

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

Interim Financial Report
31 December 2021

YB Ventures Berhad
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 Registration Number: 200001013437
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Condensed consolidated statement of financial position
As at 31 December 2021 – unaudited

	Note	31.12.2021 RM'000	31.12.2020 RM'000
Assets			
Property, plant and equipment		160,741	140,837
Right-of use assets		6,802	3,496
Intangible assets		1,430	1,795
Investment in associates		9,980	9,502
Deferred tax assets		474	672
Total non-current assets		<u>179,427</u>	<u>156,302</u>
Inventories		43,865	43,854
Trade & other receivables		29,579	49,686
Current tax assets		425	228
Other investments		37,110	13,901
Cash and bank balances		100,031	54,971
Contract assets		2,850	3,903
Total current assets		<u>213,860</u>	<u>166,543</u>
Total assets		<u><u>393,287</u></u>	<u><u>322,845</u></u>
Equity			
Share capital		110,754	93,692
ICULS Equity Component		48,110	-
Reserves		190,360	189,295
Total equity		<u>349,224</u>	<u>282,987</u>
Liabilities			
Deferred tax liabilities		16,592	16,592
Lease liabilities	18	4,395	1,749
Loan Stocks - Rights ICULS		192	-
Total non-current liabilities		<u>21,179</u>	<u>18,341</u>
Trade & other payables		16,378	20,948
Lease liabilities	18	1,508	512
Banker acceptance	18	4,998	-
Tax liabilities		-	57
Total current liabilities		<u>22,884</u>	<u>21,517</u>
Total liabilities		<u>44,063</u>	<u>39,858</u>
Total equity and liabilities		<u><u>393,287</u></u>	<u><u>322,845</u></u>
Net Assets per share (RM)		<u>1.20</u>	<u>1.95</u>

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

	Note	Individual 3 months ended 31 December		Cumulative 12 months ended 31 December	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue					
Goods sold	21	21,244	23,237	80,286	90,777
Dividend income	23	247	100	391	607
		<u>21,491</u>	<u>23,337</u>	<u>80,677</u>	<u>91,384</u>
Operating expenses		(21,288)	(12,324)	(80,325)	(82,780)
Operating profit		<u>203</u>	<u>11,013</u>	<u>352</u>	<u>8,604</u>
Interest income	23	208	152	394	440
Interest expense	23	(92)	(21)	(229)	(39)
Share of profit of an associate		478	2	478	2
Profit before tax		<u>797</u>	<u>11,146</u>	<u>995</u>	<u>9,007</u>
Taxation	16	(73)	1,039	(261)	1,147
Profit for the period		<u>724</u>	<u>12,185</u>	<u>734</u>	<u>10,154</u>
Profit attributable to:					
Owners of the company/ Profit for the period		<u>724</u>	<u>12,185</u>	<u>734</u>	<u>10,154</u>
Basic profit per ordinary share (sen)		<u>0.25</u>	<u>8.40</u>	<u>0.25</u>	<u>7.00</u>
Profit for the period		724	12,185	734	10,154
Foreign currency translation differences for foreign operation/ other comprehensive expense for the period, net of tax		11	10	331	37
Total comprehensive income for the period		<u>735</u>	<u>12,195</u>	<u>1,065</u>	<u>10,191</u>
Total comprehensive income attributable to:					
Owners of the company/ Total comprehensive income for the period		<u>735</u>	<u>12,195</u>	<u>1,065</u>	<u>10,191</u>

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

	← Attributable to owners of the Company →						Distributable
	← Non-distributable →						
	Share capital RM'000	ICULS - equity components 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	-	-	-	-	-	734	734
Foreign currency translation differences for foreign operations	-	-	-	331	-	-	331
Acquisition of shares	-	-	-	-	-	-	-
Arising from conversion of ICULS	69	48,110	-	-	-	-	48,179
Arising from conversion of private placement	16,993	-	-	-	-	-	16,993
At 31 December 2021	<u>110,754</u>	<u>48,110</u>	<u>(257)</u>	<u>3,983</u>	<u>76,753</u>	<u>109,881</u>	<u>349,224</u>
At 1 January 2020	93,692	-	(101)	3,615	-	99,001	196,207
Total comprehensive income for the financial year	-	-	-	-	76,753	10,146	86,899
Foreign currency translation differences for foreign operations	-	-	-	37	-	-	37
Acquisition of treasury shares	-	-	(156)	-	-	-	(156)
At 31 December 2020	<u>93,692</u>	<u>-</u>	<u>(257)</u>	<u>3,652</u>	<u>76,753</u>	<u>109,147</u>	<u>282,987</u>

