



YBS INTERNATIONAL BERHAD

(Company No: 200201014380 (582043-K))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2020 - unaudited

| | Current quarter Three months ended 30 September | | Cumulative quarter Six months ended 30 September | |
|--|---|----------------|--|----------------|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Revenue | 15,097 | 19,503 | 29,716 | 36,926 |
| Cost of sales | (12,117) | (15,882) | (23,887) | (30,848) |
| Gross profit | 2,980 | 3,621 | 5,829 | 6,078 |
| Other operating (expenses)/income | (534) | 277 | (481) | 573 |
| Selling and distribution expenses | (145) | (255) | (259) | (428) |
| Administrative expenses | (2,321) | (2,140) | (4,172) | (4,140) |
| Operating (loss)/profit | (20) | 1,503 | 917 | 2,083 |
| Finance costs | (96) | (160) | (212) | (331) |
| (Loss)/Profit before tax | (116) | 1,343 | 705 | 1,752 |
| Income tax expense | (186) | (510) | (313) | (704) |
| (Loss)/Profit after tax for the period | (302) | 833 | 392 | 1,048 |
| Other comprehensive (loss)/income <i>Item that may be reclassified subsequently to profit or loss</i> | | | | |
| Foreign currency exchange differences on translation of foreign operations | (4) | 44 | 46 | (77) |
| Total comprehensive (loss)/income for the period | (306) | 877 | 438 | 971 |
| (Loss)/Profit after tax attributable to: | | | | |
| Owners of the Company | (357) | 913 | 330 | 1,240 |
| Non-controlling interests | 55 | (80) | 62 | (192) |
| (Loss)/Profit after tax for the period | (302) | 833 | 392 | 1,048 |
| Total comprehensive (loss)/income attributable to: | | | | |
| Owners of the Company | (362) | 957 | 373 | 1,163 |
| Non-controlling interests | 56 | (80) | 65 | (192) |
| Total comprehensive (loss)/income for the period | (306) | 877 | 438 | 971 |



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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued) For the six months ended 30 September 2020 - unaudited

| | Current quarter Three months ended 30 September | | Cumulative quarter Six months ended 30 September | |
|---|---|----------------|--|----------------|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| (Loss)/Earnings per share attributable to owners of the Company (sen per share) | | | | |
| Basic | (0.15) | 0.38 | 0.14 | 0.52 |
| Diluted | - | - | - | - |

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying notes attached to the interim financial statements.



YBS INTERNATIONAL BERHAD

(Company No: 200201014380 (582043-K))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

| | 30 September 2020 (Unaudited) RM'000 | 31 March 2020 (Audited) RM'000 |
|---|--|--------------------------------------|
| Non-current assets | | |
| Property, plant and equipment | 28,664 | 30,588 |
| Investment properties | 616 | 623 |
| Right-of-use assets | 4,760 | 4,714 |
| Goodwill | 10,656 | 10,656 |
| Deferred tax assets | 552 | 526 |
| Other receivables, deposits and prepayments | 250 | 249 |
| | <u>45,498</u> | <u>47,356</u> |
| Current assets | | |
| Inventories | 10,105 | 11,409 |
| Receivables, deposits and prepayments | 16,446 | 14,707 |
| Current tax assets | 401 | 410 |
| Short term investment | 818 | 808 |
| Fixed deposits with licensed banks | 188 | 193 |
| Cash and bank balances | 7,848 | 6,615 |
| | <u>35,806</u> | <u>34,142</u> |
| Total assets | <u>81,304</u> | <u>81,498</u> |
| Equity | | |
| Share capital | 35,116 | 35,116 |
| Treasury shares | (248) | (327) |
| Reserves | 24,497 | 23,482 |
| Equity attributable to owners of the Company | <u>59,365</u> | <u>58,271</u> |
| Non-controlling interests | 784 | 719 |
| Total equity | <u>60,149</u> | <u>58,990</u> |
| Non-current liabilities | | |
| Borrowings | 3,325 | 1,672 |
| Lease liabilities | 1,221 | 949 |
| Deferred tax liabilities | 1,190 | 1,195 |
| Deferred income on government grants | 585 | 618 |
| | <u>6,321</u> | <u>4,434</u> |
| Current liabilities | | |
| Payables and accrued liabilities | 8,650 | 11,560 |
| Bank overdrafts | 1,770 | 733 |
| Borrowings | 3,605 | 4,722 |
| Lease liabilities | 809 | 1,059 |
| | <u>14,834</u> | <u>18,074</u> |
| Total liabilities | <u>21,155</u> | <u>22,508</u> |
| Total equity and liabilities | <u>81,304</u> | <u>81,498</u> |



