

**YFG BERHAD (499758-W)****INTERIM FINANCIAL STATEMENTS**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER AND THREE MONTHS ENDED 30 SEPTEMBER 2014**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30/09/2014 RM '000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2013 RM '000	CURRENT YEAR TO DATE 30/09/2014 RM '000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2013 RM '000
Revenue	<b>A9</b>	26,488	34,205	26,488	34,205
Cost of sales		(24,829)	(31,414)	(24,829)	(31,414)
<b>Gross profit</b>		<b>1,659</b>	<b>2,791</b>	<b>1,659</b>	<b>2,791</b>
Other income		322	7	322	7
Finance Income		25	38	25	38
Gain on disposal of investment property and PPE		-	16	-	16
Administrative expenses		(1,518)	(1,725)	(1,518)	(1,725)
Depreciation of property, plant and equipment and investment properties		(136)	(62)	(136)	(62)
Other expenses		(3)	-	(3)	-
Finance costs		(162)	(39)	(162)	(39)
<b>Profit before taxation</b>		<b>187</b>	<b>1,026</b>	<b>187</b>	<b>1,026</b>
Taxation	<b>B5</b>	(75)	(261)	(75)	(261)
<b>Profit for the period representing total comprehensive income for the period</b>		<b>112</b>	<b>765</b>	<b>112</b>	<b>765</b>
<b>Profit and total comprehensive income for the period attributable to:</b>					
Owners of the Company		112	765	112	765
		112	765	112	765
<b>Basic earnings per share attributable to equity holders of the Company</b>					
Basic (sen)	<b>B10</b>	0.02	0.13	0.02	0.13

*The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2014.*



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(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014**

	AS AT 30/09/2014 (Unaudited) RM '000	AS AT 30/06/2014 (Audited) RM '000
<b>Non-Current Assets</b>		
Property, plant and equipment	16,776	16,310
Investment properties	2,208	2,225
Investment in associated companies	1,384	1,384
Deferred tax assets	2,555	2,555
	<b>22,923</b>	<b>22,474</b>
<b>Current Assets</b>		
Trade receivables	24,301	17,011
Retention sum	26,214	23,963
Amount due from customer for contract works	53,323	52,477
Other receivables, deposits and prepayments	15,584	10,274
Tax recoverable	2	5
Deposits with licensed banks	3,376	3,351
Cash and bank balances	1,460	2,695
	<b>124,260</b>	<b>109,776</b>
Assets held for sale	405	405
<b>Total Current Assets</b>	124,665	110,181
<b>TOTAL ASSETS</b>	<b>147,588</b>	<b>132,655</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	54,473	54,473
Reserve		
Translation reserve	203	203
Warrant reserve	8,070	8,070
ESOS reserve	1,071	857
Accumulated losses	(38,590)	(38,702)
<b>Equity attributable to equity holders of the company</b>	25,227	24,901
Non controlling interest	(109)	(109)
<b>Total Equity</b>	25,118	24,792
<b>Non-Current Liabilities</b>		
Hire purchase payables	683	448
	<b>683</b>	<b>448</b>
<b>Current Liabilities</b>		
Trade payables	74,832	64,756
Other payables and accruals	18,583	12,557
Hire purchase payables	604	272
Short term borrowings	24,787	23,867
Bank overdrafts	2,962	5,959
Provision for taxation	19	4
	<b>121,787</b>	<b>107,415</b>
<b>Total Liabilities</b>	122,470	107,863
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>147,588</b>	<b>132,655</b>
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)</b>	<b>0.0414</b> **	<b>0.0409</b> **

\*\* The total issued and paid up share capital is 609,069,997 ordinary shares of RM 0.10 each.

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2014.*



**YFG BERHAD (499758-W)**  
**INTERIM FINANCIAL STATEMENTS**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30  
SEPTEMBER 2014**

