

YLI HOLDINGS BERHAD (Registration No. 199501038047 / 367249 A)

Interim report for the three months ended 30 June 2023

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

	Individual Quarter			Year To Date		
	03 months ended			03 months ended		
	30/06/2023	30/06/2022	Changes	30/06/2023	30/06/2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	18,287	17,586	4%	18,287	17,586	4%
Cost of sales	(18,794)	(18,575)	1%	(18,794)	(18,575)	1%
Gross profit/(loss)	(507)	(989)	-49%	(507)	(989)	-49%
Other income	197	69	>100%	197	69	>100%
Selling & distribution costs	(257)	(372)	-31%	(257)	(372)	-31%
Administrative expenses	(1,840)	(1,790)	3%	(1,840)	(1,790)	3%
Operating profit/(loss)	(2,407)	(3,082)	-22%	(2,407)	(3,082)	-22%
Finance cost	(644)	(497)	30%	(644)	(497)	30%
Profit/(loss) before taxation	(3,051)	(3,579)	-15%	(3,051)	(3,579)	-15%
Taxation	0	(14)	-100%	0	(14)	-100%
Profit/(loss) for the period / year (refer note 8)	(3,051)	(3,593)	-15%	(3,051)	(3,593)	-15%
Other comprehensive income/(loss), net of tax :						
Item that maybe classified subsequently to profit/(loss) :						
Currency translation differences	0	0		0	0	
Total comprehensive income/(loss) for period/year	(3,051)	(3,593)	-15%	(3,051)	(3,593)	-15%
Profit/(loss) attributable to :						
Owners of the Company	(2,359)	(3,151)	-25%	(2,359)	(3,151)	-25%
Non-controlling interest	(692)	(442)	57%	(692)	(442)	57%
	(3,051)	(3,593)	-15%	(3,051)	(3,593)	-15%
Total comprehensive income/(loss) attributable to :						
Owners of the Company	(2,359)	(3,151)	-25%	(2,359)	(3,151)	-25%
Non-controlling interest	(692)	(442)	57%	(692)	(442)	57%
	(3,051)	(3,593)	-15%	(3,051)	(3,593)	-15%
Profit/(loss) per share attributable to Owners of the Company :	Sen	Sen		Sen	Sen	
- basic / diluted	(2.29)	(3.06)		(2.29)	(3.06)	

(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 2023)

YLI HOLDINGS BERHAD (Registration No. 199501038047 / 367249 A)

Interim report for the three months ended 30 June 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	30/06/2023	31/03/2023
	RM'000	RM'000
ASSETS	(unaudited)	(unaudited)
Non-current asset		
Property, plant and equipment	67,549	68,077
Total non-current asset	<u>67,549</u>	<u>68,077</u>
Current assets		
Inventories	81,103	79,000
Trade and other receivables	21,413	26,700
Tax recoverable	481	478
Deposits, bank and cash balances	12,667	17,303
Total current assets	<u>115,664</u>	<u>123,481</u>
TOTAL ASSETS	<u>183,213</u>	<u>191,558</u>
EQUITY AND LIABILITIES		
Equity attributed to equity holders of parent		
Share capital	110,159	110,159
Capital reserve	(1,467)	(1,467)
Treasury shares	(108)	(108)
Retained earnings	8,541	10,900
	<u>117,125</u>	<u>119,484</u>
Non-controlling interest	(14,581)	(13,889)
Total equity	<u>102,544</u>	<u>105,595</u>
Non-current liabilities		
Deferred tax liabilities	754	757
Lease liabilities	205	114
Total non-current liabilities	<u>959</u>	<u>871</u>
Current liabilities		
Trade and other payables	31,649	40,028
Bank overdraft	5,345	4,436
Lease liabilities	155	197
Short term borrowings	42,561	40,431
Provision for taxation	0	0
Total current liabilities	<u>79,710</u>	<u>85,092</u>
Total liabilities	<u>80,669</u>	<u>85,963</u>
TOTAL EQUITY AND LIABILITIES	<u>183,213</u>	<u>191,558</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.14	1.16

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31st March 2023)

YLI HOLDINGS BERHAD (Registration No. 199501038047 / 367249 A)

