

YONG TAI BERHAD (311186-T)
SELECTED EXPLANATORY NOTES
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011

PART A –EXPLANATION NOTES OF FRS134

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 2011. 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 2011.

A2. Comparative

On 9 December 2011, the Company had entered into a share Sale and Purchases Agreement with Unionchem International Limited (“UIL”) for the disposal of the entire equity interest in Yong Tai Samchem (HK) CO Ltd.(“YTS(HK)”) for a total cash consideration of USD2.35 million or approximately RM7.34 million.

In accordance with FRS 5, Non-current Assets Held For Sale and Discontinued Operation, YTS(HK) Group is classified as Disposal group held for sale / discontinued operation. The comparative of the Discontinued operation in the preceding year corresponding quarter and year to date have been reclassified and restated as follow:-

Condensed consolidated statement of comprehensive income:-

	Preceding quarter 31.12.2010		
	As previously stated RM'000	Disposal Group FRS 5 RM'000	As Restated RM'000
Revenue	50,346	33,208	17,138
Cost of sales	44,813	31,760	13,053
Gross profit	5,533	1,448	4,085
Other income	597	496	101
Other expenses	4,597	807	3,790
Finance costs	766	304	462
Profit/(loss) before tax	767	833	(66)
Taxation	156	92	64
Profit/(loss) for the period from continuing operations	611	741	(130)
Profit for the period from discontinued operation	-	(741)	741

A2. Comparative (cont'd)

	Preceding year to date 31.12.2010		
	As previously stated RM'000	Disposal Group FRS 5 RM'000	As Restated RM'000
Revenue	95,540	63,857	31,683
Cost of sales	83,994	60,814	23,180
Gross profit	11,546	3,043	8,503
Other income	720	318	402
Other expenses	10,171	1,755	8,416
Finance costs	993	92	901
Profit/(loss) before tax	1,102	1,514	(412)
Taxation	230	140	90
Profit/(loss) for the period from continuing operations	872	1,374	(502)
Profit for the period from discontinued operation	-	(1,374)	1,374

A3. Audit Report

The auditors' report for the annual financial statements of the Group for the financial year ended 30th June 2011 was not subject to any qualification.

A4. Seasonal or Cyclical Factors

The Group's garments and related accessories retail business operations are subject to seasonal and festive celebrations in Malaysia.

A5. 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.

A6. 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.

A7. 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.

A8. Segment Information

	Trading, retailing & manufacturing of garment related product	Others	Elimination	Total continuing operations	Total discontinued operation Trading of petrol chemical product	Total group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
6 months ended 31.12.2011						
Revenue						
External sales	35,670	-	-	35,670	74,461	110,131
Inter-segment sales	2,351	60	(2,411)	-	-	-
Total	38,021	60	(2,411)	35,670	74,461	110,131
Results:-						
Segmental result	(309)	(70)	-	(379)	678	299
Unallocated corporate income				6	-	6
Operating (loss)/profit				(373)	678	305
Finance costs				(1,106)	(22)	(1,128)
(Loss)/profit before taxation				(1,479)	656	(823)
Taxation				(18)	(120)	(138)
(Loss)/profit after after taxation				(1,497)	536	(961)
Non controlling interest				(106)	(188)	(294)
(Loss)/profit for the period				(1,603)	348	(1,255)
Other information						
Segment assets	88,606	2,180	-	90,786	59,852	150,638
Unallocated corporate assets						966
Total consolidated corporate assets						151,604
Segment liabilities	13,199	1,583	-	14,782	46,777	61,559
Unallocated corporate liabilities						43,797
Total consolidated corporate liabilities						105,356
6 months ended 31.12.2010						
Revenue						
External sales	31,683	-	-	31,683	63,857	95,540
Inter-segment sales	3,470	60	(3,530)	-	-	-
Total	35,153	60	(3,530)	31,683	63,857	95,540
Results:-						
Segmental result	529	35	-	564	1,606	2,170
Unallocated corporate income				(75)	-	(75)
Operating profit				489	1,606	2,095
Finance costs				(901)	(92)	(993)
(Loss)/profit before taxation				(412)	1,514	1,102
Taxation				(90)	(140)	(230)
(Loss)/profit after taxation				(502)	1,374	872
Non controlling interest				(356)	(481)	(837)
(Loss)/profit for the period				(858)	893	35
Other information						
Segment assets	92,465	2,456	-	94,921	36,416	131,337
Unallocated corporate assets						953
Total consolidated corporate assets						132,290
Segment liabilities	13,676	96	-	13,772	23,429	37,201
Unallocated corporate liabilities						49,347
Total consolidated corporate liabilities						86,548

A9. Dividends Paid

There were no dividends paid for the current financial year to date.

A10. 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.

A11. 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.

A12. Changes in Composition of the Group

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

A13. 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 2011.

A14. Capital Commitments

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

A15. Discontinued Operation

As mention in Note 2 to the Interim Financial Report above, YTS(HK) Group is a Disposal group classified as held for sale.

In accordance with FRS 5: Non-Current Assets Held for Sale and Discontinued operation, the results and cash flow of the disposal group were classified as “Discontinued operation” in the Statement of Comprehensive Income and “Disposal group held for sale” in the Statement of Financial Position.

