



YEE LEE CORPORATION BHD.

(Company No. 13585-A)

**QUARTERLY REPORT ON CONSOLIDATION RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2017
(THE FIGURES HAVE NOT BEEN AUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

	INDIVIDUAL QUARTER		Changes (%)	CUMULATIVE		Changes (%)
	Quarter ended	Quarter ended		Period ended	Period ended	
	30/6/2017 RM'000	30/6/2016 RM'000		30/6/2017 RM'000	30/6/2016 RM'000	
Revenue	269,069	265,003	1.5%	536,948	517,429	3.8%
Other income	1,543	1,658	-6.9%	3,579	2,357	51.8%
Operating expenses	(260,950)	(254,395)	2.6%	(522,141)	(492,796)	6.0%
Finance costs	(1,670)	(1,618)	3.2%	(3,379)	(3,162)	6.9%
Share of profits of an associated company	1,645	2,038	-19.3%	3,253	4,661	-30.2%
Profit before tax	9,637	12,686	-24.0%	18,260	28,489	-35.9%
Tax expense	(2,341)	(2,544)	-8.0%	(4,769)	(6,819)	-30.1%
Profit for the period	7,296	10,142	-28.1%	13,491	21,670	-37.7%
Profit attributable to: Owners of the Company	7,296	10,142	-28.1%	13,491	21,670	-37.7%
Earnings per share:						
(a) Basic (sen)	3.85	5.45	-29.4%	7.12	11.65	-38.9%
(b) Fully diluted (sen)	3.84	5.41	-29.0%	7.11	11.57	-38.5%

(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 30 JUNE 2017**

	INDIVIDUAL QUARTER		Changes (%)	CUMULATIVE		Changes (%)
	Quarter ended	Quarter ended		Period ended	Period ended	
	30/6/2017 RM'000	30/6/2016 RM'000		30/6/2017 RM'000	30/6/2016 RM'000	
Profit for the period	7,296	10,142	-28.1%	13,491	21,670	-37.7%
Other comprehensive income/(loss):						
Exchange differences on translating foreign operations	(1,024)	715	-243.2%	(1,477)	(1,721)	-14.2%
Gain/(Loss) on changes in fair value of available-for-sale financial assets	(1)	-	-100.0%	(1)	1	-200.0%
Share of other comprehensive income/(loss) of associated company	43	2,164	-98.0%	(218)	3,886	-105.6%
Total other comprehensive (loss)/income for the period	(982)	2,879	-134.1%	(1,696)	2,166	-178.3%
Total comprehensive income attributable to owners of the Company	6,314	13,021	-51.5%	11,795	23,836	-50.5%

(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 30 JUNE 2017**

	As at 30/06/17 RM'000	As at 31/12/16 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	434,678	429,364
Investment properties	6,810	6,810
Investment in associated company	109,253	107,816
Other investments	19	20
Goodwill on consolidation	1,612	1,612
	552,372	545,622
Current assets		
Inventories	105,527	94,293
Trade and other receivables	203,034	205,789
Other assets	21,171	7,898
Current tax assets	1,916	1,532
Deposits, cash and bank balances	72,708	79,422
	404,356	388,934
TOTAL ASSETS	956,728	934,556
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	107,830	94,332
Share premium	-	9,781
Property revaluation reserve	187,859	187,859
Investment revaluation reserve	(1)	-
Capital reserve	13,320	13,538
Equity settled employee benefits reserve	163	1,021
Translation reserve	2,394	3,871
Retained earnings	281,591	267,242
TOTAL EQUITY	593,156	577,644
Non-current liabilities		
Long term borrowings	12,585	9,428
Deferred taxation	41,004	41,735
	53,589	51,163
Current liabilities		
Trade and other payables	137,932	144,858
Other liabilities	29,198	22,896
Short term borrowings	140,158	135,306
Current tax liabilities	2,695	2,689
	309,983	305,749
TOTAL LIABILITIES	363,572	356,912
TOTAL EQUITY AND LIABILITIES	956,728	934,556
Net assets per share (RM)	3.1018	3.0618

