

**YONG TAI BERHAD (311186-T)**  
**SELECTED EXPLANATORY NOTES**  
**FOR THE SECOND QUARTER ENDED 31 DECEMBER 2014**  
**PART A –EXPLANATION NOTES TO MFRS 134**

**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134, "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The unaudited interim financial statements should be read in conjunction with the Group's annual audited financial statements for the year ended 30 June 2014.

**A2. Accounting Policies**

The accounting policies and methods of computation used in the preparation of the financial statements are consistent with those adopted in the audited financial statements for the year ended 30 June 2014.

The Group has not early adopted new and revised standards and amendments to standards that have been issued but not yet effective for the Group's accounting period beginning 1 July 2014 except as mentioned below:

MFRS 15, Revenue from Contracts with Customers

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior period 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 2014 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**

There has been no valuation taken for the Group's property, plant and equipment for the current quarter under review.

**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 17 November 2014, Yong Tai Berhad ("YTB") has incorporated a wholly-owned subsidiary known as YTB Apple Sdn. Bhd. ("YTB Apple"). The authorised share capital of YTB Apple capital is RM400,000.00 divided into 400,000 ordinary shares of RM1.00 each and the initial paid-up capital is RM2.00 divided into 2 ordinary shares of RM1.00 each.

The intended principal activities of YTB Apple are property development and investment holding.

**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 2014.

**A12. Capital Commitments**

There were no capital commitments for the financial statements as at 31 December 2014.

### A13. 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><u>6 months ended 31.12.2014</u></b>					
<b>Revenue</b>					
External sales	23,655	27,263	-	-	50,918
Inter-segment sales	215	-	60	(275)	-
<b>Total</b>	<b>23,870</b>	<b>27,263</b>	<b>60</b>	<b>(275)</b>	<b>50,918</b>
<b>Results:-</b>					
Segmental result	(496)	1,451	(244)	-	711
Unallocated corporate income					1,930
Operating profit					2,641
Finance costs					(1,262)
Profit before taxation					1,379
Taxation					(634)
Profit after taxation					745
Non-controlling interest					-
Profit for the period					745
<b>Other information</b>					
Segment assets	68,713	20,545	2,041	-	91,299
Unallocated corporate assets					-
<b>Total consolidated corporate assets</b>					<b>91,299</b>
Segment liabilities	56,048	18,669	90	-	74,807
Unallocated corporate liabilities					-
<b>Total consolidated corporate liabilities</b>					<b>74,807</b>
<b><u>6 months ended 31.12.2013</u></b>					
<b>Revenue</b>					
External sales	30,729	-	-	-	30,729
Inter-segment sales	666	-	60	(726)	-
<b>Total</b>	<b>31,395</b>	<b>-</b>	<b>60</b>	<b>(726)</b>	<b>30,729</b>
<b>Results:-</b>					
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)
<b>Other information</b>					
Segment assets	74,453	265	2,028	-	76,746
Unallocated corporate assets					-
<b>Total consolidated corporate assets</b>					<b>76,746</b>
Segment liabilities	53,396	669	106	-	54,171
Unallocated corporate liabilities					-
<b>Total consolidated corporate liabilities</b>					<b>54,171</b>

**A14. 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.

**A15. Significant Related Party Transaction**

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

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

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

The Group's revenue was RM50.918 million compared to RM30.729 million in the preceding year's corresponding period. The increase in turnover was mainly attributable to revenue recognition from on-going project in the Property Development segment.

The Group's profit before taxation was RM1.379 million for the six months compared to loss before taxation RM1.158 million in the preceding year's corresponding period. The increase in profit before tax is mainly arising from the contribution through a joint operation in the property development business.

The Group's performance was contributed by the following segment:-

#### a) Trading, retailing & manufacturing of garment segment

Retail business segment registered revenue of RM23.655 million for the financial period ended 31 December 2014 compared to RM30.729 million in the previous year corresponding period. The decrease in turnover was mainly attributable to a decrease in consumer demand in trading, retailing and manufacturing of garments segment.

#### b) Property development segment

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. The Collaboration resulted in the diversification of the business of YONGTAI into property development business segment ("Diversification"). The Company had diversified into property development business segment after obtaining shareholders' approval on 24 July 2014.

For the second quarter of 2014, the Company's property development division operated by YTB Land Sdn Bhd, has recorded a revenue level of RM27.263 million, representing 53.54% of the Group's total revenue of RM50.918 million. The Group has recognised the revenue of RM27.263 million based on the construction progress for its property development project in Melaka, namely 99 Residences.

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

For the current quarter, the Group's revenue was RM25.155 million compared to RM25.763 million in the immediate preceding quarter. Loss before taxation in the current quarter was RM1.394 million compared to profit before taxation RM2.773 million in the immediate preceding quarter.

**B2. Material Changes in the Quarterly Results as Compared with the Preceding Quartered (cont'd)**

The Group's loss before tax for the current quarter of RM1.394 million was due to higher operating cost in trading, retailing, manufacturing of garment segment.

**B3. Current Financial Year Prospect**

The Board of Directors are of the opinion that the Group envisaged the property development segment will continue its growth and contribute positively to the Group's performance for the remaining quarters.

