

YONG TAI BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2018

	3 MONTHS ENDED		6 MONTHS ENDED	
	31.12.2018 (RM'000)	31.12.2017 (RM'000)	31.12.2018 (RM'000)	31.12.2017 (RM'000)
Revenue	21,208	41,458	50,356	67,989
Cost of sales	<u>(12,823)</u>	<u>(27,254)</u>	<u>(30,018)</u>	<u>(45,194)</u>
Gross profit	8,385	14,204	20,338	22,795
Other income	29	68	557	150
Other expenses	<u>(13,240)</u>	<u>(7,714)</u>	<u>(27,581)</u>	<u>(12,267)</u>
Operating (loss)/ profit	<u>(4,826)</u>	<u>6,558</u>	<u>(6,686)</u>	<u>10,678</u>
Finance costs	<u>(2,202)</u>	<u>(142)</u>	<u>(4,379)</u>	<u>(253)</u>
(Loss)/Profit before tax	<u>(7,028)</u>	<u>6,416</u>	<u>(11,065)</u>	<u>10,425</u>
Taxation	<u>1,113</u>	<u>(1,890)</u>	<u>(74)</u>	<u>(3,202)</u>
(Loss)/Profit for the period	<u>(5,915)</u>	<u>4,526</u>	<u>(11,139)</u>	<u>7,223</u>
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive (expense)/income for the period	<u><u>(5,915)</u></u>	<u><u>4,526</u></u>	<u><u>(11,139)</u></u>	<u><u>7,223</u></u>
Net (Loss)/ profit attributable to :				
Equity holders of the Company	(5,915)	4,526	(11,139)	7,223
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>(5,915)</u></u>	<u><u>4,526</u></u>	<u><u>(11,139)</u></u>	<u><u>7,223</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	(5,915)	4,526	(11,139)	7,223
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>(5,915)</u></u>	<u><u>4,526</u></u>	<u><u>(11,139)</u></u>	<u><u>7,223</u></u>
Basic earnings/(loss) per share attributable to equity holders of the Company (sen)				
-Basic	<u>(1.22)</u>	<u>1.00</u>	<u>(2.29)</u>	<u>1.63</u>
-Diluted	<u>(0.84)</u>	<u>0.85</u>	<u>(1.56)</u>	<u>1.40</u>

(The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018)

YONG TAI BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	(Unaudited) As at 31.12.2018 RM'000	(Audited) As at 30.06.2018 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	465,916	414,878
Intangible assets	167,141	161,190
Deferred tax asset	2,500	-
	<u>635,557</u>	<u>576,068</u>
Current Assets		
Inventories	152,648	146,227
Contract assets	19,878	164,407
Trade receivables	114,047	31,487
Other receivables	117,768	121,046
Current tax assets	3,700	1,462
Cash and bank balances	6,682	7,175
	<u>414,723</u>	<u>471,804</u>
TOTAL ASSETS	<u><u>1,050,280</u></u>	<u><u>1,047,872</u></u>
EQUITY AND LIABILITIES		
Equity		
Share Capital		
Ordinary shares	358,021	356,167
Irredeemable convertible preference shares	172,827	172,827
Reserves		
Warrant reserve	5,053	5,492
Retained earnings	10,232	21,371
Total Equity	<u>546,133</u>	<u>555,857</u>
Non-current Liabilities		
Loans and borrowings	167,397	192,575
Deferred tax liabilities	2,880	2,880
	<u>170,277</u>	<u>195,455</u>
Current Liabilities		
Contract liabilities	28,222	20,376
Trade payables	104,217	115,300
Other payables	119,067	96,538
Amount due to director	-	244
Bank overdrafts	34,459	26,795
Loans and borrowings	45,905	32,209
Current tax liabilities	2,000	5,098
	<u>333,870</u>	<u>296,560</u>
Total Liabilities	<u>504,147</u>	<u>492,015</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,050,280</u></u>	<u><u>1,047,872</u></u>
Net Assets per share (RM)	1.12	1.15

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018)