YBS INTERNATIONAL BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 September 2020

| | 30 September 2020 (Unaudited) RM'000 | 31 March 2020 (Audited) RM'000 |
|--|---|---|
| Net assets per share attributable to owners of the Company (RM) | <u>0.25</u> | <u>0.24</u> |

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying notes attached to the interim financial statements.



YBS INTERNATIONAL BERHAD

(Company No: 200201014380 (582043-K))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the six months ended 30 September 2020 - unaudited

| | Share capital RM'000 | Treasury shares RM'000 | <u>Non-distributable</u> | | <u>Distributable</u> | Equity attributable to owners of the company RM'000 | Non-controlling interests RM'000 | Total equity RM'000 |
|--|-------------------------|---------------------------|--------------------------------|--|----------------------------|--|-------------------------------------|------------------------|
| | | | Share option reserve RM'000 | Exchange fluctuation reserve RM'000 | Retained profits RM'000 | | | |
| At 1 April 2020 | 35,116 | (327) | - | 559 | 22,923 | 58,271 | 719 | 58,990 |
| Total comprehensive income for the period | | | | | | | | |
| Profit after tax for the period | - | - | - | - | 330 | 330 | 62 | 392 |
| Other comprehensive income: | | | | | | | | |
| - Foreign currency exchange differences on translation of foreign operations | - | - | - | 43 | - | 43 | 3 | 46 |
| | - | - | - | 43 | 330 | 373 | 65 | 438 |
| Transactions with owners | | | | | | | | |
| Sale of treasury shares | - | 79 | - | - | - | 79 | - | 79 |
| Share option granted under ESOS | - | - | 642 | - | - | 642 | - | 642 |
| | - | 79 | 642 | - | - | 721 | - | 721 |
| At 30 September 2020 | 35,116 | (248) | 642 | 602 | 23,253 | 59,365 | 784 | 60,149 |



YBS INTERNATIONAL BERHAD

(Company No: 200201014380 (582043-K))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued) For the six months ended 30 September 2020 - unaudited

| | | | <u>Non- distributable</u> | <u>Distributable</u> | | | | |
|--|-------------------------|------------------------------|--|-------------------------------|--|--|------------------------|--|
| | Share capital RM'000 | Treasury shares RM'000 | Exchange fluctuation reserve RM'000 | Retained profits RM'000 | Equity attributable to owners of the company RM'000 | Non- controlling interests RM'000 | Total equity RM'000 | |
| At 1 April 2019 | 35,116 | (146) | 621 | 22,312 | 57,903 | 878 | 58,781 | |
| Total comprehensive (loss)/income for the period | | | | | | | | |
| Profit/(Loss) after tax for the period | - | - | - | 1,240 | 1,240 | (192) | 1,048 | |
| Other comprehensive expenses: | | | | | | | | |
| - Foreign currency exchange differences on translation of foreign operations | - | - | (77) | - | (77) | - | (77) | |
| | - | - | (77) | 1,240 | 1,163 | (192) | 971 | |
| Transactions with owners | | | | | | | | |
| Purchase of treasury shares | - | (145) | - | - | (145) | - | (145) | |
| | - | (145) | - | - | (145) | - | (145) | |
| At 30 September 2019 | 35,116 | (291) | 544 | 23,552 | 58,921 | 686 | 59,607 | |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying notes attached to the interim financial statements.