(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 30 JUNE 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
Total comprehensive income for the period	-	-	-	(1)	(218)	-	(1,477)	13,491	11,795
Exercise of ESOS	3,221	496	-	-	-	(858)	-	858	3,717
Transition in accordance with Companies Act 2016 *	10,277	(10,277)	-	-	-	-	-	-	-
Balance at 30 June 2017	107,830	-	187,859	(1)	13,320	163	2,394	281,591	593,156
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	3,886	-	(1,721)	21,670	23,836
Exercise of ESOS	1,938	3,694	-	-	-	(1,278)	-	1,278	5,632
Reversal of share-based payments	-	-	-	-	-	(4)	-	4	-
Balance at 30 June 2016	93,906	8,953	187,859	(6)	8,921	1,317	928	250,702	552,580

* 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 share capital account. Pursuant to Section 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 30 JUNE 2017**

	PERIOD ENDED 30/06/17 RM'000	PERIOD ENDED 30/06/16 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	18,260	28,489
Adjustments for:		
Non-cash and non-operating items	7,041	4,234
Operating profit before working capital changes	25,301	32,723
Changes in working capital		
Increase in current assets	(23,562)	(36,999)
(Decrease)/Increase in current liabilities	(522)	18,987
Cash from operating activities	1,217	14,711
Tax paid	(6,491)	(4,040)
Tax refunded	595	137
Net cash (used in)/from operating activities	(4,679)	10,808
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Dividend received from an associated company	2,049	-
Interest received	633	537
Dividend received	-	1
Rental from investment properties received	116	116
Proceeds from disposal of property, plant and equipment	84	146
Purchase of additional shares in associated company	(451)	(6,018)
Purchase of property, plant and equipment	(12,179)	(5,374)
Net cash used in investing activities	(9,748)	(10,592)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from issuance of shares arising from exercise of ESOS	3,717	5,632
Proceeds from/(Repayment of) borrowings	8,786	(3,856)
Finance cost paid	(3,379)	(3,162)
Net cash from/(used in) financing activities	9,124	(1,386)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,303)	(1,170)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	76,267	89,880
Effect of changes in exchange rate on foreign currency translation	(57)	115
CASH AND CASH EQUIVALENTS AT END OF PERIOD	70,907	88,825
Cash and cash equivalents comprise the following:		
Deposits	11,630	25,753
Cash and bank balances	61,078	66,167
Bank overdrafts	(1,791)	(3,085)
	70,917	88,835
Less: Fixed deposits pledged to a bank	(10)	(10)
	70,907	88,825

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



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.

7. DEBT AND EQUITY SECURITIES

The Company had issued 1,543,200 ordinary shares for cash in the current quarter arising from the exercise of executives' share options.

Other than the above issuance of shares and those announced earlier in the first quarter of this year, 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:-

Period ended	Manufacturing	Trading	Plantation	Others	Elimination	Consolidated
30 June 2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	141,514	393,377	63	1,994	-	536,948
Inter-segment revenue	135,795	24,429	3,556	2,086	(165,866)	-
	<u>277,309</u>	<u>417,806</u>	<u>3,619</u>	<u>4,080</u>	<u>(165,866)</u>	<u>536,948</u>
Segment results	<u>8,104</u>	<u>6,358</u>	<u>(623)</u>	<u>419</u>	<u>-</u>	<u>14,258</u>
Investment revenue						749
Share of profit of an associated company						3,253
Profit before tax						<u>18,260</u>
Period ended	Manufacturing	Trading	Plantation	Others	Elimination	Consolidated
30 June 2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	123,057	393,471	16	885	-	517,429
Inter-segment revenue	123,304	28,206	2,836	36	(154,382)	-
	<u>246,361</u>	<u>421,677</u>	<u>2,852</u>	<u>921</u>	<u>(154,382)</u>	<u>517,429</u>
Segment results	<u>11,218</u>	<u>12,162</u>	<u>(239)</u>	<u>33</u>	<u>-</u>	<u>23,174</u>
Investment revenue						654
Share of profit of an associated company						4,661
Profit before tax						<u>28,489</u>

10. MATERIAL SUBSEQUENT EVENT

There were no material events subsequent to the end of the financial period ended 30 June 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

There were no 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 18 August 2017.

