

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

**Interim Financial Report**  
**30 June 2017**

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

**Condensed consolidated statement of financial position**  
**As at 30 June 2017 - unaudited**

	<b>30.06.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>		
Property, plant and equipment	63,824	66,230
Deferred tax assets	2	2
<b>Total non-current assets</b>	<u>63,826</u>	<u>66,232</u>
Inventories	55,209	56,814
Trade and other receivables	31,051	30,928
Tax recoverable	1,452	1,533
Other investments	31,018	27,650
Cash and cash equivalents	50,304	49,581
<b>Total current assets</b>	<u>169,034</u>	<u>166,506</u>
<b>Total assets</b>	<u><u>232,860</u></u>	<u><u>232,738</u></u>
<b>Equity</b>		
Share capital	80,000	80,000
Reserves	132,402	132,554
<b>Total equity</b>	<u>212,402</u>	<u>212,554</u>
<b>Liabilities</b>		
Deferred tax liabilities/ <b>Total non-current liabilities</b>	3,827	4,353
Trade and other payables	16,455	15,405
Taxation	176	426
<b>Total current liabilities</b>	<u>16,631</u>	<u>15,831</u>
<b>Total liabilities</b>	<u>20,458</u>	<u>20,184</u>
<b>Total equity and liabilities</b>	<u><u>232,860</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)  
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**Condensed consolidated statement of comprehensive income  
 for the period ended 30 June 2017 - unaudited**

	Note	Individual 3 months ended 30 June		Cumulative 6 months ended 30 June	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Revenue</b>					
Goods sold		30,282	36,378	57,623	70,167
Dividend income	24	277	175	475	414
		<u>30,559</u>	<u>36,553</u>	<u>58,098</u>	<u>70,581</u>
Operating expenses		<u>(30,518)</u>	<u>(32,304)</u>	<u>(58,418)</u>	<u>(64,720)</u>
<b>Operating (loss)/profit</b>		41	4,249	(320)	5,861
Interest income	24	28	284	93	387
<b>(Loss)/Profit before tax</b>		69	4,533	(227)	6,248
Tax expense	16	--	(1,062)	90	(1,456)
<b>(Loss)/Profit for the period</b>		<u>69</u>	<u>3,471</u>	<u>(137)</u>	<u>4,792</u>
<b>Profit attributable to:</b>					
Owners of the Company/ <b>(Loss)/Profit for the period</b>		<u>69</u>	<u>3,471</u>	<u>(137)</u>	<u>4,792</u>
<b>Basic (loss)/earnings per ordinary share (sen)</b>		<u>0.05</u>	<u>2.19</u>	<u>(0.09)</u>	<u>3.03</u>
<b>(Loss)/Profit for the period</b>		69	3,471	(137)	4,792
Foreign currency translation differences for foreign operation/ <b>Other comprehensive income for the period, net of tax</b>		<u>(262)</u>	<u>447</u>	<u>60</u>	<u>(223)</u>
<b>Total comprehensive income for the period</b>		<u>(193)</u>	<u>3,918</u>	<u>(77)</u>	<u>4,569</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company/ <b>Total comprehensive income for the period</b>		<u>(193)</u>	<u>3,918</u>	<u>(77)</u>	<u>4,569</u>

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**Condensed consolidated statement of changes in equity  
 for the period ended 30 June 2017 - unaudited**

	← Attributable to owners of the Company →					Total equity RM'000
	← Non-distributable →			Distributable		
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Exchange fluctuation reserve RM'000	Retained earnings 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	--	--	--	60	(137)	(77)
Acquisition of treasury shares	--	--	(75)	--	--	(75)
Transfer in accordance with Section 618(2) of the Companies Act 2016	20,907	(20,907)	--	--	--	--
<i>At 30 June 2017</i>	<u>100,907</u>	<u>--</u>	<u>(6,465)</u>	<u>3,998</u>	<u>113,962</u>	<u>212,402</u>
<i>At 1 January 2016</i>	80,000	20,907	(862)	3,576	109,156	212,777
Total comprehensive income for the period	--	--	--	(223)	4,792	4,569
Acquisition of treasury shares	--	--	(501)	--	--	(501)
<i>At 30 June 2016</i>	<u>80,000</u>	<u>20,907</u>	<u>(1,363)</u>	<u>3,353</u>	<u>113,948</u>	<u>216,845</u>

# Yi-Lai Berhad

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## Condensed consolidated statement of cash flow for the period ended 30 June 2017 - unaudited

	6 months ended 30 June	
	2017 RM'000	2016 RM'000
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax	(227)	6,248
Adjustments for:		
Depreciation	2,912	3,347
Gain on disposal of property, plant and equipment	--	(2)
Property, plant and equipment written off	2	1
Interest income	(93)	(387)
Dividend income	(475)	(414)
Changes in fair value of other investments	(34)	10
<b>Operating profit before changes in working capital</b>	<b>2,085</b>	<b>8,803</b>
Changes in working capital:		
Change in inventories	1,605	(4,828)
Change in trade and other receivables	(122)	(2,423)
Change in trade and other payables	1,051	5,378
Tax paid	(605)	(1,590)
<b>Net cash generated from operating activities</b>	<b>4,014</b>	<b>5,340</b>
<b>Cash flows from investing activities</b>		
Acquisition of other investments	(3,334)	(5,191)
Acquisition of property, plant and equipment	(506)	(1,442)
Proceeds from disposal of property, plant and equipment	--	5
Interest received	93	387
Dividend received	475	414
<b>Net cash used in investing activities</b>	<b>(3,272)</b>	<b>(5,827)</b>
<b>Cash flows from financing activity</b>		
Acquisition of treasury shares/ <b>Net cash used in financing activity</b>	<b>(75)</b>	<b>(501)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>667</b>	<b>(988)</b>
Effect of exchange rate fluctuations	56	(209)
Cash and cash equivalents at beginning of period	49,581	48,012
<b>Cash and cash equivalents at end of period</b>	<b>50,304</b>	<b>46,815</b>

## **Yi-Lai Berhad**

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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 six months period ended 30 June 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 August 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 did not purchase any of its own shares.