	Financial Year ended 30/09/2014 RM'000	Financial Year ended 30/09/2013 RM'000
<b>Cash Flows From Operating Activities</b>		
<b>Profit before tax</b>	187	1,026
Adjustments for :-		
Depreciation of property, plant and equipment and investment properties	201	63
Share-based payments	214	214
Finance costs	162	39
Finance income	(25)	(38)
Gain on disposal of investment property and PPE	-	(16)
<b>Operating profit before changes in working capital</b>	<b>739</b>	<b>1,288</b>
<b>Changes in working capital</b>		
Net Changes in current assets	(15,698)	6,071
Net Changes in current liabilities	16,102	(9,506)
<b>Cash used in operations</b>	<b>1,143</b>	<b>(2,147)</b>
Tax paid	(55)	(10)
<b>Net cash used in operating activities</b>	<b>1,088</b>	<b>(2,157)</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	-	24
(Pledged) / Withdrawal of fixed deposits with licensed banks	(25)	978
Interest from deposit with licensed banks received	25	38
Purchase of property, plant and equipment	(652)	(128)
<b>Net cash used in investing activities</b>	<b>(652)</b>	<b>912</b>
<b>Cash Flows For Financing Activities</b>		
Interest paid	(162)	(39)
Drawdown / (Repayment) of hire purchase payables	567	(26)
Drawdown of term loans and other bank borrowings	920	7,452
<b>Net cash from financing activities</b>	<b>1,325</b>	<b>7,387</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>1,761</b>	<b>6,142</b>
<b>Cash and cash equivalents as at beginning of period</b>	<b>(3,263)</b>	<b>1,503</b>
<b>Cash and cash equivalents as at period ended</b>	<b>(1,502)</b>	<b>7,645</b>
<b>Cash and cash equivalents as at period ended comprise the following:</b>		
Cash and bank balances	1,460	6,645
Placement of fixed deposits with licensed banks	3,376	4,270
Short term deposits with licensed banks	-	1,000
Bank overdrafts	(2,962)	-
	1,874	11,915
Less : Fixed deposits pledged with a licensed bank	(3,376)	(4,270)
	(1,502)	7,645

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2014.*



**YFG BERHAD (499758-W)**  
**INTERIM FINANCIAL STATEMENTS**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014**

	← Attributable to Owners of the Company →					← Non-Distributable Reserves →		
	Share Capital RM'000	Warrant Reserve RM'000	ESOS Reserve RM'000	Foreign Exchange Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non Controlling Interest RM'000	
Balance as at 1 July 2014	54,473	8,070	857	203	(38,702)	24,901	(109)	24,792
Profit for the period, representing total comprehensive expense for the period	-	-	-	-	112	112	-	112
Share-based payments	-	-	214	-	-	214	-	214
<b>Balance as at 30 September 2014</b>	<b>54,473</b>	<b>8,070</b>	<b>1,071</b>	<b>203</b>	<b>(38,590)</b>	<b>25,227</b>	<b>(109)</b>	<b>25,118</b>
Balance as at 1 July 2013	54,473	8,070	-	203	(24,284)	38,462	(103)	38,359
Profit for the period, representing total comprehensive income for the period	-	-	-	-	765	765	-	765
Share-based payments	-	-	214	-	-	214	-	214
<b>Balance as at 30 September 2013</b>	<b>54,473</b>	<b>8,070</b>	<b>214</b>	<b>203</b>	<b>(23,519)</b>	<b>39,441</b>	<b>(103)</b>	<b>39,338</b>

*The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2014*

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014**

**A1. Basis of Preparation**

The unaudited interim financial statements were prepared in accordance with Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Financial Reporting Standard (MFRS) 134, Interim Financial Reporting and also comply with IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2014. These explanatory notes attached to the quarterly condensed financial report 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 financial year ended 30 June 2014.

**A2. Significant Accounting Policies**

The accounting policies applied by the Group in these interim financial statements are the same as those applied by the Group in the consolidated annual financial statements for the year ended 30 June 2014. The Group has also adopted the following accounting standards and amendments which are effective for annual periods beginning on or after 1 January, 2014:

- i) Amendment to MFRS 10, Consolidated Financial Statements : Investment Entities
- ii) Amendment to MFRS 12, Disclosure of Interests in Other Entities : Investment Entities
- iii) Amendment to MFRS 127, Separate Financial Statements (2011) : Investment Entities
- iv) Amendment to MFRS 132, Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities
- v) Amendment to MFRS 136, Impairment of Assets - Recoverable Amount Disclosure for Non-Financial Assets
- vi) Amendment to MFRS 139, Financial Instruments - Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
- vii) Amendment to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)
- viii) Amendments to MFRS 2, Share-based Payment (Annual Improvements 2010-2012 Cycle)
- ix) Amendments to MFRS 3, Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- x) Amendments to MFRS 8, Operating Segments (Annual Improvements 2010-2012 Cycle)
- xi) Amendments to MFRS 13, Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- xii) Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)
- xiii) Amendments to MFRS 119, Employee Benefits - Defined Benefit Plans : Employee Contributions
- xiv) Amendments to MFRS 124, Related Party Disclosures (Annual Improvements 2010-2012 Cycle)
- xv) Amendments to MFRS 140, Investment Property (Annual Improvements 2011-2013 Cycle)

The initial application of the above-mentioned standards and amendments did not have any material financial impacts to the financial statements of the Group.

