

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

Interim Financial Statements for the financial period ended 30 September 2011
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|--------------------|----------------|--------------------|----------------|
| | CURRENT YEAR | PRECEDING YEAR | CURRENT YEAR | PRECEDING YEAR |
| | QUARTER | CORRESPONDING | TO DATE | CORRESPONDING |
| | 30/9/2011 | QUARTER | 30/9/2011 | YEAR TO DATE |
| | RM' 000 | 30/9/2010 | RM' 000 | 30/9/2010 |
| | RM' 000 | RM' 000 | RM' 000 | RM' 000 |
| Revenue | 76,128 | 35,629 | 137,879 | 72,845 |
| Cost of Sales | (49,637) | (25,657) | (89,249) | (52,049) |
| Gross Profit | 26,491 | 9,972 | 48,630 | 20,796 |
| Other Income | 253 | 366 | 493 | 637 |
| Selling and Marketing Expenses | (3,611) | (1,775) | (7,144) | (3,512) |
| Administrative and General Expenses | (4,063) | (2,667) | (7,377) | (5,090) |
| Operating Profit | 19,070 | 5,896 | 34,602 | 12,831 |
| Finance Costs | (182) | (243) | (455) | (433) |
| Profit Before Taxation | 18,888 | 5,653 | 34,147 | 12,398 |
| Income Tax Expenses | (4,976) | (1,366) | (8,723) | (3,216) |
| Profit For The Period | 13,912 | 4,287 | 25,424 | 9,182 |
| Profit attributable to: | | | | |
| Owners of the Company | 13,897 | 4,314 | 25,377 | 9,224 |
| Minority interests | 15 | (27) | 47 | (42) |
| | 13,912 | 4,287 | 25,424 | 9,182 |
| Earnings Per Share Attributable To Owners Of The Company (sen) | | | | |
| Basic, for profit for the period | 12.87 | 3.99 | 23.50 | 8.54 |

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.

HUA YANG BERHAD (Co. No. 44094-M)
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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|-------------------------|--|-------------------------|---|
| | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING YEAR TO DATE |
| | 30/9/2011 RM' 000 | 30/9/2010 RM' 000 | 30/9/2011 RM' 000 | 30/9/2010 RM' 000 |
| Profit For The Period | 13,912 | 4,287 | 25,424 | 9,182 |
| Other Comprehensive Income For The Period, Net Of Income Tax | - | - | - | - |
| Total Comprehensive Income For The Period, Net Of Income Tax | 13,912 | 4,287 | 25,424 | 9,182 |
| Total Comprehensive Income Attributable To : | | | | |
| Owners of the Company | 13,897 | 4,314 | 25,377 | 9,224 |
| Minority interests | 15 | (27) | 47 | (42) |
| | 13,912 | 4,287 | 25,424 | 9,182 |

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.

HUA YANG BERHAD (Co. No. 44094-M)
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | As at 30/9/2011 RM' 000 | As at 31/3/2011 RM' 000 |
|--|-------------------------------|-------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 6,057 | 5,447 |
| Concession assets | 14,276 | 14,569 |
| Land held for property development | 197,921 | 147,970 |
| Investment property | 2,113 | 2,129 |
| Amount due from joint development partner on contract | 5,038 | 5,024 |
| Other receivables | 931 | 1,836 |
| Fixed deposit with licenced bank | 826 | 809 |
| Intangible assets | 9,074 | 9,074 |
| Deferred tax assets | 735 | 809 |
| | <u>236,971</u> | <u>187,667</u> |
| Current assets | | |
| Inventories | 4,587 | 4,184 |
| Property development costs | 48,089 | 60,676 |
| Trade and other receivables | 67,530 | 27,115 |
| Other current assets | 46,465 | 69,764 |
| Cash and bank balances | 9,523 | 6,259 |
| | <u>176,194</u> | <u>167,998</u> |
| TOTAL ASSETS | <u>413,165</u> | <u>355,665</u> |
| EQUITY AND LIABILITIES | | |
| Current liabilities | | |
| Trade and other payables | 44,483 | 47,889 |
| Other current liabilities | 695 | 2,079 |
| Short term borrowings | 19,174 | 19,529 |
| Taxation | 8,385 | 3,666 |
| | <u>72,737</u> | <u>73,163</u> |
| Net current assets | <u>103,457</u> | <u>94,835</u> |
| Non-current liabilities | | |
| Trade and other payables | 11,914 | 4,366 |
| Deferred tax liabilities | 3,231 | 3,645 |
| Hire purchase payables | 37 | 65 |
| Long term loans | 84,922 | 53,449 |
| | <u>100,104</u> | <u>61,525</u> |
| TOTAL LIABILITIES | <u>172,841</u> | <u>134,688</u> |
| Net assets | <u>240,324</u> | <u>220,977</u> |
| Total equity attributable to owners of the Company | | |
| Share capital | 108,000 | 108,000 |
| Reserves | 130,577 | 111,277 |
| | <u>238,577</u> | <u>219,277</u> |
| Minority interests | 1,747 | 1,700 |
| TOTAL EQUITY | <u>240,324</u> | <u>220,977</u> |
| TOTAL EQUITY AND LIABILITIES | <u>413,165</u> | <u>355,665</u> |
| Net Assets Attributable to Owners of the Company | 240,324 | 220,977 |
| Net Assets Per Share Attributable to Owners of the Company (RM) | 2.23 | 2.05 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.

