

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS

**Part A EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING
STANDARDS (“FRS”) 134 - Interim financial Reporting**

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007. The following notes explain the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2007.

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 December 2007.

A2. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 31 December 2007 was not qualified.

A3. Segmental Information

Segment Revenue	12 months ended 31 Dec 2008	12 months ended 31 Dec 2007
	Revenue RM’000	Revenue RM’000
Revenue from continuing operations:		
Manufacturing & Trading	21,345	29,222
Construction contract	<u>2,039</u>	<u>8,669</u>
	23,384	37,891
Inter-segment eliminations	<u>(1,272)</u>	<u>(4,806)</u>
	<u>22,112</u>	<u>33,085</u>

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Segment Results	12 months ended 31 Dec 2008 Profit before tax RM'000	12 months ended 31 Dec 2007 Profit before tax RM'000
Profit/(Loss) before tax		
Manufacturing & Trading	(2,546)	(7,012)
Construction contract	(1,133)	(3,198)
	(3,679)	(10,210)
Inter-segment eliminations	-	-
	<u>(3,679)</u>	<u>(10,210)</u>

A4. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flow that are unusual of their nature, size or incidence during the current quarter.

A5. Changes in estimates

There were no material changes in estimate used for the preparation of the interim financial report.

A6. Comments about Seasonal or Cyclical Factors

The Group's business are generally affected by the various festive seasons.

A7. Dividends Paid

There were no dividends paid during the current quarter ended 31 December 2008.

A8. Carrying Amount of Revalued Assets

The valuation of property, plant and equipment have been brought forward without any amendments from the financial statements for the year ended 31 December 2007.

A9. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current year.

A10. Changes in Composition of the Group

There were no changes in the composition of the Group for the quarter under review.

A11. Capital Commitments

There were no outstanding capital commitments for the quarter under review.

A12. Changes in Contingent Liabilities

There is no changes in contingent liabilities since the last annual balance sheet as at 31 December 2007.

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A13. Subsequent Events

There were no material events subsequent to the end of the current quarter that have not been reflected in this interim financial statements.

A14. Contingent Liabilities

	As at 31 Dec 2008	As at 30 Sept 2008
	RM	RM
Corporate guarantees given to banks for credit facilities granted to subsidiaries	<u>30,510,000</u>	<u>30,510,000</u>
Corporate guarantees issued to third parties in respect of trade facilities of subsidiaries	<u>9,000,000</u>	<u>9,000,000</u>

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Additional information required by the Bursa Malaysia Securities Listing Requirements

B1. Review of performance

The Group's revenue for the quarter ended 31 December 2008 was 41% lower as compared to the corresponding quarter in 2007 due to lower sales and activity level recorded by the construction and manufacturing subsidiaries. These were caused by adverse economic condition affecting the general economy and specifically the construction industry. However, profit margin increased from 13% of corresponding quarter in 2007 to 39% for the current quarter as a result of management initiative on cost control, sales consolidation and continuous monitoring of projects cost and profit margin implemented earlier in the year.

B2. Variation of results against preceding quarter

	Current Quarter 31 Dec 2008 RM'000	Previous Quarter 30 Sept 2008 RM'000
Revenue	<u>3,755</u>	<u>8,203</u>
(Loss)/Profit before taxation	<u>(2,227)</u>	<u>305</u>

For the quarter under review, the revenue of the Group was 54% lower as compared to the preceding quarter mainly due to lower activity level as a result of adverse conditions affecting the economy and construction sector.

B3. Prospects

The group is taking further precautionary measures during these challenging times and has formulated strategies to overcome the adversities. Some of the strategies are: 1) To concentrate mainly on Government projects for security in collections, 2) To further consolidate the market by focusing further in the Central region, 3) To maintain a healthy product mix by growing high margin products, and 4) To continue with its cost down measures.

B4. Profit forecast

There was no profit forecast or profit guarantee made during the financial quarter under review.

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B5. Taxation

	Individual Qtr 3 months ended		Cumulative Qtr 12 months ended	
	31 Dec 2008 RM'000	31 Dec 2007 RM'000	31 Dec 2008 RM'000	31 Dec 2007 RM'000
Income tax				
Current year	-	-	-	-
Prior year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

No provision for taxation was provided for the current quarter as the Group has sufficient tax losses carried forward from previous year to offset this quarter profit.

B6. Unquoted investments and properties

There was no disposal of unquoted investments and properties during the quarter under review.

B7. Quoted investments

The Group did not deal in any quoted investments.

B8. Corporate Proposals

(a) Status of corporate proposals

Since the last quarterly announcement, there is no material development pertaining to the approved special issue of up to 42.0 million new ordinary shares of RM1.0 each to bumiputra investors to be approved by the Ministry of International Trade and Industry("MITI") at an issue price to be determined later("The Proposal").

On 27th August 2008, VVB has obtained the approval of the Securities Commission ("SC") via the SC's letter dated 27 August 2008 for and extension of time of twelve (12) months up to 27 August 2009 for VVB to complete the implementation of the Special Issue.

(b) Status of utilisation of proceeds

Not applicable

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B9. Borrowings and debt securities

The total borrowings of the Group as at 31 December 2008 comprised of the followings

	31 Dec 2008 RM'000
Short term borrowings:	
Secured	19,929
Unsecured	-
Long term borrowings:	
Secured	<u>9,077</u>
	<u>27,006</u>

B10. Off balance sheet financial instruments

There were no material instruments with off balance sheet risk issued as at the date of this report.

B11. Changes in material litigation

Since the last quarterly announcement, there is no changes in material litigation.

B12. Dividends

No dividend has been recommended to date in respect of the current financial year.

B13. Basic earnings per share

Basic earnings per share is calculated by dividing the net loss for the period by weighted average number of shares in issue during the period.

	Individual Qtr		Cumulative Qtr	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Net loss for the period (RM'000)	<u>(2,227)</u>	<u>(3,998)</u>	<u>(3,679)</u>	<u>(9,806)</u>
Weighted average no of ordinary Shares in issue ('000)	<u>97,486</u>	<u>97,486</u>	<u>97,486</u>	<u>97,486</u>
Basic loss per share (sen)	<u>(2.28)</u>	<u>(4.10)</u>	<u>(3.77)</u>	<u>(10.06)</u>

The company does not have in issue any financial instrument or other contract that may entitle its holders to ordinary shares and therefore dilute its basic earnings.

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B14. Authorisation 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 February 2009.