

11. FINANCIAL INFORMATION**11.1 HISTORICAL FINANCIAL INFORMATION**

The following table sets out a summary of the proforma consolidated results of the Group for the past five (5) financial years ended 31 December 2002 and the financial period four (4) months ended 30 April 2003, prepared on the assumption that the Group has been in existence throughout the period under review. The proforma consolidated results are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 12 of this Prospectus.

	31.12.1998 RM	31.12.1999 RM	31.12.2000 RM	31.12.2001 RM	31.12.2002 RM	4 Months ended 30.04.2003 RM
Turnover	46,128,351	91,666,027	45,979,025	77,756,835	103,719,951	23,442,183
Exceptional items [^]	77,471	-	-	-	(1,389,100)	(341,965)
EBIDTA	9,844,370	37,761,554	16,869,403	23,060,682	35,421,215	3,622,558
Depreciation	(1,042,248)	(850,434)	(862,275)	(601,869)	(515,033)	(169,078)
Interest expenses	(1,818,897)	(2,629,901)	(3,034,959)	3,786,865	(3,639,934)	(1,566,751)
Amortisation of goodwill	-	-	-	-	-	-
Share of profits/(losses) of associated companies	-	-	-	-	-	-
Profit before taxation	6,983,225	34,281,219	12,972,169	18,671,948	31,266,248	1,886,759
Taxation	(2,172,477)	-	(3,721,463)	(5,180,625)	(9,185,566)	(508,948)
Profit/ (Loss) after taxation	4,810,748	34,281,219	9,250,706	13,491,323	22,080,682	1,377,811
Extraordinary items ##	-	-	-	-	-	-
Minority shareholders' interest@	-	-	-	-	-	-
Net Profit/(Loss) for the year	4,810,748	34,281,219	9,250,706	13,491,323	22,080,682	1,377,811
No. of ordinary shares of RM1.00 each in issue during the year ('000) #	192,878,250	192,878,250	192,878,250	192,878,250	192,878,250	192,878,250
Gross earning per share (RM)	0.04	0.18	0.07	0.10	0.16	0.01
Net earning per share (RM)	0.02	0.18	0.05	0.07	0.11	0.01
Effective tax rate (%)	31	N/A	29	28	29	27

Notes: -

@ There is no MI as all the subsidiaries companies of YNHB are wholly owned subsidiaries.

Based on the enlarged issued and paid-up share capital of YNHB after the acquisition of KSB Group and YSSB.

There are no Extraordinary Items for the 5 financial years and the 4 months ended 30 April 2003 under review.

^ Exceptional Items for the financial year ended 31 December 1998 relates to gain arising from the compulsory acquisition of land by the Government. The Exceptional Items for the financial year ended 31 December 2002 and the 4 months financial period ended 30 April 2003 relates professional fees and incidental expenses incurred in connection with the listing exercise of YNHB.

Kindly refer to the Accountants Report in Section 12 for further details.

The financial statements of the YNHB Group for the years under review were not subjected to any audit qualification.

11. FINANCIAL INFORMATION (CONT'D)**11.2 ANALYSIS OF HISTORICAL FINANCIAL INFORMATION****11.2.1 Segmental Analysis of Revenue and Operating Profit**

Analysis of turnover by sector of business

Sector	Financial year ended 31 December				
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000
Property development	43,297	89,067	43,137	74,928	100,174
Hoteling & Others	2,831	2,599	2,842	2,829	3,546
Group Turnover	46,128	91,666	45,979	77,757	103,720
Growth rate (%)	-46%	99%	-50%	69%	33%

Analysis of profit/loss after taxation and minority interest by sector of business

Sector	Financial year ended 31 December				
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000
Property development	4,241	33,677	8,883	12,748	20,996
Hoteling & Others	570	604	368	743	1,085
PAT and MI	4,811	34,281	9,251	13,491	22,081
Growth rate (%)	-78%	613%	-73%	46%	64%

Kindly refer to the Accountants Report in Section 12 for further details.

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11. FINANCIAL INFORMATION (CONT'D)

11.3 DIRECTORS' DECLARATION FINANCIAL PERFORMANCE, POSITION AND OPERATIONS

The Directors are of the view that the financial performance, position and operations of the Group are not affected by any of the following: -

- (i) Any known trends, demands, commitments, events or uncertainties that have had, or that the corporation reasonably expects to have, a material favourable or unfavourable impact on financial performance, position and operations of the corporation/group;
- (ii) Any material capital expenditure commitments, the purpose of such commitments and the anticipated source of funds;
- (iii) Any unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the corporation/group; and the extent to which the financial performance, position and operations of the corporation/group was so affected;
- (iv) Where there has been a substantial increase in revenue, state the extent to which such increase is attributable to prices, volume of goods/services being sold, the introduction of new products/services or any other factors; and
- (v) Any known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

11.4 WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, MATERIAL COMMITMENT AND LITIGATION

(i) Working Capital

The Directors of YNHB are of the opinion that after taking into account the Group's cashflow position and banking facilities available the Group will have adequate working capital the financial years ending 31 December 2003 and 2004.