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Interim Financial Statements for the financial period ended 30 September 2011

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

| | Non-distributable | | | Distributable | | Minority Interests RM' 000 | Total Equity RM' 000 |
|---|--------------------------|--------------------------|---------------------------------------|------------------------------|------------------|-------------------------------|-------------------------|
| | Share Capital RM' 000 | Share Premium RM' 000 | Capital Redemption Reserve RM' 000 | Retained Earnings RM' 000 | Total RM' 000 | | |
| 6 months ended 30 September 2010 | | | | | | | |
| Balance as at 1 April 2010 | 90,000 | 6,697 | 500 | 98,627 | 195,824 | 1,760 | 197,584 |
| As previously stated | | | | 419 | 419 | | 419 |
| Effects on adoption of FRS 139 | | | | | | | |
| As restated | 90,000 | 6,697 | 500 | 99,046 | 196,243 | 1,760 | 198,003 |
| Total comprehensive income for the period | - | - | - | 9,224 | 9,224 | (42) | 9,182 |
| Dividends | - | - | - | (2,025) | (2,025) | - | (2,025) |
| Capitalisation for bonus issue | 18,000 | (6,697) | (500) | (10,803) | - | - | - |
| Expenses incurred for bonus issue | - | - | - | (82) | (82) | - | (82) |
| Balance as at 30 September 2010 | 108,000 | - | - | 95,360 | 203,360 | 1,718 | 205,078 |
| 6 months ended 30 September 2011 | | | | | | | |
| Balance as at 1 April 2011 | 108,000 | - | - | 111,277 | 219,277 | 1,700 | 220,977 |
| Total comprehensive income for the period | - | - | - | 25,375 | 25,375 | 47 | 25,422 |
| Dividends | - | - | - | (6,075) | (6,075) | - | (6,075) |
| Balance as at 30 September 2011 | 108,000 | - | - | 130,577 | 238,577 | 1,747 | 240,324 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2011 and the explanatory notes attached to the interim financial statements.

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

Interim Financial Statements for the financial period ended 30 September 2011
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | 6 months ended 30/9/2011 | 6 months ended 30/9/2010 |
|--|-----------------------------|-----------------------------|
| | RM' 000 | RM' 000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 34,147 | 12,398 |
| Adjustments for : | | |
| Non-cash items | 490 | 375 |
| Non-operating items | 278 | 291 |
| Operating profit before working capital changes | 34,915 | 13,064 |
| Net change in current assets | (3,893) | (5,189) |
| Net change in current liabilities | (2,041) | (22,175) |
| Net cash from / (used in) operating activities | 28,981 | (14,300) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of property, plant and equipment & intangible assets | (746) | (2,159) |
| Land and development expenditure | (49,965) | (3,594) |
| Net cash used in investing activities | (50,711) | (5,753) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net bank borrowings | 33,063 | 14,826 |
| Fixed deposits | (18) | (2) |
| Dividend paid | (6,075) | - |
| Payment of hire purchase | (27) | (93) |
| Bonus issue expense | - | (82) |
| Net cash used in financing activities | 26,943 | 14,649 |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | 5,213 | (5,404) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 2,572 | (1,725) |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 7,785 | (7,129) |
| Cash and cash equivalents comprise of :- | | |
| Deposits, bank and cash balances | 9,523 | 2,493 |
| Bank overdrafts | (1,738) | (9,622) |
| | 7,785 | (7,129) |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2011 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 2011. 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 2011.

