

**YLI HOLDINGS BERHAD**

Company No. 367249 A

Interim report for the nine months ended 31 December 2012

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

	Individual Quarter		Year To Date	
	3 months ended		9 months ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	RM'000	RM'000	RM'000	RM'000
Revenue	16,490	46,801	75,617	107,306
Cost of sales	(17,029)	(44,194)	(71,853)	(102,102)
Gross (loss)/profit	(539)	2,607	3,764	5,204
Other income	245	100	643	1,157
Selling & distribution costs	(582)	(1,002)	(1,839)	(1,887)
Administrative expenses	(1,631)	(1,635)	(5,261)	(5,190)
Operating (loss)/profit	(2,507)	70	(2,693)	(716)
Finance cost	(689)	(761)	(2,024)	(2,417)
Share of profit of Jointly Controlled Entity (refer note 17)	22	133	66	266
Loss before taxation	(3,174)	(558)	(4,651)	(2,867)
Taxation	274	(186)	161	(258)
Loss for the period / year (refer note 9)	(2,900)	(744)	(4,490)	(3,125)
Other comprehensive income/(loss):				
Currency translation differences	52	(4)	(16)	680
Total comprehensive loss for period / year	(2,848)	(748)	(4,506)	(2,445)
Loss attributable to :				
Owners of the Company	(2,117)	(400)	(2,908)	(1,465)
Non-controlling interest	(783)	(344)	(1,582)	(1,660)
	(2,900)	(744)	(4,490)	(3,125)
Total comprehensive loss attributable to :				
Owners of the Company	(2,065)	(404)	(2,924)	(785)
Non-controlling interest	(783)	(344)	(1,582)	(1,660)
	(2,848)	(748)	(4,506)	(2,445)

	Sen	Sen	Sen	Sen
Loss per share for loss attributable to the Owners of the Company:				
- basic	(2.15)	(0.41)	(2.95)	(1.49)
- 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 2012)

# YLI HOLDINGS BERHAD

Company No. 367249 A

Interim report for the nine months ended 31 December 2012

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	31/12/2012 RM'000	31/03/2012 RM'000 (restated)	01/04/2011 RM'000 (restated)
<b>Non-current assets</b>			
Property, plant and equipment	97,290	101,117	106,781
Jointly controlled entity	1,844	1,794	1,068
Advance to jointly controlled entity	8,065	8,065	8,065
Deferred taxation	162	162	0
<b>Total non-current assets</b>	<u>107,361</u>	<u>111,138</u>	<u>115,914</u>
<b>Current assets</b>			
Inventories	37,877	31,381	26,446
Trade and other receivables	39,502	52,228	35,825
Advance to jointly controlled entity	80	80	75
Tax recoverable	864	502	811
Deposits, bank and cash balances	27,389	30,917	43,605
<b>Total current assets</b>	<u>105,712</u>	<u>115,108</u>	<u>106,762</u>
<b>TOTAL ASSETS</b>	<u>213,073</u>	<u>226,246</u>	<u>222,676</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributed to equity holders of the parent</b>			
Share capital	98,560	98,560	98,560
Share premium	7,208	7,208	7,208
Treasury Shares	(108)	(108)	(108)
Other reserves	(269)	(253)	(628)
Retained earnings	43,918	46,826	49,451
	<u>149,309</u>	<u>152,233</u>	<u>154,483</u>
Non-controlling interest	1,903	3,485	5,600
<b>Total equity</b>	<u>151,212</u>	<u>155,718</u>	<u>160,083</u>
<b>Non-current liabilities</b>			
Deferred taxation	6,947	7,357	7,842
Lease payable	312	435	549
Long term loan	0	13,400	17,394
<b>Total non-current liabilities</b>	<u>7,259</u>	<u>21,192</u>	<u>25,785</u>
<b>Current liabilities</b>			
Trade and other payables	14,847	28,761	14,979
Bank overdraft	2,433	2,704	2,993
Lease payable	166	181	194
Short term borrowings	37,156	17,690	18,642
<b>Total current liabilities</b>	<u>54,602</u>	<u>49,336</u>	<u>36,808</u>
<b>Total liabilities</b>	<u>61,861</u>	<u>70,528</u>	<u>62,593</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>213,073</u>	<u>226,246</u>	<u>222,676</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.51	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 2012)

