

**YONG TAI BERHAD (311186-T)**  
**SELECTED EXPLANATORY NOTES**  
**FOR THE FORTH QUARTER ENDED 30 JUNE 2008**

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 FRS 119 <sub>2004</sub>	Employee Benefits - Actuarial Gains & Losses, Group Plans and Disclosures
Amendments to FRS 121 <sub>2004</sub>	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 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 June 2008.

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. **Material Events Subsequent to the End of Reporting Period**

On 15 July 2008, Yong Tai Berhad acquired 100% equity interest, comprising 2 ordinary shares of RM1.00 in Phoenix Step Sdn. Bhd. (“PSSB”), a company incorporated in Malaysia, for a total consideration of RM2.00. PSSB is currently dormant.

There were no other material events subsequent to the end of the financial quarter to the date of this announcement.

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

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

13. **Variance In Profit Forecast**

There was no profit forecasted for the financial year.

14. **Quoted Securities**

(a) The dealings in quoted securities for the current quarter and current financial period ended 30 June 2008 are as follows :-

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

(b) There is no investment in quoted securities as at 30 June 2008.

15. **Group Borrowings**

	As At 30.06.2008 RM'000
Short term borrowings (Amount due within one year)	33,687
Long term borrowings (Amount due more than one year)	1,188
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	34,875

All borrowings were secured and denominated in Ringgit Malaysia.

## 16. 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)
<b>12 Months ended 30.06.2008</b>					
<b>REVENUE</b>					
External sales	51,377	128,222	-	-	179,599
Inter-segment sales	5,256	-	270	(5,526)	-
<b>Total</b>	<b>56,633</b>	<b>128,222</b>	<b>270</b>	<b>(5,526)</b>	<b>179,599</b>
<b>RESULT</b>					
Segment result	(1,141)	3,536	173	125	2,693
Unallocated corporate income					-
Operating profit					2,693
Finance cost					(2,530)
Profit before taxation					163
Taxation					(191)
Loss after taxation					(28)
Minority interest					(1,657)
Loss attributable to equity holders of the parent for the period					(1,685)
<b>12 Months ended 30.06.2007</b>					
<b>REVENUE</b>					
External sales	49,812	112,478	-	-	162,290
Inter-segment sales	4,409	-	270	(4,679)	-
<b>Total</b>	<b>54,221</b>	<b>112,478</b>	<b>270</b>	<b>(4,679)</b>	<b>162,290</b>
<b>RESULT</b>					
Segment result	(1,668)	1,555	173	(211)	(151)
Unallocated corporate income					-
Operating loss					(151)
Finance cost					(2,412)
Loss before taxation					(2,563)
Taxation					(573)
Loss after taxation					(3,136)
Minority interest					(706)
Loss attributable to equity holders of the parent for the period					(3,842)

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

There following is an additional corporate guarantee issued since the last annual balance sheet date:

<u>For subsidiaries</u>	<u>Nature</u>	<u>RM</u>
Yong Tai Samchem Sdn. Bhd	Bank credit facilities granted	5,300,000

18. **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.

19. **Review of Performance**

**Operations Review**

The Group's revenue was RM179.599 million for the year ended 30 June 2008 compared to RM162.290 million in the last corresponding year. 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 RM0.163 million for the financial year ended 2008 as compared to loss before taxation of RM2.563 million in the last corresponding financial year. The profit was mainly due to contribution from trading of petrol-chemical related products and a surplus from fair value adjustment of the investment properties during the period.

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

For the current quarter, the Group's revenue was RM44.489 million compared to RM39.473 million in the immediate preceding quarter. Loss before taxation in the current quarter was RM1.281 million compared to loss before taxation RM0.339 million in the immediate preceding quarter.

Notwithstanding an increase in revenue in the current quarter, the Group's loss before taxation increase as compare to the immediate preceding quarter due to the poor performance of the garments business which faced stiff competition in the region.



## 26. 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:

On 11 February 2008, Yong Tai Brothers Trading Sdn. Bhd. (“YTBT”) a wholly-owned subsidiary company of the Group was served a Writ of Summons by Pujian Development Sdn. Bhd. (“PD”) for a claim of RM0.922 million with interest for amongst others, arising from the alleged loss of rental income. The solicitor of the subsidiary has filed a Statement of Defence against the claim on 14 April 2008. PD has filed an application for amendment of the Statement of Claim, (the claim remain unchanged) and the same is fixed for hearing on 17 September 2008. 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.

## 27. Loss 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 30.06.2008	Cumulative period ended 30.06.2008
Net loss attributable to equity holders of the parent for the year (RM'000)	(1,475)	(1,685)
Ordinary shares in issue ('000)	40,115	40,115
Basic loss per share (sen)	(3.68)	(4.20)

### b. Diluted

Not applicable.