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11. FINANCIAL INFORMATION (CONT'D)**(ii) Borrowings and Unutilised Credit Facilities**

As at 30 September 2003 the total bank borrowings of the YNHB Group are as follows:-

Borrowings	Available Credit Facilities Amount (RM '000)	Balance utilised as at 30.09.03 Amount (RM '000)	Existing Unutilised Credit Facilities Amount (RM '000)
Long Term borrowings			
• Interest bearing	31,000	28,766	- [^]
Short Term borrowings			
• Interest bearing	80,500	55,579	24,921
Total Borrowings	111,500	84,345	24,921

Note:-

[^] There is no unutilised credit balance as the balance drawn down from long term borrowings have been repaid to the financial institutions.

The Group has no foreign currency borrowings as at 30 September 2003.

(iii) Outstanding Trade Debts and Ageing Analysis of the total debts of KSB Group and YSSB

Ageing analysis of total trade receivables as at 30 April 2003 are as follows:-

	KSB Group RM'000	YSSB RM'000	Proforma adjustments RM'000	Proforma Group RM'000
Current 1 – 30 days	1,557	4,899	(4,400)	2,056
31 – 90 days	10,781	4,562	(4,089)	11,254
91 – 180 days	8,979	2,417	(522)	10,874
More than 180 days	6,734	13,351	-	20,085
	28,051	25,229	(9,011)	44,269
Normal trade credit period ranging from	14 – 180 days	30 – 60 days		

The directors of KSB and YSSB, after considering all pertinent information available, are of the opinion that the abovementioned overdue debts are recoverable in full and no allowance for doubtful recovery needs to be made in respect of these debts. Also included in the trade receivables (more than 180 days) are unprovided and overdue debts of RM10.42 million owing to YSSB by Perumahan Manjung Sdn Bhd, which the directors of KSB and YSSB (namely, Yu Kuan Seng, Yu Kuan Huat and Dato' Dr. Yu Kuan Chon) have significant interest, which has been subsequently settled on 11 October 2003.

In addition, trade receivables (more than 180 days) include amounts totaling RM2.04 million owing to KSB by directors of YNHB Group and persons connected to directors of YNHB Group which has been subsequently fully settled on 8 October 2003

11. FINANCIAL INFORMATION (CONT'D)

A total provision of RM0.997 million for debts above the credit period of 180 days for KSB and its subsidiary LVSB, in relation to the trade receivables have been provided for in the profit estimate for the financial year ending 31 December 2003.

Kindly refer to the Accountant's Report as included in Section 12 of this Prospectus for further details.

(iv) Material Contingent Liabilities

As at 30 September 2003, there are no material contingent liabilities incurred by the Group.

(v) Material Capital Commitment

As at 30 September 2003, there are no material commitments for capital expenditure incurred or known to be incurred by the Group, which may have a substantial impact on the financial position of the Group.

(vi) Material Litigation

YNHB Group

Save as disclosed below, as at 30 September 2003, 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 YNHB and its subsidiaries.

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

The solicitors of KSB had confirmed that a statement of defence and a counter-claim had been filed on behalf of KSB. Pursuant to the counter claim, KSB is seeking a declaration that the said agreement has been rescinded and is seeking a refund of the deposit and part payment of RM674,504-85 made by KSB to the LGS. The matter has been fixed for case management on 5 December 2003.

11. FINANCIAL INFORMATION (CONT'D)**11.5 CONSOLIDATED (LOSS)/PROFIT ESTIMATE AND FORECAST AND ALSO THE ASSUMPTIONS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2003 AND 31 DECEMBER 2004
(Prepared for inclusion in the Prospectus)**

Financial Year Ending 31 December	Estimate 2003 (RM'000)	Forecast 2004 (RM'000)
Revenue	119,763	111,166
Consolidated PBT and Exceptional Items ("EI")	31,282	32,987
Less: EI	(22,851) ^(Note 1)	-
Consolidated PBT	8,431	32,987
Less: Taxation	(8,891)	(9,370)
Consolidated Loss After Tax ("LAT")/PAT after EI	(460) ^{(Note (a))}	23,617
Weighted average number of Shares ('000)	70,634	213,068
Issued and paid-up share capital ('000)*	213,068	213,068
Basic Gross EPS (sen) ^(Note 2)		
- before EI	44.29 ^(Note 3)	15.48
- after EI	11.94 ^(Note 4)	15.48
Diluted Gross EPS (sen) ^(Note 5)		
- before EI	11.97 ^(Note 3)	12.62
- after EI	3.23 ^(Note 4)	12.62
Basic Net EPS (sen) ^(Note 2)		
- before EI	31.70 ^(Note 6)	11.08
- after EI	(0.65) ^(Note 7)	11.08
Diluted Net EPS (sen) ^(Note 5)		
- before EI	8.57 ^(Note 6)	9.04
- after EI	(0.18) ^(Note 7)	9.04
Gross PE Multiple (times) ^(Note 8)		
- before EI	2.48 ^(Note 9)	6.46
- after EI	8.38 ^(Note 9)	6.46
Net PE Multiple (times) ^(Note 8)		
- before EI	N/A	9.03
- after EI	N/A	9.03

There are no minority interests.

