

YLI HOLDINGS BERHAD

Company No. 367249 A

Interim report for the nine months ended 31 December 2013

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Individual Quarter		Year To Date	
	3 months ended		9 months ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000
Revenue	33,599	16,490	110,502	75,617
Cost of sales	(29,616)	(17,029)	(98,907)	(71,853)
Gross profit/(loss)	3,983	(539)	11,595	3,764
Other income	243	245	671	643
Selling & distribution costs	(594)	(582)	(2,064)	(1,839)
Administrative expenses	(1,835)	(1,631)	(5,363)	(5,261)
Operating profit/(loss)	1,797	(2,507)	4,839	(2,693)
Finance cost	(638)	(689)	(1,889)	(2,024)
Share of profit of Joint Venture (refer note 16)	58	22	231	66
Profit/(loss) before taxation	1,217	(3,174)	3,181	(4,651)
Taxation	(34)	274	(457)	161
Profit/(loss) for the period / year (refer note 8)	1,183	(2,900)	2,724	(4,490)
Other comprehensive income/(loss):				
Currency translation differences	205	52	867	(16)
Total comprehensive income/(loss) for period / year	1,388	(2,848)	3,591	(4,506)
Profit/(loss) attributable to :				
Owners of the Company	830	(2,117)	2,143	(2,908)
Non-controlling interest	353	(783)	581	(1,582)
	1,183	(2,900)	2,724	(4,490)
Total comprehensive income/(loss) attributable to :				
Owners of the Company	1,035	(2,065)	3,010	(2,924)
Non-controlling interest	353	(783)	581	(1,582)
	1,388	(2,848)	3,591	(4,506)
	Sen	Sen	Sen	Sen
Earnings/(loss) per share for profit/(loss) attributable to the Owners of the Company:				
- basic/diluted	0.84	(2.15)	2.18	(2.95)

(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 nine months ended 31 December 2013

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	31/12/2013	31/03/2013
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	92,606	95,847
Investment in Joint Venture	11,226	10,128
Deferred tax assets	82	82
Total non-current assets	103,914	106,057
Current assets		
Inventories	44,329	39,831
Trade and other receivables	53,733	41,731
Advance to joint venture	83	83
Tax recoverable	3	71
Deposits, bank and cash balances	21,961	22,098
Total current assets	120,109	103,814
TOTAL ASSETS	224,023	209,871
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	735	(132)
Retained earnings	46,521	44,378
	152,916	149,906
Non-controlling interest	2,278	1,697
Total equity	155,194	151,603
Non-current liabilities		
Deferred tax liabilities	6,534	6,940
Lease payable	154	271
Long term borrowings	7,699	0
Total non-current liabilities	14,387	7,211
Current liabilities		
Trade and other payables	26,862	16,868
Bank overdraft	2,963	2,876
Lease payable	158	165
Short term borrowings	24,033	31,148
Provision for taxation	426	0
Total current liabilities	54,442	51,057
Total liabilities	68,829	58,268
TOTAL EQUITY AND LIABILITIES	224,023	209,871
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.55	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 nine months ended 31 December 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
09 months ended 31 December 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 period	0	0	0	0	867	0	2,143	3,010	581	3,591
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 31 December 2013	98,560	98,560	7,208	(108)	735	0	46,521	152,916	2,278	155,194
09 months ended 31 December 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 loss for the financial period	0	0	0	0	(16)	0	(2,908)	(2,924)	(1,582)	(4,506)
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 31 December 2012	98,560	98,560	7,208	(108)	(269)	0	43,918	149,309	1,903	151,212

(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 nine months ended 31 December 2013

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

	09 months ended	
	31/12/2013	31/12/2012
	RM'000	RM'000
OPERATING ACTIVITIES		
Cash receipts from customers	98,762	88,498
Cash paid to suppliers and employees	(96,406)	(94,913)
Cash generated from/(used in) operations	2,356	(6,415)
Interest received	354	488
Interest paid	(1,889)	(2,024)
Tax paid	(406)	(619)
Tax refund	36	8
Net cash flow generated from/(used in) operating activities	451	(8,562)
INVESTING ACTIVITIES		
Property, plant and equipment :		
- additions	(1,135)	(623)
Net cash flow used in investing activities	(1,135)	(623)
FINANCING ACTIVITIES		
Net movement of bank borrowings	584	6,066
Net movement of hire purchase creditor	(124)	(138)
Dividends paid	0	0
Deposits charged for credit facilities	(1,043)	(1,251)
Net cash flow (used in)/generated from financing activities	(583)	4,677
Net change in cash and cash equivalents	(1,267)	(4,508)
Cash and cash equivalents :		
- at the beginning of the period	17,819	28,072
- at the end of the period	16,552	23,564
Cash and cash equivalents comprise :-		
Deposits with financial institutions	13,200	18,000
Bank and cash balances	8,761	9,389
Bank overdraft	(2,963)	(2,433)
Deposits charged for credit facilities	(2,446)	(1,392)
	16,552	23,564

(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 nine months ended 31 December 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 financial 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 financial 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/(loss) for the period / year

	Individual Quarter		Year To Date	
	03 months ended		09 months ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000
Interest income	124	159	371	518
Interest expenses	(638)	(689)	(1,889)	(2,024)
Depreciation and amortization	(1,567)	(1,554)	(4,376)	(4,450)
Foreign exchange gain	37	109	233	140

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 decreased from RM62.83 million to RM60.37 million since the last balance sheet date mainly due to decreased in utilisation of corporate guarantee extended to Laksana Wibawa Sdn. Bhd.

