



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 NINE MONTHS ENDED 31 MARCH 2015

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31/03/2015 RM '000	31/03/2014 RM '000	31/03/2015 RM '000	31/03/2014 RM '000
Revenue	A9	11,144	38,089	54,559	121,793
Cost of sales		(9,909)	(37,505)	(49,378)	(115,799)
Gross profit		1,235	584	5,181	5,994
Other income		384	1,759	1,569	1,823
Finance Income		9	26	60	98
Gain on disposal of investment property and PPE		-	-	-	16
Bad debts recovery		166	0	166	0
Administrative expenses		(986)	(1,790)	(4,606)	(5,237)
Depreciation of property, plant and equipment and investm		(148)	(64)	(418)	(185)
Over provision for doubtful debts		-	134	-	134
Provision for doubtful debts		-	-	-	-
Bad debts written off		-	-	-	-
Other expenses		(14)	-	(29)	(2)
Finance costs		(277)	(13)	(596)	(80)
Profit before taxation		369	636	1,327	2,561
Taxation	B5	99	(427)	(242)	(913)
Profit for the period representing total comprehensive income for the period		468	209	1,085	1,648
Profit and total comprehensive income for the period attributable to:					
Owners of the Company		468	209	1,097	1,648
Non controlling interest		-	-	(12)	-
		468	209	1,085	1,648
Basic earnings per share attributable to equity holders of the Company					
Basic (sen)	B10	0.08	0.03	0.18	0.27

The financial year end of the Group and the Company have been changed from 30 June to 30 September to cover the 15-months period from 1 July 2014 to 30 September 2015 and thereafter, to end on 30 September each year.

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 MARCH 2015

	AS AT 31/03/2015 (Unaudited) RM '000	AS AT 30/06/2014 (Audited) RM '000
Non-Current Assets		
Property, plant and equipment	16,859	16,310
Investment properties	1,947	2,225
Investment in associated companies	1,384	1,384
Deferred tax assets	2,336	2,555
	22,526	22,474
Current Assets		
Trade receivables	35,119	17,011
Retention sum	23,924	23,963
Amount due from customer for contract works	56,898	52,477
Other receivables, deposits and prepayments	19,048	10,274
Tax recoverable	122	5
Deposits with licensed banks	65	3,351
Cash and bank balances	352	2,695
	135,528	109,776
Assets held for sale	-	405
Total Current Assets	135,528	110,181
TOTAL ASSETS	158,054	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	(37,605)	(38,702)
Equity attributable to equity holders of the company	26,426	24,901
Non controlling interest	(121)	(109)
Total Equity	26,305	24,792
Non-Current Liabilities		
Long term borrowings	9,008	-
Hire purchase payables	469	448
	9,477	448
Current Liabilities		
Trade payables	81,438	64,756
Other payables and accruals	18,323	12,557
Hire purchase payables	609	272
Short term borrowings	18,413	23,867
Bank overdrafts	3,506	5,959
Provision for taxation	(17)	4
	122,272	107,415
Total Liabilities	131,749	107,863
TOTAL EQUITY AND LIABILITIES	158,054	132,655
	0.0434 **	0.0409 **

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

The financial year end of the Group and the Company have been changed from 30 June to 30 September to cover the 15-months period from 1 July 2014 to 30 September 2015 and thereafter, to end on 30 September each year.

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 MARCH 2015**

	Financial Year ended 31/03/2015 RM'000	Financial Year ended 31/03/2014 RM'000
Cash Flows From Operating Activities		
Profit before tax	1,327	2,561
Adjustments for :-		
Depreciation of property, plant and equipment and investment properties	380	185
Gain on Disposal of sub-subsidiary company	-	(800)
Share-based payments	428	643
Finance costs	597	80
Finance income	(60)	(98)
Gain on disposal of investment property and PPE	-	(16)
Operating profit before changes in working capital	2,672	2,555
Changes in working capital		
Net Changes in current assets	(31,265)	(16,035)
Net Changes in current liabilities	22,448	(4,165)
Cash used in operations	(6,145)	(17,645)
Tax paid	(160)	(21)
Net cash used in operating activities	(6,305)	(17,666)
Cash Flows From Investing Activities		
Provision for doubtful debts	-	-
Proceeds from disposal of property, plant and equipment	405	24
Proceeds from disposal of sub-subsidiary company	-	4,800
(Pledged) / Withdrawal of fixed deposits with licensed banks	3,286	1,922
Interest from deposit with licensed banks received	60	98
Purchase of property, plant and equipment	(652)	(3,577)
Net cash used in investing activities	3,099	3,267
Cash Flows For Financing Activities		
Interest paid	(596)	(80)
Drawdown / (Repayment) of hire purchase payables	357	65
Drawdown of term loans and other bank borrowings	3,554	13,723
Net cash from financing activities	3,315	13,708
Net (decrease)/increase in cash and cash equivalents	109	(691)
Cash and cash equivalents as at beginning of period	(3,263)	1,503
Cash and cash equivalents as at period ended	(3,154)	812

Cash and cash equivalents as at period ended comprise the following:

Cash and bank balances	352	2,070
Placement of fixed deposits with licensed banks	65	3,326
Short term deposits with licensed banks	-	-
Bank overdrafts	(3,506)	(1,258)
The financial year end of the Group and the Company have been changed from 30 June to 30 September	(3,089)	4,138
Less : Fixed deposits pledged with a licensed bank	(65)	(3,326)
	(3,154)	812

The financial year end of the Group and the Company have been changed from 30 June to 30 September to cover the 15-months period from 1 July 2014 to 30 September 2015 and thereafter, to end on 30 September each year.

