

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

Interim Financial Report
30 June 2021

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Condensed consolidated statement of financial position
As at 30 June 2021 – unaudited

	Note	30.06.2021 RM'000	31.12.2020 RM'000
Assets			
Property, plant and equipment		142,911	140,837
Right-of use assets		3,372	3,496
Intangible assets		1,612	1,795
Investment in associates		9,502	9,502
Deferred tax assets		490	672
Total non-current assets		157,887	156,302
Inventories		42,290	43,854
Trade & other receivables		42,808	49,686
Current tax assets		280	228
Other investments		12,875	13,901
Cash and bank balances		55,749	54,971
Contract assets		5,692	3,903
Total current assets		159,694	166,543
Total assets		317,581	322,845
Equity			
Share capital		93,692	93,692
Reserves		186,953	189,295
Total equity		280,645	282,987
Liabilities			
Deferred tax liabilities		16,592	16,592
Lease liabilities	18	1,794	1,749
Total non-current liabilities		18,386	18,341
Trade & other payables		18,089	20,948
Lease liabilities	18	456	512
Tax liabilities		5	57
Total current liabilities		18,550	21,517
Total liabilities		36,936	39,858
Total equity and liabilities		317,581	322,845
Net Assets per share (RM)		1.16	1.95

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Condensed consolidated statement of comprehensive income for the period ended 30 June 2021 – unaudited

	Note	Individual 3 months ended 30 June		Cumulative 6 months ended 30 June	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue					
Goods sold	21	20,259	9,351	50,450	32,336
Dividend income	23	79	179	133	374
		<u>20,338</u>	<u>9,530</u>	<u>50,583</u>	<u>32,710</u>
Operating expenses		(23,821)	(15,986)	(53,179)	(42,593)
Operating loss		<u>(3,483)</u>	<u>(6,456)</u>	<u>(2,596)</u>	<u>(9,883)</u>
Interest income	23	198	60	245	128
Interest expense	23	(32)	(5)	(62)	(12)
Loss before tax		<u>(3,317)</u>	<u>(6,401)</u>	<u>(2,413)</u>	<u>(9,767)</u>
Taxation	16	(10)	141	(182)	22
Loss for the period		<u>(3,327)</u>	<u>(6,260)</u>	<u>(2,595)</u>	<u>(9,745)</u>
Loss attributable to:					
Owners of the company/					
Loss for the period		<u>(3,327)</u>	<u>(6,260)</u>	<u>(2,595)</u>	<u>(9,745)</u>
Basic loss per ordinary share (sen)		<u>(1.37)</u>	<u>(4.31)</u>	<u>(1.07)</u>	<u>(6.71)</u>
Loss for the period		(3,327)	(6,260)	(2,595)	(9,745)
Foreign currency translation differences for foreign operation/ other comprehensive expense for the period, net of tax		16	199	253	194
Total comprehensive expense for the period		<u>(3,311)</u>	<u>(6,061)</u>	<u>(2,342)</u>	<u>(9,551)</u>
Total comprehensive expense attributable to:					
Owners of the company/					
Total comprehensive expense for the period		<u>(3,311)</u>	<u>(6,061)</u>	<u>(2,342)</u>	<u>(9,551)</u>

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Condensed consolidated statement of changes in equity for the period ended 30 June 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	-	-	253	-	(2,595)	(2,342)
At 30 June 2021	<u>93,692</u>	<u>(257)</u>	<u>3,905</u>	<u>76,753</u>	<u>106,552</u>	<u>280,645</u>
At 1 January 2020	93,692	(101)	3,614	-	99,005	196,210
Total comprehensive expense for the period	-	-	194	-	(9,745)	(9,551)
Acquisition of treasury shares	-	(155)	-	-	-	(155)
At 30 June 2020	<u>93,692</u>	<u>(256)</u>	<u>3,808</u>	<u>-</u>	<u>89,260</u>	<u>186,504</u>

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Condensed consolidated statement of cash flow for the period ended 30 June 2021 – unaudited