13. REVIEW OF PERFORMANCE

Current quarter vs. preceding year corresponding quarter

Despite achieving a marginally increase in revenue by 1.5%, the Group recorded a lower profit before tax of RM9.64 million in this quarter as compared to RM12.69 million a year ago. All the divisions registered lower profit before tax in this quarter. Profit contribution from Spritzer Bhd. ("SB") also dropped by 19.3% from RM2.04 million a year ago to RM1.64 million.

Manufacturing division

Manufacturing division achieved a sales growth of 5.2% in this quarter mainly driven by higher sales of aerosol can offsetting the lower sales of palm kernel arising from substantial drop in market price for palm kernel. Despite the increase in revenue, the manufacturing division recorded a drop in profit before tax by 21.2% from RM4.96 million a year ago to RM3.91 million. The division's bottom line was affected by losses incurred by our palm oil mill due to lower quantity of fresh fruit bunches ("FFB") processed and lower oil extraction rate ("OER"). Our aerosol can business segment's profit margin was also affected by the increase in tinplate prices where the full cost of increase was not immediately passed on to their customers.

Trading division

The trading division recorded a marginally higher revenue of RM200.71 million in this quarter as compared to RM200.56 million a year ago. The higher selling price of cooking oils and sales of the Ribena and Lucozade products have offset the substantial drop in sales of other beverages such as bottled water and energy drinks. This has resulted in the division's profit before tax dropped by 28.3% from RM5.32 million a year ago to RM3.82 million.

Plantation division

The plantation division incurred a loss before tax of RM0.34 million in this quarter as compared to a profit before tax of RM0.13 million a year ago as both oil palm and tea plantations still suffer losses in this quarter. Although the sales of tea was higher in this quarter, the sales volume is still insufficient to cover its plantation costs. The oil palm plantation was affected by lower FFB production arising from its replanting programme undertaken by its estates in Perak and expenses incurred for the new oil palm plantation in Sabah.

Current year to-date vs. preceding year to-date

The Group recorded a higher revenue of RM536.95 million for the period ended 30 June 2017 as compared to RM517.43 million a year ago. However, the Group's profit before tax dropped by 35.9% from RM28.49 million a year ago to RM18.26 million. All the divisions' profit before tax was lower than the preceding year. Profit contribution from SB also dropped by 30.2% from RM4.66 million a year ago to RM3.25 million mainly due to lower sales of bottled water and higher advertisement and promotion costs incurred both locally and in China.



Manufacturing division

Despite achieving 15.0% increase in revenue for the current period, the manufacturing division registered a drop in profit before tax by 27.8% to RM8.10 million as compared to RM11.22 million a year ago. The sales growth was driven by higher sales of aerosol can and higher selling price of palm based products arising from increase in crude palm oil prices and the removal of the Government controlled ceiling price for palm based cooking oils except for 1kg poly bag. The division's bottom line was affected by losses incurred by our palm oil mill as a result of lower quantity of FFB processed and lower OER. Profit contribution from palm oil refinery was also lower mainly due to lower sales quantity of cooking oils and bulk oils.

Trading division

Trading division recorded marginally increase in revenue of RM393.38 million for the current period as compared to RM393.47 million a year ago. The increase in sales of Ribena, Lucozade and Old Town products coupled with higher selling price of cooking oils have offset the substantial dropped in sales of bottled water and energy drinks. This has resulted in the division's profit before tax dropped substantially by 47.7% from RM12.16 million a year ago to RM6.36 million. In addition, higher advertisement and promotion expenses were also incurred in the current period to boost sales and brand awareness campaign.

Plantation division

The plantation division recorded a higher loss before tax of RM0.62 million in the current period as compared to RM0.24 million a year ago as both the oil palm and tea plantations have not turnaround. The sales of tea has improved but the sales volume is still insufficient to cover its plantation costs. The oil palm plantation performance continues to be affected by its replanting programme and expenses incurred by its new oil palm plantation in Sabah.

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

The Group recorded a marginally increase in revenue by 0.4% to RM269.07 million in this quarter as compared to RM267.88 million in the preceding quarter. The increase in sales of beverages such as energy drinks and bottled water has offset the drop in sales of palm based products as a result of lower selling price in tandem with the drop in crude palm oil price. Correspondingly, the Group's profit before tax increased by 11.8% to RM9.64 million. The better performance was also contributed to lower losses incurred by palm oil mill as a result of increase in FFB processed and higher price deduction from FFB suppliers.

