



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 30 JUNE 2016

	Note	INDIVIDUAL QUARTER		CUMULATIVE 9 MONTHS ENDED	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		30/06/2016 RM '000	30/06/2015 RM '000	30/06/2016 RM '000	30/06/2015 RM '000
Revenue	A9	20,178	9,036	47,680	37,106
Cost of sales		(18,465)	(8,109)	(45,566)	(32,656)
Gross profit		1,713	927	2,114	4,450
Other income		-	598	338	1,844
Finance Income		-	1	1	36
Gain/(loss) on disposal of investment property and PPE		-	61	(8)	61
Bad debts recovery		-	-	-	166
Administrative expenses		(527)	(1,319)	(3,056)	(4,406)
Reversal of provision for bonus		-	-	1,718	-
Depreciation of property, plant and equipment and investm		(85)	(134)	(261)	(416)
Provision for doubtful debts		43	-	43	-
Bad debts written off		-	-	-	-
Other expenses		-	-	-	(26)
Finance costs		(135)	(275)	(843)	(709)
Share of loss of associated companies		-	-	-	-
Profit before taxation		1,009	(141)	46	1,000
Taxation	B5	-	2	(30)	(165)
Profit for the period representing total comprehensive income for the period		1,009	(139)	16	835
Profit and total comprehensive income for the period attributable to:					
Owners of the Company		1,009	(139)	16	847
Non controlling interest		-	-	-	(12)
		1,009	(139)	16	835
Basic earnings per share attributable to equity holders of the Company					
Basic (sen)	B10	0.17	(0.02)	0.00	0.14

The Group has changed its financial year-end from 30 June 2015 to 30 September 2015. Comparatives for cumulative quarters consist of 9 month results beginning 1 October 2014 to 30 June 2015.

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



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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2016

	AS AT 30/06/2016 (Unaudited) RM '000	AS AT 30/09/2015 (Audited) RM '000
Non-Current Assets		
Property, plant and equipment	1,956	2,218
Investment properties	-	394
Investment in associated companies	1,343	1,343
Deferred tax assets	-	-
	3,299	3,955
Current Assets		
Inventories	9	-
Trade receivables	21,400	29,293
Retention sum	25,602	22,818
Amount due from customer for contract works	10,634	8,726
Other receivables, deposits and prepayments	4,147	5,062
Tax recoverable	47	62
Deposits with licensed banks	-	66
GST Input Tax	246	-
Cash and bank balances	82	461
	62,167	66,488
Assets held for sale	14,520	14,520
Total Current Assets	76,687	81,008
TOTAL ASSETS	79,986	84,963
EQUITY AND LIABILITIES		
Share capital	60,907	54,473
Share premium	1,636	-
Reserve		
Translation reserve	198	197
Warrant reserve		8,070
Accumulated losses	(83,881)	(83,897)
Equity attributable to equity holders of the company	(21,140)	(21,157)
Non controlling interest	(124)	(124)
Total Equity	(21,264)	(21,281)
Non-Current Liabilities		
Hire purchase payables	145	145
	145	145
Current Liabilities		
Trade payables	54,065	57,320
Other payables and accruals	16,571	18,124
Hire purchase payables	64	504
Short term borrowings	27,418	27,093
GST Output Tax	-	-
Bank overdrafts	2,987	3,058
	101,105	106,099
Total Liabilities	101,250	106,244
TOTAL EQUITY AND LIABILITIES	79,986	84,963
Net assets per share attributable to ordinary equity holders of the parent (RM)	-0.0347 **	-0.0347 **

** The total issued and paid up share capital is 609,075,997 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 financial period ended 30 September 2015



YFG BERHAD (499758-W)

INTERIM FINANCIAL STATEMENTS

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS AS AT 30 JUNE 2016

	Financial Year ended 30/06/2016 RM'000	Financial Year ended (audited) 30/09/2015 RM'000
Cash Flows From Operating Activities		
Profit before tax	46	(43,599)
Adjustments for :-		
Depreciation of property, plant and equipment and investment properties	272	884
Impairment loss	-	39,223
GST Output / (Input)	(247)	-
Share of loss of associated company	-	41
Unrealised forex gain/(loss)	-	-
Finance costs	843	1,113
Finance income	1	(61)
Gain on disposal of investment property and PPE	-	(542)
Operating profit before changes in working capital	915	(2,941)
Changes in working capital		
Net Changes in Inventories	(9)	-
Net Changes in current assets	4,115	(690)
Net Changes in current liabilities	(4,414)	(2,581)
Cash used in operations	607	(6,212)
Tax paid	(14)	27
Net cash used in operating activities	593	(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	66	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	56	5,424
Cash Flows For Financing Activities		
Interest paid	(843)	(1,113)
Drawdown / (Repayment) of hire purchase payables	(440)	(686)
Drawdown of term loans and other bank borrowings	325	3,226
Net cash from financing activities	(958)	1,427
Net (decrease)/increase in cash and cash equivalents	(309)	666
Cash and cash equivalents as at beginning of period	(2,597)	(3,263)
Cash and cash equivalents as at period ended	(2,905)	(2,597)
Cash and cash equivalents as at period ended comprise the following:		
Cash and bank balances	82	461
Placement of fixed deposits with licensed banks	-	66
Bank overdrafts	(2,987)	(3,058)
The financial year end of the Group and the Company have been changed from 30 June to 30 September 2015	(2,905)	(2,531)
Less : Fixed deposits pledged with a licensed bank	0	(66)
	(2,905)	(2,597)

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



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 30 JUNE 2016

	← Attributable to Owners of the Company →						← Non-Distributable Reserves →		
	Share Capital RM'000	Share Premium 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 Oct 2015	54,473	-	8,070	-	197	(83,897)	(21,157)	(124)	(21,281)
Profit for the period, representing total comprehensive expense for the period	-	-	-	-	1	16	17	-	17
Warrant reserve	6,434	1,636	(8,070)	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2016	60,907	1,636	-	-	198	(83,881)	(21,140)	(124)	(21,264)
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	-	-	-
Balance as at 30 Sep 2015	54,473	-	8,070	-	197	(83,897)	(21,157)	(124)	(21,281)

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

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE NINE MONTHS ENDED 30 JUNE 2016**

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 period 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 period ended 30 September 2015.

