

Y&G CORPORATION BHD

(Co No : 6403-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 Mar 2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 Mar 2015 RM'000	CURRENT YEAR TODATE 31 Mar 2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 Mar 2015 RM'000
Revenue	21,306	91,110	21,306	91,110
Operating expenses	(17,484)	(72,527)	(17,484)	(72,527)
Other operating income	69	159	69	159
Profit From Operations	3,891	18,742	3,891	18,742
Interest income	164	431	164	431
Interest expenses	(6)	(5)	(6)	(5)
Profit Before Tax	4,049	19,168	4,049	19,168
Taxation	(1,309)	(5,191)	(1,309)	(5,191)
Profit For The Period	2,740	13,977	2,740	13,977
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,740	13,977	2,740	13,977
Attributable to:				
Equity holders of the parent	2,739	13,747	2,739	13,747
Non-controlling interests	1	230	1	230
	2,740	13,977	2,740	13,977
Total Comprehensive Income / (Loss) attributable to equity holders of the parent :				
a) Basic Earnings per share (Sen)	1.37	6.89	1.37	6.89
b) Diluted	1.03	5.16	1.03	5.16

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2015 and the accompanying notes attached to the Interim Financial Statements)

Y&G CORPORATION BHD

(Co No : 6403-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	As at end of Current Quarter 31 Mar 2016 RM'000	As at Preceding Year Ended 31 Dec 2015 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	20,602	20,461
Land held for property development	110,398	110,385
Goodwill on consolidation	555	555
	<hr/>	<hr/>
	131,555	131,401
	<hr/>	<hr/>
CURRENT ASSETS		
Property development costs	79,405	82,107
Inventories	31,350	31,694
Trade receivables	32,061	38,555
Accrued Billings	12,082	7,094
Other receivables, deposits and prepayments	29,084	27,263
Cash and bank balances	26,197	37,208
Deferred tax asset	820	895
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	210,999	224,816
	<hr/>	<hr/>
TOTAL ASSETS	342,554	356,217
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EQUITY AND LIABILITIES		
Equity attributable to equity holders of parent -		
Share capital	199,384	199,384
Irredeemable convertible preference shares	19,094	19,094
Warrants reserve	2,584	2,584
Retained earnings	47,492	44,754
	<hr/>	<hr/>
	268,554	265,816
NON-CONTROLLING INTEREST	340	339
	<hr/>	<hr/>
TOTAL EQUITY	268,894	266,155
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NON-CURRENT LIABILITIES		
Long term borrowings	502	405
Deferred tax liabilities	12,578	12,803
	<hr/>	<hr/>
	13,080	13,208
	<hr/>	<hr/>
CURRENT LIABILITIES		
Trade payables	45,790	61,099
Other payables and accruals	4,472	5,251
Amount due to directors	6,138	5,519
Short term borrowings	177	176
Taxation	4,003	4,809
	<hr/>	<hr/>
	60,580	76,854
	<hr/>	<hr/>
TOTAL LIABILITIES	73,660	90,062
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	342,554	356,217
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Net assets / share attributable to ordinary equity holders of the parent (RM)	1.35	1.33

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2015 and the accompanying notes attached to the Interim Financial Statements)

Y&G CORPORATION BHD

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

	Share Capital	Irredeemable Convertible Preference Shares	Warrant Reserve	Retained Earnings	Non - Controlling Interest	TOTAL EQUITY
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current Quarter						
Balance as at 1 January 2016	199,384	19,094	2,584	44,754	339	266,155
Profit after Tax	-	-	-	2,739	1	2,740
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	2,739	1	2,740
Transaction with owners :						
Issue of ordinary shares from conversion of warrant	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance as at 31 March 2016	199,384	19,094	2,584	47,492	340	268,894
Preceding Year's Corresponding Quarter						
Balance as at 1 January 2015	199,384	19,094.00	2,584.00	35,977	1,869	258,908
Profit after Tax	-	-	-	13,747	230	13,977
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	13,747	230	13,977
Transaction with owners :						
Issue of ordinary shares from conversion of warrant*	-	-	-	-	-	-
Dividend paid	-	-	-	(10,924)	-	(10,924)
Total transactions with owners	-	-	-	(10,924)	-	(10,924)
Balance as at 31 March 2015	199,384	19,094	2,584	38,800	2,099	261,961

