

HYTEX INTEGRATED BERHAD

Quarterly report on results for the 3rd quarter ended 31 December 2008. The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/12/08 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/07 RM'000	CURRENT YEAR TO DATE 31/12/08 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/07 RM'000
REVENUE		35,996	45,536	112,306	115,289
COST OF SALES		(21,569)	(25,026)	(67,799)	(63,489)
GROSS PROFIT		<u>14,427</u>	<u>20,510</u>	<u>44,507</u>	<u>51,800</u>
OPERATING EXPENSES		(12,450)	(14,994)	(32,295)	(39,673)
OPERATING PROFIT		<u>1,977</u>	<u>5,516</u>	<u>12,212</u>	<u>12,127</u>
FINANCE COSTS		(2,803)	(1,963)	(7,575)	(5,291)
(LOSS)/PROFIT BEFORE TAXATION		<u>(826)</u>	<u>3,553</u>	<u>4,637</u>	<u>6,836</u>
TAXATION	B5	(136)	(1,713)	(1,437)	(3,184)
NET (LOSS)/PROFIT FOR THE PERIOD		<u>(962)</u>	<u>1,840</u>	<u>3,200</u>	<u>3,652</u>
EARNING PER SHARE - basic (sen)		(0.64)	1.23	2.13	2.43

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 March 2008)

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CONDENSED CONSOLIDATED BALANCE SHEET

	Note	AS OF END OF CURRENT QUARTER 31/12/08 RM'000	AS OF PRECEDING FINANCIAL YEAR END 31/03/08 RM'000
ASSETS			
Non-Current Assets			
PROPERTY, PLANT AND EQUIPMENT		138,804	139,350
PREPAID LEASE PAYMENTS		11,528	8,808
OTHER INVESTMENTS		2,000	2,000
DEFERRED TAX ASSETS		90	30
		152,422	150,188
Current Assets			
INVENTORIES	A15	142,838	132,317
TRADE RECEIVABLES		17,198	17,185
OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS		30,402	32,531
FIXED DEPOSITS PLACED WITH LICENCED BANKS		102	102
CASH AND BANK BALANCES		894	3,582
		191,434	185,717
TOTAL ASSETS		343,856	335,905
EQUITY AND LIABILITIES			
Equity			
SHARE CAPITAL		75,000	75,000
RESERVES		36,879	35,516
TOTAL EQUITY		111,879	110,516
Non-Current Liabilities			
LONG TERM BORROWINGS	B9	30,591	24,389
DEFERRED TAXATION		4,117	4,187
		34,708	28,576
Current Liabilities			
TRADE PAYABLES		18,737	14,612
OTHER PAYABLES AND ACCRUED EXPENSES		34,356	38,682
AMOUNT OWING TO DIRECTORS		6,983	2,726
SHORT TERM BORROWINGS	A9 & B9	137,193	140,793
		197,269	196,813
TOTAL LIABILITIES		231,977	225,389
TOTAL EQUITY AND LIABILITIES		343,856	335,905
NET ASSETS PER SHARE (RM)		0.75	0.74

Remarks:

The comparative figures for preceding financial year as of 31 March 2008 have been reclassified to conform with current financial quarter as of 30 June 2008 presentation.

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2008)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	NON-DISTRIBUTABLE			DISTRIBUTABLE
	SHARE CAPITAL	SHARE PREMIUM	TRANSLATION RESERVE	RETAINED PROFIT
	RM'000	RM'000	RM'000	RM'000
As of 1 April 2008	75,000	10,365	8,895	16,256
Cumulative movements during the year				
Currency translation difference	-	-	(1,837)	-
Net profit for the year	-	-	-	3,200
As of 31 December 2008	<u>75,000</u>	<u>10,365</u>	<u>7,058</u>	<u>19,456</u>
As of 1 April 2007	75,000	10,365	2,446	17,115
Cumulative movements during the preceding periods				
Currency translation difference	-	-	3,089	-
Net profit for the year	-	-	-	3,652
Dividends	-	-	-	(1,500)
As of 31 December 2007	<u>75,000</u>	<u>10,365</u>	<u>5,535</u>	<u>19,267</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2008)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	9 months ended 31/12/08 RM'000	9 months ended 31/12/07 RM'000
NET CASH FROM OPERATING ACTIVITIES	12,465	11,827
NET CASH USED IN INVESTING ACTIVITIES	(11,456)	(20,260)
NET CASH FROM FINANCING ACTIVITIES	2,100	1,929
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>3,109</u>	<u>(6,504)</u>
EFFECT OF EXCHANGE DIFFERENCES	(1,837)	3,089
CASH AND BANK EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	(378)	2,218
CASH AND BANK EQUIVALENTS AT END OF FINANCIAL PERIOD	<u><u>894</u></u>	<u><u>(1,197)</u></u>

