

YLI HOLDINGS BERHAD (Company No. 367249 A)

Interim report for the twelve months ended 31 March 2016

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

	Individual Quarter		Year To Date	
	3 months ended		12 months ended	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	RM'000	RM'000	RM'000	RM'000
Revenue	26,172	48,013	128,235	124,441
Cost of sales	(24,444)	(43,759)	(119,986)	(114,606)
Gross profit	1,728	4,254	8,249	9,835
Other income	2,001	692	3,625	1,331
Selling & distribution costs	(1,379)	(821)	(2,974)	(2,323)
Administrative expenses	(2,932)	(3,399)	(11,415)	(8,914)
Operating (loss)/profit	(582)	726	(2,515)	(71)
Finance cost	(541)	(381)	(1,709)	(1,654)
Share of profit of Joint Venture (refer note 15)	132	123	273	474
(Loss)/profit before taxation	(991)	468	(3,951)	(1,251)
Taxation	(30)	(601)	(275)	(430)
Loss for the period / year (refer note 8)	(1,021)	(133)	(4,226)	(1,681)
Other comprehensive income, net of tax:				
Item that maybe classified subsequently to profit/loss:				
Currency translation differences	(1,313)	749	434	1,653
Total comprehensive (loss)/profit for period / year	(2,334)	616	(3,792)	(28)
Loss attributable to :				
Owners of the Company	(425)	(11)	(2,031)	(553)
Non-controlling interest	(596)	(122)	(2,195)	(1,128)
	(1,021)	(133)	(4,226)	(1,681)
Total comprehensive (loss)/profit attributable to :				
Owners of the Company	(1,738)	738	(1,597)	1,100
Non-controlling interest	(596)	(122)	(2,195)	(1,128)
	(2,334)	616	(3,792)	(28)
Loss per share for loss attributable to the Owners of the Company:	Sen	Sen	Sen	Sen
- basic/diluted	(0.42)	(0.01)	(2.00)	(0.56)

(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 twelve months ended 31 March 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	31/03/2016	31/03/2015
	RM'000	RM'000
	(unaudited)	(audited)
Non-current assets		
Property, plant and equipment	88,541	91,695
Investment in Joint Venture	14,015	13,308
Intangible assets	0	266
Goodwill	1,626	1,626
Total non-current assets	<u>104,182</u>	<u>106,895</u>
Current assets		
Inventories	42,839	36,105
Trade and other receivables	54,862	77,852
Advance to Joint Venture	83	83
Tax recoverable	391	247
Deposits, bank and cash balances	16,800	27,714
Total current assets	<u>114,975</u>	<u>142,001</u>
TOTAL ASSETS	<u>219,157</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	2,723	2,289
Retained earnings	42,749	44,780
	<u>153,326</u>	<u>154,923</u>
Non-controlling interest	1,207	3,402
Total equity	<u>154,533</u>	<u>158,325</u>
Non-current liabilities		
Deferred tax liabilities	5,668	6,010
Contingent Consideration	2,705	5,265
Lease payable	813	1,006
Long term borrowings	0	2,308
Total non-current liabilities	<u>9,186</u>	<u>14,589</u>
Current liabilities		
Trade and other payables	27,157	51,594
Bank overdraft	2,445	2,589
Lease payable	221	236
Short term borrowings	25,514	21,455
Provision for taxation	101	108
Total current liabilities	<u>55,438</u>	<u>75,982</u>
Total liabilities	<u>64,624</u>	<u>90,571</u>
TOTAL EQUITY AND LIABILITIES	<u>219,157</u>	<u>248,896</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.51	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 twelve months ended 31 March 2016

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
12 months ended 31 March 2016										
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	434	(2,031)	(1,597)	(2,195)	(3,792)
Transactions with owners :										
Dividend	0	0	0	0	0	0	0	0	0	0
Balance as at 31 March 2016	101,461	101,461	7,208	(707)	(108)	2,723	42,749	153,326	1,207	154,533
12 months ended 31 March 2015										
Balance as at 1 April 2014	98,560	98,560	7,208	0	(108)	636	45,333	151,629	1,650	153,279
Issuing of new ordinary shares	2,901	2,901	0	(707)	0	0	0	2,194	0	2,194
Non-controlling interest arising from acquisition of subsidiaries	0	0	0	0	0	0	0	0	2,880	2,880
Total comprehensive income/(loss) for the financial year	0	0	0	0	0	1,653	(553)	1,100	(1,128)	(28)
Transactions with owners :										
Dividend	0	0	0	0	0	0	0	0	0	0
Balance as at 31 March 2015	101,461	101,461	7,208	(707)	(108)	2,289	44,780	154,923	3,402	158,325

