

YEN GLOBAL BERHAD (Company No. 570396-D)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 JANUARY 2017****(The figures have not been audited)**

| | As At End Of Current Quarter 31.1.17 RM'000 | As At Preceding Financial Year End 31.7.16 RM'000 |
|--|---|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 17,785 | 17,941 |
| Investment property | 114 | 115 |
| Intangible assets | 115 | 244 |
| | <u>18,014</u> | <u>18,300</u> |
| Current assets | | |
| Inventories | 13,960 | 15,837 |
| Trade receivables | 5,834 | 11,774 |
| Other receivables and deposits | 754 | 938 |
| Current tax assets | 71 | 94 |
| Cash and bank balances | 5,173 | 8,655 |
| | <u>25,792</u> | <u>37,298</u> |
| Assets classified as held for sale | - | 2,774 |
| TOTAL ASSETS | <u>43,806</u> | <u>58,372</u> |
| EQUITY & LIABILITIES | | |
| Equity attributable to owners of the parent | | |
| Share capital | 68,750 | 68,750 |
| Share premium | 105 | 239 |
| Retained profits | (46,941) | (43,111) |
| Total equity | <u>21,914</u> | <u>25,878</u> |
| Non-current liabilities | | |
| Deferred taxation | 3,914 | 2,919 |
| | <u>3,914</u> | <u>2,919</u> |
| Current liabilities | | |
| Trade payables | 5,472 | 14,025 |
| Other payables and accruals | 3,183 | 5,546 |
| Borrowings | 9,323 | 10,004 |
| | <u>17,978</u> | <u>29,575</u> |
| Total liabilities | <u>21,892</u> | <u>32,494</u> |
| TOTAL EQUITY & LIABILITIES | <u>43,806</u> | <u>58,372</u> |
| Net Assets per Share (RM) | 0.1594 | 0.1878 |

Note :

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the year ended 31 July 2016.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 31 JANUARY 2017
(The figures have not been audited)**

| | Individual Quarter | | Cumulative Quarter | |
|---|--------------------|----------------|--------------------|----------------|
| | Current | Preceding | Current | Preceding |
| | Year | Year | Year | Year |
| | 31.1.17 | 31.1.16 | 31.1.17 | 31.1.16 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 5,110 | 5,188 | 11,195 | 10,991 |
| Operating expenses | (7,724) | (7,908) | (15,587) | (15,514) |
| Other operating income | 804 | 590 | 877 | 895 |
| Loss from operations | (1,810) | (2,130) | (3,515) | (3,628) |
| Finance cost | (179) | (124) | (316) | (283) |
| Loss before tax | (1,989) | (2,254) | (3,831) | (3,911) |
| Taxation | - | - | - | - |
| Net loss for the period | <u>(1,989)</u> | <u>(2,254)</u> | <u>(3,831)</u> | <u>(3,911)</u> |
| Other comprehensive income/(loss), net of tax | - | - | - | - |
| Total comprehensive loss for the period | <u>(1,989)</u> | <u>(2,254)</u> | <u>(3,831)</u> | <u>(3,911)</u> |
| Loss attributable to: | | | | |
| Equity holders of the parent | (1,989) | (2,254) | (3,831) | (3,911) |
| Non-controlling interests | - | - | - | - |
| Net loss for the period | <u>(1,989)</u> | <u>(2,254)</u> | <u>(3,831)</u> | <u>(3,911)</u> |
| Total comprehensive loss attributable to: | | | | |
| Equity holders of the parent | (1,989) | (2,254) | (3,831) | (3,911) |
| Non-controlling interests | - | - | - | - |
| Total comprehensive loss for the period | <u>(1,989)</u> | <u>(2,254)</u> | <u>(3,831)</u> | <u>(3,911)</u> |
| Basic earnings(loss) per share attributable to owners of the parent (sen) | <u>(1.45)</u> | <u>(1.81)</u> | <u>(2.79)</u> | <u>(3.14)</u> |

Note :

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited financial statements for the year ended 31 July 2016.

YEN GLOBAL BERHAD (Company No. 570396-D)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 31 JANUARY 2017
(The figures have not been audited)**

| | <-----Attributable to Owners of the Company-----> | | | | Total | Non- controlling Interests | Total Equity |
|--|---|------------------|--------------------|-----------------------|---------------|----------------------------------|-----------------|
| | Share Capital | Share Premium | Treasury Shares | Accumulated Losses | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Second Quarter ended <u>31.1.17</u> | | | | | | | |
| Balance at 1.8.2016 | 68,750 | 238 | - | (43,110) | 25,878 | - | 25,878 |
| Treasury shares sold | - | - | - | - | - | - | - |
| Share issue expenses | - | (133) | | | (133) | | (133) |
| Total comprehensive loss for the period | - | - | - | (3,831) | (3,831) | - | (3,831) |
| Balance at 31.1.2017 | <u>68,750</u> | <u>105</u> | <u>-</u> | <u>(46,941)</u> | <u>21,914</u> | <u>-</u> | <u>21,914</u> |
| Second Quarter ended <u>31.1.16</u> | | | | | | | |
| Balance at 1.8.2015 | 62,500 | 21 | (112) | (28,832) | 33,577 | - | 33,577 |
| Total comprehensive loss for the period | - | - | - | (3,911) | (3,911) | - | (3,911) |
| Balance at 31.1.2016 | <u>62,500</u> | <u>21</u> | <u>(112)</u> | <u>(32,743)</u> | <u>29,666</u> | <u>-</u> | <u>29,666</u> |