CASH AND BANK EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD COMPRISE THE FOLLOWING:

	As of 31/12/08 RM'000	As of 31/12/07 RM'000
CASH AND BANK BALANCES	894	457
BANK OVERDRAFTS (INCLUDED WITHIN SHORT TERM BORROWINGS)	<u>-</u>	<u>(1,654)</u>
	<u><u>894</u></u>	<u><u>(1,197)</u></u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2008)

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A NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report has been prepared in accordance with the requirements of FRS 134 : Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 March 2008. 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 year ended 31 March 2008.

A2. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the year ended 31 March 2008 was not subject to any qualification.

A3. Segmental Information

By business segments

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Segment Revenue	110	57,229	59,821	-	(4,854)	112,306
Segment Result	(818)	3,583	10,400	-		13,165
Others						<u>(9,965)</u>
						<u>3,200</u>

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

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 December 2008, except for item disclosed in note A6.

A5. Changes in Estimates

There were no other changes in estimates that have a material effect in the current quarter results.

A6. Seasonal or cyclical factors

In view that the Group is in the garments and apparels industry specialising in the manufacturing of spring/summer wear and local retail, the demand for garments and apparels is normally high in the third and fourth quarters of the financial year.

Other than the factor stated above, the group's operations for the current quarter were not affected by other seasonal or cyclical factors.

A7. Dividend paid

No dividend has been paid during the current financial period ended 31 December 2008.

A8. Valuation of property, plant and equipment

The property, plant and equipment are stated at cost and have been brought forward, without amendments from the previous annual financial statements for the year ended 31 March 2008. No valuation has been carried out since then.

A9. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities other than those stated below:

	RM'000
MUNIF outstanding as at 1 April 2008	86,000
MUNIF issued	7,000
MUNIF repayment	-
MUNIF outstanding as at 31 December 2008	<u>93,000</u>

The Murabahah Underwritten Note Issuance Facility ("MUNIF") / Islamic Medium Term Notes ("IMTN") is to be used for repayment of bank borrowings, capital expenditure in Malaysia, construction of factory in China and working capital in Malaysia. The entire RM100 million MUNIF/IMTN facility is fully underwritten by Amanah Short Deposits Berhad and has a tenure of 7 years from the date of issuance.

A10. Changes in the composition of the Group

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

A11. Discontinued Operation

Not applicable.

A12. Capital Commitments

As of 31 December 2008, the Group has commitments as follows:

	RM'000
Royalty commitments in respect of licensed products	2,731
Non-cancellable rental commitments	8,447
Acquisition of property, plant and equipment	<u>5,909</u>
	<u>17,087</u>

A13. Changes in contingent liabilities or contingent assets

The contingent liabilities of the Company as at 31 December 2008 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) are in respect of :

	RM'000
Bank guarantees extended to non-related third parties	1,683
Corporate guarantees extended to non-related third parties	<u>82,330</u>
	<u>84,013</u>

A14. Subsequent events

There were no material events subsequent to 31 December 2008 and up to the date of the issuance of this quarterly report that have not been reflected in this quarterly report.

A15. Inventories

As at 31 December 2008, the Group has made a net write down of RM618,587 to its net realisable value.

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance of the Company and its principal subsidiaries

During the current financial year to-date ended 31 December 2008, the Group recorded a lower revenue of RM112.3 million as compared to RM115.3 million of preceding financial year to-date ended 31 December 2007. The group also recorded a lower revenue of RM36.0 million for the current quarter ended 31 December 2008 as compared to RM45.5 million of the preceding year quarter ended 31 December 2007. This was mainly due to decrease in sales from manufacturing business.

