

**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 2008. 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 2008.

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 2008.

**A2. Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report on the financial statements for the financial year ended 31 December 2008 was not qualified. However, it included the following “Emphasis of Matter” from the auditors’ report of a subsidiary, Newsteel Building Systems Sdn Bhd (“Newsteel”).

Without qualifying auditors’ opinion, Newsteel incurred a loss for the year 2008 amounting to RM2,011,275, and as at 31 December 2008, Newsteel’s current liabilities exceeded its current assets by RM3,755,930 and its total liabilities exceeded its total assets by RM3,485,750. The appropriateness of preparation of Newsteel’s financial statements on the going concern basis is dependent upon Newsteel obtaining sufficient financing from the shareholders or from other sources to finance the further operations of Newsteel.

**A3. Segmental Information**

<b>Segment Revenue</b>	<b>3 months ended 31 March 2009</b>	<b>3 months ended 31 March 2008</b>
	<b>Revenue RM’000</b>	<b>Revenue RM’000</b>
Revenue from continuing operations:		
Manufacturing & Trading	3,477	7,148
Construction contract	160	72
	<u>3,637</u>	<u>7,220</u>
Inter-segment eliminations	(21)	(2,178)
	<u>3,616</u>	<u>5,042</u>

**VTI VINTAGE BERHAD (Co No. 589167-W)**  
**(Incorporated in Malaysia)**

Segment Results	3 months ended 31 March 2009 Profit before tax RM'000	3 months ended 31 March 2008 Profit before tax RM'000
Profit/(Loss) before tax		
Manufacturing & Trading	(2,046)	(885)
Construction contract	(239)	(409)
	<u>(2,285)</u>	<u>(1,294)</u>
Inter-segment eliminations	-	-
	<u>(2,285)</u>	<u>(1,294)</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 March 2009.

**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 2008.

**A9. Debt and Equity Securities**

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

**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 2008.

**VTI VINTAGE BERHAD (Co No. 589167-W)**  
**(Incorporated in Malaysia)**

**A13. Subsequent Events**

On 4 May 2009, MIMB Investment Bank Berhad, on behalf of VTI Vintage Berhad (“the Company” or “Vintage”), announced that the Board of Directors of Vintage has resolved to undertake the following:-

- (i) proposed share capital reduction of Vintage’s existing issued and paid-up share capital of RM97,486,002 comprising 97,486,002 ordinary shares of RM1.00 each (“Vintage Shares”) to RM43,868,701 comprising 97,486,002 ordinary shares of RM0.45 each (“Reduced Shares”) via the cancellation of RM0.55 of the par value of each Vintage Share pursuant to Section 64 of the Companies Act, 1965 (“Proposed Capital Reduction”);
- (ii) proposed amendments to the memorandum and articles of association of Vintage to facilitate the change in the par value of the Vintage Shares resulting from the Proposed Capital Reduction (“Proposed M&A Amendments”); and
- (iii) proposed renounceable rights issue of up to 24,371,501 new Reduced Shares (“Rights Shares”) on the basis of one (1) Rights Share for every four (4) Reduced Shares to be held at a date to be determined after the completion of the Proposed Capital Reduction on a minimum subscription basis (“Proposed Rights Issue”).

(Collectively, the “Proposals”)

Please refer to the announcement dated 4 May 2009 for further information on the Proposals.

**A14. Contingent Liabilities**

	As at 31 March 2009 RM	As at 31 December 2008 RM
Corporate guarantees given to banks for credit facilities granted to subsidiaries	24,512,000	24,512,000
Corporate guarantees issued to third parties in respect of trade facilities granted to subsidiaries	7,000,000	7,000,000

# VTI VINTAGE BERHAD (Co No. 589167-W)

(Incorporated in Malaysia)

## Additional information required by the Bursa Malaysia Securities Listing Requirements

### B1. Review of performance

The Group's revenue for the quarter ended 31 March 2009 was 28% lower as compared to the corresponding quarter in 2008 due to lower sales and activity level recorded by the construction and manufacturing subsidiaries. The management is taking a cautious approach due to the adverse economic condition affecting the general economy and specifically the construction industry. The reduction in turnover coupled with higher cost of raw materials has adversely impacted the operation, and has resulted in loss from operation of RM2.285 million.

