

**Y&G CORPORATION BHD**  
(Company No. 6403-X)  
(Incorporated in Malaysia)

**PART A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**A1. BASIS OF PREPARATION**

The Interim Financial Statements for the first quarter ended 31 March 2015 are unaudited and have been prepared in accordance with the requirements of FRS 134 – "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014.

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 December 2014.

**A2. CHANGES IN ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted by the Group in preparing this Interim Financial Statements are consistent with those adopted in the Audited Financial Statements for the year ended 31 December 2014, except for the compliance with the new/ revised Financial Reporting Standards ("FRSs") that came into effect during the financial quarter under review.

The adoption of the new/revised FRSs that came into effect during the financial quarter under review do not have any significant financial impact on the Group's financial result for the financial quarter under review nor the Group's shareholders' funds as at 31 March 2015.

The Malaysian Accounting Standard Board ("MASB") had issued a new approved accounting framework, the MFRS Framework, to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein referred as "Transitioning Entity").

A Transitioning Entity is allowed to defer adoption of the new MFRS Framework for another five (5) years. Consequently, adoption of the MFRS Framework by Transitioning Entity will be mandatory for annual periods beginning on or after 1 January 2017.

The Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2017. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company have yet to determine the financial impact arising from the adoption of the MFRS framework.

**A3. AUDITORS' REPORT ON PRECEDING AUDITED FINANCIAL STATEMENTS**

The auditors' report on the Audited Financial Statements for the year ended 31 December 2014 was not subject to any qualification.

**A4. SEASONAL OR CYCLICAL FACTORS**

The business operations of the Group for the current financial quarter and year-to-date were not subject to any seasonal or cyclical factors.

**A5. UNUSUAL ITEMS**

There were no unusual items which have a material effect on the assets, liabilities, equity, net income or cash flow of the Group for the current financial quarter and year-to-date.

**A6. CHANGES IN ESTIMATES**

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

**A7. DEBT AND EQUITY SECURITIES**

During the current financial quarter, the Company had issued 79 new ordinary shares of RM1.00 each at the issue price of RM1.00 for cash pursuant to the conversion of the Warrants. The status of the Warrants after this conversion is as follow :

Warrants

No. of Warrants in issuance at beginning of the current financial quarter	47,690,767
No. of Warrants converted during the current financial quarter	<u>(79)</u>
No. of Warrants in issuance at end of the current financial quarter	<u>47,690,688</u>

Except as disclosed above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

**A8. DIVIDENDS PAID**

The Company had paid an interim single-tier dividend of 5% in respect of the previous financial year ended 31 December 2014 during the current financial quarter.

#### A9. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax :

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	97	101	97	101
Rental income	(9)	-	(9)	-

Save for the items disclosed in the Statement of Comprehensive Income and the note above, other items pursuant to Appendix 9B Note 16 of the MMLR are not applicable.

#### A10. SEGMENTAL INFORMATION

The analysis of the Group's operations for the financial year ended 31 March 2015 are as follows :-

	<u>Investment Holding &amp; Others</u>	<u>Property Development &amp; Investment</u>	<u>GROUP</u>
	RM'000	RM'000	RM'000
Segment Revenue - External	-	91,110	91,110
Segment Results	60	18,682	18,742
Interest Income			431
Interest Expenses			(5)
Profit Before Tax			19,168
Taxation			(5,191)
Profit For The Period			13,977

#### A11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The valuation of property, plant and equipment has been brought forward without any amendments from the Audited Financial Statements for the year ended 31 December 2014.

#### A12. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD UNDER REVIEW

There were no material events subsequent to the end of the current financial quarter that have not been reflected in the Interim Financial Statement for the current financial quarter as at the date of this Quarterly Report.

**A13. CHANGES IN COMPOSITION OF THE GROUP**

There was no material change in the composition of the Group for the current financial quarter and year-to-date, except for Bumida Engineering & Construction Sdn Bhd (“BECSB”) which has become a 98% owned subsidiary of the Company following the Company’s subscription of 9 million Rights Issue shares on the basis of nine (9) Rights Shares for every one (1) existing share held in BECSB.

**A14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There was no material contingent liabilities and/or contingent assets as at the date of this Quarterly Report.

**A15. CAPITAL COMMITMENTS**

There were no material capital commitments which are not provided for in the Interim Financial Statements, as at the date of this Quarterly Report.

