

YONG TAI BERHAD (311186-T)
SELECTED EXPLANATORY NOTES
FOR THE SECOND QUARTER ENDED 31 DECEMBER 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 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 30th June 2007.

The accounting policies and methods of computation are consistent with those adopted for the annual audited financial statement for the year ended 30th 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 30th 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 FRS 119 ₂₀₀₄	Employee Benefits - Actuarial Gains & Losses, Group Plans and Disclosures
Amendments to FRS 121 ₂₀₀₄	The effects of changes in Foreign Exchange Rates - Net 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 30th 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 31 December 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 other than as disclose in Note 23.

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 Securities**

(a) The dealings in quoted securities for the current quarter and current financial period ended 31 December 2007 are as follows :-

	Current Quarter RM'000	Current financial Year- to-date RM'000
Total purchases at cost	-	-
Total disposal proceeds	2	2
Total loss on disposal	2	2

(b) There is no investment in quoted securities as at 31 December 2007.

16. **Group Borrowings**

	As At 31.12.2007 RM'000
Short term borrowings (Amount due within one year)	29,976
Long term borrowings (Amount due more than one year)	1,318
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	31,294

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. 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)
6 Months ended 31.12.2007					
REVENUE					
External sales	28,519	67,118	-	-	95,637
Inter-segment sales	3,966	-	60	(4,026)	-
Total	32,485	67,118	60	(4,026)	95,637
RESULT					
Segment result	850	2,053	23	-	2,926
Unallocated corporate income					229
Operating profit					3,155
Finance cost					(1,372)
Profit before taxation					1,783
Taxation					(398)
Profit after taxation					1,385
Minority interest					(955)
Profit attributable to equity holders of the parent for the period					430
6 Months ended 31.12.2006					
REVENUE					
External sales	28,476	57,232	-	-	85,708
Inter-segment sales	3,136	-	60	(3,196)	-
Total	31,612	57,232	60	(3,196)	85,708
RESULT					
Segment result	(349)	703	56	-	410
Unallocated corporate income					343
Operating loss					753
Finance cost					(1,212)
Loss before taxation					(459)
Taxation					(169)
Loss after taxation					(628)
Minority interest					(313)
Loss attributable to equity holders of the parent for the period					(941)

19. Review of Performance

For the first six months under review, the Group's revenue was RM95.637 million compared to RM85.708 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 RM1.783 million for the two quarters compared to loss before taxation RM0.459 million in the preceding year's corresponding period. The improvement is mainly due to the expansion of the business in the trading of petrol chemical related products in China. Yong Tai Samchem (HK) Co. Ltd commenced trading of chemical products in Shanghai in the current quarter and thus contributed to the increase in revenue.

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

For the current quarter, the Group's revenue was RM49.020 million compared to RM46.617 million in the immediate preceding quarter. Profit before taxation in the current quarter was RM0.759 million compared to profit before taxation RM1.024 million in the immediate preceding quarter.

Notwithstanding an increase in revenue in the current quarter, the Group's profit before taxation decrease as compare to the immediate preceding quarter. This is due to the operating loss suffered by the garments manufacturing arm.

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

	Current quarter ended 31.12.2007 RM'000	6-months cumulative for financial year to date 31.12.2007 RM'000
Tax expense for the period		
- based on financial year-to-date profit	244	398
- under/(over) provision in prior years	0	0
- deferred taxation : current year	0	0
: over provision in prior year	0	0
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	244	398

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.

23. Changes in Material Litigation

There is no pending material litigation since the end of the last financial year up to the date of this announcement except as follows:

Yong Tai Brothers Trading Sdn. Bhd.(“YTBT”), a wholly-owned subsidiary company of the Group has on 11 February 2008 become aware of the writ of summons filed by Pujian Development Sdn. Bhd.(“PD”) against YTBT. PD is claiming for an alleged sum equivalent to approximately RM0.922 million with interest for amongst others, arising from the alleged loss of rental income. No provision has been made in the financial statement in respect of claim by PD as it is not probable that the liability will crystallise. The suit has been referred to the YTBT’s solicitor with instruction to enter appearance and to file a statement of defence on behalf of YTBT.

24. Dividends

The Directors do not recommend any payment of dividends in respect of the period ended 31st December 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 ended 31.12.2007	Cumulative period ended 31.12.2007
Net profit attributable to equity holders of the parent for the year (RM’000)	7	430
Ordinary shares in issue (’000)	40,115	40,115
Basic earning per share (sen)	0.02	1.07

b. Diluted

Not applicable.