YONG TAI BERHAD (311186-T)
SELECTED EXPLANATORY NOTES
FOR THE FORTH QUARTER ENDED 30TH JUNE 2007

Part A – Explanatory Notes Pursuant to FRS 134

1. **Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirement of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30th June 2006. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30th June 2006.

2 **Changes in Accounting policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 30th June 2006 except for the adoption of the following new/ revised Financial Reporting Standards (" FRS") effective for the financial period beginning 1 July 2006:

FRS 2	Share -based Payment
FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheets Date
FRS 116	Property , Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments : Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The revised FRSs which has been early adopted are:-

FRS 117	Leases
FRS 124	Related Party Disclosures

The Group has not adopted the following FRSs and amendments:

		Effective for financial period beginning on or after
FRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendments to FRS 119 2004	Employee Benefits - Actuarial Gains & Losses, group Plans and disclosures	1 January 2007
Amendments to FRS 121 2004	The effects of changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 139	Financial Instruments : recognition and measurement	Effective Date deferred

The adoption of the above FRS, except for FRS3 and FRS140, does not have significant financial impact on the Group. The principle effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below :

(a) FRS 2: Share-based Payment

This FRS requires an entity to recognize share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

Prior to 1 January 2006, no compensate expenses was recognised in income statement over the vesting period of the grants with a corresponding increase in equity. The compensation expenses is determined by reference to the fair value of share option at the date granted and the number of share options to be vested by vesting date. At every balance sheet date, the Group revises its estimates of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in income statement and a corresponding adjustment to equity over the remaining vesting period.

The Group has adopted the transitional provision in FRS 2 to include only share options that were granted after 31 December 2004 and not yet vested on 1 January 2006. There is no option to be granted and exercised under ESOS after 31 December 2004, carried out by the Company. This change in accounting policy is applied prospectively and the comparatives as at 30th June 2006 are not restated.

The Employee Share Option Scheme has expired on 11 March 2007 and accordingly, all options offered has lapsed and all rights and entitlements granted thereon has been cancelled and become null and void.

(b) FRS 3: Business Combination , FRS 136 : Impairment of Assets and FRS 138: Intangible Assets

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138.

The adoption of these new FRSs, goodwill is now carried at cost less accumulated impairment losses and is tested for impairment annually, or more frequently, if the events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognized in the income statement and subsequent reversal is not allowed.

Under FRS 3, any excess of the Groups' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as " negative goodwill "), after reassessment, is now recognized immediately in income statement. Prior to 1 July 2006, negative goodwill was first set-off against the consolidated balance sheet. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 July 2006 of RM0.679 million was derecognized with a corresponding increase in retained earnings.

(c) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has effected the presentation of minority interest, share of net after-tax results in associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognized income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirement of FRS 101, with the comparatives restated to conform to the current period's presentation.

(c) FRS 117: Leases

The early adoption of FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. In the previous financial years, leasehold land held for own use was classified as property, plant and equipment and was stated at cost /valuation less accumulated depreciation and impairment losses, if any. Leasehold land held for own use is now classified as operating lease and where necessary, the up-front payments made are allocated between the land and buildings elements in proportion to the relative fair values for leasehold interests in the land element and building elements. The up-front payments represent prepaid lease payments and are amortized on a straight- line basis over the lease term.

As allowed by the transitional provisions of FRS 117 upon its adoption, the unamortized revalued amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments. The reclassification of leasehold land as prepaid lease payment has been accounted for retrospectively and the comparative figures has been restated.

(d) FRS 121 : The Effect of Changes in Foreign Exchange Rates

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

As of 1st January, goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. In accordance with the transitional provision or FRS 121, this change is applied prospectively. Prior to 1st January 2006, goodwill and fair value adjustment arising on acquisition of a foreign entity are deemed to be assets and liabilities of the parent and company and were translated using the exchange rate at the date of acquisition.

(e) FRS 140: Investment property

FRS 140 defines an investment property as a property held for long term rental yield and/ or for capital appreciation and, that is not occupied by the companies in the Group.

The investment properties previously classified under property, plant and equipment, were not disclosed as a separate line item on the face of the consolidated balance sheet within Non-current assets.

The Group adopted the fair value model to measure all its investment properties. Fair value is arrived at by reference to market evidence for which the properties could be exchanged between knowledgeable, willing parties in an arm's length transaction. The Group has revised the method of measurement and it has no significant impact to the previous quarterly reports.

In line with FRS 101, the comparative is restated to conform to the current presentation. The effect to the Group arising from this change in accounting policy is as below:-

	RM'000
Increase in investment property	10,951
Decrease in property, plant and equipment	(10,951)

(f) Comparatives

The following comparative amounts have been restated due to the adoption of new and revised FRS :

	As Previously stated Rm'000	Effect of adoption of FRS Rm'000	As Restated
At at 30.06.2006			
Property, plant and equipment	37,429	(11,828)	25,601
Investment properties	-	10,951	10,951
Prepaid Land Leases	-	877	877
Negative goodwill on consolidation	(679)	679	-
Retained earnings	2,314	679	2,993

3 **Audit Report of the Group's Preceding Annual Financial Statements**

The auditors' report for the annual financial statements of the Group for the financial year ended 30th June 2006 was not subject to any qualification.

4 **Seasonal or Cyclical Factors**

The Group's garments and related accessories retail business operations are subject to seasonal festive celebrations in Malaysia.

5 **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, to the effect that is unusual in nature, size, or incidence except as disclosed in Note 2.

6 **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.

7. **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.

8. **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.

9. **Dividends Paid**

There were no dividends paid for the current quarter ended 30th June 2007.

