

**Y&G CORPORATION BHD**

(Co No : 6403-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 Jun 2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 Jun 2015 RM'000	CURRENT YEAR TODATE 30 Jun 2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 Jun 2015 RM'000
Revenue	24,272	37,428	45,578	128,538
Operating expenses	(20,182)	(28,494)	(37,664)	(101,022)
Other operating income	1,569	305	1,637	249
<b>Profit From Operations</b>	<b>5,659</b>	<b>9,239</b>	<b>9,551</b>	<b>27,765</b>
Interest income	101	703	265	1,134
Interest expenses	(9)	(5)	(16)	(10)
<b>Profit Before Tax</b>	<b>5,751</b>	<b>9,937</b>	<b>9,800</b>	<b>28,889</b>
Taxation	(820)	(2,377)	(2,129)	(7,352)
<b>Profit For The Period</b>	<b>4,931</b>	<b>7,560</b>	<b>7,671</b>	<b>21,537</b>
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>4,931</b>	<b>7,560</b>	<b>7,671</b>	<b>21,537</b>
Attributable to:				
Equity holders of the parent	4,927	7,574	7,666	21,321
Non-controlling interests	4	(14)	5	216
	<b>4,931</b>	<b>7,560</b>	<b>7,671</b>	<b>21,537</b>
<b>Total Comprehensive Income / (Loss) attributable to equity holders of the parent :</b>				
a) Basic Earnings per share (Sen)	2.47	3.80	3.84	10.69
b) Diluted	1.85	2.85	2.88	8.01

(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**

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016**

	As at end of Current Quarter 30 Jun 2016 RM'000	As at Preceding Year Ended 31 Dec 2015 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	20,504	20,461
Land held for property development	110,611	110,386
Goodwill on consolidation	555	555
	<u>131,670</u>	<u>131,402</u>
<b>CURRENT ASSETS</b>		
Property development costs	81,890	82,107
Inventories	27,485	31,694
Trade receivables	38,402	38,555
Accrued Billings	15,442	7,094
Other receivables, deposits and prepayments	28,210	27,263
Cash and bank balances	15,260	37,208
Deferred tax asset	554	895
	<u>207,243</u>	<u>224,816</u>
<b>TOTAL ASSETS</b>	<b><u>338,913</u></b>	<b><u>356,218</u></b>
<b>EQUITY AND LIABILITIES</b>		
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	52,419	44,754
	<u>273,481</u>	<u>265,816</u>
<b>NON-CONTROLLING INTEREST</b>	344	340
<b>TOTAL EQUITY</b>	<u>273,825</u>	<u>266,156</u>
<b>NON-CURRENT LIABILITIES</b>		
Long term borrowings	477	405
Deferred tax liabilities	12,208	12,803
	<u>12,685</u>	<u>13,208</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	43,428	61,099
Other payables and accruals	3,314	5,251
Amount due to directors	2,229	5,519
Short term borrowings	105	176
Taxation	3,327	4,809
	<u>52,403</u>	<u>76,854</u>
<b>TOTAL LIABILITIES</b>	<u>65,088</u>	<u>90,062</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>338,913</u></b>	<b><u>356,218</u></b>
	-	-
Net assets / share attributable to ordinary equity holders of the parent (RM)	1.37	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 SECOND QUARTER ENDED 30 JUNE 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
<b>Current Quarter</b>						
Balance as at 1 January 2016	199,384	19,094	2,584	44,754	339	<b>266,155</b>
Profit after Tax	-	-	-	7,666	5	<b>7,671</b>
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	7,666	5	<b>7,671</b>
Transaction with owners :						
Issue of ordinary shares from conversion of warrant	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
<b>Balance as at 30 June 2016</b>	<b>199,384</b>	<b>19,094</b>	<b>2,584</b>	<b>52,419</b>	<b>344</b>	<b>273,825</b>
<b>Preceding Year's Corresponding Quarter</b>						
Balance as at 1 January 2015	199,384	19,094	2,584	35,977	1,869	<b>258,908</b>
Profit after Tax	-	-	-	21,321	216	<b>21,537</b>
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	21,321	216	<b>21,537</b>
Transaction with owners :						
Issue of ordinary shares from conversion of warrant*	-	-	-	-	-	-
Dividend paid	-	-	-	(21,848)	-	<b>(21,848)</b>
Total transactions with owners	-	-	-	(21,848)	-	<b>(21,848)</b>
<b>Balance as at 30 June 2015</b>	<b>199,384</b>	<b>19,094</b>	<b>2,584</b>	<b>35,450</b>	<b>2,085</b>	<b>258,597</b>

