

YLI HOLDINGS BERHAD

Company No. 367249 A

Interim report for the twelve months ended 31 March 2014

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Individual Quarter		Year To Date	
	3 months ended		12 months ended	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	RM'000	RM'000	RM'000	RM'000
Revenue	17,755	24,897	128,257	100,514
Cost of sales	(16,623)	(21,719)	(115,530)	(93,572)
Gross profit	1,132	3,178	12,727	6,942
Other income	373	104	1,044	747
Selling & distribution costs	(553)	(377)	(2,617)	(2,216)
Administrative expenses	(2,425)	(1,704)	(7,788)	(6,965)
Operating profit/(loss)	(1,473)	1,201	3,366	(1,492)
Finance cost	(514)	(555)	(2,403)	(2,579)
Share of profit of Joint Venture (refer note 17)	54	82	285	148
Profit/(loss) before taxation	(1,933)	728	1,248	(3,923)
Taxation	117	(474)	(340)	(313)
Profit/(loss) for the period / year (refer note 8)	(1,816)	254	908	(4,236)
Other comprehensive (loss)/income:				
Currency translation differences	(99)	137	768	121
Total comprehensive income/(loss) for period / year	(1,915)	391	1,676	(4,115)
Profit/(loss) attributable to :				
Owners of the Company	(1,188)	460	955	(2,448)
Non-controlling interest	(628)	(206)	(47)	(1,788)
	(1,816)	254	908	(4,236)
Total comprehensive income/(loss) attributable to :				
Owners of the Company	(1,287)	597	1,723	(2,327)
Non-controlling interest	(628)	(206)	(47)	(1,788)
	(1,915)	391	1,676	(4,115)
	Sen	Sen	Sen	Sen
Earnings/(loss) per share for profit/(loss) attributable to the Owners of the Company:				
- basic/diluted	(1.21)	0.47	0.97	(2.49)

(The Condensed Consolidated Statement 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 twelve months ended 31 March 2014

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	31/03/2014 RM'000	31/03/2013 RM'000
Non-current assets		
Property, plant and equipment	90,838	95,847
Investment in Joint Venture	11,181	10,128
Receivables	137	0
Deferred tax assets	0	82
Total non-current assets	<u>102,156</u>	<u>106,057</u>
Current assets		
Inventories	41,555	39,831
Trade and other receivables	39,786	41,731
Advance to Joint Venture	83	83
Tax recoverable	2	71
Deposits, bank and cash balances	21,324	22,098
Total current assets	<u>102,750</u>	<u>103,814</u>
TOTAL ASSETS	<u>204,906</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	636	(132)
Retained earnings	45,333	44,378
	<u>151,629</u>	<u>149,906</u>
Non-controlling interest	1,650	1,697
Total equity	<u>153,279</u>	<u>151,603</u>
Non-current liabilities		
Deferred tax liabilities	6,379	6,940
Lease payable	124	271
Long term borrowings	6,924	0
Total non-current liabilities	<u>13,427</u>	<u>7,211</u>
Current liabilities		
Trade and other payables	16,848	16,868
Bank overdraft	2,195	2,876
Lease payable	147	165
Short term borrowings	18,625	31,148
Provision for taxation	385	0
Total current liabilities	<u>38,200</u>	<u>51,057</u>
Total liabilities	<u>51,627</u>	<u>58,268</u>
TOTAL EQUITY AND LIABILITIES	<u>204,906</u>	<u>209,871</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.54	1.52

(The Condensed Consolidated Statement 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 twelve months ended 31 March 2014

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
12 months ended 31 March 2014										
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/(loss) for the financial year	0	0	0	0	768	0	955	1,723	(47)	1,676
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 March 2014	98,560	98,560	7,208	(108)	636	0	45,333	151,629	1,650	153,279
12 months ended 31 March 2013										
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/(loss) for the financial year	0	0	0	0	121	0	(2,448)	(2,327)	(1,788)	(4,115)
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 March 2013	98,560	98,560	7,208	(108)	(132)	0	44,378	149,906	1,697	151,603

(The Condensed Consolidated Statement 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 twelve months ended 31 March 2014

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

	12 months ended	
	31/03/2014	31/03/2013
	RM'000	RM'000
OPERATING ACTIVITIES		
Cash receipts from customers	130,574	111,130
Cash paid to suppliers and employees	(121,035)	(116,979)
Cash generated from/(used in) operations	9,539	(5,849)
Interest received	96	97
Tax paid	(601)	(684)
Tax refund	236	465
Net cash flow generated from/(used in) operating activities	9,270	(5,971)
INVESTING ACTIVITIES		
Property, plant and equipment :		
- additions	(1,238)	(656)
- disposal	0	4
Interest received	399	564
Net cash flow used in investing activities	(839)	(88)
FINANCING ACTIVITIES		
Net movement of bank borrowings	(5,599)	58
Net movement of hire purchase creditor	(165)	(180)
Dividends paid	0	0
Interest paid	(2,760)	(2,810)
Deposits charged for credit facilities	(563)	(1,262)
Net cash flow used in financing activities	(9,087)	(4,194)
Net change in cash and cash equivalents	(656)	(10,253)
Cash and cash equivalents :		
- at the beginning of the period	17,819	28,072
- at the end of the period	17,163	17,819
Cash and cash equivalents comprise :-		
Deposits with financial institutions	14,893	18,000
Bank and cash balances	6,431	4,098
Bank overdraft	(2,195)	(2,876)
Deposits charged for credit facilities	(1,966)	(1,403)
	17,163	17,819

(The Condensed Consolidated Statement of Cash Flow 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 twelve months ended 31 March 2014

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		12 months ended	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	RM'000	RM'000	RM'000	RM'000
Interest income	147	153	518	671
Interest expenses	(514)	(555)	(2,403)	(2,579)
Depreciation and amortization	(1,285)	(1,474)	(5,661)	(5,924)
Foreign exchange gain/(loss)	(66)	(52)	167	88
Recovery of doubtful debts	0	60	0	60
Impairment on account receivables	(299)	0	(299)	0
Impairment of property, plant and equipment	(586)	0	(586)	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 water treatment operation which is held as an investment in joint venture.