YONG TAI BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2018

	6 months ended 31.12.2018 (RM'000)	6 months ended 31.12.2017 (RM'000)
Cash flows from operating activities		
(Loss)/Profit before tax	(11,065)	10,425
Adjustments for:-		
Non-cash items	6,677	121
Non-operating items	4,337	214
Operating (loss) / profit before changes in working capital	<u>(51)</u>	<u>10,760</u>
Changes in working capital		
Inventories	(6,421)	(22,946)
Contract assets	144,529	(51,788)
Receivables	(79,280)	(9,004)
Contract liabilities	7,847	1,094
Payables	(13,579)	19,723
Amount due to director	(244)	-
Cash generated from / (used in) operations	<u>52,801</u>	<u>(52,161)</u>
Finance costs	(4,380)	(253)
Interest income	26	38
Net Tax paid	(7,910)	(570)
Net cash generated from/ (used in) operating activities	<u>40,537</u>	<u>(52,946)</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	18	-
Acquisition of intangible assets	(5,698)	(696)
Acquisition of property, plant and equipment	(32,947)	(35,706)
Net cash used in investing activities	<u>(38,627)</u>	<u>(36,402)</u>
Cash flows from financing activities		
Drawdown of loans and borrowings	7,432	17,898
Repayment of loans and borrowings	(18,914)	-
Proceeds from issuance of ordinary shares	-	54,180
Share issuance expenses	-	(90)
Net proceeds from exercise of warrants	1,415	977
Net cash (used in)/generated from financing activities	<u>(10,067)</u>	<u>72,965</u>
Net decrease in cash & cash equivalents	(8,157)	(16,383)
Cash and cash equivalents at beginning of period	<u>(19,620)</u>	<u>69,187</u>
Cash and cash equivalents at end of period	<u><u>(27,777)</u></u>	<u><u>52,804</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	6,682	8,040
Bank overdrafts	(34,459)	(8,236)
Short term deposits	-	53,000
	<u>(27,777)</u>	<u>52,804</u>

(The unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2018)

YONG TAI BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2018

	←————— Attributable to equity holders of the Company —————→				—————→	
	←————— Non-distributable		—————→ Distributable			
	Ordinary shares (RM'000)	Irredeemable convertible preference shares (RM'000)	Share premium (RM'000)	Warrant reserve (RM'000)		
At 1 July 2017	217,843	172,827	82,250	6,132	5,861	484,913
Total comprehensive income for the period	-	-	-	-	7,223	7,223
Issuance of ordinary shares - placement	54,180	-	-	-	-	54,180
- exercise of warrants	1,279	-	-	(303)	-	976
Shares issuance expenses	-	-	(90)	-	-	(90)
At 31 December 2017	<u>273,302</u>	<u>172,827</u>	<u>82,160</u>	<u>5,829</u>	<u>13,084</u>	<u>547,202</u>
At 1 July 2018	356,167	172,827	-	5,492	21,371	555,857
Total comprehensive expense for the period	-	-	-	-	(11,139)	(11,139)
Issuance of ordinary shares - exercise of warrants	1,854	-	-	(439)	-	1,415
At 31 December 2018	<u>358,021</u>	<u>172,827</u>	<u>-</u>	<u>5,053</u>	<u>10,232</u>	<u>546,133</u>

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018)

PART A - NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

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

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2018.

A2. Accounting Policies

The accounting policies and methods of computation applied in the unaudited condensed interim financial report are consistent with those adopted as disclosed in the audited financial statements of the Group for the financial year ended 30 June 2018.

The Group has adopted the new and revised Malaysian Financial Reporting Standards ("MFRSs") and IC Interpretations that became mandatory for the current reporting period, except for *MFRS 9 Financial Instruments*. The Group is currently performing a detailed analysis under *MFRS 9* to quantify the transition adjustment on its interim financial report.

The adoption of the other new and revised MFRSs and IC Interpretations does not result in significant changes in the accounting policies of the Group.

A3. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the financial year ended 30 June 2018 were unqualified.

A4. Seasonal or Cyclical Factors

The Group's operations were not significantly affected by any seasonal or cyclical factors.

A5. Unusual Items affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items for the financial period ended 31 December 2018.

A6. Changes in Estimates

There were no material changes in estimates for the financial period ended 31 December 2018.

