

HUA YANG BERHAD (Co. No. 44094-M)
(Incorporated in Malaysia)

Interim Financial Statements for the financial period ended 31 December 2010
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING YEAR TO DATE
	31/12/2010 RM' 000	31/12/2009 RM' 000	31/12/2010 RM' 000	31/12/2009 RM' 000
Revenue	49,304	27,270	122,149	76,329
Cost of Sales	(34,141)	(20,039)	(86,190)	(55,323)
Gross Profit	15,163	7,231	35,959	21,006
Other Income	240	201	876	677
Selling and Marketing Expenses	(2,296)	(1,649)	(5,808)	(4,286)
Administrative and General Expenses	(2,445)	(1,851)	(7,535)	(5,740)
Operating Profit	10,662	3,932	23,492	11,657
Finance Costs	(306)	(190)	(739)	(341)
Profit Before Taxation	10,356	3,742	22,753	11,316
Income Tax Expenses	(2,711)	(998)	(5,927)	(3,039)
Profit For The Period	7,645	2,744	16,826	8,277
Profit attributable to:				
Owners of the Company	7,681	2,744	16,904	8,292
Minority interests	(36)	-	(78)	(15)
	7,645	2,744	16,826	8,277
Earnings Per Share Attributable To Owners Of The Company (sen)				
Basic, for profit for the period	7.11	3.05	17.58	9.21

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT	PRECEDING YEAR
	QUARTER	CORRESPONDING	YEAR TO DATE	CORRESPONDING
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	RM' 000	RM' 000	RM' 000	RM' 000
Profit For The Period	7,645	2,744	16,826	8,277
Other Comprehensive Income For The Period, Net Of Income Tax	-	-	-	-
Total Comprehensive Income For The Period, Net Of Income Tax	7,645	2,744	16,826	8,277
Total Comprehensive Income Attributable To :				
Owners of the Company	7,681	2,744	16,904	8,292
Minority interests	(36)	-	(78)	(15)
	7,645	2,744	16,826	8,277

The Condensed Consolidated Statements Of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31/12/2010 RM' 000	As at 31.3.2010 (restated) RM' 000	As at 1.4.2009 (restated) RM' 000
ASSETS			
Non-current assets			
Property, plant and equipment	9,909	8,124	7,779
Concession assets	9,823	10,005	1,931
Land held for property development	161,714	147,476	131,161
Investment property	2,141	2,176	2,223
Amount due from joint development partner on contract	4,616	4,367	4,948
Fixed deposit with licenced bank	807	803	120
Intangible assets	9,074	9,074	8,813
Deferred tax assets	1,122	886	693
Total non-current assets	199,206	182,911	157,668
Current assets			
Inventories	5,329	7,896	6,638
Property development costs	50,873	68,675	38,305
Trade and other receivables	79,570	47,958	36,783
Cash and bank balances	3,595	3,674	12,130
Total current assets	139,367	128,202	93,856
TOTAL ASSETS	338,573	311,113	251,524
EQUITY AND LIABILITIES			
Share capital	108,000	90,000	90,000
Reserves	102,935	105,824	95,944
Total equity attributable to owners of the Company	210,935	195,824	185,944
Minority interests	1,682	1,760	499
Total equity	212,617	197,584	186,443
Non-current liabilities			
Deferred tax liabilities	3,869	4,399	4,760
Hire purchase payables	199	373	561
Long term loans	54,390	39,595	37,261
Total non-current liabilities	58,458	44,367	42,582
Current Liabilities			
Trade and other payables	39,165	51,055	19,749
Short term borrowings	23,724	16,833	2,696
Taxation	4,609	1,274	54
Total current liabilities	67,498	69,162	22,499
Total Liabilities	125,956	113,529	65,081
TOTAL EQUITY AND LIABILITIES	338,573	311,113	251,524
Net Assets Attributable to Owners of the Company	212,617	197,584	186,443
Net Assets Per Share Attributable to Owners of the Company (RM)	1.97	2.20	2.07

