

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

Interim report for the three months ended 30 June 2016

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

	Individual Quarter		Year To Date	
	03 months ended		03 months ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Revenue	26,017	35,023	26,017	35,023
Cost of sales	(23,023)	(32,696)	(23,023)	(32,696)
Gross profit	2,994	2,327	2,994	2,327
Other income	702	640	702	640
Selling & distribution costs	(842)	(639)	(842)	(639)
Administrative expenses	(2,798)	(2,677)	(2,798)	(2,677)
Operating profit/(loss)	56	(349)	56	(349)
Finance cost	(575)	(398)	(575)	(398)
Share of profit/(loss) of Joint Venture (refer note 15)	(88)	82	(88)	82
Loss before taxation	(607)	(665)	(607)	(665)
Taxation	146	33	146	33
Loss for the period / year (refer note 8)	(461)	(632)	(461)	(632)
Other comprehensive income, net of tax:				
Item that maybe classified subsequently to profit/loss:				
Currency translation differences	231	315	231	315
Total comprehensive loss for period / year	(230)	(317)	(230)	(317)
Profit/(Loss) attributable to :				
Owners of the Company	239	(289)	239	(289)
Non-controlling interest	(700)	(343)	(700)	(343)
	(461)	(632)	(461)	(632)
Total comprehensive profit/(loss) attributable to :				
Owners of the Company	470	26	470	26
Non-controlling interest	(700)	(343)	(700)	(343)
	(230)	(317)	(230)	(317)
Earnings/(loss) per share for profit/(loss) attributable to	Sen	Sen	Sen	Sen
the Owners of the Company:	0.24	(0.29)	0.24	(0.29)
- basic/diluted				

(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 2016)

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

Interim report for the three months ended 30 June 2016

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

	<b>30/06/2016</b>	<b>31/03/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(unaudited)</b>	<b>(audited)</b>
<b>Non-current assets</b>		
Property, plant and equipment	87,467	88,541
Investment in Joint Venture	11,034	14,015
Intangible assets	0	0
Goodwill	1,626	1,626
<b>Total non-current assets</b>	<u>100,127</u>	<u>104,182</u>
<b>Current assets</b>		
Inventories	44,736	42,839
Trade and other receivables	56,209	55,985
Advance to Joint Venture	83	83
Tax recoverable	409	391
Deposits, bank and cash balances	19,046	16,800
<b>Total current assets</b>	<u>120,483</u>	<u>116,098</u>
<b>TOTAL ASSETS</b>	<u><u>220,610</u></u>	<u><u>220,280</u></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	2,954	2,723
Retained earnings	42,988	42,749
	<u>153,796</u>	<u>153,326</u>
Non-controlling interest	507	1,207
<b>Total equity</b>	<u>154,303</u>	<u>154,533</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	5,440	5,668
Contingent consideration payables	1,530	1,800
Lease payable	936	819
<b>Total non-current liabilities</b>	<u>7,906</u>	<u>8,287</u>
<b>Current liabilities</b>		
Trade and other payables	26,560	28,281
Bank overdraft	2,702	2,445
Lease payable	232	214
Short term borrowings	28,132	25,514
Contingent consideration payables	770	905
Provision for taxation	5	101
<b>Total current liabilities</b>	<u>58,401</u>	<u>57,460</u>
<b>Total liabilities</b>	<u>66,307</u>	<u>65,747</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>220,610</u></u>	<u><u>220,280</u></u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.52	1.51

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31st March 2016)

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

Interim report for the three months ended 30 June 2016

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

	<b>ISSUED AND FULLY PAID ORDINARY SHARES OF RM1 EACH</b>		<b>NON - DISTRIBUTABLE</b>				<b>DISTRIBUTABLE</b>			
	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>03 months ended 30 June 2016</b>										
Balance as at 1 April 2016	101,461	101,461	7,208	(707)	(108)	2,723	42,749	153,326	1,207	154,533
Total comprehensive income/(loss) for the financial year	0	0	0	0	0	231	239	470	(700)	(230)
<b>Transactions with owners :</b>										
Dividend	0	0	0	0	0	0	0	0	0	0
Balance as at 30 June 2016	101,461	101,461	7,208	(707)	(108)	2,954	42,988	153,796	507	154,303
<b>03 months ended 30 June 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
Total comprehensive income/(loss) for the financial year	0	0	0	0	0	315	(289)	26	(343)	(317)
<b>Transactions with owners :</b>										
Dividend	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

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st March 2016)

