

Yi-Lai Berhad

Registration Number: 200001013437
(Incorporated in Malaysia)

Interim Financial Report 31 March 2020

Yi-Lai Berhad

Registration Number: 200001013437
(Incorporated in Malaysia)

Condensed consolidated statement of financial position As at 31 March 2020 - unaudited

	31.03.2020 RM'000	31.12.2019 RM'000
Assets		
Property, plant and equipment	48,296	49,409
Right-of-use assets	5,997	6,089
Deferred tax assets	386	642
Total non-current assets	54,679	56,140
Inventories	45,529	47,012
Contract assets	4,599	5,783
Trade and other receivables	27,840	29,291
Tax recoverable	995	976
Other investments	25,243	25,051
Cash and cash equivalents	50,729	52,962
Total current assets	154,935	161,075
Total assets	209,614	217,215
Equity		
Share capital	93,692	93,692
Reserves	98,873	102,518
Total equity	192,565	196,210
Liabilities		
Deferred tax liabilities	--	186
Lease liabilities	221	278
Total non-current liabilities	221	464
Trade and other payables	16,498	20,125
Lease liabilities	230	230
Taxation	100	186
Total current liabilities	16,828	20,541
Total liabilities	17,049	21,005
Total equity and liabilities	209,614	217,215
Net Assets per share (RM)	1.33	1.35

Yi-Lai Berhad

Registration Number: 200001013437
(Incorporated in Malaysia)

Condensed consolidated statement of comprehensive income for the period ended 31 March 2020 - unaudited

	Note	Individual 3 months ended 31 March		Cumulative 3 months ended 31 March	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue					
Goods sold		22,985	26,768	22,985	26,768
Dividend income	23	195	173	195	173
		<u>23,180</u>	<u>26,941</u>	<u>23,180</u>	<u>26,941</u>
Operating expenses		<u>(26,607)</u>	<u>(29,303)</u>	<u>(26,607)</u>	<u>(29,303)</u>
Operating loss		<u>(3,427)</u>	<u>(2,362)</u>	<u>(3,427)</u>	<u>(2,362)</u>
Interest income	23	68	86	68	86
Interest expense	23	<u>(7)</u>	<u>--</u>	<u>(7)</u>	<u>--</u>
Loss before tax		<u>(3,366)</u>	<u>(2,276)</u>	<u>(3,366)</u>	<u>(2,276)</u>
Taxation	16	<u>(119)</u>	<u>439</u>	<u>(119)</u>	<u>439</u>
Loss for the period		<u><u>(3,485)</u></u>	<u><u>(1,837)</u></u>	<u><u>(3,485)</u></u>	<u><u>(1,837)</u></u>
Loss attributable to:					
Owners of the Company/ Loss for the period		<u><u>(3,485)</u></u>	<u><u>(1,837)</u></u>	<u><u>(3,485)</u></u>	<u><u>(1,837)</u></u>
Basic loss per ordinary share (sen)					
		<u><u>(2.40)</u></u>	<u><u>(1.26)</u></u>	<u><u>(2.40)</u></u>	<u><u>(1.26)</u></u>
Loss for the period					
Foreign currency translation differences for foreign operation/ Other comprehensive expense for the period, net of tax		<u>(5)</u>	<u>(142)</u>	<u>(5)</u>	<u>(142)</u>
Total comprehensive expense for the period		<u><u>(3,490)</u></u>	<u><u>(1,979)</u></u>	<u><u>(3,490)</u></u>	<u><u>(1,979)</u></u>
Total comprehensive expense attributable to:					
Owners of the Company/ Total comprehensive expense for the period		<u><u>(3,490)</u></u>	<u><u>(1,979)</u></u>	<u><u>(3,490)</u></u>	<u><u>(1,979)</u></u>

Yi-Lai Berhad

Registration Number: 200001013437
(Incorporated in Malaysia)

Condensed consolidated statement of changes in equity for the period ended 31 March 2020 - 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 2020</i>	93,692	(101)	3,614	99,005	196,210
Total comprehensive expense for the period	--	--	(5)	(3,485)	(3,490)
Acquisition of treasury shares	--	(155)	--	--	(155)
<i>At 31 March 2020</i>	<u>93,692</u>	<u>(256)</u>	<u>3,609</u>	<u>95,520</u>	<u>192,565</u>
<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>

Yi-Lai Berhad

Registration Number: 200001013437
(Incorporated in Malaysia)

Condensed consolidated statement of cash flow for the period ended 31 March 2020 - unaudited

