

YLI HOLDINGS BERHAD (Company No. 367249 A)

Interim report for the three months ended 30 June 2017

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

	Individual Quarter		Year To Date	
	03 months ended		03 months ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	RM'000	RM'000	RM'000	RM'000
Revenue	23,804	26,017	23,804	26,017
Cost of sales	(21,217)	(23,023)	(21,217)	(23,023)
Gross profit	2,587	2,994	2,587	2,994
Other income	143	702	143	702
Selling & distribution costs	(742)	(842)	(742)	(842)
Administrative expenses	(2,940)	(2,798)	(2,940)	(2,798)
Operating (loss)/profit	(952)	56	(952)	56
Finance cost	(400)	(575)	(400)	(575)
Share of result of Joint Venture (refer note 15)	(2)	(88)	(2)	(88)
Loss before taxation	(1,354)	(607)	(1,354)	(607)
Taxation	75	146	75	146
Loss for the period / year (refer note 8)	(1,279)	(461)	(1,279)	(461)
Other comprehensive income/(loss), net of tax:				
Item that maybe classified subsequently to profit/(loss):				
Currency translation differences	(4)	231	(4)	231
Total comprehensive loss for period / year	(1,283)	(230)	(1,283)	(230)
(Loss)/Profit attributable to :				
Owners of the Company	(918)	239	(918)	239
Non-controlling interest	(361)	(700)	(361)	(700)
	(1,279)	(461)	(1,279)	(461)
Total comprehensive (loss)/income attributable to :				
Owners of the Company	(922)	470	(922)	470
Non-controlling interest	(361)	(700)	(361)	(700)
	(1,283)	(230)	(1,283)	(230)
Earnings/(Loss) per share attributable to	Sen	Sen	Sen	Sen
Owners of the Company:				
- basic/diluted	(0.89)	0.24	(0.89)	0.24

(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 2017)

YLI HOLDINGS BERHAD (Company No. 367249 A)

Interim report for the three months ended 30 June 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	30/06/2017	31/03/2017
	RM'000	RM'000
	(unaudited)	(audited)
Non-current assets		
Property, plant and equipment	83,866	85,170
Investment in Joint Venture	125	131
Intangible assets	1,626	1,626
Total non-current assets	<u>85,617</u>	<u>86,927</u>
Current assets		
Inventories	56,836	52,139
Trade and other receivables	71,789	69,018
Advance to Joint Venture	0	0
Tax recoverable	485	488
Deposits, bank and cash balances	30,690	32,015
Total current assets	<u>159,800</u>	<u>153,660</u>
TOTAL ASSETS	<u>245,417</u>	<u>240,587</u>
EQUITY AND LIABILITIES		
Equity attributed to equity holders of the parent		
Share capital	110,159	110,159
Capital reserve	(1,467)	(1,467)
Share premium	0	0
Treasury shares	(108)	(108)
Exchange fluctuation reserve	965	969
Retained earnings	47,011	47,929
	<u>156,560</u>	<u>157,482</u>
Non-controlling interest	(742)	(381)
Total equity	<u>155,818</u>	<u>157,101</u>
Non-current liabilities		
Deferred tax liabilities	5,344	5,480
Contingent consideration payables	1,635	1,395
Lease payable	1,537	1,615
Total non-current liabilities	<u>8,516</u>	<u>8,490</u>
Current liabilities		
Trade and other payables	58,138	51,131
Bank overdraft	1,284	2,189
Lease payable	413	364
Short term borrowings	21,248	21,305
Provision for taxation	0	7
Total current liabilities	<u>81,083</u>	<u>74,996</u>
Total liabilities	<u>89,599</u>	<u>83,486</u>
TOTAL EQUITY AND LIABILITIES	<u>245,417</u>	<u>240,587</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.52	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 2017)

YLI HOLDINGS BERHAD (Company No. 367249 A)

Interim report for the three months ended 30 June 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
03 months ended 30 June 2017										
Balance as at 1 April 2017 *	102,951	110,159	0	(1,467)	(108)	969	47,929	157,482	(381)	157,101
Total comprehensive income/(loss) for the financial year	0	0	0	0	0	(4)	(918)	(922)	(361)	(1,283)
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)	965	47,011	156,560	(742)	155,818
12 months ended 31 March 2016										
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)
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)	2,954	42,988	153,796	507	154,303

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 2017)

YLI HOLDINGS BERHAD (Company No. 367249 A)

