

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

Interim report for the nine months ended 31 December 2016

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

	Individual Quarter		Year To Date	
	03 months ended		09 months ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
Revenue	27,247	26,255	79,659	102,063
Cost of sales	(25,445)	(25,495)	(72,490)	(95,542)
Gross profit	1,802	760	7,169	6,521
Other income	1,098	777	1,918	1,624
Selling & distribution costs	(642)	(475)	(2,286)	(1,595)
Administrative expenses	(2,903)	(3,066)	(8,624)	(8,483)
Operating loss	(645)	(2,004)	(1,823)	(1,933)
Finance cost	(567)	(390)	(1,682)	(1,168)
Share of profit of Joint Venture (refer note 15)	95	100	6,498	141
(Loss)/Profit before taxation	(1,117)	(2,294)	2,993	(2,960)
Taxation	65	(92)	211	(245)
(Loss)/Profit for the period / year (refer note 8)	(1,052)	(2,386)	3,204	(3,205)
Other comprehensive income, net of tax:				
Item that maybe classified subsequently to profit/(loss):	540	(520)	(913)	1,747
Currency translation differences				
Total comprehensive (loss)/income for period / year	(512)	(2,906)	2,291	(1,458)
(Loss)/Profit attributable to :				
Owners of the Company	(610)	(1,800)	4,771	(1,606)
Non-controlling interest	(442)	(586)	(1,567)	(1,599)
	(1,052)	(2,386)	3,204	(3,205)
Total comprehensive (loss)/income attributable to :				
Owners of the Company	(70)	(2,320)	3,858	141
Non-controlling interest	(442)	(586)	(1,567)	(1,599)
	(512)	(2,906)	2,291	(1,458)
(Loss)/earnings per share attributable to	Sen	Sen	Sen	Sen
Owners of the Company:				
- basic/diluted	(0.60)	(1.77)	4.67	(1.58)

(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 nine months ended 31 December 2016

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

	<b>31/12/2016</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	86,364	88,541
Investment in Joint Venture	2,138	14,015
Intangible assets	0	0
Goodwill	1,626	1,626
<b>Total non-current assets</b>	<u>90,128</u>	<u>104,182</u>
<b>Current assets</b>		
Inventories	56,538	42,839
Trade and other receivables	62,146	55,985
Advance to Joint Venture	0	83
Tax recoverable	528	391
Deposits, bank and cash balances	37,217	16,800
<b>Total current assets</b>	<u>156,429</u>	<u>116,098</u>
<b>TOTAL ASSETS</b>	<u><u>246,557</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	102,951	101,461
Capital reserve	(1,467)	(707)
Share premium	7,208	7,208
Treasury shares	(108)	(108)
Exchange fluctuation reserve	948	2,723
Retained earnings	48,382	42,749
	<u>157,914</u>	<u>153,326</u>
Non-controlling interest	(360)	1,207
<b>Total equity</b>	<u>157,554</u>	<u>154,533</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	5,290	5,668
Contingent consideration payables	1,200	1,800
Lease payable	1,720	819
<b>Total non-current liabilities</b>	<u>8,210</u>	<u>8,287</u>
<b>Current liabilities</b>		
Trade and other payables	49,071	28,281
Bank overdraft	2,988	2,445
Lease payable	352	214
Short term borrowings	28,245	25,514
Contingent consideration payables	0	905
Provision for taxation	137	101
<b>Total current liabilities</b>	<u>80,793</u>	<u>57,460</u>
<b>Total liabilities</b>	<u>89,003</u>	<u>65,747</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>246,557</u></u>	<u><u>220,280</u></u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.53	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 nine months ended 31 December 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	Foreign currency translation 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 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
Issuance of new ordinary shares	1,490	1,490	0	(760)	0	0	0	730	0	730
Total comprehensive income/(loss) for the financial year	0	0	0	0	0	(913)	4,771	3,858	(1,567)	2,291
Reclassification of foreign currency translation reserve	0	0	0	0	0	(862)	862	0	0	0
<b>Transactions with owners :</b>										
Dividend	0	0	0	0	0	0	0	0	0	0
Balance as at 31 December 2016	102,951	102,951	7,208	(1,467)	(108)	948	48,382	157,914	(360)	157,554
<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
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	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

(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 nine months ended 31 December 2016

