

YB Ventures Berhad

Registration Number: 200001013437 (516043-K)
(Incorporated in Malaysia)

Interim Financial Report 30 September 2022

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Condensed consolidated statement of financial position As at 30 September

	Note	Unaudited 30.9.2022 RM'000	Audited 30.6.2022 RM'000
Assets			
Property, plant and equipment		178,230	175,853
Investment properties		15,084	15,079
Right-of use assets		5,554	5,970
Intangible assets		1,156	1,247
Investment in associates		9,899	9,899
Other investment		21,029	20,295
Deferred tax assets		1,002	954
Total non-current assets		231,954	229,297
Inventories		63,130	58,319
Trade & other receivables		33,154	31,411
Current tax assets		537	410
Other investments		31,525	31,650
Cash and bank balances		25,619	61,503
Contract assets		6,040	7,515
Total current assets		160,005	190,808
Total assets		391,959	420,105
Equity			
Share capital		110,754	110,754
ICULS Equity Component		48,136	48,136
Reserves		182,051	189,407
Total equity		340,941	348,297
Liabilities			
Deferred tax liabilities		17,125	17,125
Lease liabilities	18	3,473	3,794
Loan Stocks - Rights ICULS		216	216
Total non-current liabilities		20,814	21,135
Trade & other payables		13,559	32,391
Lease liabilities	18	1,416	1,439
Loans & borrowings	18	14,914	16,525
Tax liabilities		315	318
Total current liabilities		30,204	50,673
Total liabilities		51,018	71,808
Total equity and liabilities		391,959	420,105
Net Assets per share (RM)		1.17	1.20

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Condensed consolidated statement of comprehensive income for the period ended 30 September 2022 – unaudited

		Individual 3 months ended 30 September		Cumulative 3 months ended 30 September	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue					
Goods sold	21	17,386	8,592	17,386	8,592
Dividend income	23	-	11	-	11
		<u>17,386</u>	<u>8,603</u>	<u>17,386</u>	<u>8,603</u>
Operating expenses		(29,032)	(9,636)	(29,032)	(9,636)
Operating loss		<u>(11,646)</u>	<u>(1,033)</u>	<u>(11,646)</u>	<u>(1,033)</u>
Interest income	23	371	-	371	-
Interest expense	23	(330)	(134)	(330)	(134)
Fair value gain on other quoted investment		3,323	3,778	3,323	3,778
(Loss)/Profit before tax		<u>(8,282)</u>	<u>2,611</u>	<u>(8,282)</u>	<u>2,611</u>
Taxation	16	48	(6)	48	(6)
(Loss)/Profit for the period		<u>(8,234)</u>	<u>2,605</u>	<u>(8,234)</u>	<u>2,605</u>
Other comprehensive income					
Fair value gain on long term quoted investment		734	-	734	-
Foreign currency translation		144	67	144	67
Total other comprehensive income for the period		<u>878</u>	<u>67</u>	<u>878</u>	<u>67</u>
Total comprehensive (loss)/income for the period		<u>(7,356)</u>	<u>2,672</u>	<u>(7,356)</u>	<u>2,672</u>
(Loss)/Profit attributable to:					
Owners of the Company		(8,234)	2,605	(8,234)	2,605
(Loss)/Profit for the period		<u>(8,234)</u>	<u>2,605</u>	<u>(8,234)</u>	<u>2,605</u>
Total comprehensive (loss)/income attributable to:					
Owners of the company		(7,356)	2,672	(7,356)	2,672
Total comprehensive (loss)/income for the period		<u>(7,356)</u>	<u>2,672</u>	<u>(7,356)</u>	<u>2,672</u>
Basic (loss)/earnings per ordinary share (cent)	22	<u>(2.83)</u>	<u>1.08</u>	<u>(2.83)</u>	<u>1.08</u>
Diluted (loss)/earnings per ordinary share (cent)	22	<u>(2.11)</u>	<u>1.08</u>	<u>(2.11)</u>	<u>1.08</u>

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Condensed consolidated statement of changes in equity for the period ended 30 September 2022 – unaudited

