

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

Interim Financial Report
30 June 2022

YB Ventures Berhad
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(Incorporated in Malaysia)

Condensed consolidated statement of financial position
As at 30 June 2022 – unaudited

	Note	30.6.2022 RM'000	31.12.2020 RM'000
Assets			
Property, plant and equipment		192,934	140,837
Right-of use assets		4,118	3,496
Intangible assets		-	1,795
Investment in associates		9,868	9,502
Deferred tax assets		954	672
Total non-current assets		207,874	156,302
Inventories		58,319	43,854
Trade & other receivables		32,414	49,686
Current tax assets		416	228
Other investments		51,946	13,901
Cash and bank balances		58,844	54,971
Contract assets		7,515	3,903
Total current assets		209,454	166,543
Total assets		417,328	322,845
Equity			
Share capital		110,754	93,692
ICULS Equity Component		48,136	-
Reserves		189,415	189,295
Total equity		348,305	282,987
Liabilities			
Deferred tax liabilities		17,125	16,592
Lease liabilities	18	3,794	1,749
Loan Stocks - Rights ICULS		216	-
Total non-current liabilities		21,135	18,341
Trade & other payables		32,232	20,948
Lease liabilities	18	1,439	512
Loans & borrowings	18	13,894	-
Tax liabilities		323	57
Total current liabilities		47,888	21,517
Total liabilities		69,023	39,858
Total equity and liabilities		417,328	322,845
Net Assets per share (RM)		1.20	1.95

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Condensed consolidated statement of comprehensive income for the year ended 30 June 2022 – unaudited

	Note	Individual 3 months ended 30 June 2022 RM'000	Cumulative 18 months ended 30 June 2022 RM'000
Revenue			
Goods sold	21	27,540	134,393
Dividend income	23	211	735
		<hr/>	<hr/>
		27,751	135,128
Operating expenses		(22,291)	(134,449)
Operating profit		<hr/>	<hr/>
		5,460	679
Interest income	23	147	772
Interest expense	23	(263)	(662)
Fair value (loss)/gain on other quoted investment		(682)	9,933
Share of (loss)/gain in associate companies		(112)	366
Profit before tax		<hr/>	<hr/>
		4,550	11,088
Taxation	16	(543)	(877)
Profit for the quarter/year		<hr/>	<hr/>
		4,007	10,211
Other comprehensive (loss)/income			
Fair value loss on long term quoted investment		(10,560)	(10,560)
Foreign currency translation		103	469
Total other comprehensive loss for the quarter/year		<hr/>	<hr/>
		(10,457)	(10,091)
Total comprehensive (loss)/income for the quarter/year		<hr/>	<hr/>
		(6,450)	120
Profit attributable to:			
Owners of the Company		4,007	10,211
Profit for the quarter/year		<hr/>	<hr/>
		4,007	10,211
Total comprehensive (loss)/income attributable to:			
Owners of the company/		(6,450)	120
Total comprehensive (loss)/income for the quarter/year		<hr/>	<hr/>
		(6,450)	120
Basic earnings per ordinary share (cent)	22	<hr/>	<hr/>
		1.55	3.95
Diluted earnings per ordinary share (cent)	22	<hr/>	<hr/>
		1.12	2.84

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 year ended 30th June 2022.

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Condensed consolidated statement of changes in equity for the year ended 30 June 2022 – unaudited

	← Attributable to owners of the Company →						Distributable	Total equity RM'000
	← Non-distributable →							
	Share capital RM'000	ICULS - equity components RM'000	Treasury shares RM'000	Exchange fluctuation reserve RM'000	Fair value reserve RM'000	Revaluation RM'000	Retained earnings RM'000	
At 1 January 2021	93,692	-	(257)	3,652	-	76,753	109,147	282,987
Total comprehensive income for the year	-	-	-	-	-	-	10,211	10,211
Foreign currency translation differences for foreign operations	-	-	-	469	-	-	-	469
Fair value loss on other quoted investment	-	-	-	-	(10,560)	-	-	(10,560)
Arising from conversion of ICULS	69	48,136	-	-	-	-	-	48,205
Arising from conversion of private placement	16,993	-	-	-	-	-	-	16,993
At 30 June 2022	<u>110,754</u>	<u>48,136</u>	<u>(257)</u>	<u>4,121</u>	<u>(10,560)</u>	<u>76,753</u>	<u>119,358</u>	<u>348,305</u>

Notes:

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Condensed consolidated statement of cash flow for the year ended 30 June 2022 – unaudited

	18 months ended 30 June 2022 RM'000
Cash flows from operating activities	
Profit before tax	11,088
Adjustments for:-	
Depreciation	12,164
Property, plant & equipment written off	52
Gain on disposal of property, plant & equipment	(28)
Gain on disposal of other investments	(2,397)
Changes in fair value of other investments	(9,933)
Dividend income from other investments	(735)
Interest income	(772)
Interest expense	662
Inventories written down	2,186
Reversal of allowance for slow moving inventories	(5)
Share of profit of an associate company	(366)
Trade receivables - impairment loss	433
Operating profit before working capital changes	<u>12,349</u>
Changes in working capital:	
Change in inventories	(16,646)
Change in contract assets	(3,612)
Change in trade and other receivables	16,839
Change in trade and other payables	11,284
Cash generated from operations	<u>20,214</u>
Tax paid	(548)
Net cash generated from operating activities	<u>19,666</u>

