

**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 SIX MONTHS ENDED 31 DECEMBER 2014

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31/12/2014 RM '000	31/12/2013 RM '000	31/12/2014 RM '000	31/12/2013 RM '000
Revenue	A9	16,926	49,499	43,414	83,704
Cost of sales		(14,638)	(46,881)	(39,467)	(78,294)
Gross profit		2,288	2,618	3,947	5,410
Other income		862	57	1,184	63
Finance Income		26	34	51	72
Gain on disposal of investment property and PPE		-	-	-	16
Administrative expenses		(2,101)	(1,723)	(3,619)	(3,447)
Depreciation of property, plant and equipment and investment		(134)	(59)	(270)	(121)
Other expenses		(12)	(1)	(15)	(2)
Finance costs		(157)	(27)	(319)	(67)
Profit before taxation		772	899	959	1,924
Taxation	B5	(266)	(225)	(341)	(486)
Profit for the period representing total comprehensive income for the period		506	674	618	1,438
Profit and total comprehensive income for the period attributable to:					
Owners of the Company		518	674	630	1,438
Non controlling interest		(12)		(12)	
		506	674	618	1,438
Basic earnings per share attributable to equity holders of the Company					
Basic (sen)	B10	0.09	0.11	0.10	0.24

The Condensed Consolidated Statements of Comprehensive Income 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 FINANCIAL POSITION AS AT 31 DECEMBER 2014

	AS AT 31/12/2014 (Unaudited) RM '000	AS AT 30/06/2014 (Audited) RM '000
Non-Current Assets		
Property, plant and equipment	16,598	16,310
Investment properties	1,555	2,225
Investment in associated companies	1,384	1,384
Deferred tax assets	2,289	2,555
	21,826	22,474
Current Assets		
Trade receivables	31,646	17,011
Retention sum	23,787	23,963
Amount due from customer for contract works	55,764	52,477
Other receivables, deposits and prepayments	19,637	10,274
Tax recoverable	2	5
Deposits with licensed banks	3,402	3,351
Cash and bank balances	396	2,695
	134,634	109,776
Assets held for sale	405	405
Total Current Assets	135,039	110,181
TOTAL ASSETS	156,865	132,655
EQUITY AND LIABILITIES		
Share capital	54,473	54,473
Reserve		
Translation reserve	203	203
Warrant reserve	8,070	8,070
ESOS reserve	1,285	857
Accumulated losses	(38,073)	(38,702)
Equity attributable to equity holders of the company	25,958	24,901
Non controlling interest	(121)	(109)
Total Equity	25,837	24,792
Non-Current Liabilities		
Long term borrowings	9,066	-
Hire purchase payables	593	448
	9,659	448
Current Liabilities		
Trade payables	76,914	64,756
Other payables and accruals	12,865	12,557
Hire purchase payables	604	272
Short term borrowings	27,944	23,867
Bank overdrafts	3,028	5,959
Provision for taxation	14	4
	121,369	107,415
Total Liabilities	131,028	107,863
TOTAL EQUITY AND LIABILITIES	156,865	132,655
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.0426 **	0.0409 **

** 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
31 DECEMBER 2014**

	Financial Year ended 31/12/2014 RM'000	Financial Year ended 31/12/2013 RM'000
Cash Flows From Operating Activities		
Profit before tax	959	1,924
Adjustments for :-		
Depreciation of property, plant and equipment and investment properties	1,033	121
Share-based payments	319	428
Finance costs	428	67
Finance income	(51)	(72)
Gain on disposal of investment property and PPE	-	(16)
Operating profit before changes in working capital	2,688	2,452
Changes in working capital		
Net Changes in current assets	(27,110)	(11,076)
Net Changes in current liabilities	12,466	958
Cash used in operations	(11,956)	(7,666)
Tax paid	(61)	(19)
Net cash used in operating activities	(12,017)	(7,685)
Cash Flows From Investing Activities		
Provision for doubtful debts	-	24
Proceeds from disposal of property, plant and equipment	-	480
(Pledged) / Withdrawal of fixed deposits with licensed banks	(51)	946
Interest from deposit with licensed banks received	51	72
Purchase of property, plant and equipment	(652)	(2,289)
Net cash used in investing activities	(652)	(767)
Cash Flows For Financing Activities		
Interest paid	(318)	(67)
Drawdown / (Repayment) of hire purchase payables	477	98
Drawdown of term loans and other bank borrowings	13,142	17,887
Net cash from financing activities	13,301	17,918
Net (decrease)/increase in cash and cash equivalents	632	9,466
Cash and cash equivalents as at beginning of period	(3,263)	1,503
Cash and cash equivalents as at period ended	(2,631)	10,969
Cash and cash equivalents as at period ended comprise the following:		
Cash and bank balances	396	13,285
Placement of fixed deposits with licensed banks	3,402	4,302
Short term deposits with licensed banks	-	-
Bank overdrafts	(3,028)	(2,316)
	771	15,271
Less : Fixed deposits pledged with a licensed bank	(3,402)	(4,302)
	(2,631)	10,969

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
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 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	Total Equity 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	-	-	-	-	630	630	(12)	618
Share-based payments	-	-	428	-	-	428	-	428
Balance as at 31 December 2014	54,473	8,070	1,285	203	(38,073)	25,958	(121)	25,837
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
Balance as at 31 December 2013	54,473	8,070	214	203	(23,519)	39,441	(103)	39,338

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 SIX MONTHS ENDED 31 DECEMBER 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	RM13,385,602
Customer B	RM10,610,427
Customer C	RM8,734,736

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

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 RM16.93 million, a 65.8% drop over the corresponding quarter of the preceding year. The lower revenue is mainly due to lesser projects being recognised in the current quarter.