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

Interim report for the three months ended 30 June 2016

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

	03 months ended	
	30/06/2016	30/06/2015
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(607)	(665)
Adjustments for:		
Property, plant and equipment:		
- Amortisation & depreciation	1,405	1,368
- Loss on disposal	1	0
Unrealised (gain)/loss on foreign exchange	(201)	29
Fair value gain on remeasurement of contingent consideration payables	(405)	(520)
Interest expense	575	398
Interest income	(92)	(128)
Share of result from Jointly Controlled Entity	88	(82)
Operating profit before changes in working capital	764	400
Changes in:		
Inventories	(1,897)	(5,376)
Receivables	(179)	2,138
Payables	(1,722)	(1,277)
Cash used in operations	(3,034)	(4,115)
Net tax paid	(196)	(348)
<b>Net cash flows used in operating activities</b>	<b>(3,230)</b>	<b>(4,463)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment :		
- additions	(333)	(26)
- proceed from disposals	0	5
Dividend received from Jointly Controlled Entity	3,200	0
Interest received	48	126
<b>Net cash flows generated from investing activities</b>	<b>2,915</b>	<b>105</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net movement of bank borrowings	2,618	(2,256)
Net movement of hire purchase creditor	135	(68)
Dividends paid	0	0
Interest paid	(575)	(398)
Deposits charged for credit facilities	0	1,187
<b>Net cash flows generated from/(used in) financing activities</b>	<b>2,178</b>	<b>(1,535)</b>

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

Interim report for the three months ended 30 June 2016

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)** (cont'd)

	03 months ended	
	30/06/2016	30/06/2015
	RM'000	RM'000
<b>Net change in cash and cash equivalents</b>	1,863	(5,893)
<b>Effects on forex changes</b>	130	(29)
Cash and cash equivalents :		
- at the beginning of the period	7,684	23,622
- at the end of the period	<u>9,677</u>	<u>17,700</u>
<b>Cash and cash equivalents comprise :-</b>		
Deposits with financial institutions	10,867	15,040
Bank and cash balances	8,179	5,826
Bank overdraft	(2,702)	(2,850)
Deposits charged for credit facilities	(1,667)	(316)
Non-Short term deposit	(5,000)	0
	<u>9,677</u>	<u>17,700</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31st March 2016)

# YLI HOLDINGS BERHAD (Company No. 367249 A)

Interim report for the three months ended 30 June 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 2016. 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 2016 except for the adoption of the following standards applicable to the Group's financial year beginning 1 April 2016 :

#### Amendments/Improvements to MFRSs and IC Interpretation

##### Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 8	Operating Segments
MFRS 13	Fair Value Measurement
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 124	Related Party Disclosures
MFRS 138	Intangible Assets
MFRS 140	Investment Property

#### 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
MFRS 16	Leases	1 January 2019

## 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 5	Non- Current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	Deferred/ 1 January 2016
MFRS 11	Joint Arrangement	1 January 2016
MFRS 12	Disclosure of Interests in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2016
MFRS 138	Intangible Assets	1 January 2016
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		03 months ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Interest income	92	128	92	128
Interest expenses	(575)	(398)	(575)	(398)
Depreciation and amortization	(1,405)	(1,368)	(1,405)	(1,368)
Foreign exchange (loss)/gain	156	(169)	156	(169)
Fair value gain on remeasurement of contingent consideration payables	405	520	405	520

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 (cont'd)

The reportable segment information for financial period ended 30 June 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	25,435	582	0	26,017
Segment loss before tax	(250)	(269)	(88)	(607)
Segment total assets	189,856	19,720	11,034	220,610
Segment total liabilities	(50,996)	(15,311)	0	(66,307)
Segment total net assets	138,860	4,409	11,034	154,303

## 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 RM60.85 million to RM60.26 million since the last balance sheet date mainly due to decrease in utilisation of corporate guarantee extended to Laksana Wibawa Sdn. Bhd.

Analysed as follows:-

### Subsidiary companies

Corporate guarantees of RM58.77 million were given to banks and financial institution to secure borrowings of the subsidiary companies.

### Joint venture

Corporate guarantees of USD370,000 (approximately RM1.49 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 2016 is as follows:-

	<b>Group</b>
	<b>30/06/2016</b>
	<b>RM'000</b>
Authorised and contracted for	3,051
Authorised and not contracted for	13,327
	<hr/>
	16,378
	<hr/>
Analysed as follows :-	
- Property, plant and equipment	16,378
	<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 30 June 2016 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>03 months ended</b>	
	<b>30/06/2016</b>	<b>30/06/2015</b>	<b>30/06/2016</b>	<b>30/06/2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit/(loss) before tax	(77)	84	(77)	84
Less : Taxation	(11)	(2)	(11)	(2)
Profit/(loss) after tax	<hr/>	<hr/>	<hr/>	<hr/>
	(88)	82	(88)	82

## 16. Review of Performance

For the quarter under review, the Group recorded lower sales revenue by approximately RM9.006 million or 25.71% compared to preceding year corresponding quarter mainly due to slower progress of secured construction project under the Construction division. Nevertheless, despite lower sales, the Group manage to record lower net loss after tax of RM0.461 million compared to net loss after tax of RM0.632 million for preceding year corresponding quarter mainly due to better profit margin derived from sales for the Manufacturing division.

