

YONG TAI BERHAD (311186-T)
SELECTED EXPLANATORY NOTES
FOR THE FIRST QUARTER ENDED 30 SETEMBER 2012

PART A –EXPLANATION NOTES TO MFRS 134

A1. Basic of Preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 and Appendix 9B of the 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 30th June 2012.

The Group has adopted the MFRS framework issued by the MASB effective for annual periods commencing on or after 1 January 2012. This MFRS framework was introduced by the MASB in order to converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standard Board.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 30th June 2012 except for the adoption of the new MFRS framework.

The Group has applied MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* in preparing the first MFRS framework interim financial report. In preparing this interim financial report, the Group's opening statement of financial position was prepared as at 1st July 2011 which is the Group's date of transition to MFRSs.

In preparing its opening MFRS Statement of Financial Position as at 1 July 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with MFRS. The transition to the MFRS Framework did not have any material impact on the financial statements of the Group.

A2. Significant Accounting Policies And Application of MFRS 1

The audited financial statements of the Group for the year ended 30 June 2012 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 30 June 2012 except as discussed below:

A2. Significant Accounting Policies And Application of MFRS 1 (cont'd)

(a) Property, Plant and equipment-

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 *Property, Plant and Equipment*. At the date of transition to MFRS, the Group elected to regard the revalued amounts of land and building as at 01 July 2011 as deemed cost. The revaluation surplus of RM5,739 thousand (30 September 2011 : RM5,739 thousand; 30 June 2012: RM6,558 thousand) was transferred to retained earnings on date of transition to MFRS.

The reconciliation of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

Reconciliation of equity as at 1 July 2011

	FRS as at 1 July 2011 RM'000	Reclassification RM'000	MFRS as at 1 July 2011 RM'000
Revaluation reserve	5,739	(5,739)	-
Retained earnings	(8,891)	5,739	(3,152)

Reconciliation of equity as at 30 September 2011

	FRS as at 30 September 2011 RM'000	Reclassification RM'000	MFRS as at 30 September 2011 RM'000
Revaluation reserve	5,739	(5,739)	-
Retained earnings	(9,640)	5,739	(3,901)

Reconciliation of equity as at 30 June 2012

	FRS as at 30 June 2012 RM'000	Reclassification RM'000	MFRS as at 30 June 2012 RM'000
Revaluation reserve	6,558	(6,558)	-
Retained earnings	(17,839)	6,558	(11,281)

(b) Investment Properties

Under FRSs, the Group measured investment properties at fair value. Upon transition to MFRSs, the Group elected to apply the exemption to use the fair value at 1 July 2011 as deemed cost under MFRSs. There is no financial effect to the Group interim financial statement.

(c) Estimates (cont'd)

The estimates at 1 July 2011 and 30 June 2012 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 July 2011, the date of transition to MFRS and as of 30 June 2012.

Except as mention above the same accounting policy and method of computation has been applied consistently to the interim financial statement as compared with the last annual financial statement.

A3. Comparative

On 9 December 2011, the Company had entered into a share Sale and Purchases Agreement with Unionchem International Limited (“UIL”) for the disposal of the entire equity interest in Yong Tai Samchem (HK) CO Ltd.(“YTS(HK)”) for a total cash consideration of USD2.35 million or approximately RM7.34 million. The disposal was completed on 31 May 2012 and the disposal proceed has been received on the same day by the company.

In accordance with MFRS 5, Non-current Assets Held For Sale and Discontinued Operation, YTS(HK) Group is classified as Disposal group held for sale / discontinued operation. The comparative of the Discontinued operation in the preceding year corresponding quarter and year to date have been reclassified and restated as follow:

	As previously stated RM'000	30.09.2011 Discontinued Operation RM'000	As Restated RM'000
Revenue	53,892	37,005	16,887
Cost of sales	48,996	35,818	13,178
Gross profit	4,896	1,187	3,709
Other income	364	103	261
Other expenses	5,118	774	4,344
Finance costs	640	98	542
(Loss)/profit before tax	(498)	418	(916)
Taxation	58	50	8
(Loss)/Profit for the period from continuing operations	(556)	368	(924)
Profit for the period from discontinued operation	-	(368)	368

A4. Audit Report

The auditors' report for the annual financial statements of the Group for the financial year ended 30th June 2012 was not subject to any qualification.

A5. Seasonal or Cyclical Factors

The Group's garments and related accessories retail business operations are subject to seasonal and festive celebrations in Malaysia.

A6. Unusual Items

During the current quarter under review, there were no items or events that arose, which affected the assets, liabilities, equity, net income or cash flows during the financial period.

A7. Changes in Estimates

There were no changes in estimates of amount reported that have material effect on the results for the current quarter under review.

