



INTERIM FINANCIAL STATEMENTS

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2017**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT	PRECEDING YEAR	PRECEDING YEAR	PRECEDING YEAR
		YEAR QUARTER ENDED 31/03/2017 RM'000	CORRESPONDING QUARTER ENDED 31/03/2016 RM'000	CURRENT YEAR TO DATE 31/03/2017 RM'000	CORRESPONDING PERIOD ENDED 31/03/2016 RM'000
Revenue	A9	10,052	19,779	17,568	27,502
Cost of Sales		(14,042)	(19,119)	(27,258)	(27,101)
Gross (Loss) / Profit		(3,990)	660	(9,690)	401
Other Income		25	324	31	339
Loss on Disposal of Investment Property and Property, Plant and Equipment		(267)	(8)	(267)	(8)
Administrative Expenses		(1,278)	(1,160)	(2,405)	(2,528)
Reversal of Provision for Bonus		-	1,718	-	1,718
Depreciation of Property, Plant and Equipment and Investment Property		(159)	(90)	(224)	(176)
Impairment of Receivables		(249)	-	(249)	-
Finance Costs		(630)	(298)	(1,144)	(708)
Share of Loss of Associated Companies		(17)	-	(22)	-
(Loss) / Profit Before Taxation		(6,565)	1,146	(13,971)	(962)
Taxation	B5	16	-	22	(30)
(Loss) / Profit After Taxation Representing Total Comprehensive (Loss) / Profit for the period		(6,549)	1,146	(13,949)	(992)
Total Comprehensive (Loss) / Profit Attributable to Equity Holders of the Company		(6,549)	1,146	(13,949)	(992)
(Loss) / Earnings Per Share					
Basic and Diluted (sen)	B10	(1.08)	0.19	(2.29)	(0.16)

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 MARCH 2017

	AS AT 31/03/2017 (UNAUDITED) RM'000	AS AT 30/09/2016 (AUDITED) RM'000
Non-Current Assets		
Property, Plant and Equipment	984	1,756
Investment in Associated Companies	1,291	1,313
	<u>2,275</u>	<u>3,069</u>
Current Assets		
Trade Receivables	21,272	13,751
Retention Sum	13,440	12,736
Amount Due From Customers for Contract Works	11,410	16,815
Other Receivables, Deposits and Prepayments	4,462	4,224
Tax Recoverable	25	74
Cash and Bank Balances	143	128
	<u>50,752</u>	<u>47,728</u>
TOTAL ASSETS	<u>53,027</u>	<u>50,797</u>
EQUITY AND LIABILITIES		
Share Capital	60,908	60,908
Reserves		
Translation Reserve	199	199
Accumulated Losses	(126,213)	(112,264)
Equity Attributable to Equity Holders of the Company	<u>(65,106)</u>	<u>(51,157)</u>
Non-controlling Interest	(125)	(125)
Total Equity	<u>(65,231)</u>	<u>(51,282)</u>
Non-current Liabilities		
Hire Purchase Payables	40	63
Deferred Tax Liabilities	101	101
	<u>141</u>	<u>164</u>
Current Liabilities		
Trade Payables	69,408	61,905
Amount Due To Customers for Contract Works	6,649	1,958
Other Payables and Accruals	21,623	16,950
Hire Purchase Payables	62	97
Bank Borrowings	19,843	20,474
Tax Payable	531	531
	<u>118,116</u>	<u>101,915</u>
TOTAL LIABILITIES	<u>118,257</u>	<u>102,079</u>
TOTAL EQUITY AND LIABILITIES	<u>53,027</u>	<u>50,797</u>
Net Assets Per Share Attributable to Ordinary Equity Holders of the Company (RM)	<u>(0.11)</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 MARCH 2017**

	←————— 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)	(51,282)
Loss/Total Comprehensive Loss for the Financial Period	-	-	-	(13,949)	(13,949)	-	(13,949)
At 31 March 2017 and Investment Property	60,908	-	199	(126,213)	(65,106)	(125)	(65,231)
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	-	-	-
At 30 September 2016	60,908	-	199	(112,264)	(51,157)	(125)	(51,282)

