

**YLI HOLDINGS BERHAD**

Company No. 367249 A

Interim report for the twelve months ended 31 March 2012

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

	Individual Quarter		Year To Date	
	3 months ended		12 months ended	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	RM'000	RM'000	RM'000	RM'000
Revenue	35,986	23,370	143,292	76,682
Cost of sales	(36,667)	(22,674)	(138,769)	(69,654)
Gross (loss)/profit	(681)	696	4,523	7,028
Other income	1,199	199	2,356	895
Selling & distribution costs	(272)	(3,031)	(2,159)	(4,219)
Administrative expenses	(1,501)	(38,923)	(6,691)	(44,359)
Operating loss	(1,255)	(41,059)	(1,971)	(40,655)
Finance cost	(708)	(728)	(3,125)	(2,821)
Share of profit of Jointly Controlled Entity (refer note 17)	85	49	351	167
Loss before taxation	(1,878)	(41,738)	(4,745)	(43,309)
Taxation	263	(126)	5	(661)
Loss for the period / year (refer note 8)	(1,615)	(41,864)	(4,740)	(43,970)
Other comprehensive (loss)/income:				
Currency translation differences	(305)	(126)	375	(477)
Total comprehensive loss for period / year	(1,920)	(41,990)	(4,365)	(44,447)
Loss attributable to :				
Owners of the Company	(1,160)	(39,748)	(2,625)	(40,304)
Non-controlling interest	(455)	(2,116)	(2,115)	(3,666)
	(1,615)	(41,864)	(4,740)	(43,970)
Total comprehensive loss attributable to :				
Owners of the Company	(1,465)	(39,874)	(2,250)	(40,781)
Non-controlling interest	(455)	(2,116)	(2,115)	(3,666)
	(1,920)	(41,990)	(4,365)	(44,447)
	Sen	Sen	Sen	Sen
Loss per share for loss attributable to the Owners of the Company:				
- basic	(1.18)	(40.38)	(2.67)	(40.94)
- diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31st March 2011)

# YLI HOLDINGS BERHAD

Company No. 367249 A

Interim report for the twelve months ended 31 March 2012

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	AS AT 31/03/2012 RM'000	AS AT 31/03/2011 RM'000
<b>Non-current assets</b>		
Property, plant and equipment	101,117	106,781
Jointly controlled entity	1,794	1,068
Advance to jointly controlled entity	8,065	8,065
Deferred taxation	162	0
<b>Total non-current assets</b>	<b>111,138</b>	<b>115,914</b>
<b>Current assets</b>		
Inventories	31,381	26,446
Trade and other receivables	52,228	35,825
Advance to jointly controlled entity	80	75
Tax recoverable	502	811
Deposits, bank and cash balances	30,917	43,605
<b>Total current assets</b>	<b>115,108</b>	<b>106,762</b>
<b>TOTAL ASSETS</b>	<b>226,246</b>	<b>222,676</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributed to equity holders of the parent</b>		
Share capital	98,560	98,560
Share premium	7,208	7,208
Treasury Shares	(108)	(108)
Revaluation and other reserves	1,336	961
Retained earnings	45,237	47,862
	152,233	154,483
Non-controlling interest	3,485	5,600
<b>Total equity</b>	<b>155,718</b>	<b>160,083</b>
<b>Non-current liabilities</b>		
Deferred taxation	7,357	7,842
Lease payable	435	549
Long term loan	13,400	17,394
<b>Total non-current liabilities</b>	<b>21,192</b>	<b>25,785</b>
<b>Current liabilities</b>		
Trade and other payables	28,761	14,979
Bank overdraft	2,704	2,993
Lease payable	181	194
Short term borrowings	17,690	18,642
<b>Total current liabilities</b>	<b>49,336</b>	<b>36,808</b>
<b>Total liabilities</b>	<b>70,528</b>	<b>62,593</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>226,246</b>	<b>222,676</b>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.54	1.57

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31st March 2011)

