

**YONG TAI BERHAD (311186-T)**  
**SELECTED EXPLANATORY NOTES**  
**FOR THE THIRD QUARTER ENDED 31 MARCH 2011**

**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 the requirement of FRS 134 (Interim Financial Reporting) and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30th June 2010. 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 2010.

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 30 June 2010, except for the adoption of the following new Financial Reporting Standards (FRS), Amendments to FRSs and IC interpretations as follow:

<b>FRSs / Interpretations</b>	<b>Financial period beginning on or after</b>
FRS 1, First-time Adoption of Financial Reporting Standards	1 July 2010
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
Amendments to FRS 2, Share-based Payment - Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2, Share-based Payment	1 July 2010
FRS 3, Business Combinations	1 July 2010
FRS 4, Insurance Contracts	1 January 2010
Amendment to FRS 5, Non-current Assets Held For Sale and Discontinued Operations	1 January 2010
Amendments to FRS 5, Non-current Assets Held For Sale and Discontinued Operations	1 July 2010
FRS 7, Financial Instruments: Disclosures	1 January 2010
Amendments to FRS 7, Financial Instruments : Disclosures	1 January 2010
Amendment to FRS 8, Operating Segments	1 January 2010
FRS 101, Presentation of Financial Statements	1 January 2010
Amendment to FRS 108, Accounting Policies - Changes in Accounting Estimates and Errors	1 January 2010
Amendment to FRS 117, Leases	1 January 2010
Amendment to FRS 119, Employee Benefits	1 January 2010
Amendment to FRS 120, Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010

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

<b>FRSs / Interpretations</b>	<b>Financial period beginning on or after</b>
FRS 123, Borrowing Costs	1 January 2010
Amendment to FRS 123, Borrowing Costs	1 January 2010
Amendment to FRS 127, Consolidated and Separate Financial Statements	1 January 2010
FRS 127, Consolidated and Separate Financial Statements	1 July 2010
Amendment to FRS 128, Investments in Associates	1 January 2010
Amendment to FRS 129, Financial Reporting in Hyperinflationary Economies	1 January 2010
Amendment to FRS 131, Interests in Joint Ventures	1 January 2010
Amendment to FRS 132, Financial Instruments : Presentation	1 January 2010
Amendment to FRS 132, Financial Instruments : Presentation	1 January 2010/ 1 March 2010
Amendment to FRS 134, Interim Financial Reporting	1 January 2010
Amendment to FRS 138, Intangible Assets	1 January 2010
Amendments to FRS 138, Intangible Assets	1 July 2010
FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRSs 'Improvements to FRSs (2009)'	1 January 2010
Amendment to FRS 140, Investment Property	1 January 2010
IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
Amendment to IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010 and 1 July 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11, FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12, Service Concession Arrangements	1 July 2010
IC Interpretation 13, Customer Loyalty Programmes	1 January 2010
IC Interpretation 14, FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17, Distributions of Non-cash Assets to Owners	1 July 2010
TR i - 3, Presentation of Financial Statements of Islamic Financial Institutions	1 January 2010

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 except for the following:-

### (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.

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

### **(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 recognized 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. 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. This FRS 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.

### **(d) Amendments to FRSs 'Improvement to FRSs (2009)' - FRS 117: Leases**

FRS 117 clarifies on the classification of lease of land and buildings. The resulting effect of this FRS taking effect was the reclassification of prepaid lease on land back into property, plant and equipment, rather than being separately classified under prepaid lease payments on the consolidated statement of financial position, as disclosed below:

	As previously stated RM'000	As restated RM'000
<u>Statement of Financial Position</u>		
Property, plant & Equipment	24,134	24,933
Prepaid land lease payment	799	0

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

The adoption of this amendment will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provision.

The reclassification does not affect the basic and diluted earning per share for the current and prior periods.

The Malaysian Accounting Standards Board (MASB) has issued the following new FRSs and IC Interpretations that are yet to be effective and have not been adopted by the Group and Company in preparing these financial statements:-

<b>FRSs / Interpretations</b>	<b>Financial period beginning on or after</b>
Amendments to FRS 1, First-time Adoption of Financial Reporting - Additional Exemptions for First-time adopters	1 January 2011
Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendment to FRS 1)	1 January 2011
Amendments to FRS 2, Share-based Payment - Group Cash-settled Share-based Payment Transactions	1 January 2011
Improving Disclosures about Financial Instruments (Amendments to FRS 7)	1 January 2011
FRS 124, Related Party Disclosures (Revised)	1 January 2012
IC Interpretation 4, Determining Whether an Agreement contains a Lease	1 January 2011
Amendments IC Interpretation 13, Customer Loyalty Programmes	1 January 2011
Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 15, Agreements for the Construction of Real Estate	1 January 2012
Amendment to IC Interpretation 15, Agreements for the Construction of Real Estate	30 August 2010
IC Interpretation 18, Transfers of Assets from Customers	1 January 2011
IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
TR 3, Guidance on Disclosure of Transitions of IFRSs	1 January 2011
TR i - 4, Shariah Compliant Sale Contracts	1 January 2011

The new and revised FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Group upon their initial application.

