



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 31 DECEMBER 2015

	Note	INDIVIDUAL QUARTER		CUMULATIVE 3 MONTHS ENDED	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31/12/2015 RM '000	31/12/2014 RM '000	31/12/2015 RM '000	31/12/2014 RM '000
Revenue	A9	7,723	16,926	7,723	16,926
Cost of sales		(7,982)	(14,638)	(7,982)	(14,638)
Gross profit		(259)	2,288	(259)	2,288
Other income		14	862	14	862
Finance Income		1	26	1	26
Gain on disposal of investment property and PPE		-	-	-	-
Bad debts recovery		-	-	-	-
Administrative expenses		(1,368)	(2,101)	(1,368)	(2,101)
Depreciation of property, plant and equipment and investr		(87)	(134)	(87)	(134)
Provision for doubtful debts		-	-	-	-
Bad debts written off		-	-	-	-
Other expenses		-	(12)	-	(12)
Finance costs		(410)	(157)	(410)	(157)
Share of loss of associated companies		-	-	-	-
Profit before taxation		(2,108)	772	(2,108)	772
Taxation	B5	(30)	(266)	(30)	(266)
Profit for the period representing total comprehensive income for the period		(2,138)	506	(2,138)	506
Profit and total comprehensive income for the period attributable to:					
Owners of the Company		(2,138)	518	(2,138)	518
Non controlling interest		-	(12)	-	(12)
		(2,138)	506	(2,138)	506
Basic earnings per share attributable to equity holders of the Company					
Basic (sen)	B10	(0.35)	0.09	(0.35)	0.09

The Group has changed its financial year-end from 30 June to 30 September. Comparatives for cumulative quarters consist of 3 months results beginning 1 October 2014 to 31 December 2014.

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 September 2015



YFG BERHAD (499758-W)
INTERIM FINANCIAL STATEMENTS
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	AS AT 31/12/2015 (Unaudited) RM '000	AS AT 30/09/2015 (Audited) RM '000
Non-Current Assets		
Property, plant and equipment	2,084	2,218
Investment properties	394	394
Investment in associated companies	1,343	1,343
Deferred tax assets	-	-
	3,821	3,955
Current Assets		
Inventories	5	-
Trade receivables	17,630	29,293
Retention sum	23,416	22,818
Amount due from customer for contract works	10,226	8,726
Other receivables, deposits and prepayments	5,193	5,062
Tax recoverable	34	62
Deposits with licensed banks	66	66
Cash and bank balances	83	461
	56,653	66,488
Assets held for sale	14,520	14,520
Total Current Assets	71,173	81,008
TOTAL ASSETS	74,994	84,963
EQUITY AND LIABILITIES		
Share capital	54,473	54,473
Reserve		
Translation reserve	201	197
Warrant reserve	8,070	8,070
Accumulated losses	(86,035)	(83,897)
Equity attributable to equity holders of the company	(23,291)	(21,157)
Non controlling interest	(124)	(124)
Total Equity	(23,415)	(21,280)
Non-Current Liabilities		
Long term borrowings	9,041	8,905
Hire purchase payables	144	144
	9,185	9,049
Current Liabilities		
Trade payables	48,493	57,320
Other payables and accruals	18,847	18,124
Hire purchase payables	629	504
Short term borrowings	18,188	18,188
GST Output Tax	42	-
Bank overdrafts	3,006	3,058
Provision for taxation	19	-
	89,224	97,194
Total Liabilities	98,409	106,243
TOTAL EQUITY AND LIABILITIES	74,994	84,963
	-0.0382 **	-0.0347 **