### B2. Variation of results against preceding quarter

	Current Quarter 31 March 2009 RM'000	Previous Quarter 31 December 2008 RM'000
Revenue	<u>3,616</u>	<u>3,755</u>
Loss before taxation	<u>(2,285)</u>	<u>(2,227)</u>

For the quarter under review, the revenue of the Group was 4% lower as compared to the preceding quarter mainly due to lower activity level as a result of festive seasons and 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. In addition to that, the Board of Directors has resolved to undertake the followings:

- (i) proposed share capital reduction of Vintage's existing issued and paid-up share capital of RM97,486,002 comprising 97,486,002 ordinary shares of RM1.00 each ("Vintage Shares") to RM43,868,701 comprising 97,486,002 ordinary shares of RM0.45 each ("Reduced Shares") via the cancellation of RM0.55 of the par value of each Vintage Share pursuant to Section 64 of the Companies Act, 1965 ("Proposed Capital Reduction");
- (ii) proposed amendments to the memorandum and articles of association of Vintage to facilitate the change in the par value of the Vintage Shares resulting from the Proposed Capital Reduction ("Proposed M&A Amendments"); and
- (iii) proposed renounceable rights issue of up to 24,371,501 new Reduced Shares ("Rights Shares") on the basis of one (1) Rights Share for every four (4) Reduced Shares to be held at a date to be determined after the completion of the Proposed Capital Reduction on a minimum subscription basis ("Proposed Rights Issue").

(collectively, the "Proposals")

Please refer to the announcement dated 4 May 2009 for further information on the Proposals.

**VTI VINTAGE BERHAD (Co No. 589167-W)**  
**(Incorporated in Malaysia)**

**B4. Profit forecast**

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

**B5. Taxation**

	Individual Qtr 3 months ended		Cumulative Qtr 3 months ended	
	31 Mar 2009 RM'000	31 Mar 2008 RM'000	31 Mar 2009 RM'000	31 Mar 2008 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 was basically operating at a loss position.

**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 RM1.00 each to bumiputra investors to be approved by the Ministry of International Trade and Industry ("MITI") at an issue price to be determined later.

On 27<sup>th</sup> August 2008, Vintage 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 Vintage to complete the implementation of the Special Issue.

**(b) Status of utilisation of proceeds**

Not applicable

**VTI VINTAGE BERHAD(Co No. 589167-W)**  
**(Incorporated in Malaysia)**

**B9. Borrowings and debt securities**

The total borrowings of the Group as at 31 March 2009 comprised of the followings

	31 March 2009 RM'000
Short term borrowings:	
Secured	11,981
Unsecured	-
Long term borrowings:	
Secured	<u>12,438</u>
	<u>24,419</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**

Foong & Partners (“The Petitioner”) v. VTI Vintage Berhad (Kuala Lumpur High Court, Winding Up No. D-28-2-2009)

The Group has made an announcement on 26 March 2009 in relation to the advertisement of winding up petition on VINTAGE (Kuala Lumpur High Court, Winding Up No. D-28-2-2009) by Messrs. Foong & Partners (“the Petitioner”), alleging that Vintage is indebted to the Petitioner for the sum of RM32,350.00 being the consultancy fees on the legal services rendered to Vintage. There is no interest claimed by the Petitioner. Vintage has dispute on the claim and instructed the solicitor to confirm with the Petitioner on the dispute and currently is pending for reply. The circumstances leading to the filing of the winding up petition against Vintage was due to the fact that the Company did not make the said payment in the sum of RM32,350.00 to the Petitioner as the said amount is in dispute.

Star Shine Global Trading Sdn Bhd (“Star Shine”) v. VTI Vintage Berhad (Kuala Lumpur High Court, Winding Up No. D1-28-265-2009)

The Group has made another announcement on 25 May 2009 pertaining to the winding up petition on Vintage (Kuala Lumpur High Court, Winding Up No. D1-28-265-2009) by Star Shine, alleging that Vintage is indebted to Star Shine for the sum of RM1,492,675.95 together with accrued interest of RM383,148.50 calculated as at 14 January 2009 and further interest to be charged on the principal sum at 1.5% per month from 15 January 2009 until full settlement for the goods sold and delivered to Newsteel, a subsidiary of Vintage by virtue of the Corporate Guarantee dated 9 August 2005 executed by Vintage in favour of Star Shine whereby Vintage has guaranteed to pay on demand all monies due and owing by Newsteel to the Petitioner up to limit of RM2,000,000.00. Newsteel has dispute on the claim and instructed the solicitor to confirm with Star Shine on the dispute.

**VTI VINTAGE BERHAD(Co No. 589167-W)**  
**(Incorporated in Malaysia)**

The Group has adequate resources to meet the commitment of both claims and therefore, the petition has no financial and operational impact to the Group. Vintage has appointed solicitor to oppose or strike out these Petitions and the Applications.

**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 Mar 2009	31 Mar 2008	31 Mar 2009	31 Mar 2008
Net loss for the period (RM'000)	<u>(2,285)</u>	<u>(1,249)</u>	<u>(2,285)</u>	<u>(1,249)</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>(2.34)</u>	<u>(1.33)</u>	<u>(2.34)</u>	<u>(1.33)</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.

**B14. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with the resolution of the directors on 25 May 2009.