A2. Significant Accounting Policies

The accounting policies and methods of computations used in the preparation of the financial statements are consistent with those adopted in the audited financial statements for the year ended 30 September 2015. During the financial period, the Group has adopted the following amendments to MFRSs by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current year financial period.

MFRS 14 Regulatory Deferral Accounts

- i) *Accounting for Acquisitions of Interests in Joint Operations* (Amendments to MFRS 11)
- ii) *Clarification of Acceptable Methods of Depreciation and Amortisation* (Amendments to MFRS 116 and MFRS 138)
- iii) *Agriculture: Bearer Plants* (Amendments to MFRS 116 and MFRS 141)
- iv) *Equity Method in Separate Financial Statements* (Amendments to MFRS 127)
- v) *Annual Improvements to MFRSs 2012–2014 Cycle*
- vi) *Investment Entities: Applying the Consolidation Exception* (Amendments to MFRS 10, MFRS 12 and MFRS 128)
- vii) *Disclosure Initiative* (Amendments to MFRS 101)

Adoption of above amendments to MFRSs did not have any significant impact on the financial statements of the Group.

Standards issued but not yet effective

At the date of authorisation of these interim financial statements, the Group has not adopted the following accounting standards that have been issued by the Malaysian Accounting Standards Board ("MASB"):

	Effective dates for financial periods beginning on or after
<i>Recognition of Deferred Tax Assets for Unrealised Losses</i> (Amendments to MFRS 112)	1-Jan-17
<i>Disclosure Initiative</i> (Amendments to MFRS 107)	1-Jan-17
<i>MFRS 15 Revenue from Contracts with Customers</i>	1-Jan-18
<i>MFRS 9 Financial Instruments</i>	1-Jan-18
<i>Clarification to IFRS 15 Revenue from Contracts with Customers</i>	1-Jan-18
<i>Classification and Measurement of Share-based Payment Transactions</i> (Amendments to MFRS 16 Leases)	1-Jan-18
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> (Amendments to MFRS 10 and MFRS 128)	1-Jan-19
	To be announced

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

The audit report of the Group's annual financial statements for the financial period 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	RM18,850,661
Customer B	RM7,266,183
Customer C	RM5,551,493
Customer D	RM5,465,885

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 higher revenue of RM20.18 million, a 123% increase over the corresponding quarter of the preceding year. The higher revenue was primarily due to more revenue recognition on current projects and more revenue on soon to be completed projects.

In line with the above, the Group recorded a profit of RM1.01 million.

B2. Comparison with Preceding Quarter

The Group's revenue was RM20.18 million as compared to RM19.78 million reported in the immediate preceding quarter, representing a 2% increase, due to higher revenue recognised on current projects and soon to be completed projects.

Profit before tax of current quarter and immediate preceding quarter are RM1.01 million and RM1.15 million respectively. The preceding quarter's higher profit before tax were primarily due to reversal of provision for bonus.

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 30/06/2016 RM'000	Preceding 30/06/2015 RM'000	Current 30/06/2016 RM'000	Preceding 30/06/2015 RM'000
Tax expense for the period	-	(2)	(30)	52
Deferred taxation	-	3	-	(218)
	-	1	(30)	(166)

B6. Group's Borrowings and Debt Securities

Total Group's borrowings as at 30 June 2016 are as follows :

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	21,267	9,832	31,099
Unsecured	-	-	-
Total Group's borrowings	21,267	9,832	31,099

B7. Status of Corporate Exercises

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

- i) 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.
- ii) 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")**
In view of YFGT is presently proposing a scheme of arrangement with its creditors under Section 176 of the Companies Act wherein the restraining order which was obtained on 19 April 2016 has expired on 18 July 2016 and YFG is in the midst of applying for the extension. The court then fixed a further e-review on 9 August 2016 to update the court on the next course of action if such order has been obtained from the relevant court.

- 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. YFGE had defaulted in the repayment of the term loan interest on 30 September 2015 and 31 October 2015. YFGE 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 YFGE totalling 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"). YFGE had on 21 March 2016 received a letter from Messrs Shook Lin & Bok, representing HLBB, serving the Originating Summons dated 16 March 2016 and one copy of Affidavit in Support filed at Shah Alam High Court. This matter has now been fixed for case management on 23 May 2016 at Shah Alam High Court. An announcement has been made on 26 April 2016. Due to financial constraints, both YFGE and YFGE are not able to meet its obligations to repay HLBB and therefore had defaulted in interest and principal payments to HLBB. YFGE and YFGE are in negotiations with HLBB for a mutually acceptable settlement proposal. The Purchaser's loan application has been approved and expect to complete the SPA by the end of this financial year.

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 30/06/2016	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30/06/2015	CURRENT YEAR TO DATE ENDED 30/06/2016	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30/06/2015
Profit attributable to owners of the parent company (RM'000)	1,009	(139)	16	847
Number of ordinary shares ('000)	609,076	609,070	609,076	609,070
Basic earnings per share (sen)	0.17	(0.02)	0.00	0.14

(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 30/06/2016 (Unaudited) RM '000	AS AT 30/9/2015 (Audited) RM '000
Realised	(83,881)	(83,896)
Unrealised	-	-
Total	(83,881)	(83,897)