YBS INTERNATIONAL BERHAD

(Company No: 200201014380 (582043-K))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS For the six months ended 30 September 2020 – unaudited

| | Six months ended 30 September | |
|--|----------------------------------|----------------|
| | 2020 RM'000 | 2019 RM'000 |
| Cash flows from operating activities | | |
| Profit before tax | 705 | 1,752 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 1,893 | 2,068 |
| Depreciation of investment properties | 7 | 7 |
| Depreciation of right-of-use assets | 580 | 453 |
| Amortisation of deferred income on government grants | (33) | (33) |
| Share option granted under ESOS | 642 | - |
| Finance costs | 212 | 331 |
| Gain on disposal of property, plant and equipment | (1) | - |
| Allowance for write-down of inventories | 410 | - |
| Interest income | (19) | (33) |
| Unrealised loss/(gain) on foreign exchange | 778 | (21) |
| Operating profit before working capital changes | 5,174 | 4,524 |
| Changes in working capital: | | |
| Inventories | 893 | 476 |
| Receivables | (1,918) | (88) |
| Payables | (2,904) | 1,427 |
| Related parties | (38) | 108 |
| Cash generated from operations | 1,207 | 6,447 |
| Interest paid | (127) | (331) |
| Interest received | 19 | 33 |
| Tax paid | (338) | (538) |
| Tax refund | - | 266 |
| Net cash from operating activities | 761 | 5,877 |
| Cash flows for investing activities | | |
| Purchase of property, plant and equipment | (697) | (1,633) |
| Proceeds from disposal of property, plant and equipment | 19 | - |
| Net cash for investing activities | (678) | (1,633) |
| Cash flows from/(for) financing activities | | |
| Sale/(Purchase) of treasury shares | 79 | (145) |
| Drawdown of additional term loans | 4,051 | 1,293 |
| Drawdown of bankers' acceptances | 1,564 | 4,470 |
| Drawdown of lease liabilities | 558 | - |
| Repayment of bankers' acceptances | (1,427) | (4,478) |
| Repayment of lease liabilities | (570) | (627) |
| Repayment of term loans | (3,611) | (2,623) |
| Placement of fixed deposits pledged as securities | - | (3) |
| Advance from related parties | - | 76 |
| Net cash from/(for) financing activities | 644 | (2,037) |
| Net increase in cash and cash equivalents | 727 | 2,207 |
| Effect of exchange differences | (522) | (2) |
| Cash and cash equivalents at beginning of financial period | 6,691 | 6,000 |
| Cash and cash equivalents at 30 September | 6,896 | 8,205 |



YBS INTERNATIONAL BERHAD

(Company No: 200201014380 (582043-K))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued) For the six months ended 30 September 2020 – unaudited

| | Six months ended 30 September | |
|--|----------------------------------|--------------|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| Cash and cash equivalents comprise of: | | |
| Cash and bank balances | 7,848 | 8,780 |
| Fixed deposits with licensed banks | 188 | 1,302 |
| Short term investment | 818 | - |
| Bank overdrafts | (1,770) | (1,777) |
| Pledged deposits | (188) | (100) |
| | <u>6,896</u> | <u>8,205</u> |

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying notes attached to the interim financial statements.



YBS INTERNATIONAL BERHAD

(Company No: 200201014380 (582043-K))
(Incorporated in Malaysia)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A. Notes pursuant to Malaysian Financial Reporting Standard 134 *Interim Financial Reporting*

A1. Basis of preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements 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 year ended 31 March 2019.

The consolidated financial statements of the Group for the year ended 31 March 2020 are available upon request from the Company’s registered office at 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang.

The notes attached to the condensed consolidated 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 the Group since the year ended 31 March 2020.

A2. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2020, except with the adoption of the following MFRSs, Amendments and/or IC Interpretations effective for financial periods beginning on or after 1 January 2020:

- Amendments to MFRS 3 Business Combinations – Definition of a Business
- Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures – Interest Rate Benchmark Reform
- Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
- Amendments to References to the Conceptual Framework in MFRS Standards
- Annual Improvements to MFRS Standards 2018 - 2020

The adoption of the above standards, interpretations or amendments are not expected to have material financial impact to the financial statements of the Group.

A3. Seasonal or cyclical factors

The Group’s operations were not significantly affected by any seasonal or cyclical factors.

A4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the period under review.

A5. Changes in estimates

There were no changes in estimates that have had a material effect for the period under review.



