



INTERIM FINANCIAL STATEMENTS

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 SEPTEMBER 2018**

	Note	← INDIVIDUAL QUARTER →		← CUMULATIVE QUARTER →	
		CURRENT YEAR QUARTER ENDED 30/09/2018 UNAUDITED RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30/09/2017 UNAUDITED RM'000	CURRENT YEAR TO DATE 30/09/2018 UNAUDITED RM'000	PRECEDING YEAR CORRESPONDING YEAR ENDED 30/09/2017 AUDITED RM'000
Revenue	A9	1,324	20,084	4,563	49,385
Cost of Sales		(1,767)	(22,381)	(7,766)	(70,550)
Gross Loss		(443)	(2,297)	(3,203)	(21,165)
Other Income		8	255	8	309
Gain/(Loss) on Disposal of Property, Plant and Equipment		-	(12)	132	(279)
Administrative Expenses		(3,013)	(2,315)	(7,740)	(5,624)
Depreciation of Property, Plant and Equipment and Investment Property		7	(83)	(219)	(378)
Impairment/ (Reversal of Impairment) of Receivables and Amount Due From Contract Customers		(595)	(605)	(591)	356
Finance Costs		814	(763)	(1,332)	(2,555)
Share of Loss of Associated Companies		6	(16)	(33)	(53)
Loss Before Taxation		(3,216)	(5,836)	(12,978)	(29,389)
Taxation	B5	-	281	-	297
Net Loss/ Total Comprehensive Loss for the Financial Year		(3,216)	(5,555)	(12,978)	(29,092)
Other Comprehensive Income, Net of Tax					
Translation Reserve Reversed on Struck Off a Subsidiary		-	-	-	(199)
Total Comprehensive Loss for the Financial Year		(3,216)	(5,555)	(12,978)	(29,291)
Loss for the Financial Year Attributable to:					
Equity Holders of the Company		(3,216)	(5,555)	(12,978)	(29,092)
Non-controlling Interest		-	-	-	-
		(3,216)	(5,555)	(12,978)	(29,092)
Total Comprehensive Loss Attributable to:					
Equity Holders of the Company		(3,216)	(5,555)	(12,978)	(29,291)
Non-controlling Interest		-	-	-	-
		(3,216)	(5,555)	(12,978)	(29,291)
Loss Per Ordinary Share					
Basic and Diluted (sen)	B10	(0.53)	(0.91)	(2.13)	(4.78)

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 2017 and the accompanying explanatory notes attached to this interim financial statements.



INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	AS AT 30/09/2018 (UNAUDITED) RM'000	AS AT 30/09/2017 (AUDITED) RM'000
Non-Current Assets		
Property, Plant and Equipment	1,618	1,830
Current Assets		
Trade Receivables	5,472	5,098
Retention Sum	8,257	9,205
Amount Due From Contract Customers	29,342	32,276
Other Receivables, Deposits and Prepayments	1,138	3,763
Tax Recoverable	12	25
Cash and Bank Balances	351	169
	<u>44,572</u>	<u>50,536</u>
Non-Current Assets Classified as Held for Sale - Investment in Associates	1,227	1,260
	<u>45,799</u>	<u>51,796</u>
TOTAL ASSETS	<u>47,417</u>	<u>53,626</u>
EQUITY AND LIABILITIES		
Share Capital	60,908	60,908
Accumulated Losses	<u>(154,334)</u>	<u>(141,356)</u>
Equity Attributable to Equity Holders of the Company	<u>(93,426)</u>	<u>(80,448)</u>
Non-controlling Interest	<u>(125)</u>	<u>(125)</u>
Total Equity	<u>(93,551)</u>	<u>(80,573)</u>
Non-current Liabilities		
Hire Purchase Payables	-	24
Current Liabilities		
Trade Payables	88,281	87,358
Amount Due To Contract Customer	-	889
Other Payables and Accruals	33,595	26,560
Hire Purchase Payables	6	62
Bank Borrowings	19,086	18,955
Tax Payable	-	351
	<u>140,968</u>	<u>134,175</u>
TOTAL LIABILITIES	140,968	134,199
TOTAL EQUITY AND LIABILITIES	<u>47,417</u>	<u>53,626</u>
Net Assets Per Share Attributable to Ordinary Equity Holders of the Company (RM)	<u>(0.15)</u>	<u>(0.13)</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 2017 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 YEAR ENDED 30 SEPTEMBER 2018**

