

**YONG TAI BERHAD (311186-T)  
SELECTED EXPLANATORY NOTES  
FOR THE FORTH QUARTER ENDED 30 JUNE 2013**

**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 MFRS. 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 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
Deferred tax asset	(16)	(270)	(286)
Revaluation reserve	5,739	(5,739)	-
Deferred tax liability	1,007	(1,007)	-
Retained earnings	(8,891)	7,016	(1,875)

#### 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)	-
Deferred tax liability	458	(458)	-
Retained earnings	(17,839)	7,016	(10,823)

### (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

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. Audit Report**

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

**A4. Seasonal or Cyclical Factors**

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

**A5. 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.

**A6. 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.

**A7. 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.

**A8. Dividends Paid**

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

**A9. 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.

**A10. Changes in Composition of the Group**

There were no changes in the composition of the Group during the financial period for the current quarter, except the following:-

On 10 May 2013, Yong Tai Berhad ("YTB") has incorporated a wholly-owned subsidiary known as YTB Development Sdn. Bhd. ("YTB Development") in Malaysia. The authorised share capital of YTB Development is RM400,000.00 divided into 400,000 ordinary shares of RM1.00 each and the initial paid-up capital is RM100.00 divided into 100 ordinary shares of RM1.00 each.

**A11. 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.

**A12. Capital Commitments**

There were no capital commitments for the interim financial statements as at 30 June 2013.

**A13 Material Events Subsequent to the End of Reporting Period**

There were no material events which occurred subsequent to the end of current financial period.

**A14. Related Party Transactions**

	Current quarter ended 30 June RM'000		Cumulative period ended 30 June RM'000	
	2013	2012	2013	2012
Rental expenses	15	15	62	62

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.

## A15. Segment Information

	Trading, retailing & manufacturing of garment related product	Property development and investment holding	Elimination	Total continuing operations	Total discontinued operations Trading of petrol chemical product	Total group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>12 months ended 30.06.2013</b>						
<b>Revenue</b>						
External sales	67,315	-	-	67,315	-	67,315
Inter-segment sales	1,943	-	(1,943)	-	-	-
<b>Total</b>	<b>69,258</b>	<b>-</b>	<b>(1,943)</b>	<b>67,315</b>	<b>-</b>	<b>67,315</b>
<b>Results:-</b>						
Segmental result	(6,373)	(40)	338	(6,075)	-	(6,075)
Unallocated corporate income				-	-	-
Operating loss				(6,075)	-	(6,075)
Finance costs				(1,886)	-	(1,886)
Loss before taxation				(7,961)	-	(7,961)
Taxation				23	-	23
Loss after taxation				(7,938)	-	(7,938)
Non controlling interest				9	-	9
Loss for the period				(7,929)	-	(7,929)
<b>Other information</b>						
Segment assets	57,554	13,701	-	71,255	-	71,255
Unallocated corporate assets						872
<b>Total consolidated corporate assets</b>						<b>72,127</b>
Segment liabilities	14,244	113	-	14,357	-	14,357
Unallocated corporate liabilities						33,948
<b>Total consolidated corporate liabilities</b>						<b>48,305</b>
<b>12 months ended 30.06.2012</b>						
<b>Revenue</b>						
External sales	72,770	-	-	72,770	145,721	218,491
Inter-segment sales	2,920	3,960	(6,880)	-	-	-
<b>Total</b>	<b>75,690</b>	<b>3,960</b>	<b>(6,880)</b>	<b>72,770</b>	<b>145,721</b>	<b>218,491</b>
<b>Results:-</b>						
Segmental result	(8,393)	3,903	(3,926)	(8,416)	863	(7,553)
Unallocated corporate income				571	448	1,019
Operating (loss)/profit				(7,845)	1,311	(6,534)
Finance costs				(2,145)	(37)	(2,182)
(Loss)/profit before taxation				(9,990)	1,274	(8,716)
Taxation				(368)	(156)	(524)
(Loss)/profit after taxation				(10,358)	1,118	(9,240)
Non controlling interest				333	(392)	(59)
(Loss)/ profit for the period				(10,025)	726	(9,299)
<b>Other information</b>						
Segment assets	74,635	8,386	-	83,021	-	83,021
Unallocated corporate assets						907
<b>Total consolidated corporate assets</b>						<b>83,928</b>
Segment liabilities	11,763	94	-	11,857	-	11,857
Unallocated corporate liabilities						40,311
<b>Total consolidated corporate liabilities</b>						<b>52,168</b>

## A16. Discontinued Operations

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.

	Quarter	Year Quarter	Year To Date	Year To Date
	30.06.2013	01.04.2012 31.05.2012	30.06.2013	01.07.2011- 31.05.2012
	RM'000	RM'000	RM'000	RM'000
Revenue	-	35,370	-	145,721
Cost of sales	-	(34,654)	-	(140,736)
Gross profit	-	716	-	4,985
Other income	-	109	-	448
Other expenses	-	(793)	-	(4,122)
Finance costs	-	145	-	(37)
Profit before tax	-	177	-	1,274
Taxation	-	(2)	-	(156)
Profit for the period	-	175	-	1,118

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

### **B1. Review of Performance**

The Group's revenue was RM67.315 million compared to RM72.770 million in the preceding year's corresponding period. The decrease in turnover was mainly attributable to a decrease in consumer demand in trading, retailing and manufacturing of garments segment.