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

	<b>Current Quarter</b> <b>30/06/2016</b> <b>RM'000</b>	<b>Preceding Quarter</b> <b>31/03/2016</b> <b>RM'000</b>
Revenue	26,017	26,172
Consolidated Loss before taxation	(607)	(991)
Consolidated Loss after taxation	(461)	(1,021)

The Group recorded lower net loss after taxation for current quarter under review of RM0.461 million compared to preceding quarter net loss after taxation of RM1.021 million mainly due to better profit margin derived from sales for the Manufacturing division. .

## 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 uncertain trend on raw materials such as scrap metal and hot rolled coils and higher 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	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
In respect of current year :				
- income tax	82	161	82	161
- deferred tax	(228)	(194)	(228)	(194)
	<u>(146)</u>	<u>(33)</u>	<u>(146)</u>	<u>(33)</u>
In respect of prior years :				
- income tax	0	0	0	0
- deferred tax	0	0	0	0
	<u>(146)</u>	<u>(33)</u>	<u>(146)</u>	<u>(33)</u>

Reconciliation of effective tax is as follows:-

	Individual Quarter		Year To Date	
	03 months ended		03 months ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Loss from ordinary activities before taxation	<u>(607)</u>	<u>(665)</u>	<u>(607)</u>	<u>(665)</u>
Tax calculated at the Malaysia income tax rate of 24% (2015: 24%)	(146)	(160)	(146)	(160)
Tax effect of Joint Venture	21	(20)	21	(20)
Tax effect of expenses not deductible for tax purpose	258	29	258	29
Deferred tax assets not recognized during the financial year	(82)	(51)	(82)	(51)
Tax effect of current year's tax loss not recognized	216	299	216	299
Tax allowances for new export market	(157)	0	(157)	0
Tax effect of income not subject to tax / exempted income	(101)	(130)	(101)	(130)
Utilisation of previously unrecognised tax losses	(167)	0	(167)	0
Others	12	0	12	0
(Over)/Under provision in respect of prior financial year				
- income tax	0	0	0	0
- deferred tax	0	0	0	0
Tax expenses	<u>(146)</u>	<u>(33)</u>	<u>(146)</u>	<u>(33)</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	7,589	0	7,589
Trust Receipt	13,006	0	13,006
Islamic Trade Financing	4,379	0	4,379
Term Loan	1,158	0	1,158
Revolving Credit	2,000	0	2,000
Lease Payable	232	0	232
<b>Total</b>	<b>28,364</b>	<b>0</b>	<b>28,364</b>

  

(b) <u>Long Term Borrowings</u>	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Lease Payable	936	0	936
<b>Total</b>	<b>936</b>	<b>0</b>	<b>936</b>

The Group's borrowings as at the financial year to date consist of Foreign Currency Trust Receipt of CNY1,023,000.

## 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 2016 (2015: Nil).

## 25. Earnings/(loss) per share

	Individual Quarter		Year To Date	
	03 months ended		03 months ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
<b>Basic earnings/(loss) per share for profit/(loss) attributable to Owners of the Company</b>				
Net profit/(loss) for the period (RM'000)	239	(289)	239	(289)
Weighted average number of ordinary shares in issue excluding treasury shares held by the Company ('000)	101,340	101,340	101,340	101,340
Basic/diluted earnings/(loss) per share (sen)	0.24	(0.29)	0.24	(0.29)

## 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 30/06/2016 RM'000</b>	<b>As at 31/03/2016 RM'000</b>
Total retained profits of YLI Holdings Berhad and its subsidiaries :		
- realised profits	17,623	15,478
- unrealised profits/(losses)	424	(145)
	<hr/> 18,047	<hr/> 15,333
Total share of retained profits from jointly controlled entity :		
- realised profits	65	3,483
- unrealised losses	(51)	(256)
	<hr/> 14	<hr/> 3,227
Add: Consolidated adjustments	24,927	24,189
Total group retained earnings as per consolidated accounts	<hr/> 42,988	<hr/> 42,749

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 August 2016