Profit before tax of RM0.77 million for the current quarter is lower compared to RM0.90 million of the corresponding quarter of the preceding year, with a reduction of 14.13%. The lesser profit is mainly due to lower revenue recognised in the current quarter, but other income recognised has improved the bottom line.

B2. Comparison with Preceding Quarter

The Group's revenue for the quarter ended 31 December 2014 has decreased by RM9.56 million to RM16.93 million, as compared to the preceding quarter of RM26.49 million, which represents a drop of 36.1%, mainly due to lesser revenue being recognised from new projects.

The Group's net profit before tax of RM0.77 million for the quarter has improved from a net profit before tax of RM0.18 million from the preceding quarter, an increase of 427%. The improvement is mainly due to other income recognised in the current quarter.

B3. Prospects

The robust construction sector in Malaysia has provided a positive outlook for the Group in the mechanical and electrical services sector. The Group remains cautiously optimistic in turning around and achieving better performance in the current financial year. The Group is looking at strengthening its financial position to overcome its present financial predicament and to enable the Group to participate more effectively in the mechanical and electrical services sector.

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 31/12/2014 RM'000	Preceding 31/12/2013 RM'000	Current 31/12/2014 RM'000	Preceding 31/12/2013 RM'000
Tax expense for the period	-	-	(75)	(18)
Deferred taxation	(266)	(225)	(266)	(468)
	<u>(266)</u>	<u>(225)</u>	<u>(341)</u>	<u>(486)</u>

B6. Group's Borrowings and Debt Securities

Total Group's borrowings as at 31 December 2014 are as follows :

	Short Term	Long Term	Total
	RM'000	RM'000	RM'000
Secured	31,576	9,659	41,235
Unsecured	-	-	-
Total Group's borrowings	<u>31,576</u>	<u>9,659</u>	<u>41,235</u>

B7. Status of Corporate Exercises

The status of the three 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 has been completed following the full settlement of the Balance Purchase Price in accordance with the conditions of the Sale and Purchase Agreement on 24 December 2014.

- iii) The Company had, on 11 November 2014, proposed to undertake a private placement of up to 96,750,000 new ordinary shares of RM0.10 each in YFG ("YFG Shares"), representing up to approximately 10% of the issued and paid-up share capital of YFG (excluding treasury shares, if any), based on a shareholders' mandate procured pursuant to Section 132D of the Companies Act, 1965 ("Proposed Private Placement"). The Company has submitted its listing application to Bursa Malaysia Securities Berhad ("Bursa") in relation to the Proposed Private Placement on 21 November 2014.
- The Proposed Private Placement is pending Bursa's approval.

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 update 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.

KLS's Notice of Motion for Extension of Time to file the Notice of Appeal against the decision of the High Court was dismissed with no orders as to cost on 16 January 2015.

ii) **YFG Trolka Sdn Bhd ("YFGT") vs Palikota Sdn Bhd ("Palikota")**

YFGT has on 19 November 2014 received a Notice of Termination from Palikota, to terminate a contract that awarded to YFGT on 1 August 2013 for the Construction and Completion of the Proposed Commercial and 27-Storey Waterfront Condominium Development known as Jesselton Residences Waterfront (Main Contract Works Phase 2) on T.L. 017538788 at Jalan Haji Saman in Kota Kinabalu, Sabah ("the Project").

Palikota has on the same day served a separate notice to YFGT's banker, United Overseas Bank (Malaysia) Berhad ("the Bank") to call upon the performance bond of RM12.795 million.

YFGT has on 24 November 2014 written to Palikota argued that it was an invalid notice of termination and will treat it as repudiation of contract and accepted the repudiation and be excused from further performance and will sue Palikota for damages for breach. YFGT has on the same day through its lawyers, Messrs Liza Chan & Co. filed in the application for an ex parte interim injunction pursuant to Order 29 Rules of Court 2012 at Kuala Lumpur High Court, to injunct Palikota from calling on the performance bond.

The Kuala Lumpur High Court : 22C-66-11/2014 has on 25 November 2014 granted an injunction against Palikota, to restrain it from calling on the aforesaid performance bond issued by the Bank pursuant to the Letter of Award dated 1 August 2013, until YFGT's claim is heard and disposed by the Court. The Court has fixed the hearing date for inter-parte injunction on 5 January 2015. However, Palikota had on 19 December 2014 applied to transfer proceedings to Kota Kinabalu High Court. The Court had on 22 December 2014 ordered the action is transferred from the Kuala Lumpur High Court to the High Court of Sabah and Sarawak at Kota Kinabalu, the ad interim injunction dated 9 December 2014 is to endure (extended) until YFGT's application for injunction is heard inter partes or until such further order or directions as may be made by the High Court of Sabah and Sarawak at Kota Kinabalu and the hearing of YFGT's application for injunction inter partes fixed for 5 January 2015 is vacated.

The Kota Kinabalu High Court has on 20 January 2015 ordered:- a) Palikota is to file its supplementary affidavit by 2 February 2015; b) YFGT to file its reply to Palikota's affidavits by 16 February 2015; c) the electronic review by the Court on 18 February 2015 and the inter-parte hearing date will be fixed by the Court then.

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 31/12/2014	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/12/2013	CURRENT YEAR TO DATE ENDED 31/12/2014	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/12/2013
Profit attributable to owners of the parent company (RM'000)	518	674	630	1,438
Number of ordinary shares ('000)	609,070	609,070	609,070	609,070
Basic earnings per share (sen)	0.09	0.11	0.10	0.24

(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 been reduced to RM162.59 million compared 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 31/12/2014 (Unaudited) RM '000	AS AT 30/6/2014 (Audited) RM '000
Realised	(40,362)	(41,257)
Unrealised	2,289	2,555
Total	(38,073)	(38,702)