



YNH PROPERTY BHD (561986-V)
(Incorporated in Malaysia)

Interim Financial Statements
31 December 2010

YNH PROPERTY BHD
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position
As at 31 December 2010

	Note	As at 31.12.2010 RM	As at 31.12.2009 RM
NON-CURRENT ASSETS			
Property, plant and equipment	9	76,477,016	149,877,809
Deferred tax assets		11,258,883	13,368,135
Investment properties		73,368,658	-
Goodwill on consolidation		17,621,512	17,621,512
Land held for future development		279,408,943	292,952,627
		<u>458,135,012</u>	<u>473,820,083</u>
CURRENT ASSETS			
Development property		249,899,712	262,849,044
Inventories		67,988,959	58,319,234
Trade receivables	10	63,327,831	69,463,779
Other receivables and deposits	11	226,403,698	251,850,211
Amount due from customer for contract work		1,403,531	11,071,497
Income tax recoverable		18,902,855	14,862,421
Term deposits and fixed income trust fund		28,492,370	471,948
Cash and bank balances		12,590,586	28,377,290
		<u>669,009,542</u>	<u>697,265,424</u>
TOTAL ASSETS		<u>1,127,144,554</u>	<u>1,171,085,507</u>

Condensed Consolidated Statement of Financial Position as at 31 December 2010 (Contd.)

	Note	As at 31.12.2010 RM	As at 31.12.2009 RM
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		405,748,129	403,232,129
Share premium account		32,174,321	40,009,809
Treasury shares		(719,722)	(9,507,905)
Share option reserve		1,195,200	-
Reserves		317,558,070	278,759,988
Total equity		<u>755,955,998</u>	<u>712,494,021</u>
Non-Current Liabilities			
Deferred tax liabilities		47,630,095	48,205,803
Loan and borrowings	23	3,813,624	11,274,712
		<u>51,443,719</u>	<u>59,480,515</u>
CURRENT LIABILITIES			
Trade payables	25	54,629,926	61,736,925
Amount due to customer for contract work		-	2,814,295
Other payables and accruals		59,073,920	123,743,191
Provision for rectification works	26	6,534,551	7,381,626
Amount owing to Directors		-	15,000
Loan and borrowings	23	197,325,832	197,052,474
Income tax payable		2,180,608	6,367,460
		<u>319,744,837</u>	<u>399,110,971</u>
TOTAL LIABILITIES		<u>371,188,556</u>	<u>458,591,486</u>
TOTAL EQUITY AND LIABILITIES		<u>1,127,144,554</u>	<u>1,171,085,507</u>
		-	-
NTA per share (RM)		<u>1.82</u>	<u>1.72</u>
Net asset per share (RM)		<u>1.86</u>	<u>1.77</u>

The condensed consolidated statement of financial position 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 Statement of Comprehensive Income
For the Twelve Months Period Ended 31 December 2010

	Note	3 months ended		12 months ended	
		31.12.2010 RM	31.12.2009 RM	31.12.2010 RM	31.12.2009 RM
Revenue		38,155,591	47,814,881	252,127,390	246,584,062
Cost of sales		(22,086,943)	(24,310,036)	(151,874,742)	(135,750,146)
Gross profit		16,068,648	23,504,845	100,252,648	110,833,916
Other operating income		18,443,629	1,380,482	23,532,677	4,799,723
Selling and distribution expenses		(47,642)	(39,122)	(225,547)	(187,287)
Administrative and general expenses		(15,466,125)	(7,608,763)	(35,200,014)	(34,547,108)
Profit from operations		18,998,510	17,237,442	88,359,764	80,899,244
Finance costs	20	(2,049,791)	(3,862,466)	(9,627,474)	(10,356,263)
Profit before taxation	20	16,948,719	13,374,976	78,732,290	70,542,981
Income tax expense	21	(6,352,049)	(4,348,480)	(21,768,736)	(18,631,344)
Total comprehensive income for the period		10,596,670	9,026,496	56,963,554	51,911,637
Earnings per share (sen)					
Basic	29 (a)	2.64	2.29	14.25	13.63
Diluted	29 (b)	2.42	2.29	13.00	13.63