Analysed as follows:-

Subsidiary companies

Corporate guarantees of RM59.16 million were given to banks to secure bank borrowings of the subsidiary companies.

Jointly controlled entity

Corporate guarantees of USD370,000 (approximately RM1.21 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 31 December 2013 is as follows:-

	Group
	31/12/2013
	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	<hr/> <hr/> 16,414

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 31 December 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		09 months ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000
Profit before tax	60	24	236	72
Less : Taxation	(2)	(2)	(5)	(6)
Profit after tax	<hr/> 58	<hr/> 22	<hr/> 231	<hr/> 66

17. Review of Performance

For the quarter and year to date under review, the Group recorded higher sales revenue by approximately 103.8% and 46.1% respectively compared to preceding year corresponding quarter and preceding year to date sales revenue mainly due to higher demand of waterworks pipes especially from Peninsular Malaysia markets compared to preceding year. As a result of the higher sales recorded, the Group managed to achieve higher profit after taxation of RM1.183 million and RM2.724 million compared to loss after taxation of RM2.90 million in preceding year corresponding quarter and loss after taxation of RM4.49 million for preceding year to date net result.

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

	Current Quarter 31/12/2013 RM'000	Preceding Quarter 30/09/2013 RM'000
Revenue	33,599	37,276
Consolidated Profit before taxation	1,217	806
Consolidated Profit after taxation	1,183	575

The Group achieved higher profit after taxation for this quarter under review of 105.7% compared to preceding quarter mainly attributed to better profit margin derived from domestic sales and reversal of one-off over-provision of previous year taxation.

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 such as scrap metal, hot rolled coils, nodulant coupled with upward trend in utility costs such as electricity & gas. Nevertheless, the Group is optimistic 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		09 months ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000
In respect of current year :				
- income tax	334	(196)	1,027	236
- deferred tax	(136)	(89)	(407)	(410)
	<u>198</u>	<u>(285)</u>	<u>620</u>	<u>(174)</u>
In respect of prior years :				
- income tax	(164)	11	(163)	13
	<u>34</u>	<u>(274)</u>	<u>457</u>	<u>(161)</u>

Reconciliation of effective tax is as follows:-

	Individual Quarter		Year To Date	
	03 months ended		09 months ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) from ordinary activities before taxation	<u>1,217</u>	<u>(3,174)</u>	<u>3,181</u>	<u>(4,651)</u>
Tax calculated at the Malaysia income tax rate of 25%	304	(794)	795	(1,163)
Tax effect of Joint Venture	(15)	(5)	(58)	(16)
Tax effect of expenses not deductible for tax purpose	36	38	111	89
Tax effect of current year's tax loss not recognized	31	446	121	947
Temporary differences not recognized	25	30	(16)	(20)
Tax effect of previously unabsorbed tax losses	(180)	0	(325)	0
Tax effect of income not subject to tax / exempted income	(3)	(2)	(8)	(11)
(Over)/under provision in respect of prior financial year				
- current taxation	<u>(164)</u>	<u>13</u>	<u>(163)</u>	<u>13</u>
Tax expenses/(credit)	<u>34</u>	<u>(274)</u>	<u>457</u>	<u>(161)</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	6,884	0	6,884
Trust Receipt	9,726	0	9,726
Term Loan	5,423	0	5,423
Revolving Credit	2,000	0	2,000
Lease Payable	158	0	158
Total	24,191	0	24,191
(b) <u>Long Term Borrowings</u>	Secured RM'000	Unsecured RM'000	Total RM'000
Lease Payable	154	0	154
Term Loan	7,699	0	7,699
Total	7,853	0	7,853

The Group's borrowings as at the financial year to date consist of Foreign Currency Trust Receipt of USD1,408,000.00.

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 9 months ended 31 December 2013 (2012: Nil).

26. Earning/(loss) per share

	Individual Quarter		Year To Date	
	03 months ended 31/12/2013	03 months ended 31/12/2012	09 months ended 31/12/2013	09 months ended 31/12/2012
Basic earnings/(loss) per share for profit/(loss) attributable to Owners of the Company				
Net profit/(loss) for the period (RM'000)	830	(2,117)	2,143	(2,908)
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/diluted earnings/(loss) per share (sen)	0.84	(2.15)	2.18	(2.95)

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 31/12/2013 RM'000	As at 31/03/2013 RM'000
Total retained profits of YLI Holdings Berhad and its subsidiaries :		
- realised profits	48,990	47,427
- unrealised losses	(4,895)	(5,244)
	<hr/> 44,095 <hr/>	<hr/> 42,183 <hr/>
Total share of retained profits from jointly controlled entity :		
- realised profits	2,328	2,181
- unrealised profits	98	14
	<hr/> 2,426 <hr/>	<hr/> 2,195 <hr/>
Total group retained profits as per consolidated accounts	<hr/> 46,521 <hr/>	<hr/> 44,378 <hr/>

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 2014