

YONG TAI BERHAD (311186-T)
SELECTED EXPLANATORY NOTES
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2013

PART A –EXPLANATION NOTES TO MFRS 134

A1. Basic of Preparation

The condensed consolidated 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. There were no significant changes in estimates of amounts reported in prior financial quarter that have a material impact on the current financial quarter. There were no unusual items affecting the Group's assets, liabilities, equity, net income or cash flows during the current financial quarter under review.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30th June 2013. These explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to and understanding of the changes in the financial position and financial performance of the Group since the financial year ended 30th June 2013.

A2. Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 30th June 2013, except for the adoption of the following MFRSs, Amendments to MFRSs and IC Interpretations which are now become effective:

Effective for financial periods beginning on or after 1st January 2013

MFRS 3	Business Combinations
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 1	First-time Adoption of MFRS - Government Loans
Amendments to MFRS 7	Financial Instruments: Disclosure-Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance

A2. Accounting Policies (con'd)

Effective for financial periods beginning on or after 1st January 2013 (cont'd)

Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
IC Interpretation 21	Levies

Annual Improvements to IC Interpretations and MFRSs 2009-2011 cycle

The adoption of the above MFRSs, Amendments to MFRSs and IC Interpretations did not have any significant effects to the financial statements of the Group and the Company.

A3. Audit Report

The auditors' report for the annual financial statements of the Group for the financial year ended 30th June 2013 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 period 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 under review.

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 30th June 2013.

A12. Capital Commitments

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

A13. Material Events Subsequent to the End of Reporting Period

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

On 6 February 2014, the Company entered into a Sale and Purchase Agreement with Samchem Sdn. Bhd. (Company No. 177778-T) (“Samchem”) for the acquisition of the remaining 40% of the issued and paid-up share capital of Yong Tai Samchem Sdn. Bhd. (Company No. 647458-V) (“YTSSB”) comprising 800,000 ordinary shares of RM1.00 each from Samchem for a total cash consideration of RM800,000.00 thereby resulting in YTSSB becoming a wholly-owned subsidiary of the Company.

A14. Significant Related Party Transaction

There were no significant related party transactions in the current quarter.

A15. Segment Information

	Trading, retailing & manufacturing of garment related product RM'000	Property development RM'000	Investment holding and Others RM'000	Elimination RM'000	Total group RM'000
6 months ended 31.12.2013					
Revenue					
External sales	30,729	-	-	-	30,729
Inter-segment sales	666	-	60	(726)	-
Total	31,395	-	60	(726)	30,729
Results:-					
Segmental result	151	(402)	21	-	(230)
Unallocated corporate income					-
Operating loss					(230)
Finance costs					(928)
Loss before taxation					(1,158)
Taxation					(89)
Loss after taxation					(1,247)
Non controlling interest					1
Loss for the period					(1,246)
Other information					
Segment assets	73,535	262	1,958	-	75,755
Unallocated corporate assets					991
Total consolidated corporate assets					76,746
Segment liabilities	17,309	201	92	-	17,602
Unallocated corporate liabilities					36,569
Total consolidated corporate liabilities					54,171
6 months ended 31.12.2012					
Revenue					
External sales	36,823	-	-	-	36,823
Inter-segment sales	1,796	-	60	(1,856)	-
Total	38,619	-	60	(1,856)	36,823
Results:-					
Segmental result	1,088	-	12	-	1,100
Unallocated corporate income					(39)
Operating profit					1,061
Finance costs					(948)
Profit before taxation					113
Taxation					(157)
Loss after taxation					(44)
Non controlling interest					9
Loss for the period					(35)
Other information					
Segment assets	79,448	-	1,961	-	81,409
Unallocated corporate assets					937
Total consolidated corporate assets					82,346
Segment liabilities	15,661	-	115	-	15,776
Unallocated corporate liabilities					35,312
Total consolidated corporate liabilities					51,088

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

B1. Review of Performance

The Group's revenue was RM30.729 million compared to RM36.823 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 RM1.158 million for the six months compared to profit before taxation RM0.113 million in the preceding year's corresponding period. The Group's loss was mainly due to higher operating cost in trading, retailing, manufacturing of garment segment, and property development segment.

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

For the current quarter, the Group's revenue was RM17.624 million compared to RM13.105 million in the immediate preceding quarter. Loss before taxation in the current quarter was RM0.861 million compared to loss before taxation RM0.297 million in the immediate preceding quarter. The increased in Group's revenue for the current quarter was mainly due to cyclical effect of the retail segment.

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	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
Tax comprises:-				
-Malaysia Income Tax	(43)	(28)	89	157
- Deferred Tax	-	-	-	-
Tax expenses for the period	<u>(43)</u>	<u>(28)</u>	<u>89</u>	<u>157</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. Sales of Unquoted Investments and/or Investment Properties

There were no sales of unquoted investments and/or investment properties during the financial quarter under review and financial year-to-date.

B9. Group Borrowings

	As at 31.12.2013 (RM'000)
<u>Current (Secured)</u>	
Bank overdraft	7,917
Bankers acceptances	4,821
Term loans	5,009
Hire purchase payable	162
Total	<u>17,909</u>
<u>Non-current (Secured)</u>	
Term loans	7,292
Hire purchase payable	58
Total	<u>7,350</u>

All borrowings were secured and denominated in Ringgit Malaysia.

B10. Derivative Financial Instruments

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

B11. Notes to Statements of Comprehensive Income

	Current quarter		Cumulative quarter	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Loss before taxation for the period is arrived at after charging :				
interest expenses	564	480	928	948
Depreciation of property, plant and equipment	576	489	1,149	977
And after crediting :				
Gain on disposal of property, plant and equipment	-	5	-	6
Gain on disposal investment or properties	-	260	-	260
Gain on foreign currency exchange-realised	23	85	27	52

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

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 financial period ended 31 December 2013.

B14. Realised and Unrealised Earnings or Losses Disclosure

The (accumulated losses)/unappropriated profits as at 31 December 2013 and 30th June 2013 is analysed as follows:

	RM'000	RM'000
Total (accumulated losses)/unappropriated profits of the company and its subsidiaries:		
- Realised loss	(19,998)	(18,809)
- Unrealised profit	-	57
Total group accumulated losses as per consolidated financial statements	<u>(19,998)</u>	<u>(18,752)</u>

B15. (Loss)/earning Per Share**a. Basic**

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

	Quarter Ended		Year To Date Ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Net (loss)/earning attributable to equity holders of the Company (RM'000)	(818)	(146)	(1,246)	(35)
Weighted average number of ordinary shares in issue ('000)	<u>40,115</u>	<u>40,115</u>	<u>40,115</u>	<u>40,115</u>
Basic (loss)/earning per share attributable to equity holders of the Company (Sen)	<u>(2.04)</u>	<u>(0.36)</u>	<u>(3.11)</u>	<u>(0.09)</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 25 February 2014.