The condensed consolidated statement of comprehensive income 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 Statement of Changes in Equity
For the Twelve Months Period Ended 31 December 2010

	Attributable to Equity Holders of the Company						Total RM
	Share capital RM	Non-distributable		Distributable		Retained profits RM	
		Share Option Reserve 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	(45,695,462)	199,141,950	655,125,427
Purchase of treasury shares	-	-	-	-	(1,704,881)	-	(1,704,881)
Share option granted under ESOS	5,795,400	533,400	833,038	-	-	-	7,161,838
Profit for the period	-	-	-	-	-	51,911,637	51,911,637
ESOS vested but not exercise, transferred to retained earnings	-	(1,128,347)	-	-	-	1,128,347	-
ESOS exercised, transferred to share premium	-	(1,080,679)	1,080,679	-	-	-	-
Share dividend	-	-	(37,892,438)	-	37,892,438	-	-
As at 31 December 2009	403,232,129	-	40,009,809	26,578,054	(9,507,905)	252,181,934	712,494,021
As at 1st January 2010	403,232,129	-	40,009,809	26,578,054	(9,507,905)	252,181,934	712,494,021
Transactions with owners							
Issue of ordinary shares under ESOS	2,516,000	-	956,080	-	-	-	3,472,080
Share option granted under ESOS	-	1,195,200	-	-	-	-	1,195,200
Purchase of treasury shares	-	-	-	-	(3,386)	-	(3,386)
Share dividend	-	-	(8,791,568)	-	8,791,568	-	-
Total comprehensive income for the period	-	-	-	-	-	56,963,555	56,963,555
Dividends on ordinary shares	-	-	-	-	-	(18,165,472)	(18,165,472)
As at 31 December 2010	405,748,129	1,195,200	32,174,321	26,578,054	(719,723)	290,980,017	755,955,998

The condensed consolidated statement of changes in equity 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 Statement of Cash Flow
For the Twelve Months Period Ended 31 December 2010

	12 months ended 31.12.2010 RM	12 months ended 31.12.2009 RM
Profit before taxation	<u>78,732,290</u>	<u>70,542,981</u>
Net cash generated from operating activities	37,617,929	48,508,757
Net cash used in investing activities	(3,499,704)	(16,782,739)
Net cash used in financing activities	<u>(34,054,248)</u>	<u>(16,983,819)</u>
Net increase in cash and cash equivalents	63,977	14,742,199
Cash and cash equivalents at beginning of financial period	(22,455,677)	(37,197,876)
Cash and cash equivalents at end of financial period	<u>(22,391,700)</u>	<u>(22,455,677)</u>

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

Fixed deposits	28,492,370	471,948
Less: pledged fixed deposits	(492,370)	(456,528)
	28,000,000	15,420
* Cash and bank balances	12,590,586	28,377,290
Bank overdraft (included within short term borrowing in Note 23)	<u>(62,982,286)</u>	<u>(50,848,387)</u>
	<u>(22,391,700)</u>	<u>(22,455,677)</u>

- * Included in cash at banks of the Group are amounts of RM 10,393,609 held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2010

1. BASIS OF PREPARATION

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

- (i) The requirement of the Financial Reporting Standards ("FRS") Standard 134: Interim Financial Reporting; and
- (ii) Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad

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

The significant accounting policies adopted for the quarterly condensed financial report are consistent with those of the audited financial statements for the financial year ended 31 December 2009 except the following changes.

