

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

**Interim Financial Report**  
**31 March 2019**

# Yi-Lai Berhad

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

## Condensed consolidated statement of financial position As at 31 March 2019 - unaudited

	31.03.2019 RM'000	31.12.2018 RM'000
<b>Assets</b>		
Property, plant and equipment	57,880	59,182
Deferred tax assets	258	258
<b>Total non-current assets</b>	<u>58,138</u>	<u>59,440</u>
Inventories	54,757	56,318
Contract assets	2,979	5,450
Trade and other receivables	30,115	28,940
Tax recoverable	1,870	2,023
Other investments	24,747	24,572
Cash and cash equivalents	43,603	45,228
<b>Total current assets</b>	<u>158,071</u>	<u>162,531</u>
<b>Total assets</b>	<u><u>216,209</u></u>	<u><u>221,971</u></u>
<b>Equity</b>		
Share capital	100,907	100,907
Reserves	99,186	101,164
<b>Total equity</b>	<u>200,092</u>	<u>202,071</u>
<b>Liabilities</b>		
Deferred tax liabilities/ <b>Total non-current liabilities</b>	340	923
Trade and other payables	15,722	18,906
Taxation	55	71
<b>Total current liabilities</b>	<u>15,777</u>	<u>18,977</u>
<b>Total liabilities</b>	<u>16,117</u>	<u>19,900</u>
<b>Total equity and liabilities</b>	<u><u>216,209</u></u>	<u><u>221,971</u></u>
<b>Net Assets per share (RM)</b>	<u><u>1.37</u></u>	<u><u>1.39</u></u>

# Yi-Lai Berhad

(Company No. 516043-K)

(Incorporated in Malaysia)

## Condensed consolidated statement of comprehensive income for the period ended 31 March 2019 - unaudited

	Note	Individual 3 months ended 31 March		Cumulative 3 months ended 31 March	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Revenue</b>					
Goods sold	22	26,768	29,843	26,768	29,843
Dividend income	23	173	236	173	236
		<u>26,941</u>	<u>30,079</u>	<u>26,941</u>	<u>30,079</u>
Operating expenses		<u>(29,303)</u>	<u>(31,664)</u>	<u>(29,303)</u>	<u>(31,664)</u>
<b>Operating loss</b>		<u>(2,362)</u>	<u>(1,585)</u>	<u>(2,362)</u>	<u>(1,585)</u>
Interest income	23	86	48	86	48
<b>Loss before tax</b>		<u>(2,276)</u>	<u>(1,537)</u>	<u>(2,276)</u>	<u>(1,537)</u>
Tax income	16	439	382	439	382
<b>Loss for the period</b>		<u><u>(1,837)</u></u>	<u><u>(1,155)</u></u>	<u><u>(1,837)</u></u>	<u><u>(1,155)</u></u>
<b>Loss attributable to:</b>					
Owners of the Company/ <b>Loss for the period</b>		<u><u>(1,837)</u></u>	<u><u>(1,155)</u></u>	<u><u>(1,837)</u></u>	<u><u>(1,155)</u></u>
<b>Basic loss per ordinary share (sen)</b>		<u><u>(1.26)</u></u>	<u><u>(0.76)</u></u>	<u><u>(1.26)</u></u>	<u><u>(0.76)</u></u>
<b>Loss for the period</b>		(1,837)	(1,155)	(1,837)	(1,155)
Foreign currency translation differences for foreign operation/ <b>Other comprehensive expense for the period, net of tax</b>		<u>(142)</u>	<u>(493)</u>	<u>(142)</u>	<u>(493)</u>
<b>Total comprehensive expense for the period</b>		<u><u>(1,979)</u></u>	<u><u>(1,648)</u></u>	<u><u>(1,979)</u></u>	<u><u>(1,648)</u></u>
<b>Total comprehensive expense attributable to:</b>					
Owners of the Company/ <b>Total comprehensive expense for the period</b>		<u><u>(1,979)</u></u>	<u><u>(1,648)</u></u>	<u><u>(1,979)</u></u>	<u><u>(1,648)</u></u>

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## Condensed consolidated statement of changes in equity for the period ended 31 March 2019 - unaudited

	← Attributable to owners of the Company →				Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	
	← Non-distributable →		Distributable		
<i>At 1 January 2019</i>	100,907	(11,390)	3,570	108,984	202,071
Total comprehensive expense for the period	--	--	(142)	(1,837)	(1,979)
<i>At 31 March 2019</i>	<u>100,907</u>	<u>(11,390)</u>	<u>3,428</u>	<u>107,147</u>	<u>200,092</u>
<i>At 1 January 2018</i>	100,907	(6,465)	3,578	112,139	210,159
Total comprehensive expense for the period	--	--	(493)	(1,155)	(1,648)
Acquisition of treasury shares	--	(1,587)	--	--	(1,587)
<i>At 31 March 2018</i>	<u>100,907</u>	<u>(8,052)</u>	<u>3,085</u>	<u>110,984</u>	<u>206,924</u>

## Yi-Lai Berhad

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### Condensed consolidated statement of cash flow for the period ended 31 March 2019 - unaudited

