listing status of TAHB, and the amount is written off to income statement as mentioned in item **8.1 Stage III (i)** above.

Included herein are security deposits for joint venture transactions amounting to RM1,500,000 paid by KSB to a company in which certain Directors of KSB have significant financial interests. In accordance with the terms of the joint venture agreement, KSB is required to pay the joint venture partner a security deposit of RM13.5 million (being the joint venture partners' entitlement in the joint-venture) which will become due and payable over a period of time. KSB prepaid the entire amount in previous years, and as and when the joint venture party's entitlement becomes due, appropriate portions of the joint venture deposit is reclassified to land and development expenditure. The Directors of KSB anticipate that the joint venture transactions will be sufficiently profitable to ensure full recovery of the said deposits.

In addition, deposits include further security deposits totalling RM16,123,341 paid by KSB for joint venture transactions for which development works have not yet commenced. The Directors of KSB are reasonably optimistic that these development works will commence in the future and therefore ensure the recovery of the security deposits.

Also included in deposits and prepayments are deposits aggregating RM2,918,109 paid by KSB and SHSB for acquisitions of freehold and leasehold land for which the transactions remain incomplete at the date of this Report.

Furthermore, deposits include mobilisation deposits of RM840,000 paid for architects' services for future development projects. The Directors of KSB, after considering all relevant and available information, are of the opinion that these amounts are fully recoverable.

8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.12 Amount owing by/(to) Directors

	Proforma Group RM
Trade receivables	2,044,821
Current accounts	(3,002)
	2,041,819

Included in the trade receivables is an amount of RM1,993,179 owing for more than 180 days.

The current accounts represent non-trade advances from certain Directors of KSB, which are unsecured, non-interest bearing and without fixed terms of repayment.

8.13 Fixed deposits

These fixed deposits are placed with a licensed bank and pledged for bankers' guarantee facilities obtained. Of these amounts, fixed deposits of LVSB totalling RM100,435 are held in trust by the Directors.

The weighted average interest rates of fixed deposits placed during the financial period range from 3.2% - 4%, and the average maturity of fixed deposits as at 30 April 2003 was 365 days.

8.14 Cash and bank balances

Included herein is cash at bank amounting to RM2,458,238 held by KSB under Housing Development Accounts pursuant to Section 7A of the Housing Developers (Control and Licensing) Act 1966.

8.15 Payables

	YNHB audited as at 30.4.2003 RM	← Proforma Group as at 30 April 2003 → Stage I RM	Stage II RM	Stage III RM	Stage IV RM
Trade payables	-	-	4,406,986	4,406,986	4,406,986
Other payables	2,755,782	2,755,782	8,381,187	8,381,187	8,381,187
Accruals	-	-	1,144,732	1,144,732	1,144,732
Deposits	-	-	1,047,078	1,047,078	1,047,078
	2,755,782	2,755,782	14,979,983	14,979,983	14,979,983

The normal credit term granted to the Proforma Group ranges from 30 to 60 days.

Included in other payables are unsecured advances amounting to RM328,838 owing by KSB to companies in which certain Directors of KSB have significant financial interest.

8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.16 Provision for rectification works

This represents provision for contingent costs of rectification works on completed and sold property units.

8.17 Amount owing to shareholders

These amounts owing to existing shareholders of KSB are unsecured, non-interest bearing and without fixed terms of repayment.

8.18 Short term borrowings

	YNHB audited as at 31.12.2002	←	Proforma Group as at 31 December 2002		→
		Stage I	Stage II	Stage III	Stage IV
	RM	RM	RM	RM	RM
Portion of term loan repayable in next 12 months (item 8.23)	-	-	2,176,909	2,176,909	2,176,909
Short term revolving credit	-	-	2,000,000	2,000,000	2,000,000
Bank overdrafts	-	-	66,155,210	68,474,145	47,167,326
	-	-	70,332,119	72,651,054	51,344,235

The bank overdraft facilities are secured by:

(i) Legal charges over certain property, plant and equipment and land held for future development of the Proforma Group;

(ii) Corporate guarantees from KSB; and

(iii) Joint and several guarantees by certain Directors of KSB.

The short term revolving credit facility is secured by:

(i) Legal charges over certain property, plant and equipment and land held for future development of KSB; and

(ii) Joint and several guarantees by certain Directors of KSB.