As at 30 June 2017, the number of treasury shares held in hand was 7,764,908 ordinary shares at a total cost of RM6,465,184. The average cost per share is RM0.83.

These shares were retained as treasury shares and there was 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

	6 months ended 30 June 2017		
	Malaysia RM'000	Singapore RM'000	Total RM'000
External revenue	50,433	7,190	57,623
Inter-segment revenue	5,173	-	5,173
Segment profit/(loss) before tax	(713)	314	(399)

	6 months ended 30 June 2016		
	Malaysia RM'000	Singapore RM'000	Total RM'000
External revenue	63,235	6,932	70,167
Inter-segment revenue	5,338	-	5,338
Segment profit before tax	5,589	452	6,041

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(b) Reconciliation of reportable segment profit or loss

	<b>6 months ended</b>	
	<b>30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Total (loss)/profit for reportable segments	(399)	6,041
Other non-reportable segments	172	207
Consolidated (loss)/profit before tax	<u>(227)</u>	<u>6,248</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.



## **Yi-Lai Berhad**

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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 RM30.3 million compared to RM36.4 million for the corresponding quarter in 2016 mainly due to lower sales volume. As a result, the profit before tax was almost breakeven at RM0.07 million compared to RM4.5 million for the corresponding quarter in 2016.

On a cumulative basis for the first six months of 2017, the turnover decreased by 18.0% to RM57.6 million (2016 – RM70.2 million) which has resulted a loss before tax of RM0.2 million as compared to profit of RM6.2 million in 2016 due to lower sales volume.

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

In the current quarter under review, the Group registered a consolidated profit before tax of RM0.07 million compared to loss of RM0.3 million in the preceding quarter. The slightly better result was mainly due to increased sales volume.

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

In Quarter 2 of 2017, the quarter-on-quarter continual growth of Malaysia overall Approved Loans for Residential and Non-Residential Properties indicates the stabilisation in the Malaysia property market. This positive direction could be offset by the decline in the overall number of Housing Approved in the residential properties sector quarter-on-quarter.

In addition, house prices in Quarter 1 only rose by 0.8% (quarter-on-quarter) which resulted in a large overhang of unsold units especially in Johor (¼ of the national number), 40% of which is valued at > RM 500,000.

Stabilised property market and lower short term supply of new residential properties poised for continual challenging and stiff competition in the tile industry. This condition is expected to continue into 2018.

In the current low activity market condition, Yi-Lai Group continues to focus on the quality and cohesiveness in both production and marketing divisions. We are confident that the Group's focus on quality will enable us to operate effectively and efficiently, improve the financial performance and enhance shareholders' value.

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

Not applicable.

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**16. Tax expense**

	3 months ended 30 June		6 months ended 30 June	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Tax expense				
Malaysian	133	1,176	402	1,739
Overseas	34	59	34	59
	<hr/>	<hr/>	<hr/>	<hr/>
	167	1,235	436	1,798
Deferred tax income				
Malaysian	(167)	(173)	(526)	(342)
	<hr/>	<hr/>	<hr/>	<hr/>
	--	1,062	(90)	1,456
	<hr/>	<hr/>	<hr/>	<hr/>

**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. Earnings/(Loss) per share

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

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

- (i) The amount used as the numerator is the net profit after tax attributable to ordinary shareholders of RM0.07 million for the current quarter and loss after tax of RM0.137 million for the 6 months ended 30 June 2017.
- (ii) The weighted average number of ordinary shares used as the denominator is approximately 152.235 million ordinary shares for the current quarter and 152.244 million ordinary shares for the 6 months ended 30 June 2017.

#### (B) Diluted earnings per share

Not applicable to date.

### 22. Capital commitment

	30/06/17 RM'000
<i>Property, plant and equipment</i>	
Contracted but not provided for	<u>2,230</u>

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

	Current Quarter As At 30/06/2017 RM'000	Preceding Quarter As At 31/03/2017 RM'000
<b>Total retained earnings of the Company and its subsidiaries:</b>		
- Realised	186,489	186,594
- Unrealised	<u>(3,817)</u>	<u>(3,991)</u>
	182,672	182,603
Consolidation adjustments	<u>(68,710)</u>	<u>(68,710)</u>
	<u>113,962</u>	<u>113,893</u>

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### 24. Profit for the period

	3 months ended 30 June		6 months ended 30 June	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Profit for the period is arrived at after charging/(crediting):</b>				
Depreciation	1,462	1,695	2,912	3,347
(Reversal)/Inventory written down	(119)	477	(416)	610
Property, plant and equipment written off	2	1	2	1
Gain on disposal of property, plant and equipment	--	--	--	(2)
Foreign exchange loss/(gain)	339	(756)	(242)	(73)
Interest income	(28)	(284)	(93)	(387)
Dividend income	(277)	(175)	(475)	(414)