

YB Ventures Berhad
(Formerly known as Yi-Lai Berhad)
Registration Number: 200001013437
(Incorporated in Malaysia)

Interim Financial Report
31 March 2021

YB Ventures Berhad

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(Incorporated in Malaysia)

Condensed consolidated statement of financial position As at 31 March 2021 - unaudited

	31.03.2021 RM'000	31.12.2020 RM'000
Assets		
Property, plant and equipment	139,541	140,837
Right-of use assets	3,299	3,496
Intangible assets	1,704	1,795
Investment in associates	9,502	9,502
Deferred tax assets	500	672
Total non-current assets	<u>154,546</u>	<u>156,302</u>
Inventories	41,044	43,854
Trade & other receivables	46,620	49,686
Current tax assets	246	228
Other investments	29,937	13,901
Cash and bank balances	42,059	54,971
Contract assets	4,463	3,903
Total current assets	<u>164,369</u>	<u>166,543</u>
Total assets	<u><u>318,915</u></u>	<u><u>322,845</u></u>
Equity		
Share capital	93,692	93,692
Reserves	190,264	189,295
Total equity	<u>283,956</u>	<u>282,987</u>
Liabilities		
Deferred tax liabilities	16,592	16,592
Lease liabilities	1,648	1,749
Total non-current liabilities	<u>18,240</u>	<u>18,341</u>
Trade & other payables	16,237	20,948
Lease liabilities	471	512
Tax liabilities	11	57
Total current liabilities	<u>16,719</u>	<u>21,517</u>
Total liabilities	<u>34,959</u>	<u>39,858</u>
Total equity and liabilities	<u><u>318,915</u></u>	<u><u>322,845</u></u>
Net Assets per share (RM)	<u>1.96</u>	<u>1.95</u>

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**Condensed consolidated statement of comprehensive income
 for the period ended 31 March 2021 – unaudited**

	Note	Individual 3 months ended 31 March		Cumulative 3 months ended 31 March	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue					
Goods sold	21	30,191	22,985	30,191	22,985
Dividend income	23	-	195	-	195
		<u>30,191</u>	<u>23,180</u>	<u>30,191</u>	<u>23,180</u>
Operating expenses		(29,304)	(26,607)	(29,304)	(26,607)
Operating profit/(loss)		<u>887</u>	<u>(3,427)</u>	<u>887</u>	<u>(3,427)</u>
Interest income	23	47	68	47	68
Interest expense	23	(30)	(7)	(30)	(7)
Profit/(Loss) before tax		<u>904</u>	<u>(3,366)</u>	<u>904</u>	<u>(3,366)</u>
Taxation	16	(172)	(119)	(172)	(119)
Profit/(Loss) for the period		<u><u>732</u></u>	<u><u>(3,485)</u></u>	<u><u>732</u></u>	<u><u>(3,485)</u></u>
Profit/(Loss) attributable to:					
Owners of the company/ Profit/(Loss) for the period		<u><u>732</u></u>	<u><u>(3,485)</u></u>	<u><u>732</u></u>	<u><u>(3,485)</u></u>
Basic profit/(loss) per ordinary share (sen)		<u><u>0.50</u></u>	<u><u>(2.40)</u></u>	<u><u>0.50</u></u>	<u><u>(2.40)</u></u>
Profit/(Loss) for the period		732	(3,485)	732	(3,485)
Foreign currency translation differences for foreign operation/ other comprehensive expense for the period, net of tax		237	(5)	237	(5)
Total comprehensive expense for the period		<u><u>969</u></u>	<u><u>(3,490)</u></u>	<u><u>969</u></u>	<u><u>(3,490)</u></u>
Total comprehensive expense attributable to:					
Owners of the company/ Total comprehensive expense for the period		<u><u>969</u></u>	<u><u>(3,490)</u></u>	<u><u>969</u></u>	<u><u>(3,490)</u></u>

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Condensed consolidated statement of changes in equity for the period ended 31 March 2021 – unaudited

