

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

	Preceding quarter 30.06.2011		
	As previously stated	Disposal Group FRS 5	As Restated
	RM'000	RM'000	RM'000
Revenue	57,123	41,008	16,115
Cost of sales	50,859	39,602	11,257
Gross profit	6,264	1,406	4,858
Other income	102	(79)	181
Other expenses	6,414	1,377	5,037
Finance costs	563	125	438
Loss before tax	(611)	(175)	(436)
Taxation	(53)	26	(79)
Loss for the period from continuing operations	(558)	(201)	(357)
Profit/(loss) for the period from discontinued operation	-	201	(201)

	Preceding year to date 30.06.2011		
	As previously stated	Disposal Group FRS 5	As Restated
	RM'000	RM'000	RM'000
Revenue	204,035	139,535	64,500
Cost of sales	180,374	134,065	46,309
Gross profit	23,661	5,470	18,191
Other income	1,353	581	772
Other expenses	21,774	3,564	18,210
Finance costs	2,120	326	1,794
Profit/(loss) before tax	1,120	2,161	(1,041)
Taxation	246	193	53
Profit/(loss) for the period from continuing operations	874	1,968	(1,094)
(Loss)/profit for the period from discontinued operation	-	(1,968)	1,968

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 statements.

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

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 disposal was completed on 31 May 2012 and the disposal proceeds has been received on the same day by the Company.

A12. Segment Information

	Trading, retailing and manufacturing of garment related products	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
<u>12 months ended 30.06.2012</u>						
Revenue						
External sales	72,770	-	-	72,770	145,721	218,491
Inter-segment sales	2,920	3,960	(6,880)	-	-	-
Total	75,690	3,960	(6,880)	72,770	145,721	218,491
Results:-						
Segmental results	(8,124)	(273)	-	(8,397)	863	(7,534)
Unallocated corporate income				571	448	1,019
Operating (loss)/profit				(7,826)	1,311	(6,515)
Finance costs				(2,145)	(37)	(2,182)
(Loss)/profit before taxation				(9,971)	1,274	(8,697)
Taxation				(360)	(156)	(516)
(Loss)/profit after after taxation				(10,331)	1,118	(9,213)
Non-controlling interest				333	(392)	(59)
(Loss)/profit for the period				(9,998)	726	(9,272)
Other information						
Segment assets	74,652	8,386	-	83,038	-	83,038
Unallocated corporate assets						915
Total consolidated corporate assets						83,953
Segment liabilities	11,762	94	-	11,856	-	11,856
Unallocated corporate liabilities						40,769
Total consolidated corporate liabilities						52,625
<u>12 months ended 30.06.2011</u>						
Revenue						
External sales	64,500	-	-	64,500	139,535	204,035
Inter-segment sales	5,246	340	(5,586)	-	-	-
Total	69,746	340	(5,586)	64,500	139,535	204,035
Results:-						
Segmental results	28	(47)	-	(19)	1,906	1,887
Unallocated corporate income				772	581	1,353
Operating profit				753	2,487	3,240
Finance costs				(1,794)	(326)	(2,120)
(Loss)/profit before taxation				(1,041)	2,161	1,120
Taxation				(53)	(193)	(246)
(Loss)/profit after taxation				(1,094)	1,968	874
Non controlling interest				(514)	(689)	(1,203)
(Loss)/profit for the period				(1,608)	1,279	(329)
Other information						
Segment assets	79,814	16,726	-	96,540	42,360	138,900
Unallocated corporate assets						974
Total consolidated corporate assets						139,874
Segment liabilities	12,706	1,560	-	14,266	31,611	45,877
Unallocated corporate liabilities						47,783
Total consolidated corporate liabilities						93,660

A13. 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.

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

	Current Quarter from 01.04.2012- 31.05.2012 RM'000	Proceeding Year Quarter 30.06.2011 RM'000	Current Year To Date From 01.07.2011- 31.05.2012 RM'000	Proceeding Year To Date 30.06.2011 RM'000
Revenue	35,370	41,008	145,721	139,535
Cost of sales	(34,654)	(39,602)	(140,736)	(134,065)
Gross profit	716	1,406	4,985	5,470
Other income	109	(79)	448	581
Other expenses	(793)	(1,377)	(4,122)	(3,564)
Finance costs	145	(125)	(37)	(326)
Profit(loss) before tax	177	(175)	1,274	2,161
Taxation	(2)	(26)	(156)	(193)
Profit/(loss) for the period	175	(201)	1,118	1,968

The effect of the disposal YTS(HK) Group on the financial position of the Group are as follows :

	RM'000
Property, Plant and Equipment	20
Inventories	3,787
Trade and other receivables	31,781
Cash and bank balance	7,889
Trade and other payables	(28,488)
Amount due to Directors	(1,401)
Tax payable	(31)
Net assets	13,557
Less : Non-controlling interest	(4,745)
Share of net assets disposed	8,812
Loss on disposal of subsidiary companies	(1,468)
Sales consideration	7,344
Less : Cash and Cash Equivalents in subsidiary disposed	(7,889)
Net of Cash and Cash equivalents on disposal of subsidiary	(545)

A14. Changes of Contingent Liabilities or Contingent Assets

The movement of contingent liabilities or contingent assets for the 12 months ended 30 June 2012 is as follows:-

	RM'000
Banking facilities of subsidiaries guaranteed by the Company as at 01.07.2011	50,859
Movement during the financial period	<u>(20,828)</u>
At 30.06.2012	<u><u>30,031</u></u>

A15. Capital Commitments

There were no capital commitments for the interim financial statements as at 30 June 2012.