	Attributable to owners of the Company							
	Non-distributable					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	Total equity RM'000
At 1 July 2022	110,754	48,136	(257)	4,015	(10,560)	76,753	119,456	348,297
Loss for the financial period	-	-	-	-	-	-	(8,234)	(8,234)
Fair value gain on equity investment at FVOCI	-	-	-	-	734	-	-	734
Foreign currency translation differences for foreign operations	-	-	-	144	-	-	-	144
Total comprehensive income/(loss) for the financial period	-	-	-	144	734	-	(8,234)	(7,356)
At 30 September 2022	<u>110,754</u>	<u>48,136</u>	<u>(257)</u>	<u>4,159</u>	<u>(9,826)</u>	<u>76,753</u>	<u>111,222</u>	<u>340,941</u>
At 1 July 2021	93,692	-	(257)	3,905	-	76,753	106,552	280,645
Total comprehensive income for the financial period	-	-	-	67	-	-	2,605	2,672
At 30 September 2021	<u>93,692</u>	<u>-</u>	<u>(257)</u>	<u>3,972</u>	<u>-</u>	<u>76,753</u>	<u>109,157</u>	<u>283,317</u>

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Condensed consolidated statement of cash flow for the period ended 30 September 2022 – unaudited

	3 months ended 30 September 2022 RM'000	3 months ended 30 September 2021 RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(8,282)	2,611
Adjustments for:-		
Depreciation	1,970	1,816
Amortisation of intangible assets	230	91
Property, plant & equipment written off	17	-
Loss/(Gain) on disposal of other investments	3,213	(1,256)
Changes in fair value of other investments	(3,323)	(3,778)
Dividend income from other investments	-	(11)
Interest income	(371)	-
Interest expense	330	134
Inventories written down	(607)	-
Operating loss before working capital changes	(6,823)	(393)
Changes in working capital:		
Change in inventories	(4,204)	847
Change in contract assets	1,475	213
Change in trade and other receivables	(1,743)	26,031
Change in trade and other payables	(18,832)	(9,689)
Cash (used in)/generated from operations	(30,127)	17,009
Tax paid	(130)	(54)
Net cash (used in)/generated from operating activities	(30,257)	16,955
Cash flows from investing activities		
Acquisition of property, plant & equipment	(4,076)	(370)
Acquisition of investment properties	(5)	-
Dividends received from other investments	-	11
Interest received	371	-
Uplifted of fixed deposit with licensed bank	(2,978)	-
Net proceeds from/(acquisition of) other investments	235	(3,226)
Net cash used in investing activities	(6,453)	(3,585)

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

	3 months ended 30 September 2022 RM'000	3 months ended 30 September 2021 RM'000
Cash flows from financing activities		
Interest paid	(330)	(134)
Payment of lease liabilities	(355)	(182)
Proceed from issuance of ICULS	-	48,299
Drawdown of other borrowings	12,257	4,993
Repayment of other borrowings	(11,244)	-
Net cash generated from financing activities	328	52,976
Net (decrease)/increase in cash & cash equivalents	(36,382)	66,346
Effect of exchange rate changes	144	67
Cash and cash equivalents at beginning of period	56,570	55,749
Cash and cash equivalents at end of period	20,332	122,162
Cash and cash equivalents at end of the financial period comprise:		
Cash and bank balances	10,301	40,667
Fixed deposits with licensed banks	15,318	81,495
	25,619	122,162
Less: Fixed deposits maturity more than 3 months	(5,279)	-
Less: Bank overdraft	(8)	-
	20,332	122,162

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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 3 months financial period ended 30 September 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 financial year ended 30 June 2022 are available upon request at 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 28 November 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 Main Market 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 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 30 June 2022. The Group have adopted the following amendments to standards issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for the current financial period:

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2. Significant accounting policies (continued)

Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2

The adoption of amendments to standards did not have any significant impact on the financial statements of the Group.

The Group has not applied the following new standard and amendments to standards that have been issued by the MASB but are not yet effective:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3	Reference of the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRSs Standards 2018 - 2020:		1 January 2022
• Amendments to MFRS 1		
• Amendments to MFRS 9		
• Amendments to MFRS 16		
• Amendments to MFRS 141		
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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2. Significant accounting policies (continued)

The Group intend to adopt the above new standard and amendments to standards, if applicable, when they become effective.

