

Y&G CORPORATION BHD

(Co No : 6403-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 Mar 2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 Mar 2017 RM'000	CURRENT YEAR TODATE 31 Mar 2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 Mar 2017 RM'000
Revenue	16,688	23,385	16,688	23,385
Operating expenses	(14,366)	(21,397)	(14,366)	(21,397)
Other operating income	84	70	84	70
Profit From Operations	2,406	2,058	2,406	2,058
Interest income	205	132	205	132
Interest expenses	(109)	(16)	(109)	(16)
Profit Before Tax	2,502	2,174	2,502	2,174
Taxation	(991)	(1,127)	(991)	(1,127)
Profit For The Period	1,511	1,047	1,511	1,047
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,511	1,047	1,511	1,047
Attributable to:				
Equity holders of the parent	1,508	1,020	1,508	1,020
Non-controlling interests	3	27	3	27
	1,511	1,047	1,511	1,047
Total Comprehensive Income / (Loss) attributable to equity holders of the parent :				
a) Basic Earnings per share (Sen)	0.76	0.51	0.76	0.51
b) Diluted	0.57	0.38	0.57	0.38

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2017 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 2018

	As at end of Current Quarter 31 Mar 2018 RM'000	As at Preceding Year Ended 31 Dec 2017 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,911	2,003
Investment properties	18,529	18,587
Land held for property development	88,554	88,554
Goodwill on consolidation	555	555
	<u>109,549</u>	<u>109,699</u>
CURRENT ASSETS		
Property development costs	103,260	103,119
Inventories	42,077	42,502
Trade receivables	26,495	34,805
Accrued Billings	9,276	19,700
Other receivables, deposits and prepayments	16,248	15,827
Current Tax Assets	1,541	1,526
Fixed deposit with licensed bank	5,500	5,500
Cash and bank balances	23,609	24,846
	<u>228,006</u>	<u>247,825</u>
TOTAL ASSETS	<u>337,555</u>	<u>357,524</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	58,838	57,330
	<u>279,900</u>	<u>278,392</u>
NON-CONTROLLING INTEREST	415	412
TOTAL EQUITY	<u>280,315</u>	<u>278,804</u>
NON-CURRENT LIABILITIES		
Obligation under finance leases (Long Term)	636	713
Term Loan (Long Term)	7,100	7,280
Deferred tax liabilities	10,942	11,113
	<u>18,678</u>	<u>19,106</u>
CURRENT LIABILITIES		
Trade payables	29,592	48,498
Other payables and accruals	5,610	5,499
Amount due to directors	34	2,645
Obligation under finance leases (Short Term)	303	299
Term Loan (Short Term)	720	746
Taxation	2,303	1,927
Dividend Payable	-	-
	<u>38,562</u>	<u>59,614</u>
TOTAL LIABILITIES	57,240	78,720
TOTAL EQUITY AND LIABILITIES	<u>337,555</u>	<u>357,524</u>
	-	-
Net assets / share attributable to ordinary equity holders of the parent (RM)	1.40	1.40

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2017 and the accompanying notes attached to the Interim Financial Statements)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

	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 2018	199,384	19,094	2,584	57,330	412	278,804
Profit after Tax	-	-	-	1,508	3	1,511
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	1,508	3	1,511
Transaction with owners :						
Issue of ordinary shares from conversion of warrant*	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance as at 31 March 2018	199,384	19,094	2,584	58,838	415	280,315
Preceding Year's Corresponding Quarter						
Balance as at 1 January 2017	199,384	19,094	2,584	52,260	370	273,692
Profit after Tax	-	-	-	1,020	27	1,047
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	1,020	27	1,047
Transaction with owners :						
Issue of ordinary shares from conversion of warrant*	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance as at 31 March 2017	199,384	19,094	2,584	53,280	397	274,739

* : 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 2017 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 2018**

	Current Quarter Ended 31 Mar 2018 RM'000	Preceding Year Quarter 31 Mar 2017 RM'000
PROFIT BEFORE TAX	2,502	2,174
ADJUSTMENTS :		
Depreciation on property, plant and equipment	98	87
Depreciation on investment properties	58	-
Interest expenses	109	16
Interest income	(205)	(132)
Rental income	(30)	-
Operating Profit Before Working Capital Changes	2,532	2,145
CHANGES IN WORKING CAPITAL :		
Decrease/(Increase) in receivables	18,313	2,170
Decrease/(Increase) in property development costs	(141)	6,565
Decrease/(Increase) in inventories	425	1,707
(Decrease)/Increase in payables	(21,406)	(9,981)
Cash Flows (Used In) / Generated From Operations	(277)	2,606
Taxes paid	(801)	(1,557)
Net Cash Flows (Used In) / Generated From Operating Activities	(1,078)	1,049
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(6)	-
Expenditure incurred on land held for property development	-	(5)
Proceeds from disposal of property, plant and equipment	-	-
Interest income	205	132
Rental income	30	-
Net Cash Flows Generated From Investing Activities	229	127
FINANCING ACTIVITIES		
Repayment of obligation under finance lease	(73)	(70)
Repayment of term loan	(206)	-
Interest expenses	(109)	(16)
Dividend paid	-	(10,924)
Net Cash Flows Used In Financing Activities	(388)	(11,010)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,237)	(9,834)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	30,346	39,758
CASH AND CASH EQUIVALENTS AT END OF PERIOD	29,109	29,924
Represented by :		
Cash and bank balances	23,609	29,924
Fixed deposit with licensed bank	5,500	-
	29,109	29,924