	← Attributable to owners of the Company →				→	
	← Non-distributable →				Distributable	
	Share capital RM'000	Treasury shares RM'000	Exchange fluctuation reserve RM'000	Revaluation RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2021	93,692	(257)	3,652	76,753	109,147	282,987
Total comprehensive income for the period	-	-	237	-	732	969
Acquisition of treasury shares	-	-	-	-	-	-
Revaluation of land and building	-	-	-	-	-	-
At 31 March 2021	<u>93,692</u>	<u>(257)</u>	<u>3,889</u>	<u>76,753</u>	<u>109,879</u>	<u>283,956</u>
At 1 January 2020	93,692	(101)	3,614	-	99,005	196,210
Total comprehensive expense for the period	-	-	(5)	-	(3,485)	(3,490)
Acquisition of treasury shares	-	(155)	-	-	-	(155)
At 31 March 2020	<u>93,692</u>	<u>(256)</u>	<u>3,609</u>	<u>-</u>	<u>95,520</u>	<u>192,565</u>

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Condensed consolidated statement of cash flow for the period ended 31 March 2021 – unaudited

	3 months ended	
	31 March	
	2021	2020
	RM'000	RM'000
Cash flows from operating activities		
Profit / (Loss) before tax	904	(3,366)
Adjustments for:-		
Depreciation	1,821	1,385
Property, plant & equipment written off	-	1
Gain on disposal of property, plant & equipment	(2)	(5)
Gain on disposal of other investments	(2)	-
Changes in fair value of other investments	(5)	4
Dividend income from other investments	(54)	(195)
Interest income	(47)	(68)
Interest expense	30	7
Reversal of inventories written down	(26)	-
Reversal of allowance for slow moving inventories	(1)	-
Trade receivables - impairment loss	-	66
	<hr/>	<hr/>
Operating profit/(loss) before working capital changes	2,618	(2,171)
Changes in working capital:		
Change in inventories	2,837	1,483
Change in contract assets	(560)	1,184
Change in trade and other receivables	3,066	1,385
Change in trade and other payables	(4,711)	(3,628)
	<hr/>	<hr/>
Cash generated from/(used in) operations	3,250	(1,747)
Tax paid	(64)	(154)
Tax refunded	-	-
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	3,186	(1,901)
Cash flows from investing activities		
Acquisition of property, plant & equipment	(237)	(181)
Dividends received from other investments	54	195
Interest received	47	68
Proceeds on disposal of property, plant & equipment	2	5
Acquisition of other investments	(16,029)	(195)
	<hr/>	<hr/>
Net cash used in investing activities	(16,163)	(108)

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Condensed consolidated statement of cash flow for the period ended 31 March 2021 – unaudited (continued)

	3 months ended 31 March	
	2021 RM'000	2020 RM'000
Cash flows from financing activities		
Repurchase of treasury shares	-	(155)
Interest paid	(30)	(7)
Payment of lease liabilities	(142)	(57)
Net cash used in financing activities	<u>(172)</u>	<u>(219)</u>
Net decrease in cash & cash equivalents	(13,149)	(2,228)
Effect of exchange rate changes	237	(5)
Cash and cash equivalents at beginning of period	<u>54,971</u>	<u>52,962</u>
Cash and cash equivalents at end of period	<u>42,059</u>	<u>50,729</u>

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Notes to the condensed consolidated interim financial statements

YB Ventures Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements of the Group as at and for the three months period ended 31 March 2021 comprise the Company and its subsidiaries (together referred to as the Group).

The consolidated financial statements of the Group as at and for the year ended 31 December 2020 are available upon request from the Company's registered office at:

Registered office

Level 5, Block B,
Dataran PHB,
Saujana Resort,
Section U2,
40150 Shah Alam,
Selangor,
Malaysia

These condensed consolidated interim financial statements were approved by the Board of Directors on 28 May 2021.

1. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2020.

2. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 December 2020, except for the adoption of the following new accounting standards, interpretations and amendments that have been issued by the Malaysian Accounting Standards Board ("MASB") that are effective for financial statements effective from 1 January 2020:

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2. Significant accounting policies (continued)

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

The adoption of the above new accounting standards, interpretations and amendments does not have any material impact on the financial statements to the Group.

3. Seasonality or cyclicity of interim operations

Generally, the Group does not have any significant seasonal sales cycle, except during the few months prior to Hari Raya and Chinese New Year, when sales would be slightly higher due to increased renovation works.

4. Unusual items affecting the assets, liabilities, equity, net income, or cash flows

There are no unusual items affecting the assets, liabilities, equity, net income, or cash flows of the Group for the current quarter and financial year-to-date.

