



**INTERIM FINANCIAL STATEMENTS**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2016**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER ENDED	PRECEDING YEAR CORRESPONDING QUARTER ENDED	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD ENDED
		31/12/2016 RM'000	31/12/2015 RM'000	31/12/2016 RM'000	31/12/2015 RM'000
Revenue	<b>A9</b>	7,516	7,723	7,516	7,723
Cost of Sales		(13,217)	(7,982)	(13,217)	(7,982)
<b>Gross (Loss) / Profit</b>		<b>(5,701)</b>	<b>(259)</b>	<b>(5,701)</b>	<b>(259)</b>
Other Income		6	14	6	14
Finance Income		-	1	-	1
Administrative Expenses		(1,138)	(1,367)	(1,138)	(1,367)
Depreciation of Property, Plant and Equipment and Investment Property		(66)	(87)	(66)	(87)
Provision for Doubtful Debts		12	-	12	-
Other Expenses		-	-	-	-
Finance Costs		(514)	(410)	(514)	(410)
Share of Loss of Associated Companies		(5)	-	(5)	-
<b>Loss Before Taxation</b>		<b>(7,404)</b>	<b>(2,108)</b>	<b>(7,404)</b>	<b>(2,108)</b>
Taxation	<b>B5</b>	5	(30)	5	(30)
Loss for the Financial Period		(7,399)	(2,138)	(7,399)	(2,138)
<b>Other Comprehensive Income Items That Are or May be Reclassified Subsequently to Profit &amp; Loss</b>					
Exchange Translation for Foreign Operations		-	-	-	-
Total Comprehensive Loss for the Financial Period		(7,399)	(2,138)	(7,399)	(2,138)
<b>Total Comprehensive Loss for the Financial Period Attributable to:</b>					
Owners of the Company		(7,399)	(2,138)	(7,399)	(2,138)
Non-controlling Interest		-	-	-	-
		(7,399)	(2,138)	(7,399)	(2,138)
<b>Earnings Per Share Attributable to Equity Holders of the Company</b>					
Basic and Diluted (sen)	<b>B10</b>	(1.21)	(0.35)	(1.21)	(0.35)

*The above Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 September 2016 and the accompanying explanatory notes attached to this interim financial statements.*



## INTERIM FINANCIAL STATEMENTS

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	AS AT 31/12/2016 (UNAUDITED) RM'000	AS AT 30/09/2016 (AUDITED) RM'000
<b>Non-Current Assets</b>		
Property, Plant and Equipment	1,664	1,756
Investment in Associated Companies	1,308	1,313
	<u>2,972</u>	<u>3,069</u>
<b>Current Assets</b>		
Trade Receivables	12,961	13,751
Retention Sum	12,916	12,736
Amount Due From Customers for Contract Works	15,719	16,815
Other Receivables, Deposits and Prepayments	4,521	4,224
Tax Recoverable	83	74
Cash and Bank Balances	972	128
	<u>47,171</u>	<u>47,728</u>
<b>TOTAL ASSETS</b>	<u>50,144</u>	<u>50,797</u>
<b>EQUITY AND LIABILITIES</b>		
Share Capital	60,908	60,908
Reserves		
Translation Reserve	199	199
Accumulated Losses	(119,663)	(112,264)
<b>Equity Attributable to Equity Holders of the Company</b>	<u>(58,556)</u>	<u>(51,157)</u>
Non-controlling Interest	(125)	(125)
<b>Total Equity</b>	<u>(58,681)</u>	<u>(51,282)</u>
<b>Non-current Liabilities</b>		
Hire Purchase Payables	60	63
Deferred Tax Liabilities	101	101
	<u>161</u>	<u>164</u>
<b>Current Liabilities</b>		
Trade Payables	63,928	61,905
Amount Due To Customers for Contract Works	3,907	1,958
Other Payables and Accruals	20,400	16,950
Hire Purchase Payables	55	97
Bank Borrowings	19,843	20,474
Tax Payable	531	531
	<u>108,664</u>	<u>101,915</u>
<b>TOTAL LIABILITIES</b>	<u>108,825</u>	<u>102,079</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>50,144</u>	<u>50,797</u>
Net Assets Per Share Attributable to Ordinary Equity Holders of the Company (RM)	<u>(0.10)</u>	<u>(0.08)</u>

*The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 September 2016 and the accompanying explanatory notes attached to this interim financial statements.*