A16. Related Party Transactions

	Current quarter ended 30 June RM'000		Cumulative period ended 30 June RM'000	
	2012	2011	2012	2011
a) Purchases	0	25	48	111
b) Sales	0	6	0	6
c) Rental expenses	111	12	159	60

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 RM72.770 million compared to RM64.500 million in the preceding year's corresponding period which has been restated. The increase in turnover was mainly attributable from retailing, trading and manufacturing garment industries.

The Group's loss before taxation was RM9.971 million for the financial year ended compared to loss before taxation RM1.041 million in the preceding year's corresponding period. The group recorded a significantly higher loss as compared to the preceding year's corresponding period primarily due to higher operation cost incurred in garment business and retail business and recognition of fair value loss on inventory and allowance for doubtful debts for the financial year.

b) Discontinued operation

The Disposal group record revenue and profit before tax of RM145.721 million and RM1.274 million respectively, compared to revenue of RM139.535 million and profit before tax of RM2.161 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 RM17.033 million compared to RM20.067 million in the immediate preceding quarter. Loss before taxation in the current quarter was RM7.082 million compared to loss before taxation RM1.410 million in the immediate preceding quarter. The decreased 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 and recognition of fair value loss on inventory and allowance for doubtful debts.

B2. Material Changes in the Quarterly Results as Compared with the Preceding Quarter (cont'd)

b) Discontinued operation

For the current quarter under review, the Disposal group record revenue and profit before tax of RM35.370 million and RM0.177 million respectively, compared to revenue of RM35.890 million and profit before tax of RM0.442 million in the immediate preceding quarter. The decreased in profit before tax was due to higher 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 30.06.2012 RM'000	for financial year to date 30.06.2012 RM'000
Based on financial year to date profit		
Continuing operations	334	360
Discontinued operation	2	156
Tax expenses for the period	<u>336</u>	<u>516</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

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 24th May 2012, the subsidiary company, Yong Tai Brothers Trading Sdn. Bhd. entered into a Sale and Purchase Agreement to dispose two (2) units of commercial shopping lots bearing postal address Unit No, A48B and A50, First Floor, Centre Point Sabah, No 1 Jalan Centre Point, 88000 Kota Kinabalu, Sabah, Malaysia for a total consideration of RM1,700,982.

The Sale and Purchase Agreement is yet to be completed. It was classified as "Assets held for sale" as at 30 June 2012 in accordance with FRS 5, Non-current Assets Held for Sale and Discontinued Operations.

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.

On 31 May 2012, the Company announced that the Proposed Disposal of YTS (HK) has been completed on 31 May 2012.

B9. Group Borrowings

	As at 30.06.2012 (RM'000)
<u>Current (Secured)</u>	
Bank overdraft	10,800
Bankers acceptances	9,820
Term loans	2,079
Hire purchase payable	527
Total	<u>23,226</u>
<u>Non-current (Secured)</u>	(RM'000)
Term loans	5,911
Hire purchase payable	361
Total	<u>6,272</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. Off Balance Sheet Financial Instruments

As at the end of the financial year and up to the date of this announcement, there is no off balance sheet financial instruments which have a material impact to the financial statements under review.

B12. 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.

B13. Realised and Unrealised Earnings or Losses Disclosure

The retained earnings/(accumulated losses) as at 30 June 2012 and 30 June 2011 is analysed as follows:

	30.06.2012	30.06.2011
	RM'000	RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- Realised loss	(18,260)	(9,422)
- Unrealised profit	447	531
Total group accumulated losses as per consolidated financial statements	<u>(17,813)</u>	<u>(8,891)</u>

B14. Dividends

The Directors do not recommend any payment of dividends in respect of the period ended 30 June 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	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit attributable to equity holders of the Company				
-from continuing operations	(6,874)	(306)	(9,998)	(1,608)
-from discontinued operation	114	(133)	726	1,279
	<u>(6,760)</u>	<u>(439)</u>	<u>(9,272)</u>	<u>(329)</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	(17.14)	(0.76)	(24.92)	(4.01)
-from discontinued operation	0.28	(0.33)	1.81	3.19
	<u>(16.86)</u>	<u>(1.09)</u>	<u>(23.11)</u>	<u>(0.82)</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 August 2012.