

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

Interim Financial Report
30 September 2021

YB Ventures Berhad

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

	Note	30.09.2021 RM'000	31.12.2020 RM'000
Assets			
Property, plant and equipment		141,754	140,837
Right-of use assets		4,433	3,496
Intangible assets		1,521	1,795
Investment in associates		9,502	9,502
Deferred tax assets		490	672
Total non-current assets		157,700	156,302
Inventories		41,443	43,854
Trade & other receivables		16,777	49,686
Current tax assets		327	228
Other investments		21,135	13,901
Cash and bank balances		122,162	54,971
Contract assets		5,479	3,903
Total current assets		207,323	166,543
Total assets		365,023	322,845
Equity			
Share capital		93,692	93,692
Reserves		189,625	189,295
Total equity		283,317	282,987
Liabilities			
Deferred tax liabilities		16,592	16,592
Lease liabilities	18	2,382	1,749
Loan Stocks - Rights ICULS		48,299	-
Total non-current liabilities		67,273	18,341
Trade & other payables		8,400	20,948
Lease liabilities	18	1,036	512
Banker acceptance	18	4,997	-
Tax liabilities		-	57
Total current liabilities		14,433	21,517
Total liabilities		81,706	39,858
Total equity and liabilities		365,023	322,845
Net Assets per share (RM)		1.17	1.95

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

	Note	Individual 3 months ended 30 September		Cumulative 9 months ended 30 September	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue					
Goods sold	21	8,592	29,420	59,042	67,540
Dividend income	23	11	133	144	507
		<u>8,603</u>	<u>29,553</u>	<u>59,186</u>	<u>68,047</u>
Operating expenses		(5,858)	(22,713)	(59,037)	(70,456)
Operating profit/(loss)		<u>2,745</u>	<u>6,840</u>	<u>149</u>	<u>(2,409)</u>
Interest income	23	-	161	186	288
Interest expense	23	(134)	(6)	(137)	(18)
Profit/(Loss) before tax		<u>2,611</u>	<u>6,995</u>	<u>198</u>	<u>(2,139)</u>
Taxation	16	(6)	-	(188)	108
Profit/(Loss) for the period		<u>2,605</u>	<u>6,995</u>	<u>10</u>	<u>(2,031)</u>
Profit/(Loss) attributable to:					
Owners of the company/					
Profit/(Loss) for the period		<u>2,605</u>	<u>6,995</u>	<u>10</u>	<u>(2,031)</u>
Basic profit/(loss) per ordinary share (sen)		<u>1.08</u>	<u>4.82</u>	<u>0.00</u>	<u>(1.40)</u>
Profit/(Loss) for the period		2,605	6,995	10	(2,031)
Foreign currency translation differences for foreign operation/ other comprehensive expense for the period, net of tax		67	515	320	(13)
Total comprehensive expense for the period		<u>2,672</u>	<u>7,510</u>	<u>330</u>	<u>(2,044)</u>
Total comprehensive expense attributable to:					
Owners of the company/					
Total comprehensive expense for the period		<u>2,672</u>	<u>7,510</u>	<u>330</u>	<u>(2,044)</u>

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Condensed consolidated statement of changes in equity for the period ended 30 September 2021 – unaudited

	← Attributable to owners of the Company →				Retained earnings RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Exchange fluctuation reserve RM'000	Revaluation RM'000		
At 1 January 2021	93,692	(257)	3,652	76,753	109,147	282,987
Total comprehensive income for the period	-	-	320	-	10	330
At 30 September 2021	<u>93,692</u>	<u>(257)</u>	<u>3,972</u>	<u>76,753</u>	<u>109,157</u>	<u>283,317</u>
At 1 January 2020	93,692	(101)	3,614	-	99,005	196,210
Total comprehensive expense for the period	-	-	(13)	-	(2,031)	(2,044)
Acquisition of treasury shares	-	(155)	-	-	-	(155)
At 30 September 2020	<u>93,692</u>	<u>(256)</u>	<u>3,601</u>	<u>-</u>	<u>96,974</u>	<u>194,011</u>