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

	<b>09 months ended</b>	
	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	2,993	(2,960)
Adjustments for:		
Property, plant and equipment:		
- Amortisation & depreciation	4,272	4,337
- (Gain)/Loss on disposal	(27)	15
Unrealised (gain)/loss on foreign exchange	(387)	116
Fair value gain on remeasurement of contingent consideration payables	(775)	(1,268)
Interest expense	1,682	1,168
Interest income	(338)	(394)
Share of result from Jointly Controlled Entity	(6,498)	(141)
Operating profit before changes in working capital	922	873
Changes in:		
Inventories	(13,699)	(4,936)
Receivables	(5,682)	31,388
Payables	20,790	(29,172)
Cash generated from operations	2,331	(1,847)
Net tax paid	(268)	(978)
<b>Net cash flows generated from/(used in) operating activities</b>	<b>2,063</b>	<b>(2,825)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment :		
- additions	(2,153)	(947)
- proceed from disposals	85	22
Dividend received from Jointly Controlled Entity	9,414	0
Interest received	330	353
<b>Net cash flows generated from/(used in) investing activities</b>	<b>7,676</b>	<b>(572)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net movement of bank borrowings	2,731	(2,367)
Net movement of hire purchase creditor	1,039	(184)
Withdrawal from non-short term deposits with licensed banks	5,000	0
Repayment of advances from Jointly Control Entity	8,065	0
Dividends paid	0	0
Interest paid	(1,682)	(1,168)
Deposits charged for credit facilities	0	(141)
<b>Net cash flows generated from/(used in) financing activities</b>	<b>15,153</b>	<b>(3,860)</b>

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

Interim report for the nine months ended 31 December 2016

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

	09 months ended	
	31/12/2016	31/12/2015
	RM'000	RM'000
<b>Net change in cash and cash equivalents</b>	24,892	(7,257)
<b>Effects on forex changes</b>	(14)	0
Cash and cash equivalents :		
- at the beginning of the period	7,684	23,622
- at the end of the period	<u>32,562</u>	<u>16,365</u>
<b>Cash and cash equivalents comprise :-</b>		
Deposits with financial institutions	20,932	12,849
Bank and cash balances	16,285	7,711
Bank overdraft	(2,988)	(2,550)
Deposits charged for credit facilities	(1,667)	(1,645)
	<u>32,562</u>	<u>16,365</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)

Interim report for the nine months ended 31 December 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)*

		<b>Effective for financial periods beginning on or after</b>
<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)/Profit for the period / year

	Individual Quarter		Year To Date	
	03 months ended		09 months ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
Interest income	143	139	338	394
Interest expenses	(567)	(390)	(1,682)	(1,168)
Depreciation and amortization	(1,462)	(1,453)	(4,272)	(4,337)
Foreign exchange gain/(loss)	463	(626)	667	(913)
Fair value (loss)/gain on remeasurement of contingent consideration payables	420	651	775	1,268
Gain/(Loss) on disposal of Assets	7	0	27	(15)

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 31 December 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	64,651	15,008	0	79,659
Segment (loss)/profit before tax	(3,570)	65	6,498	2,993
Segment total assets	210,800	33,619	2,138	246,557
Segment total liabilities	(60,110)	(28,893)	0	(89,003)
Segment total net assets	150,690	4,726	2,138	157,554

## 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 RM56.28 million to RM58.48 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 RM56.82 million were given to banks and financial institution to secure borrowings of the subsidiary companies.

### Joint venture

Corporate guarantees of USD370,000 (approximately RM1.66 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 2016 is as follows:-

	<b>Group</b>
	<b>31/12/2016</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 31 December 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>09 months ended</b>	
	<b>31/12/2016</b>	<b>31/12/2015</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit before tax	97	103	6,513	175
Less : Taxation	(2)	(3)	(15)	(34)
Profit after tax	<hr/> 95	<hr/> 100	<hr/> 6,498	<hr/> 141
	<hr/>	<hr/>	<hr/>	<hr/>

## 16. Review of Performance

For the quarter under review, the Group recorded higher sales revenue by approximately RM0.992 million or 3.78% compared to preceding year corresponding quarter mainly due to higher revenue recorded from the Manufacturing division that contributed to lower net loss recorded. However, despite lower sales recorded for the year, the Group still managed to record net profit after tax of RM3.204 million compared to net loss after tax at RM3.205 million for preceding year corresponding period mainly due to share of profit from Joint Venture with the disposal of water treatment business in China.