	←——— Attributable to Owners of the Company ———→					
	←—— Non-Distributable ——→		Distributable Reserve			
	Share Capital 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 2017	60,908	-	(141,356)	(80,448)	(125)	(80,573)
Loss/Total Comprehensive Loss for the Financial Year	-	-	(12,978)	(12,978)	-	(12,978)
At 30 September 2018	60,908	-	(154,334)	(93,426)	(125)	(93,551)
At 1 October 2016	60,908	199	(112,264)	(51,157)	(125)	(51,282)
Loss for the Financial Year	-	-	(29,092)	(29,092)	-	(29,092)
Other Comprehensive Expense	-	(199)	-	(199)	-	(199)
Total Comprehensive Loss for the Financial Year	-	(199)	(29,092)	(29,291)	-	(29,291)
At 30 September 2017	60,908	-	(141,356)	(80,448)	(125)	(80,573)

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 2017 and the accompanying explanatory notes attached to this interim financial statements.

INTERIM FINANCIAL STATEMENTS

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30
SEPTEMBER 2018**

	Financial Year Ended 30/09/2018 (Unaudited) RM'000	Financial Year Ended 30/09/2017 (Audited) RM'000
Cash Flows From Operating Activities		
Loss Before Tax	(12,978)	(29,389)
Adjustments for: -		
Depreciation of Property, Plant and Equipment (PPE)	219	411
Impairment of Receivables	595	1,460
Reversal of Impairment on Trade Receivables and Amount Due from Contract Customers	(4)	(1,816)
Share of Loss of Associated Companies	33	53
Finance Costs	1,332	2,555
Gain on Struck Off A Subsidiary	-	(199)
(Gain) / Loss on Disposal of PPE	(132)	279
Operating Loss Before Changes in Working Capital	(10,935)	(26,646)
Changes in Working Capital		
Net Changes in Current Assets	4,632	(3,460)
Net Changes in Current Liabilities	6,659	31,743
Cash Generated From Operations	356	1,637
Net Tax (Paid) / Refund	(338)	65
Interest Paid	(169)	(305)
Net Cash (Used In) / Generated From Operating Activities	(151)	1,397
Cash Flows From Investing Activities		
Proceeds From Disposal of PPE	282	237
Cash Flows For Financing Activities		
Repayment of Hire Purchase Payables	(80)	(74)
Repayment of Bank Borrowings	(792)	(631)
Net Cash Used In Financing Activities	(872)	(705)
Net (Decrease) / Increase in Cash and Cash Equivalents	(741)	929
Cash and Cash Equivalents at Beginning of Year	(1,229)	(2,158)
Cash and Cash Equivalents at End of Year	(1,970)	(1,229)
Cash and Cash Equivalents at End of Year Comprised of:		
Cash and Bank Balances	351	169
Bank Overdraft	(2,321)	(1,398)
	(1,970)	(1,229)

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 2017 and the accompanying explanatory notes attached to this interim

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 SEPTEMBER 2018**

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 2017. 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 2017.

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 2017 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 beginning on or after
MFRS 9 : Financial Instruments	1 January 2018
MFRS 15 : Revenue from Contract with Customers	1 January 2018
Amendments to MFRS 15 : Clarification to MFRS 15 : Revenue from Contracts with Customers	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

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 16 Leases	1 January 2019
Amendments to MFRS 128 : Long Term Interest in Associates and Joint Ventures	1 January 2019
IC Interpretation 23 : Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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 2017 was not subject to any audit qualification. However, the external auditors drew attention to the material uncertainties related to the Group and the Company to continue as going concerns. The going concern assumption is highly dependent upon successful approval and implementation of the proposed regularisation plan, and the ability of the Group and the Company to attain profitable operations to generate sufficient cash flows to fulfill their obligations as and when they fall due. The status of proposed regularisation plan is as disclosed in note A11(c).

