

Y&G CORPORATION BHD

(Co No : 6403-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 Dec 2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 Dec 2016 RM'000	CURRENT YEAR TODATE 31 Dec 2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 Dec 2016 RM'000
Revenue	24,038	33,790	76,963	116,428
Operating expenses	(18,384)	(27,912)	(67,974)	(93,620)
Other operating income	78	904	328	2,701
Profit From Operations	5,732	6,782	9,317	25,509
Interest income	154	137	594	477
Interest expenses	(39)	(13)	(84)	(39)
Profit Before Tax	5,847	6,906	9,827	25,947
Taxation	(1,935)	(2,268)	(4,933)	(7,485)
Profit For The Year	3,912	4,638	4,894	18,462
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,912	4,638	4,894	18,462
Attributable to:				
Equity holders of the parent	3,896	4,620	4,852	18,431
Non-controlling interests	16	18	42	31
	3,912	4,638	4,894	18,462
Total Comprehensive Income / (Loss) attributable to equity holders of the parent :				
a) Basic Earnings per share (Sen)	1.95	2.32	2.43	9.24
b) Diluted	1.46	1.74	1.82	6.92

(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 31 DECEMBER 2017

	As at end of Current Quarter 31 Dec 2017 RM'000	As at Preceding Year Ended 31 Dec 2016 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	2,004	2,403
Investment properties	18,587	18,702
Land held for property development	88,554	88,372
Goodwill on consolidation	555	555
	<u>109,700</u>	<u>110,032</u>
CURRENT ASSETS		
Property development costs	103,038	86,989
Inventories	42,512	42,060
Trade receivables	29,631	35,541
Accrued Billings	19,666	13,286
Other receivables, deposits and prepayments	17,309	25,644
Fixed deposit with licensed bank	5,500	-
Cash and bank balances	24,846	39,758
	<u>242,502</u>	<u>243,278</u>
TOTAL ASSETS	<u>352,202</u>	<u>353,310</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	57,113	52,260
	<u>278,175</u>	<u>273,322</u>
NON-CONTROLLING INTEREST	412	370
TOTAL EQUITY	<u>278,587</u>	<u>273,692</u>
NON-CURRENT LIABILITIES		
Long term borrowings	7,993	1,012
Deferred tax liabilities	11,113	11,813
	<u>19,106</u>	<u>12,825</u>
CURRENT LIABILITIES		
Trade payables	44,019	48,723
Other payables and accruals	4,959	5,300
Amount due to directors	2,645	794
Short term borrowings	1,044	283
Taxation	1,842	769
Dividend Payable	-	10,924
	<u>54,509</u>	<u>66,793</u>
TOTAL LIABILITIES	<u>73,615</u>	<u>79,618</u>
TOTAL EQUITY AND LIABILITIES	<u>352,202</u>	<u>353,310</u>
Net assets / share attributable to ordinary equity holders of the parent (RM)	1.40	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 FOURTH QUARTER ENDED 31 DECEMBER 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	52,260	370	273,692
Profit after Tax	-	-	-	4,852	42	4,894
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	4,852	42	4,894
Transaction with owners :						
Issue of ordinary shares from conversion of warrant*	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance as at 31 December 2017	199,384	19,094	2,584	57,113	412	278,587
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	-	-	-	18,430	31	18,461
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	18,430	31	18,461
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 December 2016	199,384	19,094	2,584	52,260	370	273,692

* : 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 FOURTH QUARTER ENDED 31 DECEMBER 2017**