** 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 September 2015



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 2015

	Financial Year ended 31/12/2015 RM'000	Financial Year ended (audited) 30/09/2015 RM'000
Cash Flows From Operating Activities		
Profit before tax	(2,108)	(43,599)
Adjustments for :-		
Depreciation of property, plant and equipment and investment properties	152	884
Impairment loss	-	39,223
GST Output / (Input)	(244)	-
Share of loss of associated company	-	41
Unrealised forex gain/(loss)	4	-
Finance costs	410	1,113
Finance income	1	(61)
Gain on disposal of investment property and PPE	-	(542)
Operating profit before changes in working capital	(1,786)	(2,941)
Changes in working capital		
Net Changes in Inventories	(5)	-
Net Changes in current assets	8,986	(690)
Net Changes in current liabilities	(7,438)	(2,581)
Cash used in operations	(243)	(6,212)
Tax paid	18	27
Net cash used in operating activities	(225)	(6,185)
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	-	2,790
(Pledged) / Withdrawal of fixed deposits with licensed banks	(1)	3,285
Interest from deposit with licensed banks received	1	61
Purchase of property, plant and equipment	(9)	(712)
Net cash used in investing activities	(9)	5,424
Cash Flows For Financing Activities		
Interest paid	(410)	(1,113)
Drawdown / (Repayment) of hire purchase payables	181	(686)
Drawdown of term loans and other bank borrowings	136	3,226
Net cash from financing activities	(93)	1,427
Net (decrease)/increase in cash and cash equivalents	(327)	666
Cash and cash equivalents as at beginning of period	(2,597)	(3,263)
Cash and cash equivalents as at period ended	(2,923)	(2,597)
Cash and cash equivalents as at period ended comprise the following:		
Cash and bank balances	83	461
Placement of fixed deposits with licensed banks	66	66
Bank overdrafts	(3,006)	(3,058)
The financial year end of the Group and the Company have been changed from 30 June to 30 September 2015	(2,857)	(2,531)
Less : Fixed deposits pledged with a licensed bank	(66)	(66)
	(2,923)	(2,597)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 September 2015.



YFG BERHAD (499758-W)
INTERIM FINANCIAL STATEMENTS
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 DECEMBER 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 Oct 2015	54,473	8,070	-	197	(83,897)	(21,157)	(124)	(21,280)
Profit for the period, representing total comprehensive expense for the period	-	-	-	4	(2,138)	(2,134)	2	(2,132)
Share-based payments	-	-	-	-	-	-	-	-
Balance as at 31 Dec 2015	54,473	8,070	-	201	(86,035)	(23,291)	(122)	(23,413)
Balance as at 1 July 2014	54,473	8,070	857	202	(38,701)	24,901	(110)	24,791
Profit for the period, representing total comprehensive income for the period	-	-	-	(5)	(46,053)	(46,058)	(14)	(46,072)
Share-based payments	-	-	(857)	-	857	(0)	-	(0)
Balance as at 30 Sep 2015	54,473	8,070	(0)	197	(83,897)	(21,157)	(124)	(21,280)

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 September 2015

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THREE MONTHS ENDED 31 DECEMBER 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 September 2015. 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 September 2015.

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 September 2015. The Group has also adopted the following accounting standards and amendments which are effective for annual periods beginning on or after 1 October, 2015:

- 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 September 2015 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.

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	RM2,117,027
Customer B	RM1,535,719
Customer C	RM1,148,489

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 September 2015.

A14. Capital Expenditure

There was no outstanding capital commitment at the end of the current quarter under review

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 RM7.72 million, a 46% drop over the corresponding quarter of the preceding year. The lower revenue was primarily due to lesser revenue recognition on current projects and lower revenue on soon to be completed projects.

The Group incurred a gross loss of RM0.27 million due to recognition of material cost amounting to RM0.73 million on old projects. The administrative expenses reduced by RM0.73 million as compared to corresponding period as a result of cost cutting measures and reduced head count. The Group suffered a loss before tax of RM2.1 million for the quarter mainly due to lower revenue.

B2. Comparison with Preceding Quarter

The Group's revenue was RM7.7 million as compared to RM7.3 million reported in the immediate preceding quarter, representing a 5.7% increase, due to higher revenue recognised on current projects.

Loss before tax of RM2.1 million was reported compared to Loss before tax of RM43.9 million in the immediate preceding quarter. The preceding quarter's losses were primarily due to the impairment of Amount Due From Contract Customers on terminated projects and projects under adjudication and legal proceedings.

