

HYTEX INTEGRATED BERHAD

Quarterly report on results for the 2nd quarter ended 30 September 2009. The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30/09/09 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/08 RM'000	CURRENT YEAR TO DATE 30/09/09 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/08 RM'000
REVENUE		33,756	44,869	68,003	76,310
COST OF SALES		(27,069)	(27,977)	(53,974)	(46,230)
GROSS PROFIT		<u>6,687</u>	<u>16,892</u>	<u>14,029</u>	<u>30,080</u>
OPERATING EXPENSES		(8,233)	(8,262)	(16,858)	(19,845)
OPERATING (LOSS)/PROFIT		<u>(1,546)</u>	<u>8,630</u>	<u>(2,829)</u>	<u>10,235</u>
FINANCE COSTS		(3,317)	(2,394)	(5,986)	(4,772)
LOSS BEFORE TAXATION		<u>(4,863)</u>	<u>6,236</u>	<u>(8,815)</u>	<u>5,463</u>
TAXATION	B5	(282)	(831)	(558)	(1,301)
NET LOSS FOR THE PERIOD		<u>(5,145)</u>	<u>5,405</u>	<u>(9,373)</u>	<u>4,162</u>
EARNING PER SHARE - basic (sen)		(3.43)	3.60	(6.25)	2.77

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 March 2009)

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CONDENSED CONSOLIDATED BALANCE SHEET

	Note	AS OF END OF CURRENT QUARTER 30/09/09 RM'000	AS OF PRECEDING FINANCIAL YEAR END 31/03/09 RM'000
ASSETS			
Non-Current Assets			
PROPERTY, PLANT AND EQUIPMENT		122,043	133,162
CAPITAL WORK-IN-PROGRESS		5,351	4,725
PREPAID LEASE PAYMENTS		5,692	9,042
OTHER INVESTMENTS		1,250	1,250
NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		3,895	5,632
		138,231	153,811
Current Assets			
INVENTORIES	A15	138,484	145,549
TRADE RECEIVABLES		11,977	12,099
OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS		23,842	29,187
FIXED DEPOSITS PLACED WITH LICENCED BANKS		2,550	102
CASH AND BANK BALANCES		1,223	2,741
		178,076	189,678
TOTAL ASSETS		316,307	343,489
EQUITY AND LIABILITIES			
Equity			
SHARE CAPITAL		75,000	75,000
RESERVES		10,752	24,044
TOTAL EQUITY		85,752	99,044
Non-Current Liabilities			
LONG TERM BORROWINGS	B9	20,821	25,315
DEFERRED TAXATION		1,450	1,450
		22,271	26,765
Current Liabilities			
TRADE PAYABLES		17,808	21,876
OTHER PAYABLES AND ACCRUED EXPENSES		19,223	23,978
AMOUNT OWING TO DIRECTORS		8,115	5,203
SHORT TERM BORROWINGS	A9 & B9	163,138	166,623
		208,284	217,680
TOTAL LIABILITIES		230,555	244,445
TOTAL EQUITY AND LIABILITIES		316,307	343,489
NET ASSETS PER SHARE (RM)		0.57	0.66

Remarks:

The comparative figures for preceding financial year as of 31 March 2009 have been reclassified to conform with current financial quarter as of 31 March 2009 presentation.

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2009)

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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 2009		75,000	10,365	3,398	10,280
Cumulative movements during the year					
Currency translation difference		-	-	(3,918)	-
Net loss for the year		-	-	-	(9,373)
As of 30 September 2009		<u>75,000</u>	<u>10,365</u>	<u>(520)</u>	<u>907</u>
As of 1 April 2008		75,000	10,365	8,895	16,256
Cumulative movements during the preceding periods					
Currency translation difference		-	-	(2,075)	-
Net loss for the year		-	-	-	4,162
As of 30 September 2008		<u>75,000</u>	<u>10,365</u>	<u>6,820</u>	<u>20,418</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 2009)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	6 months ended 30/09/09 RM'000	6 months ended 30/09/08 RM'000
NET CASH FROM OPERATING ACTIVITIES	1,454	11,214
NET CASH FROM INVESTING ACTIVITIES	4,762	(10,233)
NET CASH USED IN FINANCING ACTIVITIES	(3,918)	2,648
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>2,298</u>	<u>3,629</u>
EFFECT OF EXCHANGE DIFFERENCES	(3,918)	(2,075)
CASH AND BANK EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	2,650	(378)
CASH AND BANK EQUIVALENTS AT END OF FINANCIAL YEAR	<u><u>1,030</u></u>	<u><u>1,176</u></u>

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

	As of 30/09/09 RM'000	As of 30/09/08 RM'000
CASH AND BANK BALANCES	3,773	1,650
BANK OVERDRAFTS (INCLUDED WITHIN SHORT TERM BORROWINGS)	<u>(2,743)</u>	<u>(474)</u>
	<u><u>1,030</u></u>	<u><u>1,176</u></u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2009)

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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 2009. 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 2009.

