

**YEE LEE CORPORATION BHD.**

(Company No. 13585-A)

**QUARTERLY REPORT ON CONSOLIDATION RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2017
(THE FIGURES HAVE NOT BEEN AUDITED)****CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/03/17 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/16 RM'000	CURRENT YEAR TO DATE 31/03/17 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/16 RM'000
Revenue	267,879	252,426	267,879	252,426
Other income	2,036	699	2,036	699
Operating expenses	(261,191)	(238,401)	(261,191)	(238,401)
Finance costs	(1,709)	(1,544)	(1,709)	(1,544)
Share of profits of an associated company	1,608	2,623	1,608	2,623
Profit before tax	<u>8,623</u>	<u>15,803</u>	<u>8,623</u>	<u>15,803</u>
Tax expense	(2,428)	(4,275)	(2,428)	(4,275)
Profit for the period	<u><u>6,195</u></u>	<u><u>11,528</u></u>	<u><u>6,195</u></u>	<u><u>11,528</u></u>
Profit attributable to: Owners of the Company	<u><u>6,195</u></u>	<u><u>11,528</u></u>	<u><u>6,195</u></u>	<u><u>11,528</u></u>
Earnings per share:				
(a) Basic (sen)	<u><u>3.27</u></u>	<u><u>6.23</u></u>	<u><u>3.27</u></u>	<u><u>6.23</u></u>
(b) Fully diluted (sen)	<u><u>3.26</u></u>	<u><u>6.17</u></u>	<u><u>3.26</u></u>	<u><u>6.17</u></u>

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)

**YEE LEE CORPORATION BHD.**

(Company No. 13585-A)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/03/17 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/16 RM'000	CURRENT YEAR TO DATE 31/03/17 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/16 RM'000
Profit for the period	6,195	11,528	6,195	11,528
Other comprehensive income/(loss):				
Exchange differences on translating foreign operations	(453)	(2,436)	(453)	(2,436)
Gain on changes in fair value of available-for-sale financial assets	-	1	-	1
Share of other comprehensive income/(loss) of associated company	(261)	1,722	(261)	1,722
Total other comprehensive loss for the period	<u>(714)</u>	<u>(713)</u>	<u>(714)</u>	<u>(713)</u>
Total comprehensive income attributable to owners of the Company	<u>5,481</u>	<u>10,815</u>	<u>5,481</u>	<u>10,815</u>

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)

**YEE LEE CORPORATION BHD.**

(Company No. 13585-A)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017**

	As at 31/03/17 RM'000	As at 31/12/16 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	430,356	429,364
Investment properties	6,810	6,810
Investment in associated company	109,614	107,816
Other investments	20	20
Goodwill on consolidation	1,612	1,612
	<u>548,412</u>	<u>545,622</u>
Current assets		
Inventories	101,088	94,293
Trade and other receivables	198,734	205,789
Other assets	14,776	7,898
Current tax assets	1,709	1,532
Deposits, cash and bank balances	79,289	79,422
	<u>395,596</u>	<u>388,934</u>
TOTAL ASSETS	<u>944,008</u>	<u>934,556</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	105,496	94,332
Share premium	-	9,781
Property revaluation reserve	187,859	187,859
Capital reserve	13,277	13,538
Equity settled employee benefits reserve	691	1,021
Translation reserve	3,418	3,871
Retained earnings	273,767	267,242
TOTAL EQUITY	<u>584,508</u>	<u>577,644</u>
Non-current liabilities		
Long term borrowings	12,987	9,428
Deferred taxation	41,470	41,735
	<u>54,457</u>	<u>51,163</u>
Current liabilities		
Trade and other payables	135,080	144,858
Other liabilities	25,870	22,896
Short term borrowings	141,880	135,306
Current tax liabilities	2,213	2,689
	<u>305,043</u>	<u>305,749</u>
TOTAL LIABILITIES	<u>359,500</u>	<u>356,912</u>
TOTAL EQUITY AND LIABILITIES	<u>944,008</u>	<u>934,556</u>
Net assets per share (RM)	<u>3.0815</u>	<u>3.0618</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)



YEE LEE CORPORATION BHD.