Notes: -

- * Assuming the Share Swap with YNHB has been completed as at the date of this Prospectus
- (a) The estimate for the financial year ending 31 December 2003 excludes an 8 month adjustment of approximately RM16.05 million to pre-acquisition reserves which take into account the effective date of the Acquisitions on 2 September 2003.
- (1) Consist of write-off of cost of transfer of listing status of TAHB (RM15.00 million), write-off of cost of investment in TAHB (RM5.19 million) and estimated expenses for the restructuring of TAHB (RM4.05 million, of which RM1.39 million has been paid in FYE 2002).
- (2) Based on the weighted average number of shares in issue.
- (3) Based on PBT before EI of RM31.282 million.
- (4) Based on PBT after EI of RM8.431 million.
- (5) Based on the enlarged and paid-up capital of 261,288,190 Shares after full conversion of 48,220,000 ICULS into 48,220,000 new YNHB Shares but before the exercise of the ESOS Options.
- (6) Based on PAT before EI of RM22.391 million.
- (7) Based on LAT after EI of RM0.460 million.
- (8) Based on the Offer for Sale and Placement price of RM1.00 per Share.
- (9) Calculated based on Basic Gross EPS.
- N/A Not Applicable

11. FINANCIAL INFORMATION (CONT'D)

**11.6 REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST OF THE YNHB GROUP FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2003 AND 2004
(Prepared for inclusion in the Prospectus)**



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**REPORTING ACCOUNTANTS' LETTER ON
THE CONSOLIDATED (LOSS)/PROFIT ESTIMATE AND FORECAST
(prepared for inclusion in the Prospectus)**

23 OCT 2003

The Board of Directors
Yu Neh Huat Bhd
No 35, Jalan Hussein
30250 Ipoh
Perak Darul Ridzuan

Dear Sirs

**YU NEH HUAT BHD
CONSOLIDATED (LOSS)/PROFIT ESTIMATE AND FORECAST
FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2003 AND 31 DECEMBER
2004 RESPECTIVELY**

We have reviewed the estimate and forecast of consolidated (loss)/profit after taxation of Yu Neh Huat Bhd ("YNHB") and its subsidiary companies ("the Group") for the financial years ending 31 December 2003 and 31 December 2004 respectively in accordance with the professional standard in Malaysia applicable to the review of forecasts, AI 810. The estimate and forecast have been prepared for inclusion in the Prospectus in connection with the Offer for Sale of 2,000,000 ordinary shares of RM1 each at an offer price of RM1 per ordinary share and placement of 50,000,000 ordinary shares of RM1 each at the price of RM1 per ordinary share and the listing of and quotation for the entire issued and fully paid-up share capital and ICULS of YNHB on the Main Board of the Kuala Lumpur Stock Exchange.

Our review has been undertaken to enable us to form an opinion as to whether the estimate and forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors as set out in the Prospectus and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the period ended 30 April 2003. The Directors of YNHB are solely responsible for the preparation and presentation of the estimate and forecast and the assumptions on which the estimate and forecast is based.

11. FINANCIAL INFORMATION (CONT'D)



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**REPORTING ACCOUNTANTS' LETTER ON
THE CONSOLIDATED (LOSS)/PROFIT ESTIMATE AND FORECAST (CONTD)
(prepared for inclusion in the Prospectus)**

An estimate and forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the estimate and forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variations could be material.

Subject to the matters stated in the preceding paragraphs:

- (a) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the Prospectus, do not provide a reasonable basis for the preparation of the estimate and forecast of consolidated (loss)/profit after taxation; and
- (b) in our opinion, the estimate and forecast of consolidated (loss)/profit after taxation, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the period ended 30 April 2003.

The accompanying estimate and forecast and this letter have been prepared solely for the purposes stated above, in connection with the aforementioned proposals. This letter is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Ernst & Young'.

Ernst & Young
AF:0039
Chartered Accountants
Ipoh, Perak Darul Ridzuan, Malaysia
Partner

A handwritten signature in black ink, appearing to be 'Leong Keng Yuen'.

Leong Keng Yuen
No. 1851/09/05 (J)
Partner

11. FINANCIAL INFORMATION (CONT'D)

AF : 0039

YU NEH HUAT BHD
CONSOLIDATED (LOSS)/PROFIT ESTIMATE AND FORECAST
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2003 AND 31 DECEMBER
2004

The Directors of the Company estimate and forecast that, barring unforeseen circumstances, the consolidated (loss)/profit after taxation for the years ending 31 December 2003 and 31 December 2004 respectively will be as follows: -

	Financial year ending 31 December	
	2003	2004
	RM	RM
Revenue	119,763,127	111,166,329
Consolidated profit before exceptional items and taxation	31,282,515	32,987,433
Less: Exceptional items (Note 2)	(22,850,839)	-
Consolidated profit before taxation	8,431,676	32,987,433
Less: Taxation	(8,891,323)	(9,370,904)
Consolidated (loss)/profit for the year	(459,647)	23,616,529
Weighted-average number of ordinary shares in issue (Note 3)	70,633,731	213,068,190
Gross earnings per share (sen)		
- before exceptional items	44.29	15.48
- after exceptional items	11.94	15.48
Net earnings/loss per share (sen)		
- before exceptional items	31.70	11.08
- after exceptional items	(0.65)	11.08
Diluted net earnings per share (sen) (Note 4)		
- before exceptional items	26.26	9.37
- after exceptional items	-	9.37
Net PE Multiple (based on the Offer Price of RM1 per share) (times)		
- before exceptional items	3.15	9.03
- after exceptional items	(153.85)	9.03

Note:

- The consolidated (loss)/profit after taxation but before exceptional items for the financial year ending 31 December 2003 and 31 December 2004 combines the results of operations of YNHB and the subsidiary companies to be acquired on a pro forma basis, as if the acquisitions occurred at the beginning of each financial year presented.