A2. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the year ended 31 March 2009 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	342	24,668	14,296	-	(5,550)	33,756
Segment Result	(109)	(1,148)	1,520	-		263
Others						(5,408)
						<u>(5,145)</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 30 September 2009, except for item disclosed in note A6.

A5. Changes in Estimates

Not applicable.

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 higher 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 30 September 2009.

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 2009. 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 2009	100,000
MUNIF issued	-
MUNIF repayment	-
MUNIF outstanding as at 30 September 2009	<u>100,000</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 30 September 2009, the Group has commitments as follows:

	RM'000
Royalty commitments in respect of licensed products	2,253
Non-cancellable rental commitments	8,299
Acquisition of property, plant and equipment	-
	<u>10,552</u>

A13. Changes in contingent liabilities or contingent assets

The contingent liabilities of the Company as at 30 September 2009 (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	1,054
Corporate guarantees extended to non-related third parties	80,430
	<u>81,484</u>

A14. Subsequent events

On 16th November 2009, the Company make a General Announcement on its proposed restructuring of RM100 million Murabahah Underwritten Notes Issuance Facility/Islamic Medium Term Notes, and also a proposed increase in the authorized share capital from RM100.0 million comprising 200.0 million ordinary shares of RM0.50 each to RM150.0 million comprising 300.0 million shares as part of the proposed debt restructuring exercise.

A15. Inventories

As at 30 September 2009, the Group has made a net write down of RM363,992 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 quarter ended 30 September 2009, the Group recorded a lower revenue of RM33.8 million as compared to RM44.9 million in the corresponding financial year quarter ended 30 September 2008. The decrease was mainly due to reduce orders from the effect of the global financial crisis.

The overall performance of the Group for the current quarter ended 30 September 2009 has declined as indicated by an operating loss of RM1.5 million as compared to an operating profit of RM8.6 million in the corresponding quarter ended 30 September 2008. This was due to decrease in gross profit margin as a result of the under utilisation of manufacturing capacity.

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

The loss before taxation for the current quarter ended 30 September 2009 is RM4.9 million compared to loss before tax of RM4.2 million in the preceding quarter ended 30 June 2009.

This was mainly due to the decrease in gross profit margin during the current quarter ended 30 September 2009. Please refer to B1 for further explanation.

B3. Prospects for the remaining periods

The directors expected performance to improve for the remaining periods for the financial year ending 31 March 2010.

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
	30/09/09 RM'000	30/09/08 RM'000	30/09/09 RM'000	30/09/08 RM'000
Current taxation	265	1,379	541	1,895
Transfer (from) / to deferred taxation	17	(548)	17	(594)
	<u>282</u>	<u>831</u>	<u>558</u>	<u>1,301</u>

The effective tax rates of the Group for the current quarter and current financial period to-date ended 30 September 2009 and preceding year corresponding quarter and preceding financial year to-date ended 30 September 2008 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 during the current quarter under review except the Company had disposed off a property and certain unused machineries which resulted in a profit of RM1.2 million .

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 other corporate proposal for the quarter under review and for the financial year to date, except for those completed and been disclosed in Note A9 and A14.

B9. Borrowings and debt securities

The Group's borrowings as at 30 September 2009 are as follows:

	Notes	Secured RM'000	Unsecured RM'000	Total RM'000
Long term borrowings		20,821	-	20,821
Short term borrowings	A9	143,600	19,538	163,138
		<u>164,421</u>	<u>19,538</u>	<u>183,959</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 against the insurer to recover the fire insurance claim is still ongoing.

B12. Dividends (proposed or declared)

No dividend was proposed or declared during the current quarter.

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
		30/09/09	30/09/08	30/09/09	30/09/08
Net (loss)/profit for the period (RM'000)		(5,145)	5,405	(9,373)	4,162
Weighted average number of ordinary shares in issue ('000)		150,000	150,000	150,000	150,000
Basic earnings per share (sen)	A1	<u>(3.43)</u>	<u>3.60</u>	<u>(6.25)</u>	<u>2.77</u>