**YLI HOLDINGS BERHAD**  
Company No. 367249 A

Interim report for the nine months ended 31 December 2012  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

	ISSUED AND FULLY PAID ORDINARY SHARE OF RM1 EACH		NON - DISTRIBUTABLE				DISTRIBUTABLE			
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Treasury Shares RM'000	Other reserves RM'000	Revaluation reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
<b>09 months ended 31 December 2012</b>										
At 1 April 2012, as previously stated	98,560	98,560	7,208	(108)	(253)	1,589	45,237	152,233	3,485	155,718
Effect of transition of MFRS	0	0	0	0	0	(1,589)	1,589	0	0	0
Balance as at 1 April 2012, restated	98,560	98,560	7,208	(108)	(253)	0	46,826	152,233	3,485	155,718
Total comprehensive loss for the financial year	0	0	0	0	(16)	0	(2,908)	(2,924)	(1,582)	(4,506)
<b>Transactions with owners :</b>										
Dividend for the financial year ended 31 March 2012	0	0	0	0	0	0	0	0	0	0
Balance As At 31 December 2012	98,560	98,560	7,208	(108)	(269)	0	43,918	149,309	1,903	151,212
<b>09 months ended 31 December 2011</b>										
At 1 April 2011, as previously stated	98,560	98,560	7,208	(108)	(628)	1,589	47,862	154,483	5,600	160,083
Effect of transition of MFRS	0	0	0	0	0	(1,589)	1,589	0	0	0
Balance as at 1 April 2011, restated	98,560	98,560	7,208	(108)	(628)	0	49,451	154,483	5,600	160,083
Total comprehensive income/(loss) for the financial year	0	0	0	0	680	0	(1,465)	(785)	(1,660)	(2,445)
<b>Transactions with owners :</b>										
Dividend for the financial year ended 31 March 2011	0	0	0	0	0	0	0	0	0	0
Balance As At 31 December 2011	98,560	98,560	7,208	(108)	52	0	47,986	153,698	3,940	157,638

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st March 2012)

# YLI HOLDINGS BERHAD

Company No. 367249 A

Interim report for the nine months ended 31 December 2012

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

	09 months ended	
	31/12/2012	31/12/2011
	RM'000	RM'000
<b>OPERATING ACTIVITIES</b>		
Cash receipts from customers	88,498	73,062
Cash paid to suppliers and employees	(94,913)	(93,038)
Cash used in operations	(6,415)	(19,976)
Interest received	488	690
Interest paid	(2,024)	(2,417)
Tax paid	(619)	(871)
Tax refund	8	0
Net cash flow used in operating activities	(8,562)	(22,574)
<b>INVESTING ACTIVITIES</b>		
Property, plant and equipment :		
- additions	(623)	(412)
- disposals	0	41
Net cash flow used in investing activities	(623)	(371)
<b>FINANCING ACTIVITIES</b>		
Net movement of bank borrowings	6,066	(4,339)
Net movement of hire purchase creditor	(138)	(74)
Dividends paid	0	0
Deposits charged for credit facilities	(1,251)	(2,200)
Net cash flow generated from/(used in) financing activities	4,677	(6,613)
Net change in cash and cash equivalents	(4,508)	(29,558)
Cash and cash equivalents :		
- at the beginning of the year	28,072	40,509
- at the end of the year	23,564	10,951
Cash and cash equivalents comprise :-		
Deposits with financial institutions	18,000	10,500
Bank and cash balances	9,389	5,747
Bank overdraft	(2,433)	(2,993)
Deposits charged for credit facilities	(1,392)	(2,303)
	23,564	10,951

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31st March 2012)

# YLI HOLDINGS BERHAD

Company No. 367249 A

## Interim report for the nine months ended 31 December 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 MFRS 134: Interim Financial Reporting, paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2012. 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 2012.