## **PART B: ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS**

### **B1. REVIEW OF PERFORMANCE**

The Group's revenue was mainly derived from the development activities for the current financial quarter and year-to-date ended 31 March 2015.

Turnover for both the current financial quarter and year-to-date were substantially higher at RM91.11 million, an increase of RM68.10 million, as compared to the preceding year's corresponding quarter of RM23.01 million. The increase in turnover for both the current financial quarter and year-to-date were mainly due to the relatively better take-up rate particularly, of its commercial units as well as higher development activities ahead of the new GST implementation effective on 1 April 2015, besides also the revenue contributed by the recently acquired and consolidated subsidiary.

The profit after tax for both the current financial quarter and year-to-date were also substantially higher at RM13.98 million as compared to the preceding year's corresponding profit after tax of RM2.73 million, mainly due to the substantially higher turnover as mentioned above.

### **B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S REPORT**

Turnover for the current financial quarter ended 31 March 2015 was substantially higher at RM91.11 million, an increase of RM50.81 million, as compared to the preceding financial quarter of RM40.30 million, mainly due to the relatively better take-up rate particularly, of its commercial units ahead of the new GST implementation effective on 1 April 2015 and the higher revenue generated by the recently acquired and consolidated subsidiary.

The profit before tax for the current financial quarter was also much higher at RM19.17 million as compared to the preceding financial quarter of RM8.94 million, mainly due to the substantial increase in turnover.

### **B3. CURRENT YEAR PROSPECTS**

In view that the market for the property development is sustaining and the completion of the Corporate Proposals in the previous financial quarter, the Directors expect an improvement in the revenue of the Group for the financial year ending 31 December 2015.

### **B4. PROFIT FORECAST AND PROFIT GUARANTEE**

Not applicable as the Company did not issue any profit forecast and/or profit guarantee.

## B5. TAXATION

The taxation charge for the Group are as follows :-

	<b>Current Quarter</b>	<b>Current Year-To-Date</b>
	RM'000	RM'000
Income tax - current year	(6,200)	(6,200)
- (under)/overprovision in prior year	-	-
RPGT	(216)	(216)
Deferred tax	1,225	1,225
	<u>(5,191)</u>	<u>(5,191)</u>

The Group's effective tax rate for both the current financial quarter and year-to-date are higher than the Malaysian statutory tax rate of 25% due to the non-existence of group tax relief and certain expenses being non-deductible for income tax purposes.

## B6. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

There was no sale of unquoted investments and/or properties (classified under "Asset Held For Sale") for the current financial quarter and year-to-date, except for a disposal of a freehold land to a third party via a conditional sale and purchase agreement in the previous financial year, but the said disposal has yet to be accounted for in the financial statements pending fulfillment of one (1) of the last conditions precedents stated therein. However, the said disposal (which is expected to be completed in the 2<sup>nd</sup> Quarter of 2015) has no material financial effect to the Group's result for both the current financial quarter and year-to-date.

## B7. QUOTED SECURITIES

There was no purchase or disposal of quoted securities for the current financial quarter and year-to-date.

## B8. PUBLIC SHAREHOLDING SPREAD

The followings are the events pertaining to the Company's Public Shareholding Spread during the current financial year till the date of this Quarterly Report:

- (a) On 9 January 2015, Y&G had submitted a more elaborative clarification in support of the justification to the 9<sup>th</sup> Extension application to comply with the PSS Requirement via its letter dated 9 January 2015 to Bursa Malaysia. However, Y&G has yet to receive an official reply from Bursa Malaysia until to-date.
- (b) As at 27 May 2015, the public shareholding spread of the Company was at 19.71 %.

**B9. GROUP BORROWINGS AND DEBT SECURITIES**

Group Borrowings as at 31 March 2015 are as follows :-

	<b>Secured</b> RM'000	<b>Unsecured</b> RM'000	<b>Total</b> RM'000
(a) Short Term Borrowings :			
Finance lease obligation	162	-	162
Term loan	-	-	-
	<u>162</u>	<u>-</u>	<u>162</u>
(b) Long Term Borrowings :			
Finance lease obligation	231	-	231
Term loan	-	-	-
	<u>231</u>	<u>-</u>	<u>231</u>
Total Borrowings	393	-	393

There was no borrowing or debt security denominated in foreign currencies.

**B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There was no financial instrument with off balance sheet risk as at the date of this Quarterly Report.

