

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

Interim Financial Report
31 March 2022

YB Ventures Berhad
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Condensed consolidated statement of financial position
As at 31 March 2022 – unaudited

	Note	31.3.2022 RM'000	31.12.2020 RM'000
Assets			
Property, plant and equipment		186,185	140,837
Right-of use assets		6,377	3,496
Intangible assets		1,338	1,795
Investment in associates		9,980	9,502
Deferred tax assets		463	672
Total non-current assets		204,343	156,302
Inventories		46,755	43,854
Trade & other receivables		27,764	49,686
Current tax assets		529	228
Other investments		95,210	13,901
Cash and bank balances		37,535	54,971
Contract assets		4,861	3,903
Total current assets		212,654	166,543
Total assets		416,997	322,845
Equity			
Share capital		110,754	93,692
ICULS Equity Component		48,110	-
Reserves		195,865	189,295
Total equity		354,729	282,987
Liabilities			
Deferred tax liabilities		16,610	16,592
Lease liabilities	18	4,077	1,749
Loan Stocks - Rights ICULS		192	-
Total non-current liabilities		20,879	18,341
Trade & other payables		31,853	20,948
Lease liabilities	18	1,491	512
Banker acceptance	18	8,007	-
Tax liabilities		38	57
Total current liabilities		41,389	21,517
Total liabilities		62,268	39,858
Total equity and liabilities		416,997	322,845
Net Assets per share (RM)		1.22	1.95

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Condensed consolidated statement of comprehensive income for the period ended 31 March 2022 – unaudited

	Note	Individual 3 months ended 31 March 2022 RM'000	Cumulative 15 months ended 31 March 2022 RM'000
Revenue			
Goods sold	21	26,567	106,853
Dividend income	23	133	524
		<hr/>	<hr/>
		26,700	107,377
Operating expenses		(21,218)	(101,543)
		<hr/>	<hr/>
Operating profit		5,482	5,834
Interest income	23	231	625
Interest expense	23	(170)	(399)
Share of profit of an associate		-	478
		<hr/>	<hr/>
Profit before tax		5,543	6,538
Taxation	16	(73)	(334)
		<hr/>	<hr/>
Profit for the period		5,470	6,204
		<hr/> <hr/>	<hr/> <hr/>
Profit attributable to:			
Owners of the company/ Profit for the period		5,470	6,204
		<hr/>	<hr/>
Basic earnings per ordinary share (sen)	22	2.12	2.40
		<hr/>	<hr/>
Diluted earnings per ordinary share (sen)	22	1.52	1.73
		<hr/> <hr/>	<hr/> <hr/>
Profit for the period		5,470	6,204
Foreign currency translation differences for foreign operation/ other comprehensive expense for the period, net of tax		35	366
		<hr/>	<hr/>
Total comprehensive income for the period		5,505	6,570
		<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income attributable to:			
Owners of the company/ Total comprehensive income for the period		5,505	6,570
		<hr/> <hr/>	<hr/> <hr/>

Notes:

- 1) The Group has changed its financial year end from 31st December to 30th June. As such, there will be no comparative financial information available for the financial period ended 31st March 2022.

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Condensed consolidated statement of changes in equity for the period ended 31 March 2022 – 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	-	-	-	-	-	6,204	6,204
Foreign currency translation differences for foreign operations	-	-	-	366	-	-	366
Arising from conversion of ICULS	69	48,110	-	-	-	-	48,179
Arising from conversion of private placement	16,993	-	-	-	-	-	16,993
At 31 March 2022	<u>110,754</u>	<u>48,110</u>	<u>(257)</u>	<u>4,018</u>	<u>76,753</u>	<u>115,351</u>	<u>354,729</u>

Notes:

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Condensed consolidated statement of cash flow for the period ended 31 March 2022 – unaudited

	15 months ended 31 March 2022 RM'000
Cash flows from operating activities	
Profit before tax	6,538
Adjustments for:-	
Depreciation	9,960
Property, plant & equipment written off	49
Gain on disposal of other investments	(2,663)
Changes in fair value of other investments	(10,615)
Dividend income from other investments	(524)
Interest income	(625)
Interest expense	399
Reversal of inventories written down	333
Reversal of allowance for slow moving inventories	238
Share of profit of an associate company	(478)
Operating profit before working capital changes	<u>2,612</u>
Changes in working capital:	
Change in inventories	(3,472)
Change in contract assets	(958)
Change in trade and other receivables	21,922
Change in trade and other payables	10,905
Cash generated from operations	<u>31,009</u>
Tax paid	(369)
Net cash generated from operating activities	<u>30,640</u>

