

**YONG TAI BERHAD (311186-T)  
SELECTED EXPLANATORY NOTES  
FOR THE THIRD QUARTER ENDED 31 MARCH 2012**

**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 30 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 30 June 2011.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 30 June 2011, except for the adoption of new FRSs, amendments and IC Interpretations that are mandatory for the Group for the financial year beginning 1 July 2011. The adoption of these FRSs, amendments and IC Interpretations do not have material impact on the interim financial report of the Group.

**A2. Comparative**

On 9 December 2011, the Company had entered into a share Sale and Purchase 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:-

**A2.** Condensed consolidated statement of comprehensive income:-

	31.03.2011		
	As	Disposal	As
	previously	Group	Restated
	stated	FRS 5	
	RM'000	RM'000	RM'000
Revenue	51,372	34,670	16,702
Cost of sales	45,521	33,649	11,872
Gross profit	5,851	1,021	4,830
Other income	531	341	190
Other expenses	5,189	432	4,757
Finance costs	564	109	455
Profit/(loss) before tax	629	821	(192)
Taxation	69	27	42
Profit/(loss) for the period from continuing operations	560	794	(234)
(Loss)/profit for the period from discontinued operation	-	(794)	794

	Preceding year to date 31.03.2011		
	As	Disposal	As
	previously	Group	Restated
	stated	FRS 5	
	RM'000	RM'000	RM'000
Revenue	146,912	98,527	48,385
Cost of sales	129,515	94,463	35,052
Gross profit	17,397	4,064	13,333
Other income	1,251	660	591
Other expenses	15,360	2,187	13,173
Finance costs	1,557	201	1,356
Profit/(loss) before tax	1,731	2,336	(605)
Taxation	299	167	132
Profit/(loss) for the period from continuing operations	1,432	2,169	(737)
(Loss)/profit for the period from discontinued operation	-	(2,169)	2,169

**A3. Audit Report**

The auditors' report for the annual financial statements of the Group for the financial year ended 30 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. Dividends Paid**

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

**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 liability and contingent asset of the Group since the end of the previous financial year 30 June 2011.

**A13. Capital Commitments**

There were no capital commitments for the interim financial statements as at 31 March 2012.

## A14. 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
<b><u>9 months ended 31.03.2012</u></b>						
<b>Revenue</b>						
External sales	55,737	-	-	55,737	110,351	166,088
Inter-segment sales	2,598	90	(2,688)	-	-	-
<b>Total</b>	<b>58,335</b>	<b>90</b>	<b>(2,688)</b>	<b>55,737</b>	<b>110,351</b>	<b>166,088</b>
<b>Results:-</b>						
Segmental results	(1,226)	(95)	-	(1,321)	1,279	(42)
Unallocated corporate income				55	-	55
Operating (loss)/profit				(1,266)	1,279	13
Finance costs				(1,623)	(182)	(1,805)
(Loss)/profit before taxation				(2,889)	1,097	(1,792)
Taxation				(26)	(154)	(180)
(Loss)/profit after after taxation				(2,915)	943	(1,972)
Non controlling interest				(209)	(331)	(540)
(Loss)/profit for the period				<u>(3,124)</u>	<u>612</u>	<u>(2,512)</u>
<b>Other information</b>						
Segment assets	86,201	1,974	-	88,175	48,561	136,736
Unallocated corporate assets						970
<b>Total consolidated corporate assets</b>						<u>137,706</u>
Segment liabilities	10,406	1,518	-	11,924	35,651	47,575
Unallocated corporate liabilities						45,467
<b>Total consolidated corporate liabilities</b>						<u>93,042</u>
<b><u>9 months ended 31.03.2011</u></b>						
<b>Revenue</b>						
External sales	48,385	-	-	48,385	98,527	146,912
Inter-segment sales	4,329	90	(4,419)	-	-	-
<b>Total</b>	<b>52,714</b>	<b>90</b>	<b>(4,419)</b>	<b>48,385</b>	<b>98,527</b>	<b>146,912</b>
<b>Results:-</b>						
Segmental results	783	24	-	807	2,537	3,344
Unallocated corporate income				(56)	-	(56)
Operating profit				751	2,537	3,288
Finance costs				(1,356)	(201)	(1,557)
(Loss)/profit before taxation				(605)	2,336	1,731
Taxation				(132)	(167)	(299)
(Loss)/profit after taxation				(737)	2,169	1,432
Non controlling interest				(565)	(757)	(1,322)
(Loss)/profit for the period				<u>(1,302)</u>	<u>1,412</u>	<u>110</u>
<b>Other information</b>						
Segment assets	87,752	2,566	-	90,318	41,687	132,005
Unallocated corporate assets						1,016
<b>Total consolidated corporate assets</b>						<u>133,021</u>
Segment liabilities	11,320	15	-	11,335	23,528	34,863
Unallocated corporate liabilities						51,968
<b>Total consolidated corporate liabilities</b>						<u>86,831</u>