**A3. Qualification of Audit Report of the Preceding Annual Financial Statements**

The audit report of the Group's annual financial statements for the year ended 30 June 2014 was not subjected to any audit qualification.

**A4. Seasonal or Cyclical Factors**

There has been no material seasonal or cyclical factors affecting the results of the quarter under review.

**A5. Nature and amount of unusual items**

There were no unusual items in the quarterly financial statements under review.

**A6. Changes in Accounting Estimates**

There were no changes in estimates of amounts reported that have a material effect in the current financial quarter.

**A7. Debt and Equity Securities**

There were no issuance, cancellations, repurchases, resale nor repayments of debts and equity securities, share buy-backs for the current financial period-to-date.

**A8. Dividends Paid**

There were no dividends paid during the current quarter and financial year to date.

**A9. Segmental Reporting**

The Group has one operating segment, principally confined to construction of buildings, provision of electrical and mechanical engineering services and maintenance works. Segment information has not been separately presented because internal reporting uses the Group's financial statements.

The Group's operations are operated solely in Malaysia. Accordingly, geographical segmental information has not been prepared.

**Major customers**

For the current year-to-date, the following are major customers with revenue equal or more than 10% of the Group's revenue:

Customer A	RM11,252,220
Customer B	RM5,949,692
Customer C	RM5,202,307

**A10. Valuation of Property, Plant and Equipment**

There were no changes in the valuation on property, plant and equipment since the last annual financial statements.

**A11. Material Events Subsequent to the Balance Sheet Date**

There were no material events that occurred subsequent to the current quarter.

**A12. Changes in the Composition of the Group**

There was no change in the composition of the Group for the current quarter under review.

#### A13. Changes in Contingent Liabilities and Contingent Assets

There were no changes in other contingent liabilities or contingent assets since the last annual Statement of Financial Position as at 30 June 2014.

#### A14. Capital Expenditure

On 16 August 2012, YFG Properties Sdn Bhd, a wholly owned subsidiary of the Company ("the Purchaser") had entered into a conditional sale and purchase agreement ("SPA") with Noble Star Services Sdn Bhd ("the Vendor") to purchase a piece of land identified as Geran 204616, Lot 78650, Mukim Damansara, Daerah Petaling, Negeri Selangor Darul Ehsan, measuring 5,257 square metres together with all building(s) erected or to be erected on the land including inter-alia a single storey warehouse, a three (3) storey office building, two (2) guard houses, a rubbish disposal site and an electricity substation for a total cash consideration of RM13,200,000. The Certificate of Fitness for the property was issued on 30 June 2014.

#### A15. Significant Related Party Transactions

There was no related party transaction during the financial quarter under review.

### ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS

#### B1. Review of Performance

In the current quarter under review, the Group has registered a lower revenue of RM26.49 million, a 23% drop over the corresponding quarter of the preceding year. The lower revenue was primarily due to lesser revenue recognition of new projects and lower percentage of work done on soon to be completed projects. Profit before tax of RM0.19 million for the current quarter is lower than RM1.03 million of corresponding quarter of the preceding year mainly due to lower revenue and lower gross profit margin of 6.3% as compared to 8.2% of corresponding quarter of preceding year.

#### B2. Comparison with Preceding Quarter

The Group's revenue for the quarter ended 30 September 2014 has decreased by RM2.91 million to RM26.49 million as compared to the preceding quarter of RM29.40 million, mainly due to lesser revenue recognised from new projects, which are at the initial stage of construction.

The Group's net profit margin before tax of 0.7% for the quarter has improved from a loss margin of -20% of preceding quarter. The improvement is partly contributed from lower operating cost and no exceptional item accounted for in the current quarter.

#### B3. Prospects

The robust construction sector in Malaysia has provided a positive outlook in the electrical and mechanical services in which the Group has focused in. The Group remains cautiously optimistic in turning around and achieving better performance in the current financial year.

#### B4. Profit Forecast / Profit Guarantee

Not applicable as no profit forecast was announced for the current financial year.