(Company No. 13585-A)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

	← Non-distributable					→ Distributable			Total RM'000
	Share Capital RM'000	Share Premium RM'000	Property Revaluation Reserve RM'000	Investment Revaluation Reserve RM'000	Capital Reserve RM'000	Equity Settled Employee Benefits Reserve RM'000	Translation Reserve RM'000	Retained Earnings RM'000	
Balance at 1 January 2017	94,332	9,781	187,859	-	13,538	1,021	3,871	267,242	577,644
Exercise of ESOS	887	496	-	-	-	(330)	-	330	1,383
Transition in accordance with Companies Act 2016 *	10,277	(10,277)	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(261)	-	(453)	6,195	5,481
Balance at 31 March 2017	105,496	-	187,859	-	13,277	691	3,418	273,767	584,508
Balance at 1 January 2016	91,968	5,259	187,859	(7)	5,035	2,599	2,649	227,750	523,112
Total comprehensive income for the period	-	-	-	1	1,722	-	(2,436)	11,528	10,815
Exercise of ESOS	1,244	2,340	-	-	-	(814)	-	814	3,584
Balance at 31 March 2016	93,212	7,599	187,859	(6)	6,757	1,785	213	240,092	537,511

* With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium account of RM10,277,000 has been transferred to the share capital account. Pursuant to subsection 618(3) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium account within 24 months after the commencement of the New Act.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)

**YEE LEE CORPORATION BHD.**

(Company No. 13585-A)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

	CURRENT PERIOD TO DATE 31/03/17 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/16 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	8,623	15,803
Adjustments for:		
Non-cash and non-operating items	3,406	1,398
Operating profit before working capital changes	<u>12,029</u>	<u>17,201</u>
Changes in working capital		
Increase in current assets	(7,308)	(17,051)
(Decrease)/Increase in current liabilities	<u>(6,772)</u>	<u>10,536</u>
Cash (used in)/from operating activities	<u>(2,051)</u>	<u>10,686</u>
Tax paid	(3,859)	(2,203)
Tax refunded	508	91
Net cash (used in)/from operating activities	<u>(5,402)</u>	<u>8,574</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Interest received	311	281
Rental from investment properties received	68	56
Proceeds from disposal of property, plant and equipment	58	9
Purchase of additional shares in associated company	(451)	(2,478)
Purchase of property, plant and equipment	<u>(4,366)</u>	<u>(1,989)</u>
Net cash used in investing activities	<u>(4,380)</u>	<u>(4,121)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from issuance of shares arising from exercise of ESOS	1,383	3,584
Proceeds from borrowings	9,959	(11,050)
Finance cost paid	<u>(1,709)</u>	<u>(1,544)</u>
Net cash from/(used in) financing activities	<u>9,633</u>	<u>(9,010)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(149)</u>	<u>(4,557)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	76,267	89,880
Effect of changes in exchange rate on foreign currency translation	(13)	167
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>76,105</u></u>	<u><u>85,490</u></u>
Cash and cash equivalents comprise the following:		
Deposits	22,407	23,608
Cash and bank balances	56,882	66,020
Bank overdrafts	<u>(3,174)</u>	<u>(4,128)</u>
	<u>76,115</u>	<u>85,500</u>
Less: Fixed deposits pledged to a bank	<u>(10)</u>	<u>(10)</u>
	<u><u>76,105</u></u>	<u><u>85,490</u></u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016)



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PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

1. BASIS OF PREPARATION

This interim financial statements of the Group have been prepared in accordance with Financial Reporting Standard (FRS) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements of the Group for the financial year ended 31 December 2016, except the adoption of the following amendments to FRSs mandatory for annual financial periods beginning on or after 1 January 2017.

Amendments to FRS 107:	Disclosure Initiative
Amendments to FRS 112:	Recognition of Deferred Tax Assets For Unrealised losses
Amendments to FRS 12:	Annual Improvements to FRSs 2014 - 2016 Cycle

The adoption of the above Amendments does not have any material impact on the financial statements of the Group.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all entities other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for Construction of Real Estate, including their parent, significant investors and ventures (herein referred to as 'Transitioning Entities'). On 2 September 2014, with the issuance of MFRS 15 Revenue from Contracts with Customers and Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants, the MASB announced that Transitioning Entities which have chosen to continue with the FRS Framework is now required to adopt the MFRS Framework latest by 1 January 2018.

The Group falls within the definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018.

3. AUDIT QUALIFICATION

The preceding year's annual audited financial statements of the Group were not subject to any qualification.

4. SEASONAL OR CYCLICAL FACTORS

Apart from the traditional variations in the level of business activities, the operations of the Group were not materially affected by any seasonal nor cyclical factors.