	6 months ended	
	30 June	
	2021	2020
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(2,413)	(9,767)
Adjustments for:-		
Depreciation	3,463	2,757
Amortisation of intangible assets	183	-
Property, plant & equipment written off	5	170
(Gain)/Loss on disposal of property, plant & equipment	(27)	222
Gain on disposal of other investments	(152)	-
Changes in fair value of other investments	2,151	25
Dividend income from other investments	(133)	(374)
Interest income	(245)	(128)
Interest expense	62	12
Reversal of inventories written down	(13)	(376)
Reversal of allowance for slow moving inventories	(1)	-
Trade receivables - impairment loss	-	225
Operating profit/(loss) before working capital changes	<u>2,880</u>	<u>(7,234)</u>
Changes in working capital:		
Change in inventories	1,578	4,645
Change in contract assets	(1,789)	2,713
Change in trade and other receivables	6,878	13,195
Change in trade and other payables	<u>(2,859)</u>	<u>(8,631)</u>
Cash generated from operations	<u>6,688</u>	<u>4,688</u>
Tax paid	(104)	(195)
Tax refunded	-	-
Net cash generated from operating activities	<u>6,584</u>	<u>4,493</u>

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Condensed consolidated statement of cash flow for the period ended 30 June 2021 – unaudited (continued)

	6 months ended 30 June	
	2021 RM'000	2020 RM'000
Cash flows from investing activities		
Acquisition of property, plant & equipment	(5,141)	(251)
Dividends received from other investments	133	374
Interest received	245	128
Proceeds on disposal of property, plant & equipment	27	25
Acquisition of other investments	(973)	(350)
Net cash used in investing activities	<u>(5,709)</u>	<u>(74)</u>
Cash flows from financing activities		
Repurchase of treasury shares	-	(155)
Interest paid	(62)	(12)
Payment of lease liabilities	(288)	(101)
Net cash used in financing activities	<u>(350)</u>	<u>(268)</u>
Net increase in cash & cash equivalents	525	4,151
Effect of exchange rate changes	253	194
Cash and cash equivalents at beginning of period	54,971	52,962
Cash and cash equivalents at end of period	<u><u>55,749</u></u>	<u><u>57,307</u></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 six months period ended 30 June 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 24 September 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 30 June 2021, the number of treasury shares held in hand 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 at a total cost of RM256,687. The average cost per share is RM0.32.

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

7. Dividends paid

No dividend was paid for the current quarter.

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8. Segment information

	6 months ended	
	30 June	
	2021	2020
	RM'000	RM'000
Tiles manufacturing & trading income	50,450	32,336
Dividend income	133	374
Interest income	245	128

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 Group wholly owned subsidiary, YB Advance Sdn Bhd had on 22 July 2021 incorporated a wholly owned subsidiary, YB Renewable Energy Sdn Bhd. 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.
- (ii) 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. The sales and purchase agreement has been completed on 10 September 2021.

10. Changes in the composition of the Group

During the quarter under review, two wholly-owned subsidiary YB Advance Sdn Bhd and YB Alliance Sdn Bhd have been added to the Group.

Other than the above, there are no changes in the composition of the Group for the current quarter and year-to-date.

11. Contingent liabilities and contingent assets

Save as disclosed below, there were no other contingent liabilities and contingent assets as at the date of this interim report.

	RM'000
Corporate guarantee given to licenced financial institutions for credit facilities granted to subsidiaries	10,000

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

12. Review of performance

	3 months ended	
	30 June	
	2021	2020
	RM'000	RM'000
Revenue	20,259	9,351
Loss before tax	(3,317)	(6,401)

The revenue of the Group for the current quarter of RM20.3 million is higher than RM9.4 million recorded in the corresponding quarter in 2020. Meanwhile, the Group recorded a loss before tax of RM3.3 million as compared to loss before tax of RM6.4 million for the corresponding quarter in 2020.