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

	12 months ended	
	31 December	
	2021	2020
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	995	8,999
Adjustments for:-		
Depreciation	7,289	5,109
Amortisation of intangible assets	365	30
Property, plant & equipment written off	18	278
Gain on disposal of property, plant & equipment	-	(9,997)
Gain on disposal of other investments	(1,728)	(0)
Changes in fair value of other investments	(2,870)	8
Dividend income from other investments	(391)	(607)
Interest income	(394)	(440)
Interest expense	229	39
Reversal of inventories written down	(29)	(5,532)
Reversal of allowance for slow moving inventories	(20)	(678)
Inventories written off	-	383
Share of profit of an associate company	(478)	(2)
Trade receivables - impairment loss	-	-
Reversal of impairment loss	-	(53)
Operating profit/(loss) before working capital changes	<u>2,986</u>	<u>(2,462)</u>
Changes in working capital:		
Change in inventories	38	8,984
Change in contract assets	1,053	1,880
Change in trade and other receivables	20,107	(5,654)
Change in trade and other payables	(4,570)	823
Cash generated from operations	<u>19,614</u>	<u>3,572</u>
Tax refund	-	874
Tax paid	(318)	(224)
Net cash generated from operating activities	<u>19,296</u>	<u>4,222</u>

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

	12 months ended 31 December	
	2021 RM'000	2020 RM'000
Cash flows from investing activities		
Acquisition of property, plant & equipment	(26,115)	(5,081)
Acquisition of associate company	-	(9,500)
Dividends received from other investments	391	607
Interest received	394	407
Uplifted of fixed deposit with licensed bank	5,035	18,215
Proceeds on disposal of property, plant & equipment (Acquisition of)/Net proceed from other investments	(1) (18,611)	684 11,142
Net cash (used in)/generated from investing activities	(38,907)	16,474
Cash flows from financing activities		
Repurchase of treasury shares	-	(155)
Interest paid	(229)	(39)
Payment of lease liabilities	(759)	(315)
Issuance of ICULS by holding company	192	-
Arising from conversion of ICULS	48,179	-
Arising from conversion of private placement	16,993	-
Drawdown of other borrowings	7,369	-
Repayment of other borrowings	(2,371)	-
Net cash generated from/(used in) financing activities	69,374	(509)
Net increase in cash & cash equivalents	49,763	20,187
Effect of exchange rate changes	331	37
Cash and cash equivalents at beginning of period	49,937	29,712
Cash and cash equivalents at end of period	100,031	49,937

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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 twelve months period ended 31 December 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 25 February 2022.

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 December 2021, the number of treasury shares held in hand was 808,166 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

	12 months ended	
	31 December	
	2021	2020
	RM'000	RM'000
Tiles manufacturing & trading income	80,286	90,777
Dividend income	391	607
Interest income	394	440

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.

On 24 January 2022, the Board of Directors has announced a Proposed Bonus Issue of up to 749,319,778 free warrants in YBVB on the basis of one (1) Warrant for every two (2) existing ordinary share in YBVB. The application to Bursa Securities is expected to be submitted within two months from 24 January 2022.

The Board of Directors had on 23 February 2022 approved the change of financial year end of the Company from 31 December 2021 to 30 June 2022, covering a period of 18 months. The rationale is due to continuing rising of covid cases which has significantly impact on the process of the Group to finalise the Group's financial statements during this period and to facilitate better audit planning and allocation of resources to avoid the peak financial reporting period.

10. Changes in the composition of the Group

During the quarter under review, 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	28,500

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

12. Review of performance

	3 months ended	
	31 December	
	2021	2020
	RM'000	RM'000
Revenue	21,244	23,237
Profit before tax	797	11,146

The revenue of the Group for the current quarter of RM21.2 million is lower than RM23.2 million recorded in the corresponding quarter in 2020. Meanwhile, the Group recorded a profit before tax of RM0.8 million as compared to profit before tax of RM11.1 million for the corresponding quarter in 2020.

