

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

Interim Financial Report
31 December 2019

Yi-Lai Berhad

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

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

	31.12.2019 RM'000	31.12.2018 RM'000
Assets		
Property, plant and equipment	49,409	59,182
Right-of-use assets	6,089	--
Deferred tax assets	642	258
Total non-current assets	<u>56,140</u>	<u>59,440</u>
Inventories	47,002	56,318
Contract assets	5,783	5,450
Trade and other receivables	29,299	28,940
Tax recoverable	976	2,023
Other investments	25,051	24,572
Cash and cash equivalents	52,918	45,228
Total current assets	<u>161,029</u>	<u>162,531</u>
Total assets	<u><u>217,169</u></u>	<u><u>221,971</u></u>
Equity		
Share capital	93,692	100,907
Reserves	102,516	101,164
Total equity	<u>196,208</u>	<u>202,071</u>
Liabilities		
Deferred tax liabilities	189	923
Lease liabilities	162	--
Total non-current liabilities	<u>351</u>	<u>923</u>
Trade and other payables	20,082	18,906
Lease liabilities	346	--
Taxation	182	71
Total current liabilities	<u>20,610</u>	<u>18,977</u>
Total liabilities	<u>20,961</u>	<u>19,900</u>
Total equity and liabilities	<u><u>217,169</u></u>	<u><u>221,971</u></u>
Net Assets per share (RM)	<u><u>1.35</u></u>	<u><u>1.39</u></u>

Yi-Lai Berhad

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

	Note	Individual 3 months ended 31 December		Cumulative 12 months ended 31 December	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue					
Goods sold		31,315	24,885	117,238	117,737
Dividend income	23	222	171	760	796
		<u>31,537</u>	<u>25,056</u>	<u>117,998</u>	<u>118,533</u>
Operating expenses		<u>(31,347)</u>	<u>(26,271)</u>	<u>(125,126)</u>	<u>(123,541)</u>
Operating profit/(loss)		190	(1,215)	(7,128)	(5,008)
Interest income	23	628	433	862	633
Interest expense	23	<u>(31)</u>	<u>--</u>	<u>(31)</u>	<u>--</u>
Profit/(Loss) before tax		787	(782)	(6,297)	(4,375)
Taxation	16	<u>(590)</u>	<u>919</u>	<u>495</u>	<u>1,220</u>
Profit/(Loss) for the period		<u>197</u>	<u>137</u>	<u>(5,802)</u>	<u>(3,155)</u>
Profit/(Loss) attributable to:					
Owners of the Company/ Profit/(Loss) for the period		<u>197</u>	<u>137</u>	<u>(5,802)</u>	<u>(3,155)</u>
Basic profit/(loss) per ordinary share (sen)					
		<u>0.14</u>	<u>0.09</u>	<u>(3.99)</u>	<u>(2.14)</u>
Profit/(Loss) for the period					
Foreign currency translation differences for foreign operation/ Other comprehensive income/(expense) for the period, net of tax		<u>54</u>	<u>26</u>	<u>44</u>	<u>(8)</u>
Total comprehensive income/ (expense) for the period		<u>251</u>	<u>163</u>	<u>(5,758)</u>	<u>(3,163)</u>
Total comprehensive income/ (expense) attributable to:					
Owners of the Company/ Total comprehensive income/ (expense) for the period		<u>251</u>	<u>163</u>	<u>(5,758)</u>	<u>(3,163)</u>

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Condensed consolidated statement of changes in equity for the period ended 31 December 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	
<i>At 1 January 2019</i>	100,907	(11,390)	3,570	108,984	202,071
Effect of adopting MFRS16	--	--	--	(4)	(4)
	100,907	(11,390)	3,570	108,980	202,067
Total comprehensive expense for the period	--	--	44	(5,802)	(5,758)
Cancellation of treasury shares	(7,215)	11,390	--	(4,175)	--
Acquisition of treasury shares	--	(101)	--	--	(101)
<i>At 31 December 2019</i>	<u>93,692</u>	<u>(101)</u>	<u>3,614</u>	<u>99,003</u>	<u>196,208</u>
<i>At 1 January 2018</i>	100,907	(6,465)	3,578	112,139	210,159
Total comprehensive expense for the period	--	--	(8)	(3,155)	(3,163)
Acquisition of treasury shares	--	(4,925)	--	--	(4,925)
<i>At 31 December 2018</i>	<u>100,907</u>	<u>(11,390)</u>	<u>3,570</u>	<u>108,984</u>	<u>202,071</u>

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

	12 months ended 31 December	
	2019	2018
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(6,297)	(4,375)
Adjustments for:		
Depreciation	5,682	5,697
(Gain)/Loss on disposal of property, plant and equipment	(36)	10
Property, plant and equipment written off	55	53
Interest expense	31	--
Interest income	(862)	(633)
Dividend income	(760)	(796)
Changes in fair value of other investments	44	(139)
Trade receivables – Impairment loss	196	508
	<u>(1,947)</u>	<u>325</u>
Operating profit before changes in working capital	(1,947)	325
Changes in working capital:		
Change in inventories	9,316	(7,897)
Change in contract assets	(333)	(1,312)
Change in trade and other receivables	(555)	(2,478)
Change in trade and other payables	1,176	3,426
Interest paid	(31)	--
Tax refunded/(paid)	536	(890)
	<u>8,162</u>	<u>(8,826)</u>
Net cash generated from/(used in) operating activities	<u>8,162</u>	<u>(8,826)</u>
Cash flows from investing activities		
(Acquisition)/Disposal of other investments	(524)	6,917
Acquisition of property, plant and equipment	(1,449)	(1,240)
Proceeds from disposal of property, plant and equipment	36	5
Interest received	862	633
Dividend received	760	796
	<u>(315)</u>	<u>7,111</u>
Net cash (used in)/generated from investing activities	<u>(315)</u>	<u>7,111</u>
Cash flows from financing activities		
Acquisition of treasury shares	(101)	(4,925)
Payment of lease liabilities	(100)	--
	<u>(201)</u>	<u>(4,925)</u>
Net cash used in financing activities	<u>(201)</u>	<u>(4,925)</u>
Net increase/(decrease) in cash and cash equivalents	7,646	(6,640)
Effect of exchange rate fluctuations	44	(6)
Cash and cash equivalents at beginning of period	45,228	51,874
Cash and cash equivalents at end of period	<u>52,918</u>	<u>45,228</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 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 25 February 2020.

