

YLI HOLDINGS BERHAD (Company No. 367249 A)

Interim report for the three months ended 30 June 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

	Individual Quarter		Year To Date	
	3 months ended		3 months ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Revenue	35,023	20,409	35,023	20,409
Cost of sales	(32,696)	(19,193)	(32,696)	(19,193)
Gross profit	2,327	1,216	2,327	1,216
Other income	640	205	640	205
Selling & distribution costs	(639)	(472)	(639)	(472)
Administrative expenses	(2,677)	(1,718)	(2,677)	(1,718)
Operating loss	(349)	(769)	(349)	(769)
Finance cost	(398)	(399)	(398)	(399)
Share of profit of Joint Venture (refer note 15)	82	59	82	59
Loss before taxation	(665)	(1,109)	(665)	(1,109)
Taxation	33	119	33	119
Loss for the period / year (refer note 8)	(632)	(990)	(632)	(990)
Other comprehensive income/(loss), net of tax:				
Item that maybe classified subsequently to profit/loss:				
Currency translation differences	315	(193)	315	(193)
Total comprehensive loss for period / year	(317)	(1,183)	(317)	(1,183)
Loss attributable to :				
Owners of the Company	(289)	(485)	(289)	(485)
Non-controlling interest	(343)	(505)	(343)	(505)
	(632)	(990)	(632)	(990)
Total comprehensive loss attributable to :				
Owners of the Company	26	(678)	26	(678)
Non-controlling interest	(343)	(505)	(343)	(505)
	(317)	(1,183)	(317)	(1,183)
Loss per share for loss attributable to the Owners of the Company:	Sen	Sen	Sen	Sen
- basic/diluted	(0.28)	(0.49)	(0.28)	(0.49)

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31st March 2015)

YLI HOLDINGS BERHAD (Company No. 367249 A)

Interim report for the three months ended 30 June 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	30/06/2015	31/03/2015
	RM'000	RM'000
	(unaudited)	(audited)
Non-current assets		
Property, plant and equipment	90,347	91,695
Investment in Joint Venture	13,705	13,308
Intangible assets	266	266
Goodwill	1,626	1,626
Total non-current assets	<u>105,944</u>	<u>106,895</u>
Current assets		
Inventories	41,481	36,105
Trade and other receivables	75,337	77,852
Advance to Joint Venture	83	83
Tax recoverable	434	247
Deposits, bank and cash balances	20,866	27,714
Total current assets	<u>138,201</u>	<u>142,001</u>
TOTAL ASSETS	<u>244,145</u>	<u>248,896</u>
EQUITY AND LIABILITIES		
Equity attributed to equity holders of the parent		
Share capital	101,461	101,461
Discount on share	(707)	(707)
Share premium	7,208	7,208
Treasury shares	(108)	(108)
Exchange fluctuation reserve	2,604	2,289
Retained earnings	44,491	44,780
	<u>154,949</u>	<u>154,923</u>
Non-controlling interest	3,059	3,402
Total equity	<u>158,008</u>	<u>158,325</u>
Non-current liabilities		
Deferred tax liabilities	5,816	6,010
Contingent Consideration	4,745	5,265
Lease payable	949	1,006
Long term borrowings	1,154	2,308
Total non-current liabilities	<u>12,664</u>	<u>14,589</u>
Current liabilities		
Trade and other payables	49,936	51,594
Bank overdraft	2,850	2,589
Lease payable	226	236
Short term borrowings	20,353	21,455
Provision for taxation	108	108
Total current liabilities	<u>73,473</u>	<u>75,982</u>
Total liabilities	<u>86,137</u>	<u>90,571</u>
TOTAL EQUITY AND LIABILITIES	<u>244,145</u>	<u>248,896</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.53	1.53

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31st March 2015)

YLI HOLDINGS BERHAD (Company No. 367249 A)