(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 twelve months ended 31 March 2016

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	12 months ended	
	31/03/2016	31/03/2015
	RM'000	RM'000
OPERATING ACTIVITIES		
Cash receipts from customers	151,174	105,286
Cash paid to suppliers and employees	(159,101)	(97,000)
Cash (used in)/generated from operations	(7,927)	8,286
Interest received	520	540
Tax paid	(1,012)	(1,439)
Tax refunded	245	0
Net cash flow (used in)/generated from operating activities	(8,174)	7,387
INVESTING ACTIVITIES		
Property, plant and equipment :		
- additions	(2,669)	(1,779)
- disposal	20	125
Investment in subsidiaries	0	2,695
Net cash flow (used in)/generated from investing activities	(2,649)	1,041
FINANCING ACTIVITIES		
Net movement of bank borrowings	1,751	(1,787)
Net movement of hire purchase creditor	(209)	905
Dividends paid	0	0
Interest paid	(1,490)	(1,550)
Deposits charged for credit facilities	(164)	463
Net cash flow used in financing activities	(112)	(1,969)
Net change in cash and cash equivalents	(10,935)	6,459
Cash and cash equivalents :		
- at the beginning of the period	23,622	17,163
- at the end of the period	12,687	23,622
Cash and cash equivalents comprise :-		
Deposits with financial institutions	12,870	15,122
Bank and cash balances	3,930	12,592
Bank overdraft	(2,445)	(2,589)
Deposits charged for credit facilities	(1,668)	(1,503)
	12,687	23,622

(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 twelve months ended 31 March 2016

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 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		12 months ended	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	RM'000	RM'000	RM'000	RM'000
Interest income – financial institution	133	165	527	540
Interest income – accretion of interest	489	0	489	0
Interest expenses - borrowing	(322)	(381)	(1,490)	(1,654)
Interest expense – unwinding of discount	(219)	0	(219)	0
Depreciation and amortization	(1,462)	(1,473)	(5,799)	(5,637)
Amortization of intangible assets	(266)	0	(266)	0
Foreign exchange (loss)/gain	(170)	(84)	(1,083)	123
Recovery of doubtful debts	25	20	25	42
Bargain purchase arising from acquisition of a subsidiary	0	501	0	501
Fair value gain on remeasurement of contingent consideration payables	1,292	298	2,560	298

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 March 2016 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	79,715	48,520	0	128,235
Segment profit/(loss) before tax	(6,017)	1,793	273	(3,951)
Segment total assets	183,361	21,781	14,015	219,157
Segment total liabilities	(47,521)	(17,103)	0	(64,624)
Segment total net assets	135,840	4,678	14,015	154,533

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 RM57.95 million to RM60.85 million since the last balance sheet date mainly due to increase in utilisation of corporate guarantee extended to Laksana Wibawa Sdn. Bhd.

Analysed as follows:-

Subsidiary companies

Corporate guarantees of RM59.41 million were given to banks and financial institution to secure borrowings of the subsidiary companies.

Joint venture

Corporate guarantees of USD370,000 (approximately RM1.44 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 March 2016 is as follows:-

	Group
	31/03/2016
	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/>

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 March 2016 up to the date of this report except as follow:

On 26 April 2016, the joint venture company, Pinang Water Ltd, signed a Share Transfer Contract with YinLong Water Affairs Investment Limited to dispose of its entire shareholding in Yichun Pinang Water Co. for a sale consideration of RMB55,000,000.

