

YONG TAI BERHAD (311186-T)
SELECTED EXPLANATORY NOTES
FOR THE FORTH QUARTER ENDED 30 JUNE 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:

FRSs / Interpretations	Financial period beginning on or after
Amendments to FRSs 'Improvements to FRSs (2009)'	1 January 2010
FRS 1, First-time Adoption of Financial Reporting Standards (Revised)	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 (Revised)	1 July 2010
FRS 4, Insurance Contracts	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
FRS 101, Presentation of Financial Statements	1 January 2010
FRS 123, Borrowing Costs	1 January 2010
FRS 127, Consolidated and Separate Financial Statements (Revised)	1 July 2010
Amendment to FRS 132, Financial Instruments : Presentation	1 January 2010
Amendment to FRS 132, Financial Instruments : Presentation	1 January 2010/ 1 March 2010
Amendments to FRS 138, Intangible Assets	1 July 2010

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

FRSs / Interpretations	Financial period beginning on or after
FRS 139, Financial Instruments: Recognition and Measurement	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.

(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.

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

(b) FRS 101: Presentation of 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

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.

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

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:-

FRSs / Interpretations	Financial period beginning on or after
Amendments to FRSs 'Improvements to FRSs (2010)'	1 January 2011
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 30th 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

There is valuation of land and buildings of the Group in this current financial quarter based on the opinion of value expressed by an independent firm of external professional valuer using generally “open market value basis”. It has increased the revaluation surplus of the Group by RM0.466 million.

A9. Material Events Subsequent to the End of Reporting Period

There were no other material events subsequent to the end of the financial period under review that have not been reflected in the quarterly financial statements.

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
<u>12 Months ended 30.06.2011</u>					
Revenue					
External sales	64,848	139,535	-	-	204,383
Internal sales	4,898	-	340	(5,238)	-
Total	69,746	139,535	340	(5,238)	204,383
Results:-					
Segment result	243	2,495	426	-	3,164
Unallocated corporate gain					79
Operating profit					3,243
Finance cost					(2,120)
Profit before taxation					1,123
Taxation					(246)
Profit after taxation					877
Non Controlling interest					(1,203)
Loss for the period					(326)
Other information					
Segment assets					138,942
Unallocated corporate assets					974
Total consolidated assets					139,916
Segment liabilities					45,915
Unallocated corporate liabilities					47,783
Total consolidated liabilities					93,698
<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	(3,540)	3,329	(3,737)	3,694	(254)
Unallocated corporate loss					(6)
Operating loss					(260)
Finance cost					(2,061)
Loss before taxation					(2,321)
Taxation					(103)
Loss after taxation					(2,424)
Non Controlling interest					(1,869)
Loss for the period					(4,293)

Other information					
Segment assets	77,965	30,585	14,563	-	123,113
Unallocated corporate assets					994
Total consolidated assets					<u>124,107</u>
Segment liabilities	12,419	18,410	1,556	-	32,385
Unallocated corporate liabilities					46,105
Total consolidated liabilities					<u>78,490</u>

A13. Capital Commitments

There were no capital commitments for the interim financial statements as at 30 June 2011.

A14. Related Party Transactions

	Current quarter		Cumulative period	
	ended 30 June		ended 30 June	
	RM'000		RM'000	
	2011	2010	2011	2010
a) Purchases	25	(31)	111	37
b) Sales	6	4	6	4
c) Rental expenses	12	13	60	61

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 RM204.383 million compared to RM168.362 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 RM1.123 million for the financial year ended compared to loss before taxation RM2.321 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.

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

For the current quarter, the Group's revenue was RM57.471 million compared to RM51.372 million in the immediate preceding quarter. Loss before taxation in the current quarter was RM0.608 million compared to profit before taxation RM0.629 million in the immediate preceding quarter. The group loss before tax increase as compare to immediate quarter is mainly due to the operating loss suffered by textile 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

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

B5. Taxation

	Current quarter ended 30.06.2011 RM'000	12-months cumulative for financial year to date 30.06.2011 RM'000
- based on financial year-to-date profit	(79)	53
- China Enterprise Tax	26	193
Tax expense for the period	<u>(53)</u>	<u>246</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

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 30.06.2011
<u>Current</u>	RM'000
Bank Overdrafts	12,902
Bankers acceptances	20,001
Term Loans	689
Hire Purchase payable	460
Total	<u>34,052</u>
<u>Non-Current</u>	RM'000
Hire Purchase payable	<u>785</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 30 June 2011 and 31 March 2011 is analysed as follows:

	30.06.2011 RM'000	31.03.2011 RM'000
Total retained earnings / (accumulated losses) of the company and its subsidiaries:		
- Realised losses	(9,057)	(8,379)
- Unrealised profits	249	349
Less: Consolidation adjustments	(80)	(293)
Total group accumulated losses as per consolidated financial statements	<u>(8,888)</u>	<u>(8,323)</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 30 June 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 30.06.2011	Cumulative period ended 30.06.2011
Net loss attributable to equity holders of the parent for the year (RM'000)	(436)	(326)
Ordinary shares in issue ('000)	40,115	40,115
Basic loss per share (sen)	(1.09)	(0.81)

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 23 August 2011.