Interim report for the three months ended 30 June 2023

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Number of shares '000	Nominal value RM'000	Capital reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	TOTAL RM'000	Non- controlling Interest RM'000	TOTAL EQUITY RM'000
03 months ended 30 June 2023								
Balance as at 1 April 2023	102,951	110,159	(1,467)	(108)	10,900	119,484	(13,889)	105,595
Total comprehensive loss for the financial year	0	0	0	0	(2,359)	(2,359)	(692)	(3,051)
Transactions with owners :								
Dividend	0	0	0	0	0	0	0	0
Balance as at 30 June 2023	<u>102,951</u>	<u>110,159</u>	<u>(1,467)</u>	<u>(108)</u>	<u>8,541</u>	<u>117,125</u>	<u>(14,581)</u>	<u>102,544</u>
03 months ended 30 June 2022								
Balance as at 1 April 2022	102,951	110,159	(1,467)	(108)	7,509	116,093	(12,351)	103,742
Total comprehensive loss for the financial year	0	0	0	0	(3,151)	(3,151)	(442)	(3,593)
Transactions with owners :								
Dividend	0	0	0	0	0	0	0	0
Balance as at 30 June 2022	<u>102,951</u>	<u>110,159</u>	<u>(1,467)</u>	<u>(108)</u>	<u>4,358</u>	<u>112,942</u>	<u>(12,793)</u>	<u>100,149</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31st March 2023)

Interim report for the three months ended 30 June 2023

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	03 months ended	
	30/06/2023 RM'000	30/06/2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(3,051)	(3,579)
Adjustments for :		
Property, plant and equipment:		
- Amortisation & depreciation	944	909
- Gain on disposal	0	0
Bad debts written off	0	0
Unrealised (gain)/loss on foreign exchange	10	(16)
Expected credit losses on receivable	0	0
Impairment loss on property, plant and equipment	0	0
Reversal of expected credit losses on receivable	0	(35)
Property, plant and equipment written off	0	-
Interest expense	644	497
Interest income	(80)	(22)
Operating profit/(loss) before changes in working capital	(1,533)	(2,246)
Changes in:		
Inventories	(2,103)	(4,561)
Receivables	5,256	9,033
Payables	(8,379)	(2,124)
Cash used in operations	(6,759)	102
Net tax paid	(6)	(10)
Net cash flows generated from/(used in) operating activities	(6,765)	92
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment:		
- additions	(416)	(432)
- proceed from disposals	0	0
Interest received	102	17
Net cash flows used in investing activities	(314)	(415)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movement of bank borrowings	2,130	(821)
Net movement of hire purchase creditor	49	(66)
Withdrawal/(Deposit) to non-short term deposits with licensed banks	0	(3)
Interest paid	(644)	(497)
(Deposit)/withdrawal charged for credit facilities	(15)	(28)
Net cash flows generated from/(used in) financing activities	1,520	(1,415)

Interim report for the three months ended 30 June 2023

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

	03 months ended	
	30/06/2023 RM'000	30/06/2022 RM'000
Net change in cash and cash equivalents	(5,559)	(1,738)
Effects of exchange rate on cash and cash equivalents	0	0
Cash and cash equivalents:		
- at the beginning of the period	9,878	1,719
- at the end of the period	<u>4,319</u>	<u>(19)</u>
 CASH AND CASH EQUIVALENTS COMPRISE :-		
Deposits with financial institutions	9,242	4,709
Bank and cash balances	3,425	4,220
	<u>12,667</u>	<u>8,929</u>
Less: Bank overdraft	(5,345)	(5,229)
Deposits charged for credit facilities	(2,203)	(2,919)
Non-short term deposit	(800)	(800)
	<u>4,319</u>	<u>(19)</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31st March 2023)

Interim report for the three months ended 30 June 2023

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 (Appendix 9B Part A) of the Main Market Listing Requirements (“Listing Requirements”) of the Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2023.

The interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries (“the Group”) since the financial year ended 31 March 2023.

The significant accounting policies adopted by the Group in this interim financial statements as following:

Amendments/Improvements to MFRSs

MFRS 1	First time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agrilculture

The Group has not applied in advance the following new MFRS and amendments/improvements to MFRSs that have been issued by MASB but not yet effective for the current financial year:

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023

1. Basis of preparation and accounting policies (cont'd)

The Group has not applied in advance the following new MFRS and amendments/improvements to MFRSs that have been issued by MASB but not yet effective for the current financial year (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 January 2023#
MFRS 3	Business Combinations	1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments : Disclosures	1 January 2023#/ 1 January 2024
MFRS 9	Financial Instruments	1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#/ 1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2023#/ 1 January 2024
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments : Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#

1. Basis of preparation and accounting policies *(cont'd)*

The Group has not applied in advance the following new MFRS and amendments/improvements to MFRSs that have been issued by MASB but not yet effective for the current financial year *(cont'd)*:

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs</u> <i>(cont'd)</i>		
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

The Group is in the process of assessing the impact which may arise from adoption of the abovementioned new MFRS and amendments/improvements to MFRSs.

