

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A1. Accounting Policies and 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 2008. 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 2008.

The accounting policies and methods of computation are consistent with those adopted for the annual audited financial statement for the year ended 30th June 2008.

The Group has not made an early adoption of FRS 139 (Financial Instruments: Recognition and Measurement) which is effective for accounting periods beginning on or after 1 January 2010 and has applied the transitional provision in FRS 139 which exempts entities from disclosing the possible impact arising from the initial application of this standard on the financial statements of the Group.

A2. Audit Report

The auditors' report for the annual financial statements of the Group for the financial year ended 30th June 2008 was not subject to any qualification.

A3. Seasonal or Cyclical Factors

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

A4. 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 September 2008.

A5. 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.

A6. 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.

A7. Dividends Paid

There were no dividends paid for the current financial year to date.

A8. 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 garments & related products (RM'000)	Trading of petrol chemical related (RM'000)	Others (RM'000)	Elimination (RM'000)	Group (RM'000)
3 Months ended 30.09.2008					
REVENUE					
External sales	15,374	27,257	-	-	42,631
Internal sales	2,113	-	30	(2,143)	-
Total	17,487	27,257	30	(2,143)	42,631
RESULT					
Segment result	(707)	604	18	-	(85)
Unallocated corporate loss					(41)
Operating loss					(126)
Finance cost					(555)
Loss before taxation					(681)
Taxation					(176)
Loss after taxation					(857)
Minority interest					(303)
Loss for the period					(1,160)
3 Months ended 30.09.2007					
REVENUE					
External sales	13,871	32,746	-	-	46,617
Internal 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					<u>282</u>
Operating profit					1,761
Finance cost					<u>(737)</u>
Profit before taxation					1,024
Taxation					<u>(154)</u>
Profit after taxation					870
Minority interest					<u>(447)</u>
Profit for the period					<u><u>423</u></u>

A9. 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.

A10. 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.

A11. Changes in Composition of the Group

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 cash consideration of RM2.00.

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

A12. Changes of Contingent Liabilities or Contingent Assets

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

A13. Capital Commitments

	As at 30.09.2008 RM'000	As at 30.06.2008 RM'000
Capital expenditure approved and contracted for :		
-Property , plant and equipment	<u>1,345</u>	<u>1,345</u>

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

For the first three months under review, the Group's revenue was RM42.631 million compared to RM46.617 million in the preceding year's corresponding period. The decrease in turnover was mainly attributable to low revenue generated by low consumer demand in both the garments retail and petrochemicals industries

The Group's loss before taxation was RM0.681 million for the three months compared to profit before taxation RM1.024 million in the preceding year's corresponding period. The loss is mainly due to poor performance of the garments business which faced stiff competition in the region.

B2. Material Changes in the Quarterly Results as Compared with the Preceding Quarter

For the current quarter, the Group's revenue was RM42.631 million compared to RM44.489 million in the immediate preceding quarter. Loss before taxation in the current quarter was RM0.681 million compared to loss before taxation RM1.281 million in the immediate preceding quarter. The decreased in the Group's revenue for the current quarter in comparison with the immediate preceding quarter ended 30 June 2008 was mainly due to the cyclical result of the garments retail industry. Conversely, the decrease of loss before tax in current quarter was attributed to a lower administrative and operating expenses.

B3. 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.

B4. Profit Forecast and Profit Guarantee

There was no profit forecasted for the financial year.

B5. Taxation

	Current quarter ended 30.09.2008 RM'000	3-months cumulative for financial year to date 30.09.2008 RM'000
Tax expense for the period		
- based on financial year-to-date profit	176	176
- under/(over) provision in prior years	0	0
- deferred taxation : current year	0	0

- over provision in prior year	0	0
	<u>176</u>	<u>176</u>

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.

B6. Sale of Unquoted Investments and/or Properties

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

B7. Quoted Securities

(a) There were no purchases or disposal of quoted securities for the current quarter and financial period to date.

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

B8. Corporate Proposals

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

B9. Group Borrowings

	As at
	30.09.2008
Short term borrowings (Amount due within one year)	33,732
Long term borrowings (Amount due more than one year)	1,047
	<u>34,779</u>

All borrowings were secured and denominated in Ringgit Malaysia.

B10. 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.

B11. 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 14th April 2008. PD has filed an application for summary judgment and the same is fixed for hearing on 11 March 2009. 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.

B12. Dividends

The Directors do not recommend any payment of dividends in respect of the period ended 30 September 2008.

B13. 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 30.09.2008	Cumulative period ended 30.09.2008
Net loss attributable to equity holders of the parent for the year (RM’000)	(1,160)	(1,160)
Ordinary shares in issue (’000)	40,115	40,115
Basic loss per share (sen)	(2.89)	(2.89)

b. Diluted

Not applicable.

B14. Authorised For Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 November 2008.