#### B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current 30/09/2014 RM'000	Preceding 30/09/2013 RM'000	Current 30/09/2014 RM'000	Preceding 30/09/2013 RM'000
Tax expense for the period	(75)	(18)	(75)	(18)
Deferred taxation	-	(243)	-	(243)
	<u>(75)</u>	<u>(261)</u>	<u>(75)</u>	<u>(261)</u>

#### B6. Group's Borrowings and Debt Securities

Total Group's borrowings as at 30 September 2014 are as follows :

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	28,353	683	29,036
Unsecured	-	-	-
<b>Total Group's borrowings</b>	<u>28,353</u>	<u>683</u>	<u>29,036</u>

#### B7. Status of Corporate Exercises

The status of the two corporate exercises are as follows:-

- i) YFG Engineering Sdn Bhd ("YFGE"), a wholly owned subsidiary of the Company, and Agni Power Sdn Bhd ("APSB") had, on 10 July 2012, entered into a conditional subscription agreement to subscribe for up to 17,000,000 irredeemable convertible preference shares of RM1.00 each ("ICPS") in APSB at par for a total consideration of up to RM17,000,000 ("Proposed Subscription").  
The Proposed Subscription, which had been approved by shareholders, is expected to complete in the last quarter of 2016.
- ii) YFG Properties Sdn Bhd ("YFGP"), a wholly owned subsidiary of the Company had, on 16 August 2012, entered into a conditional sale and purchase agreement with Noble Star Services Sdn Bhd ("NSS") for a proposed acquisition of a piece of land identified as Geran 204616, Lot 78650, Mukim Damansara, Daerah Petaling, Negeri Selangor Darul Ehsan measuring 5,257 square metres together with all building(s) erected or to be erected on the land including inter-alia, a single storey warehouse, a three (3) storey office building, two (2) guard houses, a refuse chamber building and an electricity substation for a cash consideration of RM13,200,000 ("Proposed Acquisition").

The Proposed Acquisition, which had been approved by shareholders, is expected to complete by November 2014.

#### B8. Changes in Material Litigation

The pending material litigations of the Group, since the last annual balance sheet date, consist of the following :-

##### i) **Kejuruteraan Letrik Sunray Sdn Bhd ("KLS") vs YFG Engineering Sdn Bhd ("YFGE")**

YFGE has on 18 September 2007 received a Shah Alam high Court Writ of Summons No. 22-1395-2007 from KLS filed through their solicitors Messrs Jasbeer, Nur & Lee, in connection with the subcontract works for the "Universiti Teknologi Petronas Development, Package 302 in Bandar Seri Iskandar, Tronoh, Perak Darul Ridzuan Projecy", which has been terminated by YFGE due to poor performance of KLS, KLS's claim in total is RM1,262,103.26 including alleged damages ("Claims"). KLS was subsequently wound-up (vide Shah Alam High Court Winding-Up Petition No. 28-434-2010) and had obtained the Insolvency Department's approval to continue with the suit. The Court continued the hearing and concluded the hearing on 12 May 2014.

The Company wishes to announce that YFGE has on 22 August 2014 received the Court's decision, which it has, *inter alia*, decided as follows :-

- (i) YFGE pays KLS the sum of RM50,000;
- (ii) Interest at the rate of 5% per annum on RM50,000 from 9 August 2007 till full and final settlement of the Judgement sum. The computation of number of days as at to date is RM17,609.59. The interest computation continues until full and final settlement; and
- (iii) Cost of RM20,000 in favour of KLS.

No Notice of Appeal has been lodged against the Court's decision within the stipulated 30 days time period to file the Notice of Appeal by KLS.

#### B9. Dividends

No interim dividend has been recommended for the current quarter under review.

#### B10. Earnings Per Share

##### (i) **Basic earnings per share**

The calculation of basic earnings per share for the financial period is based on the net profit/(loss) attributable to equity holders of the parent company and divided by the number of ordinary shares outstanding during the financial period.

	CURRENT YEAR QUARTER ENDED 30/09/2014	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30/09/2013	CURRENT YEAR TO DATE ENDED 30/09/2014	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30/09/2013
Profit attributable to owners of the parent company (RM'000)	112	765	112	765
Number of ordinary shares ('000)	609,070	609,070	609,070	609,070
Basic earnings per share (sen)	0.02	0.13	0.02	0.13

##### (ii) **Diluted earnings per share**

The fully diluted earnings per ordinary share is the same as the basic earnings per share as the effect of anti-dilutive potential ordinary shares is ignored in accordance with MFRS 133 on Earnings Per Share.

#### B11. Corporate Guarantee

Up to the quarter under review, the Group's total amount of Corporate Guarantees issued in favour of principal financial institutions and suppliers has remained the same as preceding quarter of RM169.66 million.

#### B12. Realised and Unrealised Profits/Losses Disclosure

Breakdown of unappropriated profit/(accumulated losses) into realised and unrealised profits or losses.

	AS AT 30/09/2014 (Unaudited) RM '000	AS AT 30/6/2014 (Audited) RM '000
Realised	(41,145)	(41,257)
Unrealised	2,555	2,555
Total	(38,590)	(38,702)