**YFG BERHAD (499758-W)**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016**

	←————— Attributable to Owners of the Company —————→						
	←————— Non-Distributable —————→			Distributable Reserve			
	Share Capital RM'000	Warrant Reserve RM'000	Translation Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
At 1 October 2016	60,908	-	199	(112,264)	(51,157)	(125)	<b>(51,282)</b>
Loss for the Financial Period	-	-	-	(7,399)	(7,399)	-	<b>(7,399)</b>
Total Comprehensive Income for the Financial Period	-	-	-	(7,399)	(7,399)	-	<b>(7,399)</b>
<b>At 31 December 2016</b>	<b>60,908</b>	<b>-</b>	<b>199</b>	<b>(119,663)</b>	<b>(58,556)</b>	<b>(125)</b>	<b>(58,681)</b>
At 1 October 2015	54,473	8,070	198	(83,897)	(21,156)	(124)	(21,280)
Loss for the Financial Year	-	-	-	(30,003)	(30,003)	(1)	(30,004)
Other Comprehensive Income	-	-	1	-	1	-	1
Total Comprehensive Loss for the Financial Period	-	-	1	(30,003)	(30,002)	(1)	(30,003)
Transactions with Owners:							
Exercise of Warrants	1	-	-	-	1	-	1
Expiry of Warrants	6,434	(8,070)	-	1,636	(0.700)	-	(1)
<b>At 30 September 2016</b>	<b>60,908</b>	<b>-</b>	<b>199</b>	<b>(112,264)</b>	<b>(51,157)</b>	<b>(125)</b>	<b>(51,282)</b>

*The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 September 2016 and the accompanying explanatory notes attached to this interim financial statements.*

**INTERIM FINANCIAL STATEMENTS**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016**

	<b>Financial Period Ended (Unaudited) 31/12/2016 RM'000</b>	<b>Financial Year Ended (Audited) 30/09/2016 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
<b>Loss Before Tax</b>	<b>(7,404)</b>	<b>(28,840)</b>
Adjustments for :-		
Depreciation of Property, Plant and Equipment (PPE) and Investment Properties	<b>66</b>	612
Impairment Losses	<b>(12)</b>	18,300
Share of Loss of Associated Companies	<b>5</b>	30
Finance Costs	<b>514</b>	4,399
Gain on Disposal of Investment Property and PPE, Non-current Assets Held for Sale	<b>-</b>	<b>(3,391)</b>
<b>Operating Loss Before Changes in Working Capital</b>	<b>(6,832)</b>	<b>(8,890)</b>
<b>Changes in Working Capital</b>		
Net Changes in Current Assets	<b>155</b>	1,323
Net Changes in Current Liabilities	<b>8,688</b>	4,120
<b>Cash From / (Used In) Operations</b>	<b>2,011</b>	<b>(3,447)</b>
Net Tax Paid	<b>(4)</b>	<b>(544)</b>
<b>Net Cash From / (Used In) Operating Activities</b>	<b>2,007</b>	<b>(3,991)</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds From Disposal of Investment Property, PPE, Non-current Assets Held for Sale	<b>26</b>	18,309
Withdrawal of Pledged Fixed Deposits with Licensed Banks	<b>-</b>	66
Purchase of Property, Plant and Equipment	<b>-</b>	<b>(153)</b>
<b>Net Cash From Investing Activities</b>	<b>26</b>	<b>18,222</b>
<b>Cash Flows For Financing Activities</b>		
Interest Paid	<b>(514)</b>	(4,399)
Repayment of Hire Purchase Payables	<b>(44)</b>	(488)
Repayment of Bank Borrowings	<b>(631)</b>	(8,905)
<b>Net Cash Used In Financing Activities</b>	<b>(1,190)</b>	<b>(13,792)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>844</b>	<b>439</b>
<b>Cash and Cash Equivalents at Beginning of Period / Year</b>	<b>(2,158)</b>	<b>(2,597)</b>
<b>Cash and Cash Equivalents at End of Period / Year</b>	<b>(1,314)</b>	<b>(2,158)</b>
	<b>(0)</b>	
<b>Cash and Cash Equivalents at End of Year / Period Comprised the Following:</b>		
Cash and Bank Balances	<b>972</b>	128
Bank Overdrafts	<b>(2,286)</b>	(2,286)
	<b>(1,314)</b>	<b>(2,158)</b>

*The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 September 2016 and the accompanying explanatory notes attached to this interim financial statements.*

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2016**

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**A1. Basis of Preparation**

The unaudited condensed consolidated 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.

This interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2016. These explanatory notes attached to the quarterly condensed financial statements 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 last financial year ended 30 September 2016.

**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 2016 except for the adoption of the following which are applicable to its financial statements and are relevant to its operations: -

i) Adoption of standards and interpretations

Description	Effective for annual periods beginnings on or after
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 107: Disclosure Initiative	1 January 2017

The adoption of the above MFRSs and interpretations do not have significant financial impact to the financial statements of the Group.

ii) Standards and Interpretations issued but not yet effective

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

Description	Effective dates for financial periods beginning on or after
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 9: Financial Instruments	1 January 2018
MFRS 2 Share-based Payment	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The adoption of these standards above will have no material impact on the financial statements in the year of initial adoption.

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

The audit report of the Group's annual financial statements for the financial year ended 30 September 2016 was not subject to any audit qualification.

**A4. Seasonal or Cyclical Factors**

There have 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 quarter.