The key audit matters highlighted by independent auditors was the significant accounting judgment and estimates made for the recognition of construction contract revenue and cost using the percentage of completion method, of which the external auditors have expressed unqualified opinion on the financial statements.

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	RM2,153,637
- Customer B	RM1,012,929
- Customer C	<u>RM966,678</u>

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. Significant Events**(a) Disposal of Investment in an Associate Company**

On 19 July 2018, the Company's 30% owned associate company, DKLS-PJI Venture Capital Sdn Bhd had entered into a Sales and Purchase Agreement to dispose its wholly owned subsidiary, Zhangpu Baohu Running Water Co. Ltd. with issued and paid up share capital of USD0.9 million comprising 900,000 ordinary shares for total cash consideration of USD1.3 million (equivalent to approximately RM5.38 million). Zhangpu Baohu Running Water Co. Ltd. was incorporated in October 2003 in The People's Republic of China, and its principal business activity is to supply, operate and maintain a provincial water treatment plant.

(b) Award of Contract Works

i) The Company's wholly owned subsidiary, YFG Engineering Sdn Bhd had on 10 August 2018 accepted a Letter of Award from Atta Properties Sdn Bhd, a wholly owned subsidiary of Atta Global Group Berhad ("Atta") for the contract works for the proposed construction and completion of 62 units of Apartments and 38 units of Offices on a 23-storey Building for Tetap Gembira Development Sdn Bhd, another subsidiary of Atta, on Lot 71113, Jalan Sultan Azlan Shah, Daerah Barat Daya, Mukim 12, Pulau Pinang for RM40 million.

ii) The Company's wholly owned subsidiary, YFG Engineering Sdn Bhd had on 18 September 2018 accepted a Letter of Award from Sungguh Gemilang Development Sdn Bhd, a subsidiary of Atta for the contract works for the proposed construction and completion of 112 units of 14-storey Apartment Building and 8 units of 3-Storey Terrace Houses on Lot 10078, Seksyen 3, Jalan Cantik, Bandar Butterworth, Seberang Perai Utara, Pulau Pinang for RM30 million.

(c) Proposed Regularisation Plan

On 28 August 2018, the Company announced the proposed Regularisation Plan to regularise its financial condition in accordance with paragraph 8.04(3) of the Main Market Listing Requirements. The salient features are:-

(i) Proposed consolidation of every 25 ordinary shares of the Company into 1 new ordinary share ("Proposed Share Consolidation");

(ii) Proposed private placement of up to 24,363,000 new shares representing approximately 100% of the total number of issued shares of the Company ("Proposed Private Placement") after the Proposed Share Consolidation;

(iii) Proposed renounceable rights issue of up to 535,986,429 new shares of the Company on the basis of 11 Rights Shares for every 1 existing share held on an entitlement date to be determined ("Proposed Rights Issue") after the Proposed Private Placement;

(iv) Proposed scheme of arrangement with the creditors of the Company and the creditors of two of the Company's subsidiaries; YFG Engineering Sdn Bhd and YFG Trolka Sdn Bhd pursuant to Section 366 of the Companies Act 2016 in respect of the amount owing to them ("Proposed Scheme of Arrangement"); and

(v) Proposed reduction of the share capital of the Company pursuant to Section 116 of the Companies Act 2016 by cancelling RM87,706,906.90 from the issued share capital of the Company of RM116,942,542.60 after the Proposed Rights issue.

A11. Significant Events (Contd)

On 29 August 2018, the Company submitted the proposed Regularisation Plan to Bursa Malaysia Securities Berhad, incorporating the scheme of arrangement with the creditors, to obtain approval to regularise the financial condition of the Company in accordance with paragraph 8.04(3) of the Main Market Listing Requirements.

(d) Restraining Order

The application for a fresh Restraining Order was submitted to the Kuala Lumpur High Court on 10 August 2018. On 27 September 2018, Kuala Lumpur High Court has granted the Restraining Order for a period of ninety (90) days expiring on 25 December 2018.

A12. Material Events After the Interim Period

There were no material events that occurred subsequent to the current quarter.

A13. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter under review.

A14. 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 2017.