The initial application of the above-mentioned new standard and amendment to standards are not expected to have any significant impacts on the financial statements of the Group.

3. Seasonality or cyclical of interim operations

Generally, the Group does not have any significant seasonal sales cycle, except during the few months before 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 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 2 bonus shares for every 3 existing ordinary shares held in the Company at a total cost of RM256,687. The average cost per share is RM0.32.

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review except for the following:

On 28 September 2022, the Company has issued 145,250,984 warrants on the basis of 1 warrant for every 2 existing ordinary shares held by the shareholders. The exercise price of the warrants is fixed at RM0.37 for 1 ordinary share.

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7. Dividends paid

No dividend was paid for the current quarter.

8. Segment information

	3 months ended 30 September	
	2022	2021
	RM'000	RM'000
Tiles manufacturing & trading income	17,386	8,592
Dividend income	-	11
Interest income	371	-

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 has 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 September 2022 RM'000	3 months ended 30 September 2021 RM'000
Revenue	17,386	8,592
(Loss)/Profit before tax	(8,282)	2,611

The revenue of the Group for the current quarter under review of RM17.4 million was higher than the RM8.6 million recorded in the corresponding quarter in 2021. However, the Group recorded a loss before tax of RM8.3 million for the current quarter under review as compared to a profit before tax of RM2.6 million for the corresponding quarter in 2021.

13. Variation of results against the preceding quarter

	Year 2023 Q1 RM'000	Year 2022 Q6 RM'000
Revenue	17,386	27,625
(Loss)/Profit before tax	(8,282)	4,648

For the current quarter under review, the Group registered a consolidated loss before tax of RM8.3 million compared to a profit before tax of RM4.6 million in the preceding quarter mainly due to lower revenue and higher production costs.

14. Current year prospects

The current quarter was challenging as the subdued demand for tiles and the unprecedented increase in gas costs. Nonetheless, recent corrections in price should have a positive impact on the Group's margins going forward.

The economy continues to rise to the new challenges presented by the ongoing global crisis, which continues to create a high inflationary environment and disruption in the supply chain globally. However, the tile industry should witness a gradual demand pickup after Malaysia's general election due to continued traction in the real estate sector and the government's focus on infrastructure spending despite of high input costs and increasing interest rates.

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15. Profit forecast

Not applicable.

16. Taxation

	3 months ended 30 September 2022 RM'000	3 months ended 30 September 2021 RM'000
Tax expense	-	6
Deferred tax expense	(48)	-
	<u>(48)</u>	<u>6</u>

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

17. (A) Status of corporate proposals announced

- (i) On 4 March 2021, the Company proposed to undertake a renounceable rights issue of up to RM48,523,530.60 nominal value of 5-year, 0.10%, irredeemable convertible unsecured loan stocks ("ICULS") at 100% of its nominal value of RM0.04 each on the basis of 5 ICULS for every 1 existing ordinary share in the Company ("Rights Issue"). The Rights Issue was completed on 10 September 2021 following the listing of and quotation for 1,209,041,795 or RM48,361,671.80 nominal value of ICULS on the Main Market of Bursa Malaysia Securities Berhad.

As of the date of this report, the status of the utilisation of proceeds is as follows: -

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

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17. (A) Status of corporate proposals announced (continued)

- (ii) On 11 October 2021, the Company proposed to undertake a private placement of up to 20% of the total number of issued shares of the Company (excluding treasury shares) to independent third-party investors (“Private Placement”). The Private Placement was completed on 28 December 2021 following the listing of and quotation for 48,551,861 placement shares on the Main Market of Bursa Malaysia Securities Berhad.

As of the date of this report, the status of the utilisation of proceeds from the Private Placement is as follows: -

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Estimated Time Frame for Utilisation
Installation of rooftop solar photovoltaic system	16,000	3,741	Within 24 months
Working capital	913	913	Within 12 months
Estimated expenses	80	80	Within 3 months

- (iii) On 24 January 2022, KAF Investment Bank Berhad (“KAF IB”) announced, on behalf of the Company’s Board of Directors, that the Company proposes to undertake bonus issue of up to 749,319,778 free warrants on the basis of 1 Warrant for every 2 existing ordinary shares held by the shareholders on 21 September 2022 (“Bonus Issue of Warrants”).

