

YLI HOLDINGS BERHAD (Company No. 367249 A)

Interim report for the twelve months ended 31 March 2017

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

	Individual Quarter		Year To Date	
	03 months ended		12 months ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
Revenue	26,990	26,172	106,649	128,235
Cost of sales	(23,698)	(24,444)	(96,188)	(119,986)
Gross profit	3,292	1,728	10,461	8,249
Other income	41	2,001	1,959	3,625
Selling & distribution costs	(607)	(1,379)	(3,032)	(2,973)
Administrative expenses	(2,567)	(2,932)	(11,052)	(11,416)
Operating profit/(loss)	159	(582)	(1,664)	(2,515)
Finance cost	(403)	(541)	(2,085)	(1,709)
Share of profit of Joint Venture (refer note 15)	864	132	7,362	273
Profit/(Loss) before taxation	620	(991)	3,613	(3,951)
Taxation	(232)	(30)	(21)	(275)
Profit/(Loss) for the period / year (refer note 8)	388	(1,021)	3,592	(4,226)
Other comprehensive income, net of tax:				
Item that maybe classified subsequently to profit/(loss):				
Currency translation differences	(841)	(1,313)	(1,754)	434
Total comprehensive (loss)/income for period / year	(453)	(2,334)	1,838	(3,792)
Profit/(Loss) attributable to :				
Owners of the Company	409	(425)	5,180	(2,031)
Non-controlling interest	(21)	(596)	(1,588)	(2,195)
	388	(1,021)	3,592	(4,226)
Total comprehensive (loss)/income attributable to :				
Owners of the Company	(432)	(1,738)	3,426	(1,597)
Non-controlling interest	(21)	(596)	(1,588)	(2,195)
	(453)	(2,334)	1,838	(3,792)
Earnings/(Loss) per share attributable to	Sen	Sen	Sen	Sen
Owners of the Company:				
- basic/diluted	0.40	(0.42)	5.07	(2.00)

(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 twelve months ended 31 March 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	31/03/2017	31/03/2016
	RM'000	RM'000
	(unaudited)	(audited)
Non-current assets		
Property, plant and equipment	85,169	88,541
Investment in Joint Venture	131	14,015
Intangible assets	0	0
Goodwill	1,626	1,626
Total non-current assets	<u>86,926</u>	<u>104,182</u>
Current assets		
Inventories	52,139	42,839
Trade and other receivables	68,236	55,985
Advance to Joint Venture	0	83
Tax recoverable	488	391
Deposits, bank and cash balances	30,963	16,800
Total current assets	<u>151,826</u>	<u>116,098</u>
TOTAL ASSETS	<u><u>238,752</u></u>	<u><u>220,280</u></u>
EQUITY AND LIABILITIES		
Equity attributed to equity holders of the parent		
Share capital	110,159	101,461
Capital reserve	(1,467)	(707)
Share premium	0	7,208
Treasury shares	(108)	(108)
Exchange fluctuation reserve	969	2,723
Retained earnings	47,929	42,749
	<u>157,482</u>	<u>153,326</u>
Non-controlling interest	(381)	1,207
Total equity	<u>157,101</u>	<u>154,533</u>
Non-current liabilities		
Deferred tax liabilities	5,480	5,668
Contingent consideration payables	1,395	1,800
Lease payable	1,623	819
Total non-current liabilities	<u>8,498</u>	<u>8,287</u>
Current liabilities		
Trade and other payables	49,297	28,281
Bank overdraft	2,189	2,445
Lease payable	355	214
Short term borrowings	21,305	25,514
Contingent consideration payables	0	905
Provision for taxation	7	101
Total current liabilities	<u>73,153</u>	<u>57,460</u>
Total liabilities	<u>81,651</u>	<u>65,747</u>
TOTAL EQUITY AND LIABILITIES	<u><u>238,752</u></u>	<u><u>220,280</u></u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.43	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 twelve months ended 31 March 2017

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
12 months ended 31 March 2017										
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	(1,754)	5,180	3,426	(1,588)	1,838
Transition to no par value regime *	0	7,208	(7,208)	0	0	0	0	0	0	0
Transactions with owners :										
Dividend	0	0	0	0	0	0	0	0	0	0
Balance as at 31 March 2017	102,951	110,159	0	(1,467)	(108)	969	47,929	157,482	(381)	157,101
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

Note - * Effective from 31 January 2017, the new Companies Act 2016 (“the Act”) abolished the concept of authorized share capital and par value of share capital. Consequently, the credit balance of the share premium becomes part of the Company’s share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue of the relative entitlement of any of the members as a result of this transaction.