The weighted average effective interest rates during the financial period for bank overdrafts and the short term revolving credit facility were 7.55% and 5.18% respectively.

8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.19 Share capital

		Proforma Group	
		No. of shares	**RM**
Authorised			
Ordinary shares of RM1 each		100,000	100,000
Issued and paid up			
Ordinary shares of RM1 each			
Audited balance as at 30 April 2003		250	250
Proforma adjustments:			
Stage I	(i)	5,189,940	5,189,940
Stage III	(ii)	192,878,000	192,878,000
Stage III	(iii)	15,000,000	15,000,000
Stage IV	(iv)	69,526,819	69,526,819
		282,595,009	282,595,009

The issued and paid up share capital has been adjusted to take into account the effect of the listing exercise involving the issuance of new ordinary shares of RM1 each at an issue price of RM1 per share comprising the following:

(i) 5,189,940 new shares issued for Share Swap with existing shareholders of TAHB;

(ii) 192,878,000 new shares issued to existing shareholders of KSB and YSSB for acquisition of these subsidiary companies;

(iii) 15,000,000 new shares by restricted issue to raise RM15 million cash to pay TAHB as consideration for the transfer of listing status of TAHB to YNHB;

(iv) 21,306,819 new shares to be issued to eligible employees of the Proforma Group pursuant to the exercise of options under ESOS; and

48,220,000 new shares to be issued to existing shareholders of KSB and YSSB pursuant to conversion of ICULS.

8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.20 Capital reserve (non-distributable)

This reserve represents the fair value of the equity component of ICULS as determined on the date of issue as stated in item 8.23.

8.21 Reserve on consolidation

This represents reserve on consolidation of KSB and YSSB on the basis that the acquisitions of the subsidiary companies had been in effect from 30 April 2003.

8.22 Accumulated losses

		Proforma Group RM
Audited balance as at 30 April 2003		1,755,782
Proforma adjustments:		
Stage I	(i)	5,189,940
Stage II		-
Stage III	(ii)	17,318,934
Stage IV		-
		24,264,656

The accumulated losses have been adjusted to take into account the effects of the Proposed Scheme as follows:

(i) Cost of investment in TAHB written off to income statement immediately upon acquisition;

(ii) Cost of listing status in TAHB amounting to RM15,000,000 written off to income statement immediately upon acquisition;

Disposal of investment in TAHB to a special purpose vehicle nominated by the SA for a nominal sum of RM1.00; and

Expenses for the listing exercise estimated at RM4,050,000, of which RM1,731,065 had been incurred and charged to the income statement.

8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.23 Long term borrowings

		YNHB audited as at 30.4.2003 RM	Proforma Group as at 30 April 2003 Stage I RM	Stage II RM	Stage III RM	Stage IV RM
Term loans						
Amount repayable	(i)	-	-	14,788,380	14,788,380	14,788,380
Portion repayable in next 12 months included in item 8.18		-	-	(2,176,909)	(2,176,909)	(2,176,909)
		-	-	12,611,471	12,611,471	12,611,471
3% 5-year ICULS	(ii)	-	-	5,859,001	5,859,001	-
		-	-	18,470,472	18,470,472	12,611,471

(i) Term loans

	Proforma Group RM
Term loans repayable after the next 12 months comprise portions repayable:	
More than 1 year and less than 5 years	8,049,073
More than 5 years	4,562,398
	12,611,471

The weighted average effective interest rate for term loans of the Proforma Group during the financial period was 8.0%.

8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.23 Long term borrowings (Contd.)

(i) Term loans (Contd.)

Details of the contractual terms and securities of the term loans are as follows:

	Repayment term	Interest rate	Securities	Amount outstanding RM
(i)	Repayable by 60 monthly instalments of RM40,697 commencing one month after date of full disbursement	1.75% above bankers' base lending rate	First legal charge over a freehold property of KSB	1,890,248
(ii)	Repayable by 60 monthly instalments of RM41,082 commencing one month after date of full disbursement	1.50% above bankers' base lending rate	First legal charge over certain property inventories of KSB	1,501,798
(iii)	Repayable by 120 monthly instalments of RM98,762 commencing one month after date of full disbursement	2.00% above bankers' base lending rate	First legal charge over a freehold property of KSB	7,826,926
(iv)	Repayable by 48 monthly instalments of RM97,934 commencing one month after date of full disbursement	1.75% above bankers' base lending rate	First legal charge over certain freehold properties of KSB	3,569,408
				14,788,380

The term loans are also jointly and severally guaranteed by certain Directors.