On 11 April 2022, KAF IB announced that Bursa Malaysia Securities Berhad had, vide its letter dated 11 April 2022, granted its approval for the Bonus Issue of Warrants.

On 1 September 2022, on behalf of the Company, KAF IB announced that the Company’s Board of Directors, had fixed the exercise price of the warrants at RM0.37 for 1 ordinary share in the Company, which represents a discount of RM0.0437 or approximately 10.56% to the 5-day volume weighted average market price of the Company’s shares up to and including 30 August 2022, being the last market day before the price-fixing date of RM0.4137 per share.

On 28 September 2022, KAF IB announced that the Bonus Issue of Warrants had been completed, following the listing of and quotation for 145,250,984 Warrants on the Main Market of Bursa Malaysia Securities Berhad.

17. (B) Status of uncompleted corporate proposals

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

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18. Group borrowings and debts securities

The Group's borrowings as at 30 September 2022 and 30 September 2021 are presented as follows: -

	30 September 2022 RM'000	30 September 2021 RM'000
Long Term Borrowings		
Secured:-		
- Hire purchase creditors	1,250	1,546
- Lease creditors	2,223	837
	<u>3,473</u>	<u>2,383</u>
Short Term Borrowings		
Secured:-		
- Hire purchase creditors	325	308
- Lease creditors	1,091	728
	<u>1,416</u>	<u>1,036</u>
Secured:-		
- Bank borrowings	14,914	4,997
	<u>16,330</u>	<u>6,033</u>
Total	19,803	8,416

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 September 2022 RM'000	3 months ended 30 September 2021 RM'000
Timing and recognition		
At a point in time	12,869	5,079
Over time	4,517	3,513
	<u>17,386</u>	<u>8,592</u>

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22. (Loss)/Earnings per share

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is based on the (loss)/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 September 2022 RM	3 months ended 30 September 2021 RM
(Loss)/Profit attributable to owners of the Company (RM'000)	(8,234)	2,605
	Units	Units
Weighted average number of ordinary shares in issue ('000)	<u>290,503</u>	<u>241,808</u>
Basic (loss)/earnings per shares (cent)	(2.83)	1.08

(b) Diluted (Loss)/Earnings per share

Diluted (loss)/earnings per share are based on the (loss)/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 from the exercise and/or conversion of all the dilutive potential ordinary shares into ordinary shares.

Potential ordinary shares are treated as dilutive when their exercise and/or conversion to ordinary shares would decrease earnings per share or increase loss per share. Conversely, potential ordinary shares are anti-dilutive when their exercise and/or conversion to ordinary shares would increase earnings per share or decrease loss per share. Accordingly, diluted (loss)/earnings per share are calculated as follows:

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22. (Loss)/Earnings per share (continued)

(b) Diluted (Loss)/Earnings per share (continued)

	3 months ended 30 September 2022 RM	3 months ended 30 September 2021 RM
(Loss)/Profit attributable to owners of the Company	(8,234)	2,605
Adjusted for:		
Interest savings on ICULS	-	-
	<u>(8,234)</u>	<u>2,605</u>
	Units	Units
Weighted average number of ordinary shares used in the calculation of basic (loss)/earnings per shares (in shares) ('000)	290,503	241,808
Assume conversion of ICULS	<u>100,611</u>	<u>-</u>
Weighted average number of ordinary shares in issue at end of financial period (diluted) ('000)	<u>391,114</u>	<u>241,808</u>
Diluted (loss)/earnings per shares (cent)	(2.11)	1.08

23. (Loss)/Profit for the period

	3 months ended 30 September 2022 RM'000	3 months ended 30 September 2021 RM'000
(Loss)/Profit for the period is arrived at after charging / (crediting):		
Depreciation	1,970	1,816
Amortisation of intangible assets	230	91
Property, plant & equipment written off	17	-
Loss/(Gain) on disposal of other investments	3,213	(1,256)
Changes in fair value of other investments	(3,323)	(3,778)
Inventories written down	(607)	-
Dividend income	-	(11)
Interest expense	330	134
Interest income	(371)	-
Net realised foreign exchange loss	207	61