# YONG TAI BERHAD (311186-T) SELECTED EXPLANATORY NOTES FOR THE FIRST OUARTER ENDED 30<sup>TH</sup> SEPTEMBER 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 30<sup>th</sup> June 2007. 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 30<sup>th</sup> June 2007.

The accounting policies and methods of computation are consistent with those adopted for the annual audited financial statement for the year ended 30<sup>th</sup> June 2007.

## 2 Changes in Accounting policies

In the current period, the Group adopted the following new/revised FRSs which are applicable to its financial statement for the current financial year ending 30<sup>th</sup> June 2008 and are relevant to its operations:-

FRS 107	Cash Flow Statement
FRS 112	Income Taxes
FRS 118	Revenue
FRS 119	Employee Benefits
Amendments to	Employee Benefits - Actuarial Gains & Losses, Group Plans
FRS 119 <sub>2004</sub>	and Disclosures
Amendments to	The effects of changes in Foreign Exchange Rates - Net
FRS 121 <sub>2004</sub>	Investment in a Foreign Operation
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above FRSs does not have significant financial impact on the Group.

### 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 30<sup>th</sup> June 2007 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 and 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 for the current quarter ended 30<sup>th</sup> September 2007.

## 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 financial year to date.

### 10. Changes in Composition of the Group

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

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

There were no additional contingent liabilities or contingent assets during the reporting period.

### 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. 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 September 2007:

	As At
	30.09.2007
	RM'000
At cost	4
At carrying value/book value	4
At market value	2
	At carrying value/book value

The short fall in market value of quoted shares held by the Group is deemed temporary and as such, the Directors do not recommend any allowance for diminution in value of investment.

## 16. **Group Borrowings**

	As At 30.09.2007 RM'000
Short term borrowings	31,495
(Amount due within one year)	
Long term borrowings	1,452
(Amount due more than one year)	
	32,947

All borrowings were secured and denominated in Ringgit Malaysia.

#### 17. 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.

# 18. **Segment Information**

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

	Trading, retailing &	Trading			
	manufacturing	of petrol			
	of garment	chemical			
	& related	related	Others	Elimination	Group
	products	products			1
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
3 Months ended 30.09.2007					
REVENUE					
External sales	13,871	32,746	-	-	46,617
Inter-segment sales	1,869	-	30	(1,899)	-
Total	15,740	32,746	30	(1,899)	46,617
RESULT					
Segment result	441	1,011	27	-	1,479
Unallocated corporate income					282
Operating profit				-	1,761
Finance cost					(737)
Profit before taxation				-	1,024
Taxation					(154)
Profit after taxation				_	870
Minority interest					(447)
Profit for the period				_	423
From for the period				=	123
3 Months ended 30.09.2006					
REVENUE					
External sales	13,611	27,835	-	-	41,446
Inter-segment sales	142	-	30	(172)	-
Total	13,753	27,835	30	(172)	41,446
RESULT					
Segment result	(642)	357	27	-	(258)
Unallocated corporate income					407
Operating loss				-	149
Finance cost					(628)
Loss before taxation				-	(479)
Taxation					(65)
Loss after taxation				-	(544)
Minority interest					(100)
Loss for the period				-	
Loss for the period				=	(644)

#### 19. **Review of Performance**

For the first three months under review, the Group's revenue was RM46.617 million compared to RM41.446 million in the preceding year's corresponding period. The increase in turnover was mainly contributed from trading of petrol-chemical related products by its sub-subsidiary, Shanghai Sino-Malaysian International Trading Co. Ltd.

The Group's profit before taxation was RM1.024 million for the three months compared to loss before taxation RM0.479 million in the preceding year's corresponding period mainly due to improvement performance of the garment division and the expansion of the business in the trading of petrol chemical related products .

## 20. Material Changes in the Quarterly Results as Compared with the Preceding Quarter

For the current quarter, the Group's revenue was RM46.617 million compared to RM44.45 million in the immediate preceding quarter. Profit before taxation in the current quarter was RM1.024 million compared to loss before taxation RM1.963 million in the immediate preceding quarter.

The turnaround result was attributed to the improvement in the garment trading profit margin.

## 21. 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.

#### 22. Taxation

		3-months
		cumulative for
	Current quarter	financial year to
	ended 30.9.2007	date 30.09.2007
	RM'000	RM'000
Tax expense for the period		
- based on financial year-to-date profit	154	154
- under/(over) provision in prior years	0	0
- deferred taxation : current year	0	0
: over provision in prior	0	0
Year		
_	154	154
<del>-</del>		

The effective tax rate for the current quarter and financial year-to-date was lower than the statutory tax rate due to the lower corporate tax rate in China.

## 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 30<sup>th</sup> September 2007.

# 25. Corporate Proposals

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

## 26. **Earning Per Share**

#### a. Basic

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the average number of ordinary shares in issue during the period.

	Current period	Cumulative period
	ended 30.09.2007	ended 30.09.2007
Net profit attributable to equity holders of the		
parent for the year (RM'000)	423	423
Ordinary shares in issue ('000)	40,115	40,115
Basic earning per share (sen)	1.05	1.05

### b. Diluted

Not applicable.