



YNH PROPERTY BHD
(Incorporated in Malaysia)

(561986-V)

Interim Financial Statements
31 December 2013

YNH PROPERTY BHD
(Incorporated in Malaysia)

**Condensed Consolidated Profit or Loss and Other Comprehensive Income
For the Twelve Months Period Ended 31 December 2013**

	Note	3 months ended		12 months ended	
		31.12.2013 RM	31.12.2012 RM	31.12.2013 RM	31.12.2012 RM
Revenue		87,194,270	62,909,547	303,622,992	269,244,073
Cost of sales		(63,337,349)	(25,571,380)	(185,454,004)	(147,196,210)
Gross profit		23,856,921	37,338,167	118,168,988	122,047,863
Other income		4,782,610	1,115,717	16,719,488	17,511,197
Administrative expenses		(8,609,155)	(11,783,019)	(36,110,470)	(33,029,641)
Selling and marketing expenses		(2,227,083)	(5,782,072)	(12,583,588)	(13,613,479)
Other operating expenses		(748,689)	(1,359,006)	(2,982,756)	(12,509,845)
Profit from operations		17,054,604	19,529,787	83,211,662	80,406,095
Finance costs	18	(6,895,771)	(4,855,754)	(23,031,916)	(16,530,413)
Profit before tax	18	10,158,833	14,674,033	60,179,746	63,875,682
Income tax expense	19	(2,990,373)	(3,703,480)	(17,134,301)	(15,447,145)
Total comprehensive income for the period		7,168,460	10,970,553	43,045,445	48,428,537
Earnings per share (sen)					
Basic	27 (a)	1.70	2.66	10.23	11.78
Diluted	27 (b)	1.68	2.60	10.10	11.55

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the financial statements.

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Condensed Consolidated Statement of Financial Position**As at 31 December 2013**

	Note	As at 31.12.2013 RM	As at 31.12.2012 RM
NON-CURRENT ASSETS			
Property, plant and equipment	8	139,836,749	84,352,164
Deferred tax assets		21,442,314	15,005,736
Investment properties	30	89,102,609	88,157,103
Goodwill on consolidation		17,626,036	17,621,512
Land held for future development		337,091,689	332,867,534
Other non-current assets	9(b)	308,102,972	222,961,412
		<u>913,202,369</u>	<u>760,965,461</u>
CURRENT ASSETS			
Property development costs		298,524,041	255,947,706
Inventories		233,079,341	181,224,070
Trade and other receivables	9(a)	106,886,267	110,426,390
Other current assets		51,752,776	52,583,926
Tax recoverable		8,964,925	10,609,067
Term deposits and fixed income trust fund		3,927,844	4,161,089
Cash and bank balances		16,056,030	30,893,548
		<u>719,191,224</u>	<u>645,845,796</u>
TOTAL ASSETS		<u>1,632,393,593</u>	<u>1,406,811,257</u>

**Condensed Consolidated Statement of Financial Position as at 31 December 2013
(Contd.)**

	Note	As at 31.12.2013 RM	As at 31.12.2012 RM
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		426,147,129	412,833,129
Share premium		42,537,496	37,478,176
Treasury shares		(9,084,118)	(727,293)
Other reserves		36,007,570	34,672,132
Retained earnings		372,708,391	346,599,979
Total equity		<u>868,316,468</u>	<u>830,856,123</u>
Non-Current Liabilities			
Deferred tax liabilities		44,373,143	45,513,989
Long term liabilities	21	<u>218,197,618</u>	<u>125,350,000</u>
		<u>262,570,761</u>	<u>170,863,989</u>
CURRENT LIABILITIES			
Trade and other payables		101,806,336	70,990,875
Other current liabilities	23	35,611,772	50,347,942
Provision for rectification works	24	197,794	371,662
Borrowings	21	362,939,660	282,502,548
Income tax payable		950,802	878,118
		<u>501,506,364</u>	<u>405,091,145</u>
TOTAL LIABILITIES		<u>764,077,125</u>	<u>575,955,134</u>
TOTAL EQUITY AND LIABILITIES		<u>1,632,393,593</u>	<u>1,406,811,257</u>
		-	
NTA per share (RM)		<u>2.00</u>	<u>1.97</u>
Net asset per share (RM)		<u>2.04</u>	<u>2.01</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the financial statements.

