

**YLI HOLDINGS BERHAD** (Company No. 367249 A)

Interim report for the nine months ended 31 December 2015

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

	Individual Quarter		Year To Date	
	3 months ended		9 months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
Revenue	26,255	25,648	102,063	76,428
Cost of sales	(25,495)	(24,249)	(95,542)	(70,847)
Gross profit	760	1,399	6,521	5,581
Other income	777	276	1,624	638
Selling & distribution costs	(475)	(517)	(1,595)	(1,502)
Administrative expenses	(3,066)	(1,872)	(8,483)	(5,515)
Operating loss	(2,004)	(714)	(1,933)	(798)
Finance cost	(390)	(440)	(1,168)	(1,273)
Share of profit of Joint Venture (refer note 15)	100	184	141	351
Loss before taxation	(2,294)	(970)	(2,960)	(1,720)
Taxation	(92)	164	(245)	171
Loss for the period / year (refer note 8)	(2,386)	(806)	(3,205)	(1,549)
Other comprehensive income, net of tax:				
Item that maybe classified subsequently to profit/loss:				
Currency translation differences	(520)	850	1,747	904
Total comprehensive (loss)/profit for period / year	(2,906)	44	(1,458)	(645)
Loss attributable to :				
Owners of the Company	(1,800)	(217)	(1,606)	(543)
Non-controlling interest	(586)	(589)	(1,599)	(1,006)
	(2,386)	(806)	(3,205)	(1,549)
Total comprehensive (loss)/profit attributable to :				
Owners of the Company	(2,320)	633	141	361
Non-controlling interest	(586)	(589)	(1,599)	(1,006)
	(2,906)	44	(1,458)	(645)
Loss per share for loss attributable to the Owners of the Company:	Sen	Sen	Sen	Sen
- basic/diluted	(1.77)	(0.22)	(1.58)	(0.55)

(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 nine months ended 31 December 2015

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

	<b>31/12/2015</b>	<b>31/03/2015</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(unaudited)</b>	<b>(audited)</b>
<b>Non-current assets</b>		
Property, plant and equipment	88,268	91,695
Investment in Joint Venture	15,196	13,308
Intangible assets	266	266
Goodwill	1,626	1,626
<b>Total non-current assets</b>	<u>105,356</u>	<u>106,895</u>
<b>Current assets</b>		
Inventories	41,042	36,105
Trade and other receivables	46,008	77,852
Advance to Joint Venture	83	83
Tax recoverable	644	247
Deposits, bank and cash balances	20,560	27,714
<b>Total current assets</b>	<u>108,337</u>	<u>142,001</u>
<b>TOTAL ASSETS</b>	<u>213,693</u>	<u>248,896</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributed to equity holders of the parent</b>		
Share capital	101,461	101,461
Capital reserve	(707)	(707)
Share premium	7,208	7,208
Treasury shares	(108)	(108)
Exchange fluctuation reserve	4,036	2,289
Retained earnings	43,174	44,780
	<u>155,064</u>	<u>154,923</u>
Non-controlling interest	1,803	3,402
<b>Total equity</b>	<u>156,867</u>	<u>158,325</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	5,674	6,010
Contingent Consideration	3,998	5,265
Lease payable	850	1,006
Long term borrowings	0	2,308
<b>Total non-current liabilities</b>	<u>10,522</u>	<u>14,589</u>
<b>Current liabilities</b>		
Trade and other payables	22,041	51,594
Bank overdraft	2,550	2,589
Lease payable	209	236
Short term borrowings	21,396	21,455
Provision for taxation	108	108
<b>Total current liabilities</b>	<u>46,304</u>	<u>75,982</u>
<b>Total liabilities</b>	<u>56,826</u>	<u>90,571</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>213,693</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 nine months ended 31 December 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	Capital reserve 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
<b>09 months ended 31 December 2015</b>										
Balance as at 1 April 2015	101,461	101,461	7,208	(707)	(108)	2,289	44,780	154,923	3,402	158,325
Issuing of new ordinary shares	0	0	0	0	0	0	0	0	0	0
Non-controlling interest arising from acquisition of subsidiaries	0	0	0	0	0	0	0	0	0	0
Total comprehensive income/(loss) for the financial year	0	0	0	0	0	1,747	(1,606)	141	(1,599)	(1,458)
<b>Transactions with owners :</b>										
Dividend for the financial year ended 31 March 2015	0	0	0	0	0	0	0	0	0	0
Balance as at 31 December 2015	101,461	101,461	7,208	(707)	(108)	4,036	43,174	155,064	1,803	156,867
<b>09 months ended 31 December 2014</b>										
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	904	(543)	361	(1,006)	(645)
<b>Transactions with owners :</b>										
Dividend for the financial year ended 31 March 2014	0	0	0	0	0	0	0	0	0	0
Balance as at 31 December 2014	98,560	98,560	7,208	0	(108)	1,540	44,790	151,990	644	152,634