# YLI HOLDINGS BERHAD

Company No. 367249 A

Interim report for the twelve months ended 31 March 2012

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	ISSUED AND FULLY PAID ORDINARY SHARES OF		NON -		DISTRIBUTABLE				Total Equity RM'000
	RM1 EACH		DISTRIBUTABLE		DISTRIBUTABLE				
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Treasury Shares RM'000	Revaluation and other reserves RM'000	Retained earnings RM'000	Total RM'000	Non- controlling Interest RM'000	
<b>12 months ended</b>									
<b>31 March 2012</b>									
Balance As At 1 April 2011	98,560	98,560	7,208	(108)	961	47,862	154,483	5,600	160,083
Total comprehensive income/(loss) for the financial year	0	0	0	0	375	(2,625)	(2,250)	(2,115)	(4,365)
<b>Transactions with owners :</b>									
Dividend for the financial year ended 31 March 2011	0	0	0	0	0	0	0	0	0
Balance As At 31 March 2012	<u>98,560</u>	<u>98,560</u>	<u>7,208</u>	<u>(108)</u>	<u>1,336</u>	<u>45,237</u>	<u>152,233</u>	<u>3,485</u>	<u>155,718</u>
<b>12 months ended</b>									
<b>31 March 2011</b>									
Balance As At 1 April 2010	98,560	98,560	7,208	(108)	1,438	88,904	196,002	9,266	205,268
Total comprehensive loss for the financial year	0	0	0	0	(477)	(40,304)	(40,781)	(3,666)	(44,447)
<b>Transactions with owners :</b>									
Dividend for the financial year ended 31 March 2010	0	0	0	0	0	(738)	(738)	0	(738)
Balance As At 31 March 2011	<u>98,560</u>	<u>98,560</u>	<u>7,208</u>	<u>(108)</u>	<u>961</u>	<u>47,862</u>	<u>154,483</u>	<u>5,600</u>	<u>160,083</u>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st March 2011)

# YLI HOLDINGS BERHAD

Company No. 367249 A

Interim report for the twelve months ended 31 March 2012

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

	12 months ended	
	31/03/2012	31/03/2011
	RM'000	RM'000
<b>OPERATING ACTIVITIES</b>		
Cash receipts from customers	127,139	71,785
Cash paid to suppliers and employees	(130,646)	(61,765)
Cash (used in)/generated from operations	(3,507)	10,020
Interest received	804	938
Interest paid	(947)	(892)
Tax paid	(878)	(1,854)
Tax refund	544	195
Net cash flow (used in)/generated from operating activities	(3,984)	8,407
<b>INVESTING ACTIVITIES</b>		
Property, plant and equipment :		
- additions	(489)	(410)
- disposals	41	146
Net cash flow used in investing activities	(448)	(264)
<b>FINANCING ACTIVITIES</b>		
Advances to a jointly controlled entity	(5)	(3)
Net movement of short term borrowings	(4,946)	3,295
Net movement of hire purchase creditor	(207)	(181)
Dividends paid	0	(738)
Interest paid	(2,809)	(2,575)
Deposits charged for credit facilities	(38)	0
Net cash flow used in financing activities	(8,005)	(202)
Net change in cash and cash equivalents	(12,437)	7,941
Cash and cash equivalents :		
- at the beginning of the year	40,509	32,568
- at the end of the year	28,072	40,509
Cash and cash equivalents comprise :-		
Deposits with financial institutions	20,000	36,000
Bank and cash balances	10,917	7,605
Bank overdraft	(2,704)	(2,993)
Deposits charged for credit facilities	(141)	(103)
	28,072	40,509

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31st March 2011)

# YLI HOLDINGS BERHAD

Company No. 367249 A

Interim report for the twelve months ended 31 March 2012

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2011. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2011.

### 2. Disclosure of audit report qualification and status of matters raised

There was no qualification in the audit report of the preceding annual financial statements.

### 3. Seasonality and cyclicity of interim operations

The Group operations were not significantly affected by any unusual seasonality or cyclicity factors.

### 4. Unusual Item

There were no material unusual items for the current financial year to date.

### 5. Changes in Estimates of Amounts

There were no changes in the nature and estimates of amounts from those of the prior interim periods of prior financial years that have a material effect in the current interim period.

### 6. Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy backs, share cancellations and resale of treasury shares except previous share buy backs which are being held as treasury shares for the current financial year to date.

### 7. Dividends Paid

No dividend was paid for the current interim period.

### 8. Loss for the period / year

	Individual Quarter		Year To Date	
	3 months ended		12 months ended	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	RM'000	RM'000	RM'000	RM'000
Interest income	128	273	838	961
Interest expenses	(708)	(728)	(3,125)	(2,821)
Depreciation and amortization	(1,567)	(1,672)	(6,205)	(6,614)
Foreign exchange gain	145	66	323	237
Recovery of doubtful debts	962	0	1,202	0

## 9. Segmental Reporting

There is no disclosure of segmental information as the Group operates principally within one industry of manufacturing and the other activities include investment holding.