(i) Adoption of New and Revised FRSs

In the first quarter of 2010, the Group adopted the following new FRSs which are applicable to its financial statements and are relevant to its operation:

- FRS 101 (revised), Presentation of Financial Statements
- FRS 139, Financial Instrument: Recognition and Measurement
- Amendment to FRS 117, Lease
- Amendment to FRS 140, Investment Properties

The principal effects of changes in presentation, changes in method of computation and in accounting policies resulting from adoption of the new and revised FRSs are set out below:

FRS 101 (revised), Presentation of Financial Statement

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of balance sheet, an income statement, a statement of changes in equity, a cashflow statement and notes to the financial statements. With the adoption of the new FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cashflows and notes to the financial statements.

With the adoption of the revised FRS 101, a new capital disclosure is made to explain the Group's capital management objectives, policies and strategies; how it manages capital and whether the objectives for capital management have been achieved. The details of the capital management disclosure are provided in Note 6 (c) to the interim financial statement.

FRS 139, Financial Instruments: Recognition and Measurement

With the adoption of FRS 139, financial assets and financial liabilities recognized and unrecognised in the prior financial year are classed into the following categories:

Pre-FRS 139	Post-FRS 139
Long term borrowing	Financial liabilities at amortised cost

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2010

1. BASIS OF PREPARATION (Contd.)

(i) Adoption of New and Revised FRSs (Contd.)

The measurement bases applied to the financial assets and financial liabilities in prior financial year are changed to conform to the measurement standards of FRS 139 in the current year. At initial recognition, all financial assets and the financial liabilities are measured at their fair value. Subsequent to their initial recognition, the financial assets and financial liabilities are measured at follows:

	Category	Measurement basis
1	Financial instruments at fair value through profit and loss	Fair value through profit and loss
2	Held-to-maturity investments	At amortised cost effective interest method
3	Loan and receivables	At amortised cost effective interest method
4	Available-for-sale investment	At fair value through other comprehensive income, unless fair value cannot be reliably measured, in which case, they are measured at cost
5	Loan and other financial liabilities	At amortised cost effective interest method

Amendment to FRS 117, Lease

Prior to the adoption of the Amendment to FRS 117, leasehold land were treated as operating lease. The consideration paid were classified and presented as prepaid lease payment in the statement of financial position. With the adoption of FRS 117, the classification of leasehold land as finance lease or an operating lease is based on the extend to which risks and rewards incident to ownership lie. In making this judgement, the Directors have concluded that lands with an initial lease period of 50 years or more are finance lease because the present value of the minimum lease payment is substantially equal to the fair value of the land. Accordingly, the Group changed the classification of long leasehold land from operating lease to finance lease. This change in classification has no effect to the profit and loss. The effect of the reclassification to the comparative of the prior year's statement of financial position is as follows:

31 December 2009	As previously reported	Reclassification	As restated
Prepaid lease payment	599,441	(599,441)	-
Reclassification as property , plant and equipment	77,185,487	599,441	77,784,928

Investment properties

On 1 October 2010, the Group adopted the amendment to FRS 140 Investment Property. The Group has properties that are being constructed for future use as investment properties. Upon adoption of the amendment to FRS 140, these investment properties under construction are reclassify as investment properties. The Group has adopted the cost model for all its investment properties.

The Group applied the amendment prospectively. As a result of the adoption of the amendment to FRS 140, as at 1 October 2010, the Group has reclassified the investment properties under construction of RM 73,368,658 to investment properties.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2010

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 December 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. CAPITAL MANAGEMENT, DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period ended 31 December 2010 and the date of this interim report except the followings:

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

During the financial period ended 31 December 2010, the Company issued 2,516,000 ordinary shares of RM1 each for cash pursuant to the Company's ESOS at exercise prices of RM1.38 per ordinary share.

(b) Treasury Shares

During the financial period ended 31 December 2010, the Company has repurchased 2,000 of its issued ordinary shares from the open market at an average price of RM 1.69 per share. The total consideration paid for the repurchase including transaction costs was RM3,386 and this was financed by internally generated funds. Total treasury shares repurchased as at 31 December 2010 is 363,978 ordinary shares of RM 1 each, representing a cumulative 1.2 % of the total paid up share capital of the company as at 31 December 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 December 2010.