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 MARCH 2017

	Financial Period Ended (Unaudited) 31/03/2017 RM'000	Financial Year Ended (Audited) 30/09/2016 RM'000
Cash Flows From Operating Activities		
Loss Before Tax	(13,971)	(28,840)
Adjustments for :-		
Depreciation of Property, Plant and Equipment (PPE) and Investment Properties	224	612
Impairment of Receivables	249	18,300
Share of Loss of Associated Companies	22	30
Finance Costs	1,144	4,399
Loss / (Gain) on Disposal of Investment Property and PPE, Non-current Assets Held for Sale	267	(3,391)
Operating Loss Before Changes in Working Capital	(12,065)	(8,890)
Changes in Working Capital		
Net Changes in Current Assets	1,216	1,323
Net Changes in Current Liabilities	10,573	4,120
Cash Used In Operations	(276)	(3,447)
Net Tax Refund / (Paid)	70	(544)
Net Cash Used In Operating Activities	(206)	(3,991)
Cash Flows From Investing Activities		
Proceeds From Disposal of Investment Property, PPE, Non-current Assets Held for Sale	281	18,309
Withdrawal of Pledged Fixed Deposits with Licensed Banks	-	66
Purchase of Property, Plant and Equipment	-	(153)
Net Cash From Investing Activities	281	18,222
Cash Flows For Financing Activities		
Interest Paid	(3)	(4,399)
Repayment of Hire Purchase Payables	(57)	(488)
Repayment of Bank Borrowings	-	(8,905)
Net Cash Used In Financing Activities	(60)	(13,792)
Net Increase in Cash and Cash Equivalents	15	439
Cash and Cash Equivalents at Beginning of Period / Year	(2,158)	(2,597)
Cash and Cash Equivalents at End of Period / Year	(2,143)	(2,158)
Cash and Cash Equivalents at End of Period / Year Comprised the Following:		
Cash and Bank Balances	143	128
Bank Overdrafts	(2,286)	(2,286)
	(2,143)	(2,158)

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 SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2017**

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
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	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	RM7,894,366
- Customer B	RM5,723,020
- Customer C	RM3,539,008

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.

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

	Financial Period Ended 31/03/2017	Financial Period Ended 31/03/2016
	RM'000	RM'000
With related companies:		
- Human resource consulting services	65	-
- Warehouse rental	48	8

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 lower revenue of RM10.05 million, a 49.2% decrease compared to the corresponding quarter in the preceding year of RM19.78 million. The drop in revenue was primarily due to reduced revenue from the ongoing projects, which are progressing towards the scheduled end of contract.

A significant higher loss after tax of RM6.55 million was recorded, primarily due to cost overrun from the existing ongoing projects, compared to the profit of RM1.15 million recorded in the corresponding quarter of the preceding year.

Revenue for the financial period ended 31 March 2017 was RM17.57 million, a reduction of 36.1% compared to previous corresponding period of RM27.50 million. The lower revenue was attributed to the reduced revenue from the ongoing projects, which are progressing towards the scheduled end of contract.

A loss after tax of RM13.95 million was recorded for the financial period, compared to RM0.99 million in the corresponding period of the preceding year. The significant higher loss was attributed to cost overrun from the existing ongoing projects.

B2. Comparison with Preceding Quarter

The Group recorded a revenue of RM10.05 million for the current quarter, an increase of 33.7% compared to RM7.52 million recorded in the immediate preceding quarter. The increase was due mainly to higher progressive revenue recognised for the Mass Rapid Transit project.

Accordingly, a loss after tax of RM6.55 million was recorded for the current reporting quarter compared to loss after tax of RM7.40 million posted in the immediate preceding quarter.

B3. Prospects

The business in construction industry remains challenging. The Group is hopeful of enhancing its order book in the next few months.

B4. Profit Forecast / Profit Guarantee

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

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
Tax refund / (expense)	16	-	22	(30)

B6. Bank Borrowings and Debt Securities

Total bank borrowings as at 31 March 2017 are as follows :

	Short Term	Long Term	Total
	RM'000	RM'000	RM'000
Secured	19,905	40	19,945

B7. Subsequent Event

Proposed Regularisation Plan

The Group has been granted an extension of time from 20 April 2017 to up to 30 August 2017 by Bursa Malaysia Securities Berhad to submit the required proposed regularisation plan in accordance with paragraph 8.04(3) of the Main Market Listing Requirements.

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 which was subsequently postponed to 4 July 2017.

B9. Dividends

No interim dividend has been recommended for the current quarter under review.

B10. (Loss) / Earnings Per Share**i) Basic (loss) / earnings per share**

The calculation of basic (loss) / 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 as follows:

	CURRENT YEAR QUARTER ENDED 31/03/2017	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/03/2016	CURRENT FINANCIAL PERIOD 31/03/2017	PRECEDING YEAR CORRESPONDING PERIOD ENDED 31/03/2016
Loss attributable to owners of the parent company (RM'000)	(6,549)	1,146	(13,949)	(992)
Number of ordinary shares ('000)	609,076	609,070	609,076	609,070
Basic earnings per share (sen)	<u>(1.08)</u>	<u>0.19</u>	<u>(2.29)</u>	<u>(0.16)</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 RM35.1 million for the quarter under review.

B12. Realised and Unrealised Losses Disclosure

The breakdown of accumulated losses into realised and unrealised profits or losses is as follow:-

	As At 31/03/2017 (Unaudited) RM'000	As At 30/9/2016 (Audited) RM'000
Realised	(126,112)	(112,163)
Unrealised	(101)	(101)
Total	<u>(126,213)</u>	<u>(112,264)</u>