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8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.23 Long term borrowings (Contd.)

(ii) 3% 5-year ICULS

On 2 September 2003, YNHB issued an amount of RM48,220,000 nominal value of 3% 5-year ICULS as part settlement for the acquisition of KSB Group and YSSB. The main features of the ICULS are as follows:-

(a) The ICULS are in multiples of RM1 and constituted by a Trust Deed dated 25 August 2003 made between YNHB and the Trustee for the holders of the ICULS;

(b) The ICULS will be convertible into new ordinary shares in YNHB at any time from the date of issue of the ICULS until the maturity date;

(c) Upon conversion of the ICULS into new ordinary shares, such shares shall rank pari passu in all respects with the existing ordinary shares of YNHB except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of conversion of the ICULS; and

(d) The interest on ICULS is payable semi-annualy in arrears.

The proceeds received from the issue of the ICULS have been split between the liability component and the equity component, representing the fair value of the conversion option. The ICULS are accounted for in the balance sheets of the Proforma Group as follows:

	Proforma Group RM
Proceeds from issue of ICULS	48,220,000
Less: Equity component of ICULS (item **8.20**)	(42,360,999)
Liability component of ICULS	5,859,001

8.24 Capital commitments

	Proforma Group RM
Contracted but not provided for:	
Acquisition of land bank	1,183,560

8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.25 Related party transactions

Transactions with non-Proforma Group members

Non-Proforma Group enterprises are considered to be related where the Directors have control over the financial and operating decisions of the enterprise or where the Directors have significant financial interest. The Directors are directors/members of the enterprises listed below which had the following transactions with the Proforma Group during the financial period ended 30 April 2003:

Party	Transactions	Proforma Group RM
Kar Sin Hardware Sdn Bhd	Rental of equipment payable	500,000
	Rental of transport vehicle payable	227,960
	Transportation charges payable	485,900
N.A.B. Holdings Sdn Bhd	Rental of equipment payable	35,360
	Rental of transport vehicle payable	50,960
Arena Innovasi Sdn Bhd	Share of profit on joint venture development properties payable (item **8.8**)	750,000
Pilihan Data Sdn Bhd	Interest payable on overdraft facility utilised*	43,278

* *This represents interest charged in respect of KSB's utilisation of the bank overdraft facilities of Pilihan Data Sdn Bhd. Based on agreement reached between the parties concerned, KSB would undertake to repay the amount advanced and bear the interest charged at 1.75% per annum above the lending bank's base lending rate arising from the utilisation of the bank overdraft facility.*

Transactions with Directors

The Directors had the following transactions with the Proforma Group during the financial period ended 30 April 2003:

Director	Transactions	Proforma Group RM
Yu Kuan Seng	Directors' remuneration	403,200
	Purchase of property under development	1,200,000
	Benefit-in-kind	275
Yu Kuan Huat	Directors' remuneration	1,120,000
	Benefit-in-kind	1,100
Dato' Dr. Yu Kuan Chon	Directors' remuneration	1,120,000
	Benefit-in-kind	925
	Sale of property under development	1,440,000

There is no practicable method to determine the amounts outstanding in respect of the above transactions.

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8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.26 Segment information

Segment information is not presented as the Proforma Group operates solely in Malaysia and the combined revenues, operating results and assets employed of business segments other than the property segment represents less than 10% of the Group's revenues, operating results and assets employed respectively.

8.27 Subsequent events

Subsequent to the financial period ended 30 April 2003, the following events had been completed:

(a) On 21 August 2003, the authorised share capital of YNHB was increased from RM100,000 comprising 100,000 ordinary shares of RM1 each to RM500,000,000 comprising 500,000,000 ordinary shares of RM1 each.

(b) On 2 September 2003, the issued and fully paid-up share capital of YNHB was also increased from RM250 to RM207,878,250 by an allotment of additional 207,878,000 ordinary shares of RM1 each at par for the acquisition of KSB Group, YSSB and the listing status of TAHB.