*: Negligible

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2017 and the accompanying notes attached to the Interim Financial Statements)

Y&G CORPORATION BHD
(Company No. 6403-X)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR FIRST QUARTER ENDED 31 MARCH 2018

1. BASIS OF PREPARATION

The Interim Financial Statements for the first quarter ended 31 March 2018 are unaudited and have been prepared in accordance with the requirements of MFRS 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 2017.

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 2017.

2. 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 2017, except for the compliance with the new Malaysian Financial Reporting Standards ("**MFRSs**") that came into effect from 1 January 2018.

The adoption of the new MFRSs 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 2018.

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 venture.

The Group and the Company is 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 is 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.

Effective for the financial periods beginning on or after 1 January 2018

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

Effective for the financial periods beginning on or after 1 January 2019

MFRS 16	Leases
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3. AUDITORS' REPORT ON PRECEDING AUDITED FINANCIAL STATEMENTS

The auditors' report on the Audited Financial Statements for the year ended 31 December 2017 was not subject to any qualification.

4. **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.

5. **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.

6. **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.

7. **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 March 2018, the total number of Warrants which remain unexercised was 47,690,576 (31 December 2017: 47,690,576).

8. **DIVIDEND PAID**

The Company did not make any payment of dividends during the current financial quarter.

9. **PROFIT BEFORE TAX**

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Depreciation on property, plant and equipment	98	87	98	87
Amortisation of investment properties	58	-	58	-
Gain on disposal of property, plant and equipment	-	(50)	-	(50)
Rental income	(30)	-	(30)	-

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.

10. **SEGMENTAL INFORMATION**

The analysis of the Group's operations for the current financial year-to-date ended 31 March 2018 are as follows:

	Property Investment & Others RM'000	Property Development RM'000	<u>GROUP</u> RM'000
Segment Revenue - External	293	16,395	16,688
Segment Results	(573)	2,979	2,406
Interest Income			205
Interest Expenses			(109)
Profit Before Tax			2,502
Taxation			(991)
Profit for The Period			1,511

11. **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 2017.

12. **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.

13. **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.

14. **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.

15. **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.

16. **Finance Review for Current Quarter and Year To Date**

The Group's revenue was mainly derived from the development activities for the current financial quarter and year-to-date ended 31 March 2018.

	3 months Quarter Ended and 12 months Cumulative To-Date		Changes
	31.03.2018 ("Q1FY18 and YTD2018") RM '000	31.03.2017 ("Q1FY17 and YTD2017") RM '000	Amount RM '000
Revenue	16,688	23,385	(6,697)
Operating Profit	2,562	2,145	417
Profit Before Interest and Tax	2,611	2,190	421
Profit Before Tax	2,502	2,174	328
Profit After Tax	1,511	1,047	464
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,508	1,020	488

The Group recorded a lower revenue of RM16.69 million for both current Q1FY18 and YTD2018 compared to the preceding year's Q1FY17 and YTD2017 of RM23.39 million. The decrease in revenue of RM6.70 million for the current Q1FY18 and YTD2018 was mainly attributable to weak market condition and fewer on-going development projects as several development projects were completed or near completion towards the end of the preceding year 2017.

Despite a decrease in revenue in the current Q1FY18 and YTD2018, its profit after tax stood at RM1.51 million with a marginal increase of RM0.46 million compared to RM1.05 million in the preceding year's Q1FY17 and YTD2017. This was mainly due to relatively higher development margin from the on-going development projects and lower operating expenses incurred in the current Q1FY18 and YTD2018 as compared to the preceding year's Q1FY17 and YTD2017.

17. **Finance Review for Current Quarter (Q1FY18) compared with Immediate Preceding Quarter (Q4FY17)**

	Current	Immediate	Changes
	Quarter ended 31.03.2018 ("Q1FY18") RM '000	Preceding Quarter ended 31.12.2017 ("Q4FY17") RM '000	Amount RM '000
Revenue	16,688	24,038	(7,350)
Operating Profit	2,562	7,332	(4,770)
Profit Before Interest and Tax	2,611	6,172	(3,561)
Profit Before Tax	2,502	6,133	(3,631)
Profit After Tax	1,511	4,129	(2,618)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,508	4,113	(2,605)

The Group's revenue for the current Q1FY18 was lower at 16.69 million, a decrease of RM7.35 million compared to the immediate preceding Q4FY17 of RM24.04 million. The decrease in revenue for the current Q1FY18 was mainly due to weak market condition and fewer on-going development projects as several development projects were completed or near completion towards the end of the preceding year 2017.