Note :

The unaudited Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Group's financial statements for the year ended 31 July 2016. The accompanying notes are an intergral part of this statement.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 31 JANUARY 2017**

(The figures have not been audited)

| | Cumulative Current Year Quarter 31.1.17 RM'000 | Cumulative Preceding Year Quarter 31.1.16 RM'000 |
|--|--|--|
| Cash flows from operating activities | | |
| Loss before taxation | (3,831) | (3,911) |
| Adjustments for : | | |
| - Non-cash items | 1,520 | 699 |
| - Non-operating items | 298 | 283 |
| Operating loss before working capital changes | <u>(2,013)</u> | <u>(2,929)</u> |
| Inventories | 1,876 | 4,391 |
| Receivables | 6,124 | 3,960 |
| Payables | <u>(10,591)</u> | <u>(4,804)</u> |
| Cash from operations | (4,604) | 618 |
| Interest paid | (298) | (283) |
| Income tax refunded (paid) | <u>23</u> | <u>(5)</u> |
| Net cash (used in)/from operating activities | (4,879) | 330 |
| Cash flows from investing activities | | |
| Disposal of subsidiary, net of cash | 2,450 | - |
| Share premium | (133) | - |
| Investment in subsidiary | - | (100) |
| Purchase of property, plant and equipment | <u>(238)</u> | <u>(76)</u> |
| Net cash from/(used in) investing activities | 2,079 | (176) |
| Cash flows from financing activities | | |
| (Payment)/ Drawdown of bankers acceptance | <u>(1,950)</u> | <u>(440)</u> |
| (Payment)/ Drawdown of factoring liabilities | (30) | - |
| Repayment of bank borrowings | 15 | - |
| Net cash used in financing activities | <u>(1,965)</u> | <u>(440)</u> |
| Net (decrease)/increase in cash and cash equivalents | <u>(4,765)</u> | <u>(286)</u> |
| Cash and cash equivalents at beginning | 5,186 | (1,841) |
| Cash and cash equivalents at end | <u>421</u> | <u>(2,127)</u> |
| Represented by: | | |
| Cash and bank balances | 5,173 | 902 |
| Bank overdrafts | <u>(4,752)</u> | <u>(3,029)</u> |
| | <u>421</u> | <u>(2,127)</u> |

Note :

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Financial Report for the year ended 31 July 2016 and the accompanying explanatory notes to the interim financial statements.

SELECTED EXPLANATORY NOTES

31 JANUARY 2017

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS"), MFRS 134: Interim Financial Reporting and paragraph 9.22 and Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 July 2016. These explanatory notes attached to the interim 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 Yen Global Berhad. ("Yen" or "Company") and its subsidiary companies (hereinafter referred to as the "Group") since the financial year ended 31 July 2015.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the financial year ended 31 July, 2016.

2 Audit Report

The auditors' report on the financial statements for the year ended 31 July 2016 was not qualified.

3 Seasonality or Cyclicity

Major festivals and carnival sales have an impact on revenue and earnings of the Group's Apparel Division, which is involved in the distribution of fashion apparels. The ICT Division is not subject to seasonal factors.

4 Exceptional items

There were no exceptional items for the period under review.

5 Estimates

There were no changes to the estimates that have been used in the preparation of the current financial statements.

6 Changes in debt or equity securities

There were no issuance or repayment of debt or equity securities for the current financial year to date.

7 Dividends

No dividend has been proposed for the current financial period to date.

8 Segmental Reporting

The analysis of the Group by business activities is as follows:

| | <u>Apparel</u> | <u>ICT</u> | <u>Total</u> |
|-------------------------------------|----------------|---------------|---------------|
| <u>Period ended 31 January 2017</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Revenue | 9,896 | 1,299 | 11,195 |
| Profit(loss) before tax | (2,696) | (1,135) | (3,831) |

As at 31 October 2016

| | | | |
|-----------------|--------|-------|--------|
| Assets Employed | 39,417 | 4,389 | 43,806 |
|-----------------|--------|-------|--------|

Geographical Segments

The business of the Group is managed principally in Malaysia and its products are distributed mainly in Malaysia. Geographical segmental information is not prepared as the Group's revenue, operating profit, assets employed, liabilities, capital expenditure, depreciation and non-cash expenses are mainly confined to one geographical segment.

SELECTED EXPLANATORY NOTES

31 JANUARY 2017

9 Valuation of Property, Plant and Equipment

There were no changes in the valuation of property, plant and equipment since the last audited financial statements for the year ended 31 July 2016.

10 Subsequent Events

There were no material events that have arisen between the end of the reporting quarter and the date of this announcement.