\* : 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 SECOND QUARTER ENDED 30 JUNE 2016**

	<b>Current Quarter Ended 30 Jun 2016 RM'000</b>	<b>Preceding Year Quarter 30 Jun 2015 RM'000</b>
<b>PROFIT BEFORE TAX</b>	<b>9,800</b>	<b>28,889</b>
ADJUSTMENTS :		
Depreciation	254	198
Goodwill on consolidation written-off	3	15
Loss on disposal of asset held for sale	-	239
Gain on disposal of asset held for sale	(50)	-
Interest expenses	16	10
Interest income	(265)	(1,134)
<b>Operating Profit Before Working Capital Changes</b>	<b>9,758</b>	<b>28,217</b>
CHANGES IN WORKING CAPITAL :		
Decrease/(Increase) in receivables	(9,142)	(56,085)
Decrease/(Increase) in property development costs	217	41,401
Decrease/(Increase) in inventories	4,209	8,182
(Decrease)/Increase in payables	(22,903)	(12,261)
<b>Cash Flows (Used In) / Generated From Operations</b>	<b>(17,861)</b>	<b>9,454</b>
Taxes paid	(3,865)	(3,181)
<b>Net Cash Flows (Used In) / Generated From Operating Activities</b>	<b>(21,726)</b>	<b>6,273</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(297)	(541)
Expenditure incurred on land held for property development	(225)	-
Proceeds from disposal of asset held for sale	50	8,631
Acquisition of shares in subsidiary companies, net of cash	-	20
Dividend paid	-	(21,848)
Interest income	265	1,134
<b>Net Cash Flows Used In Investing Activities</b>	<b>(207)</b>	<b>(12,604)</b>
<b>FINANCING ACTIVITIES</b>		
Additional Hire Purchase	168	-
Repayment of obligation under finance lease	(167)	(82)
Interest expenses	(16)	(10)
Proceed from issuing of ordinary shares	-	-
<b>Net Cash Flows Used In Financing Activities</b>	<b>(15)</b>	<b>(92)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(21,948)</b>	<b>(6,423)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>37,208</b>	<b>76,829</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>15,260</b>	<b>70,406</b>
Represented by :		
Cash and bank balances	15,260	60,406
Fixed deposits with licensed bank	-	10,000
	<b>15,260</b>	<b>70,406</b>

\* : 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 30 June 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 30 June 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 was 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
Goodwill on Consolidation Written-Off	3	15	3	15
Loss on Disposal of Asset Held for Sale	-	239	-	239
Depreciation of Property, Plant and Equipment	128	101	254	198
Rental Income	-	-	-	(9)
Reversal of Provision for Corporate Guarantee	(1,515)	-	(1,515)	-
Gain on Disposal of Fixed Assets	(50)	-	(50)	-

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 30 June 2016 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	390	45,188	45,578
Segment Results	1,555	7,230	9,551
Interest Income			265
Interest Expenses			(16)
Profit Before Tax			9,800
Taxation			(2,129)
Profit for The Period			7,671

**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 for the current financial quarter and year to-date, except for the followings:

- (i) The Company had on 28 June 2016, acquired two (2) ordinary shares of RM1.00 each representing the entire equity in Duta Asiana Sdn Bhd ("DASB") from Fatimah binti Sulaiman and Shairah Begum binti Kadah Bashah for a cash consideration of RM2.00 (Ringgit Malaysia: Two) only. The financial statements of DASB were consolidated into the Group during the current financial quarter.

DASB was incorporated in Malaysia and is currently dormant. The intended principal activity of DASB is property investment holding. The effective % equity held in DASB is 100%.

