

YLI HOLDINGS BERHAD

Company No. 367249 A

Interim report for the three months ended 30 June 2013

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Individual Quarter		Year To Date	
	3 months ended		3 months ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	RM'000	RM'000	RM'000
Revenue	39,627	32,953	39,627	32,953
Cost of sales	(35,964)	(30,131)	(35,964)	(30,131)
Gross profit	3,663	2,822	3,663	2,822
Other income	188	206	188	206
Selling & distribution costs	(517)	(602)	(517)	(602)
Administrative expenses	(1,624)	(1,676)	(1,624)	(1,676)
Operating profit	1,710	750	1,710	750
Finance cost	(644)	(613)	(644)	(613)
Share of profit of Joint Venture (refer note 16)	92	12	92	12
Profit before taxation	1,158	149	1,158	149
Taxation	(192)	45	(192)	45
Profit for the period / year (refer note 8)	966	194	966	194
Other comprehensive income:				
Currency translation differences	377	342	377	342
Total comprehensive profit for period / year	1,343	536	1,343	536
Profit attributable to :				
Owners of the Company	857	23	857	23
Non-controlling interest	109	171	109	171
	966	194	966	194
Total comprehensive income attributable to :				
Owners of the Company	1,234	365	1,234	365
Non-controlling interest	109	171	109	171
	1,343	536	1,343	536

	Sen	Sen	Sen	Sen
Earnings per share for profit attributable to the Owners of the Company:				
- basic	0.87	0.02	0.87	0.02
- 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 2013)

YLI HOLDINGS BERHAD

Company No. 367249 A

Interim report for the three months ended 30 June 2013

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	30/06/2013 RM'000	31/03/2013 RM'000
Non-current assets		
Property, plant and equipment	94,514	95,847
Investment in Joint Venture	10,597	10,128
Deferred tax assets	82	82
Total non-current assets	<u>105,193</u>	<u>106,057</u>
Current assets		
Inventories	42,410	39,831
Trade and other receivables	57,583	41,731
Advance to joint venture	83	83
Tax recoverable	55	71
Deposits, bank and cash balances	23,891	22,098
Total current assets	<u>124,022</u>	<u>103,814</u>
TOTAL ASSETS	<u>229,215</u>	<u>209,871</u>
EQUITY AND LIABILITIES		
Equity attributed to equity holders of the parent		
Share capital	98,560	98,560
Share premium	7,208	7,208
Treasury Shares	(108)	(108)
Exchange fluctuation reserve	245	(132)
Retained earnings	45,235	44,378
	<u>151,140</u>	<u>149,906</u>
Non-controlling interest	1,806	1,697
Total equity	<u>152,946</u>	<u>151,603</u>
Non-current liabilities		
Deferred tax liabilities	6,756	6,940
Lease payable	253	271
Total non-current liabilities	<u>7,009</u>	<u>7,211</u>
Current liabilities		
Trade and other payables	31,725	16,868
Bank overdraft	2,992	2,876
Lease payable	140	165
Short term borrowings	34,160	31,148
Provision for taxation	243	0
Total current liabilities	<u>69,260</u>	<u>51,057</u>
Total liabilities	<u>76,269</u>	<u>58,268</u>
TOTAL EQUITY AND LIABILITIES	<u>229,215</u>	<u>209,871</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.53	1.52

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31st March 2013)

YLI HOLDINGS BERHAD
Company No. 367249 A

Interim report for the three months ended 30 June 2013
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	Exchange fluctuation reserve RM'000	Revaluation reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
03 months ended 30 June 2013										
Balance As At 1 April 2013	98,560	98,560	7,208	(108)	(132)	0	44,378	149,906	1,697	151,603
Total comprehensive income for the financial year	0	0	0	0	377	0	857	1,234	109	1,343
Transactions with owners :										
Dividend for the financial year ended 31 March 2013	0	0	0	0	0	0	0	0	0	0
Balance As At 30 June 2013	98,560	98,560	7,208	(108)	245	0	45,235	151,140	1,806	152,946
03 months ended 30 June 2012										
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, restate	98,560	98,560	7,208	(108)	(253)	0	46,826	152,233	3,485	155,718
Total comprehensive income for the financial year	0	0	0	0	342	0	23	365	171	536
Transactions with owners :										
Dividend for the financial year ended 31 March 2012	0	0	0	0	0	0	0	0	0	0
Balance As At 30 June 2012	98,560	98,560	7,208	(108)	89	0	46,849	152,598	3,656	156,254