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(Incorporated in Malaysia)

A6. Debt and equity securities

There were no issues, cancellations, repurchases, resale and repayments of debt and equity securities during the period under review.

As at 30 September 2020, a total of 2,068,800 ordinary shares are held as treasury shares by the Company. On 27 August 2020, the Company has resold 360,000 of its treasury shares held to the open market at an average price of RM0.22 per share during the financial period.

A7. Dividends paid

There were no dividends paid during the period under review.

A8. Segment information

The Group is organised and managed into business units based on its products and services as follows:

- i. Precision engineering and plastic injection moulding - Involved in the design and manufacture of high precision moulds, tools and dies, plastic injection moulding and sub-assembly.
- ii. Precision machining and stamping - Involved in the manufacture and sale of precision machining and stamping components for the telecommunication, industrial sensors, switches, electronic equipment and other industries and the provision of related specialised engineering services.
- iii. Others - Involved in the manufacture and assembly of electronic components and manufacture of paper honeycomb products.

During the period under review, the Group's Executive Board has changed its internal reporting structure to combine the segment of precision engineering and precision plastic injection moulding into precision engineering and plastic injection moulding segment. Therefore, the Group's basis of measurement of segment profit or loss has been changed from the last annual financial statements in order to be consistent with the internal reporting structure. The segment information for prior year corresponding quarter and period has been restated to reflect the change.

Information in respect of the Group's reportable segments for the period ended 30 September 2020 was as follows:

| | Precision engineering and plastic injection moulding RM'000 | Precision machining and stamping RM'000 | Others RM'000 | Total RM'000 |
|--------------------------------|--|--|--------------------------|-------------------------|
| External revenue | 11,137 | 17,232 | 1,347 | 29,716 |
| Inter-segment revenue | 1,427 | 4 | 1 | 1,432 |
| Reportable segment profit | 2,072 | 1,462 | 359 | 3,893 |
| Reportable segment assets | 34,179 | 44,852 | 3,518 | 82,549 |
| Reportable segment liabilities | 11,074 | 17,044 | 1,149 | 29,267 |



YBS INTERNATIONAL BERHAD

(Company No: 200201014380 (582043-K))
(Incorporated in Malaysia)

A8. Segment information (continued)

Reconciliation of reportable segment profit:

| | Period to date RM'000 |
|--------------------------------------|----------------------------------|
| Total profit for reportable segments | 3,893 |
| Depreciation and amortisation | (2,480) |
| Finance costs | (212) |
| Interest income | 19 |
| Unallocated corporate expenses | (519) |
| Elimination of inter-segment profits | 4 |
| | <hr/> |
| Consolidated profit before tax | <u>705</u> |

A9. Events after the end of the interim period

Save as disclosed in Note B7, there were no events after the current period ended 30 September 2020 that has not been reflected in this quarterly report.

A10. Changes in the composition of the Group

There were no changes in the composition of the Group for the current period ended 30 September 2020.

A11. Capital expenditure

The major additions of property, plant and equipment during the current quarter and period ended 30 September 2020 were as follows:

| | Current quarter RM'000 | Period to date RM'000 |
|-----------|-----------------------------------|----------------------------------|
| Additions | <u>357</u> | <u>697</u> |

A12. Material commitments

As at 30 September 2020, the Group has the following material commitments:

| | RM'000 |
|---|---------------|
| Contracted but not provided for: | |
| Capital expenditure | <u>19,322</u> |

A13. Changes in contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets arising since the end of the last annual reporting period.

A14. Related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The related party transaction of the Group was as follows:

| | Current quarter RM'000 | Period to date RM'000 |
|---|-----------------------------------|----------------------------------|
| Transactions with company in which Director have substantial interest | | |
| - Sales of goods | 70 | 95 |
| - Purchases of goods | 174 | 174 |
| | <hr/> | <hr/> |



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B. Notes pursuant to Chapter 9, Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad

B1. Performance review

Financial performance

| | Current quarter | | Period to date | |
|--|--------------------|---------------|------------------|---------------|
| | Three months ended | | Six months ended | |
| | 30 September | | 30 September | |
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue: | | | | |
| Precision engineering and plastic injection moulding | 6,252 | 5,718 | 11,137 | 10,877 |
| Precision machining and stamping | 7,989 | 12,104 | 17,232 | 22,762 |
| Others | 856 | 1,681 | 1,347 | 3,287 |
| | <u>15,097</u> | <u>19,503</u> | <u>29,716</u> | <u>36,926</u> |
| Gross profit | 2,980 | 3,621 | 5,829 | 6,078 |
| (Loss)/Profit before tax | (116) | 1,343 | 705 | 1,752 |
| (Loss)/Profit after tax | (302) | 833 | 392 | 1,048 |

The Group reported revenue of RM29.716 million for the current period ended 30 September 2020, representing a decrease of 19.5% as compared to the prior corresponding period ended 30 September 2019. For the current quarter ended 30 September 2020, the Group achieved revenue of RM15.097 million as compared to the prior year corresponding quarter of RM19.503 million. The decline in revenue for both current period and quarter were attributable to decrease in revenue contribution from the precision machining and stamping segment and the manufacture of electronic components under others segment.

The Group's profit before tax for the current period ended 30 September 2020 amounted to RM0.705 million as compared to RM1.752 million reported in the prior corresponding period ended 30 September 2019. However, the Group recorded a loss before tax of RM0.116 million in the current quarter as compared to a profit before tax of RM1.343 million in the prior year corresponding quarter. The decline in profit before tax was mainly due to drop in Group's revenue and the expenses on share option granted under Employees Share Option Scheme ("ESOS") of RM0.642 million incurred in the current quarter.

Precision engineering and plastic injection moulding segment

Revenue for the current period and quarter ended 30 September 2020 increased by 2.4% and 9.3% respectively as compared to previous year's corresponding period. The increase in revenue was due to higher demand on plastic injection moulding from its existing and new customers.

Precision machining and stamping segment

Revenue for the current period and quarter ended 30 September 2020 decreased by 24.3% and 34.0% respectively as compared to previous year's corresponding period. The decrease was mainly due to lower demand as a result of the global Covid-19 pandemic which has disrupted the precision machining and stamping industry.

Gross profit

The Group's gross profit for the current quarter and period ended 30 September 2020 amounted to RM2.980 million and RM5.829 million respectively, representing a decrease of 17.7% and 4.1% respectively as compared to last year corresponding period. The decline in gross profit was in tandem with the lower revenue recorded.



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B2. Comment on material change in profit before tax

| | Current quarter RM'000 | Preceding quarter RM'000 | Variance | |
|--------------------------|------------------------------|--------------------------------|----------|---------|
| | | | RM'000 | % |
| Revenue | 15,097 | 14,619 | 478 | 3.3 |
| (Loss)/Profit before tax | (116) | 821 | (937) | (114.1) |

The Group recorded a loss before tax of RM0.116 million for the current quarter ended 30 September 2020 as compared to a profit before tax of RM0.821 million recorded in the previous quarter ended 30 June 2020. The loss before tax was mainly attributable to the expenses of share option granted under ESOS of RM0.642 million incurred in the current quarter and loss on foreign exchange which affected by strengthening of Ringgit Malaysia against US Dollar.

B3. Future prospects

The Group is of the view that business environment remains volatile and challenging. The ongoing trade tensions between the United States of America and China has dented the global growth. The uncertainties created by the Covid-19 pandemic and disruption in the global supply chain has negatively affected global economic growth beyond anything experienced in nearly a century. However, a resurgence in infectious cases which could weaken and delay the economic recovery has affected the business activities of the Group.

Besides, any significant movement in the exchange rate between Ringgit Malaysia and United States Dollar may result in foreign exchange gains or losses, which may also affect the Group's performance.

Premised on the above, the Group remains cautious on the overall outlook for financial year ending 2021.

B4. Statement by the Board of Directors on revenue or profit estimate, forecast, projection or internal targets

The Group did not announce any revenue or profit estimate, forecast, projection or internal targets for the financial period ended 30 September 2020.

B5. Variance of actual profit from profit forecast or shortfall in the profit guarantee (only applicable to the final quarter for corporations which have previously announced or disclosed a profit forecast or profit guarantee in a public document)

Not applicable.

