

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

**Interim Financial Report**  
**30 June 2019**

**Yi-Lai Berhad**

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

## Condensed consolidated statement of financial position

### As at 30 June 2019 - unaudited

	<b>30.06.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>		
Property, plant and equipment	56,686	59,182
Deferred tax assets	1,102	258
<b>Total non-current assets</b>	<u>57,788</u>	<u>59,440</u>
Inventories	46,374	56,318
Contract assets	2,754	5,450
Trade and other receivables	30,709	28,940
Tax recoverable	1,847	2,023
Other investments	24,693	24,572
Cash and cash equivalents	46,265	45,228
<b>Total current assets</b>	<u>152,642</u>	<u>162,531</u>
<b>Total assets</b>	<u><u>210,430</u></u>	<u><u>221,971</u></u>
<b>Equity</b>		
Share capital	100,907	100,907
Reserves	96,308	101,164
<b>Total equity</b>	<u>197,215</u>	<u>202,071</u>
<b>Liabilities</b>		
Deferred tax liabilities/		
<b>Total non-current liabilities</b>	37	923
Trade and other payables	13,140	18,906
Taxation	38	71
<b>Total current liabilities</b>	<u>13,178</u>	<u>18,977</u>
<b>Total liabilities</b>	<u>13,215</u>	<u>19,900</u>
<b>Total equity and liabilities</b>	<u><u>210,430</u></u>	<u><u>221,971</u></u>
<b>Net Assets per share (RM)</b>	<u><u>1.35</u></u>	<u><u>1.39</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 2019 - unaudited

	Note	Individual 3 months ended 30 June		Cumulative 6 months ended 30 June	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Revenue</b>					
Goods sold	22	27,727	30,226	54,495	60,069
Dividend income	23	234	210	407	446
		27,961	30,436	54,902	60,515
Operating expenses		(32,122)	(31,200)	(61,425)	(62,864)
<b>Operating loss</b>		(4,161)	(764)	(6,523)	(2,349)
Interest income	23	12	76	98	124
<b>Loss before tax</b>		(4,149)	(688)	(6,425)	(2,225)
Tax income	16	975	176	1,414	558
<b>Loss for the period</b>		<u>(3,174)</u>	<u>(512)</u>	<u>(5,011)</u>	<u>(1,667)</u>
<b>Loss attributable to:</b>					
Owners of the Company/ <b>Loss for the period</b>		<u>(3,174)</u>	<u>(512)</u>	<u>(5,011)</u>	<u>(1,667)</u>
<b>Basic loss per ordinary share (sen)</b>		<u>(2.18)</u>	<u>(0.35)</u>	<u>(3.44)</u>	<u>(1.11)</u>
<b>Loss for the period</b>		(3,174)	(512)	(5,011)	(1,667)
Foreign currency translation differences for foreign operation/ <b>Other comprehensive income/(expense) for the period, net of tax</b>		299	53	157	(440)
<b>Total comprehensive expense for the period</b>		<u>(2,875)</u>	<u>(459)</u>	<u>(4,854)</u>	<u>(2,107)</u>
<b>Total comprehensive expense attributable to:</b>					
Owners of the Company/ <b>Total comprehensive expense for the period</b>		<u>(2,875)</u>	<u>(459)</u>	<u>(4,854)</u>	<u>(2,107)</u>

# Yi-Lai Berhad

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## Condensed consolidated statement of changes in equity for the period ended 30 June 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	
<b>At 1 January 2019</b>	100,907	(11,390)	3,570	108,984	202,071
Total comprehensive income/ expense for the period	--	--	157	(5,011)	(4,854)
Cancellation of treasury shares	--	11,390	--	(11,390)	--
Acquisition of treasury shares	--	(2)	--	--	(2)
<b>At 30 June 2019</b>	<u>100,907</u>	<u>(2)</u>	<u>3,727</u>	<u>92,583</u>	<u>197,215</u>
<b>At 1 January 2018</b>	100,907	(6,465)	3,578	112,139	210,159
Total comprehensive expense for the period	--	--	(440)	(1,667)	(2,107)
Acquisition of treasury shares	--	(4,167)	--	--	(4,167)
<b>At 30 June 2018</b>	<u>100,907</u>	<u>(10,632)</u>	<u>3,138</u>	<u>110,472</u>	<u>203,885</u>

## Yi-Lai Berhad

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### Condensed consolidated statement of cash flow for the period ended 30 June 2019 - unaudited