Interim report for the three months ended 30 June 2015

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	ISSUED AND FULLY PAID ORDINARY SHARES OF RM1 EACH		NON - DISTRIBUTABLE			DISTRIBUTABLE				
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Discount on share RM'000	Treasury shares RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
03 months ended 30 June 2015										
Balance as at 1 April 2015	101,461	101,461	7,208	(707)	(108)	2,289	44,780	154,923	3,402	158,325
Total comprehensive income/(loss) for the financial year	0	0	0	0	0	315	(289)	26	(343)	(317)
Transactions with owners :										
Dividend for the financial year ended 31 March 2015	0	0	0	0	0	0	0	0	0	0
Balance as at 30 June 2015	101,461	101,461	7,208	(707)	(108)	2,604	44,491	154,949	3,059	158,008
03 months ended 30 June 2014										
Balance as at 1 April 2014	98,560	98,560	7,208	0	(108)	636	45,333	151,629	1,650	153,279
Total comprehensive loss for the financial year	0	0	0	0	0	(193)	(485)	(678)	(505)	(1,183)
Transactions with owners :										
Dividend for the financial year ended 31 March 2014	0	0	0	0	0	0	0	0	0	0
Balance as at 30 June 2014	98,560	98,560	7,208	0	(108)	443	44,848	150,951	1,145	152,096

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st March 2015)

YLI HOLDINGS BERHAD (Company No. 367249 A)

Interim report for the three months ended 30 June 2015

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	3 months ended	
	30/06/2015	30/06/2014
	RM'000	RM'000
OPERATING ACTIVITIES		
Cash receipts from customers	29,911	23,603
Cash paid to suppliers and employees	(34,055)	(18,099)
Cash (used in)/generated from operations	(4,144)	5,504
Interest received	126	111
Tax paid	(377)	(612)
Tax refunded	29	0
Net cash flow (used in)/generated from operating activities	(4,366)	5,003
INVESTING ACTIVITIES		
Property, plant and equipment :		
- additions	(26)	(30)
- disposal	5	0
Net cash flow used in investing activities	(21)	(30)
FINANCING ACTIVITIES		
Net movement of bank borrowings	(2,256)	(3,462)
Net movement of hire purchase creditor	(68)	(40)
Dividends paid	0	0
Interest paid	(398)	(399)
Deposits withdrawn/(charged) for credit facilities	1,187	(444)
Net cash flow used in financing activities	(1,535)	(4,345)
Net change in cash and cash equivalents	(5,922)	628
Cash and cash equivalents :		
- at the beginning of the period	23,622	17,163
- at the end of the period	17,700	17,791
Cash and cash equivalents comprise :-		
Deposits with financial institutions	15,040	15,213
Bank and cash balances	5,826	6,722
Bank overdraft	(2,850)	(1,734)
Deposits charged for credit facilities	(316)	(2,410)
	17,700	17,791

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31st March 2015)

YLI HOLDINGS BERHAD (Company No. 367249 A)

Interim report for the three months ended 30 June 2015

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The condensed consolidated interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board and Appendix 9B Part A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2015. The accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those adopted in the financial statements of the Group for the financial year ended 31 March 2015 except for the adoption of the following standards applicable to the Group's financial year beginning 1 April 2015:

Amendments/Improvements to MFRSs and IC Interpretation

Amendments/Improvements to MFRSs

MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 127	Separate Financial Statements
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 139	Financial Instruments: Recognition and Measurement

New IC Int

IC Int 21	Levies
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New MFRSs and amendments/improvement to MFRSs that are issued, but not yet effective

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2017

1. Basis of preparation and accounting policies (cont'd)

New MFRSs and amendments/improvement to MFRSs that are issued, but not yet effective (cont'd)

<u>Amendments/Improvements to MFRSs</u>		Effective for financial periods beginning on or after
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 5	Non-Current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 8	Operating Segments	1 July 2014
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangement	1 January 2016
MFRS 12	Disclosure of Interests in Other Entities	1 January 2016
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 July 2014/1 January 2016
MFRS 119	Employee Benefits	1 July 2014/1 January 2016
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 July 2014/1 January 2016
MFRS 140	Investment Property	1 July 2014
MFRS 141	Agriculture	1 January 2016

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 affecting assets, liabilities, equity, net income or cash flow for the current quarter and 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 or prior financial years that have a material effect in the current interim period.