* : Negligible

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2015 and the accompanying notes attached to the Interim Financial Statements)

Y&G CORPORATION BHD

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

	Current Quarter Ended 31 Mar 2016 RM'000	Preceding Year Quarter 31 Mar 2015 RM'000
PROFIT BEFORE TAX	4,049	19,168
ADJUSTMENTS :		
Depreciation	126	97
Gain/Loss on disposal of asset held for sale	50	-
Interest expenses	6	5
Interest income	(164)	(431)
Operating Profit Before Working Capital Changes	4,067	18,839
CHANGES IN WORKING CAPITAL :		
Decrease/(Increase) in receivables	(315)	(29,637)
Decrease/(Increase) in property development costs	2,702	33,338
Decrease/(Increase) in inventories	344	2,914
(Decrease)/Increase in payables	(15,520)	3,546
Cash Flows (Used In) / Generated From Operations	(8,722)	29,000
Taxes paid	(2,265)	(1,562)
Net Cash Flows (Used In) / Generated From Operating Activities	(10,987)	27,438
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(267)	(517)
Expenditure incurred on land held for property development	(13)	-
Dividend paid	-	(10,924)
Interest income	164	431
Net Cash Flows Used In Investing Activities	(116)	(11,010)
FINANCING ACTIVITIES		
Additional Hire Purchase	176	-
Repayment of obligation under finance lease	(78)	(43)
Interest expenses	(6)	(5)
Proceed from issuing of ordinary shares	-	-
Net Cash Flows Generated From / (Used In) Financing Activities	92	(48)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(11,011)	16,380
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	37,208	76,829
CASH AND CASH EQUIVALENTS AT END OF PERIOD	26,197	93,209
Represented by :		
Cash and bank balances	26,197	93,209
	26,197	93,209
	-	-

* : Negligible

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2015 and the accompanying notes attached to the Interim Financial Statements)

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 2016 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 2015.

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 2015.

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 2015, 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 2016.

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 the adoption of the new MFRS Framework for another three (3) years. Consequently, adoption of the MFRS Framework by Transitioning Entity will be mandatory for annual periods beginning on or after 1 January 2015. On 28 October 2015, MASB had further announced that Transitioning Entity shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2018.

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 2018. 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 2015 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**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

A8. **DIVIDENDS PAID**

The Company did not make any payment of dividends 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>	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Depreciation of property, plant and equipment	126	97	126	97
Loss on Disposal of fixed assets	50	-	50	-
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 current financial year-to-date ended 31 March 2016 are as follows:

	<u>Investment Holding & Others</u>	<u>Property Development & Investment</u>	<u>GROUP</u>
	RM'000	RM'000	RM'000
Segment Revenue - External	195	21,111	21,306
Segment Results	(95)	3,986	3,891
Interest Income			164
Interest Expenses			(6)
Profit Before Tax			4,049
Taxation			(1,309)
Profit For The Period			2,740

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 2015.

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 as at the date of this Quarterly Report.

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 2016.

Turnover for the current financial quarter was at RM21.31 million, a decrease of RM69.80 million, as compared to the preceding year's corresponding quarter of RM91.11 million. The relatively lower turnover in the current financial quarter was primarily due to the unusual higher turnover in the preceding year's corresponding quarter (having 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 and the completion of its industrial development project recently.

The profit after tax for the current financial quarter was lower at RM2.74 million as compared to the preceding year's corresponding profit after tax of RM13.97 million which was mainly due to the relatively lower turnover in the current financial quarter as mentioned above.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S REPORT

Turnover for the current financial quarter ended 31 March 2016 was higher at RM21.31 million, an increase of RM12.91 million, as compared to the preceding financial quarter of RM8.40 million. The relatively higher turnover in the current financial quarter was primarily due to the sale cancellations of significant commercial units (following purchasers' failure in securing for financing amid stringent lending conditions) in the preceding's financial quarter.

The profit before tax for the current financial quarter was higher at RM4.05 million as compared to the preceding financial quarter of RM0.94 million, mainly due to the relatively higher turnover in in the current financial quarter as mentioned above.