## 10. Carrying amount of revalued assets - Property, plant and equipment

The valuations of land and buildings have been brought forward, without amendment from the previous annual report. The carrying value of leasehold land and buildings is based on a valuation carried out by a firm of independent professional valuers in 1994 and 1996 using the open market value basis to reflect fair value. The directors have adopted the transitional provisions in International Accounting Standard No.16 (Revised): Property, Plant and Equipment as allowed for by the Malaysian Accounting Standards Board to retain the carrying amounts of these freehold and leasehold land and buildings on the basis of their previous revaluation subject to the continuing application of current depreciation policy.

## 11. Significant off balance sheet event

To the date of this report, there were no significant off balance sheet events subsequent to the financial period which have not been reflected in the financial statements.

## 12. Changes in the Composition of the Group

There were no changes in the composition of the Company during the period under review.

## 13. Changes in Contingent Liabilities

Total corporate guarantees given by the Company has increased from RM68.64 million to RM73.26 million since the last balance sheet date mainly due to increased in corporate guarantee extended to Yew Lean Foundry & Co. Sdn. Bhd. for the increase in trade line facilities.

Analysed as follows:-

### Subsidiary companies

Corporate guarantees of RM72.13 million were given to banks to secure bank borrowings of the subsidiary companies.

### Jointly controlled entity

Corporate guarantees of USD370,000 (approximately RM1.13 million) were given to a bank to secure banking facilities.

## 14. Capital Commitment

The capital expenditure not provided for in the financial statement as at 31 March 2012 is as follows:-

	<b>Group</b>
	<b>31/03/2012</b>
	<b>RM'000</b>
Authorised and contracted for	3,051
Authorised and not contracted for	13,327
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	16,378
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Analysed as follows :-	
- Property, plant and equipment	<hr/>
	16,378
	<hr/>

## 15. Related Party Transactions

There were no related party transactions recorded during the period under review.

## 16. Material Events Subsequent to the End of the Interim Reporting Period

There were no material events subsequent to the current financial quarter ended 31 March 2012 up to the date of this report.

## 17. Share of results of jointly controlled entity

The Group has accounted for its share of results of the jointly controlled entity (37%) in the consolidated financial statements by the equity method of accounting. The Group's share of profit is as follows:-

	Individual Quarter		Year To Date	
	3 months ended		12 months ended	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	RM'000	RM'000	RM'000	RM'000
Profit before tax	86	50	358	174
Less : Taxation	(1)	(1)	(7)	(7)
Profit after tax	<u>85</u>	<u>49</u>	<u>351</u>	<u>167</u>

## 18. Review of Performance

For the quarter under review, the Group achieved higher sales revenue by approximately 54.0% compared to preceding year corresponding quarter mainly due to higher demand of waterworks pipes especially from Sarawak market. In addition, the net loss recorded by the Group is at RM1.615 million, which is lower by almost RM40.249 million or 96.1% compared to preceding year corresponding quarter. This is mainly due to the one-off impairment of goodwill on consolidation amounting to RM37.218 million and allowances for doubtful debts of trade receivable amounting to RM2.504 million for preceding year corresponding quarter. However, despite higher sales revenue, the Group still recorded the net loss for the financial year to date at RM4.740 million mainly due to diluted profit margin by the competitive pricings offered among the waterworks pipe players coupled with higher raw material and utility costs such as scrap metal, nodulant and electricity.

## 19. Material Changes in Quarterly Results as Compared with the Preceding Quarter

	Current Quarter	Preceding Quarter
	31/03/2012	31/12/2011
	RM'000	RM'000
Revenue	35,986	46,801
Consolidated Loss before taxation	(1,878)	(558)
Consolidated Loss after taxation	(1,615)	(744)

The Group recorded higher loss after taxation for this quarter under review of RM1.615 million compared to loss after taxation of RM0.744 million for the preceding quarter mainly attributed by lower sales revenue recorded for the current quarter under review. Other relevant factors are competitive pricings offered among waterworks pipe players and cost of raw materials especially scrap metal and nodulant still remained to be expensive.

## 20. Future Prospects

Water supply and sewerage projects continue to be in focus under the 10<sup>th</sup> Malaysia Plan with uncompleted projects under 9<sup>th</sup> Malaysia Plan is expected to be carried forward to 10<sup>th</sup> Malaysia Plan. In view of the fact that the Government and state water authorities are working together in improving the water quality and efficiency of water supply in Malaysia, this would augur well for the Group's business.