The Group's loss before taxation was RM7.961 million for the financial year compared to loss before taxation RM9.990 million in the preceding year's corresponding period. The reduced loss was mainly due to lower operating costs in retailing, trading, and manufacturing of garment industries.

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

For the current quarter, the Group's revenue was RM12.713 million compared to RM17.779 million in the immediate preceding quarter. Loss before taxation in the current quarter was RM8.320 million compared to profit before taxation RM0.246 million in the immediate preceding quarter. The decreased in Group's revenue for the current quarter was mainly due to cyclical effect of the retail business.

The Group's loss before tax for the current quarter under review is largely attributable to the decreased in revenue as well as the written down in value of inventories and impairment on receivable.

### **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. Corporate Proposals**

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

**B7. Taxation**

	Quarter Ended		Year To date Ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
Tax comprises:-				
<u>Continuing expenses</u>				
-Malaysia Income Tax	(235)	15	28	41
- Deferred Tax	(56)	276	(56)	276
Underprovision in prior years:				
-Malaysia Income Tax	(1)	44	(1)	44
- Deferred Tax	6	7	6	7
	<u>(286)</u>	<u>342</u>	<u>(23)</u>	<u>368</u>
<u>Discontinued operations</u>				
-Foreign tax	-	2	-	156
Tax expenses for the period	<u>(286)</u>	<u>344</u>	<u>(23)</u>	<u>524</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.

**B8. Sale of Unquoted Investments and/or Investment Properties**

There were no disposals of unquoted investments and properties during the financial quarter under review.

**B9. Group Borrowings**

	As at 30.06.2013 ( RM'000)
<b><u>Current (Secured)</u></b>	
Bank overdraft	9,093
Bankers acceptances	7,250
Term loans	2,298
Hire purchase payable	372
<b>Total</b>	<u><u>19,013</u></u>
<b><u>Non-current (Secured)</u></b>	
Term loans	3,673
Hire purchase payable	88
<b>Total</b>	<u><u>3,761</u></u>

All borrowings were secured and denominated in Ringgit Malaysia.



**B10. Notes to Statement of Comprehensive Income**

	Current quarter		Cumulative quarter	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
Loss before taxation after charging/ (crediting):-				
<b><u>Continuing Operations</u></b>				
Interest (income)	-	(11)	-	(11)
interest expenses	503	522	1,886	2,145
Depreciation of property, plant and equipment	(52)	251	1,489	1,703
Allowance for specific doubtful debts	725	2,943	725	2,943
Inventories written down	1,984	3,224	1,984	3,224
Property, plant and equipment written off	55	75	55	75
Gain on disposal of property, plant and equipment	(157)	(52)	(240)	(57)
Gain on disposal investment or properties	-	-	(260)	-
(Gain)/loss on foreign currency exchange-unrealised	(33)	51	40	104
Loss on disposal investment in subsidiary companies	-	1,468	-	1,468
<b><u>Discontinued Operations</u></b>				
interest (income)	-	(241)	-	(241)
interest expenses	-	(145)	-	37
Depreciation of property , plant and equipment	-	-	-	2

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. 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.

**B13. Dividends**

The Directors do not recommend any payment of dividends in respect of the period ended 30 June 2013.

#### B14. Realised and Unrealised Earnings or Losses Disclosure

The retained earnings/(accumulated losses) as at 30 June 2013 and 30 June 2012 is analysed as follows:

	30.06.2013 RM'000	30.06.2012 RM'000 (Restated)
Total retained earnings/(accumulated losses) of the company and its subsidiaries:		
- Realised loss	(18,809)	(11,285)
- Unrealised profit	<u>57</u>	<u>462</u>
Total group accumulated losses as per consolidated financial statements	<u><u>(18,752)</u></u>	<u><u>(10,823)</u></u>

#### B15. (Loss)/earning Per Share

##### a. Basic

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

	Quarter Ended		Year To Date Ended	
	30.06.2013 RM'000	30.06.2012 RM'000	30.06.2013 RM'000	30.06.2012 RM'000
Net loss attributable to equity holders of the Company				
- From Continuing Operations	(8,037)	(6,901)	(7,929)	(10,025)
- From Discontinued Operations	<u>-</u>	<u>114</u>	<u>-</u>	<u>726</u>
	<u><u>(8,037)</u></u>	<u><u>(6,787)</u></u>	<u><u>(7,929)</u></u>	<u><u>(9,299)</u></u>
Weighted average number of ordinary shares in issue ('000)	<u><u>40,115</u></u>	<u><u>40,115</u></u>	<u><u>40,115</u></u>	<u><u>40,115</u></u>
Basic (loss)/earning per share attributable to equity holders of the Company	Sen	Sen	Sen	Sen
- From Continuing Operations	(20.03)	(17.20)	(19.77)	(24.99)
- From Discontinued Operations	<u>-</u>	<u>0.28</u>	<u>-</u>	<u>1.81</u>
	<u><u>(20.03)</u></u>	<u><u>(16.92)</u></u>	<u><u>(19.77)</u></u>	<u><u>(23.18)</u></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 August 2013.