The value of DASB's assets acquired and liabilities assumed were as follows: -

	<u>Amount</u> RM'000
Cash & bank balances	-
Other payables & accruals	(3)
Value of total Net Liabilities	(3)
Goodwill on consolidation (#)	3
Total cost of acquisition	-
<b>Cash outflow arising on acquisition</b>	
Purchase consideration satisfied by cash	-
Cash and cash equivalents of DASB acquired	-
Net cash outflow to the Group	-

(#): The Goodwill on consolidation was written-off as expense during the current financial quarter.

**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 30 June 2016.

Turnover for the current financial quarter was at RM24.27 million, a decrease of RM13.16 million, as compared to the preceding year's corresponding quarter of RM37.43 million. The lower turnover was primarily due to the lesser on-going development phases during the current financial quarter following the completion of several development projects/phases recently.

Turnover for the current financial year-to-date was lower at RM45.58 million, a significant decrease of RM82.96 million, as compared to the preceding year's corresponding year-to-date of RM128.54 million. The substantially lower turnover was also primarily due to the lesser on-going development phases in the current financial year-to-date coupled with the relatively higher take-up rate and development activities ahead of new GST implementation during the preceding's year correspondence year-to-date.

The profit after tax for both the current financial quarter and year-to-date were also lower at RM4.93 million and RM7.67 million respectively as compared to the preceding year's corresponding profit after tax of RM7.56 million and RM21.54 million respectively, mainly due to the substantially lower turnover in the current financial quarter and year-to-date as mentioned above.

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

Turnover for the current financial quarter ended 30 June 2016 was higher at RM24.27 million, a slight increase of RM2.96 million, as compared to the preceding financial quarter of RM21.31 million.

The profit before tax for the current financial quarter was relatively higher at RM5.75 million as compared to the preceding financial quarter of RM4.05 million, partly also due to the reversal of provision for corporate guarantee in the current financial quarter.

### **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:

	<b>Current Quarter</b> RM'000	<b>Current Year-To-Date</b> RM'000
Income Tax – Current Year	(924)	(2,384)
Reversal of Deferred Tax Asset	(266)	(341)
Reversal of Deferred Tax Liability	370	596
	<u>(820)</u>	<u>(2,129)</u>

The Group's effective tax rate for the current financial quarter is lower than the Malaysian statutory tax rate of 24% mainly due to the reversal of provision for corporate guarantee which is a non-taxable income, in the current financial quarter.

## 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 9<sup>th</sup> Extension and 10<sup>th</sup> 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 11<sup>th</sup> extension of time of nine (9) months from 1 December 2015 to 31 August 2016 ("Original 11<sup>th</sup> 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 11<sup>th</sup> Extension") in place of our earlier application on 27 November 2015.
- (e) On 15 August 2016, the Company announced that Bursa Malaysia had, vide its letter dated 11 August 2016, granted the 11<sup>th</sup> Extension a further extension of nine (9) months until 31 August 2016 to comply with the PSS Requirement.
- (f) The Company is currently in the midst of discussing with 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.
- (g) As at 12 August 2016, the public shareholding spread of the Company was at 23.72%.

**B9. GROUP BORROWINGS AND DEBT SECURITIES**

Group Borrowings as at 30 June 2016 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	105	-	105
Term loan	-	-	-
	<hr/> 105	<hr/> -	<hr/> 105
(b) Long Term Borrowings:			
Finance lease obligation	477	-	477
Term loan	-	-	-
	<hr/> 477	<hr/> -	<hr/> 477
Total Borrowings	582	-	582

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

	<b>As at 30 June 2016</b> RM'000	<b>As at 31 March 2016</b> RM'000
Realised	64,073	59,250
Unrealised	(11,654)	(11,758)
Total Group's Accumulated Profits	<hr/> 52,419	<hr/> 47,492

**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.

	<b>Individual Quarter</b>	<b>Cumulative Quarter</b>
Total Comprehensive Income attributable to equity holders of the parent (RM'000)	4,931	7,671
Weighted average number of ordinary share in issue ('000)	199,384	199,384
Earnings per share (sen)	2.47	3.84
Diluted EPS (sen)	1.85	2.88

By Order of the Board

Jenny Wong Chew Boey (MAICSA 7006120)  
Secretary  
Kuala Lumpur

Date: 19 August 2016

## STATUS OF MATERIAL LITIGATIONS AS AT 19 AUG 2016

### 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.