	Current Quarter Ended 31 Dec 2017 RM'000	Preceding Year Quarter 31 Dec 2016 RM'000
PROFIT BEFORE TAX	9,827	25,947
ADJUSTMENTS :		
Depreciation on property, plant and equipment	386	601
Depreciation on investment properties	116	-
Goodwill on consolidation written-off	-	3
Gain on disposal of property, plant and equipment	(22)	(104)
Loss on disposal of property, plant and equipment	534	-
Provision for uncollectible deposit	1,100	1,100
Reversal of provision for corporate guarantee	-	(1,515)
Interest expenses	84	39
Interest income	(594)	(477)
Rental income	(80)	-
Operating Profit Before Working Capital Changes	11,351	25,594
CHANGES IN WORKING CAPITAL :		
Decrease/(Increase) in receivables	6,771	(1,952)
Decrease/(Increase) in property development costs	(16,049)	22,014
Decrease/(Increase) in inventories	(452)	(10,366)
(Decrease)/Increase in payables	(3,178)	(16,641)
Cash Flows (Used In) / Generated From Operations	(1,557)	18,649
Taxes paid	(4,560)	(11,228)
Net Cash Flows (Used In) / Generated From Operating Activities	(6,117)	7,421
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	13	(310)
Expenditure incurred on land held for property development	(182)	(4,882)
Proceeds from disposal of property, plant and equipment	(534)	104
Interest income	594	477
Rental income	80	-
Net Cash Flows Used In Investing Activities	(29)	(4,611)
FINANCING ACTIVITIES		
Net Drawdown/(Repayment) of loans and borrowings	8,000	-
Repayment of obligation under finance lease	(342)	(260)
Dividend paid	(10,924)	-
Proceed from issuing of ordinary shares	-	-
Net Cash Flows Used In Financing Activities	(3,266)	(260)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(9,412)	2,550
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	39,758	37,208
CASH AND CASH EQUIVALENTS AT END OF YEAR	30,346	39,758
Represented by :		
Cash and bank balances	24,846	39,758
Fixed deposit with licensed bank	5,500	-
	30,346	39,758

* : 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 fourth quarter ended 31 December 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 31 December 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 31 December 2017, the total number of Warrants which remain unexercised was 47,690,576 (31 December 2016: 47,690,576).

A8. **DIVIDEND 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 on property, plant and equipment	99	204	386	601
Depreciation on investment properties	116	-	116	-
Provision for uncollectible deposit	1,100	1,100	1,100	1,100
Loss on disposal of property, plant and equipment	-	-	534	-
Goodwill on consolidation written-off	-	-	-	3
Reversal of provision for corporate guarantee	-	-	-	(1,515)
Gain on disposal of property, plant and equipment	-	-	(22)	(104)
Rental income	(30)	-	(80)	-

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 December 2017 are as follows:

	Property Investment & Others RM'000	Property Development RM'000	<u>GROUP</u> RM'000
Segment Revenue - External	956	76,008	76,964
Segment Results	(2,364)	11,682	9,317
Interest Income			594
Interest Expenses			(84)
Profit Before Tax			9,827
Taxation			(4,933)
Profit for The Year			4,894

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 except for the additional tax liabilities as maybe assessed by Inland Revenue Board (IRB) under their on-going tax investigation on the Group, as disclosed under **B5 (Taxation)** below.

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 31 December 2017.

Performance Analysis for the Current Quarter and Year To Date

	3 months Quarter Ended		Changes	12 months Cumulative To-Date		Changes
	31.12.2017 ("Q4FY17") RM '000	31.12.2016 ("Q4FY16") RM '000	Amount RM '000	31.12.2017 ("YTD2017") RM '000	31.12.2016 ("YTD2016") RM '000	Amount RM '000
Revenue	24.04	33.79	(9.75)	76.96	116.43	(39.47)
PAT	3.91	4.64	(0.73)	4.89	18.46	(13.57)

The Group's revenue for both the current Q4FY17 and YTD2017 were lower at RM24.04 million and RM76.96 million compared to the preceding year's Q4FY16 and YTD2016 of RM33.79 million and RM116.43 million respectively. The lower revenue for the current YTD2017 were mainly due to lesser on-going development projects and lower development activities (as certain development projects already completed or near completion during the current year) and also coupled by the weaker market demand.