A7. Debts and Equity Securities

There were no issuance and repayment of the debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial period to-date except for the issuance of 2,830,000 new ordinary shares pursuant to the exercise of warrants at the exercise price of RM0.50 per share.

A8. Dividends Paid

There was no payment of dividend during the financial period ended 31 December 2018.

A9. Changes in Composition of the Group

There were no changes in the composition of the Group during the current financial period under review.

A10. Contingent Liabilities

There were no contingent liabilities in respect of the Group since the last financial year.

A11. Commitments

	As at 31.12.2018 RM'000
Approved and contracted for:	
Commitment for acquisition of two subsidiaries company (see note B5(i) & (ii))	30,000
Commitment for construction of property, plant and equipment	59,630
	=====

A12. Significant Related Party Transactions

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

A13. Segment Reporting

The segmental analysis for the financial period ended 31 December 2018 is as follows:

	Property development RM'000	Property investment RM'000	Others RM'000	Elimination RM'000	Total RM'000
External sales	42,902	7,454	-	-	50,356
Inter-segment	-	-	6,000	(6,000)	-
Total	42,902	7,454	6,000	(6,000)	50,356
Gross profit	12,942	7,396	6,000	(6,000)	20,338
Other income	493	45	19	-	557
Other expenses	(5,568)	(21,097)	(6,916)	6,000	(27,581)
Operating profit/(loss)	7,867	(13,656)	(897)	-	(6,686)
Finance costs					(4,379)
Loss before tax					(11,065)
Taxation					(74)
Loss for the period					(11,139)
Other information					
Segment assets	401,767	613,287	29,027	-	1,044,081
Unallocated corporate assets					6,199
Total consolidated corporate assets					1,050,280
Segment liabilities	172,587	292,966	36,594	-	502,147
Unallocated corporate liabilities					2,000
Total consolidated corporate liabilities					504,147

A14. Material Events subsequent to the End of Financial Period

There were no material events after 31 December 2018 till 18 February 2019 (the latest practicable date ("LPD") which is not earlier than 7 days from the date of issue of this interim financial report), except as disclosed below in Note B5.

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

B1. Review of Group Performance

Revenue and profit before tax (“PBT”) of the respective operating business segments for the current quarter are analysed as follows:

	3 MONTHS ENDED			6 MONTHS ENDED		
	31.12.18 RM'000	31.12.17 RM'000	Changes RM'000	31.12.18 RM'000	31.12.17 RM'000	Changes RM'000
Revenue						
Property Development	18,237	41,458	(23,221)	42,902	67,989	(25,087)
Property Investment	2,971	-	2,971	7,454	-	7,454
	21,208	41,458	(20,250)	50,356	67,989	(17,633)
Profit/(Loss) Before Tax						
Property Development	2,497	7,706	(5,209)	5,925	12,195	(6,270)
Property Investment	(9,525)	(1,290)	8,235	(16,990)	(1,770)	15,220
	(7,028)	6,416	(13,444)	(11,065)	10,425	(21,490)

(a) Performance of the current quarter against the same quarter in the preceding year (2Q 2019 vs 2Q 2018)

Property Development

The Group recorded revenue of RM18.24 million and PBT of RM2.50 million for the current quarter ended 31 December 2018 as compared to revenue of RM41.46 million and PBT of RM7.71 million in the preceding year quarter.

The decrease in revenue and PBT in 2Q 2019 as compared to 2Q 2018 from the property development segment was mainly due to no contribution from Terra Square. Furthermore, the property market remains soft due to the tight lending policy and the property buyers are more cautious.

For the current quarter under review, the on-going development projects which contribute to the Group’s financial results are namely The Apple, Amber Cove, The Dawn and Impression U-Thant.

Property Investment

The Group recorded RM2.97 million of Encore Melaka ticket revenue for the current quarter ended 31 December 2018.

For the current quarter under review, the Group incurred loss before tax of RM9.53 million mainly due to lower than expected ticket sales resulting from the fall in tourist arrivals in Malaysia, in particular from mainland China as compared to last year’s holiday period, coupled with non-operating expenses such as depreciation and interest charges which is no longer capitalised post commencement of theatre operation.

