

**Y&G CORPORATION BHD**  
**(Formerly known as "Merces Holdings Berhad")**  
 (Co No : 6403-X)  
 (Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2008**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 June 2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 June 2007 RM'000	CURRENT YEAR TODATE 30 June 2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 June 2007 RM'000
Revenue	1,228	1,655	1,870	3,914
Operating expenses	(1,199)	(1,734)	(1,870)	(3,562)
Other operating income	0	0	0	0
<b>Profit / (Loss) From Operations</b>	<b>29</b>	<b>(79)</b>	<b>0</b>	<b>352</b>
Interest expenses	(120)	(188)	(240)	(361)
Interest income	0	0	0	0
<b>Loss Before Tax</b>	<b>(91)</b>	<b>(267)</b>	<b>(240)</b>	<b>(9)</b>
Taxation	169	0	169	0
<b>Profit / (Loss) For The Period</b>	<b>78</b>	<b>(267)</b>	<b>(71)</b>	<b>(9)</b>
Attributable to:				
Equity holders of the parent	78	(266)	(71)	(8)
Minority interests	0	(1)	0	(1)
	<b>78</b>	<b>(267)</b>	<b>(71)</b>	<b>(9)</b>
<b>Profit / (Loss) attributable to equity holders of the parent :</b>				
a) Basic Profit / (Loss) per share (Sen)	0.15	(0.52)	(0.14)	(0.02)
b) Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Income Statement should be read in conjunction with the audited Annual Financial Report for the Year Ended 31 December 2007 and the accompanying notes attached to the interim financial statements)

**Y&G CORPORATION BHD**  
**(Formerly known as "Merces Holdings Berhad")**

(Co No : 6403-X)  
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2008

	As at end of Current Quarter 30 June 2008 RM'000	As at Preceding Year Ended 31 Dec 2007 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	45	0
Prepaid land lease payment	868	873
Investment properties	2,340	2,340
Land held for development	17,323	17,323
Investment in subsidiaries (not consolidated)	4,400	4,400
	<u>24,976</u>	<u>24,936</u>
<b>CURRENT ASSETS</b>		
Trade receivables	14,010	14,172
Other receivables and deposits	13,028	13,042
Cash and bank balances	990	1,590
	<u>28,028</u>	<u>28,804</u>
<b>TOTAL ASSETS</b>	<u><u>53,004</u></u>	<u><u>53,740</u></u>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to equity holders of parent -		
Share capital	51,000	51,000
Accumulated losses	(32,759)	(32,688)
	<u>18,241</u>	<u>18,312</u>
<b>MINORITY INTERESTS</b>	2,064	2,064
<b>TOTAL EQUITY</b>	<u>20,305</u>	<u>20,376</u>
<b>NON-CURRENT LIABILITY</b>		
Long term borrowings	3,100	3,700
<b>CURRENT LIABILITIES</b>		
Trade payables	7,035	7,065
Non-trade payables and accruals	4,663	4,632
Amount due to directors	1,979	2,117
Short term borrowings	7,863	7,622
Taxation	8,059	8,228
	<u>29,599</u>	<u>29,664</u>
<b>TOTAL LIABILITIES</b>	<u>32,699</u>	<u>33,364</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>53,004</u></u>	<u><u>53,740</u></u>
Net assets / share attributable to ordinary equity holders of the parent (RM)	0.36	0.36

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited Annual Financial Report for the Year Ended 31 December 2007 and the accompanying notes attached to the interim financial statements)

**Y&G CORPORATION BHD**  
**(Formerly known as "Merces Holdings Berhad")**

(Co No : 6403-X)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2008**

	Share Capital RM'000	Accumulated Losses RM'000	Minority Interests RM'000	TOTAL EQUITY RM'000
<b><u>Curent Quarter</u></b>				
Balance as at 1 January 2008	51,000	(32,688)	2,064	20,376
Loss for the period	0	(71)	0	(71)
<b>Balance as at 30 June 2008</b>	<b>51,000</b>	<b>(32,759)</b>	<b>2,064</b>	<b>20,305</b>
<b><u>Preceeding Year's Corresponding Quarter</u></b>				
Balance as at 1 January 2007	51,000	(28,881)	2,061	24,180
Loss for the period	0	(9)	0	(9)
<b>Balance as at 30 June 2007</b>	<b>51,000</b>	<b>(28,890)</b>	<b>2,061</b>	<b>24,171</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited Annual Financial Report for the Year Ended 31 December 2007 and the accompanying notes attached to the interim financial statements)

**Y&G CORPORATION BHD**  
**(Formerly known as "Merces Holdings Berhad")**

(Co No : 6403-X)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2008**

	Current Quarter Ended 30 June 2008 RM'000	Preceding Year Quarter 30 June 2007 RM'000
<b>LOSS BEFORE TAX</b>	(240)	(9)
<b>ADJUSTMENTS :</b>		
Depreciation / amortization	5	57
Interest expenses	240	361
Interest income	0	0
<b>Operating Profit Before Working Capital Changes</b>	<u>5</u>	<u>409</u>
<b>CHANGES IN WORKING CAPITAL :</b>		
Decrease/(Increase) in receivables	176	(3,313)
(Decrease)/Increase in payables	(137)	6,086
<b>Cash Generated From Operations</b>	<u>44</u>	<u>3,182</u>
Taxes paid	0	0
<b>Net Cash Flow Generated From Operating Activities</b>	<u><b>44</b></u>	<u><b>3,182</b></u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(45)	0
Interest income	0	0
<b>Net Cash Flow Generated From / (Used In) Investing Activities</b>	<u><b>(45)</b></u>	<u><b>0</b></u>
<b>FINANCING ACTIVITIES</b>		
Net changes in bank borrowings	10	856
Repayment of bank borrowings	(600)	0
Interest expenses	(240)	(361)
<b>Net Cash Flow (Used In) / Generated From Financing Activities</b>	<u><b>(830)</b></u>	<u><b>495</b></u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(831)	3,677
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	(4,154)	(15,747)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u><b>(4,985)</b></u></u>	<u><u><b>(12,070)</b></u></u>
<b>Represented by :</b>		
Cash and bank balances	990	47
Bank Overdraft	(5,975)	(12,117)
	<u><u><b>(4,985)</b></u></u>	<u><u><b>(12,070)</b></u></u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited Annual Financial Report for the Year Ended 31 December 2007 and the accompanying notes attached to the interim financial statements)