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**Condensed consolidated statement of cash flow
 for the period ended 31 March 2022 – unaudited (continued)**

	15 months ended 31 March 2022 RM'000
Cash flows from investing activities	
Acquisition of property, plant & equipment	(53,379)
Dividends received from other investments	524
Interest received	625
Uplifted of fixed deposit with licensed bank	5,035
(Acquisition of)/Net proceed from other investments	(68,031)
Net cash used in investing activities	<u>(115,226)</u>
Cash flows from financing activities	
Interest paid	(399)
Payment of lease liabilities	(1,095)
Issuance of ICULS by holding company	134
Arising from conversion of ICULS	48,179
Arising from conversion of private placement	16,993
Drawdown of other borrowings	13,312
Repayment of other borrowings	(5,305)
Net cash generated from financing activities	<u>71,819</u>
Net decrease in cash & cash equivalents	(12,767)
Effect of exchange rate changes	366
Cash and cash equivalents at beginning of period	49,936
Cash and cash equivalents at end of period	<u><u>37,535</u></u>

Notes:

- 1) The Group has changed its financial year end from 31st December to 30th June. As such, there will be no comparative financial information available for the financial period ended 31st March 2022.

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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 fifteen months period ended 31 March 2022 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 20 May 2022.

1. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements are unaudited and 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 audited financial statements of the Group for the financial year ended 31 December 2020.

On 23 February 2022, the Group has announced the change of financial year end from 31st December to 30th June. As such, there will be no comparative financial information available for the financial period ended 31st March 2022.

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 2022, 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 except for the following:

- (a) On 10 September 2021, the Company had issued up to RM48,361,671 nominal value of 5 year 0.10% Irredeemable Convertible Unsecured Loan Stocks at 100% of its nominal value of RM0.04 each (“ICULS”) on the basis of 5 ICULS for every 1 ordinary shares in YB Ventures Berhad.
- (b) On 1 October 2021, the ICULS holder converted RM68,400.00 ICULS into 142,500 new shares on the basis of 12 ICULS for 1 new share.

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

These shares were retained as treasury shares and there was no resale or cancellation of the treasury shares except for the following: (continued)

(c) On 30 November 2021, the ICULS holder converted RM136.32 ICULS into 284 new shares on the basis of 12 ICULS for 1 new share.

(d) On 28 December 2021, the Company had issued 48,551,861 new ordinary shares at an issue price of RM0.35 per share pursuant to the Company's Private Placement.

7. Dividends paid

No dividend was paid for the current quarter.

8. Segment information

	3 months ended 31 March 2022 RM'000	15 months ended 31 March 2022 RM'000
Tiles manufacturing & trading income	26,567	106,853
Dividend income	133	524
Interest income	231	625

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.

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. Segment information

	3 months ended 31 March 2022 RM'000	15 months ended 31 March 2022 RM'000
Revenue	26,567	106,853
Profit before tax	5,543	6,538

The Group recorded revenue of RM26.6 million for the current quarter with profit before tax of RM5.5 million.

The Group recorded revenue of RM106.8 million for the cumulative 15 months with profit before tax of RM6.5 million

The revenue increased by RM5.4 million which compared to the last quarter (Q5: RM26.6 million; Q4: RM21.2 million).

13. Variation of results against the preceding quarter

	Year 2022 Q5 RM'000	Year 2021 Q4 RM'000
Profit before tax	5,543	797

In the current quarter under review, the Group registered a consolidated profit before tax of RM5.5 million is higher compared to a profit before tax of RM0.8 million in the preceding quarter mainly due to revenue increased and fair value gain arising from investment.

There were no comparative figures for the current quarter and year-to-date financial as a result of the change in the Group's financial year end from 31 December to 30 June.

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14. Current year prospects

The Malaysian Government had eased business restriction and reopen of borders in transitioning to the endemic phase in April 2022. With the reopening of the Malaysian economy the Group hope for business to pick up at a faster pace.