A15 Discontinued Operation (cont'd)

The revenue and results of the Disposal group are as follow:

	Current Quarter from 01.10.2011- 31.12.2011 RM'000	Proceeding Year Quarter 31.12.2010 RM'000	Current Year To Date From 01.07.2011- 31.12.2011 RM'000	Proceeding Year To Date 31.12.2010 RM'000
Revenue	37,456	33,208	74,461	63,857
Cost of sales	(35,912)	(31,760)	(71,730)	(60,814)
Gross profit	1,544	1,448	2,731	3,043
Other income	156	496	259	318
Other expenses	(1,538)	(807)	(2,312)	(1,755)
Finance costs	75	(304)	(22)	(92)
Profit before tax	237	833	656	1,514
Taxation	(69)	(92)	(120)	(140)
Profit for the period	168	741	536	1,374

The major classes of assets and liabilities of the disposal group held for sale as at 31 December 2011 as follow:

	RM'000
Assets	
Property, plant and equipment	5
Inventories	4,069
Trade receivables	27,238
Other receivables	1,174
Cash and bank balances	27,366
Assets of disposal group classified as held for sale	59,852
Liabilities	
Trade payables	34,977
Other payables	11,382
Provision for taxation	418
Liabilities of disposal group classified as held for sale	46,777
Net Assets of disposal group held for sale	13,075
Reserve:	RM'000
Foreign exchange reserve	129
Surplus reserve	576
	705

A15. Discontinued Operation (cont'd)

	Year To Date	
	31.12.2011	31.12.2010
	RM'000	RM'000
Operating cash flow	6,183	4,554
Investing cash flow	N/A	N/A
Financing cash flow	N/A	N/A
	<u>6,183</u>	<u>4,554</u>

A16. Related Party Transactions

	Current quarter ended 31 December		Cumulative period ended 31 December	
	RM'000		RM'000	
	2011	2010	2011	2010
a) Purchases	11	39	48	65
b) Rental expenses	16	16	32	32

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.

PART B-ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

As explained in Note A16 of Part A, in accordance with FRS5, Non-current Assets Held for Sale and Discontinued operation, YTS(HK) is a disposal group held for sale and accordingly was classified as Discontinued operation.

a) Continuing operations

The Group's revenue was RM35.670 million compared to RM31.683 million in the preceding year's corresponding year. The increase in turnover was mainly attributable to increase revenue generated by retailing, trading and manufacturing garment industries.

The Group's loss before taxation was RM1.479 million for the six months compared to loss before taxation RM0.412 million in the preceding year's corresponding period. The decline in profit was largely attributable by higher operation cost incurred in garment business and retail business.

b) Discontinued operation

The Disposal group record revenue and profit before tax of RM74.461 million and RM0.656 million respectively, compared to revenue of RM63.857 million and profit before tax of RM1.154 million in the preceding year corresponding period. The decreased in profit was due to profit margin of petrol chemical industry dropped. It caused by China Government has strict control over the financial liquidity in the country. The tightening of loan and stringent credit control from the bank has slow down the domestic and export market and it has the strong impact to all the related industries of petrol chemical industries.

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

a) Continuing operations

For the current quarter, the Group's revenue was RM18.784 million compared to RM16.887 million in the immediate preceding quarter. Loss before taxation in the current quarter was RM0.562 million compared to loss before taxation RM0.916 million in the immediate preceding quarter. The increased in Group's revenue and reduced loss before tax for the current quarter was mainly due to cyclical result of the garment and retail business.

b) Discontinued operation

For the current quarter under review, the Disposal group record revenue and profit before tax of RM37.456 million and RM0.237 million respectively, compared to revenue of RM37.005 million and profit before tax of RM0.418 million in the preceding year corresponding period. The decline in profit was due to dropped of profit margin of the Disposal group.

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 31.12.2011 RM'000	6-months cumulative for financial year to date 31.12.2011 RM'000
-based on financial year to date profit		
Continuing operations	11	18
Discontinued operation	69	120
Tax expenses for the period	<u>80</u>	<u>138</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

On 9 December 2011, the Company had entered into a share Sale and Purchases Agreement with Unionchem International Limited ("UIL") for the disposal of the entire equity interest in Yong Tai Samchem (HK) CO Ltd. ("YTS(HK)") for a total cash consideration of USD2.35 million or approximately RM7.34 million. The share Sale and Purchase Agreement is yet to be completed.

B9. Group Borrowings

	As at 31.12.2011 (RM'000)
<u>Current (Secured)</u>	
Bank overdraft	12,068
Bankers acceptances	13,125
Term loans	1,000
Hire purchase payable	483
Total	<u>26,676</u>
<u>Non-current (Secured)</u>	(RM'000)
Term loans	3,667
Hire purchase payable	561
Total	<u>4,228</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 December 2011 and 30 September 2011 is analysed as follows:

	31.12.2011 RM'000	30.09.2011 RM'000
Total retained earnings/(accumulated losses) of the company and its subsidiaries:		
- Realised loss	(10,518)	(10,012)
- Unrealised profit	366	359
Less: Consolidation adjustment	6	13
Total group accumulated losses as per consolidated financial statements	<u>(10,146)</u>	<u>(9,640)</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 December 2011.

B15. Earning Per Share**a. Basic**

Basic loss per share amounts are calculated by dividing net loss 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 31.12.2011	Cumulative period ended 31.12.2011
Net (loss)/profit attributable to equity holders of the Company	RM'000	RM'000
-from continuing operations	(614)	(1,603)
-from discontinued operation	108	348
	<u>(506)</u>	<u>(1,255)</u>
Ordinary shares in issue('000)	<u>40,115</u>	<u>40,115</u>
Basic (loss)/earnings per share attributable to equity holders of the Company	Sen	Sen
-from continuing operations	(1.53)	(4.00)
-from discontinued operation	0.27	0.87
	<u>(1.26)</u>	<u>(3.13)</u>

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 22 February 2012.