In current quarter, the sales for 4th quarter 2021 had slightly decrease. However, the Group remains profitable mainly due to further operational cost controls.

13. Variation of results against the preceding quarter

	Year 2021	
	Q4	Q3
	RM'000	RM'000
Profit before tax	797	2,611

In the current quarter under review, the Group registered a consolidated profit before tax of RM0.8 million is lower compared to a profit before tax of RM2.6 million in the preceding quarter mainly due to the increase of raw material prices, ocean freight prices and maintenance cost. During the period of FMCO, the Group's factory had to ceased production and continue to incur cost for the maintenance of the factory's machinery and equipment.

In light of the increased costs and current business environment, the Group has reflected the same in the selling price of the tiles during the first quarter of 2022.

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14. Current year prospects

In light of the Covid-19 outbreak locally and overseas, the Malaysian Government had gradually eased restrictions, travel restrictions and businesses allowed to operate under strict Standard Operating Procedures (“SOP”). Further to the successful rollout of the vaccination program throughout Malaysia, the economy has registered sign of recovery as reported by Bank Negara Malaysia with a positive growth of 3.6% in the fourth quarter of 2021.

As a result of the recovery, our Group expects sustained uptake in domestic renovation activities as we continue to fulfill the backlog of orders since the reimposition of the Movement Control Order on 1st June 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, we are cautiously optimistic of the Group’s financial performance and our Group will continue to operate under strict SOP. We are also confident that the current management team continued strategies will create long-term shareholder value.

15. Profit forecast

Not applicable.

16. Taxation

	3 months ended		12 months ended	
	31 December		31 December	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Tax expense	244	(30)	250	(30)
Deferred tax income	(171)	(1,009)	11	(1,117)
	<u>73</u>	<u>(1,039)</u>	<u>261</u>	<u>(1,147)</u>

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

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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	17,132	Within 24 months
Working capital	2,177	-	Within 12 months
Estimated expenses	600	428	Within 3 months

17. (B) Status of uncompleted corporate proposals

There was no other corporate proposal announced but not completed as at the date of this report.

18. Group borrowings and debts securities

The Group's borrowings as at 31 December 2021 presented as follows: -

	RM'000
Long Term Borrowings	
Secured: -	
- Hire purchase creditors	1,487
- Lease creditors	2,908
	<u>4,395</u>
Short Term Borrowings	
Secured: -	
- Hire purchase creditors	311
- Lease creditors	1,197
	<u>1,508</u>
- Banker acceptance	4,998
	<u>6,506</u>
Total	10,901

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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		12 months ended	
	31 December		31 December	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Timing and recognition				
At a point in time	14,378	5,146	46,548	59,807
Over time	6,866	18,091	33,738	30,970
	<u>21,244</u>	<u>23,237</u>	<u>80,286</u>	<u>90,777</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 RM0.8 million for the current quarter.
- (ii) The weighted average number of ordinary shares used as the denominator is approximately 290.503 million ordinary shares.

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23. Profit for the period

	3 months ended		12 months ended	
	31 December		31 December	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after charging / (crediting):				
Depreciation	2,010	1,199	7,289	5,109
Amortisation of intangible assets	91	30	365	30
Property, plant & equipment written off	13	105	18	278
Loss/(Gain) on disposal of property, plant & equipment	27	(10,219)	-	(9,997)
Gain on disposal of other investments	(319)	-	(1,728)	-
Changes in fair value of other investments	(1,244)	8	(2,870)	8
Reversal of inventories written down	(29)	(690)	(29)	(5,532)
Reversal of allowance for slow moving inventories	(20)	(678)	(20)	(678)
Inventories written off	-	383	-	383
Dividend income	(247)	(100)	(391)	(607)
Interest expense	92	21	229	39
Interest income	(208)	(152)	(394)	(440)
Share of profit of an associate company	(478)	(2)	(478)	(2)
Trade receivables:				
- Reversal of impairment loss	-	-	-	(53)
Net realised foreign exchange (gain)/loss	(51)	62	(190)	106