

**HYTEX INTEGRATED BERHAD**

Quarterly report on results for the 4th quarter ended 31 March 2010. The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/03/10 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/09 RM'000	CURRENT YEAR TO DATE 31/03/10 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/09 RM'000
REVENUE		38,468	33,457	137,859	145,763
COST OF SALES		(38,766)	(32,322)	(119,468)	(100,106)
GROSS PROFIT		(298)	1,135	18,391	45,657
OPERATING EXPENSES		(13,539)	(8,652)	(38,568)	(40,946)
OPERATING (LOSS)/PROFIT		(13,837)	(7,517)	(20,177)	4,711
FINANCE COSTS		(2,410)	(4,923)	(10,471)	(12,498)
LOSS BEFORE TAXATION		(16,247)	(12,440)	(30,648)	(7,787)
TAXATION	B5	(165)	(735)	(1,549)	(2,172)
NET LOSS FOR THE PERIOD		(16,412)	(13,175)	(32,197)	(9,959)
EARNING PER SHARE - basic (sen)		(10.94)	(8.78)	(21.46)	(6.64)

**(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 31/03/10 RM'000	AS OF PRECEDING FINANCIAL YEAR END 31/03/09 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
PROPERTY, PLANT AND EQUIPMENT		109,335	133,162
CAPITAL WORK-IN-PROGRESS		7,035	4,725
PREPAID LEASE PAYMENTS		5,624	9,042
OTHER INVESTMENTS		1,250	1,250
NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		-	5,632
		123,244	153,811
<b>Current Assets</b>			
INVENTORIES	A15	123,983	145,549
TRADE RECEIVABLES		17,110	12,099
OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS		22,389	29,187
FIXED DEPOSITS PLACED WITH LICENCED BANKS		-	102
CASH AND BANK BALANCES		730	2,741
		164,212	189,678
<b>TOTAL ASSETS</b>		<b>287,456</b>	<b>343,489</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
SHARE CAPITAL		75,000	75,000
RESERVES		(13,306)	24,044
<b>TOTAL EQUITY</b>		<b>61,694</b>	<b>99,044</b>
<b>Non-Current Liabilities</b>			
LONG TERM BORROWINGS	B9	20,764	25,315
DEFERRED TAXATION		1,427	1,450
		22,191	26,765
<b>Current Liabilities</b>			
TRADE PAYABLES		21,199	21,876
OTHER PAYABLES AND ACCRUED EXPENSES		27,340	23,978
AMOUNT OWING TO DIRECTORS		942	5,203
SHORT TERM BORROWINGS	A9 & B9	154,090	166,623
		203,571	217,680
<b>TOTAL LIABILITIES</b>		<b>225,762</b>	<b>244,445</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>287,456</b>	<b>343,489</b>
<b>NET ASSETS PER SHARE (RM)</b>		<b>0.41</b>	<b>0.66</b>

**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 2010 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
<b>As of 1 April 2009</b>		75,000	10,365	3,398	10,280
Cumulative movements during the year					
Currency translation difference		-	-	(5,152)	-
Net loss for the year		-	-	-	(32,197)
<b>As of 31 March 2010</b>		<u>75,000</u>	<u>10,365</u>	<u>(1,754)</u>	<u>(21,917)</u>
<b>As of 1 April 2008</b>		75,000	10,365	8,894	20,239
Cumulative movements during the preceding periods					
Currency translation difference		-	-	(5,496)	-
Net loss for the year		-	-	-	(9,959)
<b>As of 31 March 2009</b>		<u>75,000</u>	<u>10,365</u>	<u>3,398</u>	<u>10,280</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**

	12 months ended 31/03/10 RM'000	12 months ended 31/03/09 RM'000
NET CASH FROM OPERATING ACTIVITIES	12,728	(13,860)
NET CASH FROM INVESTING ACTIVITIES	20,561	(7,813)
NET CASH USED IN FINANCING ACTIVITIES	(30,106)	29,702
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>3,183</u>	<u>8,029</u>
EFFECT OF EXCHANGE DIFFERENCES	(5,152)	(5,001)
CASH AND BANK EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	2,650	(378)
CASH AND BANK EQUIVALENTS AT END OF FINANCIAL YEAR	<u><u>681</u></u>	<u><u>2,650</u></u>

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

	As of 31/03/10 RM'000	As of 31/03/09 RM'000
CASH AND BANK BALANCES	730	2,741
BANK OVERDRAFTS (INCLUDED WITHIN SHORT TERM BORROWINGS)	(49)	(91)
	<u><u>681</u></u>	<u><u>2,650</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	1,368	105,210	69,781	-	(38,500)	137,859
Segment Result	(11,388)	(22,107)	2,847	-	-	(30,648)

**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 March 2010, 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 March 2010.