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. Profit/(loss) for the period / year

	Individual Quarter		Year To Date	
	03 months ended		03 months ended	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000
Interest income	80	22	80	22
Interest expenses	(644)	(497)	(644)	(497)
Depreciation and amortisation	(944)	(909)	(944)	(909)
Foreign exchange loss	(13)	(6)	(13)	(6)
Reversal of impairment loss on receivable	0	35	0	35

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.

The reportable segment information for financial period ended 30 June 2023 is as follows:

	Manufacturing and Trading		Construction and Project Management		Adjustment & Eliminations		TOTAL	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External Revenue	18,287	17,586	0	0			18,287	17,586
Inter-segment revenue	0	0	0	0	0	0	0	0
Total Revenue	18,287	17,586	0	0			18,287	17,586
Profit/(Loss) before tax	(2,946)	(3,402)	(105)	(177)			(3,051)	(3,579)
Total Assets	179,313	176,600	8,246	12,056	(4,346)	(8,453)	183,213	180,203
Total Liabilities	(72,967)	(73,385)	(12,048)	(15,122)	4,346	8,453	(80,669)	(80,054)
Total Net Assets	106,346	103,215	(3,802)	(3,066)			102,544	100,149

For the 3 months under review ended 30 June 2023, the Group recorded higher sales revenue by 3.99% compared to preceding year corresponding period. The Group recorded lower loss before tax of RM0.528 million compared to preceding year corresponding period mainly due to higher sales recorded for the current period under review.

9. Segmental Reporting (cont'd)

Manufacturing and Trading

Segment revenue from the Manufacturing and Trading recorded higher by 3.99% compared to previous year corresponding period. The segment also recorded lower loss before tax by RM0.456 million compared to previous year corresponding period. This is mainly due to higher sales recorded for the current period under review.

Construction and Project Management

Zero segment revenue from the Construction and Project Management division recorded for both current quarter and previous year corresponding period mainly due to completion of Majlis Sukan Negara (“MSN”) project that had been successfully handed-over to client on 19 March 2021. The segment also recorded lower loss before tax by RM0.072 million for current period compared to preceding year corresponding period mainly due to lower administration costs incurred during the current period under review.

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 as at 30 June 2023 is RM106.70 million and the utilization of banking facilities for the Group as at reporting date is at RM50.033 million.

Analysed as follows:-

Subsidiary companies

All the corporate guarantees of RM106.70 million were given to banks and financial institution to secure borrowings and bank guarantee of the subsidiary companies.

Save for the above, there were no changes in the contingent liabilities and assets of the Group since the last financial statement.

12. Capital Commitment

The capital expenditure not provided for in the financial statement as at 30 June 2023 is as follows:-

	Group 30/06/2023 RM'000
Authorised and contracted for	3,256
Authorised and not contracted for	13,327
	<hr/> 16,583 <hr/>
Analysed as follows :-	
- Property, plant and equipment	<hr/> 16,583 <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

The Company had on 23 May 2023 announced that Laksana Wibawa Sdn Bhd (Company No. 199601027502 (399854-W)), a 51% owned subsidiary of the Company had on 22 May 2023 received a notification on proposed acquisition of land under Borang E & F from Jabatan Ketua Pengarah Tanah Dan Galian (Persekutuan) of its intention to hold a land inquiry on 10 July 2023 pertaining to the compulsory acquisition of the following land under the Land Acquisition Act, 1960 (“the Act”).

(i) Lot 1498, Seksyen 20, PN 31977, Mukim Serendah, Hulu Serendah, Selangor measuring approximately 4.486 hectare

The Company understands that the proposed land acquisition is in relation to the “Projek Laluan Rel Pantai Timur (ECRL), Seksyen C2, Daerah Hulu Selangor, Selangor. The affected plot of land comprises of factory buildings, office building, TNB sub-station, pump house, weighbridge office, guard house and pipe storage area.

The Company has submitted a claim for compensation in accordance with the Act after attending the inquiries pending offer from the relevant authority. The Company will make further announcement as and when there are material developments in due course.

15. Review of Performance

For the quarter under review, the Group recorded higher sales revenue by 3.99% compared to preceding year corresponding quarter attributed by higher demand from Sarawak market for waterworks pipes for the quarter under review. The Group recorded lower loss before tax for the current quarter by RM0.528 million compared to preceding year corresponding quarter mainly due to higher sales recorded.