11. FINANCIAL INFORMATION (CONT'D)

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YU NEH HUAT BHD**CONSOLIDATED (LOSS)/PROFIT ESTIMATE AND FORECAST****FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2003 AND 31 DECEMBER 2004 (CONTD)**

2. Exceptional items for the year ending 31 December 2003 represent the following:

	RM
Write off of cost of transfer of listing status of TAHB	15,000,000
Write off of cost of investment in TAHB	5,189,939
Estimated expenses for the restructuring of TAHB	<u>2,660,900</u>
	<u>22,850,839</u>

3. For comparison purposes, the weighted average number of ordinary shares in issue has been calculated as if the Proposed Scheme was effected on 2 September 2003 for the financial years ending 31 December 2003 and 31 December 2004 respectively. Accordingly, the basic net earnings per share has been computed using this weighted-average number of ordinary shares calculated.
4. Diluted net earnings per share has been computed using the weighted-average number of issued and paid-up shares and dilutive potential ordinary shares from the proposed ICULS and ESOS. It is also assumed that the exercise price for the options granted under the proposed ESOS to be RM1.00 per ordinary share and the market value of the shares at time of exercise is RM1.10 per share. Diluted net earnings per share after exceptional items for the financial year ending 31 December 2003 is not presented as the computation resulted in a higher net earnings per share (anti-dilutive).

11. FINANCIAL INFORMATION (CONT'D)



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**YU NEH HUAT BHD
CONSOLIDATED (LOSS)/PROFIT ESTIMATE AND FORECAST
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2003 AND 31 DECEMBER
2004 (CONTD)**

The principal bases and assumptions upon which the consolidated (loss)/profit estimate and forecast have been prepared are as follows:

General Assumptions:

- i) There will be no significant changes in the YNHB Group structure from that to be constituted by YNHB's acquisitions of KSB and YSSB. Principal activities of the YNHB Group will remain unchanged.
- ii) There will be no significant changes in the management structure, operating and accounting policies currently adopted by the YNHB Group.
- iii) There will be no significant changes in the current demand and the prevailing market conditions, which will adversely affect the YNHB Group's performance and business of its major customers and suppliers.
- iv) There will be no significant changes in the present legislation or government regulations, rates and basis of tariff, levies and taxes affecting the YNHB Group's activities or performance.
- v) There will be no major industrial disputes, political changes or any abnormal circumstances, which will adversely affect the operations of the YNHB Group.
- vi) Existing financing facilities will continue to be available to the YNHB Group and at the prevailing interest rates.
- vii) The inflation rate and exchange rates of foreign currencies will not change significantly from their present levels.
- viii) Capital expenditure programmes will take place as planned and there will be no material acquisitions or disposals of property, plant and equipment, investments or assets other than those planned.
- ix) The YNHB Group will continue to attract and retain key personnel to sustain its growth.
- x) The ICULS are issued on 2 September 2003.
- xi) Assumed that the ICULS holders will convert their ICULS into ordinary shares in YNHB at the end of the 5 years on 2 September 2008.
- xii) None of the options granted under the proposed ESOS will be exercised into ordinary shares in YNHB.

11. FINANCIAL INFORMATION (CONT'D)

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YU NEH HUAT BHD**CONSOLIDATED (LOSS)/PROFIT ESTIMATE AND FORECAST****FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2003 AND 31 DECEMBER 2004 (CONTD)****General Assumptions (Contd)**

- xiii) There will be no adverse changes in the economic conditions in Malaysia and elsewhere, which may adversely affect the activities or performance of the YNHB Group.

Specific Assumptions

- xiv) Approvals, licences and other authorisations from the relevant authorities for the YNHB Group's property development projects will be obtained as planned.
- xv) Actual selling prices for residential and commercial units of the YNHB Group do not vary significantly from the following:

Type of units	Selling price RM
Single storey terrace	86,800
Double storey terrace	125,800
Single storey semi-detach	135,000
Double storey semi-detach	155,000
Single storey bungalow	188,000
Double storey bungalow	250,000
Double storey shop	280,000

- xvi) Actual sale and purchase agreements concluded and eligible for revenue recognition will be as follows:

Type of units	Financial year ending 31 December 2003	Financial year ending 31 December 2004
Single storey terrace	746	104
Double storey terrace	181	64
Single storey semi-detach	63	79
Double storey semi-detach	20	8
Single storey bungalow	10	15
Double storey bungalow	-	2
Double storey shop	96	71

11. FINANCIAL INFORMATION (CONT'D)



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YU NEH HUAT BHD**CONSOLIDATED (LOSS)/PROFIT ESTIMATE AND FORECAST****FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2003 AND 31 DECEMBER 2004 (CONTD)****Specific Assumptions (Contd)**

xvii) Actual selling prices for shop office land and actual sale and purchase agreements concluded and eligible for revenue recognition will be as follows:

Type of units	Number of lots sold	Selling price RM
Financial year ending 31 December 2003:		
Double storey shop	20	250,000
Three storey shop	50	350,000
Financial year ending 31 December 2004:		
Double storey shop	88	250,000

xviii) Actual contract prices for shop office of the YNHB Group do not vary significantly from the following:

Type of units	Contract price RM
Double storey shop	100,000
Three storey shop	150,000

xix) Actual contract agreements concluded and eligible for revenue recognition arising from construction of shop office will be as follows:

Type of units	Financial year ending 31 December 2003	Financial year ending 31 December 2004
Double storey shop	-	108
Three storey shop	-	50

11. FINANCIAL INFORMATION (CONT'D)

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YU NEH HUAT BHD**CONSOLIDATED (LOSS)/PROFIT ESTIMATE AND FORECAST****FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2003 AND 31 DECEMBER 2004 (CONTD)****Specific Assumptions (Contd)**

- xx) Actual development costs (excluding land cost) for residential and commercial units of the YNHB Group do not vary materially from the following:

Variable costs (by type of units)	Cost of development RM
Double storey shop	66,689
Single storey terrace	40,824
Double storey terrace	57,781
Single storey semi-detached	53,239
Double storey semi-detached	71,755
Single storey bungalow	66,919
Double storey bungalow	83,278
Three storey shop	92,092

Fixed costs (by project)	Cost of development RM
Electrical substation	50,000
Advertising	50,000
Plan fee	25,000
Oxidation pond	500,000
Miscellaneous (advertising, processing fee, permits and etc)	111,000

- xxi) The YNHB Group's property development projects will be launched, developed and sold as planned.
- xxii) The taxation of the YNHB Group will be as forecasted and the YNHB Group will be not be subjected to any material back taxes or real property gain taxes on past transactions.
- xxiii) There will be no significant incidence of bad debts, liquidated ascertained damages or claims of defects by property purchasers.
- xxiv) The Proposed Scheme will be completed on 31 October 2003.
- xxv) There will be sufficient dividend received in each year from the proposed subsidiary companies to fully utilise the tax savings arising from the ICULS interest incurred annually.

11. FINANCIAL INFORMATION (CONT'D)**11.7 DIRECTORS' COMMENTS ON THE PROFIT ESTIMATE AND FORECAST**

The YNHB Group is estimating that its turnover for FYE 31 December 2003 is approximately RM119.76 million, consolidated profit before tax before EI of RM31.28 million and consolidated loss after taxation and EI of RM0.46 million.

For the estimate year 2003, the bulk of the revenue, will be contributed by the property development activities of KSB amounting to RM114.03 million and gross profit amounting to RM44.51 million. The property development activities of KSB will contribute approximately 95.08% of the YNHB Group's turnover.

The YNHB Group is forecasting that its turnover for FYE 31 December 2004 is approximately RM111.17 million, consolidated profit before tax before EI of RM32.99 million and consolidated profit after taxation and EI of RM23.62 million.

For the forecast year 2004, the bulk of the revenue, will be contributed by the property development activities of KSB amounting to RM107.26 million and gross profit amounting to RM45.99 million. The property development activities of KSB will contribute approximately 96.48% of the YNHB Group's turnover.

The Board of Directors of YNHB confirmed that the profit estimate and forecast of the YNHB Group and the underlying bases and assumptions stated therein have been reviewed by the Directors after due and careful enquiry, and that the Directors, having taken into account the future prospects of the industry, future plans of the YNHB Group and its level of gearing liquidity and working capital requirements, are of the opinion that the profit estimate and forecast of the YNHB Group are achievable and the assumptions made are reasonable.

11.8 DIVIDEND ESTIMATE AND FORECAST

Based on the consolidated profit estimate and forecast for the financial years ending 31 December 2003 and 31 December 2004 and assuming that the current basis for calculating taxation and the rates of taxation remain unchanged, the Directors of YNHB anticipate that, in the absence of unforeseen circumstances, the Company will be in a position to propose a dividend of 5 sen or five percent (5%) per share for the financial years ending 31 December 2003 and 31 December 2004, based on the enlarged issued and paid-up share capital of 213,068,190 ordinary shares of RM1.00 each.

The intended appropriation of the estimate and forecast consolidated PAT after MI for the financial year ending 31 December 2003 and 31 December 2004 would be as follows: -

Financial Year Ending 31 December	Estimate 2003	Forecast 2004
Gross dividend per Share (sen)	5.0	5.0
Net dividend per Share (sen)	3.6	3.6
Gross dividend yield (%) ^(Note 1)	5.0	5.0
Net dividend yield (%) ^(Note 1)	3.6	3.6
Net dividend cover (times)	8.81*	3.08**

Note: -

(1) Based on the Offer for Sale and Placement price of RM1.00 per Share.

* Calculated based on Basic Net EPS before EI of 31.70 sen.

** Calculated based on Basic Net EPS of 11.08 sen.

11. FINANCIAL INFORMATION (CONT'D)

It will be the policy of the Directors in recommending dividends to allow shareholders to participate in the profits of the Group as well as leaving adequate reserves for the future growth of the Group.