5. Material changes in estimates

There are no material changes in estimates for the current quarter and financial year-to-date.

6. Issuances, cancellations, repurchase, resale and repayments of debts and equity securities

During the current financial quarter, the Company did not purchase any of its own shares.

As at 31 March 2021, the number of treasury shares held in hand was 484,900 ordinary shares at a total cost of RM256,687. The average cost per share is RM0.53.

These shares were retained as treasury shares and there was no resale or cancellation of the treasury shares.

As at 12 May 2021, the number of treasury shares held was 808,616 ordinary shares including 323,716 ordinary shares issued via bonus issue on the basis of two (2) bonus shares for every three (3) existing ordinary shares held in the Company.

7. Dividends paid

No dividend was paid for the current quarter.

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8. Segment information

	3 months ended	
	31 March	
	2021	2020
	RM'000	RM'000
Tiles manufacturing & trading income	30,191	22,985
Dividend income	-	195
Interest income	47	68

9. Material events subsequent to period end

There were no material subsequent events from the end of the current interim financial period to the date of this report that have not been reflected in this report other than as disclosed below and in Note 17.

- (i) The Malaysian Government has again imposed the Movement Control Order (“MCO”) for the country which is severely affected by the novel coronavirus (“COVID 19-pandemic”) from 12 May 2021 to 7 June 2021. The restrictions imposed have not, however, negatively impacted the Group’s and the Company’s financial performance as our main essential services were allowed to operate throughout the MCO, under guidelines set by the National Security Council, Ministry of Health and Ministry of International Trade and Industry respectively. As at the date of authorisation of the financial statements, the COVID-19 pandemic situation is still evolving and uncertain. The Group and the Company will continue to actively monitor and manage its funds and operations to minimise any impact arising from the COVID-19 pandemic.
- (ii) The Group acquired the entire shareholding of YB Alliance Sdn Bhd and YB Advance Sdn Bhd which are incorporated on 1 Apr 2021. There was no material effect on the results or net assets of the Group arising from the above acquisitions for the current quarter and financial year to date.

10. Changes in the composition of the Group

There are no changes in the composition of the Group for the current quarter and year-to-date.

11. Contingent liabilities and contingent assets

The Group does not have any contingent liabilities and contingent assets since the last annual balance sheet date.

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Additional Information on Interim Financial Report required by the Bursa Malaysia Listing Requirements

12. Review of performance

The revenue of the Group for the current quarter of RM30.1 million is higher than RM23.0 million recorded in the corresponding quarter in 2020 and is mainly a result of higher sales volume achieved. Meanwhile, the Group recorded a profit before tax of RM0.9 million as compared to loss before tax of RM3.4 million for the corresponding quarter in 2020 and is also mainly a result of higher sales volume achieved. In the current quarter under review, we carried out cost efficiency exercises and successfully reduced the cost of our goods. Therefore, our closing stock value was reduced through the standard cost method and subsequently reduced profits of approximately RM3.9 million. Through our continuous cost efficiency exercises, we foresee further profitability moving forwards.

13. Variation of results against the preceding quarter

In the current quarter under review, the Group registered a consolidated profit before tax of RM0.9 million is lower compared to a profit before tax of RM11.1 million in the preceding quarter which was due to gain on disposal of leasehold land approximate RM10 million in preceding quarter.

14. Current year prospects

The Group has launched its flagship product Talos Living Tiles (negative ion tiles) and is targeting property developers and end-users. The launch of Talos Living Tiles is a step-up for the Group as it moves towards the premium segment. The positive feedback from property developers and end-users as it shows that the Group is heading in the right direction in terms of the product research and launches. Due to the Covid-19 pandemic, most people are stuck at home and realise the importance of indoor air quality and how a good tile selection will make a difference, and this led to the design and production of the Talos Living Tiles. Given the anticipated huge market demand, the Group is ready to realign its production lines and resources to mass produce big format Talos Living Tiles. In terms of volume, it may not be as high as existing product offerings but in terms of value, it will be expected a very significant contribution because Talos Living Tiles are a premium product which could give attractive profit margin.

15. Profit forecast

Not applicable.

