

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

**Condensed Consolidated Income Statements**  
**For the Three Months Period Ended 31 March 2010**

	Note	3 months ended		3 months ended	
		31.03.2010	31.03.2009	31.03.2010	31.03.2009
		RM	RM	RM	RM
Revenue		93,806,738	62,927,421	93,806,738	62,927,421
Cost of sales		(64,249,773)	(34,462,354)	(64,249,773)	(34,462,354)
Gross profit		29,556,965	28,465,067	29,556,965	28,465,067
Other operating income		544,721	538,789	544,721	538,789
Administrative and general expenses		(6,357,812)	(6,506,308)	(6,357,812)	(6,506,308)
Profit from operations		23,743,874	22,497,548	23,743,874	22,497,548
Finance costs	19	(3,186,343)	(2,402,926)	(3,186,343)	(2,402,926)
Profit before taxation	19	20,557,531	20,094,622	20,557,531	20,094,622
Taxation	20	(5,800,617)	(4,920,825)	(5,800,617)	(4,920,825)
Profit for the period		14,756,914	15,173,797	14,756,914	15,173,797
Earnings per share (sen)					
Basic	27 (a)	3.70	4.06	3.70	4.06
Diluted	27 (b)	3.65	N/A	3.65	N/A

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

**YNH PROPERTY BHD**  
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**Condensed Consolidated Balance Sheet**  
**As at 31 March 2010**

	Note	As at 31.03.2010 RM	As at 31.12.2009 RM
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	75,386,822	78,322,684
Prepaid lease rental		596,940	599,440
Deferred tax assets		11,255,058	13,179,641
Goodwill on consolidation		17,621,512	17,621,512
Land held for future development		292,388,311	291,439,551
		<u>397,248,643</u>	<u>401,162,828</u>
<b>CURRENT ASSETS</b>			
Property development costs		306,854,646	333,721,670
Inventories		88,638,803	65,888,920
Trade receivables	10(a)	72,222,156	69,674,080
Other receivables and deposits	10(b)	250,352,983	251,771,522
Amount due from customer for contract work		7,321,066	1,184,999
Tax recoverable		13,071,870	11,379,024
Term deposits and fixed income trust fund		473,039	471,948
Cash and bank balances		19,181,266	27,544,743
		<u>758,115,829</u>	<u>761,636,906</u>
<b>TOTAL ASSETS</b>		<u>1,155,364,472</u>	<u>1,162,799,734</u>

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## Condensed Consolidated Balance Sheet as at 31 March 2010 (Contd.)

	Note	As at 31.03.2010 RM	As at 31.12.2009 RM
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		403,232,129	403,232,129
Share premium account		40,009,810	40,009,810
Treasury shares		(9,509,558)	(9,507,906)
Share option reserve		298,800	-
Reserves		293,492,797	278,735,882
Total equity		<u>727,523,978</u>	<u>712,469,915</u>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		48,205,803	48,205,803
Long term borrowings	22	<u>7,608,130</u>	<u>10,472,673</u>
		<u>55,813,933</u>	<u>58,678,476</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	24	48,671,378	61,933,483
Amount due to customer for contract work		-	-
Other payables and accruals		121,656,949	125,250,440
Provision for rectification works		7,213,484	7,381,626
Short term borrowings	22	194,454,046	197,055,090
Taxation		30,704	30,704
		<u>372,026,561</u>	<u>391,651,343</u>
<b>TOTAL LIABILITIES</b>		<u>427,840,494</u>	<u>450,329,819</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,155,364,472</u>	<u>1,162,799,734</u>
NTA per share (RM)		<u>1.76</u>	<u>1.72</u>
Net asset per share (RM)		<u>1.80</u>	<u>1.77</u>

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

**YNH PROPERTY BHD**  
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**Condensed Statement of Changes in Equity**  
**For the Three Period Ended 31 March 2010**