B1 Review of Group Performance (cont'd)

(b) Performance of the current period to-date against the preceding period to-date (2Q PTD 2019 vs 2Q PTD 2018)

Property Development

During the financial period to-date, the Group achieved a PBT of RM5.93 million on the back of RM42.90 million in revenue, which is RM6.27 million and RM25.09 million lower than the PBT and revenue achieved in the preceding period.

The decrease in PBT and revenue for the 2Q PTD 2019 as compared to 2Q PTD 2018 are as mentioned above.

Property Investment

During the financial period to-date, the Group registered revenue of RM7.45 million and incurred loss before tax of RM16.99 million. The loss before tax incurred for the 2Q PTD 2019 is as mentioned above.

B2. Material Changes in the Quarterly Results compared to the results of the preceding Quarter

The Group's current quarter loss before tax is RM7.03 million as compared to RM4.04 million loss before tax reported in the preceding quarter ended 30 September 2018. The overall weaker performance in the current quarter was mainly due to lower contribution from the development projects and the loss from the theatre operation.

B3. Prospects for the Current Financial Year ("FY 2019")

The ticket sales for the first 6-month period ended 31 December 2018 is below expectation. While there is sign of lower than expected Chinese tourist arrival momentarily, the Group believes that the sentiment will recover in near future. Meanwhile, the Group is targeting tourists' markets from Singapore and other Asian countries such as Korea, Vietnam, Taiwan and Hong Kong.

The Group will also continue to work closely with Malaysia Tourism Promotion Board, travel agencies and hoteliers to develop more innovative marketing programmes to promote Encore Melaka theatre in both local and international markets.

The Group acknowledged the property sector in Malaysia remains subdued following many potential buyers having difficulty in obtaining their optimal loan financing margin whereas the foreign investors are cautious due to current market conditions. Nonetheless, with the current government initiatives announced in Budget 2019 to help the home buyer, the Group is hoping that these positive initiatives will boost the property market sentiment.

With total unbilled sales of RM391 million, the Group will stay focused on developing its ongoing development projects, namely The Apple, Amber Cove, The Dawn and Impression U-Thant. All these projects will begin contributing to the Group's financial results in FY 2019 as and when they move into an advanced stage of development.

B4. Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was published.

B5. Status of Corporate Proposals

The followings are the corporate proposals that have been announced by the Company and which were not completed as at 18 February 2019, (the latest practicable date (“LPD”) which is not earlier than 7 days from the date of issue of this interim financial report):-

- (i) On 21 March 2017, the Company entered into a conditional sale and purchase agreement (“SPA”) with Mustazah bin Osman and Laila binti Endut (“Vendors”) to acquire the entire issued shares of Laila Development Sdn Bhd (“LDSB”) for a cash consideration of RM35 million. As at the LPD, the Company had paid part payment of RM8,000,000 to LDSB’s Vendors for the acquisition of LDSB’s shares.

LDSB is the registered and beneficial owner of two pieces of vacant leasehold commercial lands held under Pajakan Negeri 56445, Lot 12939 Kawasan Bandar VI, Daerah Melaka Tengah, State of Melaka measuring approximately 6 acres and Pajakan Negeri 56446, Lot 12940, Kawasan Bandar VI, Daerah Melaka Tengah, State of Melaka measuring approximately 6 acres.

On the same date, YTB Impression Sdn Bhd (“YTB Impression”), a wholly-owned subsidiary of the Company entered into a conditional joint development agreement (“JDA”) with JM Bestari Land Sdn Bhd (“JMBL / Landowner”) for the development of approximately 9 acres of land held under H. S. (D) 81952 for PT 2326, Kawasan Bandar VI, District of Melaka Tengah, State of Melaka.

The three parcels of land as mentioned above are strategically located in the Impression City, next to the Encore Melaka theatre. Barring any unforeseen circumstances, the proposed acquisition of LDSB is expected to be completed by the second quarter of 2019. As for the conditional JDA with JMBL, YTB Impression and JMBL had entered into a side letter to extend the cut-off date until 21 March 2019 to complete the JDA.

- (ii) On 28 December 2018, the Company entered into a share sale agreement (“SSA”) with PTS Properties Sdn Bhd (“Vendor”) to acquire the entire issued shares of PTS Leisure Sdn Bhd (“PTSL”) for a cash consideration of RM3 million.