5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial period to date.

6. MATERIAL CHANGES IN ESTIMATES

There were no changes in the estimates that have had any material effect on the current financial period to date.



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7. DEBT AND EQUITY SECURITIES

The Company had issued 1,021,500 ordinary shares for cash in the current quarter arising from the exercise of executives' share options.

Other than the above, there were no other issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial period to date.

8. DIVIDEND PAID

No dividend was paid during the current quarter.

9. SEGMENTAL REPORTING

The analysis of the Group business segments for the current financial period are as follows:-

Financial period ended	Manufacturing	Trading	Plantation	Others	Elimination	Consolidated
31 March 2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	74,196	192,668	22	993	-	267,879
Inter-segment revenue	68,581	13,411	2,009	18	(84,019)	-
	<u>142,777</u>	<u>206,079</u>	<u>2,031</u>	<u>1,011</u>	<u>(84,019)</u>	<u>267,879</u>
Segment results	<u>4,197</u>	<u>2,540</u>	<u>(281)</u>	<u>180</u>	<u>-</u>	<u>6,636</u>
Investment revenue						379
Share of profit of an associated company						1,608
Profit before tax						<u>8,623</u>
Financial period ended	Manufacturing	Trading	Plantation	Others	Elimination	Consolidated
31 March 2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	59,088	192,906	5	427	-	252,426
Inter-segment revenue	58,196	12,178	1,403	18	(71,795)	-
	<u>117,284</u>	<u>205,084</u>	<u>1,408</u>	<u>445</u>	<u>(71,795)</u>	<u>252,426</u>
Segment results	<u>6,257</u>	<u>6,838</u>	<u>(371)</u>	<u>119</u>	<u>-</u>	<u>12,843</u>
Investment revenue						337
Share of profit of an associated company						2,623
Profit before tax						<u>15,803</u>

10. MATERIAL SUBSEQUENT EVENT

There were no material events subsequent to the end of the financial period ended 31 March 2017 up to the date of issuance of this report which have not been reflected in the financial statements for the said period.

11. CHANGES IN THE COMPOSITION OF THE GROUP

Despite purchase of additional 194,000 Spritzer Bhd ("SB") shares by the Company in this quarter, the Company's shareholding in SB as at 31 March 2017 has diluted from 32.50% to 32.07% due to further increase in SB's share capital arising from the exercise of employees' share options.

Apart from the changes mentioned above, there were no other changes in the composition of the Group during the current financial period to date.



**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD**

12. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets and liabilities as at 25 May 2017.

13. REVIEW OF PERFORMANCE

Current quarter vs. preceding year corresponding quarter

Despite achieving a higher revenue by 6.1%, the Group recorded a lower profit before tax of RM8.62 million in this quarter as compared to RM15.80 million a year ago. All the divisions achieved lower profit before tax including the profit contribution by SB to the Group which was also lower by 38.7% from RM2.62 million a year ago to RM1.61 million.

Manufacturing division

Manufacturing division's revenue in this quarter increased by 25.6% to RM74.20 million as compared to RM59.09 million a year ago. The increase was mainly due to better sales of aerosol can and higher selling price of palm based products arising from increase in crude palm oil price. However, the division's profit before tax dropped by 32.9% to RM4.20 million against RM6.26 million a year ago. The division's bottom line was affected by losses incurred by mill due to lower fresh fruit bunches ("FFB") processed and lower oil extraction rate ("OER") and palm kernel recovery rate ("KER").

Trading division

The trading division recorded a marginally lower revenue of RM192.67 million in this quarter as compared to RM192.91 million a year ago. Higher selling price of palm based products has offset the substantial drop in sales of beverages especially the bottled water and energy drinks. This has resulted in the division's profit before tax dropped by 62.9% from RM6.84 million a year ago to RM2.54 million. The advertisement and promotion expenses were also higher in this quarter to drive sales on the back of weak consumer sentiments.

Plantation division

The plantation division incurred a loss before tax of RM0.28 million in this quarter as compared to RM0.37 million a year ago as both oil palm and tea plantations have not turnaround in this quarter. The oil palm plantation was affected by lower FFB production as a result of replanting programme. Sales of tea was higher in this quarter resulted in lower losses incurred by tea plantation.