(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 twelve months ended 31 March 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	12 months ended	
	31/03/2017	31/03/2016
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	3,613	(3,951)
Adjustments for:		
Property, plant and equipment:		
- Amortisation & depreciation	5,731	5,799
- (Gain)/Loss on disposal	(28)	0
Amortization of intangible assets	0	266
Unrealised (gain)/loss on foreign exchange	(115)	216
Fair value gain on remeasurement of contingent consideration payables	(580)	(2,560)
Interest expense	2,085	1,709
Interest income	(544)	(1,016)
Recovery of allowance of doubtful debts	(92)	0
Share of result from Jointly Controlled Entity	(7,362)	(273)
Operating profit before changes in working capital	2,708	190
Changes in:		
Inventories	(9,300)	(6,734)
Receivables	(11,932)	21,932
Payables	21,016	(23,313)
Cash generated from operations	2,492	(7,925)
Net tax paid	(401)	(767)
Net cash flows generated from/(used in) operating activities	2,091	(8,692)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment :		
- additions	(2,435)	(2,668)
- proceed from disposals	104	20
Dividend received from Jointly Controlled Entity	11,388	0
Interest received	536	520
Net cash flows generated from/(used in) investing activities	9,593	(2,128)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movement of bank borrowings	(4,209)	1,750
Net movement of hire purchase creditor	945	(210)
Withdrawal from non-short term deposits with licensed banks	4,200	(5,000)
Repayment of advances from Jointly Control Entity	8,065	0
Dividends paid	0	0
Interest paid	(2,085)	(1,490)
Deposits charged for credit facilities	(66)	(168)
Net cash flows generated from/(used in) financing activities	6,850	(5,118)

YLI HOLDINGS BERHAD (Company No. 367249 A)

Interim report for the twelve months ended 31 March 2017

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

	12 months ended	
	31/03/2017	31/03/2016
	RM'000	RM'000
Net change in cash and cash equivalents	18,534	(15,938)
Effects on forex changes	22	0
Cash and cash equivalents :		
- at the beginning of the period	7,684	23,622
- at the end of the period	<u>26,240</u>	<u>7,684</u>
Cash and cash equivalents comprise :-		
Deposits with financial institutions	17,773	12,870
Bank and cash balances	<u>13,190</u>	<u>3,930</u>
	30,963	16,800
Less : Non-short term deposit	(800)	(5,000)
Bank overdraft	(2,189)	(2,445)
Deposits charged for credit facilities	<u>(1,734)</u>	<u>(1,671)</u>
	<u>26,240</u>	<u>7,684</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 twelve months ended 31 March 2017

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

		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
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)/Profit for the period / year

	Individual Quarter		Year To Date	
	03 months ended		12 months ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
Interest income – financial institution	206	133	544	527
Interest income – accretion of interest	0	489	0	489
Interest expenses – borrowing	(403)	(322)	(2,085)	(1,490)
Interest expenses – unwinding of discount	0	(219)	0	(219)
Depreciation and amortization	(1,460)	(1,462)	(5,731)	(5,799)
Amortization of intangible assets	0	(266)	0	(266)
Foreign exchange gain/(loss)	725	(170)	1,444	(1,083)
Recovery of doubtful debts	92	25	92	25
Fair value (loss)/gain on remeasurement of contingent consideration payables	(195)	1,292	580	2,560
Gain/(Loss) on disposal of Assets	1	0	28	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 (cont'd)

The reportable segment information for financial period ended 31 March 2017 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	88,434	18,215	0	106,649
Segment (loss)/profit before tax	(4,022)	273	7,362	3,613
Segment total assets	209,498	29,123	131	238,752
Segment total liabilities	(57,477)	(24,174)	0	(81,651)
Segment total net assets	152,021	4,949	131	157,101

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 RM58.48 million to RM57.74 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 RM56.10 million were given to banks and financial institution to secure borrowings of the subsidiary companies.

