

**YONG TAI BERHAD (311186-T)**  
**SELECTED EXPLANATORY NOTES**  
**FOR THE FORTH QUARTER ENDED 30 JUNE 2014**

**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 1	First-time Adoption of MFRS (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 7	Financial Instruments: Disclosure-Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance

## **A2. Accounting Policies (con'd)**

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

Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MFRS 101	Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 132	Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
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 quarter.

**A11. Changes of Contingent Liabilities or Contingent Assets**

As at the end of the quarter under review, the Company has provided corporate guarantees amounting RM2.95 million to financial institutions for working capital to its subsidiary.

Apart from the above, the Group does not have any contingent liabilities as at the end of the quarter under review.

**A12. Material Events Subsequent to the End of Reporting Period**

There were no material events subsequent to the end of the financial quarter under review and the date of this announcement.

**A13. Capital Commitments**

There were no capital commitments for the financial statements as at 30 June 2014.

**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
<b>12 months ended 30.06.2014</b>					
<b>Revenue</b>					
External sales	63,817	-	-	-	63,817
Inter-segment sales	256	-	120	(376)	-
<b>Total</b>	<b>64,073</b>	<b>-</b>	<b>120</b>	<b>(376)</b>	<b>63,817</b>
<b>Results:-</b>					
Segmental result	(4,401)	(708)	(51)	-	(5,160)
Unallocated corporate income					-
Operating loss					(5,160)
Finance costs					(2,087)
Loss before taxation					(7,247)
Taxation					(27)
Loss after taxation					(7,274)
Non-controlling interest					2
Loss for the period					(7,272)
<b>Other information</b>					
Segment assets	67,951	245	1,963	-	70,159
Unallocated corporate assets					1,036
<b>Total consolidated corporate assets</b>					<b>71,195</b>
Segment liabilities	16,711	291	113	-	17,115
Unallocated corporate liabilities					38,332
<b>Total consolidated corporate liabilities</b>					<b>55,447</b>
<b>12 months ended 30.06.2013</b>					
<b>Revenue</b>					
External sales	67,315	-	-	-	67,315
Inter-segment sales	1,823	-	120	(1,943)	-
<b>Total</b>	<b>69,138</b>	<b>-</b>	<b>120</b>	<b>(1,943)</b>	<b>67,315</b>
<b>Results:-</b>					
Segmental result	(6,373)	(40)	-	338	(6,075)
Unallocated corporate income					-
Operating loss					(6,075)
Finance costs					(1,886)
Loss before taxation					(7,961)
Taxation					23
Loss after taxation					(7,938)
Non-controlling interest					9
Loss for the period					(7,929)
<b>Other information</b>					
Segment assets	57,554	13,701	-	-	71,255
Unallocated corporate assets					872
<b>Total consolidated corporate assets</b>					<b>72,127</b>
Segment liabilities	14,244	113	-	-	14,357
Unallocated corporate liabilities					33,948
<b>Total consolidated corporate liabilities</b>					<b>48,305</b>

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

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

The Group's revenue was RM63.817 million compared to RM67.315 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 RM7.247 million for the financial year compared to loss before taxation RM7.961 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 higher pre-operating expenses in 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 RM16.311 million compared to RM16.777 million in the immediate preceding quarter. Loss before taxation in the current quarter was RM5.625 million compared to loss before taxation RM0.464 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 segment.

The Group's loss before tax for the current quarter under review is largely attributable to the decreased in revenue as well as the impairment on receivable in the trading, retailing and manufacturing of garments 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

M&A Securities Sdn Bhd (“M&A Securities”), on behalf of the Board of Directors of YONGTAI had on 29 April 2014 announced that the Company’s wholly-owned subsidiary, YTB Land Sdn Bhd had on 29 April 2014 entered into a Project Collaboration Agreement with PTS Properties Sdn Bhd for the construction of a twenty-nine (29)-storey luxury condominium hotel on a piece of freehold land held under H.S.(D) 35407 PT No. 33, Kawasan Bandar XVIII, Daerah Melaka Tengah, Negeri Melaka located at Jalan Tun Sri Lanang, Malacca (“Collaboration”). The Collaboration will result in the diversification of the business of YONGTAI into property development business segment (“Diversification”).

M&A Securities had on behalf of the Company announced that the Company had obtained shareholders’ approval for the Collaboration and Diversification during the EGM held on 24 July 2014.

## B7. Taxation

	Quarter Ended		Year To date Ended	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Tax comprises:-				
-Malaysia Income Tax	(264)	(286)	27	(23)
- Deferred Tax	-	-	-	-
Tax expenses for the period	<u>(264)</u>	<u>(286)</u>	<u>27</u>	<u>(23)</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 properties during the financial quarter under review.

## B9. Group Borrowings

	As at 30.06.2014 ( RM'000)
<b><u>Current (Secured)</u></b>	
Bank overdraft	6,829
Trust Receipt	999
Term loans	9,175
Hire purchase payable	90
<b>Total</b>	<u>17,093</u>

## B9. Group Borrowings (con'd)

### Non-current (Secured)

Term loans	7,853
Hire purchase payable	181
<b>Total</b>	<b>8,034</b>

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	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
Loss before taxation for the period is arrived at after charging /(crediting) the following:				
interest expenses	617	503	2,087	1,886
Depreciation of property, plant and equipment	56	(52)	1,563	1,489
Allowance for specific doubtful debts	-	725	-	725
Inventories written down	-	1,984	-	1,984
Property, plant and equipment written off	-	55	-	55
Gain on disposal of property, plant and equipment	-	(157)	-	(240)
Gain on disposal investment or properties	-	-	-	(260)
(Gain)/loss on foreign currency exchange-realised	(85)	-	(73)	-
(Gain)/loss on foreign currency exchange-unrealised	(12)	(33)	(12)	40
Bad debts written off	2,684	-	2,684	-

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 30 June 2014.

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

The (accumulated losses)/unappropriated profits as at 30 June 2014 and 30th June 2013 is analysed as follows:

	30.06.2014 RM'000	30.06.2013 RM'000
Total (accumulated losses)/unappropriated profits of the company and its subsidiaries:		
- Realised loss	(26,036)	(18,809)
- Unrealised profit	<u>12</u>	<u>57</u>
Total group accumulated losses as per consolidated financial statements	<u><u>(26,024)</u></u>	<u><u>(18,752)</u></u>

#### **B15. (Loss)/Earning Per Share**

##### **a. Basic**

Basic (loss)/earning per share is calculated by dividing net (loss)/earning 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	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
Net (loss)/earning attributable to equity holders of the Company (RM'000)	(5,361)	(8,037)	(7,272)	(7,929)
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><u>(13.36)</u></u>	<u><u>(20.03)</u></u>	<u><u>(18.13)</u></u>	<u><u>(19.77)</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 2014.