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 2011 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 mandatory for the Group for the financial year commencing 1 April 2011:

| | |
|--|---|
| FRS 1 | First-time Adoption of Financial Reporting Standards |
| FRS 3 | Business Combinations (revised) |
| Amendments to FRS 2 | Share-based Payment |
| Amendments to FRS 5 | Non-Current Assets Held for Sale and Discontinued Operations |
| Amendments to FRS 127 | Consolidated and Separate Financial Statements |
| Amendments to FRS 138 | Intangible Assets |
| Amendments to IC Interpretation 9 | Reassessment of Embedded Derivatives |
| IC Interpretation 12 | Service Concession Arrangements |
| IC Interpretation 16 | Hedges of a Net Investment in a Foreign Operation |
| IC Interpretation 17 | Distributions of Non-Cash Assets to Owner |
| Amendments to FRS 132 | Classification of Rights Issues |
| Amendments to FRS 1 | Additional Exemptions for First-time Adopters |
| Amendments to FRS 1 | Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters |
| Amendments to FRS 7 | Improving Disclosures about Financial Instruments |
| Amendments to FRS 2 | Group Cash-settled Share-based Payment Transactions |
| Amendments to FRS contained in the document entitled "Improvements to FRSs (2010)" | |
| IC Interpretation 4 | Determining whether an Arrangement contains a Lease |
| IC Interpretation 18 | Transfer of Assets from Customers |
| TRi - 3 | Guidance on Disclosure of Translation to IFRSs |
| TRi - 4 | Shariah Compliant Sale Contracts |
| IC Interpretation 19 | Extinguishing Financial Liabilities with Equity Instruments |
| Amendments to IC Interpretation 14 | Prepayments of a Minimum Funding Requirement |

The adoption of these new FRSs, amendments and IC Interpretation will have no material impact on the financial statements of the Group.

2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 March 2011 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.

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134

6 Debt and Equity Securities

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

During the quarter under review, the Company paid the first and final gross dividend of 7.5% per share, less income tax of 25% for the financial year ended 31 March 2011.

8 Segment Information

| | Property Development | | Rental Concession | | Adjustments and Eliminations | | Per Consolidated Financial Statements | |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|------------------------------|----------------------|---------------------------------------|----------------------|
| | 30/9/2011 RM' 000 | 30/9/2010 RM' 000 | 30/9/2011 RM' 000 | 30/9/2010 RM' 000 | 30/9/2011 RM' 000 | 30/9/2010 RM' 000 | 30/9/2011 RM' 000 | 30/9/2010 RM' 000 |
| Revenue: | | | | | | | | |
| External customers | 137,175 | 72,051 | 704 | 794 | - | - | 137,879 | 72,845 |
| Inter-segment | 4,222 | 4,259 | - | - | (4,222) | (4,259) | - | - |
| | 141,397 | 76,310 | 704 | 794 | (4,222) | (4,259) | 137,879 | 72,845 |
| Results: | | | | | | | | |
| Interest income | 803 | 644 | - | - | (625) | (502) | 178 | 142 |
| Dividend income | 64,280 | 16,700 | - | - | (64,280) | (16,700) | - | - |
| Depreciation and amortisation | 156 | 206 | 290 | 167 | (1) | (1) | 445 | 372 |
| Segment profit / (loss) | 35,602 | 13,072 | (831) | (172) | (625) | (502) | 34,147 | 12,398 |
| Assets: | | | | | | | | |
| Additions to non-current assets | 50,711 | 3,674 | - | 2,079 | - | - | 50,711 | 5,753 |
| Segment assets | 397,649 | 305,685 | 15,517 | 14,821 | - | - | 413,165 | 320,506 |
| Segment liabilities | 155,578 | 100,128 | 17,263 | 15,397 | - | - | 172,841 | 115,525 |

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 2011.

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 statement of financial position as at 31 March 2011.

13 Capital Commitments

A wholly-owned subsidiary company has acquired a piece of leasehold vacant land measuring 3.73 acres through public auction for a total consideration of RM13,000,000 with 10% paid in the preceding quarter.

Approved and contracted for - balance payable

RM' 000
11,700

HUA YANG BERHAD (Co. No. 44094-M)

(Incorporated in Malaysia)

Interim Financial Statements for the financial period ended 30 September 2011

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 |
| | 30/9/2011 RM' 000 | 30/9/2010 RM' 000 | 30/9/2011 RM' 000 | 30/9/2010 RM' 000 |
| Malaysian income tax | (5,173) | (1,654) | (9,062) | (3,651) |
| Deferred tax | 197 | 288 | 339 | 435 |
| | <u>(4,976)</u> | <u>(1,366)</u> | <u>(8,723)</u> | <u>(3,216)</u> |
| Overprovision of Malaysian income tax in prior years | - | - | - | - |
| | <u>(4,976)</u> | <u>(1,366)</u> | <u>(8,723)</u> | <u>(3,216)</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 30 September 2011.