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

←-----Attributable to Owners of the Company----->

	←Non-distributable----->		Distributable		Minority Interests	Total Equity RM' 000
	Share Premium RM' 000	Capital Redemption Reserve RM' 000	Retained Earnings RM' 000	Total RM' 000		
9 months ended 31 December 2009						
Balance as at 1 April 2009	90,000	6,697	500	88,747	499	186,443
Total comprehensive income for the period				8,292	(15)	8,277
Dividends				(1,687)	-	(1,687)
Balance as at 31 December 2009	90,000	6,697	500	95,352	484	193,033
9 months ended 31 December 2010						
Balance as at 1 April 2010	90,000	6,697	500	98,627	1,760	197,584
As previously stated				322		322
Effects on adoption of FRS 139						
As restated	90,000	6,697	500	98,949	1,760	197,906
Total comprehensive income for the period				16,904	(78)	16,826
Dividends				(2,025)	-	(2,025)
Capitalisation for bonus issue	18,000	(6,697)	(500)	(10,803)	-	-
Bonus issue expense				(90)	-	(90)
Balance as at 31 December 2010	108,000	-	-	102,935	1,682	212,617

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2010 and the explanatory notes attached to the interim financial statements.

Interim Financial Statements for the financial period ended 31 December 2010
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	9 months ended 31/12/2010	9 months ended 31/12/2009
	RM' 000	RM' 000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	22,753	11,316
Adjustments for :		
Non-cash items	661	438
Non-operating items	564	-
Operating profit before working capital changes	23,978	11,754
Net change in current assets	(11,340)	(24,760)
Net change in current liabilities	(17,428)	31,754
Net cash from operating activities	(4,790)	18,748
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment & intangible assets	(2,340)	(7,651)
Acquisition of additional shares in subsidiary	-	(260)
Proceeds from disposal of property, plant and equipment	120	187
Land and development expenditure	(14,489)	(31,530)
Net cash used in investing activities	(16,709)	(39,254)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net bank borrowings	19,499	10,592
Fixed deposits	(4)	(16)
Payment of hire purchase	(231)	(134)
Bonus issue expense	(90)	-
Net cash used in financing activities	19,174	10,442
NET INCREASE IN CASH AND CASH EQUIVALENTS	(2,325)	(10,064)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(1,725)	12,130
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(4,050)	2,066
Cash and cash equivalents comprise of :-		
Deposits, bank and cash balances	3,595	2,709
Bank overdrafts	(7,645)	(643)
	(4,050)	2,066

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2010 and the accompanying notes attached to the interim financial statements.

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134

1 Basis of Preparation

The interim financial statements have been prepared in accordance with Financial Reporting Standard ("FRS") 134, Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2010. 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 year ended 31 March 2010.

The significant accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 March 2010 save for the adoption of the following new and revised Financial Reporting Standards ("FRSs"), Issues Committee ("IC") Interpretations and amendments to FRSs and IC Interpretations that are effective for financial statements commencing 1 January 2010 :

FRS 3	Business Combinations (revised)
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosure
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements (amended)
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 1 & FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 5	Non-Current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 8	Operating Segments
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 117	Leases
Amendments to FRS 119	Employee Benefits
Amendments to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendments to FRS 123	Borrowing Costs
Amendments to FRS 128	Investments in Associates
Amendments to FRS 129	Investments in Hyperinflationary Economies
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 140	Investment Property
IC Interpretation 9 & Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2-Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.
IC Interpretation 17	Distributions of Non-Cash Assets to Owner

The FRSs, which are effective commencing 1 January 2010 and have impact on the financial statements and applied by the Group are :

(a) FRS 3 : Business Combinations (revised) and FRS 127 : Consolidated and Separate Financial Statements (amended)

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS 127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

(b) FRS 101 : Presentation of Financial Statements (Revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transaction with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income : presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to adopt two link statements of comprehensive income. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The revised FRS 101 does not have any impact on the financial position and results of the Group.

(c) FRS 117 : Leases (amendments)

Prior to 1 January for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all the risks and rewards incidental to the ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the of the property in the lease with the term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lease. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied the change in accounting policy retrospectively and certain comparatives have been restated.