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

	9 months ended 30 September	
	2021 RM'000	2020 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	198	(2,139)
Adjustments for:-		
Depreciation	5,279	3,910
Amortisation of intangible assets	274	-
Property, plant & equipment written off	5	173
(Gain)/Loss on disposal of property, plant & equipment	(27)	222
Gain on disposal of other investments	(1,409)	-
Changes in fair value of other investments	(1,626)	25
Dividend income from other investments	(144)	(507)
Interest income	(186)	(288)
Interest expense	137	18
Trade receivables - impairment loss	-	(53)
Operating profit before working capital changes	<u>2,501</u>	<u>1,361</u>
Changes in working capital:		
Change in inventories	2,411	2,910
Change in contract assets	(1,576)	1,891
Change in trade and other receivables	32,909	247
Change in trade and other payables	(12,548)	(5,923)
Cash generated from operations	<u>23,697</u>	<u>486</u>
Tax paid	(162)	(124)
Tax refunded	-	-
Net cash generated from operating activities	<u>23,535</u>	<u>362</u>

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

	9 months ended 30 September	
	2021	2020
	RM'000	RM'000
Cash flows from investing activities		
Acquisition of property, plant & equipment	(5,511)	(484)
Dividends received from other investments	144	507
Interest received	186	288
Proceeds on disposal of property, plant & equipment	27	25
Acquisition of other investments	(4,199)	(2,178)
Net cash used in investing activities	<u>(9,353)</u>	<u>(1,842)</u>
Cash flows from financing activities		
Acquisition of treasury shares	-	(155)
Interest paid	(137)	(18)
Payment of lease liabilities	(470)	(158)
Issuance of ICULS by holding company	48,299	-
Drawdown of other borrowings	4,997	-
Net cash generated from/(used in) financing activities	<u>52,689</u>	<u>(331)</u>
Net increase/(decrease) in cash & cash equivalents	66,871	(1,811)
Effect of exchange rate changes	320	(13)
Cash and cash equivalents at beginning of period	54,971	52,962
Cash and cash equivalents at end of period	<u>122,162</u>	<u>51,138</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 nine months period ended 30 September 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 26 November 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:

YB Ventures Berhad

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Registration Number: 200001013437

(Incorporated in Malaysia)

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 September 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

	9 months ended	
	30 September	
	2021	2020
	RM'000	RM'000
Tiles manufacturing & trading income	59,042	67,540
Dividend income	144	507
Interest income	186	288

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 Pro Builders Sdn Bhd had on 21 October 2021 incorporated a wholly owned subsidiary, Blissful Concept Sdn Bhd. There was no material effect on the results or net assets of the Group arising from the incorporation of Blissful Concept Sdn Bhd for the current quarter and financial year to date.
- (ii) The Group wholly owned subsidiary, YB Pro Builders Sdn Bhd had on 15 November 2021 acquired two (2) ordinary shares in Pinky Pie Sdn Bhd representing 100% equity interest for a purchase consideration of RM2. 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

During the quarter under review, two wholly-owned subsidiary YB Renewable Energy Sdn Bhd and YB Pro Builders Sdn Bhd have been added to the Group.

Other than the above and as disclosed in Note 9, 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	25,000

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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 September	
	2021	2020
	RM'000	RM'000
Revenue	8,592	29,420
Profit before tax	2,611	6,995

The revenue of the Group for the current quarter of RM8.6 million is lower than RM29.4 million recorded in the corresponding quarter in 2020. Meanwhile, the Group recorded a profit before tax of RM2.6 million as compared to profit before tax of RM7 million for the corresponding quarter in 2020.

In current quarter, the sales for 3rd quarter 2021 had heavily impacted by reimposition of the Movement Control Order ("MCO") from June 2021 to Sept 2021 by the Malaysian Government. However, the Group remains profitable mainly due to selling of old stock, and further operational cost controls and gain on investment.