In current quarter, the sales for Apr and May 2021 have gradually return to normal but sales for Jun 2021 had impacted by reimposition of the Movement Control Order ("MCO") by the Malaysian Government. The revenue for the corresponding quarter in 2020 was declined much higher than this quarter due to slow demand impacted from the imposed of Movement Control Order ("MCO") for the country from 18 March 2020 to May 2020.

13. Variation of results against the preceding quarter

	Year 2021	
	Q2	Q1
	RM'000	RM'000
Loss before tax	(3,317)	904

In the current quarter under review, the Group registered a consolidated loss before tax of RM3.3 million is lower compared to a profit before tax of RM0.9 million in the preceding quarter mainly due to government mandated shutdown, restriction of manpower and therefore recorded no sales during the FMCO period.

14. Current year prospects

The Malaysian Government has again imposed the Full Movement Control Order ("FMCO") for the country which is severely affected by the novel coronavirus ("COVID 19-pandemic") since 1 June 2021. Our operation halted during the Full Movement Control Order (FMCO) imposed and the Group's performance is being severely affected. We are monitoring the situation closely and are taking necessary measures and initiatives to protect the Group and our people.

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15. Profit forecast

Not applicable.

16. Taxation

	3 months ended		6 months ended	
	30 June		30 June	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Tax expense	-	(49)	-	-
Deferred tax income	10	(92)	182	(22)
	<u>10</u>	<u>(141)</u>	<u>182</u>	<u>(22)</u>

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

17. Status of corporate proposals announced

On 10 September 2021, on behalf of our Board, KAF Investment Bank has announced that Rights Issue of Irredeemable Convertible Unsecured Loan Stock (“ICULS”) has been completed following the listing of and quotation for 1,209,041,795 ICULS on the Main Market of Bursa Securities.

1,209,041,795 ICULS were issued pursuant to the Rights Issue of ICULS and the total proceeds raised was RM48,361,671.80.

As of the date of this report, the status of the utilization of proceeds from the Rights Issue of ICULS are as follows: -

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Estimated Time Frame for Utilisation
Business expansion	45,585	3,690	Within 24 months
Working capital	2,177	-	Within 12 months
Estimated expenses	600	400	Within 3 months

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18. Group borrowings and debts securities

The Group's borrowings as at 30 June 2021 presented as follows: -

	RM'000
Long Term Borrowings	
Secured:-	
- Hire purchase creditors	1,604
- Lease creditors	190
	<u>1,794</u>
Short Term Borrowings	
Secured:-	
- Hire purchase creditors	303
- Lease creditors	153
	<u>456</u>
Total	2,250

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		6 months ended	
	30 June		30 June	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Timing and recognition				
At a point in time	11,038	6,940	27,091	23,036
Over time	9,221	2,411	23,359	9,300
	<u>20,259</u>	<u>9,351</u>	<u>50,450</u>	<u>32,336</u>

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22. Loss per share

For the purpose of calculating basic loss per share:-

- (i) The amount used as the numerator is the net loss after tax attributable to ordinary shareholders of RM3.3 million for the current quarter.
- (ii) The weighted average number of ordinary shares used as the denominator is approximately 242.617 million ordinary shares.

23. Loss for the period

	3 months ended		6 months ended	
	30 June		30 June	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Loss for the period is arrived at after charging / (crediting):				
Depreciation	1,642	1,372	3,463	2,757
Amortisation of intangible assets	183	-	183	-
Property, plant & equipment written off	5	169	5	170
Gain on disposal of property, plant & equipment	(25)	227	(27)	222
Gain on disposal of other investments	(150)	-	(152)	-
Changes in fair value of other investments	2,156	21	2,151	25
Reversal of inventories written down	13	(250)	(13)	(376)
Reversal of allowance for slow moving inventories	-	-	(1)	-
Dividend income	(79)	(179)	(133)	(374)
Interest expense	32	5	62	12
Interest income	(198)	(60)	(245)	(128)
Trade receivables:				
- Impairment loss	-	159	-	225
Net realised foreign exchange gain	(17)	(223)	(201)	(269)