15. CURRENT YEAR PROSPECTS

In view of the strong economy growth in the first half of 2017 at 5.7%, the Malaysian economy is expected to expand by more than 4.8% in 2017. The consumer sentiments have also improved in the second quarter of 2017 but the sentiments still remain below optimism level. With our strong distribution networks and established brands portfolio, our trading division is well prepared to further enhance its sales on the back of improving economy fundamental. On 11 August 2017, our principal, Suntory Beverage and Food Malaysia Sdn Bhd has voluntarily recalled five flavour of Ribena Concentrate products with specified expiry dates due to suspected exposure to air during bottling process that may potentially deteriorate in quality earlier than the expiry date. Others ready-to-drink Ribena products are not affected. Based on its brand reputation and quality commitment, the Board foresees that this recall is a temporary setback and sales of these affected products will normalise once the recall has been completed. All the products recall expenses will be borne by the principal.

With the low industry OER, our palm oil mill has successfully negotiated with its FFB suppliers for further price reduction to commensurate with the industry OER. Together with the tightening of the quality inspection of FFB, the Board expects the palm oil mill performance to be improved in the remaining quarters.

**YEE LEE CORPORATION BHD.**

(Company No. 13585-A)

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

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

	Quarter ended		Period ended	
	30/06/17	30/06/16	30/06/17	30/06/16
	RM'000	RM'000	RM'000	RM'000
Interest income	(322)	(256)	(633)	(537)
Interest expense	1,537	1,481	3,115	2,898
Depreciation of property, plant and equipment	3,369	3,130	6,597	6,114
Provision for and write off of receivables	224	255	376	386
Provision for and write off of inventories	344	349	701	691
Gain on disposal of property, plant and equipment	(2)	(171)	(9)	(22)
Property, plant and equipment written off	9	9	14	12
Loss/(Gain) on foreign exchange	254	439	(73)	1,692
(Gain)/Loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-

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	2,806	5,499
Deferred tax	(465)	(730)
	<u>2,341</u>	<u>4,769</u>

The effective tax rate for the current quarter and financial period to date 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 18 August 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 30 June 2017 are as follows:-

	Long term RM'000	Short term RM'000	Total RM'000
<u>Unsecured</u>			
Term loans	11,850	6,263	18,113
Revolving credits	-	14,000	14,000
Bankers' acceptances	-	116,377	116,377
Bank overdrafts	-	1,791	1,791
<u>Secured</u>			
Hire-purchase payables	735	1,727	2,462
	<u>12,585</u>	<u>140,158</u>	<u>152,743</u>

22. MATERIAL LITIGATION

There were no material litigation involving the Group as at 18 August 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)	<u>7,296</u>	<u>13,491</u>
<u>Number of shares ('000)</u>		
Number of ordinary shares in issue as at beginning of	188,664	188,664
Effect of exercise of ESOS	<u>946</u>	<u>946</u>
Weighted average number of ordinary shares in issue	<u>189,610</u>	<u>189,610</u>
Basic EPS (sen)	<u>3.85</u>	<u>7.12</u>
<u>Fully Diluted EPS</u>		
Profit attributable to owners of the Company (RM'000)	<u>7,296</u>	<u>13,491</u>
<u>Number of shares ('000)</u>		
Number of ordinary shares in issue as at beginning of	188,664	188,664
Effect of exercise of ESOS	946	946
Effect of share options	182	182
Weighted average number of ordinary shares in issue	<u>189,792</u>	<u>189,792</u>
Fully Diluted EPS (sen)	<u>3.84</u>	<u>7.11</u>

**YEE LEE CORPORATION BHD.**

(Company No. 13585-A)

25. DISCLOSURE OF REALISED AND UNREALISED PROFITS

	As at 30/06/17 RM'000	As at 31/12/16 RM'000
Total retained earnings of the Group:		
- Realised	239,645	232,130
- Unrealised	<u>(8,505)</u>	<u>(10,085)</u>
	231,140	222,045
Total retained earnings from associate:		
- Realised	<u>40,406</u>	<u>37,153</u>
	271,546	259,198
Add : Consolidation adjustments	<u>10,045</u>	<u>8,044</u>
Total retained earnings as per statement of financial position	<u><u>281,591</u></u>	<u><u>267,242</u></u>

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 24 August 2017.