13. Variation of results against the preceding quarter

	Year 2021	
	Q3	Q2
	RM'000	RM'000
Profit/(Loss) before tax	2,611	(3,317)

In the current quarter under review, the Group registered a consolidated profit before tax of RM2.6 million is higher compared to a loss before tax of RM3.3 million in the preceding quarter mainly due to selling of old stock and further cost cutting measures implemented by the Group

14. Current year prospects

In view of rising vaccination rates and falling Covid-19 new infections, The Malaysian Government has relaxed restrictions imposed during the Movement Control Order("MCO"). The gradual ease of travel restrictions and streamlined standard operating procedures outlined by the Government, we expect a gradual economic recovery and an uptake in renovation activities in Malaysia. In compliance with the guidelines set out by the Ministry of Health of Malaysia, our Group has resumed normal operations at 100% capacity and mandated biweekly testing for all employees.

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14. Current year prospects (continued)

As a result of the ease of restrictions, the Group anticipates an uptake in demand as our Group continues to fulfil the backlog of orders from the imposition of MCO on 1 July 2021. Our Group had on 10 September 2021 completed the Rights Issue exercise and we expect the proceeds raised to be fully utilized within 24 months for the installation and upgrade of new and existing production lines. The added capacity is expected to cater to increased demand moving forward.

Nevertheless, our Group continue to operate under strict standard operating procedures and is confident that the current management team is executing strategic plans in order to create long-term shareholder value.

15. Profit forecast

Not applicable.

16. Taxation

	3 months ended		9 months ended	
	30 September		30 September	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Tax expense	6	-	6	-
Deferred tax income	10	-	182	(108)
	<u>16</u>	<u>-</u>	<u>188</u>	<u>(108)</u>

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

17. (A) Status of corporate proposals announced

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	15,000	Within 24 months
Working capital	2,177	-	Within 12 months
Estimated expenses	600	425	Within 3 months

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17. (B) 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.

On 18 October 2021, UOB KH on behalf of the board, announced that Bursa Securities had resolved to approve the listing and quotation of up to 333,881,413 Placement Shares to be issued pursuant to the Proposed Private Placement.

18. Group borrowings and debts securities

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

	RM'000
Long Term Borrowings	
Secured:-	
- Hire purchase creditors	1,546
- Lease creditors	836
	<u>2,382</u>
Short Term Borrowings	
Secured:-	
- Hire purchase creditors	308
- Lease creditors	728
	<u>1,036</u>
- Banker acceptance	4,997
	<u>6,033</u>
Total	8,415

19. Changes in material litigation

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

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20. Dividends

No dividend has been recommended for the current quarter.

21. Revenue – Goods sold

Disaggregation of revenue

	3 months ended		9 months ended	
	30 September		30 September	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Timing and recognition				
At a point in time	5,079	25,841	32,170	54,661
Over time	3,513	3,579	26,872	12,879
	<u>8,592</u>	<u>29,420</u>	<u>59,042</u>	<u>67,540</u>

22. Profit per share

For the purpose of calculating basic profit per share:-

- (i) The amount used as the numerator is the net profit after tax attributable to ordinary shareholders of RM2.6 million for the current quarter.
- (ii) The weighted average number of ordinary shares used as the denominator is approximately 241.808 million ordinary shares.

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23. Profit/(Loss) for the period

	3 months ended		9 months ended	
	30 September		30 September	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period is arrived at after charging / (crediting):				
Depreciation	1,816	1,153	5,279	3,910
Amortisation of intangible assets	91	-	274	-
Property, plant & equipment written off	-	4	5	173
Gain on disposal of property, plant & equipment	-	-	(27)	222
Gain on disposal of other investments	(1,257)	-	(1,409)	-
Changes in fair value of other investments	(3,777)	(25)	(1,626)	-
Reversal of inventories written down	13	(4,465)	-	(4,842)
Reversal of allowance for slow moving inventories	1	-	-	-
Dividend income	(11)	(133)	(144)	(507)
Interest expense	134	6	137	18
Interest income	-	(161)	(186)	(288)
Trade receivables:				
- Impairment loss	-	(277)	-	(53)
Net realised foreign exchange (gain)/loss	62	313	(139)	44