Russian-Ukraine conflict has led to high energy price such as oil, nature gas. Energy price hike will increase operating cost in processing raw material and transportation. Meanwhile, Malaysia's new minimum wage rate has been officially gazetted and take effect on May 2022.

Bearing the above challenges, we will focus in the execution of customers' orders, improve cost efficiency in order to maximise value to all stakeholders.

15. Profit forecast

Not applicable.

16. Taxation

	3 months ended 31 March 2022 RM'000	15 months ended 31 March 2022 RM'000
Tax expense	73	323
Deferred tax expense	-	11
	73	334

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

- (i) 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	19,432	Within 24 months
Working capital	2,177	2,177	Within 12 months
Estimated expenses	600	428	Within 3 months

- (ii) As of the date of this report, the status of the utilization of proceeds from the Private Placement are as follows: -

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Estimated Time Frame for Utilisation
Business improvement	16,000	-	Within 24 months
Working capital	913	913	Within 12 months
Estimated expenses	80	-	Within 3 months

17. (B) Status of uncompleted corporate proposals

On 24 January 2022, KAF Investment Bank Berhad (“KAF IB”) on behalf of board announced that the Company is proposing to undertake the proposed bonus issue of up to 749,319,778 free warrants on the basis of 1 Warrant for every 2 existing ordinary shares held on an entitlement date to be determined later.

On 11 April 2022, KAF IB announced that the Securities Commission Malaysia had, vide its letter dated 11 April 2022, granted its approval for the proposed bonus issue of warrants.

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18. Group borrowings and debts securities

The Group's borrowings as at 31 March 2022 presented as follows: -

	RM'000
Long Term Borrowings	
Secured:-	
- Hire purchase creditors	1,415
- Lease creditors	2,662
	<u>4,077</u>
Short Term Borrowings	
Secured:-	
- Hire purchase creditors	315
- Lease creditors	1,176
	<u>1,491</u>
Unsecured:-	
- Banker acceptance	8,007
	<u>9,498</u>
Total	13,575

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 2022 RM'000	15 months ended 31 Mar 2022 RM'000
Timing and recognition		
At a point in time	15,059	61,607
Over time	11,508	45,246
	<u>26,567</u>	<u>106,853</u>

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22. Earnings per share

(a) Basic Earnings per share

Basic earnings per share are based on the profit for the financial period or year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial period or year, calculated as follows:

	3 months ended 31 March 2022	15 months ended 31 March 2022
Profit attributable to owners of the Company (RM'000)	<u>5,470</u>	<u>6,204</u>
Weighted average number of ordinary shares for basic earnings per share ('000)	<u>258,360</u>	<u>258,360</u>
Basic earnings per ordinary share (sen)	<u>2.12</u>	<u>2.40</u>

(b) Diluted Earnings per share

Diluted earnings per share are based on the profit for the financial period or year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Potential ordinary shares are treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase loss per share. Potential ordinary shares are antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share. Diluted earnings per share is calculated as follows:

	3 months ended 31 March 2022	15 months ended 31 March 2022
Profit attributable to owners of the Company (RM'000)	<u>5,470</u>	<u>6,204</u>
Weighted average number of ordinary shares for basic earnings per share ('000)	258,360	258,360
Effect of dilution from conversion of 12 ICULS to 1 ordinary share	<u>100,611</u>	<u>100,611</u>
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>358,971</u>	<u>358,971</u>
Diluted earnings per ordinary share (sen)	<u>1.52</u>	<u>1.73</u>

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23. Profit for the period

	3 months ended 31 March 2022 2022 RM'000	15 months ended 31 Mar 2022 2022 RM'000
Profit for the period is arrived at after charging / (crediting):		
Depreciation	2,671	9,960
Property, plant & equipment written off	31	49
Gain on disposal of other investments	(935)	(2,663)
Changes in fair value of other investments	(7,745)	(10,615)
Reversal of inventories written down	362	333
Reversal of allowance for slow moving inventories	258	238
Dividend income	(133)	(524)
Interest expense	170	399
Interest income	(231)	(625)
Share of profit of an associate company	-	(478)
Net realised foreign exchange gain	(64)	(254)