(c) Capital Management

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2010

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

(c) Capital Management (Contd.)

For capital management purposes, the Group consider shareholders' equity to be the key component in the Group's capital structure. The Group monitors capital base on gearing ratio. The ratio is calculated on total borrowings to total equity. The Group's strategy is to maintain a gearing ratio of 20%-40%. The gearing ratio as at 31 December 2010, which are within the Group's objectives for capital management, are as follows:

	31.12.2010	31.12.2009
	RM	RM
Total borrowing	201,139,456	208,327,186
Total equity	755,955,998	712,494,021
Gearing ratio	27%	29%

The details of the issuance and repayment of debts and equity instrument in the current quarter ended 31 December 2010 are as follows:

	31.12.2010
	RM
Issue of ESOS	3,472,080
Repayment of revolving credit	(11,860,540)
Drawdown of revolving credit	-
Repayment of term loan	(7,461,088)
Dividend payment	(18,165,472)

7. DIVIDENDS PAID

- (a) In respect of the financial year ended 31 December 2009, a single tier final dividend of 1.5% (2008-Nil) on 405,365,129 ordinary shares of RM 1 each, which has been approved in AGM held on 30 June 2010, was paid on 30 September 2010, amounting to RM 6,007,938.
- (b) Dividend paid on 30 September 2010 were declared and approved at AGM on 30 June 2010, in respect of the financial year ended 31 December 2009, being final dividend by way of distribution of treasury share as share dividend at a ratio of 1 treasury share for every 90 existing ordinary shares of RM 1 each held. A total of 4,446,077 treasury shares amounting to RM8,791,568 were distributed to the entitled shareholders in relation to the share dividend.
- (c) Dividend paid on 26 November 2010 were declared on 26 August 2010, in respect of the financial year ended 31 December 2010 being interim dividend of 3% (single tier) on 400,251,151 ordinary shares of RM 1 each, amounting to RM 12,157,534.53

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 DECEMBER 2010

8. SEGMENTAL REPORTING

	Property Development		Hotel & Hospitality		Consolidated	
	31.12.2010 RM	31.12.2009 RM	31.12.2010 RM	31.12.2009 RM	31.12.2010 RM	31.12.2009 RM
Revenue	235,830,897	243,759,347	16,296,493	2,824,715	252,127,390	246,584,062
Results						
Profit/(loss) before taxation	82,996,333	71,501,137	(4,264,043)	(958,156)	78,732,290	70,542,981
Profit/(loss) after taxation	61,607,597	53,149,884	(4,644,043)	(1,238,247)	56,963,554	51,911,637
Segment assets	1,111,575,622	1,155,047,100	15,568,932	16,038,407	1,127,144,554	1,171,085,507
Segment liabilities	368,891,501	457,550,933	2,297,055	1,040,553	371,188,556	458,591,486

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2010

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. TRADE RECEIVABLES

The ageing analysis for the trade receivables are as follows:

	As at 31.12.2010	As at 31.12.2009
Current	27,454,586	43,884,032
1-30 days	14,621,739	11,908,028
31-60 days	4,138,727	4,611,618
61-90 days	6,574,818	2,538,400
91-120 days	1,370,431	2,560,300
121-150 days	559,451	1,520,800
>150 days	8,608,079	2,440,601
	<u>63,327,831</u>	<u>69,463,779</u>

The management is of the opinion that no provision for doubtful debts is required for those trade receivables which are more than 150 days as most of the receivables are government loan debtors.

