

Y&G CORPORATION BHD

(Co No : 6403-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 Sep 2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 Sep 2016 RM'000	CURRENT YEAR TODATE 30 Sep 2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 Sep 2016 RM'000
Revenue	15,600	37,061	52,925	82,640
Operating expenses	(15,412)	(27,940)	(49,590)	(65,605)
Other operating income	67	55	250	1,692
Profit From Operations	255	9,176	3,585	18,727
Interest income	141	75	441	341
Interest expenses	(14)	(10)	(45)	(26)
Profit Before Tax	382	9,241	3,981	19,042
Taxation	(1,605)	(3,088)	(2,999)	(5,218)
Profit / (Loss) For The Period	(1,223)	6,153	982	13,824
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	(1,223)	6,153	982	13,824
Attributable to:				
Equity holders of the parent	(1,218)	6,146	956	13,811
Non-controlling interests	(5)	7	26	13
	(1,223)	6,153	982	13,824
Total Comprehensive Income / (Loss) attributable to equity holders of the parent :				
a) Basic Earnings / (Loss) per share (Sen)	(0.61)	3.08	0.48	6.93
b) Diluted	(0.46)	2.31	0.36	5.19

(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

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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	As at end of Current Quarter 30 Sep 2017 RM'000	As at Preceding Year Ended 31 Dec 2016 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	2,100	2,403
Investment properties	18,703	18,702
Land held for property development	88,554	88,372
Goodwill on consolidation	555	555
	<u>109,912</u>	<u>110,032</u>
CURRENT ASSETS		
Property development costs	95,105	86,989
Inventories	35,858	42,060
Trade receivables	24,441	35,542
Accrued Billings	15,372	13,286
Other receivables, deposits and prepayments	17,116	25,644
Fixed deposits with licensed bank	5,500	-
Cash and bank balances	33,157	39,758
	<u>226,549</u>	<u>243,279</u>
TOTAL ASSETS	<u>336,461</u>	<u>353,311</u>
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	53,217	52,260
	<u>274,279</u>	<u>273,322</u>
NON-CONTROLLING INTEREST	396	370
TOTAL EQUITY	<u>274,675</u>	<u>273,692</u>
NON-CURRENT LIABILITIES		
Long term borrowings	789	1,012
Deferred tax liabilities	11,446	11,813
	<u>12,235</u>	<u>12,825</u>
CURRENT LIABILITIES		
Trade payables	35,201	48,736
Other payables and accruals	5,127	5,288
Amount due to directors	8,582	794
Short term borrowings	295	283
Taxation	346	769
Dividend Payable	-	10,924
	<u>49,551</u>	<u>66,794</u>
TOTAL LIABILITIES	<u>61,786</u>	<u>79,619</u>
TOTAL EQUITY AND LIABILITIES	<u>336,461</u>	<u>353,311</u>
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)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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
Current Quarter						
Balance as at 1 January 2017	199,384	19,094	2,584	52,261	370	273,693
Profit after Tax	-	-	-	956	26	982
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	956	26	982
Transaction with owners :						
Issue of ordinary shares from conversion of warrant*	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance as at 30 September 2017	199,384	19,094	2,584	53,217	396	274,675
Preceding Year's Corresponding Quarter						
Balance as at 1 January 2016	199,384	19,094	2,584	44,754	339	266,155
Profit after Tax	-	-	-	13,811	13	13,824
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	13,811	13	13,824
Transaction with owners :						
Issue of ordinary shares from conversion of warrant*	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance as at 30 September 2016	199,384	19,094	2,584	58,565	352	279,979

* : 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

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

	Current Quarter Ended 30 Sep 2017 RM'000	Preceding Year Quarter 30 Sep 2016 RM'000
PROFIT BEFORE TAX	3,981	19,042
ADJUSTMENTS :		
Depreciation	287	397
Gain on disposal of asset held for sale	(7)	(104)
Interest expenses	45	26
Interest income	(441)	(341)
Operating Profit Before Working Capital Changes	3,865	19,023
CHANGES IN WORKING CAPITAL :		
Decrease/(Increase) in receivables	17,543	(15,320)
Decrease/(Increase) in property development costs	(8,116)	(2,930)
Decrease/(Increase) in inventories	6,202	(188)
(Decrease)/Increase in payables	(5,908)	(25,661)
Cash Generated From / (Used In) Operations	13,586	(25,076)
Taxes paid	(3,789)	(8,815)
Net Cash Flows Generated From / (Used In) Operating Activities	9,797	(33,891)
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	16	(707)
Expenditure incurred on land held for property development	(182)	14,019
Proceeds from disposal of property, plant and equipment	7	104
Dividend paid	(10,924)	-
Interest income	441	341
Net Cash Flow (Used In) / Generated From Investing Activities	(10,642)	13,757
FINANCING ACTIVITIES		
Additional Hire Purchase	-	491
Repayment of obligation under finance lease	(211)	(168)
Interest expenses	(45)	(26)
Net Cash Flow (Used In) / Generated From Financing Activities	(256)	297
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,101)	(19,837)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	39,758	37,208
CASH AND CASH EQUIVALENTS AT END OF PERIOD	38,657	17,371
Represented by :		
Cash and bank balances	33,157	17,371
Fixed deposit with licensed bank	5,500	-
	38,657	17,371

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

A1. BASIS OF PREPARATION

The Interim Financial Statements for the third quarter ended 30 September 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 September 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 September 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	143	287	397
Goodwill on Consolidation Written-Off	-	-	-	3
Loss on disposal of property, plant and equipment	475	-	534	-
Reversal of Provision for Corporate Guarantee	-	-	-	(1,515)
Gain on disposal of property, plant and equipment	(7)	(55)	(22)	(104)

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 September 2017 are as follows:

	Investment Holding & Others RM'000	Property Development & Investment RM'000	<u>GROUP</u> RM'000
Segment Revenue - External	585	52,340	52,925
Segment Results	(697)	4,282	3,585
Interest Income			441
Interest Expenses			(45)
Profit Before Tax			3,981
Taxation			(2,999)
Profit for The Period			982

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 September 2017.