Despite the above, the Board would expect the operating environment to remain extremely challenging in view of the competitive pricings offered among waterworks pipe industry players for projects available and increase in prices of raw materials and utility cost such as scrap metal, nodulant and electricity. Nevertheless, the Group would be able to sail through the current turmoil given its solid financial position, extensive customer networking and in-depth experience in the production of waterwork pipes.

## 21. Profit Forecast or Profit Guarantee

Not applicable as no profit forecast was required.

## 22. Tax

	Individual Quarter		Year To Date	
	3 months ended		12 months ended	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	RM'000	RM'000	RM'000	RM'000
In respect of current year :				
- income tax	(65)	142	605	975
- deferred tax	(208)	(3)	(658)	(352)
	<u>(273)</u>	<u>139</u>	<u>(53)</u>	<u>623</u>
In respect of prior years :				
- income tax	0	0	38	51
- deferred tax	10	(13)	10	(13)
	<u>(263)</u>	<u>126</u>	<u>(5)</u>	<u>661</u>



## 22. Tax (continued)

Reconciliation of effective tax is as follows:-

	Individual Quarter		Year To Date	
	3 months ended		12 months ended	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	RM'000	RM'000	RM'000	RM'000
Loss from ordinary activities before taxation	(1,878)	(41,738)	(4,745)	(43,309)
Tax calculated at Malaysia Statutory tax rate of 25%	(469)	(10,434)	(1,186)	(10,827)
Tax effect of Jointly Controlled Entity	(21)	(13)	(88)	(42)
Tax effect of expenses not deductible for tax purpose	831	10,674	864	10,796
Tax effect of current year's tax loss not recognized	(994)	(794)	0	1
Temporary differences not recognized	688	723	688	723
Tax effect of income not subject to tax / exempted income	(325)	(20)	(334)	(31)
Others	17	3	3	3
(Over)/under provision in respect of prior financial year				
- current taxation	0	0	38	51
- deferred taxation	10	(13)	10	(13)
Tax (credit)/expenses	(263)	126	(5)	661

## 23. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of issue of this report.

## 24. Bank borrowings

(a) <u>Short Term Borrowings</u>	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Trust Receipt	6,964	0	6,964
Term Loan	8,726	0	8,726
Revolving Credit	2,000	0	2,000
Lease Payable	181	0	181
<b>Total</b>	<b>17,871</b>	<b>0</b>	<b>17,871</b>

  

(b) <u>Long Term Borrowings</u>	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Term Loan	13,400	0	13,400
Lease Payable	435	0	435
<b>Total</b>	<b>13,835</b>	<b>0</b>	<b>13,835</b>

None of the Group's borrowings as at the financial year to date are denominated in foreign currency.

## 25. Material Litigation

There was no material litigation as at the date of this report.

## 26. Dividend Proposed

The Board of Directors does not recommend the payment of any dividends for the 12 months ended 31 March 2012 (2011: Nil).

## 27. Loss per share

	Individual Quarter		Year To Date	
	3 months ended		12 months ended	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
<b>Basic loss per share for loss attributable to Owners of the Company</b>				
Net loss for the period (RM'000)	(1,160)	(39,748)	(2,625)	(40,304)
Weighted average number of ordinary shares in issue excluding treasury shares held by the Company ('000)	98,439	98,439	98,439	98,439
Basic loss per share (sen)	(1.18)	(40.38)	(2.67)	(40.94)

## 28. Disclosure of realized and unrealised profits/(losses)

The following analysis of realized and unrealised retained profits at the legal entity level is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or (Losses) in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

	As at 31/03/2012 RM'000	As at 31/03/2011 RM'000
Total retained profits of YLI Holdings Berhad and its subsidiaries :		
- realised profits	48,925	52,402
- unrealised losses	(5,734)	(6,235)
	<hr/>	<hr/>
	43,191	46,167
Total share of retained profits from jointly controlled entity :		
- realised profits	1,896	1,534
- unrealised profits	150	161
	<hr/>	<hr/>
	2,046	1,695
Total group retained profits as per consolidated accounts	<hr/>	<hr/>
	45,237	47,862

The disclosure of realised and unrealised profits/(losses) above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

By Order of the Board

MOLLY GUNN CHIT GEOK

Secretary

Penang, 24 May 2012