(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 nine months ended 31 December 2015

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

	9 months ended	
	31/12/2015	31/12/2014
	RM'000	RM'000
<b>OPERATING ACTIVITIES</b>		
Cash receipts from customers	133,413	74,000
Cash paid to suppliers and employees	(135,259)	(66,479)
Cash (used in)/generated from operations	(1,846)	7,521
Interest received	353	373
Tax paid	(1,019)	(1,065)
Tax refunded	41	0
Net cash flow (used in)/generated from operating activities	(2,471)	6,829
<b>INVESTING ACTIVITIES</b>		
Property, plant and equipment :		
- additions	(947)	(998)
- disposal	22	9
Net cash flow used in investing activities	(925)	(989)
<b>FINANCING ACTIVITIES</b>		
Net movement of bank borrowings	(2,367)	(1,809)
Net movement of hire purchase creditor	(184)	330
Dividends paid	0	0
Interest paid	(1,168)	(1,273)
Deposits withdrawn for credit facilities	1,114	175
Net cash flow used in financing activities	(2,605)	(2,577)
Net change in cash and cash equivalents	(6,001)	3,263
Cash and cash equivalents :		
- at the beginning of the period	23,622	17,163
- at the end of the period	17,621	20,426
Cash and cash equivalents comprise :-		
Deposits with financial institutions	12,849	14,893
Bank and cash balances	7,711	9,446
Bank overdraft	(2,550)	(2,122)
Deposits charged for credit facilities	(389)	(1,791)
	17,621	20,426

(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 nine months ended 31 December 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**

		<b>Effective for financial periods beginning on or after</b>
<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 of 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		09 months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
Interest income	139	132	394	375
Interest expenses	(390)	(440)	(1,168)	(1,273)
Depreciation and amortization	(1,453)	(1,407)	(4,337)	(4,163)
Foreign exchange (loss)/gain	(626)	184	(913)	207
Recovery of doubtful debts	0	0	0	22
Fair value gain on remeasurement of contingent consideration payables	650	0	1,267	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 31 December 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	58,799	43,264	0	102,063
Segment profit/(loss) before tax	(4,708)	1,607	141	(2,960)
Segment total assets	178,300	20,198	15,195	213,693
Segment total liabilities	(41,094)	(15,732)	0	(56,826)
Segment total net assets	137,206	4,466	15,195	156,867

## 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 increased from RM51.38 million to RM57.95 million since the last balance sheet date mainly due to additional corporate guarantee extended to Yew Lean Foundry & Co Sdn Bhd and MRPI Pipes Sdn Bhd to secure new banking facilities granted by Malayan Banking Bhd and Malaysia Debt Ventures Sdn Bhd, respectively.

Analysed as follows:-

### Subsidiary companies

Corporate guarantees of RM56.36 million were given to banks and financial institution to secure borrowings of the subsidiary companies.

### Joint venture

Corporate guarantees of USD370,000 (approximately RM1.59 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 31 December 2015 is as follows:-

	<b>Group</b>
	<b>31/12/2015</b>
	<b>RM'000</b>
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 31 December 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:-

	<b>Individual Quarter</b>		<b>Year To Date</b>	
	<b>03 months ended</b>		<b>09 months ended</b>	
	<b>31/12/2015</b>	<b>31/12/2014</b>	<b>31/12/2015</b>	<b>31/12/2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit before tax	103	185	175	356
Less : Taxation	(3)	(1)	(34)	(5)
Profit after tax	<u>100</u>	<u>184</u>	<u>141</u>	<u>351</u>

## 16. Review of Performance

For the quarter under review, the Group recorded marginal higher sales revenue by approximately RM0.607 million or 2.4% 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 despite lower revenue recorded from other subsidiary. Nevertheless, the Group still suffer higher net loss after tax of RM2.386 million compared to net loss after tax at RM0.806 million for preceding year corresponding quarter mainly due to lower profit margin from current sales recorded from Manufacturing & Trading Division. As for the Group net loss for the 9 months ended 31 December 2015, despite higher revenue recorded, the net loss after tax is higher at RM3.205 million compared to previous year corresponding period of RM1.549 million mainly due to lower profit margin recorded on sales from Manufacturing & Trading Division for both domestic and export markets.