As at December 2014, with the structural work of the building has reached 28<sup>th</sup> floor and architectural work has reached 25<sup>th</sup> floor. In addition, PTS Properties Sdn Bhd has sold 100% of the condominium hotel rooms as at end-December 2014. The construction of 99 Residences is expected to be completed by April 2015 and the hotel operation is expected to be officially opened by June 2015.

**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. Sales of Unquoted Investments and/or Investment Properties**

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

**B7. Derivative Financial Instruments**

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

## **B8. Corporate Proposals**

There were corporate proposals announced on 04 and 23 December 2014, but not completed as at the date of this quarterly report.

The announcements were as follows:-

(a) Proposed joint venture via the joint operations agreement dated 4 December 2014 between YTB Apple Sdn Bhd, a wholly-owned subsidiary of Yongtai (“YTB Apple” or “Project Manager”) and Apple 99 Development Sdn Bhd (“A99DSB” or “Project Developer”) for the construction and development of a mixed development project comprising inter-alia a sixteen (16)-storey luxury hotel known as “Courtyard by Marriott” and a thirty-two (32) storey block of service apartments and an eight(8)-storey podium on a piece of land held under Lot No. 2005 held under master title number GRN 45957, Kawasan Bandar XXI, District of Melaka Tengah, State of Melaka (“Proposed Joint Venture”);

(b) Proposed par value reduction of the existing issued and paid-up share capital of YONGTAI of RM40,115,000 comprising 40,115,000 ordinary shares of RM1.00 each in YONGTAI to RM20,057,500 comprising 40,115,000 ordinary shares of RM0.50 each in YONGTAI (“YONGTAI Shares” or “Shares”) via the cancellation of RM0.50 from the par value of each existing ordinary shares of RM1.00 each in YONGTAI pursuant to Section 64 the Companies Act, 1965 (“Act”) (“Proposed Par Value Reduction”);

(c) Proposed renounceable rights issue of 80,230,000 new YONGTAI Shares (“Rights Shares”) together with 40,115,000 free detachable warrants (“Warrants”) at an indicative issue price of RM0.50 per Rights Share after the Proposed Par Value Reduction on the basis of two (2) Rights Shares for every one (1) Share held together with one (1) Warrant for every two (2) Rights Shares subscribed at an entitlement date to be determined later (“Proposed Rights Issue with Warrants”);

(d) Proposed special issue of up to 40,000,000 new YONGTAI Shares (“Special Issue Shares”) to independent third party investor(s) to be identified (“Proposed Special Issue”);

(e) Proposed increase in the authorised share capital of the Company from RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each in YONGTAI to RM1,000,000,000 comprising 2,000,000,000 YONGTAI Shares (“Proposed IASC”); and

(f) Proposed amendments to the Memorandum and/or Articles of Association of the Company to facilitate the Proposed IASC (“Proposed Amendments”).

(Collectively, the “Proposals”)

Kindly refer to the announcements dated 4 December 2014 and 6 February 2015 for further information in relation to the Proposals.

## B9. Taxation

	Quarter Ended		Year To date Ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Tax comprises:-				
-Malaysia Income Tax	119	(43)	634	89
- Deferred Tax	-	-	-	-
Tax expenses for the period	<u>119</u>	<u>(43)</u>	<u>634</u>	<u>89</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.

## B10. Group Borrowings

	As at 31.12.2014 ( RM'000)
<b><u>Current (Secured)</u></b>	
Bank overdraft	6,576
Trust Receipt	1,000
Term loans	7,002
Hire purchase payable	87
<b>Total</b>	<u>14,665</u>
<b><u>Non-current (Secured)</u></b>	
Term loans	4,305
Hire purchase payable	148
<b>Total</b>	<u>4,453</u>

All borrowings were secured and denominated in Ringgit Malaysia.

## B11. Notes to Statements of Comprehensive Income

	Current quarter		Cumulative quarter	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Profit before taxation for the period is arrived at after charging /(crediting) the following:				
interest expenses	471	564	1,262	928
Depreciation of property, plant and equipment	447	576	870	1,149
(Gain)/loss on foreign currency exchange-realised	(26)	(23)	(56)	(27)
Gain from a bargain purchase	-	-	(1,930)	-

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 has not recommended any payment of dividends in respect of the financial period ended 31 December 2014.

## B14. Realised and Unrealised Earnings or Losses Disclosure

The (accumulated losses)/unappropriated profits as at 31 December 2014 and 30th June 2014 is analysed as follows:

	31.12.2014 RM'000	30.06.2014 RM'000
Total (accumulated losses)/unappropriated profits of the company and its subsidiaries:		
- Realised loss	(25,249)	(26,006)
- Unrealised profit	-	12
Total group accumulated losses as per consolidated financial statements	<u>(25,249)</u>	<u>(25,994)</u>

## B15. Earnings / (Loss) Per Share

### a. Basic

Basic (loss)/earnings per share is calculated by dividing net (loss)/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	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Net (loss)/earnings attributable to equity holders of the Company (RM'000)	(1,513)	(818)	745	(1,246)
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)/earnings per share attributable to equity holders of the Company (Sen)	<u>(3.77)</u>	<u>(2.04)</u>	<u>1.86</u>	<u>(3.11)</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 12 February 2015.