## **A2. Audit Report**

The auditors' report for the annual financial statements of the Group for the financial year ended 30<sup>th</sup> June 2010 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 during the financial period.

**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. 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.

**A9. 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.

**A10. Changes in Composition of the Group**

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

**A11. Changes of Contingent Liabilities or Contingent Assets**

There were no changes in contingent liability and contingent asset of the Group since the end of the previous financial year 30 June 2010.

## A12. Segment Information

	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
<b><u>9 Months ended 31.03.2011</u></b>					
<b>Revenue</b>					
External sales	48,385	98,527	-	-	146,912
Internal sales	4,329	-	90	(4,419)	-
Total	52,714	98,527	90	(4,419)	146,912
<b>Results:-</b>					
Segment result	783	2,537	24	-	3,344
Unallocated corporate loss					(56)
Operating profit					3,288
Finance cost					(1,557)
Profit before taxation					1,731
Taxation					(299)
Profit after taxation					1,432
Non Controlling interest					(1,322)
Profit for the period					110
<b>Other information</b>					
Segment assets	87,752	41,687	2,566	-	132,005
Unallocated corporate assets					1,016
<b>Total consolidated assets</b>					<b>133,021</b>
Segment liabilities	11,320	23,528	15	-	34,863
Unallocated corporate liabilities					51,968
<b>Total consolidated liabilities</b>					<b>86,831</b>
<b><u>9 Months ended 31.03.2010</u></b>					
<b>Revenue</b>					
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
<b>Results:-</b>					
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)
Non Controlling interest					(902)
Loss for the period					(1,444)

<b>Other information</b>					
Segment assets	95,629	21,840	2,430	-	119,899
Unallocated corporate assets					<u>1,035</u>
<b>Total consolidated assets</b>					<u><u>120,934</u></u>
Segment liabilities	13,158	11,581	14	-	24,753
Unallocated corporate liabilities					<u>48,468</u>
<b>Total consolidated liabilities</b>					<u><u>73,221</u></u>

### A13. Capital Commitments

There were no capital commitments for the interim financial statements as at 31 March 2011.

### A14. Related Party Transactions

	Current quarter ended 31 March		Cumulative period ended 31 March	
	RM'000		RM'000	
	2011	2010	2011	2010
a) Purchases	21	28	86	68
b) Rental expenses	16	16	48	48

Related Party Transactions had been entered into in the ordinary course of business based on normal commercial terms and at arms length.

Other than as disclosed above, there were no other material related party transactions entered into the current quarter and financial year-to-date under review.

## **B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD**

### **B1. Review of Performance**

The Group's revenue was RM146.912 million compared to RM127.641 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 profit before taxation was RM1.731 million for the nine months compared to loss before taxation RM0.432 million in the preceding year's corresponding period. The increase of profit 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 RM51.372 million compared to RM50.346 million in the immediate preceding quarter. Profit before taxation in the current quarter was RM0.629 million compared to profit before taxation RM0.767 million in the immediate preceding quarter. The increase in the Group's revenue for the current quarter was mainly due to cyclical result of the garment 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**

The Group has not provided any profit forecast or profit guarantee in a public document.

### **B5. Taxation**

	Current quarter ended 31.03.2011 RM'000	9-months cumulative for financial year to date 31.03.2011 RM'000
- based on financial year-to-date profit	45	132
- China Enterprise Tax	24	167
Tax expense for the period	69	299

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**

There were no disposals of unquoted investments and properties during the financial quarter under review.

**B7. Quoted Securities**

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

(b) There is no investment in quoted securities as at the end of the quarter under review.

**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
	31.03.2011
<b><u>Current</u></b>	RM'000
Bank Overdrafts	13,302
Bankers acceptances	19,564
Term Loans	1,091
Hire Purchase payable	435
<b>Total</b>	<u>34,392</u>
<b><u>Non-Current</u></b>	RM'000
Hire Purchase payable	<u>854</u>

All borrowings were secured and denominated in Ringgit Malaysia.

**B10. Derivative Financial Instruments**

The group did not have any derivative financial instruments as at the end of the reporting period.

**B11. Gain and loss arising from Fair Value Changes of Financial Liabilities**

There were no gain and losses arising from fair value changes financial liabilities for the current quarter and current financial year to date.

## B12. Realised and Unrealised Earnings or Losses Disclosure

The retained earnings / (accumulated losses) as at 31 March 2011 and 31 December 2010 is analysed as follows:

	31.03.2011 RM'000	31.12.2010 RM'000
Total retained earnings / (accumulated losses) of the company and its subsidiaries:		
- Realised loss	(8,379)	(8,473)
- Unrealised profit	349	368
Less: Consolidation adjustment	(293)	(293)
Total group accumulated losses as per consolidated financial statements	<u>(8,323)</u>	<u>(8,398)</u>

## B13. 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.

## B14. Dividends

The Directors do not recommend any payment of dividends in respect of the period ended 31 March 2011.

## B15. Earning 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 31.03.2011	Cumulative period ended 31.03.2011
Net profit attributable to equity holders of the parent for the year (RM'000)	75	110
Ordinary shares in issue ('000)	40,115	40,115
Basic earning per share (sen)	0.19	0.27

### b. Diluted

Not applicable.

## B16. 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 25 March 2011.