Joint venture

Corporate guarantees of USD370,000 (approximately RM1.64 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 2017 is as follows:-

	Group
	31/03/2017
	RM'000
Authorised and contracted for	3,051
Authorised and not contracted for	13,327
	<u>16,378</u>
Analysed as follows :-	
- Property, plant and equipment	<u>16,378</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 March 2017 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		Year To Date	
	03 months ended		12 months ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
Profit before tax	866	134	7,379	309
Less : Taxation	(2)	(2)	(17)	(36)
Profit after tax	<u>864</u>	<u>132</u>	<u>7,362</u>	<u>273</u>

16. Review of Performance

For the quarter under review, the Group recorded higher sales revenue by approximately RM0.818 million or 3.13% compared to preceding year corresponding quarter mainly due to higher revenue recorded from the Manufacturing division. However, despite lower sales recorded for the year, the Group still managed to record net profit after tax of RM3.592 million compared to net loss after tax at RM4.226 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

	Current Quarter	Preceding Quarter
	31/03/2017	31/12/2016
	RM'000	RM'000
Revenue	26,990	27,247
Consolidated Profit/(Loss) before taxation	620	(1,117)
Consolidated Profit/(Loss) after taxation	388	(1,052)

The Group recorded net profit after taxation for current quarter under review of RM0.388 million compared to preceding quarter net loss after taxation of RM1.052 million mainly due to higher sales recorded from Manufacturing division and one-off realized gain on forex upon settlement of amount owing to shareholders from Joint Venture.

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 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		12 months ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
In respect of current year :				
- income tax	156	(6)	322	576
- deferred tax	198	(65)	(179)	(402)
	<u>354</u>	<u>(71)</u>	<u>143</u>	<u>174</u>
In respect of prior years :				
- income tax	(113)	41	(113)	41
- deferred tax	(9)	60	(9)	60
	<u>232</u>	<u>30</u>	<u>21</u>	<u>275</u>

Reconciliation of effective tax is as follows:-

	Individual Quarter		Year To Date	
	03 months ended		12 months ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit from ordinary activities before taxation	<u>620</u>	<u>(991)</u>	<u>3,613</u>	<u>(3,951)</u>
Tax calculated at the Malaysia income tax rate of 24%	149	(238)	867	(948)
Tax effect of Joint Venture	(188)	(32)	(1,748)	(66)
Tax effect of expenses not deductible for tax purpose	406	318	1,169	1,020
Deferred tax assets not recognized during the financial year	278	147	356	828
Tax allowances for new export market	(165)	52	(271)	(21)
Tax effect of income not subject to tax / exempted income	(89)	(304)	(186)	(623)
Utilisation of previously unrecognised tax losses	2	0	0	0
Others	(39)	(14)	(44)	(16)
(Over)/Under provision in respect of prior financial year				
- income tax	(113)	41	(113)	41
- deferred tax	(9)	60	(9)	60
Tax expenses	<u>232</u>	<u>30</u>	<u>21</u>	<u>275</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	13,507	0	13,507
Trust Receipt	3,271	0	3,271
Islamic Trade Financing	2,527	0	2,527
Revolving Credit	2,000	0	2,000
Lease Payable	355	0	355
Total	21,660	0	21,660

(b) <u>Long Term Borrowings</u>	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Lease Payable	1,623	0	1,623
Total	1,623	0	1,623

The Group's borrowings as at the financial year to date consist of Foreign Currency Trust Receipt of CNY229,000 and USD506,000.

23. Material Litigation

There was no material litigation against the Group as at the reporting date.

24. Dividend Proposed

As at the date of this announcement, the Board of Directors has proposed a First and Final single tier dividend of 0.5 sen per share in respect of financial year ended 31 March 2017 (2016 : nil). The dates of the entitlement and payment for the aforesaid dividend shall be determined by the Board of Directors at a later date. The said dividend will be proposed for shareholders' approval at the forthcoming Annual General Meeting.

25. Earnings/(Loss) per share

	Individual Quarter		Year To Date	
	03 months ended		12 months ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Basic earnings/(loss) per share for profit/(loss) attributable to Owners of the Company				
Net profit/(loss) for the period (RM'000)	409	(425)	5,180	(2,031)
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 earnings/(loss) per share (sen)	0.40	(0.42)	5.07	(2.00)

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 31/03/2017 RM'000	As at 31/03/2016 RM'000
Total retained profits of YLI Holdings Berhad and its subsidiaries :		
- realised profits	22,560	15,478
- unrealised profits/(losses)	373	(145)
	<hr/> 22,933	<hr/> 15,333
Total share of retained profits from jointly controlled entity :		
- realised profits	(772)	3,483
- unrealised losses	(66)	(256)
	<hr/> (838)	<hr/> 3,227
Add: Consolidated adjustments	25,834	24,189
Total group retained earnings as per consolidated accounts	<hr/> 47,929	<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, 30 May 2017