The Group registered a PAT of RM3.91 million, a slight decrease of RM0.73 million in the current Q4FY17 as compared to the PAT of RM4.64 million in the preceding year's Q4FY16. While, the Group's PAT for the current YTD2017 was significantly lower at RM4.89 million compared to the preceding YTD2016 of RM18.46 million, mainly due to the significantly lower revenue as abovementioned, incurrance of post-completion development expenses and prior years' RM0.86 million additional income tax payable in the current YTD2017 coupled with a reversal of RM1.51 million provision for corporate guarantee in the preceding YTD2016.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S REPORT

Current Quarter (Q4FY17) compared with Immediate Preceding Quarter (Q3FY17)

	Current	Immediate	Changes
	Quarter ended 31.12.2017 ("Q4FY17") RM '000	Preceding Quarter ended 30.09.2017 ("Q3FY17") RM '000	Amount RM '000
Revenue	24.04	15.60	8.44
PBT	5.85	0.38	5.47

The Group's revenue and PBT for the current Q4FY17 were higher by RM8.44 million and RM5.47 million respectively compared to the immediate preceding Q3FY17. The higher PBT for the current Q4FY17 was mainly due to higher revenue, higher development margin for certain phases and incurrence of high post-completion development expenses in the immediate preceding Q3FY17.

B3. PROSPECTS FOR 2018

The overall prospects for property industry is expected to remain challenging. It has seen a major shift in demand from luxury residential developments towards more affordable residential developments in recent years. The Group is of the opinion that this trend will continue in 2018 and for the next several years.

In view of the current weak market sentiment in 2017, the Group has been very mindful with the prevailing market sentiment before launching any new development projects and believes that the demand for its recently launched as well as the upcoming affordable housing projects will achieve success in the developments as a result of its good accessibility to amenities and attractive pricing. Meanwhile, the Group will also continue to focus on monetising its inventories and minimizing completion delays and cost overrun in its on-going development projects.

The Group's prospects for next year remain positive with total unbilled sales of RM93.96 million as at 31 December 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 will remain resilient for the next financial year ending 31 December 2018.

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	(2,377)	(4,769)
Income Tax – Prior year tax	109	(864)
Deferred Tax – Reversal of deferred tax liability	333	700
	<u>(1,935)</u>	<u>(4,933)</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.

IRB has since the previous financial quarter ended 30 September 2017 initiated a tax investigation on the Group, primarily on the gains arising from certain land disposals. As at the date of this Quarterly Report, IRB has not reverted on the outcome of its investigation.

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 as at 31 December 2017 are analysed as follows:

	Short Term	Long Term	Total Borrowings
<u>Secured</u>	RM'000	RM'000	RM'000
Term Loan	746	7,280	8,026
Hire Purchase	298	713	1,011
Total	<u>1,044</u>	<u>7,993</u>	<u>9,037</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 31 December 2017, pursuant to the format prescribed by Bursa Securities, is as follows:

	As at 31 December 2017	As at 30 September 2017
	RM'000	RM'000
Realised	68,226	64,663
Unrealised	(11,113)	(11,446)
Total Group's Accumulated Profits	<u>57,113</u>	<u>53,217</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 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)	3,896	4,852
Weighted average number of ordinary share in issue ('000)	199,384	199,384
Earnings per share (sen)	1.95	2.43
Diluted EPS (sen)	1.46	1.82

By Order of the Board

Rebecca Lee Ewe Ai (MAICSA 0766742)
Secretary
Kuala Lumpur

Date: 28 February 2018

STATUS OF MATERIAL LITIGATIONS AS AT 28 FEBRUARY 2018

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
Court of Appeal Malaysia Civil Appeal No. W-02(NCVC)(W)-2578-12/2017**

Since the date of the last quarterly status of material litigation dated 24 November 2017, the Court has decided in favour of AmanahRaya. The Plaintiffs have filed in an appeal against the High Court’s decision and have subsequently received the Notice of Appeal on 15 December 2017.

The Court fixed the appeal for Case Management on 21 February 2018 pending the filing of the Rekod Rayuan by the Plaintiffs.

Status: Following the hearing on 21 February 2018, the matter was fixed for further Case Management on 23 March 2018 pending grounds of judgement from the High Court.