

**Y&G CORPORATION BHD**

(Co No : 6403-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 30 JUNE 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 Jun 2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 Jun 2016 RM'000	CURRENT YEAR TODATE 30 Jun 2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 Jun 2016 RM'000
Revenue	13,941	24,272	37,326	45,578
Operating expenses	(12,721)	(20,182)	(34,119)	(37,664)
Other operating income	53	1,569	123	1,637
<b>Profit From Operations</b>	<b>1,273</b>	<b>5,659</b>	<b>3,330</b>	<b>9,551</b>
Interest income	167	101	299	265
Interest expenses	(15)	(9)	(31)	(16)
<b>Profit Before Tax</b>	<b>1,425</b>	<b>5,751</b>	<b>3,598</b>	<b>9,800</b>
Taxation	(266)	(820)	(1,393)	(2,129)
<b>Profit For The Period</b>	<b>1,159</b>	<b>4,931</b>	<b>2,205</b>	<b>7,671</b>
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>1,159</b>	<b>4,931</b>	<b>2,205</b>	<b>7,671</b>
Attributable to:				
Equity holders of the parent	1,155	4,927	2,174	7,666
Non-controlling interests	4	4	31	5
	<b>1,159</b>	<b>4,931</b>	<b>2,205</b>	<b>7,671</b>
<b>Total Comprehensive Income / (Loss) attributable to equity holders of the parent :</b>				
a) Basic Earnings per share (Sen)	0.58	2.47	1.09	3.84
b) Diluted	0.43	1.85	0.82	2.88

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2016 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 30 JUNE 2017**

	<b>As at end of Current Quarter 30 Jun 2017 RM'000</b>	<b>As at Preceding Year Ended 31 Dec 2016 RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	2,217	2,403
Investment properties	18,703	18,702
Land held for property development	88,554	88,372
Goodwill on consolidation	555	555
	<u>110,029</u>	<u>110,032</u>
<b>CURRENT ASSETS</b>		
Property development costs	90,641	86,989
Inventories	37,383	42,060
Trade receivables	30,657	35,542
Accrued Billings	13,469	13,286
Other receivables, deposits and prepayments	15,501	25,644
Fixed deposits with licensed bank	5,500	-
Cash and bank balances	28,237	39,758
	<u>221,388</u>	<u>243,279</u>
<b>TOTAL ASSETS</b>	<b><u>331,417</u></b>	<b><u>353,311</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	54,435	52,260
	<u>275,497</u>	<u>273,322</u>
<b>NON-CONTROLLING INTEREST</b>	401	370
<b>TOTAL EQUITY</b>	<u>275,898</u>	<u>273,692</u>
<b>NON-CURRENT LIABILITIES</b>		
Long term borrowings	864	1,012
Deferred tax liabilities	11,577	11,813
	<u>12,441</u>	<u>12,825</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	36,226	48,736
Other payables and accruals	4,558	5,288
Amount due to directors	2,296	794
Short term borrowings	291	283
Taxation	(293)	769
Dividend Payable	-	10,924
	<u>43,078</u>	<u>66,794</u>
<b>TOTAL LIABILITIES</b>	<u>55,519</u>	<u>79,619</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>331,417</u></b>	<b><u>353,311</u></b>
	-	-
Net assets / share attributable to ordinary equity holders of the parent (RM)	1.38	1.37

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2016 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 CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 JUNE 2017**

	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 2017	199,384	19,094	2,584	52,261	370	<b>273,693</b>
Profit after Tax	-	-	-	2,174	31	<b>2,205</b>
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	2,174	31	<b>2,205</b>
Transaction with owners :						
Issue of ordinary shares from conversion of warrant*	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
<b>Balance as at 30 June 2017</b>	<b>199,384</b>	<b>19,094</b>	<b>2,584</b>	<b>54,435</b>	<b>401</b>	<b>275,898</b>
<b>Preceding Year's Corresponding 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>52,420</b>	<b>344</b>	<b>273,826</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 2016 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 CASH FLOWS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2017**