**A8. Dividends Paid**

There were no dividends paid during the current quarter.

**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	RM6,401,643
- Customer B	RM2,858,221

**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 After the Interim Period**

There were no material events that occurred subsequent to the current quarter except as disclosed in note B7 (ii).

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

There were no changes 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 2016.

**A14. Capital Expenditure**

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

**A15. Significant Related Party Transactions**

	<b>Financial Period Ended 31/12/2016</b>	<b>Financial Period Ended 31/12/2015</b>
	RM'000	RM'000
With related companies:		
- Human resource consulting services	65	-
- Warehouse rental	24	-
	<u>65</u>	<u>-</u>

The directors are of the opinion that the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

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

### **B1. Review of Performance**

For the current quarter, the Group recorded a slightly lower revenue of RM7.52 million, a 2.7% decrease compared to the corresponding quarter in the preceding year of RM7.72 million. The slight drop in revenue was primarily due to lower progressive completion of current projects.

A significant higher loss after tax of RM7.40 million was recorded, primarily due to cost overrun from the existing ongoing projects compared to RM2.14 million loss in the corresponding quarter of the preceding year.

### **B2. Comparison with Preceding Quarter**

The Group recorded a revenue of RM7.52 million for the current quarter, a decrease of 48.5% compared to RM14.59 million recorded in the immediate preceding quarter. The decrease in revenue was due mainly to lower project revenue recognised.

A loss after tax of RM7.40 million was recorded for the current reporting quarter compared to a loss after tax of RM30.11 million posted in the immediate preceding quarter. The higher loss in the immediate preceding quarter was due mainly to impairment of receivables for the terminated projects.

### **B3. Prospects**

The business in construction industry remains challenging. However, the Group is taking the following measures and actions to aim to turnaround in the current financial year:-

- (a) Successfully complete the ongoing projects within schedule.
- (b) Timely completion of the regularisation plan.
- (c) Execute and deliver the sub-contracts works of RM245 million of the PR1MA houses as disclosed in Note B7 (ii).
- (d) Further enhance the order book.

### **B4. Profit Forecast / Profit Guarantee**

Not applicable as no profit forecast was announced during the current quarter.

### **B5. Taxation**

	Individual Quarter		Cumulative Quarter	
	Current 31/12/2016 RM'000	Preceding 31/12/2015 RM'000	Current 31/12/2016 RM'000	Preceding 31/12/2015 RM'000
Tax refund / (expense)	5	(30)	5	(30)

### **B6. Bank Borrowings and Debt Securities**

Total bank borrowings as at 31 December 2016 are as follows :

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	19,898	161	20,059

### **B7. Subsequent Events**

#### (i) Scheme of Arrangement with the Creditors

Pursuant to the Group's scheme of arrangement with the creditors under S176 of the Companies Act, 1965, an application to the Shah Alam High Court was submitted on 16 February 2017 for the Company and its subsidiaries, YFG Engineering Sdn Bhd and YFG Trolka Sdn Bhd to further extend the deadline of Restraining Order from 22 February 2017 for another 180 days.

The application for an extended deadline is to facilitate the Group to submit the required proposed regularisation plan to Bursa Malaysia Securities Berhad for its approval to regularise its financial condition in accordance with paragraph 8.04(3) of the Main Market Listing Requirements, on or before 20 April 2017.

#### (ii) Award of Sub-Contract Works

The Company had on 16 February 2017 accepted the award of sub-contract of RM245 million for the building and infrastructure works of PR1MA houses from Wearegold Sdn Bhd, in Pedas, Rembau, Negeri Sembilan.

**B8. Changes in Material Litigation**

The pending material litigations of the Group, since the last annual date of statement of financial position, consist of the following:-

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

YFGT is presently proposing a scheme of arrangement with its creditors under Section 176 of the Companies Act, 1965 wherein the restraining order was obtained. The Court had fixed the e-review on 23 February 2017. The lawyers have written to the Court for another e-review date in view of the application for an extended date for the Restraining Order.

**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 31/12/2016	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/12/2015	CURRENT FINANCIAL YEAR 31/12/2016	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/12/2015
Loss attributable to owners of the parent company (RM'000)	(7,399)	(2,138)	(7,399)	(2,138)
Number of ordinary shares ('000)	609,076	609,070	609,076	609,070
Basic earnings per share (sen)	<u>(1.21)</u>	<u>(0.35)</u>	<u>(1.21)</u>	<u>(0.35)</u>

**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**

The Corporate Guarantees issued in favour of financial institutions was RM35.3 million for the quarter under review.

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

Breakdown of accumulated losses into realised and unrealised profits or losses.

	AS AT 31/12/2016 (Unaudited) RM'000	AS AT 30/09/2016 (Audited) RM'000
Realised	(119,562)	(112,163)
Unrealised	(101)	(101)
Total	<u>(119,663)</u>	<u>(112,264)</u>