The effects of the reclassification on the consolidated statement of financial position as at 31 March 2010 and as at 1 April 2009 are as follows:

Consolidated statement of financial position	As previously reported RM '000	Effects RM '000	As restated RM '000
As at 31 March 2010			
Property, plant and equipment	6,926	1,198	8,124
Prepaid land lease payments	1,198	(1,198)	-
As at 1 April 2009			
Property, plant and equipment	6,568	1,211	7,779
Prepaid land lease payments	1,211	(1,211)	-

(d) FRS 138 : Intangible Assets

The amendments clarify that an intangible asset must be recognised separately from goodwill even if it is separable only together with a related contract, identifiable asset, or liability. Also, if an intangible asset is separable only together with another intangible asset, those assets can be recognised together as a single asset, and if the individual assets in a group of complementary intangible assets have similar useful lives, those assets can be recognised together as a single asset. The amendment to this standard does not have any impact on the financial position and results of the Group.

Interim Financial Statements for the financial period ended 31 December 2010

(e) **FRS 139 : Financial Instruments : Recognition and Measurement**

FRS 139 established the principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. FRS 139 moves measurement from a cost base to fair value base for certain categories of financial assets and financial liabilities. The change in accounting policies resulted from the adoption of FRS 139 is to be accounted for prospectively in accordance with the transitional provision of FRS 139. In accordance to the transitional provisions of FRS 139 for first-time adoption, adjustments arising from remeasuring the financial instruments at the beginning of the financial year were recognised as adjustments of the opening balance of retained earnings or other appropriate reserve as disclosed in statement of changes in equity for the current year-to-date. Comparatives are not adjusted. The adoption of this standard does not have significant impact on the financial position and results of the Group.

FRS 139 requires the financial instruments to be classified as held-to-maturity, available-for-sale, at fair value through profit or loss and loan and receivables. The classification depends on the nature of the financial assets and the purpose for which the assets was acquired.

2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 March 2010 was not qualified.

3 Seasonal or Cyclical Factors

The business operations of the Group were not affected by any seasonal or cyclical factors.

4 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

5 Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

6 Debt and Equity Securities

Other than the new issuance of 18,000,000 ordinary shares of RM1.00 each arising from the bonus issue on the basis of one (1) bonus share for every five (5) existing shares held in the last quarter, there have been no issue and repayment of debts and equity, repurchases, share cancellation or new issuance during the quarter under review and financial year-to-date.

7 Dividends Paid

No dividend has been paid during the quarter under review.

8 Segment Revenue and Results

The Group's main operation is property development. Other operations of the Group mainly comprise of investment holdings and provision of management and secretarial services to the subsidiary companies, neither which are of sufficient size to be reported as a segment. The Group's operations are carried out in Malaysia.

9 Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment have been brought forward, without any amendments from the previous annual audited financial statements for the year ended 31 March 2010.

10 Material Events Subsequent to the End of the Reporting Period

There were no material events subsequent to end of current quarter.

11 Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review.

12 Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 March 2010.

13 Capital Commitments

There were no material capital commitments not provided for in the interim financial statements as at 31 December 2010.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

14 Income Tax Expenses

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to Date	Preceding Year Corresponding Year to Date
	31/12/2010 RM' 000	31/12/2009 RM' 000	31/12/2010 RM' 000	31/12/2009 RM' 000
Malaysian income tax	(3,057)	(1,114)	(6,708)	(3,353)
Deferred tax	332	109	767	307
	<u>(2,725)</u>	<u>(1,005)</u>	<u>(5,941)</u>	<u>(3,046)</u>
Overprovision of Malaysian income tax in prior years	14	7	14	7
	<u>(2,711)</u>	<u>(998)</u>	<u>(5,927)</u>	<u>(3,039)</u>

15 Quoted Securities

There were no investments in quoted securities during the quarter under review and financial year-to-date.

16 Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties outside the ordinary course of the Group's business during the quarter ended 31 December 2010.

17 Corporate Proposals

Other than the completion of a Proposed Bonus Issue of 18,000,000 new ordinary shares of RM1.00 each in HYB on the basis of one (1) Bonus Share for every five (5) existing HYB Shares held in the last quarter, there were no corporate proposals announced from the date of the last quarterly report to the date of this report.

