

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

**Interim Financial Report**  
**31 March 2017**

# Yi-Lai Berhad

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

## Condensed consolidated statement of financial position As at 31 March 2017 - unaudited

	31.03.2017 RM'000	31.12.2016 RM'000
<b>Assets</b>		
Property, plant and equipment	65,082	66,230
Deferred tax assets	2	2
<b>Total non-current assets</b>	<u>65,084</u>	<u>66,232</u>
Inventories	54,581	56,814
Trade and other receivables	29,280	30,928
Tax recoverable	1,075	1,533
Other investments	30,871	27,650
Cash and cash equivalents	52,083	49,581
<b>Total current assets</b>	<u>167,890</u>	<u>166,506</u>
<b>Total assets</b>	<u><u>232,974</u></u>	<u><u>232,738</u></u>
<b>Equity</b>		
Share capital	80,000	80,000
Reserves	132,595	132,554
<b>Total equity</b>	<u>212,595</u>	<u>212,554</u>
<b>Liabilities</b>		
Deferred tax liabilities/ <b>Total non-current liabilities</b>	3,994	4,353
Trade and other payables	16,178	15,405
Taxation	207	426
<b>Total current liabilities</b>	<u>16,385</u>	<u>15,831</u>
<b>Total liabilities</b>	<u>20,379</u>	<u>20,184</u>
<b>Total equity and liabilities</b>	<u><u>232,974</u></u>	<u><u>232,738</u></u>
<b>Net Assets per share (RM)</b>	<u><u>1.40</u></u>	<u><u>1.40</u></u>

# Yi-Lai Berhad

(Company No. 516043-K)

(Incorporated in Malaysia)

## Condensed consolidated statement of comprehensive income for the period ended 31 March 2017 - unaudited

	Note	Individual 3 months ended 31 March		Cumulative 3 months ended 31 March	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Revenue</b>					
Goods sold		27,341	33,789	27,341	33,789
Dividend income	24	198	239	198	239
		<u>27,539</u>	<u>34,028</u>	<u>27,539</u>	<u>34,028</u>
Operating expenses		<u>(27,900)</u>	<u>(32,416)</u>	<u>(27,900)</u>	<u>(32,416)</u>
<b>Operating (loss)/profit</b>		(361)	1,612	(361)	1,612
Interest income	24	65	103	65	103
<b>(Loss)/Profit before tax</b>		(296)	1,715	(296)	1,715
Tax expense	16	90	(394)	90	(394)
<b>(Loss)/Profit for the period</b>		<u>(206)</u>	<u>1,321</u>	<u>(206)</u>	<u>1,321</u>
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company/ <b>(Loss)/Profit for the period</b>		<u>(206)</u>	<u>1,321</u>	<u>(206)</u>	<u>1,321</u>
<b>Basic (loss)/earnings per ordinary share (sen)</b>		<u>(0.14)</u>	<u>0.83</u>	<u>(0.14)</u>	<u>0.83</u>
<b>(Loss)/Profit for the period</b>		(206)	1,321	(206)	1,321
Foreign currency translation differences for foreign operation/ <b>Other comprehensive income for the period, net of tax</b>		<u>322</u>	<u>(670)</u>	<u>322</u>	<u>(670)</u>
<b>Total comprehensive income for the period</b>		<u>116</u>	<u>651</u>	<u>116</u>	<u>651</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company/ <b>Total comprehensive income for the period</b>		<u>116</u>	<u>651</u>	<u>116</u>	<u>651</u>

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**Condensed consolidated statement of changes in equity  
 for the period ended 31 March 2017 - 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 2017</i>	80,000	20,907	(6,390)	3,938	114,099	212,554
Total comprehensive income for the period	--	--	--	322	(206)	116
Acquisition of treasury shares	--	--	(75)	--	--	(75)
Transfer in accordance with Section 618(2) of the Companies Act 2016	20,907	(20,907)	--	--	--	--
<i>At 31 March 2017</i>	<u>100,907</u>	<u>--</u>	<u>(6,465)</u>	<u>4,260</u>	<u>113,893</u>	<u>212,595</u>
<i>At 1 January 2016</i>	80,000	20,907	(862)	3,576	109,156	212,777
Total comprehensive income for the period	--	--	--	(670)	1,321	651
Acquisition of treasury shares	--	--	(501)	--	--	(501)
<i>At 31 March 2016</i>	<u>80,000</u>	<u>20,907</u>	<u>(1,363)</u>	<u>2,906</u>	<u>110,477</u>	<u>212,927</u>

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## Condensed consolidated statement of cash flow for the period ended 31 March 2017 - unaudited

