

YONG TAI BERHAD (311186-T)
SELECTED EXPLANATORY NOTES
FOR THE FORTH QUARTER ENDED 30 JUNE 2015
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's Main Market 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. Comparative

On 30 June 2015, the Company had entered into two share Sale and Purchase Agreement with Extreme Riches ("ER") for the disposal of the 100% entire equity interest in :

- i. Golden Vertex Sdn Bhd (GVSB) for cash consideration of RM1.00; and
- ii. The Image Outlet Sdn Bhd (TIOSB) for cash consideration of RM1.00.

In accordance with MFRS 5, Non-current Assets Held For Sale and Discontinued Operation, GVSB and TIOSB are 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:-

A3. Condensed consolidated statement of comprehensive income (Cont'd)

	Preceding quarter 30.06.2014		
	As	Disposal	As
	previously	Group	Restated
	stated	MFRS 5	
	RM'000	RM'000	RM'000
Revenue	16,301	5,472	10,829
Cost of sales	(14,192)	(5,212)	(8,980)
Gross profit	2,109	260	1,849
Other income	9	98	(89)
Other expenses	(7,127)	(3,159)	(3,968)
Finance costs	(616)	(200)	(416)
(Loss) before tax	(5,625)	(3,001)	(2,624)
Taxation	263		263
(Loss) for the period from continuing operations	(5,362)	(3,001)	(2,361)
(Loss)/profit for the period from discontinued operation	-	3,001	(3,001)

	Preceding year to date 30.06.2014		
	As	Disposal	As
	previously	Group	Restated
	stated	MFRS 5	
	RM'000	RM'000	RM'000
Revenue	63,807	15,346	48,461
Cost of sales	(47,095)	(14,988)	(32,107)
Gross profit	16,712	358	16,354
Other income	593	86	507
Other expenses	(22,466)	(4,463)	(18,003)
Finance costs	(2,086)	(315)	(1,771)
(Loss) before tax	(7,247)	(4,334)	(2,913)
Taxation	(28)	-	(28)
(Loss) for the period from continuing operations	(7,275)	(4,334)	(2,941)
(Loss)/profit for the period from discontinued operation	-	4,334	(4,334)

A4. 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.

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 except par value reduction of the existing issued and paid-up share capital, rights issue with detachable free warrants and special share issue. The proceeds from the right issue with Warrants and Special Issue are expected to be fully utilized for business operation and settlement of bank borrowing.

A9. Dividends Paid

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

A10. 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.

A11. Changes in Composition of the Group

There were no changes in the composition of the Group during the financial period under review except the following:-

Discontinued operation and disposal of subsidiaries

On 30 June 2015, the Company had entered into two shares Sale and Purchase Agreement with with Extreme Riches (“ER”) for the disposal of the 100% equity interest in Golden Vertex Sdn Bhd (GVSB) and The Image Outlet Sdn Bhd (TIO SB) for cash consideration of RM1.00 each.

The disposal was completed on 30 June 2015 and the disposal proceed has been received on the same day by the company. The gain on disposal amounted to RM7.050 million.

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 30th June 2014.

A13. Segment Information

	Trading , retailing and Dyeing RM'000	Property development RM'000	Investment holding and Others RM'000	Elimination RM'000	Total continuing operations RM'000	Total discontinued operations RM'000	Total group RM'000
<u>12 months ended 30.06.2015</u>							
External sales	41,563	55,451	-	-	97,014	22,499	119,513
Inter-segment sales	326	-	120	(446)	-	-	-
Total	41,889	55,451	120	(446)	97,014	22,499	119,513
Results:-							
Segmental result	(882)	4,376	(542)	-	2,952	1,211	4,163
Unallocated corporate income					7,340	-	7,340
Operating profit					10,292	1,211	11,503
Finance costs					(2,202)	(225)	(2,427)
Profit before taxation					8,090	986	9,076
Taxation					(1,324)	-	(1,324)
Profit after taxation					6,766	986	7,752
Non-controlling interest					-	-	-
Profit/ (loss) for the period					6,766	986	7,752
Other information							
Segment assets	50,266	40,574	28,365	-	119,205	(102)	119,103
Unallocated corporate assets							1,123
Total consolidated corporate assets							120,226
Segment liabilities	31,868	3,660	489	-	36,017	-	36,017
Unallocated corporate liabilities							-
Total consolidated corporate liabilities							36,017
<u>12 months ended 30.06.2014</u>							
Revenue							
External sales	48,461	-	-	-	48,461	15,346	63,807
Inter-segment sales	256	-	120	(376)	-	-	-
Total	48,717	-	120	(376)	48,461	15,346	63,807
Results:-							
Segmental result				-	(1,142)	(4,019)	(5,161)
Unallocated corporate income					-	-	-
Operating loss					(1,142)	(4,019)	(5,161)
Finance costs					(1,771)	(315)	(2,086)
Loss before taxation					(2,913)	(4,334)	(7,247)
Taxation					(28)	-	(28)
Loss after taxation					(2,941)	(4,334)	(7,275)
Non-controlling interest					2	-	2
Loss for the period					(2,939)	(4,334)	(7,273)
Other information							
Segment assets	49,601	245	13,701	-	63,547	6,611	70,158
Unallocated corporate assets							1,009
Total consolidated corporate assets							71,167
Segment liabilities	47,825	921	113	-	48,859	6,560	55,419
Unallocated corporate liabilities							-
Total consolidated corporate liabilities							55,419