	3 months ended 31 March	
	2020 RM'000	2019 RM'000
Cash flows from operating activities		
Loss before tax	(3,366)	(2,276)
Adjustments for:		
Depreciation	1,385	1,360
Gain on disposal of property, plant and equipment	(5)	--
Property, plant and equipment written off	1	16
Interest expense	7	--
Interest income	(68)	(86)
Dividend income	(195)	(173)
Changes in fair value of other investments	4	41
Trade receivables – Impairment loss	66	33
Operating profit before changes in working capital	(2,171)	(1,085)
Changes in working capital:		
Change in inventories	1,483	1,561
Change in contract assets	1,184	2,471
Change in trade and other receivables	1,385	(1,208)
Change in trade and other payables	(3,628)	(3,184)
Interest paid	(7)	--
Tax paid	(154)	(6)
Net cash used in operating activities	(1,908)	(1,451)
Cash flows from investing activities		
Acquisition of other investments	(195)	(217)
Acquisition of property, plant and equipment	(181)	(77)
Proceeds from disposal of property, plant and equipment	5	--
Interest received	68	86
Dividend received	195	173
Net cash used in investing activities	(108)	(35)
Cash flows from financing activities		
Acquisition of treasury shares	(155)	--
Payment of lease liabilities	(57)	--
Net cash used in financing activities	(212)	--
Net decrease in cash and cash equivalents	(2,228)	(1,486)
Effect of exchange rate fluctuations	(5)	(139)
Cash and cash equivalents at beginning of period	52,962	45,228
Cash and cash equivalents at end of period	50,729	43,603

Yi-Lai Berhad

Registration Number: 200001013437
(Incorporated in Malaysia)

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 2020 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 2019 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 June 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 2019.

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 2019, 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 2020:

- Amendments to MFRS 3, Business Combinations – Definition of a Business
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures – Interest Rate Benchmark Reform

Yi-Lai Berhad

Registration Number: 200001013437
(Incorporated in Malaysia)

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 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	172,800			0.59	101
Jan 2020	31,600	0.55	0.56	0.56	18
Feb 2020	56,700	0.54	0.55	0.55	31
Mar 2020	223,800	0.45	0.52	0.48	107
Balance c/f	484,900			0.53	257

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.

Yi-Lai Berhad

Registration Number: 200001013437
(Incorporated in Malaysia)

8. Segment information

(a) Information about reportable segments

	3 months ended 31 March 2020		
	Malaysia	Singapore	Total
	RM'000	RM'000	RM'000
External revenue	20,790	2,195	22,985
Inter-segment revenue	1,533	-	1,533
Segment (loss)/profit before tax	(3,462)	13	(3,449)

	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 (loss)/profit before tax	(2,358)	67	(2,291)

(b) Reconciliation of reportable segment profit or loss

	3 months ended	
	31 March	
	2020	2019
	RM'000	RM'000
Total loss for reportable segment	(3,449)	(2,291)
Other non-reportable segments	83	15
Consolidated loss before tax	(3,366)	(2,276)

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

Registration Number: 200001013437
(Incorporated in Malaysia)

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 RM23.0 million compared to RM26.8 million for the corresponding quarter in 2019 due to lower sales volume. As a result, the Group recorded a higher loss before tax of RM3.4 million as compared to RM2.3 million for the corresponding quarter in 2019. Lower revenue in current quarter was due mainly to the slower demand in the housing and construction sector and Movement Control Order imposed since 18 March 2020.

13. Variation of results against the preceding quarter

In the current quarter under review, the Group registered a consolidated loss before tax of RM3.4 million compared to profit of RM0.8 million in the preceding quarter which was caused by lower sales.

14. Current year prospects

Malaysia's economic prospects for 2020 is being severely affected by the COVID-19 pandemic and the subsequent Movement Control Order (MCO) imposed since 18 March 2020.

Over at Yi-Lai, with our operations halted during the MCO, the Group's performance has been affected. We foresee a period of slow trade activities even as the situation improves in the near future as businesses and consumers would likely take a cautious approach on expansion, investment and spending.

We are monitoring the situation closely and are taking necessary measures and initiatives to protect the Group and our people.

15. Profit forecast

Not applicable.

Yi-Lai Berhad

Registration Number: 200001013437
(Incorporated in Malaysia)

16. Taxation

	3 months ended 31 March	
	2020 RM'000	2019 RM'000
Tax expense		
Malaysian - current	49	144
Deferred tax income		
Malaysian - current	70	(583)
	<u>119</u>	<u>(439)</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 31 March	
	2020 RM'000	2019 RM'000
Timing and recognition		
At a point in time	16,096	19,086
Over time	6,889	7,682
	<u>22,985</u>	<u>26,768</u>

Yi-Lai Berhad

Registration Number: 200001013437
(Incorporated in Malaysia)

22. 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 RM3.485 million for the current quarter.
- (ii) The weighted average number of ordinary shares used as the denominator is approximately 145.292 million ordinary shares.

(B) *Diluted earnings per share*

Not applicable to date.

23. Loss for the period

	3 months ended	
	31 March	
	2020	2019
	RM'000	RM'000
Loss for the period is arrived at after charging/ (crediting):		
Depreciation	1,385	1,360
Trade receivables:		
- Impairment loss	66	33
Reversal of inventory written down	(126)	(70)
Property, plant and equipment written off	1	16
Gain on disposal of property, plant and equipment	(5)	--
Foreign exchange (gain)/loss	(46)	94
Interest expense	7	--
Interest income	(68)	(86)
Dividend income	(195)	(173)