	<b>Current Quarter Ended 30 Jun 2017 RM'000</b>	<b>Preceding Year Quarter 30 Jun 2016 RM'000</b>
<b>PROFIT BEFORE TAX</b>	<b>3,598</b>	<b>9,800</b>
ADJUSTMENTS :		
Depreciation	187	254
Gain on disposal of asset held for sale	-	(50)
Interest expenses	31	16
Interest income	(299)	(265)
<b>Operating Profit Before Working Capital Changes</b>	<b>3,517</b>	<b>9,758</b>
CHANGES IN WORKING CAPITAL :		
Decrease/(Increase) in receivables	14,845	(9,142)
Decrease/(Increase) in property development costs	(3,652)	217
Decrease/(Increase) in inventories	4,677	4,209
(Decrease)/Increase in payables	(11,737)	(22,903)
<b>Cash Generated From / (Used In) Operations</b>	<b>7,650</b>	<b>(17,861)</b>
Taxes paid	(2,691)	(3,865)
<b>Net Cash Flows Generated From / (Used In) Operating Activities</b>	<b>4,959</b>	<b>(21,726)</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(1)	(297)
Expenditure incurred on investment properties	(1)	-
Expenditure incurred on land held for property development	(182)	(225)
Proceeds from disposal of asset held for sale	-	50
Dividend paid	(10,924)	-
Interest income	299	265
<b>Net Cash Flows Used In Investing Activities</b>	<b>(10,809)</b>	<b>(207)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of obligation under finance lease	(140)	1
Interest expenses	(31)	(16)
<b>Net Cash Flows Used In Financing Activities</b>	<b>(171)</b>	<b>(15)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(6,021)</b>	<b>(21,948)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>39,758</b>	<b>37,208</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>33,737</b>	<b>15,260</b>
Represented by :		
Cash and bank balances	33,737	15,260
	<b>33,737</b>	<b>15,260</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 2016 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 second quarter ended 30 June 2017 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 Securities**"). The Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016.

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 2016.

**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 2016, 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 2017.

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 2016 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 of the Company for the current financial quarter and year-to-date.

Warrants 2014/2019

The Company has on 17 November 2014 issued a total of 47,690,767 Warrants 2014/2019 (“**Warrants**”) which was listed on the Main Market of Bursa Securities with effect from 21 November 2014. The Stock Short Name, Stock number of ISIN Code of the Warrants is ‘YG-WA’ and each Warrants entitles the holder to subscribe for one (1) new ordinary share of RM1.00 each in the Company at an exercise price of RM1.00 per share on or before 16 November 2019.

There was no exercise of Warrants during the current financial quarter and year-to-date.

As at 30 June 2017, the total number of Warrants which remain unexercised was 47,690,576 (31 December 2016: 47,690,576).

A8. **DIVIDENDS PAID**

A dividend in respect of financial year ended 31 December 2016 of 5 sen on 199,384,510 ordinary shares and 19,093,810 irredeemable convertible preference shares (“**ICPS**”), amounting to RM9,969,225 and RM954,691 respectively, was paid on 10 January 2017.

Save as disclosed, there was no payment of dividend during the current financial year ending 31 December 2017.

A9. **PROFIT BEFORE TAX**

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	100	128	187	254
Goodwill on Consolidation Written-Off	-	3	-	3
Reversal of Provision for Corporate Guarantee	-	(1,515)	-	(1,515)
Gain on disposal of property, plant and equipment	-	(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 2017 are as follows:

	Investment Holding & Others RM'000	Property Development & Investment RM'000	<u>GROUP</u> RM'000
Segment Revenue - External	390	36,936	37,326
Segment Results	(564)	3,894	3,330
Interest Income			299
Interest Expenses			(31)
<b>Profit Before Tax</b>			<b>3,598</b>
Taxation			(1,393)
<b>Profit for The Period</b>			<b>2,205</b>

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 2016.

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 Statements 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.

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 was 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 SECURITIES BERHAD'S MAIN MARKET 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 2017.

**Performance Analysis for the Current Quarter and Year To Date**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter ended 30.06.17 ("Q2FY17")	Corresponding Quarter ended 30.06.16 ("Q2FY16")	Current Year To-Date ("YTD2017")	Corresponding Year-To-Date ("YTD2016")
	RM '000	RM '000	RM '000	RM '000
Revenue	13.94	24.27	37.33	45.58
PAT	1.16	4.93	2.21	7.67

The Group's revenue for both the current Q2FY17 and YTD2017 was lower at RM13.94 million and RM37.33 million compared with the preceding year's Q2FY16 and YTD2016 of RM24.27 million and RM45.58 million, a decrease of RM10.33 million and RM8.25 million respectively. The decrease in revenue was mainly attributable to the slowdown in sales demand for the on-going development projects and lower construction activities of certain on-going development projects which were approaching completion during the current financial quarter and year-to-date.

The PAT for both the current financial quarter and year-to-date was at RM1.16 million and RM2.21 million compared to RM4.93 million and RM7.67 million in the preceding year's Q2FY16. The lower PAT in the current Q2FY17 and YTD2017 was mainly due to the lower turnover as above mentioned and the reversal of a provision for corporate guarantee made in the preceding Q2FY16 and YTD2016.