11. OTHER RECEIVABLES AND DEPOSITS

Included in other receivables and deposits are security deposits for various joint venture projects amounting to RM213,577,998.00

12. SUBSEQUENT EVENTS

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

13. CHANGES IN COMPOSITION OF THE GROUP

YNH Property Bhd has on 28 December 2010 acquired 77.7% equity interest in YNH Land Sdn Bhd ("YNHL"), a wholly-owned subsidiary of Kar Sin Berhad which in turn is a wholly-owned subsidiary of the YNH Property Bhd, (hereinafter referred to as "Internal Re-organisation") comprising 77,700,000 ordinary shares of RM1.00 each for a total consideration of RM77,700,000. The Internal Re-organisation is to streamline the Group structure and it does not have any effect on the earnings, net assets and gearing on the Group for the financial year ended 31 December 2010.

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

KSB has entered its appearance vide its solicitors, Messrs Raja, Darryl & Loh, to contest the abovesaid claims. In this connection, KSB has previously appealed against the income tax assessments raised for the years of assessment 1998 and 1999 and the Special Commissioners of IRB have set 3 and 4 November 2010 as the hearing dates. Tentative outcome of the hearing is set at 2 April 2011.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2010

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Contd.)

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

YNHC has entered its appearance vide its solicitors, Messrs Raja, Darryl & Loh, to contest the above said claims. In this connection, YNHC has previously appealed against the income tax assessment raised for the year of assessment 1999 and the Special Commissioners of IRB have set 1 and 2 November 2010 as the hearing dates. Tentative outcome of the hearing is set at 2 April 2011.

15. CAPITAL COMMITMENTS

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

Contracted but not provided for	RM <u>12,000,000</u>
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16. PERFORMANCE REVIEW

The Group's cumulative turnover for the current financial period ended 31 December 2010 has reached RM252,127,390 (year 2009-RM246,584,062) and cumulative profit before taxation is reported at RM78,732,290 (year 2009-RM70,542,981). The Group's profit before taxation had increased by RM8,189,309 as compared to previous year corresponding financial period. The Group's performance for this quarter mainly derived from the recognition of progressive sales of its inventories in Lot 163 Suites (Kuala Lumpur), Ceriaan Kiaran (Mont Kiara, Kuala Lumpur), sales of its development properties in Taman Manjung Baru (Seri Manjung), Taman Singa Baru, Taman Pegawai, Taman Permata, Taman Sejati II and sales of development land.

17. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

18. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group recorded a profit before taxation of RM 78,732,290 for the cumulative twelve months period, compared to RM70,542,981 in the preceding financial period ended 31 December 2009. As such, there is no material change in profit before taxation compared to previous year's corresponding results.

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19. COMMENTARY ON PROSPECTS

The global economic climate remains challenging after almost 2 years from the 2008 global financial crisis. Notwithstanding the challenging environment, the Company had been achieving strong demand for its projects such as Manjung Point Seksyen II, Taman Seri Melor, Taman Sejati III and Taman Pantai Remis in Seri Manjung as well as the balance units in Ceriaan Kiara in Mont Kiara KL. Sales from both the township projects in Manjung and also Klang Valley will continue to contribute to the Group's income.

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

The Board is further encouraged that another project in the Company's pipeline is Fraser Residence in Kuala Lumpur city centre. The Company intends to develop a two block of service apartment of 446 units with elevated car park podium, facilities and F&B shops at ground floor and one level of lower ground car park on the said development. This prime mixed development is located off Jalan Sultan Ismail and also Jalan Ampang, Kuala Lumpur. The Fraser Residence KL development has a Gross Development Value (GDV) of approximately RM 650 million and is expected to contribute positively to the Group's earnings for the next 3 years.

This Fraser Residence KL project will follow the same concept of Fraser Place KL, our first successful partnership that YNH Property Bhd had forged with Frasers Hospitality Pte Ltd (the hospitality arm of the Fraser & Neave group of companies). Fraser Residence KL will be a fully furnished development managed by Fraser & Neave group. Approvals for the development had already been obtained and construction is already in progress now.

