

YONG TAI BERHAD (311186-T)
SELECTED EXPLANATORY NOTES
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2009

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 2009. 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 2009.

The accounting policies and methods of computation are consistent with those adopted for the annual audited financial statement for the year ended 30th June 2009 except for the first time adoption of FRS 8, “Operating Segments”.

FRS 8: Operating Segment, which replaced FRS 114₂₀₀₄ Segment Reporting, is a disclosure standard that requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the chief operating decision maker of the Group in order to allocate resources to the segments and to assess their performance. In the past, the Group’s primary reporting format was business segment. The application of this standard would not have any material impact to the financial statements of the Group.

The Group has not applied the following accounting standards, amendments and interpretations that have been issued by the MASB but are not yet effective:

FRSs / Interpretations	Effective date
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
FRS 4, Insurance Contracts	1 January 2010
FRS 7, Financial Instruments	1 January 2010
FRS 123, Borrowing Costs	1 January 2010
FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11, FRS 2 – Group and Treasury Share	1 January 2010

Transactions	
IC Interpretation 13, Customer Loyalty Programmes	1 January 2010
IC Interpretation 14, FRS 119 - The Limit of a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	1 January 2010

A2. Audit Report

The auditors' report for the annual financial statements of the Group for the financial year ended 30th June 2009 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 2009.

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

As of 1 July 2009, the Group adopted FRS 8 Operating Segments and Amendments to FRS 8 Operating Segments. The segmental information is presented in respect of the Group's business segments. The primary format by business segments is based on the Group's management and internal reporting structure that regularly reviewed by the chief operating decision maker, represented by the Managing Director of the Company, in order to allocate resources to the segment and to assess their performance.

The Group is basically engaged in the following business segments:-

1. Trading retailing & manufacturing of garments & related products
2. Trading of chemical products
3. Others - Property development and investment holding

Inter-segment pricing is determined based on negotiated prices in the normal course of business. These transactions are eliminated on consolidation. Segmental results, assets, liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise tax recoverable, tax payable, other corporate assets and corporate liabilities.

	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)
<u>3 Months ended 30.09.2009</u>					
Revenue					
External sales	15,152	25,002	-	-	40,154
Internal sales	1,722	-	30	(1,752)	-
Total	16,874	25,002	30	(1,752)	40,154
Results:-					
Segment result	(168)	754	17	-	603
Unallocated corporate loss					(24)
Operating profit					579
Finance cost					(615)
Loss before taxation					(36)
Taxation					(133)
Loss after taxation					(169)
Minority interest					(307)
Loss for the period					(476)
Other information					
Segment assets	98,877	28,889	2,432		130,198
Unallocated corporate assets					872
Total consolidated assets					131,070
Segment liabilities	12,346	18,176	97		30,619
Unallocated corporate liabilities					51,666
Total consolidated liabilities					82,285
<u>3 Months ended 30.09.2008</u>					
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
Results:-					
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				<u>(1,160)</u>
Other information				
Segment assets	102,263	19,863	2,482	124,608
Unallocated corporate assets				1,161
Total consolidated assets				<u>125,769</u>
Segment liabilities	13,359	12,110	43	25,512
Unallocated corporate liabilities				49,960
Total consolidated liabilities				<u>75,472</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

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 changes in contingent liabilities or contingent assets since the last annual balance sheet as at 30 June 2009, except for the additional corporate guarantee amounting to RM2,000,000 given to a financial institution in respect of banking facilities granted to a subsidiary company.

A13. Capital Commitments

There were no capital commitments for the interim financial statements as at 30 September 2009.

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 RM40.154 million compared to RM42.631 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 RM0.036 million for the three months compared to loss before taxation RM0.681 million in the preceding year's corresponding period. The decrease of loss was attributable to the change in business strategy, from trading in high volume bulk chemical to trading in specialized chemical, which yield a higher profit margin comparatively in the petrochemical segment. Loss decreased in the garments retail segment was mainly attributable to lower operating and administrative costs.

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

For the current quarter, the Group's revenue was RM40.154 million compared to RM32.040 million in the immediate preceding quarter. Loss before taxation in the current quarter was RM0.036 million compared to profit before taxation RM0.624 million in the immediate preceding quarter. The increased in the Group's revenue for the current quarter was mainly due to the cyclical result of the garments retail industry.

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 30.09.2009 RM'000	3-months cumulative for financial year to date 30.09.2009 RM'000
Tax expense for the period		
- based on financial year-to-date profit	133	133
- under/(over) provision in prior years	-	-
- deferred taxation : current year	-	-

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

Except as disclose below, there were no sales of unquoted investments or properties during the financial period under review and financial year to-date:

On 27th August 2009, the subsidiary company, Yong Tai Brothers Trading Sdn. Bhd. entered into a Sale and Purchase Agreement to dispose of a property held under Town Lease No. 107521479 containing an area of 3000 sq ft more or less together with a two storey shophouse erected thereon and situated at TB 351, Lot 7, Block B, Bandar Sabindo in the District of Tawau in the State of Sabah for a total consideration of RM1,300,000.

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 2009.

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 30.09.2009
Short term borrowings (Amount due within one year)	31,640
Long term borrowings (Amount due more than one year)	1,079
	<u>32,719</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 was no pending material litigation as at the end of the financial year up to the date of this announcement.

B12. Dividends

The Directors do not recommend any payment of dividends in respect of the period ended 30 September 2009.

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 30.09.2009	Cumulative period ended 30.09.2009
Net loss attributable to equity holders of the parent for the year (RM'000)	(476)	(476)
Ordinary shares in issue ('000)	40,115	40,115
Basic loss per share (sen)	(1.19)	(1.19)

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 20 November 2009.