	3 months ended 31 March	
	2017 RM'000	2016 RM'000
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax	(296)	1,715
Adjustments for:		
Depreciation	1,450	1,652
Gain on disposal of property, plant and equipment	--	(2)
Interest income	(65)	(103)
Dividend income	(198)	(239)
Changes in fair value of other investments	(5)	--
<b>Operating profit before changes in working capital</b>	886	3,023
Changes in working capital:		
Change in inventories	2,233	(5)
Change in trade and other receivables	1,648	79
Change in trade and other payables	773	485
Tax paid	(30)	(721)
<b>Net cash generated from operating activities</b>	5,510	2,861
<b>Cash flows from investing activities</b>		
Acquisition of other investments	(3,216)	(435)
Acquisition of property, plant and equipment	(290)	(1,124)
Proceeds from disposal of property, plant and equipment	--	5
Interest received	65	103
Dividend received	198	239
<b>Net cash used in investing activities</b>	(3,243)	(1,212)
<b>Cash flows from financing activity</b>		
Acquisition of treasury shares/ <b>Net cash used in financing activity</b>	(75)	(501)
<b>Net increase in cash and cash equivalents</b>	2,192	1,148
Effect of exchange rate fluctuations	310	(633)
Cash and cash equivalents at beginning of period	49,581	48,012
<b>Cash and cash equivalents at end of period</b>	52,083	48,527

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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 three months period ended 31 March 2017 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 2016 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 25 May 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 2016.

## 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 2016.

## 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	7,672,308			0.83	6,390
Jan 2017	79,900	0.80	0.81	0.81	65
Feb 2017	12,700	0.81	0.81	0.81	10
Balance c/f	7,764,908			0.83	6,465

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.

### 8. Segment information

(a) Information about reportable segments

	3 months ended 31 March 2017		
	Malaysia RM'000	Singapore RM'000	Total RM'000
External revenue	24,511	2,830	27,341
Inter-segment revenue	2,019	-	2,019
Segment profit/(loss) before tax	(465)	67	(398)

  

	3 months ended 31 March 2016		
	Malaysia RM'000	Singapore RM'000	Total RM'000
External revenue	30,824	2,965	33,789
Inter-segment revenue	2,281	-	2,281
Segment profit before tax	1,541	52	1,593

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### (b) Reconciliation of reportable segment profit or loss

	<b>3 months ended</b>	
	<b>31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Total (loss)/profit for reportable segments	(398)	1,593
Other non-reportable segments	102	122
Consolidated (loss)/profit before tax	<u>(296)</u>	<u>1,715</u>

## 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 RM27.3 million compared to RM33.8 million for the corresponding quarter in 2016. This has resulted a loss before tax of RM0.3 million as compared to profit of RM1.7 million for the corresponding quarter in 2016. The lower figures achieved for the current quarter was due mainly to the slower demand in the housing and construction sector coupled with the intense competition within the industry.

#### **13. Variation of results against the preceding quarter**

In the current quarter under review, the Group registered a consolidated loss before tax of RM0.3 million compared to loss of RM0.5 million in the preceding quarter. The Group has incurred losses for two consecutive quarters due to the reasons stated above.

#### **14. Current year prospects**

In Quarter 1 of 2017, Malaysian business sentiment, approximated by the Business Conditions Index (BCI), rose into positive territory as local and export orders picked up on the back of a better outlook for global growth. Malaysia's economy continues to grow, but falling consumer confidence remains a concern.

The tile market is experiencing highly competitive conditions, both from substitutes as well as severe price competition. Despite house prices staying at elevated levels, the market price for tiles faces downward pressure.

With the expertise of Yi-Lai's capable and experienced team, the Group will strive to improve the quality of Yi-Lai's products and reduce production cost through thorough research in raw materials. We firmly believe that with these efforts, Yi-Lai will be able to deliver stronger financial results and enhance shareholders' value.

#### **15. Profit forecast**

Not applicable.

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### 16. Tax expense

	3 months ended 31 March	
	2017 RM'000	2016 RM'000
Tax expense		
Malaysian - current	269	563
Deferred tax income		
Malaysian - current	(359)	(169)
	(90)	394

### 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.

### 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 the net loss after tax attributable to ordinary shareholders of RM0.206 million for the current quarter.
- (ii) The weighted average number of ordinary shares used as the denominator is approximately 152.253 million ordinary shares.

#### (B) *Diluted earnings per share*

Not applicable to date.

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### 22. Capital commitment

	<b>31/03/17</b> <b>RM'000</b>
<i>Property, plant and equipment</i>	
Approved but not contracted for	2,030
Contracted but not provided for	65
	<u>2,095</u>

### 23. Disclosure of realised and unrealised profits/losses

	<b>Current Quarter As At 31/03/2017 RM'000</b>	<b>Preceding Quarter As At 31/12/2016 RM'000</b>
<b>Total retained earnings of the Company and its subsidiaries:</b>		
- Realised	186,594	187,160
- Unrealised	(3,991)	(4,351)
	<u>182,603</u>	<u>182,809</u>
Consolidation adjustments	(68,710)	(68,710)
	<u>113,893</u>	<u>114,099</u>

### 24. Profit for the period

	<b>3 months ended 31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Profit for the period is arrived at after charging/(crediting):</b>		
Depreciation	1,450	1,652
(Reversal)/Inventory written down	(297)	133
Gain on disposal of property, plant and equipment	--	(2)
Foreign exchange (gain)/loss	(581)	683
Interest income	(65)	(103)
Dividend income	(198)	(239)