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st March 2013)

YLI HOLDINGS BERHAD

Company No. 367249 A

Interim report for the three months ended 30 June 2013

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

	03 months ended	
	30/06/2013	30/06/2012
	RM'000	RM'000
OPERATING ACTIVITIES		
Cash receipts from customers	23,855	28,472
Cash paid to suppliers and employees	(24,472)	(33,354)
Cash used in operations	(617)	(4,882)
Interest received	124	142
Interest paid	(644)	(613)
Tax paid	(117)	(150)
Tax refund	0	8
Net cash flow used in operating activities	(1,254)	(5,495)
INVESTING ACTIVITIES		
Property, plant and equipment :		
- additions	(39)	(24)
- disposals	0	0
Net cash flow used in investing activities	(39)	(24)
FINANCING ACTIVITIES		
Net movement of bank borrowings	3,012	3,306
Net movement of hire purchase creditor	(42)	(53)
Dividends paid	0	0
Deposits charged for credit facilities	(147)	(177)
Net cash flow generated from financing activities	2,823	3,076
Net change in cash and cash equivalents	1,530	(2,443)
Cash and cash equivalents :		
- at the beginning of the year	17,819	28,072
- at the end of the year	19,349	25,629
Cash and cash equivalents comprise :-		
Deposits with financial institutions	13,700	21,000
Bank and cash balances	10,191	7,690
Bank overdraft	(2,992)	(2,743)
Deposits charged for credit facilities	(1,550)	(318)
	19,349	25,629

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31st March 2013)

YLI HOLDINGS BERHAD

Company No. 367249 A

Interim report for the three months ended 30 June 2013

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 2013. 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 2013.

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. Profit for the period / year

	Individual Quarter		Year To Date	
	03 months ended		03 months ended	
	30/06/2013	30/06/2012	30/06/2013	31/06/2012
	RM'000	RM'000	RM'000	RM'000
Interest income	155	178	155	178
Interest expenses	(644)	(613)	(644)	(613)
Depreciation and amortisation	(1,371)	(1,446)	(1,371)	(1,446)
Foreign exchange gain	106	35	106	35

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 water treatment operation which is held as an investment in joint venture.

10. 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.

11. Changes in the Composition of the Group

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

12. Changes in Contingent Liabilities

Total corporate guarantees given by the Company has marginally increased from RM65.59 million to RM66.56 million since the last balance sheet date mainly due to increased in utilisation for corporate guarantee extended to Laksana Wibawa Sdn. Bhd.

Analysed as follows:-

Subsidiary companies

Corporate guarantees of RM65.39 million were given to banks to secure bank borrowings of the subsidiary companies.

Jointly controlled entity

Corporate guarantees of USD370,000 (approximately RM1.17 million) were given to a bank to secure banking facilities.

13. Capital Commitment

The capital expenditure not provided for in the financial statement as at 30 June 2013 is as follows:-

	Group 30/06/2013 RM'000
Authorised and contracted for	3,087
Authorised and not contracted for	13,327
	<hr/>
	16,414
	<hr/> <hr/>
Analysed as follows :-	
- Property, plant and equipment	16,414
	<hr/>

14. Related Party Transactions

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

15. Material Events Subsequent to the End of the Interim Reporting Period

There were no material events subsequent to the current financial quarter ended 30 June 2013 up to the date of this report.

16. Share of results of joint venture

The Group has accounted for its share of results of the joint venture (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	
	03 months ended		03 months ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	RM'000	RM'000	RM'000
Profit before tax	94	14	94	14
Less : Taxation	(2)	(2)	(2)	(2)
Profit after tax	<u>92</u>	<u>12</u>	<u>92</u>	<u>12</u>

17. Review of Performance

For the quarter under review, the Group recorded higher sales revenue by approximately 20.25% compared to preceding year corresponding quarter mainly due to higher demand of waterworks pipes especially from Peninsular Malaysia markets compared to preceding year. Coupled with the higher sales recorded, the Group managed to achieve higher profit after taxation of RM0.966 million compared to RM0.194 million in preceding year corresponding quarter.