	6 months ended 30 June	
	2019 RM'000	2018 RM'000
<b>Cash flows from operating activities</b>		
Loss before tax	(6,425)	(2,225)
Adjustments for:		
Depreciation	2,697	2,857
Property, plant and equipment written off	31	38
Gain on disposal of property, plant and equipment	(36)	--
Interest income	(98)	(124)
Dividend income	(407)	(446)
Changes in fair value of other investments	84	(62)
Trade receivables – Impairment loss	368	--
	<u>(3,786)</u>	<u>38</u>
<b>Operating profit before changes in working capital</b>	<b>(3,786)</b>	<b>38</b>
Changes in working capital:		
Change in inventories	9,944	(1,945)
Change in contract assets	2,696	(3,508)
Change in trade and other receivables	(2,137)	(3,446)
Change in trade and other payables	(5,766)	2,549
Tax paid	(172)	(695)
	<u>779</u>	<u>(7,007)</u>
<b>Net cash generated from/(used in) operating activities</b>	<b>779</b>	<b>(7,007)</b>
<b>Cash flows from investing activities</b>		
Disposal/(Acquisition) of other investments	(206)	6,267
Acquisition of property, plant and equipment	(232)	(654)
Proceeds on disposal of property, plant and equipment	36	--
Interest received	98	124
Dividend received	407	446
	<u>103</u>	<u>6,183</u>
<b>Net cash generated from investing activities</b>	<b>103</b>	<b>6,183</b>
<b>Cash flows from financing activity</b>		
Acquisition of treasury shares/ <b>Net cash used in financing activity</b>	<u>(2)</u>	<u>(4,167)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>880</b>	<b>(4,991)</b>
Effect of exchange rate fluctuations	157	(429)
Cash and cash equivalents at beginning of period	45,228	51,874
<b>Cash and cash equivalents at end of period</b>	<u><u>46,265</u></u>	<u><u>46,454</u></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 six months period ended 30 June 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 29 August 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

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.

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	--				--
May 2019	2,000	0.64	0.64	0.64	1
Jun 2019	1,600	0.63	0.63	0.63	1
Balance c/f	3,600			0.64	2

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.

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### 8. Segment information

(a) Information about reportable segments

	<b>6 months ended 30 June 2019</b>		
	<b>Malaysia</b>	<b>Singapore</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External revenue	49,609	4,886	54,495
Inter-segment revenue	3,595	-	3,595
Segment profit/(loss) before tax	(6,484)	161	(6,323)

  

	<b>6 months ended 30 June 2018</b>		
	<b>Malaysia</b>	<b>Singapore</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
External revenue	54,008	6,061	60,069
Inter-segment revenue	4,558	-	4,558
Segment profit/(loss) before tax	(2,681)	315	(2,366)

(b) Reconciliation of reportable segment profit or loss

	<b>6 months ended</b>	
	<b>30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Total loss for reportable segments	(6,323)	(2,366)
Other non-reportable segments	(102)	141
Consolidated loss before tax	(6,425)	(2,225)

### 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 RM27.7 million compared to RM30.2 million for the corresponding quarter in 2018 due to lower sales volume. A higher loss before tax of RM4.1 million was recorded as compared to RM0.7 million for the corresponding quarter in 2018 as a result of lower sales and higher operating expenses incurred.

On a cumulative basis for the first six months of 2019, the turnover decreased by 9.3% to RM54.5 million (2018 – RM60.1 million). As a result, a higher loss before tax of RM6.4 million was recorded as compared to RM2.2 million 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 RM4.1 million compared to loss of RM2.3 million in the preceding quarter as a result of higher operating expenses incurred.

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

The Bank Negara's Quarterly Economic Bulletin shows improved but still negative growth in the residential property sector in Q2 2019. However, transaction activity remained weak amid the high unsold properties. Property overhang remains an issue to be addressed, having grown from 16,000 unsold units worth RM8.5 billion in 2015 to 51,000 units or RM35.8 billion in Q1 2019, according to the data of the National Property Information Centre (NAPIC).

With government-led initiatives put in place such as the National Home Ownership Campaign 2019, we are cautiously optimistic about improvement in the property sector in second half of 2019.

In addition, BNM has recently announced enhancements to its RM1 billion Fund for Affordable Homes, which aims to help home buyers from the lower income group to finance the purchase of their first homes. The enhancement involves expansion of eligibility criteria that make the fund more accessible.

These initiatives are positive stimuli to the property market which we hope will 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

	3 months ended 30 June		6 months ended 30 June	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Tax expense				
Malaysian	172	143	316	184
Overseas	--	23	--	35
	<hr/>	<hr/>	<hr/>	<hr/>
	172	166	316	219
Deferred tax income				
Malaysian	(1,147)	(342)	(1,730)	(777)
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>(975)</u>	<u>(176)</u>	<u>(1,414)</u>	<u>(558)</u>

The effective tax rate is lower than statutory tax rate 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.

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### 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 RM3.174 million for the current quarter and loss after tax of RM5.011 million for the 6 months ended 30 June 2019.
- (ii) The weighted average number of ordinary shares used as the denominator is approximately 145.569 million ordinary shares for the current quarter and for the 6 months ended 30 June 2019.

#### (B) Diluted earnings per share

Not applicable to date.

### 22. Revenue – Goods sold

#### Disaggregation of revenue

	3 months ended 30 June		6 months ended 30 June	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Timing and recognition</b>				
At a point in time	18,535	16,229	37,621	31,772
Over time	9,192	13,997	16,874	28,297
	<u>27,727</u>	<u>30,226</u>	<u>54,495</u>	<u>60,069</u>

### 23. Loss for the period

	3 months ended 30 June		6 months ended 30 June	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Loss for the period is arrived at after charging/(crediting):</b>				
Depreciation	1,337	1,436	2,697	2,857
Trade receivables – Impairment loss	335	--	368	--
Inventory written down/(Reversal)	120	70	50	(31)
Property, plant and equipment written off	31	38	31	38
Gain on disposal of property, Plant and equipment	(36)	--	(36)	--
Foreign exchange (gain)/loss	(403)	(129)	(309)	629
Interest income	(12)	(76)	(98)	(124)
Dividend income	(234)	(210)	(407)	(446)