Performance Analysis for the Current Quarter and Year To Date

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter ended 30.09.17 ("Q3FY17")	Corresponding Quarter ended 30.09.16 ("Q3FY16")	Current Year To-Date ("YTD2017")	Corresponding Year-To-Date ("YTD2016")
	RM '000	RM '000	RM '000	RM '000
Revenue	15.60	37.06	52.93	82.64
PAT/(LAT)	(1.22)	6.15	0.98	13.82

The Group's revenue for both the current Q3FY17 and YTD2017 were substantially lower at RM15.60 million and RM52.93 million respectively as compared to the preceding year's Q3FY16 and YTD2016 of RM37.06 million and RM82.64 million respectively. The significant decrease in revenue for both the current financial quarter and year-to-date was mainly attributable to lower development activities, slower sales demand for on-going development projects (in view of the continuing economic slowdown) coupled with the completion and/or near-completion of certain development projects during the current financial quarter and year-to-date.

The Group posted a LAT of RM1.22 million in the current Q3FY17 as compared to a PAT of RM6.15 million reported in the preceding year's Q3FY16 primarily due to the significant drop in the current financial quarter's revenue as above-mentioned, relatively lower development margin from on-going affordable development projects, increase in the operating expenses (arising mainly from post-completion's maintenance expenses and RPT for group's internal asset disposal) and the incurrence of additional income tax payable of RM0.89 million for prior years (following the completion of a tax audit on a subsidiary).

While, the PAT for the current YTD2017 was significantly lower at RM0.98 million as compared to RM13.82 million in the preceding year primarily due to the same reasons as above-mentioned plus the reversal of RM1.51 million provision for corporate guarantee made in the preceding year.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S REPORT**Current Quarter (Q3FY17) compared with Immediate Preceding Quarter (Q2FY17)**

	Current Quarter with Immediate Preceding Quarter	
	Current Quarter ended 30.09.17 ("Q3FY17")	Immediate Preceding Quarter ended 30.06.17 ("Q2FY17")
	RM '000	RM '000
Revenue	15.60	13.94
PBT	0.38	1.43

Revenue for the current Q3FY17 increased slightly to RM15.60 million from RM13.94 million recorded in the immediate preceding Q2FY17.

Despite the slight increase in revenue, the Group's PBT decreased to RM0.38 million in the current financial quarter from RM1.43 million in the immediate preceding quarter primarily due to the increase in the operating expenses (arising mainly from post-completion's maintenance expenses and RPGT for group's internal asset disposal) during the current financial quarter.

B3. CURRENT YEAR PROSPECTS

In the recent Budget 2018, Government remains its focus in the development of more affordable housing projects and has also announced the reduction of individual tax rates which is expected to stimulate the interest in the property markets.

Moving forward into the remaining months of FY2017, the Group will continue to focus on the launches of mid-range residential projects besides monetising its inventories to improve further the Group's cash position.

The Group's prospects for the rest of the year remain positive with total unbilled sales of RM103.70 million as at 30 September 2017, which is expected to continue to contribute positively to the revenue and earnings in the near future.

Barring any unforeseen circumstances, the Board expects the Group's performance for the current financial year ending 31 December 2017 to be satisfactory.

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	Current Year-To-Date
	RM'000	RM'000
Income Tax – Estimated current year tax	(762)	(2,392)
Income Tax – Prior year tax	(974)	(974)
Deferred Tax – Reversal of deferred tax liability	131	367
	<u>(1,605)</u>	<u>(2,999)</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 additional prior year's tax arising from tax audit on a subsidiary and 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. 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 September 2017 are analysed as follows:

	RM'000
Short Term Borrowings	295
Long Term Borrowings	789
Total Borrowings	<u><u>1,084</u></u>

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

B9. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B10. 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 September 2017, pursuant to the format prescribed by Bursa Securities, is as follows:

	As at 30 September 2017	As at 30 June 2017
	RM'000	RM'000
Realised	64,663	66,012
Unrealised	(11,446)	(11,577)
Total Group's Accumulated Profits	<u>53,217</u>	<u>54,435</u>

B11. 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.

B12. DIVIDEND

The Board of Directors does not recommend any dividend for the current financial quarter.

B13. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the total comprehensive income/(loss) 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/(Loss) attributable to equity holders of the parent (RM'000)	(1,218)	956
Weighted average number of ordinary share in issue (RM '000)	199,384	199,384
Earnings/(Loss) per share (sen)	(0.61)	0.48
Diluted E/(L)PS (sen)	(0.46)	0.36

By Order of the Board

Rebecca Lee Ewe Ai (MAICSA 0766742)
Secretary
Kuala Lumpur

Date: 24 November 2017

STATUS OF MATERIAL LITIGATIONS AS AT 24 NOVEMBER 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 29 August 2017, on 28 September 2017, the Court has fixed the matter for decision on 1 November 2017 which the decision was further adjourned by the Court to 23 November 2017.

Status: On 23 November 2017, the Court has decided in favour of AmanahRaya and the Plaintiffs will file in an appeal against the Court’s decision within 30 days thereof.