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	64,100			0.58	38
Oct 2019	85,700	0.55	0.59	0.57	50
Nov 2019	10,000	0.58	0.59	0.59	6
Dec 2019	13,000	0.55	0.57	0.56	7
Balance c/f	172,800			0.59	101

These shares were retained as treasury shares and there was no resale or cancellation of the treasury shares.

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7. Dividends paid

No dividend was paid for the current quarter.

8. Segment information

(a) Information about reportable segments

	12 months ended 31 December 2019		
	Malaysia RM'000	Singapore RM'000	Total RM'000
External revenue	106,181	11,057	117,238
Inter-segment revenue	7,791	-	7,791
Segment (loss)/profit before tax	(6,994)	657	(6,337)

	12 months ended 31 December 2018		
	Malaysia RM'000	Singapore RM'000	Total RM'000
External revenue	105,936	11,801	117,737
Inter-segment revenue	8,616	-	8,616
Segment (loss)/profit before tax	(5,144)	562	(4,582)

(b) Reconciliation of reportable segment profit or loss

	12 months ended 31 December	
	2019 RM'000	2018 RM'000
Total loss for reportable segment	(6,337)	(4,582)
Other non-reportable segments	40	207
Consolidated loss before tax	(6,297)	(4,375)

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.

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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 higher turnover of RM31.3 million compared to RM24.9 million for the corresponding quarter in 2018 due to higher sales volume. As a result, the Group recorded a profit before tax of RM0.8 million as compared to loss of RM0.8 million for the corresponding quarter in 2018.

On a cumulative basis for the year 2019, the turnover was slightly lower at RM117.2 million (2018 – RM117.7 million). However, a higher loss before tax of RM6.3 million was recorded as compared to RM4.4 million in 2018 due to higher operating expenses.

13. Variation of results against the preceding quarter

In the current quarter under review, the Group registered a consolidated profit before tax of RM0.8 million compared to loss of RM0.7 million in the preceding quarter mainly due to better sales mix.

14. Current year prospects

Despite low GDP growth in Q4 2019, Bank Negara reports that the residential sector shows signs of recovery, supported by fiscal spending on affordable housing.

A major development in end 2019 that will have supply chain implications through 2020 is the spread of COVID-19. Because of the rapid spread of the virus and China's swift and severe responses, many ceramics factories in China remain closed from the Chinese New Year shutdown. Regardless, construction and development timelines have to be met, which presents an opportunity for Malaysian manufacturers.

Despite these positive factors, key risks include the pressure from the rising manpower cost, plus the stiff competition in the ceramic tiles industry will continue to be the challenges which the Group is committed to overcome.

15. Profit forecast

Not applicable.

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16. Taxation

	3 months ended 31 December		12 months ended 31 December	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Tax expense/(income)				
Malaysian - current	64	215	515	548
- prior year	--	13	11	13
Overseas - current	48	(18)	96	38
	<u>112</u>	<u>210</u>	<u>622</u>	<u>599</u>
Deferred tax income				
Malaysian - current	478	(1,052)	(1,117)	(1,742)
- prior year	--	(77)	--	(77)
	<u>590</u>	<u>(919)</u>	<u>(495)</u>	<u>(1,220)</u>

The effective tax rate is lower than statutory tax rate due to unrecognised deferred tax asset.

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. Revenue – Goods sold

Disaggregation of revenue

	3 months ended 30 September		12 months ended 31 December	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Timing and recognition				
At a point in time	19,060	15,366	77,471	62,685
Over time	12,255	9,519	39,767	55,052
	<u>31,315</u>	<u>24,885</u>	<u>117,238</u>	<u>117,737</u>

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22. Profit/(Loss) per share

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

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

- (i) The amount used as the numerator is net profit after tax attributable to ordinary shareholders of RM0.197 million for the current quarter and net loss after tax attributable to ordinary shareholders of RM5.802 million for the 12 months ended 31 December 2019.
- (ii) The weighted average number of ordinary shares used as the denominator is approximately 145.419 million ordinary shares for the current quarter and 145.544 million ordinary shares for the 12 months ended 31 December 2019.

(B) *Diluted earnings per share*

Not applicable to date.

23. Profit/(Loss) for the period

	3 months ended 31 December		12 months ended 31 December	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit/(Loss) for the period is arrived at after charging/(crediting):				
Depreciation	1,675	1,419	5,682	5,697
Trade receivables:				
- Impairment loss	41	379	196	508
(Reversal)/Inventory written down	55	(520)	(150)	750
Property, plant and equipment written off	15	17	55	53
(Gain)/Loss on disposal of property, plant and equipment	--	1	(36)	10
Foreign exchange loss/(gain)	(150)	(55)	(283)	52
Interest expense	31	--	31	--
Interest income	(628)	(433)	(862)	(633)
Dividend income	(222)	(171)	(760)	(796)