

Yi-Lai Berhad
(Company No. 516043-K)
(Incorporated in Malaysia)

Interim Financial Report
31 December 2016

Yi-Lai Berhad

(Company No. 516043-K)
(Incorporated in Malaysia)

Condensed consolidated statement of financial position As at 31 December 2016 - unaudited

	31.12.2016 RM'000	31.12.2015 RM'000
Assets		
Property, plant and equipment	66,230	71,642
Deferred tax assets	2	2
	<u>66,232</u>	<u>71,644</u>
Total non-current assets		
Inventories	56,814	53,490
Trade and other receivables	30,915	36,154
Tax recoverable	1,533	619
Other investments	27,650	26,520
Cash and cash equivalents	48,735	48,012
	<u>165,647</u>	<u>164,795</u>
Total current assets		
	<u>231,879</u>	<u>236,439</u>
Total assets		
Equity		
Share capital	80,000	80,000
Reserves	132,554	132,777
	<u>212,554</u>	<u>212,777</u>
Total equity		
Liabilities		
Deferred tax liabilities/ Total non-current liabilities	4,353	5,142
Trade and other payables	14,546	17,657
Taxation	426	863
	<u>14,972</u>	<u>18,520</u>
Total current liabilities		
	<u>19,325</u>	<u>23,662</u>
Total liabilities		
	<u>231,879</u>	<u>236,439</u>
Total equity and liabilities		
	<u>1.40</u>	<u>1.34</u>
Net Assets per share of RM0.50 each (RM)		

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**Condensed consolidated statement of comprehensive income
 for the period ended 31 December 2016 - unaudited**

	Note	Individual 3 months ended 31 December		Cumulative 12 months ended 31 December	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue					
Goods sold		28,981	34,379	128,913	136,198
Dividend income	24	219	219	1,006	783
		29,200	34,598	129,919	136,981
Operating expenses		(30,006)	(31,654)	(124,574)	(125,438)
Operating (loss)/profit		(806)	2,944	5,345	11,543
Interest income	24	342	275	771	807
(Loss)/Profit before tax		(464)	3,219	6,116	12,350
Taxation	16	309	(722)	(1,174)	(2,867)
(Loss)/Profit for the period		(155)	2,497	4,942	9,483
(Loss)/Profit attributable to:					
Owners of the Company/ (Loss)/Profit for the period		(155)	2,497	4,942	9,483
Basic (loss)/earnings per ordinary share (sen)		(0.10)	1.57	3.15	5.95
(Loss)/Profit for the period		(155)	2,497	4,942	9,483
Foreign currency translation differences for foreign operation/ Other comprehensive income for the period, net of tax		355	(243)	363	1,776
Total comprehensive income for the period		200	2,254	5,305	11,259
Total comprehensive income attributable to:					
Owners of the Company/ Total comprehensive income for the period		200	2,254	5,305	11,259

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**Condensed consolidated statement of changes in equity
 for the period ended 31 December 2016 - unaudited**

	← Attributable to owners of the Company →					Distributable
	← Non-distributable →					
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	Total equity RM'000
<i>At 1 January 2016</i>	80,000	20,907	(862)	3,575	109,157	212,777
Total comprehensive income for the period	--	--	--	363	4,942	5,305
Acquisition of treasury shares	--	--	(5,528)	--	--	(5,528)
<i>At 31 December 2016</i>	<u>80,000</u>	<u>20,907</u>	<u>(6,390)</u>	<u>3,938</u>	<u>114,099</u>	<u>212,554</u>
<i>At 1 January 2015</i>	80,000	20,907	(307)	1,799	102,866	205,265
Total comprehensive income for the period	--	--	--	1,776	9,483	11,259
Acquisition of treasury shares	--	--	(555)	--	--	(555)
Dividends to owner	--	--	--	--	(3,192)	(3,192)
<i>At 31 December 2015</i>	<u>80,000</u>	<u>20,907</u>	<u>(862)</u>	<u>3,575</u>	<u>109,157</u>	<u>212,777</u>