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 31/12/2015 RM'000	Preceding 31/12/2014 RM'000	Current 31/12/2015 RM'000	Preceding 31/12/2014 RM'000
Tax expense for the period	(30)	-	(30)	-
Deferred taxation	-	(266)	-	(266)
	(30)	(266)	(30)	(266)

B6. Group's Borrowings and Debt Securities

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

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	21,823	9,185	31,008
Unsecured	-	-	-
Total Group's borrowings	21,823	9,185	31,008

B7. Status of Corporate Exercises

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

- i) 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.

The Company has on 9 October 2015 through its adviser, KAF Investment Bank Berhad announced that the approval granted by Bursa Securities for the implementation of the Proposed Private Placement has lapsed on 9 October 2015. In view that the Company was not able to secure any placee for the Proposed Private Placement prior the expiry of Bursa Securities' approval, the Company has decided not to proceed with the Proposed Private Placement, and accordingly it has lapsed on 9 October 2015.

- ii) 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 has been approved by the shareholders at the EGM held on 17 June 2015. However, the land is charged to Hong Leong Bank Berhad for banking facilities granted to YFGE and YFGP and both YFGE and YFGP have defaulted in the repayment of the banking facilities and the status is disclosed in B8.ii. Changes in Material Litigation. As such the completion of the disposal is pending resolution of the banking facilities repayment.
- iii) The Company has on 13 April 2015 proposed the 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"). However, the Company had on 5 February 2016 announced that further to the first announcement made on 22 September 2015 in relation to the Company being classified as a PN17 Issuer, the Company is currently looking into formulating a plan to regularise its financial condition ("Regularisation Plan"). Hence, the Company will not proceed further with the Proposals but focus on formulating and finalising the Regularisation Plan.

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")**

During the case management held on 24 February 2016, YFGT have informed the Court that YFGT is presently proposing a scheme of arrangement with its creditors under Section 176 of the Companies Act and a restraining order has been issued by the Shah Alam High Court on 19 January 2016. Hence, the counter claim by Palikota could not proceed and the suit is adjourned until the restraining order is lifted. The Court has set 14 June 2016 for e-review.

ii) **Hong Leong Bank Berhad ("HLBB") vs YFG Engineering Sdn Bhd ("YFGE") and YFG Properties Sdn Bhd ("YFGP")**

YFGE had defaulted in the repayment of the overdraft interest on 31 October 2015. YFGE had received a notice of demand dated 3 November 2015 from HLBB on 4 November 2015, filed through their solicitors, Messrs Shook Lin & Bok, to demand the outstanding balance of RM1,008,208.27 in connection with the overdraft facilities granted to YFGE. YFGP had defaulted in the repayment of the term loan interest on 30 September 2015 and 31 October 2015. YFGP had received a notice of demand dated 3 November 2015 from HLBB on 4 November 2015, filed through their solicitors to demand the outstanding balance of RM8,914,520.82 in connection with the fixed term loan granted to YFGP totaling RM9 million on financing the purchase of a piece of land held under Geran No. 204616, Lot No. 78650, Mukim Damansara, District of Petaling together with a custom built single storey detached warehouse factory annexed with a three storey office ("Property"). Due to financial constraints, both YFGE and YFGP are not able to meet its obligations to repay HLBB and therefore had defaulted in interest and principal payments to HLBB. YFGE and YFGP are in negotiations with HLBB for a mutually acceptable settlement proposal.

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 31/12/2015	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/12/2014	CURRENT YEAR TO DATE ENDED 31/12/2015	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/12/2014
Profit attributable to owners of the parent company (RM'000)	(2,138)	518	(2,138)	518
Number of ordinary shares ('000)	609,070	609,070	609,070	609,070
Basic earnings per share (sen)	(0.35)	0.09	(0.35)	0.09

(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 31/12/2015 (Unaudited) RM '000	AS AT 30/06/2014 (Audited) RM '000
Realised	(86,035)	(86,452)
Unrealised	-	2,555
Total	(86,035)	(83,897)