The overall performance of the Group for the financial year to-date ended 31 December 2008 has improved as indicated by the increase of operating profit to RM12.2 million as compared to an operating profit of RM12.1 million in the preceding financial year to-date ended 31 December 2007. This was due to the decrease in operating expenses as a result of cost cutting measures in the manufacturing and retail processes. The Group also recorded an operating profit of RM2.0 million for the current quarter ended 31 December 2008 as compared to an operating profit of RM5.5 million in the preceding year quarter ended 31 December 2007. This was due to reduction of sales order from manufacturing business as a result of world economic slow down.

B2. Material changes in the quarterly profit before taxation compared to the preceding quarter

The loss before taxation for the current quarter ended 31 December 2008 is RM0.8 million compared to profit before tax of RM5.5 million in the preceding quarter ended 30 September 2008.

The decrease was mainly due to the decrease in sales order during the current quarter ended 31 December 2008. Please refer to B1 for further explanation.

B3. Prospects for the remaining periods

The directors are looking forward to improve the performance for the remaining periods for the financial year ending 31 March 2009. The operations of the factory in China will contribute positively to the group performance.

B4. Variance of actual profit from forecast profit and profit guarantee

Not applicable.

B5. Taxation

	Individual period		Cumulative period	
	Current year quarter	Preceding year corresponding quarter	Current year to-date	Preceding year corresponding period
	31/12/08 RM'000	31/12/07 RM'000	31/12/08 RM'000	31/12/07 RM'000
Current taxation	251	2,037	2,146	3,168
Transfer (from) / to deferred taxation	(115)	(324)	(709)	16
	<u>136</u>	<u>1,713</u>	<u>1,437</u>	<u>3,184</u>

The effective tax rates of the Group for the current quarter and current financial period to-date ended 31 December 2008 and preceding year corresponding quarter and preceding financial year to-date ended 31 December 2007 presented above are disproportionate to the statutory tax rate due to losses of certain subsidiary companies that are not available for set-off against taxable profits of profitable subsidiaries and non-availability of tax deduction for certain expenses.

B6. Profit on sale of unquoted investments and/or properties

There were no sale of unquoted investments and/or properties during the current quarter under review.

B7. Purchase or disposal of quoted securities

The Company does not have any quoted securities during the quarter under review.

There was no purchase or disposal of any quoted securities during the quarter under review.

B8. Status of corporate proposals

There was no corporate proposal for the quarter under review and for the financial year to date except for those completed and been disclosed in Note A9.

B9. Borrowings and debt securities

The Group's borrowings as at 31 December 2008 are as follows:

	Notes	Secured RM'000	Unsecured RM'000	Total RM'000
Long term borrowings		30,591	-	30,591
Short term borrowings	A9	118,206	18,987	137,193
		<u>148,797</u>	<u>18,987</u>	<u>167,784</u>

B10. Off balance sheet financial instruments

There are no material financial instruments with off balance sheet risk except for those disclosed in note A13. There is no material cash requirement for the said financial instruments.

The Group does not foresee any significant credit and market risk.

B11. Material litigation

Legal proceedings have commenced against the insurer to recover the fire insurance claim.

B12. Dividends (proposed or declared)

No dividend was proposed or declared during the current quarter / the financial year end.

B13. Earnings per share

The earnings per share (basic) is calculated by dividing the Group's profit after taxation and minority interest by the weighted average number of shares in issue of 150,000,000.

	Note	Individual period		Cumulative period	
		Current year quarter	Preceding year corresponding quarter	Current year to- date	Preceding year corresponding period
		31/12/08	31/12/07	31/12/08	31/12/07
Net profit for the period (RM'000)		(962)	1,840	3,200	3,652
Weighted average number of ordinary shares in issue ('000)		150,000	150,000	150,000	150,000
Basic earnings per share (sen)	A1	<u>(0.64)</u>	<u>1.23</u>	<u>2.13</u>	<u>2.43</u>