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Condensed consolidated statement of cash flow for the year ended 30 June 2022 – unaudited (continued)

	18 months ended 30 June 2022 RM'000
Cash flows from investing activities	
Acquisition of property, plant & equipment	(58,752)
Dividends received from other investments	735
Interest received	772
Uplifted of fixed deposit with licensed bank	5,035
Proceeds on disposal of property, plant & equipment	29
Acquisition of other investments	(36,275)
Net cash used in investing activities	<u>(88,456)</u>
Cash flows from financing activities	
Interest paid	(662)
Payment of lease liabilities	(1,417)
Issuance of ICULS by holding company	216
Arising from conversion of ICULS	48,205
Arising from conversion of private placement	16,993
Drawdown of other borrowings	25,374
Repayment of other borrowings	(11,480)
Net cash generated from financing activities	<u>77,229</u>
Net increase in cash & cash equivalents	8,439
Effect of exchange rate changes	469
Cash and cash equivalents at beginning of year	49,936
Cash and cash equivalents at end of year	<u><u>58,844</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 year ended 30 June 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 eighteen months year ended 30 June 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 26 August 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 year ended 30 June 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 30 June 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 30 June 2022 RM'000	18 months ended 30 June 2022 RM'000
Tiles manufacturing & trading income	27,540	134,393
Dividend income	211	735
Interest income	147	772

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. Review of Performance

	3 months ended 30 June 2022 RM'000	18 months ended 30 June 2022 RM'000
Revenue	27,540	134,393
Profit before tax	4,550	11,088

The Group's year-to-date revenue and profit before tax recorded a total of RM134.4 million and RM11 million respectively.

For quarter ended 30th June 2022, the Group recorded revenue of RM27.5 million and profit before tax of RM4.6 million respectively

13. Variation of results against the preceding quarter

	Year 2022 Q6 RM'000	Year 2022 Q5 RM'000
Profit before tax	4,550	5,543

In the current quarter under review, the Group registered a consolidated profit before tax of RM4.6 million compared to a profit before tax of RM5.5 million in the preceding quarter mainly due to fair value loss arising from investment and Malaysia's minimum wages is implemented.

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 Group continues to be significant macro-economic and geopolitical uncertainty in the global economy, aggravated by the Russia-Ukraine conflict. Persistent inflation and rising interest rates present challenges to the business.

These factors will continue to bear down on the tile industry and it will be even more challenging for the Company to maintain margins in the near future. Counter measures to address these challenges include enhancing the manufacturing efficiency and productivity, new products development and cost-control.

15. Profit forecast

Not applicable.

16. Taxation

	3 months ended 30 Jun 2022 RM'000	18 months ended 30 Jun 2022 RM'000
Tax expense	538	861
Deferred tax expense	5	16
	543	877

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	39,379	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 30 June 2022 presented as follows: -

	RM'000
Long Term Borrowings	
Secured:-	
- Hire purchase creditors	1,333
- Lease creditors	2,461
	<u>3,794</u>
Short Term Borrowings	
Secured:-	
- Hire purchase creditors	320
- Lease creditors	1,119
	<u>1,439</u>
Secured:-	
- Bank borrowings	13,894
	<u>15,333</u>
Total	19,127

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 30 June 2022 RM'000	18 months ended 30 June 2022 RM'000
Timing and recognition		
At a point in time	14,618	76,225
Over time	12,922	58,168
	<u>27,540</u>	<u>134,393</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 30 June 2022	18 months ended 30 June 2022
Profit attributable to owners of the Company (RM'000)	<u>4,007</u>	<u>10,211</u>
Weighted average number of ordinary shares for basic earnings per share ('000)	258,360	258,360
Basic earnings per ordinary share (cent)	1.55	3.95

(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 30 June 2022	18 months ended 30 June 2022
Profit attributable to owners of the Company (RM'000)	<u>4,007</u>	<u>10,211</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	100,611	100,611
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 (cent)	1.12	2.84

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23. Profit for the quarter/year

	3 months ended	18 months ended
	30 Jun 2022	30 Jun 2022
	2022	2022
	RM'000	RM'000
Profit for the period/year is arrived at after charging / (crediting):		
Depreciation	2,204	12,164
Amortisation of intangible assets	(274)	-
Property, plant & equipment written off	3	52
Gain on disposal of property, plant & equipment	(28)	(28)
Gain on disposal of other investments	266	(2,397)
Changes in fair value of other investments	682	(9,933)
Inventories written down	1,853	2,186
Reversal of allowance for slow moving inventories	(243)	(5)
Dividend income	(211)	(735)
Interest expense	263	662
Interest income	(147)	(772)
Share of profit of an associate company	112	(366)
Trade receivables:		
- Impairment loss	433	433
Net realised foreign exchange loss/(gain)	28	(226)