

YLI HOLDINGS BERHAD (Company No. 367249 A)

Interim report for the six months ended 30 September 2015

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

	Individual Quarter		Year To Date	
	3 months ended		6 months ended	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RM'000	RM'000	RM'000	RM'000
Revenue	40,785	30,371	75,808	50,780
Cost of sales	(37,351)	(27,405)	(70,047)	(46,598)
Gross profit	3,434	2,966	5,761	4,182
Other income	207	157	847	362
Selling & distribution costs	(481)	(513)	(1,120)	(985)
Administrative expenses	(2,740)	(1,925)	(5,417)	(3,643)
Operating profit/(loss)	420	685	71	(84)
Finance cost	(380)	(434)	(778)	(833)
Share of profit of Joint Venture (refer note 15)	(41)	108	41	167
(Loss)/profit before taxation	(1)	359	(666)	(750)
Taxation	(186)	(112)	(153)	7
(Loss)/profit for the period / year (refer note 8)	(187)	247	(819)	(743)
Other comprehensive income, net of tax:				
Item that maybe classified subsequently to profit/loss:				
Currency translation differences	1,952	247	2,267	54
Total comprehensive profit/(loss) for period / year	1,765	494	1,448	(689)
(Loss)/profit attributable to :				
Owners of the Company	483	159	194	(326)
Non-controlling interest	(670)	88	(1,013)	(417)
	(187)	247	(819)	(743)
Total comprehensive profit/(loss) attributable to :				
Owners of the Company	2,435	406	2,461	(272)
Non-controlling interest	(670)	88	(1,013)	(417)
	1,765	494	1,448	(689)
(Loss)/profit per share for loss attributable to the Owners of the Company:	Sen	Sen	Sen	Sen
- basic/diluted	0.48	0.16	0.19	(0.33)

(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 six months ended 30 September 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	30/09/2015	31/03/2015
	RM'000	RM'000
	(unaudited)	(audited)
Non-current assets		
Property, plant and equipment	89,159	91,695
Investment in Joint Venture	15,616	13,308
Intangible assets	266	266
Goodwill	1,626	1,626
Total non-current assets	<u>106,667</u>	<u>106,895</u>
Current assets		
Inventories	45,084	36,105
Trade and other receivables	47,943	77,852
Advance to Joint Venture	83	83
Tax recoverable	490	247
Deposits, bank and cash balances	25,141	27,714
Total current assets	<u>118,741</u>	<u>142,001</u>
TOTAL ASSETS	<u>225,408</u>	<u>248,896</u>
EQUITY AND LIABILITIES		
Equity attributed to equity holders of the parent		
Share capital	101,461	101,461
Capital reserve	(707)	(707)
Share premium	7,208	7,208
Treasury shares	(108)	(108)
Exchange fluctuation reserve	4,556	2,289
Retained earnings	44,974	44,780
	<u>157,384</u>	<u>154,923</u>
Non-controlling interest	2,389	3,402
Total equity	<u>159,773</u>	<u>158,325</u>
Non-current liabilities		
Deferred tax liabilities	5,624	6,010
Contingent Consideration	4,648	5,265
Finance lease	900	1,006
Long term borrowings	0	2,308
Total non-current liabilities	<u>11,172</u>	<u>14,589</u>
Current liabilities		
Trade and other payables	29,959	51,594
Bank overdraft	2,433	2,589
Finance lease	215	236
Short term borrowings	21,666	21,455
Provision for taxation	190	108
Total current liabilities	<u>54,463</u>	<u>75,982</u>
Total liabilities	<u>65,635</u>	<u>90,571</u>
TOTAL EQUITY AND LIABILITIES	<u>225,408</u>	<u>248,896</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.55	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 six months ended 30 September 2015

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	ISSUED AND FULLY PAID ORDINARY		NON - DISTRIBUTABLE			DISTRIBUTABLE				
	SHARES OF RM1 EACH					Exchange fluctuation reserve	Retained earnings	Total	Non-controlling Interest	Total Equity
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Capital reserve RM'000	Treasury shares RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
06 months ended 30 September 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	2,267	194	2,461	(1,013)	1,448
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 September 2015	101,461	101,461	7,208	(707)	(108)	4,556	44,974	157,384	2,389	159,773
06 months ended 30 September 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 profit/(loss) for the financial year	0	0	0	0	0	54	(326)	(272)	(417)	(689)
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 September 2014	98,560	98,560	7,208	0	(108)	690	45,007	151,357	1,233	152,590

(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 six months ended 30 September 2015

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	6 months ended	
	30/09/2015	30/09/2014
	RM'000	RM'000
OPERATING ACTIVITIES		
Cash receipts from customers	105,323	46,936
Cash paid to suppliers and employees	(103,917)	(40,122)
Cash generated from operations	1,406	6,814
Interest received	245	239
Tax paid	(719)	(834)
Tax refunded	29	0
Net cash flow generated from operating activities	961	6,219
INVESTING ACTIVITIES		
Property, plant and equipment :		
- additions	(388)	(259)
- disposal	14	0
Net cash flow used in investing activities	(374)	(259)
FINANCING ACTIVITIES		
Net movement of bank borrowings	(2,098)	(4,899)
Net movement of hire purchase creditor	(128)	60
Dividends paid	0	0
Interest paid	(778)	(249)
Deposits withdrawn/(charged) for credit facilities	1,139	(833)
Net cash flow used in financing activities	(1,865)	(5,921)
Net change in cash and cash equivalents	(1,278)	39
Cash and cash equivalents :		
- at the beginning of the period	23,622	17,163
- at the end of the period	22,344	17,202
Cash and cash equivalents comprise :-		
Deposits with financial institutions	14,986	15,893
Bank and cash balances	10,155	6,450
Bank overdraft	(2,433)	(2,926)
Deposits charged for credit facilities	(364)	(2,215)
	22,344	17,202