B6. Income tax expense

| | Current quarter RM'000 | Period to date RM'000 |
|--------------|------------------------------|--------------------------|
| Income tax | 207 | 348 |
| Deferred tax | (21) | (35) |
| | <u>186</u> | <u>313</u> |

The effective tax rate of the Group is higher than the statutory tax rate of 24% mainly due to certain expenses which were not deductible for income tax purposes and losses of certain subsidiaries cannot be set off against taxable profits generated by the other subsidiaries.



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B7. Status of corporate proposals

Save as disclosed below, there is no outstanding uncompleted corporate proposals as at the date of this quarterly report.

- 1) On 29 October 2019, Affin Hwang Investment Bank Berhad (“Affin Hwang IB”) had on behalf of the Board of Directors (“Board”), announced that Oriental Fastech Manufacturing Sdn Bhd (“OFM”), a wholly owned subsidiary of YBS International Berhad (“YBS”), had on 29 October 2019 accepted the letter of offer dated 25 October 2019 (“Letter of Offer”) from Penang Development Corporation (“PDC”) in relation to the proposed acquisition by OFM of a piece of industrial land together with the building erected thereon known as Plot 300 at Penang Science Park, Penang (“Property”) from PDC for a total purchase consideration of RM24,029,874 to be satisfied entirely by cash (“Proposed Acquisition”).

The Property comprises an area of approximately 10.03 acres (equivalent to approximately 436,906.80 square feet). The Property is under a leasehold title which was issued by the Land Office on 20 May 2008. The lease has another forty-nine (49) years remaining and will expire on 19 May 2068.

OFM has paid the earnest deposit of RM2,402,987.40, being 10% of the purchase consideration for the Proposed Acquisition (“Earnest Deposit”). The Earnest Deposit is considered as part of the purchase consideration and is only refundable in the event OFM fails to execute the SPA due to failure in obtaining the approval of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the shareholders of YBS at an extraordinary general meeting (“EGM”) of the Company to be convened in relation to the Proposed Acquisition. Pursuant thereto, OFM will only enter into the SPA with PDC subsequent to YBS obtaining the relevant approvals from Bursa Securities as well as its shareholders’ approval at an EGM to be convened for the Proposed Acquisition.

The Proposed Acquisition shall be subject to a formal sale and purchase agreement (“SPA”) to be entered into between OFM and PDC by 28 February 2020. On 29 January 2020, Affin Hwang IB had on behalf of the Board, announced that PDC and OFM had agreed to extend the deadline to execute the SPA until 31 March 2020. All other provisions contained in the Letter of Offer shall remain unchanged.

On 12 February 2020, YBS has issued a Circular in relation to the Proposed Acquisition and Notice of EGM to its shareholders. The EGM has been held on 5 March 2020 and the shareholders had approved the Proposed Acquisition by poll-voting.

On 29 May 2020, Affin Hwang IB had on behalf of the Board, announced that PDC and OFM had agreed to extend the deadline to execute the SPA until 30 September 2020. All other provisions contained in the Letter of Offer shall remain unchanged. However, Affin Hwang IB had on behalf of the Board, announced that OFM had on 2 October 2020 entered into the SPA with PDC for the Proposed Acquisition.

- 2) On 5 August 2020, the Board had announced that the Company has offered a share options to its eligible Directors and employees to subscribe for 32,536,000 new ordinary shares in YBS (“Options”) under the ESOS in accordance with the ESOS By-laws of the Company. The exercise price of the Options offered was fixed at RM0.125 per share. The number of Options offered to each director are as follows:

| Directors | Designation | Number of Options offered |
|----------------------------------|----------------------|---------------------------|
| Ybhg Dato’ (Dr) Pahamin Ab Rajab | Chairman | 300,000 |
| Yong Chan Cheah | Managing Director | 2,613,000 |
| Yong Swee Chuan | Executive Director | 2,613,000 |
| Low Hee Chung | Independent Director | 500,000 |
| Gor Siew Yeng | Independent Director | 380,000 |



YBS INTERNATIONAL BERHAD

(Company No: 200201014380 (582043-K))
(Incorporated in Malaysia)

B7. Status of corporate proposals (continued)

The vesting period of the Options offered was five (5) years period commencing from 7 September 2020 or 7 September 2020 until expiry date of the period of ESOS whichever is earlier, subject to the exercise conditions as determined by the ESOS Committee.