The Group's current Q1FY18's profit before tax was RM2.50 million, which is RM3.63 million lower than the immediate preceding Q4FY17 of RM6.13 million despite a RM1.10 million provision for uncollectible deposit made in the immediate preceding Q4FY17. The relatively lower profit before tax for the current Q1FY18 was primarily due to the lower revenue as above-mentioned and also caused by the relatively higher development margin in the immediate preceding Q4FY17.

18. **CURRENT YEAR PROSPECTS**

The Group opines the property market will improve under the new government as it is moving swiftly to inject confidence and economic stability into the market. With this positive approach, there may be many new launches soon as most investors and buyers tend to decide further. However, we believe the affordable housing projects will still remain in demand in the coming years and as the market changes, more developers will continue to introduce competitively-priced products and good accessibilities to suit the market needs.

Notwithstanding the challenges ahead, the Group will concentrate on unlocking the value of its land banks via affordable housing projects. The Group is confident to compete effectively by differentiating ourselves through creative and innovative branding events such as content marketing, which involves the creation and sharing of online material (videos, informative blogs and social media) to stimulate interest of young buyers.

It's our practice to adopt a prudent stance in moving carefully with our project developments in order to deliver quality products. With this approach and in view of the above challenges, the Group will also continue to pursue its expansion diligently and meanwhile, the Group has two on-going development projects in Jenjarom and Sungai Jati, Klang.

The Group's unbilled sales stood at RM68.84 million as at 31 March 2018, which is expected to continue to contribute positively to the Group's earnings in the near future.

Barring any unforeseen circumstances, the Board expects the Group's performance will remain stable for the current financial year ending 31 December 2018.

19. **PROFIT FORECAST AND PROFIT GUARANTEE**

Not applicable as the Company did not issue any profit forecast and/or profit guarantee.

20. **TAXATION**

The taxation charge for the Group are as follows:

	Current Quarter RM'000	Current Year-To-Date RM'000
Income Tax – Estimated current year tax	(1,162)	(1,162)
Deferred Tax – Reversal of deferred tax liability	171	171
	<u>(991)</u>	<u>(991)</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.

During the third quarter of the previous financial year ended 31 December 2017, IRB 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.

21. **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.

22. **QUOTED SECURITIES**

There was no purchase or disposal of quoted securities for the current financial quarter and year-to-date.

23. **TRADE RECEIVABLES**

	----- GROUP -----	
	As At 31.03.2018 RM'000	As At 31.12.2017 RM'000
Property Development	24,301	32,738
Management Fee	2,194	2,067
	<u>26,495</u>	<u>34,805</u>

Trade receivables comprises of receivables from property development and management fee.

The trade receivables from property development comprises progress billings receivable from on-going development projects and received retention sums of completed development projects held by the solicitors as stakeholder in pursuant to the sale and purchase agreements.

The progress billings are due within 21 days while, the retention sums are due upon the expiry of the defect liability period of 12 to 24 months. Other credit terms are assessed and approved on a case-to-case basis.

The trade receivables from the progress billings are creditworthy debtors with mainly good payment records and have obtained and/or in the process of obtaining end financing to fund their purchase of the Group's development properties.

24. **GROUP BORROWINGS AND DEBT SECURITIES**

The Group's borrowings and debts securities as at 31 March 2018 are analysed as follows:

	Short Term	Long Term	Total Borrowings
<u>Secured</u>	RM'000	RM'000	RM'000
Term Loan	720	7,100	7,820
Hire Purchase	303	636	939
Total	1,023	7,736	8,759

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

25. **OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

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

26. **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.

27. **DIVIDEND**

The Board of Directors does not recommend any dividend for the current financial quarter and year-to-date.

28. **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)	1,508	1,508
Weighted average number of ordinary share in issue ('000)	199,384	199,384
Earnings per share (sen)	0.76	0.76
Diluted EPS (sen)	0.57	0.57

By Order of the Board

Rebecca Lee Ewe Ai (MAICSA 0766742)
Secretary
Kuala Lumpur

Date: 18 May 2018

STATUS OF MATERIAL LITIGATIONS AS AT 18 MAY 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 previous Quarterly Report dated 28 February 2018, a Case Management was held on 23 March 2018.

Status: Following the Case Management on 23 March 2018, the appeal has been fixed for further Case Management on 13 June 2018 to ensure compliance of all documents and followed by Court hearing on 25 June 2018 at Putrajaya Court of Appeal.