With effect from 01 April 2012, the Group has adopted the MFRS framework issued by MASB. In preparing its opening MFRS Statement of Financial Position as at 1 April 2011 (which is the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. Subject to certain transition elections under MFRS 1 – First-Time Adoption of Malaysian Financial Reporting Standards, the Group has consistently applied the same accounting policies in its opening MFRS Statement of Financial Position as at 1 April 2011 (transition date) and throughout all periods presented, as if these policies had always been in effect. Note 2 disclose the impact of the transition to MFRS on the Group's reported financial position, financial performance and cash flows.

### 2. Significant accounting policies and application of MFRS 1

The audited financial statements of the Group for the year ended 31 March 2012 were prepared in accordance with FRS. The significant accounting policies applied by the Group in this interim report are in accordance with MFRS consistent with those adopted for the audited financial statements for the year ended 31 March 2012, except as discussed below:

#### Property, plant and equipment

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS (Revised) Property, Plant and Equipment which was effective for the periods ending on or after 01 September 1998. By virtue of this transitional provision, the Group has recorded the leasehold land and building on leasehold land at revalued amounts and had not adopted a policy of revaluation and continued to carry on the basis of their previous revaluations subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

Upon transition to MFRS, the Group elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRS 116: Property, Plant and Equipment. The revaluation reserves of RM1,589,000 at 01 April 2011, 31 December 2011 and 31 March 2012 was reclassified to retained earnings.

The reconciliation of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

Reconciliation of equity as at 01 April 2011

	<b>FRS as at 01/04/2011 RM'000</b>	Reclassification RM'000	<b>MFRS as at 01/04/2011 RM'000</b>
Revaluation reserves	1,589	(1,589)	0
Retained earnings	<u>47,862</u>	<u>1,589</u>	<u>49,451</u>

Reconciliation of equity as at 31 December 2011

	<b>FRS as at 31/12/2011 RM'000</b>	Reclassification RM'000	<b>MFRS as at 31/12/2011 RM'000</b>
Revaluation reserves	1,589	(1,589)	0
Retained earnings	<u>46,397</u>	<u>1,589</u>	<u>47,986</u>

Reconciliation of equity as at 31 March 2012

	<b>FRS as at 31/03/2012 RM'000</b>	Reclassification RM'000	<b>MFRS as at 31/03/2012 RM'000</b>
Revaluation reserves	1,589	(1,589)	0
Retained earnings	<u>45,237</u>	<u>1,589</u>	<u>46,826</u>

**3. Disclosure of audit report qualification and status of matters raised**

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

**4. Seasonality and cyclicity of interim operations**

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

**5. Unusual Item**

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

**6. 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.

**7. 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.

**8. Dividends Paid**

No dividend was paid for the current interim period.

## 9. Loss for the period / year

	Individual Quarter		Year To Date	
	3 months ended		9 months ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	RM'000	RM'000	RM'000	RM'000
Interest income	159	184	518	710
Interest expenses	(689)	(761)	(2,024)	(2,417)
Depreciation and amortisation	(1,554)	(1,554)	(4,450)	(4,638)
Foreign exchange gain/(loss)	109	(29)	140	178

## 10. 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.

## 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 decreased from RM68.89 million to RM65.23 million since the last balance sheet date mainly due to decreased in utilisation for corporate guarantee extended to Laksana Wibawa Sdn. Bhd.

Analysed as follows:-

### Subsidiary companies

Corporate guarantees of RM64.10 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 December 2012 is as follows:-

	Group 31/12/2012 RM'000
Authorised and contracted for	3,087
Authorised and not contracted for	13,327
	<hr/>
	16,414
	<hr/>
Analysed as follows :-	
- Property, plant and equipment	16,414
	<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 December 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		9 months ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	RM'000	RM'000	RM'000	RM'000
Profit before tax	24	135	72	272
Less : Taxation	(2)	(2)	(6)	(6)
Profit after tax	<u>22</u>	<u>133</u>	<u>66</u>	<u>266</u>

## 18. Review of Performance

For the quarter under review, the Group recorded lower sales revenue by approximately 64.77% compared to preceding year corresponding quarter mainly due to lower demand of waterworks pipes especially from East Malaysia markets compared to preceding year. As a result of lower sales recorded, the Group has suffered higher net loss of RM2.900 million compared to net loss of RM0.744 million for the corresponding quarter in preceding year. As for the 9 months ended 31 December 2012, the net loss has also increased by approximate RM1.365 million compared to preceding year corresponding period following the decreased in sales revenue by almost RM31.689 million.