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	Non-distributable			Distributable			Total RM
	Share capital RM	Share Option Reserve RM	Share Premium RM	Capital Reserve RM	Treasury Shares RM	Retained profits RM	
Opening balance at 1 January 2012	409,462,129	7,726,640	34,583,683	26,578,054	(723,568)	312,353,578	789,980,516
Total comprehensive income	-	-	-	-	-	48,428,537	48,428,537
Transaction with owners							
Purchase of treasury shares	-	-	-	-	(3,725)	-	(3,725)
Issue of ordinary shares under ESOS	3,371,000		1,280,980	-	-	-	4,651,980
ESOS exercised		(1,613,513)	1,613,513				-
ESOS lapsed		(243,714)				243,714	-
Share option granted under ESOS	-	2,224,665	-	-	-	-	2,224,665
Dividends	-	-	-	-	-	(14,425,850)	(14,425,850)
Total transactions with owners	3,371,000	367,438	2,894,493	-	(3,725)	(14,182,136)	(7,552,930)
Closing balance at 31 December 2012	412,833,129	8,094,078	37,478,176	26,578,054	(727,293)	346,599,979	830,856,123
Opening balance at 1 January 2013	412,833,129	8,094,078	37,478,176	26,578,054	(727,293)	346,599,979	830,856,123
Total comprehensive income	-	-	-	-	-	43,045,445	43,045,445
Transactions with owners							
Issue of ordinary shares under ESOS	Note 6 (a)	13,314,000	-	5,059,320	-	-	18,373,320
Share option granted under ESOS		-	1,335,438	-	-	-	1,335,438
Purchase of treasury shares	Note 6 (b)	-	-	-	(8,356,825)	-	(8,356,825)
Dividends	Note 26	-	-	-	-	(16,937,033)	(16,937,033)
Total transactions with owners		13,314,000	1,335,438	5,059,320	(8,356,825)	(16,937,033)	(5,585,100)
Closing balance at 31 December 2013		426,147,129	9,429,516	42,537,496	(9,084,118)	372,708,391	868,316,468

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 2013

	12 months ended 31.12.2013 RM	12 months ended 31.12.2012 RM
Profit before taxation	<u>60,179,746</u>	<u>63,875,682</u>
Net cash used in operating activities	(122,815,474)	(37,509,095)
Net cash used in investing activities	(58,624,977)	(48,734,468)
Net cash generated from financing activities	<u>112,646,675</u>	<u>120,866,373</u>
Net (decrease)/increase in cash and cash equivalents	(68,793,776)	34,622,810
Cash and cash equivalents at beginning of financial period	(9,557,747)	(44,180,557)
Cash and cash equivalents at end of financial period	<u>(78,351,523)</u>	<u>(9,557,747)</u>

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

Fixed deposits	3,927,844	4,161,089
Less: pledged fixed deposits	(514,207)	(504,189)
	3,413,637	3,656,900
* Cash and bank balances	16,056,030	30,893,548
Bank overdraft (included within borrowings in Note 21)	<u>(97,825,712)</u>	<u>(44,108,195)</u>
	<u>(78,356,045)</u>	<u>(9,557,747)</u>

- * Included in cash at banks of the Group are amounts of RM 6,682,097 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 2012 and the accompanying explanatory notes attached to the financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2013

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 2012 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 2012.

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 2012.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2012 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 2013 except as disclosed in note 12 in the interim financial statements.

5. CHANGES IN ESTIMATES

The Group has not submitted any financial forecast or projections to any authority during the current quarter and prior financial year ended 31 December 2012.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2013

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 2013 and the date of this interim report except the followings:

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

During the financial period ended 30 December 2013, the Company issued 13,314,000 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 year, the Company repurchased 4,517,000 of its issued ordinary shares from the open market at an average price of RM1.85 per share. The total consideration paid for the repurchase including transaction costs was RM8,356,825 and this was financed by internally generated funds. Total treasury shares repurchased as at 31 December 2013 is 4,884,978 ordinary shares of RM 1 each, representing a cumulative 1.15 % of the total paid up share capital of the company as at 31 December 2013. 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 shares were made subsequent to the financial year ended 31 December 2013.

(c) Capital Management

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

For capital management purposes, the Group consider shareholders' equity to be the key component in the Group's capital structure. The Group monitors capital base on gearing ratio. The ratio is calculated on total borrowings to total capital and net debts. The Group's strategy is to maintain a gearing ratio of 20%-50%. The gearing ratio as at 31 December 2013, which are within the Group's objectives for capital management, are as follows:

	31.12.2013	31.12.2012
	RM	RM
Total borrowing	581,137,278	407,852,548
Trade and other payables	101,806,336	70,990,875
Less: Term deposits	(3,927,844)	(4,161,089)
Less: cash and bank balances	(16,056,030)	(30,893,548)
Net debts	<u>662,959,740</u>	<u>443,788,786</u>
Equity attributable to the owners of parents	<u>868,316,468</u>	<u>830,856,123</u>
Capital and net debts	<u>1,531,276,208</u>	<u>1,274,644,909</u>
Gearing ratio	<u>43%</u>	<u>35%</u>

A higher borrowings is recorded is mainly due to the purchase of pilling equipments for construction usage.