(c) On 2 September 2003, RM48,220,000 nominal value 3% 5-year ICULS was issued by YNHB as part settlement for the acquisition of KSB Group and YSSB.

(d) On 28 May 2003, KSB entered into a significant joint venture agreement to develop and/or market certain land contributed by a joint venture party. During the financial period ended 30 April 2003, KSB had paid RM15,808,290 of a refundable deposit totalling RM18,000,000 to the joint venture party. The deposit shall be refundable upon full payment of the joint venture party's entitlement in accordance with the agreement.

8.28 Financial instruments

(a) Financial risk management objectives and policies

The Proforma Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Proforma Group's businesses whilst managing its interest rate, liquidity and credit risks. The Proforma Group has not established formal financial risk management objectives and policies as at 30 April 2003.

(b) Interest rate risk

The Proforma Group's primary interest rate risk relates to interest-bearing debt. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been placed in fixed deposits which yield better returns than cash at bank.

The Proforma Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (Contd.)

8.28 Financial instruments (Contd.)

(c) Liquidity risk

The Proforma Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Proforma Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

(d) Credit risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Proforma Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via management reporting procedures.

The Proforma Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

(e) Fair values

The carrying amount of the Proforma Group's financial assets and financial liabilities approximate their fair values. The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(i) Receivables and payables

The historical cost carrying amounts of receivables and payables that are subject to normal credit terms approximate fair value. The carrying amounts of other receivables and payables are reasonable estimates of fair value because of their nature and short maturity.

(ii) Cash and cash equivalents and short term revolving credit facility

The carrying amount of cash and bank balances, demand deposits, bank overdrafts and the short term revolving credit facility approximate fair values due to the relative short-term nature and maturity of these instruments.

(iii) Term loans and ICULS

The fair value of term loans and ICULS are estimated using discounted cash flow analysis, based on the timing of the amounts payable at the applicable rates of interests levied over the tenure of these borrowings.

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9. PROFORMA NET TANGIBLE ASSETS COVER

Based on the proforma statement of assets and liabilities of the Group as at 30 April 2003, the proforma net tangible assets (NTA) cover per share is calculated as follows:

	Proforma Group RM
Net tangible assets	
NTA as at 30 April 2003 after Acquisitions of TAHB, cost of investment in TAHB written off and Acquisition of KSB Group and YSSB	244,543,690
Add: Proceeds from proposed restricted issue of 15,000,000 new ordinary shares at issue price of RM1.00 per share	15,000,000
Add: Proceeds from disposal of entire issued and paid-up share capital of TAHB	1
Add: Proceeds from exercise of entire option granted under ESOS into 21,306,819 ordinary shares of RM1.00 each, assuming an exercise price of RM1.00 per ordinary share	21,306,819
Add: Conversion of entire RM48,220,000 nominal value of 3% 5-year ICULS into 48,220,000 new ordinary shares	5,859,001
Less: Consideration for transfer of listing status from TAHB to YNHB written off	(15,000,000)
Less: Estimated listing expenses, of which RM1,731,065 has been incurred	(2,318,935)
NTA on completion of the listing exercise	269,390,576

Share capital	No. of shares of RM1.00 each
As at 30 April 2003	250
Add: Share Swap with existing shareholders of TAHB	5,189,940
Add: Acquisition of entire issued and paid-up share capital of KSB Group and YSSB	192,878,000
Add: Restricted issue for acquisition of listing status of TAHB	15,000,000
Add: Exercise of entire option granted under ESOS	21,306,819
Add: Conversion of entire ICULS	48,220,000
On completion of the listing exercise	282,595,009

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9. PROFORMA NET TANGIBLE ASSETS COVER (Contd.)

	No. of times
Net tangible assets cover per ordinary share of RM1 each before exercising of the entire option granted under ESOS and conversion of ICULS into ordinary shares	1.14
Net tangible assets cover per ordinary share of RM1 each after exercising of the entire option granted under ESOS and conversion of ICULS into ordinary shares	0.95

10. AUDITED FINANCIAL STATEMENTS

No audited financial statements of YNHB, KSB and its subsidiary companies or YSSB have been made up in respect of any period subsequent to 30 April 2003.

Yours faithfully

ERNST & YOUNG
AF: 0039
Chartered Accountants

LEONG KENG YUEN
No. 1851/09/05 (J)
Partner