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

	Current Quarter	Preceding Quarter
	30/06/2013	31/03/2013
	RM'000	RM'000
Revenue	39,627	24,897
Consolidated Profit before taxation	1,158	728
Consolidated Profit after taxation	966	254

The Group continues to improve revenue recorded by almost 60% for current quarter under review compared to preceding quarter mainly attributed by higher demand of waterworks pipes especially from Peninsular Malaysia. Improved sales have also contributed to better profit after taxation of RM0.966 million for this quarter under review compared to RM0.254 million for the preceding quarter.

19. Future Prospects

Water supply and sewerage projects continue to be in focus under the 10th Malaysia Plan with uncompleted projects under 9th Malaysia Plan is expected to be carried forward to 10th 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.

20. Profit Forecast or Profit Guarantee

Not applicable as no profit forecast was required.

21. Tax

	Individual Quarter		Year To Date	
	03 months ended		03 months ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	RM'000	RM'000	RM'000
In respect of current year :				
- income tax	377	149	377	149
- deferred tax	(185)	(194)	(185)	(194)
	<u>192</u>	<u>(45)</u>	<u>192</u>	<u>(45)</u>
In respect of prior years :				
- income tax	0	0	0	0
- deferred tax	0	0	0	0
	<u>192</u>	<u>(45)</u>	<u>192</u>	<u>(45)</u>

Reconciliation of effective tax is as follows:-

	Individual Quarter		Year To Date	
	03 months ended		03 months ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	RM'000	RM'000	RM'000
Profit from ordinary activities before taxation	<u>1,158</u>	<u>149</u>	<u>1,158</u>	<u>149</u>
Tax calculated at the Malaysia income tax rate of 25%	290	37	290	37
Tax effect of Joint Venture	(23)	(3)	(23)	(3)
Tax effect of expenses not deductible for tax purpose	43	24	43	24
Tax effect of current year's tax loss not recognised	33	67	33	67
Temporary differences not recognised	(68)	(81)	(68)	(81)
Tax effect of previously unabsorbed tax loss	(80)	(86)	(80)	(86)
Tax effect of income not subject to tax / exempted income	(3)	(3)	(3)	(3)
(Over)/under provision in respect of prior financial year				
- current taxation	0	0	0	0
- deferred taxation	0	0	0	0
Tax expenses/(credit)	<u>192</u>	<u>(45)</u>	<u>192</u>	<u>(45)</u>

22. Status of Corporate Proposals

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

23. Bank borrowings

(a) <u>Short Term Borrowings</u>	Secured RM'000	Unsecured RM'000	Total RM'000
Bankers' Acceptance	5,770	0	5,770
Trust Receipt	10,358	0	10,358
Term Loan	16,032	0	16,032
Revolving Credit	2,000	0	2,000
Lease Payable	140	0	140
Total	34,300	0	34,300
(b) <u>Long Term Borrowings</u>	Secured RM'000	Unsecured RM'000	Total RM'000
Lease Payable	253	0	253
Total	253	0	253

The Group's borrowings as at the financial year to date consist of Foreign Currency Trust Receipt of USD88,727.40.

24. Material Litigation

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

25. Dividend Proposed

The Board of Directors does not recommend the payment of any dividends for the 3 months ended 30 June 2013 (2012: Nil).

26. Earning per share

	Individual Quarter		Year To Date	
	03 months ended		03 months ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
Basic earnings per share for profit attributable to Owners of the Company				
Net profit for the period (RM'000)	857	23	857	23
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 earnings per share (sen)	0.87	0.02	0.87	0.02

27. 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 30/06/2013 RM'000	As at 31/03/2013 RM'000
Total retained profits of YLI Holdings Berhad and its subsidiaries :		
- realised profits	47,991	47,427
- unrealised losses	(5,043)	(5,244)
	<hr/> 42,948	<hr/> 42,183
Total share of retained profits from jointly controlled entity :		
- realised profits	2,237	2,181
- unrealised profits	50	14
	<hr/> 2,287	<hr/> 2,195
Total group retained profits as per consolidated accounts	<hr/> <hr/> 45,235	<hr/> <hr/> 44,378

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, 29 August 2013