A8. Debt And Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of either debt or equity securities during the current quarter and financial year to date.

A9. Dividends Paid

There were no dividends paid for the current financial year to date.

A10. Valuation of Property, Plant and Equipment

Property, plant and equipment, which are stated at revalued amounts, have been brought forward without amendment from previous annual financial statement.

A11. Changes in Composition of the Group

There were no changes in the composition of the Group during the financial period under review.

A12. Changes of Contingent Liabilities or Contingent Assets

There were no changes in contingent liability and contingent asset of the Group since the end of the previous financial year 30 June 2012.

A13. Segment Information

	Trading, retailing & manufacturing of garment related product	Others	Elimination	Total continuing operations	Total discontinued operation Trading of petrol chemical product	Total group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended 30.09.2012						
Revenue						
External sales	19,850	-	-	19,850	-	19,850
Inter-segment sales	1,469	30	(1,499)	-	-	-
Total	21,319	30	(1,499)	19,850	-	19,850
Results:-						
Segmental result	793	2	-	795	-	795
Unallocated corporate income				(38)	-	(38)
Operating profit				757	-	757
Finance costs				(468)	-	(468)
Profit before taxation				289	-	289
Taxation				(185)	-	(185)
Profit after taxation				104	-	104
Non controlling interest				7	-	7
Profit for the period				111	-	111
Other information						
Segment assets	81,664	1,962	-	83,626	-	83,626
Unallocated corporate assets						916
Total consolidated corporate assets						84,542
Segment liabilities	14,178	109	-	14,287	-	14,287
Unallocated corporate liabilities						38,849
Total consolidated corporate liabilities						53,136
3 months ended .30.09.2011						
Revenue						
External sales	16,887	-	-	16,887	37,005	53,892
Inter-segment sales	1,128	30	(1,158)	-	-	-
Total	18,015	30	(1,158)	16,887	37,005	53,892
Results:-						
Segmental result	(409)	22	-	(387)	516	129
Unallocated corporate income				13	-	13
Operating (loss)/profit				(374)	516	142
Finance costs				(542)	(98)	(640)
(Loss)/profit before taxation				(916)	418	(498)
Taxation				(8)	(50)	(58)
(Loss)/profit after taxation				(924)	368	(556)
Non controlling interest				(64)	(129)	(193)
(Loss)/ profit for the period				(988)	239	(749)
Other information						
Segment assets	85,167	2,667	-	87,834	52,047	139,881
Unallocated corporate assets						976
Total consolidated corporate assets						140,857
Segment liabilities	9,521	99	-	9,620	38,998	48,618
Unallocated corporate liabilities						45,741
Total consolidated corporate liabilities						94,359

A14. Capital Commitments

There were no capital commitments for the interim financial statements as at 30 September 2012.

A15. Material Events Subsequent to the End of Reporting Period

There were no material events subsequent to the reporting period, except as follow:

Subsequent to the financial period, the ultimate holding company, Liew Fat Lin Holdings Sdn Bhd. (“LFLH”) disposed its controlling equity interest in its immediate holding company, Yong Tai Berhad and hence, LFLH ceased to be the ultimate holding company of the Company.

A16. Related Party Transactions

	Current quarter ended 30 September RM'000		Cumulative period ended 30 September RM'000	
	2012	2011	2012	2011
a) Purchases	15	37	15	37
b) Rental expenses	1	16	1	16

Related Party Transactions had been entered into in the ordinary course of business based on normal commercial terms and at arms length.

Other than as disclosed above, there were no other material related party transactions entered into the current quarter and financial year-to-date under review.

A17. Discontinued Operation

The revenue and results of the Discontinued operation are as follow:				
	Current Quarter	Proceeding Year Quarter	Current Year To Date	Proceeding Year To Date
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RM'000	RM'000	RM'000	RM'000
Revenue	-	37,005	-	37,005
Cost of sales	-	(35,818)	-	(35,818)
Gross profit	-	1,187	-	1,187
Other income	-	103	-	103
Other expenses	-	(774)	-	(774)
Finance costs	-	(98)	-	(98)
Profit before tax	-	418	-	418
Taxation	-	(50)	-	(50)
Profit for the period	-	368	-	368

PART B -ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

The Group's revenue was RM19.850 million compared to RM16.887 million in the preceding year's corresponding period. The increase in turnover was mainly due to cyclical result of the retailing, trading, and manufacturing garment industries.

The Group's profit before taxation was RM0.289 million for the three months compared to loss before taxation RM0.916 million in the preceding year's corresponding period. The better performance was mainly due to lower operating and administrative cost in garments retail segment.