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

(c) Capital Management (contd.)

The details of the issuance and repayment of debts and equity instrument in the current quarter ended 31 December 2013 are as follows:

	31.12.2013
	RM
Issue of ESOS	18,373,320
Repayment of revolving credit	(39,627,201)
Drawdown of revolving credit	71,334,890
Repayment of term loan	(7,662,711)
Drawdown and reinstatement of term loan	95,522,234
Share buy back	(8,356,825)
Payment of dividend	(16,937,032)

7. DIVIDEND PAID

(a) In respect of the financial year ended 31 December 2012, a single tier final dividend of 2.5% (2011-2%) on 424,734,151 ordinary shares of RM 1 each, which had been approved in AGM held on 28 June 2013, was paid on 27 September 2013, amounting to RM 10,618,377.07.

(b) In respect of the financial year ended 31 December 2013, a single tier interim dividend of 1.5% (2012-1.5%) on 421,242,151 ordinary shares of RM 1 each, was paid on 29 November 2013, amounting to RM 6,318,655.41.

8. CARRYING AMOUNT OF REVALUED ASSETS

The valuation of property, plant and equipment and investment properties have been brought forward without amendment from the financial statements for the year ended 31 December 2012.

9(a). TRADE AND OTHER RECEIVABLES

	As at	As at
	31.12.2013	31.12.2012
	RM	RM
Trade receivables	92,405,030	105,887,555
Less: Provision for impairment	(533,406)	(1,060,972)
	<u>91,871,624</u>	<u>104,826,583</u>
Other receivables	15,014,643	5,599,807
	<u>106,886,267</u>	<u>110,426,390</u>

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

The ageing analysis for the trade receivables are as follows:

	As at 31.12.2013 RM	As at 31.12.2012 RM
Neither past due nor impaired	44,887,289	62,245,768
1-30 days	11,948,684	9,858,175
31-60 days	12,953,402	8,036,722
61-90 days	5,258,077	3,327,479
91-120 days	6,005,697	6,576,270
121-150 days	3,302,671	3,530,181
>150 days	7,515,804	11,251,988
	46,984,335	42,580,815
Impaired	533,406	1,060,972
	<u>92,405,030</u>	<u>105,887,555</u>

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

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

10. SUBSEQUENT EVENTS

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

11. CHANGES IN COMPOSITION OF THE GROUP

During the current quarter, the Company had acquired four companies to be a wholly owned subsidiary of YNH Property Bhd. The details are as follows:

<u>Name of subsidiaries</u>	<u>Acquisition date</u>	<u>Intended business activity</u>
Sky High Corporation	11 October 2013	Leasing business
Green Mirage Sdn Bhd	23 October 2013	Property investment
Kiara Desaru Sdn Bhd	23 October 2013	Property investment
YNH Hospitality Sdn Bhd	23 October 2013	Hospitality services

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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 High Court had on 30 October 2012 dismissed with cost the appeal by KSB against the assessments raised by Inland Revenue Board. Pursuant to this matter, KSB had filed an appeal against the decision in the Court of Appeal.

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

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

13. CAPITAL COMMITMENTS

	RM
Contracted but not provided for	<u>4,222,131</u>

The capital commitment is mainly due to of purchase of a pilling equipment and certain pieces of land.

14. PERFORMANCE REVIEW

The Group's cumulative turnover for the current financial year ended 31 December 2013 has reached RM303,622,992 (year 2012-RM269,244,073) and profit before taxation is reported at RM 60,179,746 (year 2012-RM63,875,682). The Group's profit before taxation for the financial period is fairly consistent with previous year correspondence quarter. The Group's performance for this year is mainly derived from progressive sales of Fraser Residence Kuala Lumpur, commercial properties at Manjung Point Township (adjacent to AEON Shopping Complex), progressive sales of its inventories in Ceriaan Kiaran (Mont Kiara, Kuala Lumpur), Taman Pundut Raya (Seri Manjung), and sales of development land.

On a quarter to quarter basis, the current quarter profit before taxation of RM10,158,833 is lower than current year third quarter of RM 15,012,924. This is mainly due to less sales of commercial properties recorded in Manjung Point Township in the fourth quarter of the year compared to third quarter of the year.

15. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2013

16. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

No material change in profit before taxation noted for the current financial year compared to previous financial year.

17. COMMENTARY ON PROSPECTS

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

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

The Company is currently focusing on the development of its Kuala Lumpur project, namely Fraser Residence Kuala Lumpur. The Company is developing 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 off Jalan Ampang, Kuala Lumpur. The Fraser Residence KL development has a Gross Development Value (GDV) of approximately RM 530 million and is expected to contribute positively to the Group's earnings for the next two quarters.

This Fraser Residence KL project will follow the same concept of Fraser Place KL, the 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 Frasers Hospitality Pte Ltd and the construction of the project is progressing well. The Company has achieved an encouraging take up rate for the project and the construction of the project is progressing well.

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.

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17. COMMENTARY ON PROSPECTS (Contd.)

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

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

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

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

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

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

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

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18. PROFIT BEFORE TAXATION

This is arrived at after charging:	12 months ended 31.12.2013 RM
Short term revolving interest	13,547,520
Term loan interest	7,084,045
Overdraft interest	<u>2,400,351</u>
and crediting	12 months ended 31.12.2013 RM
Interest income	<u>508,831</u>

19. INCOME TAX EXPENSE

	3 months ended 31.12.2013 RM	3 months ended 31.12.2012 RM	12 months ended 31.12.2013 RM	12 months ended 31.12.2012 RM
Tax expense for the period:				
Malaysian income tax	(5,290,405)	(4,203,095)	(22,722,143)	(18,999,107)
Deferred tax	2,300,032	499,615	5,587,842	3,551,962
	<u>(2,990,373)</u>	<u>(3,703,480)</u>	<u>(17,134,301)</u>	<u>(15,447,145)</u>

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

Profit before taxation	12 months ended 31.12.2013 RM
	<u>60,179,746</u>
Taxation at applicable statutory tax rate	(15,044,936)
Income not taxable	172,517
Expenses not deductible for tax purposes	(2,853,267)
Others	591,385
Tax expense for the quarter/year	<u>(17,134,301)</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 31 DECEMBER 2013

20. 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 2013 except for the sales of development properties in the ordinary course of business.

21. LOAN AND BORROWINGS

	As at 31.12.2013 RM	As at 31.12.2012 RM
Current		
Secured-Bank overdraft and revolving credit	357,391,329	271,966,122
Secured-Term loan	5,548,331	10,536,426
Non-current		
Secured-Term loan	218,197,618	125,350,000
	581,137,278	407,852,548

All of the above borrowings are denominated in Ringgit Malaysia. Included in current portion of loan and borrowing is RM 97,825,712(2012-RM 44,108,195) of bank overdraft.

22. 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.

23. OTHER CURRENT LIABILITIES

Other current liabilities represents current year's accrued billing of RM35,611,772. (2012-RM 50,347,942).

24. PROVISION FOR RECTIFICATION WORKS

	As at 31.12.2013 RM	As at 31.12.2012 RM
Opening	371,662	1,278,297
Provision during the period/year	85,600	294,676
Utilisation/ written back during the period/year	(259,468)	(1,201,311)
Closing	197,794	371,662

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25. CHANGES IN MATERIAL LITIGATION

As at the date of this report, the Group is not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of the Group and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of YNH Property Bhd and its subsidiaries except as disclosed in notes 12 to the interim financial statements.

26. DIVIDEND PAYABLE

The Board has recommended final single tier dividend of 2% (2 sen per share) in respect of the financial year ended 31 December 2013 ((2012-2.5% (2.5 sen per share)) on 426,147,129 ordinary shares, amounting to RM8,522,942.58, which will be proposed for shareholders's approval. The actual amount of dividend payable will depend of the issued share capital of the entitlement date. Such dividend, if approved by shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 2014.

The dividend paid out in the current financial year is as follows:

- (a) In respect of the financial year ended 31 December 2012, a single tier final dividend of 2.5% (2011-2%) on 424,734,151 ordinary shares of RM 1 each, which had been approved in AGM held on 28 June 2013, was paid on 27 September 2013, amounting to RM 10,618,377.07.
- (b) An interim dividend in respect of the financial year ended 31 December 2013 of 1.5% (1.5 sen per share) single tier, on 425,713,129 ordinary shares of RM 1 each, has been declared and paid. The entitlement date and distribution date of the interim dividend is 31 October 2013 and 29 November 2013 respectively. A total of RM 6,318,655.41 has been distributed for the interim dividend.