6. Debt and Equity Securities

There were no issuance, repurchase or repayment of debt and equity securities, share buy backs, share cancellations and resale of treasury shares except for 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	
	03 months ended		03 months ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Interest income	128	114	128	114
Interest expenses	(398)	(399)	(398)	(399)
Depreciation and amortization	(1,368)	(1,374)	(1,368)	(1,374)
Foreign exchange loss	(169)	(18)	(169)	(18)
Recovery of doubtful debts	0	10	0	10
Fair value gain on remeasurement of contingent consideration payables	520	0	520	0

Saved as disclosed above, the other items as required under Appendix 9B Part A(16) of the Main Market Listing Requirements of Bursa Securities are not applicable.

9. Segmental Reporting

The Group is organised into the following business segments:

- Manufacturing and trading of ductile iron pipes, steel pipes, HDPE pipes, fittings and waterworks related products for waterworks and sewerage industry.
- Construction work and project management.
- Water treatment operation which includes management and supply of treated water is held as investment of the Group in a joint venture.

9. Segmental Reporting *(con'd)*

The reportable segment information for financial year ended 30 June 2015 is as follows:

Business Segments	Manufacturing and Trading RM'000	Construction and Project Management RM'000	Water Treatment Operation RM'000	TOTAL RM'000
Segment revenue	15,235	19,788	0	35,023
Segment profit/(loss) before tax	(1,452)	705	82	(665)
Segment total assets	198,733	31,707	13,705	244,145
Segment total liabilities	(58,300)	(27,837)	0	(86,137)
Segment total net assets	140,433	3,870	13,705	158,008

10. Changes in the Composition of the Group

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

11. Changes in Contingent Liabilities or Contingent Assets

Total corporate guarantees given by the Company has decreased from RM53.41 million to RM51.78 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 RM50.38 million were given to banks to secure bank borrowings of the subsidiary companies.

Joint venture

Corporate guarantees of USD370,000 (approximately RM1.40 million) were given to a bank to secure banking facilities.

Save for the above, there were no changes in the contingent liabilities and assets of the Group since the last audited date of the statement of financial position.

12. Capital Commitment

The capital expenditure not provided for in the financial statement as at 30 June 2015 is as follows:-

	Group
	30/06/2015
	RM'000
Authorised and contracted for	3,087
Authorised and not contracted for	13,327
	<u>16,414</u>
	<u>16,414</u>
Analysed as follows :-	
- Property, plant and equipment	<u>16,414</u>

13. Related Party Transactions

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

14. 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 2015 up to the date of this report.

15. 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	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Profit before tax	84	61	84	61
Less : Taxation	(2)	(2)	(2)	(2)
Profit after tax	<u>82</u>	<u>59</u>	<u>82</u>	<u>59</u>

16. Review of Performance

For the quarter under review, the Group recorded higher sales revenue by approximately RM14.614 million or 71.6% compared to preceding year corresponding quarter mainly due to additional revenue recorded from 2 newly acquired subsidiaries, namely MRPI Pipes Sdn. Bhd. and Haluan Prisma Sdn. Bhd. compared to preceding year corresponding quarter. As a result of higher revenue and gain recorded from the fair value on the remeasurement of contingent consideration payable amounting to RM0.520 million, the Group recorded lower net loss of approximately RM0.632 million for the current quarter under review compared to net loss of approximately RM0.990 million for the corresponding quarter in preceding year despite lower demand of waterworks pipes especially from domestic market.

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

	Current Quarter 30/06/2015 RM'000	Preceding Quarter 31/03/2015 RM'000
Revenue	35,023	48,013
Consolidated (Loss)/Profit before taxation	(665)	468
Consolidated Loss after taxation	(632)	(133)

The Group recorded higher net loss after taxation for current quarter under review of RM0.632 million compared to preceding quarter net loss after taxation of RM0.133 million mainly due to lower sales revenue recorded as a result of lower demand of waterworks pipes especially for domestic market as compared to preceding quarter.

