

HYTEX INTEGRATED BERHAD

Quarterly report on results for the 3rd quarter ended 31 December 2009. The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/12/09 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/08 RM'000	CURRENT YEAR TO DATE 31/12/09 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/08 RM'000
REVENUE		31,388	35,996	99,391	112,306
COST OF SALES		(26,728)	(21,569)	(80,702)	(67,799)
GROSS PROFIT		4,660	14,427	18,689	44,507
OPERATING EXPENSES		(8,171)	(12,450)	(25,029)	(32,295)
OPERATING (LOSS)/PROFIT		(3,511)	1,977	(6,340)	12,212
FINANCE COSTS		(2,075)	(2,803)	(8,061)	(7,575)
LOSS BEFORE TAXATION		(5,586)	(826)	(14,401)	4,637
TAXATION	B5	(826)	(136)	(1,384)	(1,437)
NET LOSS FOR THE PERIOD		(6,412)	(962)	(15,785)	3,200
EARNING PER SHARE - basic (sen)		(4.27)	(0.64)	(10.52)	2.13

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

HYTEX INTEGRATED BERHAD

Quarterly report on results for the 3rd quarter ended 31 December 2009. The figures have not been audited.

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	AS OF END OF CURRENT QUARTER 31/12/09 RM'000	AS OF PRECEDING FINANCIAL YEAR END 31/03/09 RM'000
ASSETS			
Non-Current Assets			
PROPERTY, PLANT AND EQUIPMENT		118,959	133,162
CAPITAL WORK-IN-PROGRESS		6,733	4,725
PREPAID LEASE PAYMENTS		5,658	9,042
OTHER INVESTMENTS		1,250	1,250
NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		-	5,632
		132,600	153,811
Current Assets			
INVENTORIES	A15	142,602	145,549
TRADE RECEIVABLES		10,644	12,099
OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS		23,607	29,187
FIXED DEPOSITS PLACED WITH LICENCED BANKS		-	102
CASH AND BANK BALANCES		234	2,741
		177,087	189,678
TOTAL ASSETS		309,687	343,489
EQUITY AND LIABILITIES			
Equity			
SHARE CAPITAL		75,000	75,000
RESERVES		5,227	24,044
TOTAL EQUITY		80,227	99,044
Non-Current Liabilities			
LONG TERM BORROWINGS	B9	20,792	25,315
DEFERRED TAXATION		1,468	1,450
		22,260	26,765
Current Liabilities			
TRADE PAYABLES		20,158	21,876
OTHER PAYABLES AND ACCRUED EXPENSES		17,528	23,978
AMOUNT OWING TO DIRECTORS		6,407	5,203
SHORT TERM BORROWINGS	A9 & B9	163,107	166,623
		207,200	217,680
TOTAL LIABILITIES		229,460	244,445
TOTAL EQUITY AND LIABILITIES		309,687	343,489
NET ASSETS PER SHARE (RM)		0.53	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 December 2009 presentation.

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

HYTEX INTEGRATED BERHAD

Quarterly report on results for the 3rd quarter ended 31 December 2009. The figures have not been audited.

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		-	-	(3,031)	-
Net loss for the year		-	-	-	(15,785)
As of 31 December 2009		<u>75,000</u>	<u>10,365</u>	<u>367</u>	<u>(5,505)</u>
As of 1 April 2008		75,000	10,365	8,895	16,256
Cumulative movements during the preceding periods					
Currency translation difference		-	-	(1,837)	-
Net loss for the year		-	-	-	3,200
As of 31 December 2009		<u>75,000</u>	<u>10,365</u>	<u>7,058</u>	<u>19,456</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)

HYTEX INTEGRATED BERHAD

Quarterly report on results for the 3rd quarter ended 31 December 2009. The figures have not been audited.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	9 months ended 31/12/09 RM'000	9 months ended 31/12/08 RM'000
NET CASH FROM OPERATING ACTIVITIES	(4,549)	12,465
NET CASH FROM INVESTING ACTIVITIES	17,359	(11,456)
NET CASH USED IN FINANCING ACTIVITIES	(16,615)	2,100
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(3,805)</u>	<u>3,109</u>
EFFECT OF EXCHANGE DIFFERENCES	(3,031)	(1,837)
CASH AND BANK EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	2,650	(378)
CASH AND BANK EQUIVALENTS AT END OF FINANCIAL YEAR	<u>(4,186)</u>	<u>894</u>