10. **Changes in Composition of the Group**

On 29th May 2007, Yong Tai Samchem Sdn. Bhd. ("YTS(M)") increased its investment in its subsidiary company, Yong Tai Samchem (HK) Co Ltd. ("YTS(HK)"),by subscribing 1,010,685 ordinary shares of HK1.00 each which amounted to RM477,100.00. The total consideration was arrived at based on HK1.00 per share. However, YTS (M) still maintained its equity interest in YTS(HK) at 65%.

Other than above, there were no other changes in the composition of the Group during the financial period under review.

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

There following is an additional banking facility during the reporting period:

For subsidiaries	Nature	RM
Yong Tai Samchem Sdn. Bhd	Bank credit facilities granted	3,428,000

12. **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.

13. **Sale of Unquoted Investments and/or Properties**

There were no sales of unquoted investments or properties during the financial period under review.

14. **Variance In Profit Forecast**

There was no profit forecasted for the financial year.

15. Segment Information

Segment information was presented in respect of the Group's business segments. Inter-segment pricing is determined based on negotiated prices in the normal course of business.

	Trading, retailing & manufacturing of garment & related products (RM'000)	Trading of petrol chemical related products (RM'000)	Others (RM'000)	Elimination (RM'000)	Group (RM'000)
12 Months ended 30.06.2007					
REVENUE					
External sales	49,812	112,478	-	-	162,290
Inter-segment sales	4,409	-	270	(4,679)	-
Total	54,221	112,478	270	(4,679)	162,290
RESULT					
Segment result	(1,668)	1,555	173	(211)	(151)
Unallocated corporate income					-
Operating profit					(151)
Finance cost					(2,412)
Loss before taxation					(2,563)
Taxation					(573)
Loss after taxation, before minority interest					(3,136)
Minority interest					(706)
Loss after taxation and minority interest					(3,842)
12 Months ended 30.06.2006					
REVENUE					
External sales	50,735	41,328	-	-	92,063
Inter-segment sales	3,693	-	420	(4,113)	-
Total	54,428	41,328	420	(4,113)	92,063
RESULT					
Segment result	(17,176)	152	138	(195)	(17,081)
Unallocated corporate income					(681)
Operating loss					(17,762)
Finance cost					(1,897)
Loss before taxation					(19,659)
Taxation					(712)
Loss after taxation, before minority interest					(20,371)
Minority interest					(152)
Loss after taxation and minority interest					(20,523)

16. **Review of Performance**

The Group's revenue was RM162.290 million for the year ended 30th June 2007 compared to RM92.063 million in the last corresponding year. The increased of turnover mainly contributed from of the trading of petrol-chemical related products by its sub-subsidiary, Shanghai Sino-Malaysian International Trading Co. Ltd.

The Group's loss before taxation was RM2.563 million for the financial year ended 2007 as compared to loss before taxation of RM19.659 million (restated) in the last corresponding financial year. The loss was mainly due to the poor performance of the garments business which faced stiff competition in the region.

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

For the current quarter, the Group's revenue was RM44.450 million as compared to RM32.132 million in the immediate preceding quarter. Loss before taxation in the current quarter was RM1.963 million as compared to loss before taxation of RM0.141 million in the immediate preceding quarter.

The fall in revenue was due to cyclical result of our retail industry.

18. **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 financial year. The Group will continue to consolidate its garments retailing business and looking forward to expand the trading of petrol-chemical related products business through its sub-subsidiary in Shanghai, China.

19. **Taxation**

	Current quarter ended 30.06.2007 RM'000	12-months cumulative for financial year to date 30.06.2007 RM'000
Tax expense for the period		
- based on financial year-to-date profit	120	371
- Over provision in prior years	(24)	(24)
- deferred taxation : current year	228	228
: over provision in prior year	(2)	(2)
	322	573

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.

20. **Quoted Investments**

(a) There was no purchase or disposal of quoted securities for the current financial period.

(b) Investment in quoted shares for the financial period ended 30th June 2007.

		As At 30.06.2007 RM'000
(i)	At cost	4
(ii)	At carrying value/book value	4
(iii)	At market value	2

21. **Group Borrowings**

	As At 30.06.2007 RM'000
Short term borrowings (Amount due within one year)	30,103
Long term borrowings (Amount due more than one year)	1,586
	31,689

All borrowings were secured and denominated in Ringgit Malaysia.

22. **Off Balance Sheet Financial Instruments**

There were no financial instruments with off balance sheet risk as at the end of the financial year up to the date of this announcement.

23. **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.

24. **Dividends**

The Directors do not recommend any payment of dividends in respect of the period ended 30th June 2007.

25. **Corporate Proposals**

There were no corporate proposals announced but not completed as the date of issue of this quarterly report.

26. **Loss Per Share**

In respect of loss per share:-

a) The amount used as numerator for the calculation of current year basic loss per share was RM3.842million which is the same as the net loss shown in the condensed consolidated income statement.

b) The number of ordinary shares used as the denominator in calculating the loss per share was:-

	Current year to date	Preceding year corresponding period
	<----------No. of Shares-------->	
	('000)	('000)
Weighted Average No. of shares used to calculate basic loss per share	40,115	40,115
Employees Share Option Scheme's shares (expired on 11 March 2007)	3,775	3,775
Weighted Average No. of shares used to calculate diluted profit per share, if any	43,890	43,890

The Group's fully diluted loss per share is the same as the basic loss per share as the fully diluted loss per share is anti-dilutive.

There is no effect of dilution from share options for the current quarter and nine months ended 31 March 2007 as the Employee Share Option Scheme expired on 11 March 2007.