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

**Current Quarter (Q2FY17) compared with Immediate Preceding Quarter (Q1FY17)**

	Current Quarter with Immediate Preceding Quarter	
	Current Quarter ended 30.06.17 ("Q2FY17")	Immediate Preceding Quarter ended 31.03.17 ("Q1FY17")
	RM '000	RM '000
Revenue	13.94	23.39
PBT	1.43	2.17

Revenue in the current quarter decreased by RM9.45 million from RM23.39 million in Q1FY17 to RM13.94 million in Q2FY17. The lower revenue was mainly due to the slowdown in sales demand for the on-going development projects and lower construction activities of certain on-going development projects which were approaching completion during the current financial quarter.

The profit before tax for the Group decreased to RM1.43 million in the current quarter from RM2.17 million in the immediate preceding Q1FY17. This is mainly due to the lower turnover during the current quarter as aforementioned.

**B3. CURRENT YEAR PROSPECTS**

Moving forward into the second half of 2017, the Group will continue to focus on offering mid-range and affordable residential development projects, timely completion of its on-going development projects and as well as monetising the inventories.

The Group's unbilled sales stood at approximately RM99.91 million as at 30 June 2017, which is expected to continue to contribute positively to the revenue and earnings in the near future.

Barring any unforeseen circumstances, the Board is confident that the Group would achieve commendable operating results for the financial year ending 31 December 2017.

**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 – Estimated current year tax	(430)	(1,629)
Deferred Tax - Reversal of deferred tax liability	164	236
	<u>(266)</u>	<u>(1,393)</u>

The Group's effective tax rates for both the current financial quarter and year-to-date are higher than the Malaysian statutory tax rate of 24% primarily due to the progressive amortization (through development cost) of the on-going development projects' revaluation surplus, which is not deductible for 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**

- (a) The Company has, on 3 April 2017, announced that it has fully complied with the public shareholding spread requirement ("**PSS Requirement**") pursuant to Paragraph 8.02(1) of the LR as its public shareholding spread stood at 25.23% (No. of Public Shareholders = 1,999) based on the Record of Depositors as at 31 March 2017.
- (b) The Company will continue to monitor the level of its public shareholding spread to ensure that it complies with the PSS Requirement pursuant to Paragraph 8.02(1) of the MMLR.
- (c) As the Company has complied with the PSS Requirement, this section will be removed from future Quarterly Report unless it is deemed necessary.

**B9. GROUP BORROWINGS AND DEBT SECURITIES**

The Group's borrowings and debts securities, which comprise only finance lease obligation (all of which are secured), as at 30 June 2017 are analysed as follows:

	RM'000
Short Term Borrowings	291
Long Term Borrowings	864
<b>Total Borrowings</b>	<b>1,155</b>

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 Securities 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 2017, pursuant to the format prescribed by Bursa Securities, is as follows:

	<b>As at 30 June 2017</b>	<b>As at 31 March 2017</b>
	RM'000	RM'000
Realised	66,012	65,021
Unrealised	(11,577)	(11,741)
<b>Total Group's Accumulated Profits</b>	<b>54,435</b>	<b>53,280</b>

**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.

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)	1,159	2,205
Weighted average number of ordinary share in issue (RM '000)	199,384	199,384
Earnings per share (sen)	0.58	1.09
Diluted EPS (sen)	0.43	0.82

By Order of the Board

Rebecca Lee Ewe Ai (MAICSA 0766742)  
Secretary  
Kuala Lumpur  
Date: 29 August 2017

**STATUS OF MATERIAL LITIGATIONS AS AT 29 AUGUST 2017**

Y&G Group has only one (1) pending material litigation as follows:

- (1) **Y&G Corporation Bhd (“Y&G”) and Nusa Wibawa Sdn Bhd (“NWSB”) (collectively known as “the Plaintiffs”) vs AmanahRaya Development Sdn Bhd (“AmanahRaya”) Kuala Lumpur High Court Suit No. WA-22NCVC-627-10/2016**

Since the date of the last quarterly status of material litigation dated 12 May 2017, on 5 June 2017, the Court had fixed the matter for further Case Management on 18 July 2017 for the parties to prepare issues to be tried, list of witness and witness statement.

On 18 July 2017, the Court had maintained the trial on 3, 4, 17 and 18 August 2017. The Court had also directed both parties to file the Witness Statement by 25 July 2017.

Status: Following the hearing on 17 and 18 August 2017, the matter was fixed for decision on 28 September 2017 and the parties are required to file their submissions and notes of proceedings by 18 September 2017.