	Attributable to Equity Holders of the Company							Total RM
	Share capital RM	Non-distributable			Distributable		Retained profits RM	
		Share Option Reserve RM	Reserve on Consolidation RM	Share Premium RM	Capital Reserve RM	Treasury Shares RM		
As at 1 January 2009	397,436,729	1,675,626	-	75,988,530	-	26,578,054	199,141,950	655,125,427
Purchase of treasury shares	-	-	-	-	-	-	-	(1,702,959)
Share option granted under ESOS	-	237,184	-	-	-	-	-	237,184
Profit for the period	-	-	-	-	-	-	15,173,797	15,173,797
Dividends	-	-	-	-	-	-	-	-
Share dividend	-	-	-	-	-	-	-	-
As at 31 March 2009	397,436,729	1,912,810	-	75,988,530	-	26,578,054	214,315,747	668,833,449
As at 1st January 2010	403,232,129	-	-	40,009,810	-	26,578,054	252,157,828	712,469,915
Share option granted under ESOS	-	298,800	-	-	-	-	-	298,800
Purchase of treasury shares	-	-	-	-	-	-	(1,652)	(1,652)
Profit for the period	-	-	-	-	-	-	14,756,915	14,756,915
As at 31 March 2010	403,232,129	298,800	-	40,009,810	-	26,578,054	266,914,743	727,523,978

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

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**Condensed Consolidated Cash Flow Statement  
For the Three Months Period Ended 31 March 2010**

	3 months ended 31.03.2010 RM	3 months ended 31.03.2009 RM
Profit before taxation	<u>20,557,531</u>	<u>20,094,622</u>
Net cash (used in)/generated from operating activities	(6,600,732)	14,499,705
Net cash generated from /(used in) investing activities	2,938,362	(1,517,769)
Net cash used in financing activities	<u>(6,705,445)</u>	<u>(6,326,252)</u>
Net (decrease)/ increase in cash and cash equivalents	(10,367,815)	6,655,684
Cash and cash equivalents at beginning of financial period	(22,726,703)	(37,197,876)
Cash and cash equivalents at end of financial period	<u>(33,094,518)</u>	<u>(30,542,192)</u>

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

Fixed deposits	473,039	444,057
Less: pledged fixed deposits	(457,542)	(444,057)
	15,497	-
* Cash and bank balances	19,181,266	26,137,143
Bank overdraft (included within short term borrowing in Note 22)	<u>(52,291,281)</u>	<u>(56,679,335)</u>
	<u>(33,094,518)</u>	<u>(30,542,192)</u>

\* Included in cash at banks of the Group are amounts of RM 14,462,768 held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

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

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 MARCH 2010**

**1. BASIS OF PREPARATION**

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard (FRS) 134 "Interim Financial Reporting" (formerly known as MASB 26) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2009.

Same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the year ended 31 December 2009 except for the following changes

i) Changes in Accounting Policies of FRS 139: Financial Instrument, Recognition and Measurement.

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. It also sets out the requirements for the application of hedge accounting. Financial instruments are recorded initially at fair value. Subsequent measurement of those instruments at the balance sheet date reflects the designation of the financial instrument. The Group determines the classification at initial recognition and re-evaluates this designation at each year end except for those financial instruments measured at fair value through profit or loss

ii) Loan and Receivables

Prior to 1 January 2009, loans and receivables were stated at gross proceeds receivables less provision for doubtful debts.

Under FRS 139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the loans and receivables are derecognised, impaired or through the amortisation process.

iii) Financial Liabilities

Prior to 1 January 2009, borrowings were stated at the proceeds received less directly attributable transaction costs. Under FRS139, borrowings are initially measured at fair value including directly attributable transaction costs and subsequently at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the liabilities are derecognised or through the amortisation process.

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

The auditors' report on the financial statements for the year ended 31 December 2009 was not qualified.

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

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

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

There were no unusual items due to their nature, size or incidence affecting assets, liabilities, equity, net income or cash flows during the financial period ended 31 March 2010.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 MARCH 2010**

**5. CHANGES IN ESTIMATES**

The Group has not submitted any financial forecast or projections to any authority during the current quarter and prior financial year ended 31 December 2009.

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

**6. DEBT AND EQUITY SECURITIES**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period ended 31 December 2009 and the date of this interim report except the followings:

**(a) Treasury Shares**

During the current financial period, the Company has repurchased 1,000 of its issued ordinary shares from the open market at an average price of RM 1.65 per share. The total consideration paid for the repurchase including transaction costs was RM1,652.49 and this was financed by internally generated funds. Total treasury shares repurchased as at 31 March 2010 is 4,809,055 ordinary shares of RM 1 each, representing a cumulative 1.2% of the total paid up share capital of the company as at 31 March 2010. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965. No further transaction on repurchase of the Company's share were made subsequent to the quarter ended 31 March 2010.