A14. Discontinued Operation/ Disposal of subsidiary

As mention in Note 3 to the Interim Financial Report above, GVSB and TIOSB are classified as Disposal group held for sale / discontinued operation.

The Group sold GVSB and TIOSB, the loss making subsidiaries in the textile and garment business segment due to the Group's strategic decision will place greater focus and concentrate its efforts and resources in properties development business segment in future.

In accordance with MFRS 5: Non-Current Assets Held for Sale and Discontinued operation, the results and cash flow of the disposal group were classified as "Discontinued operation" in the Statement of Comprehensive Income.

The revenue and results of the Discontinued operation are as follow:

	Current Quarter from 30.06.2015 RM'000	Proceeding Year Quarter 30.06.2014 RM'000	Current Year To Date From 30.06.2015 RM'000	Proceeding Year To Date 30.06.2014 RM'000
Revenue	11,929	5,472	22,499	15,346
Cost of sales	(10,872)	(5,212)	(19,405)	(14,988)
Gross profit	1,057	260	3,094	358
Other income	(53)	98	(14)	86
Other expenses	(419)	(3,159)	(1,869)	(4,463)
Finance costs	(41)	(200)	(225)	(315)
Profit / (loss) before tax	544	(3,001)	986	(4,334)
Taxation	-	-	-	-
Profit / (loss) for the period	544	(3,001)	986	(4,334)

The effect of the disposal , GVSB and TIOSB on the financial position of the Group are as follow :

	GVSB RM'000	TIOSB RM'000	TOTAL RM'000
Property, plant and equipment	440	106	546
Inventories	5,062	2,872	7,934
Trade and other receivables	2,325	623	2,948
Cash and bank balances	90	26	116
Defer assets	-	52	52
Trade and other payables	(11,275)	(4,323)	(15,599)
Term loan	(2,303)	(793)	(3,096)
Tax Payable	-	50	50
Share of net assets disposed	(5,661)	(1,387)	(7,049)
Gain on disposal of subsidiary companies	5,662	1,388	7,050
sales consideration	1	1	2
Less : Cash and cash equivalents in subsidiary disposed	(90)	(26)	(116)
Net of cash and cash equivalents on disposal of subsidiary	(89)	(25)	(114)

A15. Significant Related Party Transaction

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

A16. Material Contract

The material contract has been provided for the financial statements as at 30 June 2015 are as follow:-

On 4 December 2014, YTB Apple Sdn Bhd, a wholly-owned subsidiary of YONGTAI, and Apple 99 Development Sdn Bhd (“A99DSB”) had entered into the joint operation agreement to regulate their rights in relation to their joint participation and operations in the construction and development of The Apple project development project (“Joint Operation Agreement”). Pursuant to the terms of the Joint Operation Agreement, the Company is required to pay to A99DSB the amount of RM35.0 million, in consideration of A99DSB agreeing to share it’s net profit before income tax to be derived from The Apple property development project (on a quarterly basis) (“YTB Apple’s Participating Contribution”).

The YTB Apple’s Participating Contribution shall be paid in full to A99DSB within three (3) months from three (3) business days after YONGTAI obtaining its shareholders’ approval on 19 March 2015 (“Payment Date”). As such, YONGTAI is required to pay to A99DSB for YTB Apple Participating Contribution by 22 June 2015.

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

B1. Review of Performance

The Group's recorded revenue of RM97.015 million during financial period ended 30 June 2015 as compared to RM48.461 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 business segment.

The Group's profit before taxation was RM8.090 million for the financial year compared to loss before taxation RM2.913 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 and gain of disposal of subsidiaries amounted RM7.050 million.

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

a) Trading, retailing and dyeing segment

Retail business and dyeing segment registered revenue of RM41.563 million for the financial year ended 30 June 2015 compared to RM48.461 million in the previous year corresponding period. The decrease in turnover was mainly due to decrease in consumer demand in trading, retailing and dyeing 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.