On 13 August 2020, the Board had announced that they had approved the extension of the ESOS which will be expiring on 28 February 2021, for a further period of five (5) years from 1 March 2021 to 28 February 2026.

B8. Borrowings and debt securities

The Group's loans and borrowings as at the end of the reporting period were as follows:

| | As at 30 September 2020 | | |
|---------------------------|-------------------------|---------------------|-----------------|
| | Short term RM'000 | Long term RM'000 | Total RM'000 |
| <i>Secured</i> | | | |
| Bank overdrafts | 1,770 | - | 1,770 |
| Bankers' acceptance | 1,997 | - | 1,997 |
| Finance lease liabilities | 809 | 1,221 | 2,030 |
| Term loans | 1,608 | 3,325 | 4,933 |
| | <u>6,184</u> | <u>4,546</u> | <u>10,730</u> |

| | As at 30 September 2019 | | |
|---------------------|-------------------------|---------------------|-----------------|
| | Short term RM'000 | Long term RM'000 | Total RM'000 |
| <i>Secured</i> | | | |
| Bank overdrafts | 1,777 | - | 1,777 |
| Bankers' acceptance | 2,435 | - | 2,435 |
| Term loans | 1,262 | 1,690 | 2,952 |
| | <u>5,474</u> | <u>1,690</u> | <u>7,164</u> |

Loans and borrowings denominated in currencies other than Ringgit Malaysia were as follows:

| | As at 30 September 2020 | | |
|-----------------|-------------------------|---------------------|-----------------|
| | Short term RM'000 | Long term RM'000 | Total RM'000 |
| Vietnamese Dong | <u>1,137</u> | <u>-</u> | <u>1,137</u> |

| | As at 30 September 2019 | | |
|----------------------|-------------------------|---------------------|-----------------|
| | Short term RM'000 | Long term RM'000 | Total RM'000 |
| United States Dollar | 543 | - | 543 |
| Vietnamese Dong | <u>434</u> | <u>-</u> | <u>434</u> |

B9. Material litigation

The Group is not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this quarterly report.

B10. Dividends

The Directors do not recommend any dividend for the period under review.



YBS INTERNATIONAL BERHAD

(Company No: 200201014380 (582043-K))
(Incorporated in Malaysia)

B11. Earnings per share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the current quarter and financial period to date was based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue, excluding treasury shares, in the respective periods as follows:

| | Current quarter | Year to date |
|--|----------------------------|---------------------|
| (Loss)/Profit attributable to owners of the Company (RM'000) | (357) | 330 |
| Weighted average number of ordinary shares in issue (units) | 239,703,142 | 239,635,037 |
| Basic (loss)/earnings per ordinary share (sen) | (0.15) | 0.14 |

Diluted earnings per ordinary share

Not applicable.

B12. Auditor's report on preceding annual financial statements

The auditor's report on the audited financial statements for the year ended 31 March 2020 was not qualified.

B13. Profit for the period

| | Current quarter RM'000 | Period to date RM'000 |
|---|---------------------------------------|--------------------------------------|
| (Loss)/Profit for the period is arrived at after charging: | | |
| Foreign currency exchange losses | 454 | 841 |
| Allowance for write-down of inventories | 180 | 410 |
| Depreciation | 1,236 | 2,480 |
| Finance costs | 96 | 212 |
| and after crediting: | | |
| Amortisation of deferred income on government grants | 17 | 33 |
| Gain on disposal of property, plant and equipment | 1 | 1 |
| Foreign currency exchange gain | (109) | 174 |
| Interest income | 7 | 19 |

Other than the above, there were no other income including investment income, provision for and write off of receivables, gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets, gain or loss on derivatives and exceptional items for the current quarter and period ended 30 September 2020.

B14. Derivative financial instruments

The Group does not have any derivative financial instruments at the end of the reporting period.

B15. Fair value changes of financial liabilities

The Group does not have any financial liabilities that are measured at fair value through profit or loss.