B2. Material Changes in the Quarterly Results as Compared with the Preceding Quarter

For the current quarter, the Group's revenue was RM19.850 million compared to RM17.033 million in the immediate preceding quarter. Profit before taxation in the current quarter was RM0.289 million compared to loss before taxation RM7.101 million in the immediate preceding quarter. The increased in Group's revenue and Group's profit before tax for the current quarter was mainly due to cyclical result of the retail business. There was recognition of fair value loss on inventory RM3.223 million and allowance for doubtful debts RM2.943 million in the immediate preceding quarter.

B3. Current Financial Year Prospect

The Board of Directors are of the opinion that the Group's performance is expected to be moderate for the next quarter.

B4. Profit Forecast and Profit Guarantee

The Group has not provided any profit forecast or profit guarantee in a public document.

B5. Quoted Securities

(a) There was no purchase or disposal of quoted securities for the current quarter and financial period to date.

(b) There is no investment in quoted securities as at the end of the quarter under review.

B6. Taxation

	Current quarter ended 30.09.2012 RM'000	3-months cumulative for financial year to date 30.09.2012 RM'000
-based on financial year to date profit		
Continuing operations	185	185
Discontinued operation	0	0
Tax expenses for the period	<u>185</u>	<u>185</u>

The effective tax rate for the current quarter and financial year-to-date was higher than the effective statutory tax rate as there is no group's tax relief and certain expenses are not deductible for tax purposes.

B7. Sale of Unquoted Investments and/or Investment Properties

Except as disclose below, there were no sales of unquoted investments or investment properties during the financial period under review and financial year to-date.

On 24th May 2012, the subsidiary company, Yong Tai Brothers Trading Sdn. Bhd. entered into a Sale and Purchase Agreement to dispose two (2) units of commercial shopping lots bearing postal address Unit No, A48B and A50, First Floor, Centre Point Sabah, No 1 Jalan Centre Point, 88000 Kota Kinabalu, Sabah, Malaysia for a total consideration of RM1,700,982.

The Sale and Purchase Agreement is yet to be completed. It was classified as "Assets held for sale" as at 30 September 2012 in accordance with MFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

B8. Corporate Proposals

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

B9. Group Borrowings

	As at 30.09.2012 (RM'000)
<u>Current (Secured)</u>	
Bank overdraft	11,063
Bankers acceptances	8,931
Term loans	2,198
Hire purchase payable	527
Total	<u>22,719</u>

B9. Group Borrowings (cont'd)

(RM'000)

Non-current (Secured)

Term loans	5,390
Hire purchase payable	227
Total	<u>5,617</u>

All borrowings were secured and denominated in Ringgit Malaysia.

B10. Profit Before Tax

Included in the Profit Before Tax are the following items:-

	3 Months Ended		Cumulative Period Ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operation</u>				
interest expenses	468	542	468	542
Depreciation of property , plant and equipment	489	484	489	484
Gain on disposal of property, plant and equipment	(1)	-	(1)	-
(Gain)/ loss on foreign currency exchange-realise	33	(77)	33	(77)
<u>Discontinued Operation</u>				
interest expenses	-	98	-	98
Depreciation of property , plant and equipment	-	1	-	1

Other than the above, the items listed under Appendix 9B Note 16 of the listing Requirement of Bursa Malaysia Securities Berhad are not applicable.

B11. Derivative Financial Instruments

The group did not have any derivative financial instruments as at the end of the reporting period.

B12. Realised and Unrealised Earnings or Losses Disclosure

The retained earnings/(accumulated losses) as at 30 September 2012 and 30 June 2012 is analysed as follows:

	30.09.2012	30.06.2012
	RM'000	RM'000
		(Restated)
Total retained earnings / (accumulate losses) of the company and its subsidiaries:		
- Realised loss	(11,509)	(11,653)
-Unrealised profit	376	338
Less : Consolidation adjustment	(37)	34
Total group accumulated losses as per consolidated financial statements	<u>(11,170)</u>	<u>(11,281)</u>

B13. Changes in Material Litigation

There was no pending material litigation as at the end of the financial year up to the date of this announcement.

B14. Dividends

The Directors do not recommend any payment of dividends in respect of the period ended 30 September 2012.

B15. Earning Per Share**a. Basic**

Basic earning per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the average number of ordinary shares in issue during the period.

	Current period ended 30.09.2012	Cumulative period ended 30.09.2012
Net profit / (loss) attributable to equity holders of the Company	RM'000	RM'000
-from continuing operations	111	111
-from discontinued operation	-	-
	<u>111</u>	<u>111</u>
Ordinary shares in issue('000)	<u>40,115</u>	<u>40,115</u>
Basic earnings per share attributable to equity holders of the Company	Sen	Sen
-from continuing operations	0.28	0.28
-from discontinued operation	-	-
	<u>0.28</u>	<u>0.28</u>

b. Diluted

Not applicable.

B16. Authorised For Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 November 2012.