17 Corporate Proposals

On 14 July 2011, the Board of Directors of Hua Yang Berhad ("HYB") have approved a Proposed Bonus Issue of 36,000,000 new ordinary shares of RM1.00 each in HYB on the basis of one (1) Bonus Share for every three (3) existing HYB Shares held ("Proposed Bonus Issue"). The shareholders of HYB has on 19 August 2011 approved the Proposed Bonus Issue.

The entitlement date for the above exercise is on 28 October 2011.

18 Borrowings - Secured

| | As at 30/9/2011 RM' 000 | As at 31/3/2011 RM' 000 |
|------------------------------|-------------------------------|-------------------------------|
| <u>Short Term Borrowings</u> | | |
| - Hire Purchase | 56 | 55 |
| - Bank Overdraft | 1,738 | 3,686 |
| - Term Loan | 6,013 | 4,286 |
| - Revolving Loan | 11,367 | 11,502 |
| | <u>19,174</u> | <u>19,529</u> |
| <u>Long Term Borrowings</u> | | |
| - Hire Purchase | 37 | 65 |
| - Term Loan | 79,835 | 51,619 |
| - Bridging Loan | 5,087 | 1,830 |
| | <u>84,959</u> | <u>53,514</u> |

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

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 30 September 2011.

22 Earnings Per Share

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

| | | 6 months ended 30/9/2011 | 6 months ended 30/9/2010 |
|---|-----------|-------------------------------------|-------------------------------------|
| (a) Basic earnings per share | | | |
| Profit for the period | (RM' 000) | 25,377 | 9,224 |
| Number of ordinary shares in issue | ('000) | 108,000 | 108,000 |
| Weighted average number of ordinary shares in issue | ('000) | 108,000 | 108,000 |
| Basic earnings per share | (sen) | 23.50 | 8.54 |
| (b) Diluted earnings per share | (sen) | N/A | N/A |

23 Review of Group Performance

For the second quarter ended 30 September 2011, the Group achieved a revenue of RM76.128 million and profit before tax of RM18.888 million. Net profit for the quarter under review was RM13.912 million, an increase of RM9.625 million (225%) compared to the preceding year corresponding quarter.

The Group's revenue for the period ended 30 September 2011 recorded at RM137.879 million, an increase of RM65.034 million (89%) compared to revenue of RM72.845 million of the preceding year corresponding period. Net profit for the period ended 30 September 2011 was recorded at RM25.424 million, an increase of RM16.242 (177%) compared to the preceding year corresponding period.

The strong financial results of the quarter under review were due to steady construction progress and better sales achieved.

Sales achieved for the quarter under review was 119% higher than the preceding year corresponding quarter with total unbilled sales of RM395.236 million, giving the group an improved earnings visibility in the remaining period of the FY 2012.

The Group's earnings per share for the period ended 30 September 2011 was 23.50 sen.

The Group's Net Assets per share stood at RM2.23 as at 30 September 2011 compared to RM2.05 as at 31 March 2011.

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 RM18.888 million was RM3.629 million or 24% higher than the immediate preceding quarter ended 30 June 2011 of RM15.259 million.

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Interim Financial Statements for the financial period ended 30 September 2011

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

25 Current Year Prospects

With the steady growth, strong demand and the strong sales for the first six months of FY 2012, the Board is optimistic of posting improved results for the remaining period of the financial year.

26 Explanatory Notes for Variance of Actual Profit from 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 19 October 2011.

28 Realised and Unrealised Profits/Losses

Bursa Malaysia Securities Berhad has on 25 March 2010 and 20 December 2010, issued directives requiring all listed issuers to disclose the breakdown of retained profits or losses into realised and unrealised in quarterly reports and annual audited financial statements.

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits are as follows:

| | As at 30/9/2011 (RM' 000) | As at 31/3/2011 (RM' 000) |
|--|---------------------------------|---------------------------------|
| Total retained profits of the Company and its subsidiaries: | | |
| - Realised | 150,510 | 131,489 |
| - Unrealised | (1,946) | (2,285) |
| | <u>148,564</u> | <u>129,204</u> |
| Less: Consolidation adjustments | (17,987) | (17,927) |
| Total group retained profits as per consolidated accounts | <u>130,577</u> | <u>111,277</u> |