A15. Capital Expenditure

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

A16. Significant Related Party Transactions

	Financial Year Ended	
	30/9/2018	30/9/2017
	RM'000	RM'000
With related companies:		
- Human resource consulting services	-	65
- Warehouse rental	-	48
	<u>-</u>	<u>113</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 LISTING REQUIREMENTS OF BURSA MALAYSIA

B1. Review of Performance

For the current quarter, the Group recorded a revenue of RM1.32 million, 93.43% reduction compared to the corresponding quarter in the preceding year of RM20.08 million. The decrease in revenue was attributed to low tail-end revenue recognised from the completed projects.

A loss after tax of RM3.22 million was recorded, compared to RM5.56 million recorded in the corresponding quarter of the preceding year, primarily due to significant lower tail-end project cost recognised for the completed projects.

Revenue for the financial year was RM4.56 million, a reduction of 90.77% compared to previous corresponding year of RM49.39 million. The lower revenue was attributed to lower tail-end revenue recognised from the completed projects.

A loss after tax of RM12.98 million was recorded for the financial year, compared to RM29.29 million in the corresponding year of the preceding year. The lower loss was in tandem with the low revenue recorded for the financial year, negated by the higher professional fees for the proposed regularisation plan submitted to Bursa Malaysia Securities Berhad during the quarter under review, and the legal fees for the on-going legal matters.

B2. Comparison with Preceding Quarter

The Group recorded a revenue of RM1.32 million for the current quarter, 1,366.67% increase compared to RM0.09 million recorded in the immediate preceding quarter. The increase was attributed to higher revenue recognised from the finalisation of accounts for completed projects.

A lower loss after tax of RM3.22 million was recorded for the current reporting quarter compared to RM3.07 million posted in the immediate preceding quarter. The higher loss was mainly due to the higher professional fees for the proposed regularisation plan submitted to Bursa Malaysia Securities Berhad during the quarter under review and the legal fees for the on-going legal matters, negated by reversal of finance costs overstated in prior years.

B3. Prospects

The Group is hopeful of improving its financial results in the new financial year, albeit the competitive nature and challenging prospect of the industry in which the Company is operating in.

B4. Profit Forecast / Profit Guarantee

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

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current 30/09/2018 RM'000	Preceding 30/09/2017 RM'000	Current 30/09/2018 RM'000	Preceding 30/09/2017 RM'000
Real property gain tax	-	26	-	27
Over provision in prior year	-	(10)	-	270
	-	281	-	297

B6. Bank Borrowings and Debt Securities

Total bank borrowings as at 30 September 2018 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	19,092	-	19,092

B7. Subsequent Event

There were no material events subsequent to the financial year ended 30 September 2018 up to the date of this report.

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 vs Palikota Sdn Bhd

The court hearings have been on-going intermittently since April 2018. The High Court of Kota Kinabalu has fixed the next hearing dates on 11 to 15 March 2019, and 18 to 22 March 2019.

B9. Dividends

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

B10. Loss Per Ordinary Share**a) Basic loss per ordinary share**

The calculation of basic loss per ordinary share for the financial year is based on the net loss attributable to equity holders of the parent company and divided by the number of ordinary shares outstanding during the financial year as follows:

	CURRENT YEAR QUARTER ENDED 30/09/2018	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30/09/2017	CURRENT YEAR TO DATE 30/09/2018	PRECEDING YEAR CORRESPONDING YEAR ENDED 30/09/2017
Loss attributable to owners of the parent company (RM'000)	(3,216)	(5,555)	(12,978)	(29,092)
Number of ordinary shares ('000)	609,076	609,076	609,076	609,076
Basic loss per ordinary share (sen)	<u>(0.53)</u>	<u>(0.91)</u>	<u>(2.13)</u>	<u>(4.78)</u>

b) Diluted earnings per ordinary share

The fully diluted earnings per ordinary share is the same as the basic loss per ordinary 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 RM34.18 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 30/09/2018 (Unaudited) RM'000	As At 30/09/2017 (Audited) RM'000
Realised	(154,334)	(141,356)
Unrealised	-	-
Total	<u>(154,334)</u>	<u>(141,356)</u>