Barring any unforeseen circumstances, the proposed acquisition of PTSL is expected to be completed by the first quarter of 2019.

B6. Material Litigation

The Group was not engaged in any material litigation as at 18 February 2019 (the latest practicable date (“LPD”) which is not earlier than 7 days from the date of issue of this interim financial report).

B7. Dividends Declared

No interim dividend has been declared or paid in respect of the financial period ended 31 December 2018.

B8. Taxation

	3 Months Ended		6 Months Ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Income tax				
- current quarter/ period	1,387	2,490	2,574	3,802
Deferred taxation	(2,500)	(600)	(2,500)	(600)
Tax expenses for the period	<u>(1,113)</u>	<u>1,890</u>	<u>74</u>	<u>3,202</u>

The Group's effective tax rate for 2Q 2019 and 2Q PTD 2019 is lower than the statutory tax rate mainly due to the recognition of deferred tax asset from the loss incurred in the theatre operation.

B9. Group Borrowings

	As at 31.12.2018 (RM'000)
<u>Current</u>	
Bank overdraft (unsecured)	34,459
Term loans (secured)	45,308
Finance lease (secured)	597
	<u>80,364</u>
<u>Non-Current</u>	
Term loans (secured)	165,690
Finance lease (secured)	1,707
Total	<u>167,397</u>

All borrowings were denominated in Ringgit Malaysia as at the reporting date.

B10. Notes to the Statement of Comprehensive Income

	3 Months Ended	6 Months Ended
	31.12.2018	31.12.2018
	RM'000	RM'000
Notes to the Statement of Comprehensive Income comprises:-		
Interest income	14	26
Interest expenses	(2,202)	(4,379)
Depreciation of property, plant, equipment	(1,629)	(3,246)
Amortisation of intangible assets	(1,706)	(3,407)
Foreign currency exchange gain-realised	15	15
Loss on disposal of property, plant and equipment	(24)	(24)

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. Earnings / (Loss) Per Share

a. Basic

Earnings/(loss) per share has been calculated by dividing the Group's profit/(loss) for the current quarter and financial period to-date attributable to equity holders of the Company by the weighted average number of shares in issue during the financial period.

	3 Months Ended		6 Months Ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit attributable to equity holders of the Company	<u>(5,915)</u>	<u>4,526</u>	<u>(11,139)</u>	<u>7,223</u>
Weighted average number of ordinary shares in issue ('000)	<u>485,644</u>	<u>451,656</u>	<u>485,615</u>	<u>443,671</u>
Basic earnings/(loss) per share attributable to equity holders of the Company (Sen)	<u>(1.22)</u>	<u>1.00</u>	<u>(2.29)</u>	<u>1.63</u>

b. Diluted

Diluted earnings per share has been calculated by dividing the Group's profit/(loss) attributable to equity holders of the Company by the weighted average number of shares that would have been in issue upon full exercise of the Warrants and conversion of irredeemable convertible preference shares ("ICPS"), adjusted for the number of such shares that would have been issued at fair value. However, in the event that the potential exercise of the Warrants gives rise to an anti-dilutive effect on earnings per share, the potential exercise of the Warrants is not taken into account in calculating diluted earnings per share.

	3 Months Ended		6 Months Ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit attributable to equity holders of the Company	<u>(5,915)</u>	<u>4,526</u>	<u>(11,139)</u>	<u>7,223</u>
Weighted average number of ordinary shares in issue ('000)	485,644	451,656	485,615	443,670
Effect of potential exercise of Warrants ('000)	3,187	25,567	12,884	25,127
Effect of conversion of ICPS ('000)	<u>216,034</u>	<u>54,261</u>	<u>216,034</u>	<u>48,783</u>
Adjusted weighted average number of ordinary shares ('000)	<u>704,865</u>	<u>531,484</u>	<u>714,533</u>	<u>517,580</u>
Diluted earnings/(loss) per share attributable to equity holders of the Company (Sen)	<u>(0.84)</u>	<u>0.85</u>	<u>(1.56)</u>	<u>1.40</u>

By Order of the Board,

Datuk Wira Boo Kuang Loon
Executive Director / Chief Executive Officer
Date: 25 February 2019