The Company's property development division operated by YTB Land Sdn Bhd, has recorded a revenue level of RM55.451 million, representing 57.16% of the Group's total revenue of RM97.015 million. The Group has recognised the revenue of RM55.451 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 RM21.850 million compared to RM32.750 million in the immediate preceding quarter. The decrease in the Group's revenue for the current quarter was mainly due to trading, retailing and dyeing segment has recorded lower revenue for the current quarter due to cyclical result of the retail segment.

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

The Profit before taxation in the current quarter was RM6.470 million compared to profit before taxation RM0.6870 million in the immediate preceding quarter. It was mainly contributed by the gain on disposal of subsidiaries amounted RM7.050 million.

B3. Current Financial Year Prospect

The Board of Directors is of the opinion that the Group's venture into property development segment will continue its growth and contribute positively to the Group's performance.

As at end-June 2015, the Group's first maiden project has been successfully completed and obtained the Certificate of Compliance and Completion (CCC) from the relevant authority. This project has contributed significantly to the Group's performance for financial year ended 30 June 2015.

Furthermore, the Company has entered into the joint operation agreement with Apple 99 Development Sdn Bhd, a wholly-owned subsidiary of PTS Properties Sdn Bhd, to undertake the development of The Apple ("Joint Venture"). The Apple is a development project comprising of inter-alia a sixteen (16)-storey four (4)-star hotel known as "Courtyard by Marriott", a thirty-two (32)-storey block of service apartments and the Podium. With The Apple's strategic and prime location, our Board believes that the Joint Venture provides the Company with an opportunity to participate in the development of a prime development land into a lucrative property development project. Once completed, The Apple is poised to become one of the iconic high-rise buildings as Malacca city's premier tourism and luxury destination, and will cater to the growing demand for four (4)-star quality hotels in Malacca from visiting tourists. In addition, The Apple shall have direct access to the Sungai Melaka Riverfront and shall have a spectacular view of the iconic "Kampung Morten", in addition to its location next to Malacca's latest prestigious development projects such as "The Shore @ Sungai Malacca", "99 Residences" and "Jaya 99".

Moving forward, the Company expects to further turnaround its financial performances in the immediate term by further growing our property development business segment by continuously seeking for opportunities to acquire more lands with good prospects for its future property development activities. In addition, the Group also will continuously seek joint venture opportunities with other established property developers in Malaysia to develop the Group's credential as a property developer.

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

The Rights Issue with Warrants and Special Issue was completed on 30 June 2015 pursuant to the listing of and quotation for the following securities on the Main Market of Bursa Securities :

- (i) 80,230,000 Rights Shares issued pursuant to the Rights Issue with Warrants;
- (ii) 40,115,000 Warrants issued pursuant to the Rights Issue with Warrants; and
- (iii) 40,000,000 Special Issue Shares issued pursuant to the Special Issue.

On 3 August 2015, on behalf of the Board of the Company, AmInvestment Bank Berhad announced that the Company had on even date, entered into five (5) separate memorandums of understanding (“**MOUs**”) with the following parties:

(i) PTS Properties Sdn Bhd, Boo Kuang Loon and Apple Impression Sdn Bhd in respect of the proposed acquisition by the Company of the entire equity interest in PTS Impression Sdn Bhd, a company holding the rights to produce and stage a tourism stage performance known as “Impression Melaka” (“**Proposed Acquisition of PTS Impression**”);

(ii) Admiral City Sdn Bhd for the following:

- the proposed acquisition of approximately 17 acres of seafront land (“**Impression Land**”) located in Kawasan Bandar VI, District of Melaka Tengah, Melaka (“**Proposed Acquisition of Impression Land**”); and
- proposed establishment of a joint development arrangement to jointly develop approximately 100 acres of leasehold land located adjacent to the Impression Land, all of which are located in Kawasan Bandar VI, District of Melaka Tengah, Melaka (“**Proposed Melaka JV**”)

(iii) Pang Kwee Yin and Wong See Ming in respect of the proposed acquisition of Terrawest Resources Sdn Bhd, a company which owns two (2) parcels of freehold and contiguous land located in Puchong, Selangor for a potential property development project (“**Proposed Acquisition of Terrawest**”);

(iv) Sia Chien Vui, Dato’ Sri Lee Ee Hoe and PTS Properties Sdn Bhd in respect of the proposed acquisition by YTB of the entire equity interest in Yuten Development Sdn Bhd, a company which has a joint venture arrangement with Fahad Holdings Sdn Bhd to jointly develop two (2) adjoining parcels of land along Jalan U-Thant, Kuala

B6. Corporate Proposals (Cont'd)

Lumpur (“**Proposed Acquisition of Yuten**”); and

(v) Lim Hooi Yen and Beeh Boon Siang in respect of the proposed acquisition of Land & Build Sdn Bhd, a company which holds the development rights to develop two (2) parcels of freehold land located in Johor Bahru (“**Proposed Acquisition of L&B**”).