Interim report for the three months ended 30 June 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	03 months ended	
	30/06/2017	30/06/2016
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(1,354)	(607)
Adjustments for:		
Property, plant and equipment:		
- Amortisation & depreciation	1,397	1,405
- (Gain)/Loss on disposal	(3)	1
Unrealised (gain)/loss on foreign exchange	(26)	(201)
Fair value loss/(gain) on remeasurement of contingent consideration	240	(405)
Interest expense	400	575
Interest income	(162)	(92)
Share of result from Jointly Controlled Entity	2	88
Operating profit before changes in working capital	494	764
Changes in:		
Inventories	(4,697)	(1,897)
Receivables	(2,711)	(179)
Payables	7,007	(1,722)
Cash generated from/(used in) operations	93	(3,034)
Net tax paid	(65)	(196)
Net cash flows generated from/(used in) operating activities	28	(3,230)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment :		
- additions	(101)	(333)
- proceed from disposals	11	0
Dividend received from Jointly Controlled Entity	0	3,200
Interest received	129	48
Net cash flows generated from investing activities	39	2,915
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movement of bank borrowings	(57)	2,618
Net movement of hire purchase creditor	(29)	135
Repayment of advances from Jointly Control Entity	0	0
Dividends paid	0	0
Interest paid	(400)	(575)
Deposits charged for credit facilities	(57)	0
Net cash flows (used in)/generated from financing activities	(543)	2,178

YLI HOLDINGS BERHAD (Company No. 367249 A)

Interim report for the twelve months ended 30 June 2017

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

	03 months ended	
	30/06/2017	30/06/2016
	RM'000	RM'000
Net change in cash and cash equivalents	(476)	1,863
Effects on forex changes	0	130
Cash and cash equivalents :		
- at the beginning of the period	22,788	7,684
- at the end of the period	<u>22,312</u>	<u>9,677</u>
Cash and cash equivalents comprise :-		
Deposits with financial institutions	16,920	10,867
Bank and cash balances	<u>13,770</u>	<u>8,179</u>
	30,690	19,046
Less : Non-short term deposit	(4,251)	(5,000)
Bank overdraft	(1,283)	(2,702)
Deposits charged for credit facilities	<u>(2,844)</u>	<u>(1,667)</u>
	<u>22,312</u>	<u>9,677</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31st March 2017)

Interim report for the three months ended 30 June 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 2017. 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 2017 except for the adoption of the following standards applicable to the Group's financial year beginning 1 April 2017 :

Amendments/Improvements to MFRSs and IC Interpretation

Amendments/Improvements to MFRSs

MFRS 5	Non-current Assets Held for Sale and Discontinued Operation
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Venture
MFRS 138	Intangible Assets
MFRS 141	Agriculture

New MFRSs, Amendments/improvement to MFRSs and New IC Interpretation (“IC Int”) 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, Amendments/improvement to MFRSs and New IC Interpretation (“IC Int”) 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 MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018
MFRS 4	Insurance Contracts	1 January 2018
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 12	Disclosure of Interests in Other Entities	1 January 2017
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/Deferred
MFRS 140	Investment Property	1 January 2018
<u>New IC Int</u>		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

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	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	RM'000	RM'000	RM'000	RM'000
Interest income	162	92	162	92
Interest expenses	(400)	(575)	(400)	(575)
Depreciation and amortization	(1,397)	(1,405)	(1,397)	(1,405)
Foreign exchange gain	13	156	13	156
Fair value (loss)/gain on remeasurement of contingent consideration payables	(240)	405	(240)	405
Gain/(Loss) on disposal of Assets	3	(1)	3	(1)

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.
- Others which includes investment of the Group in a joint venture.

9. Segmental Reporting (cont'd)

The reportable segment information for financial period ended 30 June 2017 is as follows:

Business Segments	Manufacturing and Trading RM'000	Construction and Project Management RM'000	Others RM'000	TOTAL RM'000
Segment revenue	21,570	2,234	0	23,804
Segment loss before tax	(1,321)	(31)	(2)	(1,354)
Segment total assets	216,142	29,150	125	245,417
Segment total liabilities	(65,367)	(24,232)	0	(89,599)
Segment total net assets	150,775	4,918	125	155,818

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 RM57.74 million to RM56.85 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 RM55.26 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 30 June 2017 is as follows:-

	Group 30/06/2017 RM'000
Authorised and contracted for	3,256
Authorised and not contracted for	13,327
	<u>16,583</u>
Analysed as follows :-	
- Property, plant and equipment	<u>16,583</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 30 June 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 03 months ended		Year To Date 03 months ended	
	30/06/2017 RM'000	30/06/2016 RM'000	30/06/2017 RM'000	30/06/2016 RM'000
Loss before tax	(2)	(77)	(2)	(77)
Less : Taxation	0	(11)	0	(11)
Loss after tax	<u>(2)</u>	<u>(88)</u>	<u>(2)</u>	<u>(88)</u>

16. Review of Performance

For the quarter under review, the Group recorded lower sales revenue by approximately RM2.213 million or 8.51% compared to preceding year corresponding quarter mainly due to lower revenue recorded from both Manufacturing & Construction division. Coupled with lower other income resulted from fair value on remeasurement of contingent consideration payables, the Group suffered higher net loss after tax of RM1.279 million compared to net loss after tax at RM0.461 million for preceding year corresponding quarter.