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		12 months ended	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before tax	134	125	309	481
Less : Taxation	(2)	(2)	(36)	(7)
(Loss)/Profit after tax	<hr/>	<hr/>	<hr/>	<hr/>
	132	123	273	474
	<hr/>	<hr/>	<hr/>	<hr/>

16. Review of Performance

For the quarter under review, the Group recorded lower sales revenue by approximately RM21.841 million or 45.5% compared to preceding year corresponding quarter mainly due to slowing down of market demand and timing differences in delivery for secured project. As a result, the Group suffered higher net loss after tax of RM1.021 million compared to net loss after tax at RM0.133 million for preceding year corresponding quarter mainly due to lower sales recorded. As for the Group net loss for the 12 months ended 31 March 2016, despite higher revenue recorded, the net loss after tax is still higher at RM4.226 million compared to previous year corresponding period of RM1.681 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

	Current Quarter	Preceding Quarter
	31/03/2016	31/12/2015
	RM'000	RM'000
Revenue	26,172	26,255
Consolidated Loss before taxation	(991)	(2,294)
Consolidated Loss after taxation	(1,021)	(2,386)

The Group recorded lower net loss after taxation for current quarter under review of RM1.021 million compared to preceding quarter net loss after taxation of RM2.386 million mainly due to higher fair value gain on remeasurement of contingent consideration payable.

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 softer demand on waterworks pipes, competitive pricings offered among waterworks pipe industry players for projects available and upward trend on raw materials such as scrap metal and 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		12 months ended	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	RM'000	RM'000	RM'000	RM'000
In respect of current year :				
- income tax	(5)	494	577	769
- deferred tax	(58)	142	(395)	(304)
	<u>(63)</u>	<u>636</u>	<u>182</u>	<u>465</u>
In respect of prior years :				
- income tax	41	46	41	46
- deferred tax	52	(81)	52	(81)
	<u>30</u>	<u>601</u>	<u>275</u>	<u>430</u>

Reconciliation of effective tax is as follows:-

	Individual Quarter		Year To Date	
	03 months ended		12 months ended	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit from ordinary activities before taxation	<u>(991)</u>	<u>468</u>	<u>(3,951)</u>	<u>(1,251)</u>
Tax calculated at the Malaysia income tax rate of 24% (2015: 25%)	(238)	117	(948)	(313)
Tax effect of Joint Venture	(32)	(31)	(66)	(119)
Tax effect of expenses not deductible for tax purpose	342	1,106	1,044	1,242
Deferred tax assets not recognized during the financial year	609	(404)	828	110
Tax effect of current year's tax loss not recognized	(462)	0	0	0
Tax allowances for new export market	52	(287)	(21)	(287)
Tax effect of income not subject to tax / exempted income	(303)	(131)	(622)	(146)
Others	(31)	266	(33)	(22)
(Over)/Under provision in respect of prior financial year				
- income tax	41	46	41	46
- deferred tax	52	(81)	52	(81)
Tax expenses	<u>30</u>	<u>601</u>	<u>275</u>	<u>430</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	8,175	0	8,175
Trust Receipt	9,857	0	9,857
Islamic Trade Financing	3,170	0	3,170
Term Loan	2,312	0	2,312
Revolving Credit	2,000	0	2,000
Lease Payable	221	0	221
Total	25,735	0	25,735

(b) <u>Long Term Borrowings</u>	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Lease Payable	813	0	813
Total	813	0	813

The Group's borrowings as at the financial year to date consist of Foreign Currency Trust Receipt of USD459,000.

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 12 months ended 31 March 2016 (2015: Nil).

25. Earnings/(loss) per share

	Individual Quarter		Year To Date	
	03 months ended		12 months ended	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
Basic earnings/(loss) per share for profit/(loss) attributable to Owners of the Company				
Net loss for the period (RM'000)	(425)	(11)	(2,031)	(553)
Weighted average number of ordinary shares in issue excluding treasury shares held by the Company ('000)	101,461	98,874	101,461	98,874
Basic/diluted earnings/(loss) per share (sen)	(0.42)	(0.01)	(2.00)	(0.56)

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 31/03/2016 RM'000	As at 31/03/2015 RM'000
Total retained profits of YLI Holdings Berhad and its subsidiaries :		
- realised profits	15,478	19,271
- unrealised profits/(losses)	(145)	(161)
	<hr/> 15,333	<hr/> 19,110
Total share of retained profits from jointly controlled entity :		
- realised profits	3,483	2,954
- unrealised losses	(256)	0
	<hr/> 3,227	<hr/> 2,954
Add: Consolidated adjustments	24,189	22,716
Total group retained earnings as per consolidated accounts	<hr/> <hr/> 42,749	<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

Penang, 31 May 2016