

YONG TAI BERHAD (311186-T)
SELECTED EXPLANATORY NOTES
FOR THE THIRD QUARTER ENDED 31 MARCH 2010

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A1. Accounting Policies and Basis of Preparation

The interim financial statements have been prepared in accordance with Financial Reporting Standard (“FRS”) 134 Interim Financial Reporting issued by Malaysian Accounting Standards Board (“MASB”) and should be read in conjunction with the Annual Financial Statements for the year ended 30th June 2009.

The accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the previous audited annual financial statements.

During the financial period, MASB

- a) announced the issuance of revised Standards, amendments to FRSs, together with the issuance of new Interpretations and Technical Release as follows:

FRS 123	Borrowing Costs
FRS 101	Presentation of Financial Statements
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellation
Amendments to FRS 1	First-time adoption of Financial Reporting Standards and FRS 127 Consolidated and Separated Financial Statements: Cost of and Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139	Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosure and IC Interpretation 9 Reassessment of Embedded Derivatives

Amendments to FRSs contained in the document entitled “Improvements to FRSs (2009)”

IC Interpretation 11, FRS 2	Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14, FRS 119	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

- b) withdrawal of FRS *i-1* ²⁰⁰⁴ Presentation of Financial Statements of Islamic Financial Institutions (for application for financial statements with annual periods beginning on or after 1 January 2010)
- c) announced the issuance of TR *i-3* Presentation of Financial Statements of Islamic Financial Institutions and SOP *i-1* Financial Reporting from an Islamic Perspective

The Group and the Company have not early adopted the above revised FRS, limited amendments Interpretations which are effective from 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 31 March 2010.

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 products (RM'000)	Others (RM'000)	Elimination (RM'000)	Group (RM'000)
<u>9 Months ended 31.03.2010</u>					
Revenue					
External sales	45,010	82,631	-	-	127,641
Internal sales	4,112	-	90	(4,202)	-
Total	49,122	82,631	90	(4,202)	127,641
Results:-					
Segment result	(606)	2,029	21	-	1,444
Unallocated corporate loss					(24)
Operating profit					1,420
Finance cost					(1,852)
Loss before taxation					(432)
Taxation					(110)
Loss after taxation					(542)
Minority interest					(902)
Loss for the period					(1,444)
Other information					
Segment assets	95,629	21,840	2,430		119,899
Unallocated corporate assets					1,035
Total consolidated assets					120,934
Segment liabilities	13,158	11,581	14		24,753
Unallocated corporate liabilities					48,468
Total consolidated liabilities					73,221
<u>9 Months ended 31.03.2009</u>					
Revenue					
External sales	40,637	77,001	-	-	117,638
Internal sales	4,839	-	90	(4,929)	-
Total	45,476	77,001	90	(4,929)	117,638
Results:-					
Segment result	(4,537)	2,781	26	-	(1,730)
Unallocated corporate loss					(49)
Operating loss					(1,779)
Finance cost					(1,682)
Loss before taxation					(3,461)
Taxation					(473)
Loss after taxation					(3,934)
Minority interest					(1,395)
Loss for the period					(5,329)

Other information				
Segment assets	97,051	23,732	2,628	123,411
Unallocated corporate assets				14
Total consolidated assets				<u>123,425</u>
Segment liabilities	14,015	13,703	4	27,722
Unallocated corporate liabilities				48,082
Total consolidated liabilities				<u>75,804</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 31 March 2010.

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

For the first nine months under review, the Group's revenue was RM127.641 million compared to RM117.638 million in the preceding year's corresponding period. The increase in turnover was mainly attributable to increase revenue generated by both garments retail and petrochemicals industries.

The Group's loss before taxation was RM0.432 million for the nine months compared to loss before taxation RM3.461 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 RM34.499 million compared to RM52.988 million in the immediate preceding quarter. Loss before taxation in the current quarter was RM0.751 million compared to profit before taxation RM0.355 million in the immediate preceding quarter. The decreased in the Group's revenue for the current quarter was mainly due to the operating loss suffered by the textiles and garments segment.

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 31.03.2010 RM'000	9-months cumulative for financial year to date 31.03.2010 RM'000
Tax expense for the period		
- based on financial year-to-date profit	10	110
- under/(over) provision in prior years	-	-
- deferred taxation : current year	-	-
	<u>10</u>	<u>110</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 Investment Properties

Except as disclose below, there were no sales of unquoted investments or investment 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 shop house 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 RM1.3 million.

On 30th November 2009, the subsidiary company, Yong Tai Brothers Trading Sdn. Bhd. entered into a Sale and Purchase Agreement to dispose of of three (3) units of commercial shopping lots bearing postal address Lot 1.03, 1.04 & 1.05, Kota Raya Complex, Jalan Cheng Lock, 50000 Kuala Lumpur for a total consideration of RM3.75 million.

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 31 March 2010.

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 31.03.2010 RM'000
Short term borrowings (Amount due within one year)	29,719
Long term borrowings (Amount due more than one year)	1,852
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	31,571
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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 31 March 2010.

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 31.03.2010	Cumulative period ended 31.03.2010
Net loss attributable to equity holders of the parent for the year (RM'000)	(918)	(1,444)
Ordinary shares in issue ('000)	40,115	40,115
Basic loss per share (sen)	(2.29)	(3.60)

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 24 May 2010.