11 Changes In The Composition of The Group

Changes in the composition of the Group for the financial year to date are as follows:

Atilze Digital Sdn Bhd, a wholly-owned subsidiary of Yen, has on 27 October 2016 acquired 85.71% of the issued and paid-up share capital comprising 2,400 ordinary shares of RM1.00 each in Above Drive Sdn. Bhd, for a total cash consideration of RM2,400.

12 Contingent Liabilities and Contingent Assets

There were no contingent liabilities and contingent assets of a material nature as at the date of this report.

13 Capital Commitments

There are no outstanding capital commitments at the end of the current quarter.

14 Review Of Performance

The Group recorded a turnover of RM5.1 million for the quarter which is about the same level of turnover as achieved during the corresponding quarter in the previous year. The business environment did not see any upturn in sentiment but the reported quarter turnover was sustained by festive sales arising from the Chinese New Year season. However, loss before tax for the quarter has dropped to RM2.0 million as compared to a loss of RM2.3 million suffered in the corresponding quarter last year.

15 Material change in profit before taxation as compared to preceding quarter

The turnover of RM5.1 million achieved this quarter represents a drop of 16.0% as compared to the turnover of RM6.1 million for the immediate preceding quarter. Higher sales was achieved in the previous quarter as it captures the tail end of the festive season's offer and promotion period. As a result, loss before tax recorded of RM2.0 million this quarter was slightly higher than the loss of RM1.8 million recorded in the previous quarter.

16 Current Year Prospects

Weak market sentiment continues to affect the apparel industry. Nevertheless, the Group will continue to improve efficiency and reduce operational costs. Our new venture into the ICT business, specifically in the business of supplying Internet of Things (IoT) connected objects and devices not only in Malaysia but also in other Asean countries, is projected to start contributing to Group results by the next financial year. Nevertheless, the Group hopes to see improved results for the current financial year.

17 Taxation

| | Current Year Quarter 31.1.17 RM'000 | Current Year To Date 31.1.17 RM'000 |
|-----------------------------------|--|--|
| Taxation comprise the following : | | |
| Based on profit for the period : | | |
| - Current tax | - | - |
| - Deferred taxation | - | - |
| | <u> </u> | <u> </u> |
| | <u> </u> | <u> </u> |

SELECTED EXPLANATORY NOTES

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Reconciliation of statutory tax rate to effective tax rate :

| | Current Year Quarter 31.1.17 % | Current Year To Date 31.1.17 % |
|--|---|---|
| Statutory tax rate | 25 | 25 |
| Tax impact of losses in subsidiary companies | <u>(25)</u> | <u>(25)</u> |
| | <u>-</u> | <u>-</u> |

18 Treasury Shares

As at to date, the Company does not hold any treasury shares.

19 Corporate Proposals

The Company has on 22 November 2016 announced the following proposals incorporating subsequent amendments as follows:

(i) proposed share capital reduction of Yen Global of RM55 million pursuant to S.116 of the Companies Act 2016.

(ii) proposed renounceable rights issue of up to 275,000,000 new Yen Global Shares on the basis of two (2) Rights Shares for every one (1) existing Yen Global Share (held after the Proposed Share Capital Reduction on an entitlement date to be determined later), together with up to 206,250,000 free detachable warrants on the basis of 3 Warrants for every 4 Rights Shares subscribed by the entitled shareholders;

(iii) proposed diversification of the business of Yen Global to include information and communications technology.

20 Group Borrowings and Debt Securities

| Group borrowings | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|--------------------|-------------------|---------------------|-----------------|
| <u>Short term</u> | | | |
| Bank Overdraft | 4,753 | - | 4,753 |
| Bankers acceptance | <u>4,570</u> | <u>-</u> | <u>4,570</u> |
| Total | <u>9,323</u> | <u>-</u> | <u>9,323</u> |

21 Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at the date of this report.

22 Material Litigation

The Group does not have any material litigation as at the date of this report.

SELECTED EXPLANATORY NOTES

31 JANUARY 2017

23 Profit /(Loss) Before Taxation

This is arrived at:

| | Current Year Quarter 31.1.17 RM'000 | Current Year To Date 31.1.17 RM'000 |
|-------------------------------|--|--|
| After Charging : | | |
| Depreciation and amortization | 260 | 524 |
| Interest expense | 170 | 298 |
| And Crediting : | | |
| Royalty income | 707 | 758 |
| Rental income | 22 | 44 |
| | <u> </u> | <u> </u> |

24 Basis of calculation of loss per share

The basic loss per share for the quarter and cumulative year to date are computed as follow:

| | Individual Current Year Quarter 31.1.17 | Cumulative Current Year To Date 31.1.17 |
|--|--|--|
| Net Loss for the period (RM'000) | <u>(1,989)</u> | <u>(3,831)</u> |
| Weighted average number of ordinary shares in issue ('000) | <u>137,500</u> | <u>137,500</u> |
| Basic Loss Per Share (sen) | <u>(1.45)</u> | <u>(2.79)</u> |

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the reported quarter and year.