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

	<b>Current Quarter</b> <b>31/12/2015</b> <b>RM'000</b>	<b>Preceding Quarter</b> <b>30/09/2015</b> <b>RM'000</b>
Revenue	26,255	40,785
Consolidated Loss before taxation	(2,294)	(1)
Consolidated Loss after taxation	(2,386)	(187)

The Group recorded higher net loss after taxation for current quarter under review of RM2.386 million compared to preceding quarter net loss after taxation of RM0.187 million mainly due to lower sales recorded from both Manufacturing & Trading and Construction & Project Management Division respectively.

## 18. Current Year Prospects

Water supply and sewerage projects continue to be in focus under the 11<sup>th</sup> Malaysia Plan with uncompleted projects under 10<sup>th</sup> Malaysia Plan is expected to be carried forward to 11<sup>th</sup> 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 softer demand on waterworks pipes, competitive pricings offered among waterworks pipe industry players for projects available and upward trend on 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		09 months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
In respect of current year :				
- income tax	42	(87)	582	275
- deferred tax	50	(77)	(337)	(446)
	<u>92</u>	<u>(164)</u>	<u>245</u>	<u>(171)</u>
In respect of prior years :				
- income tax	0	0	0	0
- deferred tax	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>92</u>	<u>(164)</u>	<u>245</u>	<u>(171)</u>

Reconciliation of effective tax is as follows:-

	Individual Quarter		Year To Date	
	03 months ended		09 months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
Loss from ordinary activities before taxation	(2,294)	(970)	(2,960)	(1,720)
Tax calculated at the Malaysia income tax rate of 24% (2014: 25%)	(551)	(242)	(710)	(430)
Tax effect of Joint Venture	(24)	(46)	(34)	(88)
Tax effect of expenses not deductible for tax purpose	556	47	702	136
Deferred tax assets not recognized during the financial year	92	26	219	(101)
Tax effect of current year's tax loss not recognized	39	344	462	615
Tax allowances for new export market	140	0	(73)	0
Tax effect of income not subject to tax / exempted income	(160)	(5)	(319)	(15)
Others	0	(288)	(2)	(288)
(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>92</u>	<u>(164)</u>	<u>245</u>	<u>(171)</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	9,499	0	9,499
Trust Receipt	6,430	0	6,430
Term Loan	3,467	0	3,467
Revolving Credit	2,000	0	2,000
Lease Payable	209	0	209
<b>Total</b>	<b>21,605</b>	<b>0</b>	<b>21,605</b>
(b) <u>Long Term Borrowings</u>	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Lease Payable	850	0	850
<b>Total</b>	<b>850</b>	<b>0</b>	<b>850</b>

The Group's borrowings as at the financial year to date consist of Foreign Currency Trust Receipt of USD863,000.

## 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 9 months ended 31 December 2015 (2014: Nil).

## 25. Earnings/(loss) per share

	Individual Quarter		Year To Date	
	03 months ended	03 months ended	09 months ended	09 months ended
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
<b>Basic earnings/(loss) per share for profit/(loss) attributable to Owners of the Company</b>				
Net loss for the period (RM'000)	(1,800)	(217)	(1,606)	(543)
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 earnings/(loss) per share (sen)	(1.77)	(0.22)	(1.58)	(0.55)

## 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.

	<b>As at 31/12/2015 RM'000</b>	<b>As at 31/03/2015 RM'000</b>
Total retained profits of YLI Holdings Berhad and its subsidiaries :		
- realised profits	16,599	19,271
- unrealised losses	(51)	(161)
	<u>16,548</u>	<u>19,110</u>
Total share of retained profits from jointly controlled entity :		
- realised profits	3,322	2,954
- unrealised losses	(228)	0
	<u>3,094</u>	<u>2,954</u>
Add: Consolidated adjustments	<u>23,532</u>	<u>22,716</u>
Total group retained earnings as per consolidated accounts	<u><u>43,174</u></u>	<u><u>44,780</u></u>

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, 25 February 2016