Investors should note that future dividends might be waived if:-

- (i) The Group records a loss instead of the forecast profits; or
- (ii) The payment of dividends would adversely affect the Group's cashflow and operations.

11.9 BREAKEVEN ANALYSIS

As the YNHB Group is primarily involved in property development, no breakeven analysis is available as each property launch will involve various mix of property types which command different profit margins.

11.10 SENSITIVITY ANALYSIS

The following sensitivity analysis is prepared by the management of the Group and has not been independently verified by the Reporting Accountants. It is based on the forecast assumptions set out in Section 11.6 above and assuming all factors remaining unchanged except for the 5% and 10% upward or downward variations in the turnover and the cost of sales. Notwithstanding the impacts of the variations in the turnover and cost of sales as outlined here, there may exist other factors which have not been taken into account, while variations may have a significant effect, either positively or negatively, on the financials of the Group. The sensitivity analysis is as follows: -

11.10.1 Variations in Revenue

Estimate for the financial year ending 31 December 2003

	Revenue (RM'000)	Cost Sales of (RM'000)	Gross Profit (RM'000)	PBT (RM'000)	PAT & After MI (RM'000)	GP Margin %
As Estimated	119,763	66,526	53,237	8,432	(460)	44
Up to 10%	128,425	67,806	60,619	15,814	4,835	47
Up to 5%	124,094	67,166	56,928	12,123	2,188	46
Down 5%	115,432	65,886	49,546	4,741	(3,107)	43
Down 10%	111,101	65,246	45,854	1,049	(5,754)	41

Forecast for the financial year ending 31 December 2004

	Revenue (RM'000)	Cost Sales of (RM'000)	Gross Profit (RM'000)	PBT (RM'000)	PAT & After MI (RM'000)	GP Margin %
As Forecasted	111,166	56,366	54,801	32,987	23,617	49
Up to 10%	115,417	56,567	58,850	37,037	26,497	51
Up to 5%	114,387	56,851	57,536	35,637	25,568	50
Down 5%	107,945	55,880	52,065	30,338	21,665	48
Down 10%	106,916	56,164	50,751	28,938	20,736	47

11. FINANCIAL INFORMATION (CONT'D)

The sensitivity analysis on turnover is prepared based on the assumption that all other things remain unchanged except for the 5% and 10% upward and downward variations in the revenue.

However, the 5% and 10% increase/decrease in revenue and cost of sales for Joint-Venture ("JV") development projects are assumed to be shared with the JV partners.

11.10.2 Variations in Cost of Sales

Estimate for the financial year ending 31 December 2003

	Revenue (RM'000)	Cost Sales of (RM'000)	Gross Profit (RM'000)	PBT (RM'000)	PAT & After MI (RM'000)	GP Margin %
As Estimated	119,763	66,526	53,237	8,432	(460)	44
Up to 10%	119,763	71,171	48,592	3,787	(3,795)	41
Up to 5%	119,763	68,848	50,915	6,109	(2,127)	43
Down 5%	119,763	64,204	55,559	10,754	1,208	46
Down 10%	119,763	61,882	57,881	13,076	2,876	48

Forecast for the financial year ending 31 December 2004

	Revenue (RM'000)	Cost Sales of (RM'000)	Gross Profit (RM'000)	PBT (RM'000)	PAT & After MI (RM'000)	GP Margin %
As Forecasted	111,166	56,366	54,801	32,987	23,617	49
Up to 10%	111,166	60,625	50,542	28,728	20,559	47
Up to 5%	111,166	58,492	52,675	30,861	22,090	47
Down 5%	111,166	54,240	56,927	35,113	25,143	51
Down 10%	111,166	52,107	59,060	37,247	26,674	53

The sensitivity analysis on cost of sales is prepared based on the assumption that all other things remain unchanged except for the 5% and 10% upward and downward variations in the cost of sales.

As shown in the table above, a 10% increase in the cost of sales is expected to decrease the gross profit margin to 41% as compared to the forecasted gross profit margin of 44%.

11. FINANCIAL INFORMATION (CONT'D)**11.11 PROFORMA CONSOLIDATED BALANCE SHEETS OF YNHB GROUP AS AT 30 APRIL 2003**
(Prepared for inclusion in the Prospectus)

The Proforma Consolidated Balance Sheets as at 30 April 2003 set out below has been prepared for illustrative purposes only to show the effects on the audited balance sheet of YNHB, had the Proposals been effected on that date.