Pursuant to the MOUs, the parties have agreed to negotiate exclusively in good faith the detailed terms and conditions for each of the proposals above with the intention of entering into definitive agreements.

The MOUs take effect from the date of the MOUs and shall remain in force until the expiry of three (3) months (except for the MOU entered into with Admiral City Sdn Bhd that shall remain in force until the expiry of two (2) months) from the date of the MOUs or any other date to be mutually agreed in writing by the parties.

There has been no major development of the MOUs and/or the above proposals since the last announcement.

Further details of the Corporate Proposals can be obtained from the website of Bursa Malaysia Securities Berhad.

B7. Sales of Unquoted Investments and/or Investment Properties

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

B8. Derivative Financial Instruments

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

B9. 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.

B10. Dividends

The Directors has not recommended any payment of dividends in respect of the financial period ended June 2015.

B11. Taxation

	Quarter Ended		Year To date Ended	
	30.06.2015	30.06.2014	30.6.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Tax comprises:-				
-Malaysia Income Tax	332	(263)	1324	28
- Deferred Tax	-	-	-	-
Tax expenses for the period	<u>332</u>	<u>(263)</u>	<u>1,324</u>	<u>28</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.

B12. Group Borrowings

	As at 30.06.2015 (RM'000)
<u>Current (Secured)</u>	
Bank overdraft	5,546
Term loans	9,454
Hire purchase payable	39
Total	<u>15,039</u>
<u>Non-current (Secured)</u>	
Term loans	1,196
Hire purchase payable	110
Total	<u>1,306</u>

All borrowings were secured and denominated in Ringgit Malaysia.

B13. Notes to Statements of Comprehensive Income

	Current quarter		Cumulative quarter	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Profit before taxation for the period is arrived at after charging /(crediting) the following:				
interest expenses	461	615	2,426	2,085
Depreciation of property, plant and equipment	176	63	1,495	1,570
Bad debts written off	-	2,684	-	2,684
Property, plant and equipment written off	-	-	197	1
Gain on disposal of property, plant and equipment	(16)	-	-	-
Gain on disposal of subsidiary	(7,050)	-	(7,050)	-
(Gain)/loss on foreign currency exchange-realised	(29)	-	-	(12)
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.

B14. Realised and Unrealised Earnings or Losses Disclosure

The (accumulated losses)/unappropriated profits as at 30 June 2015 and 30th June 2014 is analysed as follows:

	30.06.2015 RM'000	30.06.2014 RM'000
Total (accumulated losses)/unappropriated profits of the company and its subsidiaries:		
- Realised loss	(10,743)	(26,103)
- Unrealised profit	97	109
Total group accumulated losses as per consolidated financial statements	<u>(10,646)</u>	<u>(25,994)</u>

B15. Earnings / (Loss) Per Share

a. Basic

Basic earnings/(loss) per share is calculated by dividing net profit/(loss) 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 dated Ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
Net (loss)/profit attributable to equity holders of the Company				
-from continuing operations	6,138	(2,631)	6,766	(2,939)
-from discontinued operation	544	(3,001)	986	(4,334)
	<u>6,682</u>	<u>(5,632)</u>	<u>7,752</u>	<u>(7,273)</u>
Number of ordinary shares at the beginning of the period	(000) 40,115	(000) 40,115	(000) 40,115	(000) 40,115
-Effect of Right issue	1,273	1,056	1,273	1,056
-Effect of Special issue of share	110	-	110	-
Weighted average number of shares in issue	<u>41,498</u>	<u>41,171</u>	<u>41,498</u>	<u>41,171</u>
Basic earnings/ (loss)per share attributable to equity holders of the Company				
	Sen	Sen	Sen	Sen
-from continuing operations	14.79	(6.39)	16.30	(7.13)
-from discontinued operation	1.31	(7.29)	2.38	(10.53)
	<u>16.10</u>	<u>(13.68)</u>	<u>18.68</u>	<u>(17.66)</u>
b. Diluted				
Weighted average number of shares in issue	(000) 41,498	(000) 41,171	(000) 41,498	(000) 41,171
Effect of Warrant	16,650	16,650	16,650	16,650
Adjusted weighted average number of ordinary shares in issue and issuable	<u>58,148</u>	<u>57,821</u>	<u>58,148</u>	<u>57,821</u>
Diluted earning per share attributable to equity holders of the Company :				
	Sen	Sen	Sen	Sen
-from continuing operations	10.56	(4.55)	11.64	(5.08)
-from discontinued operation	0.94	(5.19)	1.70	(7.50)
	<u>11.49</u>	<u>(9.74)</u>	<u>13.33</u>	<u>(12.58)</u>

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 26 August 2015.