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

The Company had on 5 January 2010, granted 39,840,000 new ESOS to the eligible employees of the Company. The ESOS was implemented on 5 January 2010 and is to be in force for a period of 5 years from the date of implementation expiring on 4 August 2014. The ESOS of the Company is governed by the Bye-Laws approved by the shareholders at an Extraordinary General Meeting. The principal features of the ESOS are as follows:

- (i) The total number of options to be offered under the ESOS shall be subject to a maximum of 10% of the issued and paid-up share capital of the Company at any point in time;
- (ii) Any natural person who is employed full-time by and on the payroll of the Company (YNH Property Bhd) and its subsidiaries and who fulfils the conditions of eligibility stipulated in the By-Laws shall be eligible to participate in the ESOS. Employees include the Directors of the Group;
- (iii) The subscription price for each new share shall be based on the weighted average of the market price of YNH Property Bhd shares for the five (5) market days immediately preceding the date on which the option is granted less a discount of up to 10% or the par value of YNH Property Bhd Share, whichever is the higher;
- (iv) The ESOS shall be in force for a duration of five (5) years from its commencement and may, if the Board deems fit and upon the recommendation of the option committee, be extended for a further five (5) years.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 MARCH 2010**

**6. DEBT AND EQUITY SECURITIES (Contd.)**

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

- (v) The options granted may be exercised according to the following scale in respect of a maximum of the following:

Maximum Percentage of Options Exercisable from Date of Acceptance				
Year 1	Year 2	Year 3	Year 4	Year 5
20%	20%	20%	20%	20%

Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years subject to the option period. All unexercised options shall be exercisable in the last year of the option period. Any options which remain unexercised at the expiry date of the option period shall be automatically terminated; and

- (vi) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company except that the shares so issued will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to shareholders prior to the date of allotment of the new shares.

**7. DIVIDENDS PAID**

No dividend was paid out during the financial period ended 31 March 2010.

**8. SEGMENTAL REPORTING**

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

**9. CARRYING AMOUNT OF REVALUED ASSETS**

The valuation of property, plant and equipment and investment properties have been brought forward without amendment from the financial statements for the year ended 31 December 2009.

**10(a) RECEIVABLES**

The ageing analysis for the trade receivables are as follows:

	As at 31.03.2010	As at 31.12.2009
Current	34,826,885	43,884,032
1-30 days	1,489,620	11,908,028
31-60 days	15,869,300	7,150,018
61-90 days	13,704,510	2,560,300
91-120 days	5,463,270	1,520,800
121-150 days	868,571	2,650,902
>150 days	72,222,156	69,674,080

- 10(b) Included in other receivables and deposits are security deposits for various joint venture projects amounting to RM224,899,836.



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 MARCH 2010**

**11. SUBSEQUENT EVENTS**

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

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

There were no changes in the composition of the Group during the current quarter ended 31 March 2010 and until the date of this interim report.

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

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

KSB will be entering its appearance vide its solicitors, Messrs Raja, Darryl & Loh, to contest the abovesaid claims. In this connection, KSB has previously appealed against the income tax assessments raised for the years of assessment 1998 and 1999 and the Special Commissioners of IRB have set 3 and 4 November 2010 as the hearing dates.

YNH Construction Sdn Bhd ("YNHC"), a wholly-owned subsidiary of the Company, have on 25 January 2010, been served with a writ of summons and statement of claim by the Inland Revenue Board ("IRB") for back taxes for the year of assessment 1999 amounting to RM998,678.38. The IRB are further seeking penalties amounting to RM154,795.14 for late payment of the abovesaid taxes.

YNHC will be entering its appearance vide its solicitors, Messrs Raja, Darryl & Loh, to contest the abovesaid claims. In this connection, YNHC has previously appealed against the income tax assessment raised for the year of assessment 1999 and the Special Commissioners of IRB have set 1 and 2 November 2010 as the hearing dates.

**14. CAPITAL COMMITMENTS**

There was no capital commitment for the interim financial statement ended 31 March 2010 and as at the date of this report except the following:

	RM
Contracted but not provided for	<u>9,650,089</u>

**15. PERFORMANCE REVIEW**

The Group's cumulative turnover for the current financial period ended 31 March 2010 has reached RM 93,806,738 (year 2009-RM62,927,421) and cumulative profit before taxation is reported at RM 20,557,531 (year 2009-RM20,094,622). The Group's performance for this quarter mainly derived from the recognition of progressive sales of its development properties in Ceriaan Kiaran (Mont Kiara, Kuala Lumpur), Taman Manjung Baru (Seri Manjung), Taman Singa Baru, Taman Pegawai, Taman Emas and sales of completed inventories and development land.