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Condensed consolidated statement of cash flow for the period ended 31 December 2016 - unaudited

	12 months ended 31 December	
	2016 RM'000	2015 RM'000
Cash flows from operating activities		
Profit before tax	6,116	12,350
Adjustments for:		
Depreciation	6,811	8,356
Gain on disposal of property, plant and equipment	(35)	(139)
Property, plant and equipment written off	516	432
Interest income	(771)	(807)
Dividend income	(1,006)	(783)
Changes in fair value of other investments	34	(19)
Operating profit before changes in working capital	<u>11,665</u>	<u>19,390</u>
Changes in working capital:		
Change in inventories	(3,324)	2,209
Change in trade and other receivables	5,239	5,018
Change in trade and other payables	(3,111)	(6,602)
Tax paid	(3,313)	(4,373)
Net cash generated from operating activities	<u>7,156</u>	<u>15,642</u>
Cash flows from investing activities		
Acquisition of other investments	(1,164)	(4,882)
Acquisition of property, plant and equipment	(1,907)	(3,356)
Proceeds from disposal of property, plant and equipment	38	185
Interest received	771	727
Dividend received	1,006	783
Net cash used in investing activities	<u>(1,256)</u>	<u>(6,543)</u>
Cash flows from financing activities		
Dividend paid	--	(3,192)
Acquisition of treasury shares	(5,528)	(555)
Net cash used in financing activities	<u>(5,528)</u>	<u>(3,747)</u>
Net increase in cash and cash equivalents	372	5,352
Effect of exchange rate fluctuations	351	1,731
Cash and cash equivalents at beginning of period	<u>48,012</u>	<u>40,929</u>
Cash and cash equivalents at end of period	<u>48,735</u>	<u>48,012</u>

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Notes to the condensed consolidated interim financial statements

Yi-Lai 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 12 months period ended 31 December 2016 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 2015 are available upon request from the Company's registered office at:

Registered office

Suite 7E, Level 7
Menara Ansar
65, Jalan Trus
80000 Johor Bahru
Johor
Malaysia

These condensed consolidated interim financial statements were approved by the Board of Directors on 20 February 2017.

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 2015.

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 2015.

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.

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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 had purchased its own shares as follows:-

Month	No of shares purchased	Purchase price per unit		Average cost per share RM	Total cost RM'000
		Lowest RM	Highest RM		
Balance b/f	4,189,008			0.82	3,444
Oct 2016	2,388,500	0.84	0.85	0.85	2,023
Nov 2016	924,000	0.85	0.85	0.85	785
Dec 2016	170,800	0.80	0.81	0.81	138
Balance c/f	7,672,308			0.83	6,390

These shares were retained as treasury shares and there is 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

(a) Information about reportable segments

	12 months ended 31 December 2016		
	Malaysia RM'000	Singapore RM'000	Total RM'000
External revenue	114,189	14,724	128,913
Inter-segment revenue	10,836	-	10,836
Segment profit before tax	4,533	1,356	5,889

	12 months ended 31 December 2015		
	Malaysia RM'000	Singapore RM'000	Total RM'000
External revenue	120,039	16,159	136,198
Inter-segment revenue	12,004	-	12,004
Segment profit before tax	9,932	1,987	11,919

(b) Reconciliation of reportable segment profit or loss

	12 months ended 31 December	
	2016 RM'000	2015 RM'000
Total profit for reportable segments	5,889	11,919
Other non-reportable segments	227	431
Consolidated profit before tax	6,116	12,350

9. Material events subsequent to period end

There are no material events subsequent to the end of the period reported that have not been reflected in this quarterly report.

10. Changes in the composition of the Group

There are no changes in the composition of the Group for the current quarter and year-to-date.

11. Contingent liabilities and contingent assets

The Group does not have any contingent liabilities and contingent assets since the last annual balance sheet date.

