

YONG TAI BERHAD (311186-T)
SELECTED EXPLANATORY NOTES
FOR THE FORTH QUARTER ENDED 30 JUNE 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 except for the adoption of the following new Financial Reporting Standards (“FRS”), Amendments to FRSs and Interpretations with effect from 1st April 2010:-

During the financial period, MASB announced the issuance of revised Standards, amendments to FRSs, together with the issuance of new Interpretations and Technical Release as follows:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised 2009)
FRS 123	Borrowing Costs (Revised)
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
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
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

Improvements to FRSs issued in 2009 in respect of various FRSs including Amendments to FRS 117: Leases

A1. Accounting Policies and Basis of Preparation (cont'd)

Other than for the adoption of FRS 8, FRS 101 and FRS 139, the adoption of the above FRSs, Amendments to FRSs and IC Interpretation did not result in any significant changes in the accounting policies and the presentation of the financial results of the Group.

(a) FRS 8: Operating Segments

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segmental reporting had been presented based on the internal reporting to the senior management who makes decisions on the allocation of resources and assess the performance of the reportable segments. This standard does not have any impact on the financial position and results of the Group.

(b) FRS 101: Presentation of Financial Statements

This Standard introduces the titles "statement of financial position" and "statement of cash flows" to replace the current titles "balance sheet" and "cash flow statement" respectively. A new statement known as the "statement of comprehensive income" is also introduced in this Standard whereby all non-owner changes in equity are required to be presented in either one statement of comprehensive income or in two statements (i.e. a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

This Standard also introduces a new requirement to present a statement of financial position as at the beginning of the earliest comparative period if there are applications of retrospective restatements that are defined in FRS 108, or when there are reclassifications of items in the financial statements.

Additionally, FRS 101 requires the disclosure of reclassification adjustments and income tax relating to each component of other comprehensive income, and the presentation of dividends recognised as distributions to owners together with the related amounts per share in the statement of changes in equity or in the notes to the financial statements.

This Standard introduces a new requirement to disclose information on the objective, policies and processes for managing capital based on information provided internally to key management personnel as defined in FRS 124: Related Party Disclosures. Additional disclosures are also required for puttable financial instruments classified as equity instruments.

(c) FRS 139: Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and commercial contracts to buy and sell non-financial items. In accordance with the transitional provisions, the group has adopted FRS 139 prospectively on 1 April 2010 and the comparatives as at 31 March 2010 are not restated. The adoption of FRS 139 did not result in any significant changes in accounting policies and the presentation of the financial results of the Group except for its associate where the Group share the effects arising from adoption of this Standard.

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 June 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>12 Months ended 30.06.2010</u>					
Revenue					
External sales	59,106	109,256	-	-	168,362
Internal sales	3,946	-	340	(4,286)	-
Total	63,052	109,256	340	(4,286)	168,362
Results:-					
Segment result	(4,019)	3,241	(3,264)	3,694	(348)
Unallocated corporate loss					-
Operating loss					(348)
Finance cost					(1,973)
Loss before taxation					(2,321)
Taxation					(103)
Loss after taxation					(2,424)
Minority interest					(1,869)
Loss for the period					(4,293)
Other information					
Segment assets	77,966	30,585	14,563		123,114
Unallocated corporate assets					993
Total consolidated assets					124,107
Segment liabilities	12,419	18,410	1,556		32,385
Unallocated corporate liabilities					46,106
Total consolidated liabilities					78,491
<u>12 Months ended 30.06.2009</u>					
Revenue					
External sales	51,034	98,645	-	-	149,679
Internal sales	5,305	-	340	(5,645)	-
Total	56,339	98,645	340	(5,645)	149,679
Results:-					
Segment result	(4,176)	3,838	185	(259)	(412)
Unallocated corporate loss					(39)
Operating loss					(451)
Finance cost					(2,386)
Loss before taxation					(2,837)
Taxation					(430)
Loss after taxation					(3,267)
Minority interest					(1,870)
Loss for the period					(5,137)

Other information				
Segment assets	89,845	18,887	14,717	123,449
Unallocated corporate assets				<u>891</u>
Total consolidated assets				<u><u>124,340</u></u>
Segment liabilities	13,722	8,348	1,552	23,622
Unallocated corporate liabilities				<u>51,562</u>
Total consolidated liabilities				<u><u>75,184</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

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 RM 2,000,000 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 June 2010.

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

The Group's revenue was RM168.362 million compared to RM149.678 million in the preceding year's corresponding year. 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 RM2.321 million for the financial year ended compared to loss before taxation RM2.837 million in the preceding year's corresponding period. The decrease of loss was attributable to the increase in 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 RM40.721 million compared to RM34.499 million in the immediate preceding quarter. Loss before taxation in the current quarter was RM1.889 million compared to loss before taxation RM0.751 million in the immediate preceding quarter. The increase in the Group's loss 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 30.6.2010 RM'000	12-months cumulative for financial year to date 30.06.2010 RM'000
- based on financial year-to-date profit	7	32
- over provision in prior years	-	(79)
- deferred taxation : current year	-	2
- under provision in prior years	-	1
- China Enterprise Tax	-	147
Tax expense for the period	7	103

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 30 June 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 30.06.2010 RM'000
Short term borrowings (Amount due within one year)	28,331
Long term borrowings (Amount due more than one year)	1,334
	<hr/> <u>29,665</u> <hr/>

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 June 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 30.06.2010	Cumulative period ended 30.06.2010
Net loss attributable to equity holders of the parent for the year (RM'000)	(2,849)	(4,293)
Ordinary shares in issue ('000)	40,115	40,115
Basic loss per share (sen)	(7.10)	(10.70)

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 August 2010.