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

Interim report for the six months ended 30 September 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 2018

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)

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs</u>		
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)/Profit for the period / year

	Individual Quarter		Year To Date	
	03 months ended		06 months ended	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RM'000	RM'000	RM'000	RM'000
Interest income	127	129	255	243
Interest expenses	(380)	(434)	(778)	(833)
Depreciation and amortization	(1,516)	(1,382)	(2,884)	(2,756)
Foreign exchange gain/(loss)	(118)	41	(287)	23
Recovery of doubtful debts	0	12	0	22
Fair value gain on remeasurement of contingent consideration payables	98	0	617	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 organized 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 September 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	38,065	37,743	0	75,808
Segment profit/(loss) before tax	(2,254)	1,547	41	(666)
Segment total assets	185,039	24,670	15,699	225,408
Segment total liabilities	(45,437)	(20,198)	0	(65,635)
Segment total net assets	139,602	4,472	15,699	159,773

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 RM51.78 million to RM51.38 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 RM49.75 million were given to banks to secure bank borrowings of the subsidiary companies.

Joint venture

Corporate guarantees of USD370,000 (approximately RM1.63 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 statements as at 30 September 2015 is as follows:-

	Group 30/09/2015 RM'000
Authorised and contracted for	3,087
Authorised and not contracted for	13,327
	<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 September 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 03 months ended		Year To Date 06 months ended	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before tax	(12)	110	72	171
Less : Taxation	(29)	(2)	(31)	(4)
(Loss)/Profit after tax	<u>(41)</u>	<u>108</u>	<u>41</u>	<u>167</u>

16. Review of Performance

For the quarter under review, the Group recorded higher sales revenue by approximately RM10.414 million or 34.3% 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. Nevertheless, the Group still record net loss after tax of RM0.187 million compared to net profit after tax at RM0.247 million for preceding year corresponding quarter. This is mainly due to lower profit margin derived from current sales achieved. As for the Group net loss for the 6 months ended 30 September 2015 is higher by 10.2% compared to previous year corresponding period mainly due to lower sales on waterworks pipes especially for domestic market.

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

	Current Quarter	Preceding Quarter
	30/09/2015	30/06/2015
	RM'000	RM'000
Revenue	40,785	35,023
Consolidated Loss before taxation	(1)	(1,185)
Consolidated Loss after taxation	(187)	(1,152)

The Group recorded lower net loss after taxation for current quarter under review of RM0.187 million compared to preceding quarter net loss after taxation of RM1.152 million mainly due to higher export sales revenue recorded by a subsidiary company 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 does not issue any profit forecast or profit guarantee.

20. Tax

	Individual Quarter		Year To Date	
	03 months ended		06 months ended	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RM'000	RM'000	RM'000	RM'000
In respect of current year :				
- income tax	379	213	540	362
- deferred tax	(193)	(101)	(387)	(369)
	<u>186</u>	<u>112</u>	<u>153</u>	<u>(7)</u>
In respect of prior years :				
- income tax	0	0	0	0
- deferred tax	0	0	0	0
	<u>186</u>	<u>112</u>	<u>153</u>	<u>(7)</u>

Reconciliation of effective tax is as follows:-

	Individual Quarter		Year To Date	
	03 months ended		06 months ended	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit from ordinary activities before taxation	<u>(1)</u>	<u>359</u>	<u>(666)</u>	<u>(750)</u>
Tax calculated at the Malaysia income tax rate of 24% (2014: 25%)	0	89	(160)	(188)
Tax effect of Joint Venture	10	(27)	(10)	(42)
Tax effect of expenses not deductible for tax purpose	116	56	145	89
Deferred tax assets not recognized during the financial year	178	14	127	(127)
Tax effect of current year's tax loss not recognized	124	(15)	423	271
Tax allowances for new export market	(213)	0	(213)	0
Tax effect of income not subject to tax / exempted income	(29)	(5)	(159)	(10)
(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>186</u>	<u>112</u>	<u>153</u>	<u>(7)</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	7,596	0	7,596
Trust Receipt	7,449	0	7,449
Term Loan	4,621	0	4,621
Revolving Credit	2,000	0	2,000
Finance Lease	215	0	215
Total	21,881	0	21,881
(b) <u>Long Term Borrowings</u>	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Finance Lease	900	0	900
Total	900	0	900

The Group's borrowings as at the financial year to date consist of Foreign Currency Trust Receipt of USD1,518,000.

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 6 months ended 30 September 2015 (2014: Nil).

25. Earnings/(loss) per share

	Individual Quarter		Year To Date	
	03 months ended		06 months ended	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
Basic/diluted earnings/(loss) per share for profit/(loss) attributable to Owners of the Company				
Net profit/(loss) for the period (RM'000)	483	159	194	(326)
Weighted average number of ordinary shares in issue excluding treasury shares held by the Company ('000)	101,340	98,439	101,340	98,439
Basic/diluted earnings/(loss) per share (sen)	0.48	0.16	0.19	(0.33)

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 30/09/2015 RM'000	As at 31/03/2015 RM'000
Total retained earnings of YLI Holdings Berhad and its subsidiaries :		
- realised	18,537	19,271
- unrealised	497	(161)
	<hr/> 19,034	<hr/> 19,110
Total share of retained earnings from jointly controlled entity :		
- realised	3,139	2,954
- unrealised	(144)	0
	<hr/> 2,995	<hr/> 2,954
Add: Consolidation adjustments	<hr/> 22,945	<hr/> 22,716
Total group retained earnings as per consolidated accounts	<hr/> <hr/> 44,974	<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, 26 November 2015