10. Impairment of property, plant and equipment

During the current financial year, an impairment charge on property, plant and equipment allocated to a subsidiary company amounted to RM585,561 (2013: nil) is included within "Administrative expenses" in Statement of Comprehensive Income. This impairment charge on property, plant and equipment has arisen due to the recoverable amounts of the machineries under capital work in progress is less than the carrying amounts subsequent to impairment assessment test conducted.

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 RM60.37 million to RM55.73 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 RM54.52 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.

14. Capital Commitment

The capital expenditure not provided for in the financial statement as at 31 March 2014 is as follows:-

	Group
	31/03/2014
	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 March 2014 up to the date of this report.

17. 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		12 months ended	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	RM'000	RM'000	RM'000	RM'000
Profit before tax	56	84	292	156
Less : Taxation	(2)	(2)	(7)	(8)
Profit after tax	<hr/>	<hr/>	<hr/>	<hr/>
	54	82	285	148

18. Review of Performance

For the quarter under review, the Group has suffered net loss of RM1.816 million compared to net profit of RM0.254 million for previous year corresponding quarter mainly due to the Group recorded lower sales revenue by 28.7% and impairment charges of RM0.885 million. However, for the year to date under review, the Group recorded higher sales revenue by approximately 27.6% compared to preceding year to date sales revenue mainly due to higher demand of waterworks pipes especially from Peninsular Malaysia markets compared to previous year. As a result of the higher sales recorded, the Group managed to achieve higher profit after taxation of RM0.908 million compared to loss after taxation of RM4.236 million in preceding year to date net result.

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

	Current Quarter 31/03/2014 RM'000	Preceding Quarter 31/12/2013 RM'000
Revenue	17,755	33,599
Consolidated (Loss)/Profit before taxation	(1,933)	1,217
Consolidated (Loss)/Profit after taxation	(1,816)	1,183

The Group recorded loss after taxation for current quarter under review of RM1.816 million compared to preceding quarter with net profit of RM1.183 million mainly due to lower sales revenue recorded and impairment charges as compared to previous quarter.

20. 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.

21. Profit Forecast or Profit Guarantee

Not applicable as no profit forecast was required.

22. Tax

	Individual Quarter		Year To Date	
	03 months ended		12 months ended	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	RM'000	RM'000	RM'000	RM'000
In respect of current year :				
- income tax	(45)	400	982	636
- deferred tax	(72)	74	(479)	(336)
	<u>(117)</u>	<u>474</u>	<u>503</u>	<u>300</u>
In respect of prior years :				
- income tax	0	0	(163)	13
	<u>(117)</u>	<u>474</u>	<u>340</u>	<u>313</u>

Reconciliation of effective tax is as follows:-

	Individual Quarter		Year To Date	
	03 months ended		12 months ended	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) from ordinary activities before taxation	<u>(1,933)</u>	<u>728</u>	<u>1,248</u>	<u>(3,923)</u>
Tax calculated at the Malaysia income tax rate of 25%	(483)	182	312	(981)
Tax effect of Joint Venture	(13)	(21)	(71)	(37)
Tax effect of expenses not deductible for tax purpose	964	880	1,075	969
Tax effect of current year's tax loss not Recognized	(121)	(947)	0	0
Temporary differences not recognized	110	254	94	234
Tax effect of utilization of previously unrecognized capital allowances	(459)	0	(784)	0
Tax effect of income not subject to tax / exempted income	0	(5)	(8)	(16)
Origination and reversal of temporary Differences	80	139	80	139
Changes in income tax rate	(188)	0	(188)	0
Others	(7)	(8)	(7)	(8)
(Over)/under provision in respect of prior financial year				
- current taxation	0	0	(163)	13
Tax expenses/(credit)	<u>(117)</u>	<u>474</u>	<u>340</u>	<u>313</u>

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	8,545	0	8,545
Trust Receipt	3,844	0	3,844
Term Loan	4,236	0	4,236
Revolving Credit	2,000	0	2,000
Lease Payable	147	0	147
Total	18,772	0	18,772
(b) <u>Long Term Borrowings</u>	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Lease Payable	124	0	124
Term Loan	6,924	0	6,924
Total	7,048	0	7,048

The Group's borrowings as at the financial year to date consist of Foreign Currency Trust Receipt of USD160,000.00.

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 2014 (2013: Nil).

27. Earning/(loss) per share

	Individual Quarter		Year To Date	
	03 months ended		12 months ended	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
Basic earnings/(loss) per share for profit/(loss) attributable to Owners of the Company				
Net profit/(loss) for the period (RM'000)	(1,188)	460	955	(2,448)
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)	(1.21)	0.47	0.97	(2.49)

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 31/03/2014 RM'000	As at 31/03/2013 RM'000
Total retained profits of YLI Holdings Berhad and its subsidiaries :		
- realised profits	48,282	47,427
- unrealised losses	(5,429)	(5,244)
	<hr/> 42,853	<hr/> 42,183
Total share of retained profits from jointly controlled entity :		
- realised profits	2,410	2,181
- unrealised profits	70	14
	<hr/> 2,480	<hr/> 2,195
Total group retained profits as per consolidated accounts	<hr/> 45,333	<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, 30 May 2014