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



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 31 MARCH 2015

	← 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	-	-	-	-	1,097	1,097	(12)	1,085
Share-based payments	-	-	428	-	-	428	-	428
Balance as at 31 March 2015	54,473	8,070	1,285	203	(37,605)	26,426	(121)	26,305
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	-	-	-	-	1,648	1,648	-	1,648
Share-based payments	-	-	643	-	-	643	-	643
Balance as at 31 March 2014	54,473	8,070	643	203	(22,636)	40,753	(103)	40,650

The financial year end of the Group and the Company have been changed from 30 June to 30 September to cover the 15-months period from 1 July 2014 to 30 September 2015 and thereafter, to end on 30 September each year.

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 NINE MONTHS ENDED 31 MARCH 2015**

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	RM13,504,966
Customer B	RM10,692,699
Customer C	RM10,565,566
Customer D	RM5,000,000
Customer E	RM4,776,519

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.

months

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 RM11.14 million, a 70.7% drop over the corresponding quarter of the preceding year. This is mainly due to lesser projects being recognised in the current quarter.

As a result, profit before tax of RM0.37 million for the current quarter is lower compared to RM0.64 million of the corresponding quarter of the preceding year, with a reduction of 42%. The lesser profit is also due to higher financing cost incurred in the current quarter.

B2. Comparison with Preceding Quarter

The Group's revenue for the quarter ended 31 March 2015 has decreased by RM5.79 million to RM11.14 million, as compared to the preceding quarter of RM16.93 million, which represents a drop of 34.2%, mainly due to lesser revenue being recognised from existing projects.

The Group's profit before tax of RM0.37 million for the current quarter was lower by RM0.40 million over the preceding quarter of RM0.77 million, mainly due to decrease in the current quarter revenue.

B3. Prospects

The robust construction sector in Malaysia remains positive for the Group. The Group remains cautiously optimistic in turning around and achieving better performance in the current financial year. The Group is in the midst of 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 31/03/2015 RM'000	Preceding 31/03/2014 RM'000	Current 31/03/2015 RM'000	Preceding 31/03/2014 RM'000
Tax expense for the period	52	(8)	(22)	(26)
Deferred taxation	47	(419)	(220)	(887)
	99	(427)	(242)	(913)

B6. Group's Borrowings and Debt Securities

Total Group's borrowings as at 31 March 2015 are as follows :

	Short Term	Long Term	Total
	RM'000	RM'000	RM'000
Secured	22,528	9,477	32,005
Unsecured	-	-	-
Total Group's borrowings	22,528	9,477	32,005

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 expect to complete at last quarter of 2016.
- ii) 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.

Bursa Securities had, *vide* its letter dated 10 April 2015, approved the listing and quotation of up to 96,750,000 Placement Shares to be issued pursuant to the Proposed Private Placement subject to the following conditions :-

(i) the Company and KAF Investment Bank Berhad ("KAF") must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Private Placement; (ii) the Company and KAF to inform Bursa Securities upon the completion of the Proposed Private Placement; and (iii) the Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed.

- iii) The Company has on 2 March 2015 via its wholly owned subsidiary, YFG Properties Sdn Bhd undertakes to dispose a parcel of freehold land held under Geran 204616, Lot 78650, Mukim of Damansara, District of Petaling, State of Selangor Darul Ehsan together with a three (3)-storey office building with an annexed single storey warehouse erected thereon to Rangkaian Handal Sdn Bhd for a cash consideration of RM17,600,000 ("The Proposed Disposal"). The Proposed Disposal is pending on the approvals of the relevant authorities and shareholders of the Company.
- iv) The Company has on 13 April 2015 undertakes the proposed reduction of its issued and paid-up share capital pursuant to Section 64 of the Companies Act, 1965, involving the cancellation of RM0.08 of the par value of every existing ordinary share of RM0.10 each in the Company; and (ii) proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the Proposed Par Value Reduction ("the Proposals"). The Proposals are pending on the approvals of relevant authorities and shareholders of the Company.

B8. Changes in Material Litigation

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

i) **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 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 at Kuala Lumpur High Court, to injunct Palikota from calling on the performance bond.

YFGT has on 25 November 2014 obtained an injunction against Palikota, to restrain it from calling on the aforesaid performance bond, until YFGT's claim is heard and disposed by the Court. Palikota had on 19 December 2014 applied to transfer proceedings to Kota Kinabalu High Court, the Kuala Lumpur High Court had on 22 December 2014 ordered the action to be transferred to the High Court of Sabah and Sarawak at Kota Kinabalu, the ad interim injunction dated 9 December 2014 is to endure until YFGT's application for injunction is heard inter partes by the High Court of Sabah and Sarawak at Kota Kinabalu.

The Kota Kinabalu High Court has on 3 March 2015, granted the interlocutory injunction (inter parte) applied by the Company, to restrain Palikota from calling on and/or receiving the monies guaranteed for the sum of RM12,795,000 under the Performance Bond dated 9 January 2014 with cost in the cause, the case should proceed to trial eventually.

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 31/03/2015	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/03/2014	CURRENT YEAR TO DATE ENDED 31/03/2015	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/03/2014
Profit attributable to owners of the parent company (RM'000)	468	209	1,097	1,648
Number of ordinary shares ('000)	609,070	609,070	609,070	609,070
Basic earnings per share (sen)	0.08	0.03	0.18	0.27

(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 maintained at RM162.59 million compared preceding quarter.

B12. Realised and Unrealised Profits/Losses Disclosure

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

	AS AT 31/03/2015 (Unaudited) RM '000	AS AT 30/06/2014 (Audited) RM '000
Realised	(39,941)	(41,257)
Unrealised	2,336	2,555
Total	(37,605)	(38,702)