**16. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

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

**17. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION**

There is no material changes in profit before taxation.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 MARCH 2010**

**18. COMMENTARY ON PROSPECTS**

Globally, the economic prospect is weak. Despite the weak economic conditions, the Company's strong on going projects such as Ceriaan Kiara (Mont Kiara, Kuala Lumpur), Taman Singa Baru and Taman Manjung Baru and Manjung Point Seksyen II continue to contribute to the Group's income. As such, the Board is cautiously optimistic of the Group's prospect for the subsequent financial period.

Other development for the Group includes Ceriaan Kiara in Mont Kiara and Menara YNH, which is located besides Shangri-la Hotel, along Jalan Sultan Ismail, Kuala Lumpur. Ceriaan Kiara development consists of 238 units of high-end condominium on the prime land of Mont Kiara and has a gross development value of approximately RM200 million. The Company has via Kar Sin Bhd (a wholly-owned subsidiary YNH Property Bhd) ("KSB"), accepted the offer by CMREF 1 Sdn Bhd to underwrite en-bloc 66 units of Ceriaan Kiara Project. [CMREF 1 is a private real estate fund which is managed by CIMB-Mapletree Management Sdn Bhd ("CIMB-Mapletree"). CIMB-Mapletree is a 60-40 joint venture between CIMB Real Estate Sdn Bhd, a wholly-owned subsidiary of CIMB Group Sdn Bhd of Malaysia ("CIMB Group") and Mapletree Capital Management Pte Ltd, a wholly-owned subsidiary of Mapletree Investments Pte Ltd ("Mapletree")]. Terms and conditions of the purchase has been finalised and agreement has been signed on 12 December 2007. Ceriaan Kiara development has reached completion during the current financial period.

On January 2008, YNH Land Sdn Bhd ("YNH Land"), a wholly-owned subsidiary company of Kar Sin Bhd, which in turn is a wholly-owned subsidiary of YNH Property Bhd ("YNH"), has accepted an offer from Kuwait Finance House (Malaysia) Berhad ("KFH") to purchase an en-bloc interest equal to 50% of a proposed 45 stories single iconic office tower with two wings ("Tower Block") on a premier and luxury retail platform/podium ("Retail Podium") (the Tower Block and the Retail Podium are collectively referred as the "Menara YNH"). The total sales consideration is approximately RM 920 million for the purchase of the 50% interest in the Tower Block by KFH.

However, the Company had on 15 December 2009, been notified in writing by KFH today that KFH will no longer be proceeding with the formalisation of the sale and purchase agreement as per the terms and conditions of the offer letter dated 11 January 2008 in their reply to YNH Land's request for the sales and purchase agreement to be executed by both parties.

As such, the Company, will consult our legal advisors on all of the options available to our Group, including but not limited to specific performance and/or seeking damages from KFH.

In the first quarter of 2009, the Company managed to secure sales for Menara YNH with sales value of approximately RM 300 million.

Menara YNH, is located on one of the most exclusive addresses in Kuala Lumpur city centre, the Jalan Sultan Ismail, which is located in the Golden Triangle area where most prestigious 5 star hotels and upmarket office spaces are located. The commercial development sits on a 130,826 sq ft (approximately 3 acres) of land with a wide frontage of 320 feet along Jalan Sultan Ismail. The location of Menara YNH also offers easy accessibility and close proximity to efficient public transport facilities such as the Putra Light Rail Transport and the K.L Monorail station. It is also located within walking distance to all major hotels and shopping centres.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 MARCH 2010**

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

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

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

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

- i) 2 Blocks of 42 storey of Service Apartment (584 units), 6 storey of multi-storey car park, 4 storey of basement car park and 1 storey of basic facilities
- ii) 1 Office block of 23 storey
- iii) 1 block of 7 storey podium comprises 3 storey of retail centre and 4 storey of auditorium.

The Company has also secured a sales for D' Kiara with sales value of approximately RM 200 million.

This project is expected to contribute positively to the Group's earning for the next two to three years.