**B11. DISCLOSURE OF REALISED AND UNREALISED ACCUMULATED PROFITS**

Bursa Malaysia has on 25 March 2010 issued a directive which requires all listed companies to disclose a breakdown of the accumulated profits or losses as at the end of the reporting period, into realised and unrealised profits or losses, for the purpose of greater transparency. The breakdown of the Group's accumulated profits as at 31 March 2015, pursuant to the format prescribed by Bursa Malaysia, is as follows :

	<b>As at 31 March 2015</b> RM'000	<b>As at 31 December 2014</b> RM'000
Realised	46,566	44,970
Unrealised	(7,766)	(8,991)
Total Group's Accumulated Profits	<u>38,800</u>	<u>35,977</u>

**B12. MATERIAL LITIGATIONS**

The changes in material litigations (including status of any pending material litigations) since the previous Quarterly Report are listed in the Appendix 1 attached hereto.

**B13. DIVIDEND**

The Board of Directors is declaring an interim single-tier dividend of 5% in respect of the current financial year ending 31 December 2015, to be paid on 24 June 2015 to shareholders registered on the Register of Depositors and Register of Irredeemable Convertible Preference Shares at the close of business on 15 June 2015.

**B14. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the total comprehensive income attributable to equity holders of the parent for the current financial quarter and year-to-date by the weighted average of ordinary shares in issue during the said quarter and year-to-date.

	<b>Individual Quarter</b>	<b>Cumulative Quarter</b>
Total Comprehensive Income attributable to equity holders of the parent (RM'000)	13,747	13,747
Weighted average number of ordinary share in issue ('000)	199,384	199,384
Earnings per share (sen)	6.89	6.89
Diluted EPS (sen)	5.16	5.16

By Order of the Board

Wong Keo Rou (MAICSA 7021435)  
Secretary  
Kuala Lumpur  
Date : 28 May 2015



**STATUS OF MATERIAL LITIGATIONS AS AT 28 MAY 2015****Legal Action against Y&G Corporation Bhd (“Y&G”)**

- (i) **ICP Marketing Sdn Bhd vs MBSB & Lee Hock Soon & Y&G  
Shah Alam High Court Suit No. MT5-22-209-2002  
Kuala Lumpur High Court Originating Summons No. 24NCVC-923-05/2013**

Since the previous Quarterly Report, the full trial (for the Defendant’s witnesses to testify) proceeded on 6 April 2015 and 21 May 2015.

**Status:** On the trial date of 21 May 2015, the Court has also fixed 18 June 2015 for both parties’ Solicitors to file in their respective written submissions.

- (ii) **Lembaga Pembangunan Perumahan dan Bandar (“LPPB”) vs Y&G  
High Court of Sabah and Sarawak at Federal Territory of Labuan Suit No : LBN-22NCVC-8/10-2013**

Since the previous Quarterly Report, both parties had, on 6 May 2015, executed the Sale and Purchase Agreement and the Deed of Settlement in relation to the Judgement.

**Status:** Hence, with the execution of the above Agreements, the Case is now considered as closed.

- (iii) **John & Partners Construction Sdn Bhd (“JPCSB”) vs. Y&G  
Kuching High Court Originating Summons No. KCH-24-99/6-2013**

Since the previous Quarterly Report, the Case was fixed for Case Management on 16 March 2015.

**Status:** Pursuant to the above Case Management, the Court of Appeal has fixed the matter for hearing of the Plaintiff’s appeal on 19 August 2015.

**Legal Action by Y&G Corporation Bhd (“Y&G”)**

- (i) **Hala Kota Development Sdn Bhd (“HKDSB”) vs Institut Penyelidikan Dan Kemajuan Pertanian Malaysia (“MARDI”) Shah Alam High Court Suit No. 22NCVC-581-12/2014**

Since the previous Quarterly Report, at the Case Management on 25 February 2015, the Court has directed the Plaintiff to re-file its Statement of Claim and to summarise the various letters referred to in the Statement of Claim on or before 13 March 2015. The re-filing of the Amended Statement of Claim does not in any way impact the Injunction Order which is still subsisting. Subsequent to the mention on 13 March 2015, at the Case Management on 24 March 2015, the Plaintiff has received the Defendant’s Unsealed Amended Defence. The Court had directed the Plaintiff to file the Amended Reply to Defence on or before 31 March 2015. The Court has also given its direction for parties to comply with the pre-trial case management directions by 21 April 2015, which is also fixed for Case Management.

**Status:** Following the Case Management on 21 April 2015, the Court has fixed the matter for trial on 19 August 2015 and 20 August 2015.