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

	Current Quarter 30/06/2023 RM'000	Preceding Quarter 31/03/2023 RM'000	Changes %
Revenue	18,287	17,176	6%
Operating Profit/(Loss)	(2,407)	8,415	->100%
Profit/(Loss) Before Interest and Tax	(2,407)	8,415	->100%
Profit/(Loss) Before Taxation	(3,051)	7,789	->100%
Profit/(Loss) After Taxation	(3,051)	7,790	->100%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Company	(2,359)	8,218	->100%

The Group recorded loss after tax for current quarter under review at RM3.051 million compared to preceding quarter profit after tax at RM7.790 million mainly attributed by one-off gain of RM13.492 million from disposal of freehold lands in Yew Lean Foundry & Co Sdn Bhd that was recorded in preceding quarter.

17. Current Year Prospects

Water and sewerage projects are still in focus under the 12th Malaysia Plan with uncompleted projects under 11th Malaysia Plan are to be carried forward to 12th 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 in the future, this would augur well for the Group's business. Despite the above, the Board would expect the operating environment to remain extremely challenging moving forward in view of the softer demand on waterworks pipes, competitive pricings offered among waterworks pipe industry players for projects available, uncertain trend on raw materials such as scrap metal, hot rolled coils, plastic resin and hike in utility costs attributed by highly uncertain worldwide and domestic business environment, the Conflict between Russia and Ukraine and unusual inflation occurred around the World with higher interest rate resulted in higher borrowing costs. In order to address these challenges, the Group will leverage on its solid financial position, extensive customer networking and maintaining cost efficiencies in undertaking the related waterworks products and projects.

18. Profit Forecast or Profit Guarantee

The Group does not issue any profit forecast or profit guarantee.

19. Tax

	Individual Quarter		Year To Date	
	03 months ended		03 months ended	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000
In respect of current year :				
- income tax	2	13	2	13
- deferred tax	(2)	1	(2)	1
	<u>0</u>	<u>14</u>	<u>0</u>	<u>14</u>
In respect of prior years :				
- income tax	0	0	0	0
- deferred tax	0	0	0	0
	<u>0</u>	<u>14</u>	<u>0</u>	<u>14</u>

20. Status of Corporate Proposals

There were no corporate proposals announced and not completed as at the date of issue of this report.

21. Bank Borrowings

	As at 30 June 2023				
	Long Term	Short Term			TOTAL RM'000
	Borrowing RM'000	Borrowing USD'000	Equivalent RM'000	Borrowing RM'000	
<u>Secured</u>					
Lease Payable	205	0	0	155	360
Revolving Credit	0	0	0	2,000	2,000
Islamic Trade Credit	0	0	0	511	511
Overdraft	0	0	0	5,345	5,345
Bankers' Acceptance	0	0	0	39,541	39,541
Trust Receipt	0	0	0	509	509
<u>Unsecured</u>					
Bank Borrowing	0	0	0	0	0
Total	205	0	0	48,061	48,266

	As at 30 June 2022				
	Long Term	Short Term			TOTAL RM'000
	Borrowing RM'000	Borrowing USD'000	Equivalent RM'000	Borrowing RM'000	
<u>Secured</u>					
Lease Payable	211	0	0	245	456
Revolving Credit	0	0	0	2,000	2,000
Islamic Trade Credit	0	0	0	479	479
Overdraft	0	0	0	5,229	5,229
Bankers' Acceptance	0	0	0	38,092	38,092
Trust Receipt	0	0	0	516	516
<u>Unsecured</u>					
Bank Borrowing	0	0	0	0	0
Total	211	0	0	46,561	46,772

The Group's total borrowings for the current financial year is higher by RM1.494 million compared to preceding year corresponding period. This is mainly due to higher utilization of bank facilities for procurement of raw materials with higher production and higher sales recorded.

The Group's exchange rate as follows:-

Currency	As At 30/06/2023	As At 30/06/2022
USD	4.6650	4.4080
SGD	3.4345	3.1673
CNY	0.6414	0.6582

22. Material Litigation

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

23. Dividend Proposed

The Board of Directors does not recommend the payment of any dividends for the 3 months ended 30 June 2023 (2022 : Nil).

24. Profit/(loss) per share

	Individual Quarter		Year To Date	
	03 months ended	03 months ended	03 months ended	03 months ended
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Basic profit/(loss) per share for profit/(loss) attributable to Owners of the Company				
Net profit/(loss) for the period (RM'000)	(2,359)	(3,151)	(2,359)	(3,151)
Weighted average number of ordinary shares in issued excluding treasury shares held by the Company ('000)	102,830	102,830	102,830	102,830
Basic/diluted profit/(loss) per share (sen)	(2.29)	(3.06)	(2.29)	(3.06)

By Order of the Board

CHEW SIEW CHENG

LAW MEE POO

Secretary

Kuala Lumpur, 28 August 2023