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

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 31.12.2013	3 months ended 31.12.2012	12 months ended 31.12.2013	12 months ended 31.12.2012
	RM	RM	RM	RM
Net profit for the period	7,168,460	10,970,553	43,045,445	48,428,537
Weighted average number of ordinary shares in issue	422,029,118	412,699,499	420,927,047	411,221,365
Basic earnings per share (sen)	1.70	2.66	10.23	11.78

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27. EARNING PER SHARE (Contd.)

(b) **Diluted**

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

	3 months ended 31.12.2013 RM	3 months ended 31.12.2012 RM	12 months ended 31.12.2013 RM	12 months ended 31.12.2012 RM
Net profit for the period	7,168,460	10,970,553	43,045,445	48,428,537
Weighted average number of ordinary shares in issue	422,029,118	412,699,499	420,927,047	411,221,365
Adjustment for assumed exercise of ESOS	4,087,710	8,600,584	5,085,255	8,199,543
Adjusted weighted number of ordinary shares in issue	426,116,828	421,300,083	426,012,302	419,420,908
Diluted earnings per share (sen)	1.68	2.60	10.10	11.55

28. RELATED PARTY TRANSACTION

The Group's related party transactions cumulative period-to-date ended 31 December 2013 are as follows:

Party	Transaction	31.12.2013 RM
Transaction with non-group members	Rental of equipment and transportation payable, purchase of construction material and rental of land and properties	12,588,925
	Rental of properties and equipment received	60,000
Transaction with person connected with Directors	Rental paid for service apartment	659,604
	Legal services paid	8,764,005
	Sales of properties	12,050,500
	Rental of properties received	36,000

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28. RELATED PARTY TRANSACTION (Contd.)

Party	Transaction	31.12.2013 RM
Transaction with Directors	Sales of properties	3,751,610
	Rental paid for service apartment and office	<u>7,128,024</u>
Transaction with Directors	Legal services paid	<u>402,500</u>

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

	31.12.2013 RM
Type of compensation	
Salaries and allowances (including employer EPF portion)	13,980,885
Directors fee	132,000
Employee share option	<u>341,904</u>
	<u>14,454,789</u>

29. REALISED AND UNREALISED PROFITS

	31.12.2013 RM	31.12.2012 RM
Total retained profits of YNH Property and its subsidiaries		
-Realised profits	526,187,902	499,590,760
-Unrealised profits	<u>16,114,843</u>	<u>11,621,547</u>
	542,302,745	511,212,307
Consolidation adjustments	<u>(169,594,354)</u>	<u>(164,612,328)</u>
Total group retained profits as per consolidated accounts	<u>372,708,391</u>	<u>346,599,979</u>

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30. INVESTMENT PROPERTIES

	Completed investment property RM	Investment property under construction RM	Total RM
Cost			
At 1 January	9,825,992	78,536,664	88,362,656
Additions	1,107,993	-	1,107,993
As at 31 December	<u>10,933,985</u>	<u>78,536,664</u>	<u>89,470,649</u>
Accumulated amortisation			
At 1 January	205,553	-	205,553
Additions	162,487	-	162,487
As at 31 December	<u>368,040</u>	<u>-</u>	<u>368,040</u>
Net carrying amounts	<u>10,565,945</u>	<u>78,536,664</u>	<u>89,102,609</u>

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

31. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 February 2014.

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32. SEGMENTAL REPORTING

	Property Development		Hotel & Hospitality		Adjustment & Elimination		Consolidated	
	31.12.2013 RM	31.12.2012 RM	31.12.2013 RM	31.12.2012 RM	31.12.2013 RM	31.12.2012 RM	31.12.2013 RM	31.12.2012 RM
Revenue								
External customers	270,589,847	246,783,198	33,033,145	22,460,875	-	-	303,622,992	269,244,073
Inter-segment	-	-	82,013	333,513	(82,013)	(333,513)	-	-
Results								
Interest income	508,831	327,556	333,342	538,577	(333,342)	(526,015)	508,831	340,118
Dividend income	525,000	525,000	-	-	(525,000)	(525,000)	-	-
Depreciation	1,066,781	1,145,920	952,883	757,410	-	-	2,019,664	1,903,330
Finance cost	23,022,665	16,790,799	9,251	265,629	-	526,015	23,031,916	16,530,413
Profit/(loss) before taxation	65,655,486	66,149,912	(5,475,740)	(2,274,230)	-	-	60,179,746	63,875,682
Segment assets	1,596,189,199	1,378,402,472	36,204,394	28,408,785	-	-	1,632,393,593	1,406,811,257
Segment liabilities	729,072,814	553,510,901	35,659,762	22,444,233	-	-	764,732,576	575,955,134