	<i>Proforma I</i>		<i>Proforma II</i>		<i>Proforma III</i>		<i>Proforma IV</i>	
	Audited as at 30 April 2003	After Share Swap with YNHB	After I & Acquisitions	After II & Restricted Issue, Disposal of TAHB, Offer for Sale and Placement	After III & Full Conversion of ICULS and Exercise of ESOS Options			
Property, plant and equipment	-	-	123,635,008	123,635,008	123,635,008			123,635,008
Other investments	-	-	25,000	25,000	25,000			25,000
Land held for future development	-	-	155,508,130	155,508,130	155,508,130			155,508,130
Deferred tax assets	-	-	1,405,902	1,405,902	1,405,902			1,405,902
	-	-	280,574,040	280,574,040	280,574,040			280,574,040
Current Assets								
Development properties	-	-	10,913,506	10,913,506	10,913,506			10,913,506
Joint development properties	-	-	13,961,742	13,961,742	13,961,742			13,961,742
Inventories	-	-	3,351,774	3,351,774	3,351,774			3,351,774
Amounts due from customers for contract works	-	-	459,075	459,075	459,075			459,075
Trade receivables	-	-	43,238,577	43,238,577	43,238,577			43,238,577
Other receivables, deposit and prepayments	1,000,000	1,000,000	23,670,579	22,670,579	22,670,579			22,670,579
Amounts owing to Directors	-	-	2,044,821	2,044,821	2,044,821			2,044,821
Fixed deposits with licensed banks	-	-	205,435	205,435	205,435			205,435
Cash and bank balances	250	250	3,000,666	4,000,667	4,000,667			4,000,667
	1,000,250	1,000,250	100,846,175	100,846,176	100,846,176			100,846,176
Current Liabilities								
Trade payables	-	-	4,406,986	4,406,986	4,406,986			4,406,986
Other payables and accruals	2,755,782	2,755,782	10,572,997	10,572,997	10,572,997			10,572,997
Provision for rectification works	-	-	782,263	782,263	782,263			782,263
Amount owing to shareholders	-	-	256,566	256,566	256,566			256,566
Amount owing to Directors	-	-	3,002	3,002	3,002			3,002
Bank borrowings	-	-	70,332,119	72,651,054	51,344,235			51,344,235
Taxation	-	-	780,058	780,058	780,058			780,058
	2,755,782	2,755,782	87,133,991	89,452,926	68,146,107			68,146,107
Net Current (Liabilities)/ Assets								
	(1,755,532)	(1,755,532)	13,712,184	11,393,250	32,700,069			32,700,069
	(1,755,532)	(1,755,532)	294,286,224	291,967,290	313,274,109			313,274,109

11. FINANCIAL INFORMATION (CONT'D)

		<i>Proforma I</i>	<i>Proforma II</i>	<i>Proforma III</i>	<i>Proforma IV</i>
	Audited as at 30 April 2003	After Share Swap with YNHB	After I & Acquisitions	After II & Restricted Issue, Disposal of TAHB, Offer for Sale and Placement	After III & Full Conversion of ICULS and Exercise of ESOS Options
Financed by:-					
Share capital	250	5,190,190	198,068,190	213,068,190	282,595,009
Capital Reserve (Equity Component of ICULS)	-	-	42,360,999	42,360,999	-
Reserve on Consolidation	-	-	11,060,223	11,060,223	11,060,223
Accumulated losses	(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
Term loans	-	-	12,611,471	12,611,471	12,611,471
ICULS (Liability Component)	-	-	5,859,001	5,859,001	-
Deferred Tax Liabilities	-	-	31,272,062	31,272,062	31,272,062
	(1,755,532)	(1,755,532)	294,286,224	291,967,290	313,274,109
(NTL) / NTA	(1,755,532)	(1,755,532)	244,543,690	242,224,756	269,390,576
(NTL) / NTA Per Share (RM)	(7,022.13)	(0.34)	1.23	1.14	0.95

11.12 MOVEMENTS IN THE SHARE CAPITAL AND OTHER RESERVES

The movements in the share capital and other reserves account of the Company are as follows: -

		<i>Proforma I</i>	<i>Proforma II</i>	<i>Proforma III</i>	<i>Proforma IV</i>
	Audited as at 30 April 2003 RM	After Share Swap with YNHB RM	After I & Acquisitions RM	After II & Restricted Issue, Disposal of TAHB, Offer for Sale and Placement RM	After III & Full Conversion of ICULS and Exercise of ESOS Options RM
Financed by:-					
Share capital	250	5,190,190	198,068,190	213,068,190	282,595,009
Capital Reserve (Equity Component of ICULS)	-	-	42,360,999	42,360,999	-
Reserve on Consolidation	-	-	11,060,223	11,060,223	11,060,223
Accumulated losses	(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

11. FINANCIAL INFORMATION (CONT'D)

**11.13 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED
BALANCE SHEETS AS AT 30 APRIL 2003
(Prepared for inclusion in the Prospectus)**



■ Chartered Accountants
21 & 23 Jalan Hussein
30250 Ipoh, Perak, Malaysia

■ Phone : (605) 255-6393
Fax : (605) 254-1572
www.ey.com/my

Mail Address:
P.O. Box 212
30720 Ipoh, Perak, Malaysia

**Reporting Accountants' Report on Proforma Consolidated Balance Sheets
(prepared for inclusion in the Prospectus)**

23 OCT 2003

The Board of Directors
Yu Neh Huat Bhd
No 35, Jalan Hussein
30250 Ipoh
Perak Darul Ridzuan

Dear Sirs

**YU NEH HUAT BHD
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 APRIL 2003**

We have reviewed the presentation of the proforma consolidated balance sheets of Yu Neh Huat Bhd ("YNHB") and its subsidiary companies ("the Group") as at 30 April 2003 together with the notes thereto, as set out in the Prospectus issued in connection with the Offer for Sale of 2,000,000 ordinary shares of RM1 each at an offer price of RM1 per ordinary share and placement of 50,000,000 ordinary shares of RM1 each at the price of RM1 per ordinary share and the listing of and quotation for the entire issued and fully paid-up share capital and ICULS of YNHB on the Main Board of the Kuala Lumpur Stock Exchange.