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

	<b>Current Quarter</b>	<b>Preceding Quarter</b>
	<b>31/12/2016</b>	<b>30/09/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	27,247	26,395
Consolidated (Loss)/Profit before taxation	(1,117)	4,717
Consolidated (Loss)/Profit after taxation	(1,052)	4,717

The Group recorded net loss after taxation for current quarter under review of RM1.052 million compared to preceding quarter net profit after taxation of RM4.717 million mainly due to one-off gain recorded from Joint Venture with the disposal of water treatment business in China in preceding quarter.

## 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 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 does not issue any profit forecast or profit guarantee.

## 20. Tax

	Individual Quarter		Year To Date	
	03 months ended		09 months ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
In respect of current year :				
- income tax	40	42	166	582
- deferred tax	(105)	50	(377)	(337)
	<u>(65)</u>	<u>92</u>	<u>(211)</u>	<u>245</u>
In respect of prior years :				
- income tax	0	0	0	0
- deferred tax	0	0	0	0
	<u>(65)</u>	<u>92</u>	<u>(211)</u>	<u>245</u>

Reconciliation of effective tax is as follows:-

	Individual Quarter		Year To Date	
	03 months ended		09 months ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit from ordinary activities before taxation	<u>(1,117)</u>	<u>(2,294)</u>	<u>2,993</u>	<u>(2,960)</u>
Tax calculated at the Malaysia income tax rate of 24%	(268)	(551)	718	(710)
Tax effect of Joint Venture	(23)	(24)	(1,560)	(34)
Tax effect of expenses not deductible for tax purpose	240	556	763	702
Deferred tax assets not recognized during the financial year	(64)	131	78	681
Tax allowances for new export market	36	140	(106)	(73)
Tax effect of income not subject to tax / exempted income	(64)	(160)	(97)	(319)
Utilisation of previously unrecognised tax losses	87	0	(2)	0
Others	(9)	0	(5)	(2)
(Over)/Under provision in respect of prior financial year				
- income tax	0	0	0	0
- deferred tax	0	0	0	0
Tax expenses	<u>(65)</u>	<u>92</u>	<u>(211)</u>	<u>245</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	9,287	0	9,287
Trust Receipt	13,499	0	13,499
Islamic Trade Financing	3,459	0	3,459
Revolving Credit	2,000	0	2,000
Lease Payable	352	0	352
<b>Total</b>	<b>28,597</b>	<b>0</b>	<b>28,597</b>
(b) <u>Long Term Borrowings</u>	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Lease Payable	1,720	0	1,720
<b>Total</b>	<b>1,720</b>	<b>0</b>	<b>1,720</b>

The Group's borrowings as at the financial year to date consist of Foreign Currency Trust Receipt of CNY3,653,000 and USD599,000.

## 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 2016 (2015: Nil).

## 25. (Loss)/Earnings per share

	Individual Quarter		Year To Date	
	03 months ended	03 months ended	09 months ended	09 months ended
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
<b>Basic (loss)/earnings per share for (loss)/profit attributable to Owners of the Company</b>				
Net (loss)/profit for the period (RM'000)	(610)	(1,800)	4,771	(1,606)
Weighted average number of ordinary shares in issue excluding treasury shares held by the Company ('000)	102,098	101,461	102,098	101,461
Basic/diluted (loss)/earnings per share (sen)	(0.60)	(1.77)	4.67	(1.58)

## 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 31/12/2016 RM'000</b>	<b>As at 31/03/2016 RM'000</b>
Total retained profits of YLI Holdings Berhad and its subsidiaries :		
- realised profits	20,559	15,478
- unrealised profits/(losses)	836	(145)
	<hr/> 21,395	<hr/> 15,333
Total share of retained profits from jointly controlled entity :		
- realised profits	1,255	3,483
- unrealised losses	(65)	(256)
	<hr/> 1,190	<hr/> 3,227
Add: Consolidated adjustments	25,797	24,189
Total group retained earnings as per consolidated accounts	<hr/> 48,382	<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  
CHEW SIEW CHENG  
Secretary  
Kuala Lumpur, 28 February 2017