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

	As of 31/12/09 RM'000	As of 31/12/08 RM'000
CASH AND BANK BALANCES	234	894
BANK OVERDRAFTS (INCLUDED WITHIN SHORT TERM BORROWINGS)	<u>(4,420)</u>	<u>-</u>
	<u>(4,186)</u>	<u>894</u>

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

HYTEX INTEGRATED BERHAD

Quarterly report on results for the 3rd quarter ended 31 December 2009. The figures have not been audited.

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	1,026	82,385	43,421	-	(27,441)	99,391
Segment Result	(7,563)	(9,323)	2,485	-	-	(14,401)

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 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.

However, the anticipated increase in the third quarter was instead shifted to the fourth quarter. 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 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 31 December 2009	<u>100,000</u>

The Murabahah Underwritten Note Issuance Facility ("MUNIF") / Islamic Medium Term Notes ("IMTN") was 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 2009, the Group has commitments as follows:

	RM'000
Royalty commitments in respect of licensed products	1,959
Non-cancellable rental commitments	6,689
Acquisition of property, plant and equipment	-
	<u>8,648</u>

A13. Changes in contingent liabilities or contingent assets

The contingent liabilities of the Company as at 31 December 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	1,091
Corporate guarantees extended to non-related third parties	80,430
	<u>81,521</u>

A14. Subsequent events

Following from the General Announcement on 16th November 2009 pertaining to its proposed restructuring of RM100 million Murabahah Underwritten Notes Issuance Facility/Islamic Medium Term Notes, and also the proposed increase in the authorised share capital from RM100 million comprising 200 million ordinary shares of RM0.50 each to RM150 million comprising 300 million shares as part of the proposed debt restructuring exercise, the Company had on 29th December 2009 submitted an application to the Securities Commission (Private Debt Securities) on the proposed issuance of RM36,000,000 Nominal Value of Eight (8) Years Redeemable Convertible Secured Loan Stocks.

The said application is still pending verification and approval by the Securities Commission.

A15. Inventories

As at 31 December 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 financial year to-date and current quarter ended 31 December 2009, the Group recorded a lower revenue of RM31.4 million as compared to RM36.0 million of preceding financial year to-date and quarter ended 31 December 2008. The decrease was mainly due to reduce orders resulting from the lingering effect of the global financial crisis.

The overall performance of the Group for the financial year to-date and current quarter ended 31 December 2009 has declined as indicated by an operating loss of RM6.3 million as compared to an operating profit of RM12.2 million in the preceding financial year to-date and quarter ended 31 December 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 31 December 2009 is RM5.6 million compared to loss before tax of RM4.9 million in the preceding quarter ended 30 September 2009.

This was mainly due to the decrease in gross profit margin during the current quarter ended 31 December 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
	31/12/09 RM'000	31/12/08 RM'000	31/12/09 RM'000	31/12/08 RM'000
Current taxation	808	251	1,366	2,146
Transfer (from) / to deferred taxation	18	(115)	18	(709)
	<u>826</u>	<u>136</u>	<u>1,384</u>	<u>1,437</u>

The effective tax rates of the Group for the current quarter and current financial period to-date ended 31 December 2009 and preceding year corresponding quarter and preceding financial year to-date ended 31 March 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 certain unused machineries which resulted in a profit of RM0.3 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.

B9 Borrowings and debt securities

The Group's borrowings as at 31 December 2009 are as follows:

	Notes	Secured RM'000	Unsecured RM'000	Total RM'000
Long term borrowings		20,792	-	20,792
Short term borrowings	A9	148,397	21,117	169,514
		<u>169,189</u>	<u>21,117</u>	<u>190,306</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 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
		31/12/09	31/12/08	31/12/09	31/12/08
Net (loss)/profit for the period (RM'000)		(6,412)	(962)	(15,785)	3,200
Weighted average number of ordinary shares in issue ('000)		150,000	150,000	150,000	150,000
Basic earnings per share (sen)	A1	<u>(4.27)</u>	<u>(0.64)</u>	<u>(10.52)</u>	<u>2.13</u>