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

12. Review of performance

For the current quarter under review, the Group recorded a lower turnover of RM29.0 million compared to RM34.4 million for the corresponding quarter in 2015 mainly due to lower sales volume. As a result, the Group registered a loss before tax of RM0.5 million as compared to profit of RM3.2 million for the corresponding quarter in 2015.

On a cumulative basis for the year 2016, the turnover decreased by 5.4% to RM128.9 million (2015 – RM136.2 million) and profit before tax decreased by 50.4% to RM6.1 million (2015 – RM12.3 million) due to the reason stated above.

13. Variation of results against the preceding quarter

In the current quarter under review, the Group registered a consolidated loss before tax of RM0.5 million compared to profit before tax of RM0.3 million in the preceding quarter due to lower sales volume.

14. Current year prospects

The domestic market outlook for Malaysian manufacturers of tiles is becoming increasingly uncertain. The stiff competition from imported tiles, coupled with the slower growth in domestic demand which is attributable to the slowdown in economic growth, will continue to be a headwind for Yi-Lai's overall topline results.

Going forward, the prudent inventory management and credit controls will be the main pillars of Yi-Lai's conservative operations philosophy. While the potential for cost increases due to the government policies and fluctuation in foreign exchange remain a concern, Yi-Lai is proactively pursuing cost containment exercises as well as strategies to increase capacity utilization.

Barring any unforeseen circumstance, the Group will strive to achieve satisfactory financial results for the financial year ending 31 December 2017.

15. Profit forecast

Not applicable.

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16. Taxation

	3 months ended 31 December		12 months ended 31 December	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Tax expense/(income)				
Malaysian - current	(15)	807	1,839	2,924
- prior year	--	--	(10)	(28)
Overseas - current	(3)	54	134	227
	<hr/>	<hr/>	<hr/>	<hr/>
	(18)	861	1,963	3,123
Deferred tax income				
Malaysian - current	(306)	(155)	(804)	(272)
- prior year	15	16	15	16
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>(309)</u>	<u>722</u>	<u>1,174</u>	<u>2,867</u>

17. Status of uncompleted corporate proposals

As at the date of this quarterly report, there are no outstanding uncompleted corporate proposals.

18. Group borrowings and debts securities

The Group has no borrowings and debts securities as at the end of the reporting period.

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.

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21. (Loss)/Earnings per share

(A) *Basic (loss)/earnings per share*

For the purpose of calculating basic (loss)/earnings per share:-

- (i) The amount used as the numerator is net loss after tax attributable to ordinary shareholders of RM0.155 million for the current quarter and profit after tax of RM4.942 million for the 12 months ended 31 December 2016.
- (ii) The weighted average number of ordinary shares used as the denominator is approximately 153.152 million ordinary shares for the current quarter and 156.795 million ordinary shares for the 12 months ended 31 December 2016.

(B) *Diluted earnings per share*

Not applicable to date.

22. Capital commitment

	31/12/16 RM'000
<i>Property, plant and equipment</i>	
Approved but not contracted for	1,995
Contracted but not provided for	162
	<u>2,157</u>

23. Disclosure of realised and unrealised profits/losses

	Current Quarter As At 31/12/2016 RM'000	Preceding Quarter As At 30/09/2016 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	187,160	187,605
- Unrealised	(4,351)	(4,642)
	<u>182,809</u>	<u>182,963</u>
Consolidation adjustments	(68,710)	(68,710)
	<u>114,099</u>	<u>114,253</u>

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24. (Loss)/Profit for the period

	3 months ended 31 December		12 months ended 31 December	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(Loss)/Profit for the period is arrived at after charging/ (crediting):				
Depreciation	1,752	2,148	6,811	8,356
Inventory written down/ (Reversal)	54	(363)	905	(2,184)
Property, plant and equipment written off	510	323	516	432
Gain on disposal of property, plant and equipment	(33)	(35)	(35)	(139)
Foreign exchange (gain)/loss	(439)	179	(956)	(1,308)
Interest income	(342)	(275)	(771)	(807)
Dividend income	(219)	(219)	(1,006)	(783)