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

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

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

The Company had secured unbilled sales of approximately RM200 million for the commercial portion of Kiara 163 development. This Kiara 163 project is expected to contribute positively to YNH group's earnings in the next 5 years due to the prime location and good product mix. This project is slated to begin after the launch of Fraser Residence KL.

Another prestigious project planned for the immediate future by YNH group is the Menara YNH development, whereby, the project 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. This Menara YNH has a GDV of approximately RM2.1 billion. In 2009, we have secured sales of RM300 million for the retail podium. Approved development order had already been obtained for this development, comprising office tower and shopping mall.

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

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19. 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 to 20 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.

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.

20. PROFIT BEFORE TAXATION

This is arrived at after charging:	12 months ended 31.12.2010 RM
Short term revolving interest	7,848,092
Overdraft interest	<u>1,940,485</u>
and crediting:	
Interest income	<u>325,295</u>

21. INCOME TAX EXPENSE

	3 months ended 31.12.2010 RM	3 months ended 31.12.2009 RM	12 months ended 31.12.2010 RM	12 months ended 31.12.2009 RM
Tax expense for the period:				
Malaysian income tax	(9,520,725)	(7,269,685)	(22,937,916)	(22,689,732)
Deferred tax liabilities	3,168,676	2,921,205	1,169,180	4,058,388
	<u>(6,352,049)</u>	<u>(4,348,480)</u>	<u>(21,768,736)</u>	<u>(18,631,344)</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.

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22. SALES OF UNQUOTED INVESTMENTS AND PROPERTIES

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

23. LOAN AND BORROWINGS

	As at 31.12.2010 RM	As at 31.12.2009 RM
Short term borrowing:		
Secured	197,325,832	197,052,474
Long term borrowing:		
Secured	3,813,624	11,274,712
	<u>201,139,456</u>	<u>208,327,186</u>

All of the above borrowings are denominated in Ringgit Malaysia. Included in short term borrowing is RM 62,982,286 (2009-RM 51,423,912) bank overdraft.

24. 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.

25. TRADE PAYABLES

Included in trade payables is an amount of RM 51,200,340 (2009-RM 50,064,377) being accrued billing take up in the account.

26. PROVISION FOR RECTIFICATION

	As at 31.12.2010 RM	As at 31.12.2009 RM
Opening	7,381,626	4,521,484
Provision during the period/year	2,756,583	3,069,883
Utilisation during the period/year	(3,603,658)	(209,741)
Closing	<u>6,534,551</u>	<u>7,381,626</u>

27. 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.

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27. CHANGES IN MATERIAL LITIGATION (Contd.)

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 case has been set for hearing on 16 December 2010 and the judgement was made. The judge ruled that plaintiff do not have right to claim a specific performance against Kar Sin Bhd since the deposit paid by Kar Sin Bhd of RM 674,504.85 has been forfeited by the plaintiff. Kar Sin Bhd, also, do not have right to seek a refund of the deposit paid due to KSB inability to fulfill the condition in the sales and purchase agreement. The impact of the Group's financial position is Ringgit Malaysia Five Thousand (RM5,000-00) only since the deposit had been provided for doubtful debts in previous years.

28. DIVIDEND PAYABLE

The Board has recommended a final single tier dividend of 3% in respect of the financial year ended 31 December 2010, (2009-1.5% single tier) on 405,748,129 ordinary shares, amounting to a dividend payable of RM 12,172,444 which will be proposed for shareholders' approval. The actual amount of dividend payable will depend on the issued share capital of the entitlement date. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

The dividend paid out in 2010 are as follows:

- (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, which has been approved by the shareholders at the Annual General Meeting held at 30 June 2010. The entitlement date and payment date is 1st September 2010 and 30 September 2010 respectively. A total of 4,446,077 treasury shares, amounting to RM 8,791,569 were distributed to the entitled shareholders in relation to the share dividend.
- (b) a final dividend in respect of the financial year ended 31 December 2009 of 1.5% (2008-Nil) on issued capital of 400,531,074 ordinary shares of RM 1 each, amounting to RM 6,007,938. The dividend is approved by the shareholder at the Annual General Meeting held at 30 June 2010 and, has been accounted for in shareholders' equity as a distribution in the current financial year ending 31 December 2010. The entitlement date and payment date is 1st September 2010 and 30 September 2010 respectively.
- (c) an interim dividend in respect of the financial year ended 31 December 2010 of 3% (single tier) on 400,251,151 ordinary shares of RM 1 each has been declared and paid. The entitlement date and distribution date of the interim dividend is 26 October 2010 and 26 November 2010 respectively. A total of RM 12,157,534.53 has been distributed for the interim dividend.

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29. 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 31.12.2010	3 months ended 31.12.2009	12 months ended 31.12.2010	12 months ended 31.12.2009
	RM	RM	RM	RM
Net profit for the period	10,596,670	9,026,496	56,963,554	51,911,637
Weighted average number of ordinary shares in issue	400,852,085	394,596,703	399,861,047	380,853,399
Basic earnings per share (sen)	2.64	2.29	14.25	13.63

29. EARNING PER SHARE

(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 31.12.2010	3 months ended 31.12.2009	12 months ended 31.12.2010	12 months ended 31.12.2009
	RM	RM	RM	RM
Adjusted net profit for the period	10,596,670	9,026,496	56,963,554	51,911,637
Weighted average number of ordinary shares in issue	400,852,085	394,596,703	399,861,047	380,853,399
Adjustment for assumed exercise of ESOS	37,411,989	-	38,403,027	-
Adjusted weighted number of ordinary shares in issue	438,264,074	394,596,703	438,264,074	380,853,399
Diluted earnings per share (sen)	2.42	2.29	13.00	13.63

No dilution earning per shares has been computed for the previous year's quarter ended 31 December 2009 as the previous ESOS scheme has expired as at 30 June 2009.

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30. 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. The Ministry of Health has issued a letter stating that the Ministry has no objection in general to the feasibility study submitted for the development of a private hospital in Manjung, Perak.

31. RELATED PARTY TRANSACTION

The Group's related party transactions cumulative period-to-date ended 31 December 2010 are as follows:

Party	Transaction	31.12.2010 RM
Transaction with non-group members	Rental of equipment and transportation payable and purchase of construction material	<u>5,335,620</u>
Transaction with person connected with Directors	Rental paid for service apartment	<u>467,054</u>
Transaction with person connected with Directors	Legal services provided	<u>1,920,767</u>
Transaction with Directors	Sales of condominium, office space and commercial units	40,325,200
	Rental paid for service apartment and office	<u>3,566,050</u>
Transaction with Directors	Legal services provided	<u>20,031</u>

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

	31.12.2010 RM
Type of compensation	
Salaries	10,361,079
Employee share option	<u>312,732</u>
	<u>10,673,811</u>

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32. REALISED AND UNREALISED PROFITS

	31.12.2010
	RM
Total retained profits of YNH Property and its subsidiaries	
-Realised profits	266,279,100
-Unrealised profits	18,985,546
Consolidation adjustments	5,715,370
Total group retained profits as per consolidated accounts	<u>290,980,016</u>

33. PRIOR YEAR ADJUSTMENT ("PYA")

The Company has initiated a prior year adjustment in the current quarter of the year as the management is of the opinion that there is a classification error in relation to the Lot 1077 land, situated at Jalan Sultan Ismail, Kuala Lumpur. The Board has decided to re-adjust the classification to investment property.

	2009		2009
	Before PYA	Rectification	After PYA
Property, plant and equipment	77,784,928	72,092,881	149,877,809
Development properties	334,941,925	(72,092,881)	262,849,044

The comparative figures for year 2009 has been changed in accordance with the PYA.

34. 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 23 February 2011.