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16. Taxation

	3 months ended 31 March	
	2021	2020
	RM'000	RM'000
Tax expense	-	49
Deferred tax income	172	70
	<u>172</u>	<u>119</u>

The effective tax rate is lower than statutory tax rate due to unrecognised deferred tax asset.

17. Status of uncompleted corporate proposals

Save as disclosed below, there was no other corporate proposal announced but not completed as at the date of this report.

- (a) On 10 February 2021, KAF Investment Bank Berhad (“KAF IB”) on behalf of board, announced that the Company is proposing to undertake the following proposals:-
- (i) proposed bonus issue of 97,047,061 new ordinary shares (“Bonus Shares”) on the basis of two (2) Bonus Shares for every three (3) existing ordinary shares in the Company held on an entitlement date to be determined later; and
 - (ii) proposed change of name from “Yi-Lai Berhad” to “YB Ventures Berhad”.

On 16 March 2021, the above resolutions were passed by the shareholders of the Company at the EGM. The name of the Company has been changed to YB Ventures Berhad with effect from 22 March 2021 and 97,045,933 bonus shares have been listed and quoted on the Main Market of Bursa Securities with effect from 2 April 2021.

- (b) On 4 March 2021, KAF IB on behalf of the board, announced that the Company is proposing to undertake a proposed renounceable rights issue of up to RM48,523,530.60 nominal value of five (5)-year, 0.10%, irredeemable convertible unsecured loan stocks (“ICULS”) at 100% of its nominal value of RM0.04 each on the basis of five (5) ICULS for every one (1) existing ordinary share in the Company held on an entitlement date to be determined later.

On 25 May 2021, KAF IB announced that the Securities Commission Malaysia had, vide its letter dated 25 May 2021, approved the proposed issuance of the ICULS pursuant to the Proposed Rights Issue under subsection 214(1) of the Capital Markets & Services Act, 2007, subject to the compliance with the standard conditions and continuing obligations as stipulated in Guidelines on Issuance of Corporate Bonds and Sukuk to Retails Investors (“Guidelines”).

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17. Status of uncompleted corporate proposals (continued)

- (c) On 5 April 2021, UOB Kay Hian Securities (M) Sdn Bhd ("UOBKH") on behalf of the Board announced that the effective date for the implementation of the ESOS is 5 April 2021, being the date on which the Company is in full compliance with Paragraph 6.43(1) of the Main Market Listing Requirements of Bursa Securities.
- (d) On 22 December 2020, the subsidiary, Yi-Lai Industry Berhad, entered into sales and purchase agreement with a purchaser of the Company to dispose property, plant and equipment and right-of-use assets with total consideration of RM15,000,000. On 22 April 2021, the Board further informed that more time is required to meet the relevant conditions in the sales and purchase agreement dated 22 December. Therefore, the parties have agreed to further extend the completion of the SPA until 30 June 2021.

18. Group borrowings and debts securities

The Group has no borrowings and debts securities as at the end of the reporting period.

19. Changes in material litigation

There are no pending material litigations as at the date of this quarterly report.

20. Dividends

No dividend has been recommended for the current quarter.

21. Revenue – Goods sold

Disaggregation of revenue

	3 months ended	
	31 March	
	2021	2020
	RM'000	RM'000
Timing and recognition		
At a point in time	16,053	16,096
Over time	14,138	6,889
	<u>30,191</u>	<u>22,985</u>

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22. Earnings/Loss per share

For the purpose of calculating basic earnings/loss per share:-

- (i) The amount used as the numerator is the net profit after tax attributable to ordinary shareholders of RM0.7 million for the current quarter.
- (ii) The weighted average number of ordinary shares used as the denominator is approximately 145.086 million ordinary shares.

23. Profit/(Loss) for the period

	3 months ended	
	31 March	
	2021	2020
	RM'000	RM'000
Profit/(Loss) for the period is arrived at after charging / (crediting):		
Depreciation	1,821	1,385
Trade receivables:		
- Impairment loss	-	66
Reversal of inventories written down	(26)	(126)
Reversal of allowance for slow moving inventories	(1)	
Property, plant & equipment written off	-	1
Gain on disposal of property, plant & equipment	(2)	(5)
Net realised foreign exchange gain	(184)	(46)
Interest expense	28	7
Interest income	(47)	(68)
Dividend income	(54)	(195)