	3 months ended 31 March	
	2019 RM'000	2018 RM'000
<b>Cash flows from operating activities</b>		
Loss before tax	(2,276)	(1,537)
Adjustments for:		
Depreciation	1,360	1,421
Property, plant and equipment written off	16	21
Interest income	(86)	(48)
Dividend income	(173)	(236)
Changes in fair value of other investments	41	(28)
<b>Operating loss before changes in working capital</b>	<b>(1,118)</b>	<b>(407)</b>
Changes in working capital:		
Change in inventories	1,561	779
Change in contract assets	2,471	(2,991)
Change in trade and other receivables	(1,175)	(1,124)
Change in trade and other payables	(3,184)	2,799
Tax paid	(6)	(382)
<b>Net cash used in operating activities</b>	<b>(1,451)</b>	<b>(1,326)</b>
<b>Cash flows from investing activities</b>		
Disposal/(Acquisition) of other investments	(217)	2,436
Acquisition of property, plant and equipment	(77)	(329)
Interest received	86	48
Dividend received	173	236
<b>Net cash (used in)/generated from investing activities</b>	<b>(35)</b>	<b>2,391</b>
<b>Cash flows from financing activity</b>		
Acquisition of treasury shares/ <b>Net cash used in financing activity</b>	<b>--</b>	<b>(1,587)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,486)</b>	<b>(522)</b>
Effect of exchange rate fluctuations	(139)	(481)
Cash and cash equivalents at beginning of period	45,228	51,874
<b>Cash and cash equivalents at end of period</b>	<b>43,603</b>	<b>50,871</b>

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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 2019 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 2018 are available upon request from the Company's registered office at:

### Registered office

Suite 9D, Level 9  
Menara Ansar  
65, Jalan Trus  
80000 Johor Bahru  
Johor  
Malaysia

These condensed consolidated interim financial statements were approved by the Board of Directors on 28 May 2019.

## 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 2018.

## 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 2018, 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 2019:

- MFRS 16, Leases
- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation
- Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)

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- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128, Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures

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 31 March 2019, the number of treasury shares held in hand was 14,429,408 ordinary shares at a total cost of RM11,389,805. The average cost per share is RM0.79.

On 17 April 2019, all these treasury shares were cancelled by the Company.

### **7. Dividends paid**

No dividend was paid for the current quarter.

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### 8. Segment information

(a) Information about reportable segments

	3 months ended 31 March 2019		
	Malaysia	Singapore	Total
	RM'000	RM'000	RM'000
External revenue	24,107	2,661	26,768
Inter-segment revenue	2,003	-	2,003
Segment profit/(loss) before tax	(2,358)	67	(2,291)

  

	3 months ended 31 March 2018		
	Malaysia	Singapore	Total
	RM'000	RM'000	RM'000
External revenue	26,534	3,309	29,843
Inter-segment revenue	2,526	-	2,526
Segment profit/(loss) before tax	(1,757)	132	(1,625)

(b) Reconciliation of reportable segment profit or loss

	3 months ended	
	31 March	
	2019	2018
	RM'000	RM'000
Total loss for reportable segments	(2,291)	(1,625)
Other non-reportable segments	15	88
Consolidated loss before tax	(2,276)	(1,537)

### 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 other than cancellation of treasury shares on 17 April 2019 as disclosed in Note 6.

### 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 RM26.8 million compared to RM29.8 million for the corresponding quarter in 2018 mainly due to lower sales volume. As a result, a higher loss before tax of RM2.4 million was recorded as compared to RM1.5 million for the corresponding quarter in 2018.

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

In the current quarter under review, the Group registered a consolidated loss before tax of RM2.3 million compared to loss of RM0.8 million in the preceding quarter as a result of higher operating expenses.

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

The Bank Negara's Quarterly Economic Bulletin shows weak growth in the property industry in Q1 2019 due to oversupply of commercial properties and high number of unsold residential properties. Severe price competition with a downward pressure trend continues into Q1 of 2019. The effect of these has resulted in the lower margin for the quarter.

The property market is expected to remain soft in 2019. Nevertheless, according to the Real Estate and Housing Developers' Association Malaysia, property developers are optimistic on the outlook of the property industry in the second half of 2019 onwards. This is in tandem with improving consumer and business sentiments.

Moreover, the Malaysian Government is committed towards addressing the acute shortage of affordable homes. This is reflected in the 2019 Budget that had put in place a series of exemptions and financial support for first-time homebuyers and lower income group. In addition, BNM has also introduced a RM1 billion fund for affordable homes to help home buyers from the lower income group to finance the purchase of their first homes. These initiatives are positive stimuli to the property market which are expected to benefit the tile industry and the Group from the later part of 2019.

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

Not applicable.

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### 16. Tax expense/(income)

	3 months ended 31 March	
	2019 RM'000	2018 RM'000
Tax expense		
Malaysian - current	144	41
Overseas - current	--	12
Deferred tax income		
Malaysian - current	(583)	(435)
	(439)	(382)

The effective tax rate is lower than statutory tax rate for the current quarter due to under provision of deferred tax liability in prior year.

### 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 per share

#### (A) *Basic loss per share*

For the purpose of calculating basic loss per share:-

- (i) The amount used as the numerator is the net loss after tax attributable to ordinary shareholders of RM1.837 million for the current quarter.
- (ii) The weighted average number of ordinary shares used as the denominator is approximately 145.571 million ordinary shares.

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

Not applicable to date.

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**22. Revenue – Goods sold****Disaggregation of revenue**

	<b>3 months ended 31 March</b>	
	<b>2019 RM'000</b>	<b>2018 RM'000</b>
<b>Timing and recognition</b>		
At a point in time	19,086	15,543
Over time	7,682	14,300
	<u>26,768</u>	<u>29,843</u>

**23. Loss for the period**

	<b>3 months ended 31 March</b>	
	<b>2019 RM'000</b>	<b>2018 RM'000</b>
<b>Loss for the period is arrived at after charging/(crediting):</b>		
Depreciation	1,360	1,421
Trade receivables – Impairment loss	33	--
Reversal of inventory written down	(70)	(101)
Foreign exchange loss	94	758
Interest income	(86)	(48)
Dividend income	<u>(173)</u>	<u>(236)</u>