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

	Current Quarter 30/06/2017 RM'000	Preceding Quarter 31/03/2017 RM'000
Revenue	23,804	26,990
Consolidated (Loss)/Profit before taxation	(1,354)	620
Consolidated (Loss)/Profit after taxation	(1,279)	388

The Group recorded net loss after taxation for current quarter under review of RM1.279 million compared to preceding quarter net profit after taxation of RM0.388 million mainly due to lower sales recorded from both Manufacturing & Construction division for the current quarter under review coupled with one-off realized gain for preceding quarter 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		03 months ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	RM'000	RM'000	RM'000	RM'000
In respect of current year :				
- income tax	61	82	61	82
- deferred tax	(136)	(228)	(136)	(228)
	<u>(75)</u>	<u>(146)</u>	<u>(75)</u>	<u>(146)</u>
In respect of prior years :				
- income tax	0	0	0	0
- deferred tax	0	0	0	0
	<u>(75)</u>	<u>(146)</u>	<u>(75)</u>	<u>(146)</u>

Reconciliation of effective tax is as follows:-

	Individual Quarter		Year To Date	
	03 months ended		03 months ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	RM'000	RM'000	RM'000	RM'000
Loss from ordinary activities before taxation	<u>(1,354)</u>	<u>(607)</u>	<u>(1,354)</u>	<u>(607)</u>
Tax calculated at the Malaysia income tax rate of 24%	(325)	(146)	(325)	(146)
Tax effect of Joint Venture	1	21	1	21
Tax effect of expenses not deductible for tax purpose	281	258	281	258
Tax allowances for new export market	(88)	(157)	(88)	(157)
Tax effect of income not subject to tax / exempted income	(4)	(101)	(4)	(101)
Deferred tax assets not recognised	127	216	127	216
Utilisation of previously unrecognized deferred tax assets	(75)	(249)	(75)	(249)
Others	8	12	8	12
(Over)/Under provision in respect of prior financial year				
- income tax	0	0	0	0
- deferred tax	0	0	0	0
Tax expenses	<u>(75)</u>	<u>(146)</u>	<u>(75)</u>	<u>(146)</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	13,320	0	13,320
Trust Receipt	4,434	0	4,434
Islamic Trade Financing	1,494	0	1,494
Revolving Credit	2,000	0	2,000
Lease Payable	413	0	413
Total	21,661	0	21,661

(b) <u>Long Term Borrowings</u>	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Lease Payable	1,537	0	1,537
Total	1,537	0	1,537

The Group's borrowings as at the financial year to date consist of Foreign Currency Trust Receipt of USD406,000.

23. Material Litigation

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

24. Dividend Proposed

As per the previous quarter 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). If the aforesaid dividend is approved by the shareholders at the forthcoming AGM, it will be paid on 29 November 2017 to depositors registered in the Record of Depositors as at the close of business on 15 November 2017.

As of the date of this announcement, there was no dividend declared or payable for the year ending 31 March 2018.

25. Earnings/(Loss) per share

	Individual Quarter		Year To Date	
	03 months ended		03 months ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
Basic earnings/(loss) per share for profit/(loss) attributable to Owners of the Company				
Net (loss)/profit for the period (RM'000)	(918)	239	(918)	239
Weighted average number of ordinary shares in issue excluding treasury shares held by the Company ('000)	102,830	101,340	102,830	101,340
Basic/diluted (loss)/earning per share (sen)	(0.89)	0.24	(0.89)	0.24

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 30/06/2017 RM'000	As at 31/03/2017 RM'000
Total retained profits of YLI Holdings Berhad and its subsidiaries :		
- realised profits	21,269	21,810
- unrealised profits	375	373
	<hr/> 21,644	<hr/> 22,183
Total share of retained profits from jointly controlled entity :		
- realised losses	(842)	(772)
- unrealised profits/(losses)	1	(66)
	<hr/> (841)	<hr/> (838)
Add: Consolidated adjustments	26,208	26,584
Total group retained earnings as per consolidated accounts	<hr/> 47,011	<hr/> 47,929

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, 29 August 2017