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

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

**19. PROFIT BEFORE TAXATION**

	3 months ended 31.03.2010 RM
This is arrived at after charging:	
Short term revolving interest	922,844
Overdraft interest	2,263,499
	<hr/>
and crediting:	3,186,343
Interest income	<hr/>
	53,531

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 MARCH 2010**

**20. TAXATION**

	3 months ended 31.03.2010 RM	3 months ended 31.03.2009 RM	3 months ended 31.03.2010 RM	3 months ended 31.03.2009 RM
Tax expense for the period:				
Malaysian income tax	(3,940,000)	(4,788,000)	(3,940,000)	(4,788,000)
Deferred tax liabilities	(1,860,617)	(132,825)	(1,860,617)	(132,825)
	<u>(5,800,617)</u>	<u>(4,920,825)</u>	<u>(5,800,617)</u>	<u>(4,920,825)</u>

Included in taxation recoverable of the Group are amount recoverable from provision of additional tax assessments and tax penalties amounting to RM 2,495,777 and RM 3,336,207 for Years of Assessment 1998 and 1999 respectively arising from tax investigations of Kar Sin Bhd and YNH Construction Sdn Bhd. The Company, in consultation with their lawyers, is of the opinion that the additional tax provisions should be discharged in full.

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

There were no sales of unquoted investments and no other sales of properties for the quarter ended 31 March 2010 except for the sales of development properties in the ordinary course of business.

**22. BORROWING AND DEBT SECURITIES**

	As at 31.03.2010 RM	As at 31.12.2009 RM
Short term borrowing:		
Secured	194,454,046	197,055,090
Long term borrowing:		
Secured	7,608,130	10,472,673
	<u>194,454,046</u>	<u>197,055,090</u>

All of the above borrowings are denominated in Ringgit Malaysia.

**23. PROFIT FORECAST**

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

**24. TRADE PAYABLES**

Included in trade payables is an amount of RM 31,734,070 (2008-RM 30,064,377) being accrued billing take up in the account.

**25. CHANGES IN MATERIAL LITIGATION**

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

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

The solicitors of KSB had confirmed that a statement of defence and a counter-claim had been filed on behalf of KSB. Pursuant to the counter claim, KSB is seeking a declaration that the said agreement has been rescinded and is seeking a refund of the deposit and part payment of RM674,504-85 made by KSB to LGS. The matter has been fixed for case management on 27 April 2010.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 MARCH 2010**

**26. DIVIDEND PAYABLE**

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

- (a) a distribution of treasury shares as share dividend at the ratio of one (1) treasury share for every ninety (90) ordinary shares of RM 1 each held, to be approved by the shareholders at the forthcoming Annual General Meeting. The actual treasury shares to be distributed will depend on the issued share capital on entitlement date. Such share dividend, if approved by the shareholders, will be accounted for in shareholders' equity as a distribution of treasury shares in the current financial year ending 31 December 2010.
- (b) a final dividend of 1.5% (2008-Nil) on issued share capital of 398,424,074 ordinary shares of RM 1 each, amounting to RM5,976,361. The actual net amount payable will depend on the issued share capital on entitlement date. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as a distribution of treasury shares in the current financial year ending 31 December 2010.

**27. EARNING PER SHARE**

(a) Basic

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

	3 months ended 31.03.2010	3 months ended 31.03.2009	3 months ended 31.03.2010	3 months ended 31.03.2009
Net profit for the period	14,756,914	15,173,797	14,756,914	15,173,797
Weighted average number of ordinary shares in issue	398,427,074	374,086,072	398,427,074	374,086,072
Basic earnings per share (sen)	3.70	4.06	3.70	4.06

(b) Diluted

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

	3 months ended 31.03.2010	3 months ended 31.03.2009	3 months ended 31.03.2010	3 months ended 31.03.2009
Adjusted net profit for the period	14,756,914	15,173,797	14,756,914	15,173,797
Weighted average number of ordinary shares in issue	398,427,074	374,086,072	398,427,074	374,086,072
Adjustment for assumed exercise of ESOS	5,691,428	N/A	5,691,428	N/A
Adjusted weighted number of ordinary shares in issue	404,118,502	374,086,072	404,118,502	374,086,072
Diluted earnings per share (sen)	3.65	N/A	3.65	N/A

Diluted earning per share for the previous financial period is not presented as the computation resulted in a higher earning per share (anti-dilutive).

Company No: 561986-V

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 MARCH 2010**

**28. UPDATE ON MEMORANDUM OF UNDERSTANDING**

On 16 November 2009, the Company had executed a master collaboration agreement with Pantai Holdings Berhad to build and lease a private hospital in the Manjung Point township development located in Seri Manjung, Perak.

**29. AUTHORISATION FOR ISSUE**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 April 2010.