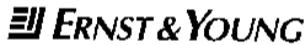
It is the responsibility solely of the Directors of YNHB to prepare the proforma consolidated balance sheets in accordance with paragraphs 19 to 21, Chapter 13, of the Securities Commission Prospectus Guidelines (Revised 1 April 2003) in respect of Public Offerings ("the Guidelines").

It is our responsibility to form an opinion, as required by paragraph 22, Chapter 13 of the Guidelines, and to report our opinion to you. Our work consisted primarily of comparing the unadjusted financial information presented with their original form, considering the adjustments and discussing the pro forma consolidated balance sheets with responsible officers of YNHB. Our work involved no independent examination of any of the underlying financial information.

In our opinion:

- (a) the proforma consolidated balance sheets have been properly compiled on the bases stated and such bases are consistent with the accounting policies of YNHB; and
- (b) the adjustments set out are appropriate for the purposes of the proforma consolidated balance sheets pursuant to paragraphs 19 to 21, Chapter 13 of the Guidelines.

11. FINANCIAL INFORMATION (CONT'D)



AF : 0039

**Reporting Accountants' Report on Proforma Consolidated Balance Sheets (Contd)
(prepared for inclusion in the Prospectus)**

The accompanying proforma balance sheets and this letter have been prepared solely for the purposes stated above, in connection with the aforementioned proposals. This letter is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Ernst & Young'.

Ernst & Young
AF:0039
Chartered Accountants
Ipoh, Perak Darul Ridzuan, Malaysia

A handwritten signature in black ink, appearing to be 'Leong Keng Yuen'.

Leong Keng Yuen
No. 1851/09/05 (J)
Partner

11. FINANCIAL INFORMATION (CONT'D)



AF : 0039

YU NEH HUAT BHD

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 APRIL 2003

	Audited as at 30 April 2003 RM	Stage I RM	Stage II RM	Stage III RM	Stage IV RM
Property, plant and equipment	-	-	123,635,008	123,635,008	123,635,008
Other investments	-	-	25,000	25,000	25,000
Land held for future development	-	-	155,508,130	155,508,130	155,508,130
Deferred tax assets	-	-	1,405,902	1,405,902	1,405,902
	-	-	280,574,040	280,574,040	280,574,040
Current Assets					
Development properties	-	-	10,913,506	10,913,506	10,913,506
Joint development properties	-	-	13,961,742	13,961,742	13,961,742
Inventories	-	-	3,351,774	3,351,774	3,351,774
Amounts due from customers for contract works	-	-	459,075	459,075	459,075
Trade receivables	-	-	43,238,577	43,238,577	43,238,577
Other receivables, deposits and prepayments	1,000,000	1,000,000	23,670,579	22,670,579	22,670,579
Amount owing to Directors	-	-	2,044,821	2,044,821	2,044,821
Fixed deposits with licensed banks	-	-	205,435	205,435	205,435
Cash and bank balances	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					
Trade payables	-	-	4,406,986	4,406,986	4,406,986
Other payables and accruals	2,755,782	2,755,782	10,572,997	10,572,997	10,572,997
Provision for rectification works	-	-	782,263	782,263	782,263
Amount owing to shareholders	-	-	256,566	256,566	256,566
Amount owing to Directors	-	-	3,002	3,002	3,002
Bank borrowings	-	-	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
Financed by:					
Share Capital	250	5,190,190	198,068,190	213,068,190	282,595,009
Capital Reserve (Equity Component of ICULS)	-	-	42,360,999	42,360,999	-
Reserve on Consolidation	-	-	11,060,223	11,060,223	11,060,223
Accumulated Losses	(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
Term Loans	-	-	12,611,471	12,611,471	12,611,471
5-Year 3% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") (Liability Component)	-	-	5,859,001	5,859,001	-
Deferred Tax Liabilities	-	-	31,272,062	31,272,062	31,272,062
	(1,755,532)	(1,755,532)	294,286,224	291,967,290	313,274,109
Net Tangible (Liabilities)/Assets (RM)	(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

11. FINANCIAL INFORMATION (CONT'D)

AF : 0039

YU NEH HUAT BHD
NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS

The proforma consolidated balance sheets which are based on the audited balance sheet of the Group as at 30 April 2003, have been prepared on accounting policies and basis consistent with those adopted in the preparation of the financial statements and are provided for illustrative purposes only to show the effects of the listing exercise as follows on the assumption they were effected on 30 April 2003:

- Stage I
- a. Reduction of the existing 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");
 - b. Acquisition of the entire issued and paid-up share capital 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;
- 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 48,220,000 nominal value of 3% 5-year ICULS by YNHB;
- Stage III Incorporating Stage II and the following:
- a. 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;
 - b. 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;
 - c. 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;

11. FINANCIAL INFORMATION (CONT'D)



YU NEH HUAT BHD
NOTES TO THE PRO FORMA CONSOLIDATED BALANCE SHEETS (CONTD)

Stage IV Incorporating Stage III and the following:

- a. the exercise of the entire option granted under the 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
- b. the conversion of 48,220,000 nominal value of 5-Year 3% ICULS into 48,220,000 new YNHB Shares.