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

	Current Quarter	Preceding Quarter
	31/12/2012	30/09/2012
	RM'000	RM'000
Revenue	16,490	26,174
Consolidated Loss before taxation	(3,174)	(1,626)
Consolidated Loss after taxation	(2,900)	(1,784)

The Group recorded higher net loss after taxation by 62.6% for this quarter under review of RM2.900 million compared to net loss after taxation of RM1.784 million for the preceding quarter. This was mainly due to lower sales recorded coupled with competitive pricings offered among waterworks pipe players on projects available which have diluted the profit margin of sales recorded for the quarter under review.



## 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 towards improved 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 uncertain trend in prices of raw materials and utility cost such as scrap metal, nodulant and electricity. Nevertheless, the Group would be able to sail through these market challenges 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		9 months ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	RM'000	RM'000	RM'000	RM'000
In respect of current year :				
- income tax	(196)	244	236	670
- deferred tax	(89)	(100)	(410)	(450)
	<u>(285)</u>	<u>144</u>	<u>(174)</u>	<u>220</u>
In respect of prior years :				
- income tax	11	42	13	38
- deferred tax	0	0	0	0
	<u>(274)</u>	<u>186</u>	<u>(161)</u>	<u>258</u>

## 22. Tax (continued)

Reconciliation of effective tax is as follows:-

	Individual Quarter		Year To Date	
	3 months ended		9 months ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	RM'000	RM'000	RM'000	RM'000
Loss from ordinary activities before taxation	(3,174)	(558)	(4,651)	(2,867)
Tax calculated at Malaysia				
Statutory tax rate of 25%	(794)	(140)	(1,163)	(717)
Tax effect of Jointly Controlled Entity	(5)	(34)	(16)	(67)
Tax effect of expenses not deductible for tax purpose	38	20	89	33
Tax effect of current year's tax loss not recognised	446	243	947	994
Temporary differences not recognised	30	0	(20)	0
Tax effect of income not subject to tax / exempted income	(2)	(2)	(11)	(9)
Others	0	57	0	(14)
Under provision in respect of prior financial year				
- current taxation	13	42	13	38
- deferred taxation	0	0	0	0
Tax expenses	(274)	186	(161)	258

## 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
Bankers' Acceptance	482	0	482
Trust Receipt	15,895	0	15,895
Term Loan	18,779	0	18,779
Revolving Credit	2,000	0	2,000
Lease Payable	166	0	166
<b>Total</b>	<b>37,322</b>	<b>0</b>	<b>37,322</b>
(b) <u>Long Term Borrowings</u>	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Lease Payable	312	0	312
<b>Total</b>	<b>312</b>	<b>0</b>	<b>312</b>

The Group's borrowings as at the financial year to date consist of Foreign Currency Trust Receipt of USD2,399,752.50.

## 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 9 months ended 31 December 2012 (2011: Nil).

## 27. Loss per share

	Individual Quarter		Year To Date	
	3 months ended		9 months ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
<b>Basic loss per share for loss attributable to Owners of the Company</b>				
Net loss for the period (RM'000)	(2,117)	(400)	(2,908)	(1,465)
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)	(2.15)	(0.41)	(2.95)	(1.49)

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

The following analysis of realised and unrealised retained profits/(losses) 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 31/12/2012 RM'000	As at 31/03/2012 RM'000 (Restated)
Total retained profits of YLI Holdings Berhad and its subsidiaries :		
- realised profits	47,109	50,514
- unrealised losses	(5,303)	(5,734)
	<hr/> 41,806	<hr/> 44,780
Total share of retained profits from jointly controlled entity :		
- realised profits	2,108	1,896
- unrealised profits	4	150
	<hr/> 2,112	<hr/> 2,046
Total group retained profits as per consolidated accounts	<hr/> 43,918	<hr/> 46,826

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

Kuala Lumpur, 27 February 2013