18. Current Year Prospects

Water supply and sewerage projects continue to be in focus under the 11th Malaysia Plan with uncompleted projects under 10th Malaysia Plan is expected to be carried forward to 11th 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 and 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 waterworks related products and projects.

19. Profit Forecast or Profit Guarantee

The Group doesn't issued any profit forecast or profit guarantee.

20. Tax

	Individual Quarter		Year To Date	
	03 months ended		03 months ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
In respect of current year :				
- income tax	161	149	161	149
- deferred tax	(194)	(268)	(194)	(268)
	<u>(33)</u>	<u>(119)</u>	<u>(33)</u>	<u>(119)</u>
In respect of prior years :				
- income tax	0	0	0	0
- deferred tax	0	0	0	0
	<u>(33)</u>	<u>(119)</u>	<u>(33)</u>	<u>(119)</u>

Reconciliation of effective tax is as follows:-

	Individual Quarter		Year To Date	
	03 months ended		03 months ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Loss from ordinary activities before taxation	<u>(665)</u>	<u>(1,109)</u>	<u>(665)</u>	<u>(1,109)</u>
Tax calculated at the Malaysia income tax rate of 24% (2014: 25%)	(160)	(277)	(160)	(277)
Tax effect of Joint Venture	(20)	(15)	(20)	(15)
Tax effect of expenses not deductible for tax purpose	29	33	29	33
Deferred tax assets not recognized during the financial year	(51)	(141)	(51)	(141)
Tax effect of current year's tax loss not recognized	299	286	299	286
Tax effect of income not subject to tax / exempted income	(130)	(5)	(130)	(5)
(Over)/Under provision in respect of prior financial year				
- income tax	0	0	0	0
- deferred tax	0	0	0	0
Tax expenses/(credit)	<u>(33)</u>	<u>(119)</u>	<u>(33)</u>	<u>(119)</u>

21. Status of Corporate Proposals

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

22. Bank borrowings

(a) <u>Short Term Borrowings</u>	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Bankers' Acceptance	5,592	0	5,592
Trust Receipt	8,140	0	8,140
Term Loan	4,621	0	4,621
Revolving Credit	2,000	0	2,000
Lease Payable	226	0	226
Total	20,579	0	20,579

(b) <u>Long Term Borrowings</u>	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Lease Payable	949	0	949
Term Loan	1,154	0	1,154
Total	2,103	0	2,103

The Group's borrowings as at the financial year to date consist of Foreign Currency Trust Receipt of USD658,000 and RMB2,387,000.

23. Material Litigation

There was no material litigation against the Group as at the reporting date.

24. Dividend Proposed

The Board of Directors does not recommend the payment of any dividends for the 3 months ended 30 June 2015 (2014: Nil).

25. Loss per share

	Individual Quarter		Year To Date	
	03 months ended		03 months ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
Basic loss per share for loss attributable to Owners of the Company				
Net loss for the period (RM'000)	(289)	(485)	(289)	(485)
Weighted average number of ordinary shares in issue excluding treasury shares held by the Company ('000)	101,461	98,439	101,461	98,439
Basic/diluted loss per share (sen)	(0.28)	(0.49)	(0.28)	(0.49)

26. 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 30/06/2015 RM'000	As at 31/03/2015 RM'000
Total retained profits of YLI Holdings Berhad and its subsidiaries :		
- realised profits	19,285	19,271
- unrealised losses	(106)	(161)
	<hr/> 19,179	<hr/> 19,110
Total share of retained profits from jointly controlled entity :		
- realised profits	3,019	2,954
- unrealised profits	17	0
	<hr/> 3,036	<hr/> 2,954
Add: Consolidated adjustments	<hr/> 22,276	<hr/> 22,716
Total group retained earnings as per consolidated accounts	<hr/> <hr/> 44,491	<hr/> <hr/> 44,780

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 August 2015