**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 March 2010	<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**

As at 31 March 2010, the Group decided to cease the operations of its two subsidiaries (Hytex Garments Cambodia Ltd and Hytex Apparel Cambodia Ltd) in Cambodia. The combined results incorporated in the Consolidated Accounts for the financial year ended 31 March 2010 are: Turnover - RM1,863,032; Loss - RM12,392,971. The combined results of these two subsidiaries in the last two financial years ended 31 March are: Turnover - RM12,510,578 (2009) & RM25,464,523 (2008); Loss - RM12,999,376 (2009) & RM1,954,089 (2008).

The Directors' decisions for the closure of the two subsidiaries are the poor and worsening operating environment, which had resulted in the continuous losses over the past three years.

**A12. Capital Commitments**

As of 31 March 2010, the Group has commitments as follows:

	RM'000
Royalty commitments in respect of licensed products	1,525
Non-cancellable rental commitments	5,703
Acquisition of property, plant and equipment	-
	<u>7,228</u>

**A13. Changes in contingent liabilities or contingent assets**

The contingent liabilities of the Company as at 31 March 2010 (the latest practicable date which is not earlier than 7 days from the

	RM'000
Bank guarantees extended to non-related third parties	441
Corporate guarantees extended to non-related third parties	80,430
	<u>80,871</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 was approved by the Securities Commission on 24 February 2010.

On 19 March 2010, the Company announced its proposal to amend its Memorandum of Articles pursuant to the proposed increase in the Authorized Share Capital.

At an Extraordinary General Meeting held on 12 May 2010, the aforesaid proposals were approved by the shareholders.

The whole restructuring exercise is expected to be completed by 30 June 2010.

**A15. Inventories**

As at 31 March 2010, the Group had made a net write down of RM1,389,195 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 March 2010, the Group recorded a lower revenue of RM137.9 million as compared to RM145.8 million of preceding financial year to-date ended 31 March 2009. However, the Group recorded a higher revenue of RM38.5 million for the current quarter ended 31 March 2010 as compared to RM33.5 million of the preceding year quarter ended 31 March 2009. This was mainly due to the lingering global financial crisis in the first three quarters of the financial year and the subsequent improvement brought about by the Groups' marketing efforts towards the end of the financial year.

The overall performance of the Group for the financial year to-date and current quarter ended 31 March 2010 had declined as indicated by an operating loss of RM20.2 million as compared to an operating profit of RM4.7 million in the preceding financial year to-date and quarter ended 31 March 2009. The Group also recorded a higher operating loss of RM13.8 million for the current quarter ended 31 March 2010 as compared to an operating loss of RM7.5 million in the preceding year quarter ended 31 March 2009. This was mainly due to decrease in gross profit margin as a result of the lower selling prices, increase in the cost of yarn and other raw materials, appreciation of the Malaysian Ringgit, and under utilisation of the manufacturing capacity. The closure of the two subsidiaries in Cambodia had further aggravated the losses, as indicated in Note A11.

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

The loss before taxation for the current quarter ended 31 March 2010 is RM16.2 million compared to loss before tax of RM5.6 million in the preceding quarter ended 31 December 2009.

Please refer to B1 above for further explanation for the loss.

**B3. Prospects for the next financial year**

The directors expected the new financial year to be more challenging, in view of the stiff competition and poor market sentiment, increasing cost of yarn and other raw materials, and possible further strengthening of the Malaysian Ringgit. However, the Board is optimistic in facing the challenges ahead, as orders for Malaysia and China operations are increasing. Moreover, it is placing more emphasis on its retail division which has been generating profit for the Group. Barring unforeseen circumstances, we expect to post a better result for the new financial year.

**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
	31/03/10 RM'000	31/03/09 RM'000	31/03/10 RM'000	31/03/09 RM'000
Current taxation	206	(1,131)	1,572	1,015
Transfer (from) / to deferred taxation	(41)	946	(23)	237
	<u>165</u>	<u>(185)</u>	<u>1,549</u>	<u>1,252</u>

The effective tax rates of the Group for the current quarter and current financial period to-date ended 31 March 2010 and preceding year corresponding quarter and preceding financial year to-date ended 31 March 2009 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 PPE which resulted in a profit of RM2.4 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 March 2010 are as follows: -

	Notes	Secured RM'000	Unsecured RM'000	Total RM'000
Long term borrowings		20,764	-	20,764
Short term borrowings	A9	143,276	10,814	154,090
		<u>164,040</u>	<u>10,814</u>	<u>174,854</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 31/03/10	Preceding year corresponding quarter 31/03/09	Current year to- date 31/03/10	Preceding year corresponding period 31/03/09
Net (loss)/profit for the period (RM'000)		(16,412)	(13,175)	(32,197)	(9,959)
Weighted average number of ordinary shares in issue ('000)		150,000	150,000	150,000	150,000
Basic earnings per share (sen)	A1	<u>(10.94)</u>	<u>(8.78)</u>	<u>(21.46)</u>	<u>(6.64)</u>