14. MATERIAL CHANGES IN THE QUARTERLY RESULTS COMPARED TO THE RESULTS OF THE PRECEDING QUARTER

The Group recorded a lower revenue of RM267.88 million in this quarter as compared to RM292.47 million in the preceding quarter. The drop in revenue was attributed to lower sales of beverages, Campbell's products and palm based products. This has resulted in the Group's profit before tax decreased by 40.7% from RM14.53 million to RM8.62 million.

15. CURRENT YEAR PROSPECTS

The Board foresees another challenging year with the uncertainties and adverse market conditions surrounding the global economy. The weak domestic consumer sentiments coupled with rising inflation pressure is expected to continue to affect consumer spending behaviour. With this market conditions, our trading division will continue to execute more marketing campaigns and offer more variety of choices for consumers in the form of product variety and different pack sizes to spur sales growth.

With the erratic weather condition affecting the quality of FFB, the overall industry OER has not improved. Our palm oil mill was not spared despite improvement in KER. The mill will continue to focus on tightening FFB quality inspection and production efficiency while further adjusting its FFB price reduction scheme to commensurate with the overall industry OER in order for the mill to turnaround in this year.



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16. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Profit before tax is arrived at (crediting)/charging:-

	3 months ended	
	31/03/17	31/03/16
	RM'000	RM'000
Interest income	(311)	(281)
Interest expense	1,578	1,417
Depreciation of property, plant and equipment	3,228	2,984
Provision for and write off of receivables	152	131
Provision for and write off of inventories	357	342
(Gain)/Loss on disposal of property, plant and equipment	(7)	149
Property, plant and equipment written off	5	3
(Gain)/Loss on foreign exchange	(327)	1,253
(Gain)/Loss on derivatives	-	-
Exceptional items	-	-
	<u>-</u>	<u>-</u>

17. VARIANCE BETWEEN FORECAST AND ACTUAL PROFIT

No profit forecast or guarantee was issued by the Group.

18. TAX EXPENSE

	Current Quarter RM'000	Current Year To-Date RM'000
Current tax expense	2,693	2,693
Deferred tax	(265)	(265)
	<u>2,428</u>	<u>2,428</u>

The effective tax rate for the current quarter is higher than the statutory income tax rate mainly due to certain expense items have been considered as non-deductible for tax purposes.

19. STATUS OF CORPORATE PROPOSALS

There were no other outstanding corporate proposals as at 25 May 2017.

20. STATUS OF UTILISATION OF PROCEEDS RAISED FROM ANY CORPORATE PROPOSAL

Not applicable.

21. GROUP BORROWINGS

The Group borrowings (denominated in local currency) as at 31 March 2017 are as follows:-

	RM'000
Long term borrowings	
- unsecured	12,191
- secured	796
	<u>12,987</u>
Short term borrowings	
- unsecured	140,178
- secured	1,702
	<u>141,880</u>
	<u>154,867</u>



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22. MATERIAL LITIGATION

There were no material litigation involving the Group as at 25 May 2017.

23. PROPOSED DIVIDEND

No interim dividend has been declared for the current financial period under review.

24. EARNINGS PER SHARE (EPS)

	Current Quarter	Current Year To-Date
<u>Basic EPS</u>		
Profit attributable to owners of the Company (RM'000)	6,195	6,195
<u>Number of shares ('000)</u>		
Number of ordinary shares in issue as at beginning of year	188,664	188,664
Effect of exercise of ESOS	518	518
Weighted average number of ordinary shares in issue	189,182	189,182
Basic EPS (sen)	3.27	3.27
<u>Fully Diluted EPS</u>		
Profit attributable to owners of the Company (RM'000)	6,195	6,195
<u>Number of shares ('000)</u>		
Number of ordinary shares in issue as at beginning of year	188,664	188,664
Effect of exercise of ESOS	518	518
Effect of share options	834	834
Weighted average number of ordinary shares in issue	190,016	190,016
Fully Diluted EPS (sen)	3.26	3.26

25. DISCLOSURE OF REALISED AND UNREALISED PROFITS

	As at 31/03/17 RM'000	As at 31/12/16 RM'000
Total retained earnings of the Group:		
- Realised	234,837	232,130
- Unrealised	(8,923)	(10,085)
	225,914	222,045
Total retained earnings from associate:		
- Realised	38,761	37,153
	264,675	259,198
Add : Consolidation adjustments	9,092	8,044
Total retained earnings as per statement of financial position	273,767	267,242

26. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 May 2017.