B3. CURRENT YEAR PROSPECTS

In view that the market for the property development is sustained and the completion of few land acquisitions in the preceding financial years and its targeted launches of several new residential developments within the near future, the Directors expect an improvement in the revenue of the Group for the financial year ending 31 December 2016.

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:

	Current Quarter RM'000	Current Year-To-Date RM'000
Income tax - current year	(1,460)	(1,460)
Deferred tax asset	(75)	(75)
Reversal of Deferred tax liability	226	226
	<u>(1,309)</u>	<u>(1,309)</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 24% 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 for 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 ("PSS Requirement") since Bursa's last granted extension till the date of this Quarterly Report:

- (a) On 2 July 2015, the Company announced that Bursa Malaysia had, vide its letter dated 1 July 2015, granted the 9th Extension and 10th Extension a further extension of eleven (11) months until 30 November 2015 to comply with the PSS Requirement.
- (b) On 27 November 2015, the Company announced that it had on 27 November 2015 submitted an application to Bursa Malaysia to seek a further 11th extension of time of nine (9) months from 1 December 2015 to 31 August 2016 ("Original 11th Extension") to comply with the PSS Requirement.
- (c) On 9 May 2016, the Company announced to Bursa Malaysia that its major shareholder had on 18 April 2016, disposed off 8.0 million Y&G shares to a third party via off-market transaction and upon the disposal, the Company's public shareholding spread has improved by 4.01% from 19.71% to 23.72% hence, leaving a shortfall of 1.28% ("the Shortfall") from the PSS Requirement.
- (d) On 11 May 2016, the Company has submitted an application to Bursa Malaysia to seek a revised extension of time of seven (7) months from 1 December 2015 to 30 June 2016 ("Revised 11th Extension") in place of our earlier application on 27 November 2015.
- (e) The Company is currently in the midst of discussing with a few potential investors to take up the Shortfall and will continue to monitor the level of its public shareholdings spread, including making the necessary announcements upon its full compliance with the PSS Requirement.
- (f) As at 24 May 2016, the public shareholding spread of the Company was at 23.72%.

B9. GROUP BORROWINGS AND DEBT SECURITIES

Group Borrowings as at 31 March 2016 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
(a) Short Term Borrowings:			
Finance lease obligation	177	-	177
Term loan	-	-	-
	<u>177</u>	<u>-</u>	<u>177</u>
(b) Long Term Borrowings:			
Finance lease obligation	502	-	502
Term loan	-	-	-
	<u>502</u>	<u>-</u>	<u>502</u>
Total Borrowings	679	-	679

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 2016, pursuant to the format prescribed by Bursa Malaysia, is as follows:

	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
Realised	59,250	56,662
Unrealised	(11,758)	(11,908)
Total Group's Accumulated Profits	<u>47,492</u>	<u>44,754</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 does not recommend any dividend for the current financial quarter and year-to-date.

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.

	Individual Quarter	Cumulative Quarter
Total Comprehensive Income attributable to equity holders of the parent (RM'000)	2,740	2,740
Weighted average number of ordinary share in issue ('000)	199,384	199,384
Earnings per share (sen)	1.37	1.37
Diluted EPS (sen)	1.03	1.03

By Order of the Board

Wong Keo Rou (MAICSA 7021435)
Secretary
Kuala Lumpur

Date: 25 May 2016

STATUS OF MATERIAL LITIGATIONS AS AT 25 MAY 2016

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 Civil Suit No. 22NCVC-20-01/2014
(Formerly Originating Summons No. 24NCVC-923-05/2013)
Court of Appeal Malaysia Civil Appeal No. : W-02(NCVC)(W)-1279-08/2015

Since the previous Quarterly Report, the Court of Appeal has upon hearing on 17 March 2016, maintained the High Court's Judgment given on 14 July 2015 and dismissed the Appellant's appeal with costs of RM10,000.

Status: ICP has failed to file an application for leave to appeal within the one (1) month's deadline from 17 March 2016. Thus, the case is now considered closed.

Legal Action by Y&G Group

- (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

There was no material development since the previous Quarterly Report.

Status: Both parties are still in the midst of discussion for an amicable settlement.