## 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.

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

	Current Quarter from 01.01.2012- 31.03.2012 RM'000	Proceeding Year Quarter 31.03.2011 RM'000	Current Year To Date From 01.07.2011- 31.03.2012 RM'000	Proceeding Year To Date 31.03.2011 RM'000
Revenue	35,890	34,670	110,351	98,527
Cost of sales	(34,352)	(33,649)	(106,082)	(94,463)
Gross profit	1,538	1,021	4,269	4,064
Other income	80	341	339	660
Other expenses	(1,016)	(432)	(3,329)	(2,187)
Finance costs	(160)	(109)	(182)	(201)
Profit before tax	442	821	1,097	2,336
Taxation	(35)	(27)	(154)	(167)
Profit for the period	407	794	943	2,169

## A15. Discontinued Operation (cont'd)

The major classes of assets and liabilities of the disposal group held for sale as at 31 March 2012 as follow:

	RM'000
<b>Assets</b>	
Property, plant and equipment	6
Inventories	5,486
Trade receivables	29,448
Other receivables	2,628
Cash and bank balances	10,993
Assets of disposal group classified as held for sale	<u>48,561</u>
<b>Liabilities</b>	
Trade payables	23,988
Other payables	11,439
Provision for taxation	224
Liabilities of disposal group classified as held for sale	<u>35,651</u>
Net Assets of disposal group held for sale	<u><u>12,910</u></u>
<b>Reserve:</b>	
Foreign exchange reserve	(243)
Surplus reserve	575
	<u><u>332</u></u>

	Year To Date	
	31.03.2012	31.03.2011
	RM'000	RM'000
Operating cash flow	(9,631)	5,003
Investing cash flow	N/A	N/A
Financing cash flow	N/A	N/A
	<u>(9,631)</u>	<u>5,003</u>

## A16. Related Party Transactions

	Current quarter ended 31 March RM'000		Cumulative period ended 31 March RM'000	
	2012	2011	2012	2011
a) Purchases	0	21	48	86
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.

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

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

As explained in Note A15 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 RM55.737 million compared to RM48.385 million in the preceding year's corresponding year. The increased in turnover was mainly attributable from retailing, trading and manufacturing garment industries.

The Group's loss before taxation was RM2.889 million for the nine months compared to loss before taxation RM0.605 million in the preceding year's corresponding period. The declined in profit was largely attributable by higher production cost incurred in garment business and retail business.

#### **b) Discontinued operation**

The Disposal group record revenue and profit before tax of RM110.351 million and RM1.097 million respectively, compared to revenue of RM98.527 million and profit before tax of RM2.336 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 RM20.067 million compared to RM18.784 million in the immediate preceding quarter. Loss before taxation in the current quarter was RM1.410 million compared to loss before taxation RM0.562 million in the immediate preceding quarter. The increased in Group's revenue for the current quarter was mainly due to cyclical result of the retail business. The higher of group loss before tax for the current quarter is largely attributable by higher operation cost incurred in garment business and retail business.

#### **b) Discontinued operation**

For the current quarter under review, the Disposal group record revenue and profit before tax of RM35.890 million and RM0.442 million respectively, compared to revenue of RM37.456 million and profit before tax of RM0.237 million in the preceding year corresponding period. The increased in profit before tax was due to lower operation cost incurred in the current quarter 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 31.03.2012 RM'000	for financial year to date 31.03.2012 RM'000
Based on financial year to date profit		
Continuing operations	8	26
Discontinued operation	35	154
Tax expenses for the period	<u>43</u>	<u>180</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 Purchase 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 31.03.2012 ( RM'000)
<b><u>Current (Secured)</u></b>	
Bank overdraft	12,269
Bankers acceptances	14,078
Term loans	1,000
Hire purchase payable	520
<b>Total</b>	<u>27,867</u>
<b><u>Non-current (Secured)</u></b>	( RM'000)
Term loans	3,417
Hire purchase payable	467
<b>Total</b>	<u>3,884</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 2012 and 30 June 2011 is analysed as follows:

	31.03.2012 RM'000	30.06.2011 RM'000
Total retained earnings/(accumulated losses) of the company and its subsidiaries:		
- Realised loss	(11,774)	(9,422)
- Unrealised profit	316	531
Less: Consolidation adjustment	55	-
Total group accumulated losses as per consolidated financial statements	<u>(11,403)</u>	<u>(8,891)</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 2012.

### 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.

	Quarter Ended		Year to dated Ended	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit attributable to equity holders of the Company				
-from continuing operations	(1,521)	(444)	(3,124)	(1,302)
-from discontinued operation	264	519	612	1,412
	<u>(1,257)</u>	<u>75</u>	<u>(2,512)</u>	<u>110</u>
Ordinary shares in issue('000)	<u>40,115</u>	<u>40,115</u>	<u>40,115</u>	<u>40,115</u>
Basic (loss)/earnings per share attributable to equity holders of the Company	Sen	Sen	Sen	Sen
-from continuing operations	(3.79)	(1.11)	(7.79)	(3.25)
-from discontinued operation	0.66	1.29	1.53	3.52
	<u>(3.13)</u>	<u>0.18</u>	<u>(6.26)</u>	<u>0.27</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 29 May 2012.