18 Borrowings - Secured

	As at 31/12/2010 RM' 000	As at 31/3/2010 RM' 000
<u>Short Term Borrowings</u>		
- Hire Purchase	129	188
- Bank Overdraft	7,645	5,399
- Term Loan	4,286	4,286
- Bridging Loan	-	-
- Revolving Loan	11,664	6,960
	<u>23,724</u>	<u>16,833</u>
<u>Long Term Borrowings</u>		
- Hire Purchase	199	373
- Term Loan	54,390	31,773
- Bridging Loan	-	7,822
	<u>54,589</u>	<u>39,968</u>

19 Off Balance Sheet Financial Instruments

There were no off balance sheet arrangements entered into nor were there any off balance sheet financial instruments issued as at the date of this report.

20 Changes in Material Litigation

There were no changes in material litigation from the date of the last quarterly report to the date of this report.

21 Dividends Payable

No interim dividend has been declared for the financial period ended 31 December 2010.

22 Earnings Per Share

Basic earnings per share is calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

		9 months ended 31/12/2010	9 months ended 31/12/2009
(a) Basic earnings per share			
Profit for the period	(RM' 000)	16,904	8,292
Weighted average number of ordinary shares in issue	('000)	96,153	90,000
Basic earnings per share	(sen)	17.58	9.21
(b) Diluted earnings per share	(sen)	N/A	N/A

23 Review of Group Performance

For the third quarter ended 31 December 2010, the Group achieved revenue of RM49.304 million and Profit Before Tax (PBT) of RM10.356 million. Net profit for the third quarter was RM7.645 million.

As compared to preceding year corresponding quarter, this represents a 81% increase in Revenue while PBT and Net Profit grew by 177% and 179% respectively.

For the 9-month cumulative period ended 31 December 2010, Revenue was recorded at RM122.149 million, 60% higher than revenue of the preceding year corresponding period of RM76.329 million.

Cumulative PBT for the period ended 31 December 2010 was recorded at RM22.753 million, 101% higher than the preceding year corresponding period of RM11.316 million, while the Net Profit for the 9 months period ended 31 December 2010 recorded at RM16.826 million was an increase of 103% as compared to the preceding year corresponding period.

The positive 3rd quarter results were due to better sales achieved for phases under development and also from the improved development profit margin. The Group's achievement for the 9 months in the FY 2011 has surpassed the previous full financial year results in terms of revenue, net profit, sales unit and sales value.

The Group's earnings per share for the period ended 31 December 2010 was 17.58 sen.

The Group's Net Assets per share stood at RM1.97 as at 31 December 2010 compared to RM2.20 as at 31 March 2010. The reduction in Net Assets per share was due to the enlarged issue and paid-up share capital after the allotment of 18,000,000 ordinary shares by way of Bonus Issue.

24 Material Changes in the Quarterly Results compared to the Results of the Immediate Preceding Quarter

The Group's profit before tax for the quarter under review of RM10.356 million was RM4.704 million or 83% higher than the immediate preceding quarter ended 30 September 2010 of RM5.652 million. The higher profit is attributable to better sales performance of the Group.

25 Current Year Prospects

Despite the keen competition in the housing sector, the Group remains positive on the outlook for the affordable housing market segment in which it operates.

With the strong growth in the performance for the period under review, the Group is optimistic of posting improved results in the remaining period of the financial year 2011.

26 Explanatory Notes for Variance of Actual Profit form Forecast Profit / Profit Guarantee

Not applicable

27 Authorisation For Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed at the Board of Directors' meeting held on 21 January 2011.

28 Realised and Unrealised Profits/Losses

	<u>Current</u> <u>financial period</u> <u>(RM'000)</u>	<u>As at the end of</u> <u>last financial</u> <u>year (RM'000)</u>
Total retained profits of Hua Yang Berhad and its subsidiaries:		
- Realised	102,264	
- Unrealised	<u>671</u>	
	102,935	
Less: Consolidation adjustments	-	
Total group retained profits as per consolidated accounts	<u>102,935</u>	N/A

**** Comparative figures are not required in the first financial year of complying with the Realised and Unrealised Profits / Losses Disclosure.**