**HYTEX INTEGRATED BERHAD**

Quarterly report on results for the 4th quarter ended 31 March 2011. The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

| | | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|---|
| | | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD |
| | | 31/03/11 | 31/03/10 | 31/03/11 | 31/03/10 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| REVENUE | | 36,932 | 38,468 | 130,534 | 137,369 |
| COST OF SALES | | (36,569) | (38,766) | (113,344) | (123,334) |
| GROSS PROFIT | | 363 | (298) | 17,190 | 14,035 |
| OPERATING EXPENSES | | (14,627) | (13,539) | (36,447) | (37,282) |
| OPERATING (LOSS)/PROFIT | | (14,264) | (13,837) | (19,257) | (23,247) |
| FINANCE COSTS | | (2,168) | (2,410) | (9,432) | (11,023) |
| PROFIT/(LOSS) BEFORE TAXATION | | (16,432) | (16,247) | (28,689) | (34,270) |
| TAXATION | B5 | - | (165) | (748) | (305) |
| NET PROFIT/(LOSS) FOR THE PERIOD | | (16,432) | (16,412) | (29,437) | (34,575) |
| EARNING PER SHARE - basic (sen) | | (10.95) | (10.94) | (19.62) | (23.05) |

**(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 March 2010)**

**HYTEX INTEGRATED BERHAD**

Quarterly report on results for the 4th quarter ended 31 March 2011. The figures have not been audited.

CONDENSED CONSOLIDATED BALANCE SHEET

| | Note | AS OF END OF CURRENT QUARTER 31/03/11 RM'000 | AS OF PRECEDING FINANCIAL YEAR END 31/03/10 RM'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| PROPERTY, PLANT AND EQUIPMENT | A8 | 168,380 | 109,642 |
| CAPITAL WORK-IN-PROGRESS | | 862 | 6,996 |
| PREPAID LEASE PAYMENTS | | 5,057 | 5,229 |
| OTHER INVESTMENTS | | - | - |
| NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE | | - | - |
| | | 174,299 | 121,867 |
| **Current Assets** | | | |
| INVENTORIES | A15 | 112,956 | 121,573 |
| TRADE RECEIVABLES | | 14,601 | 19,349 |
| OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS | | 23,680 | 26,417 |
| FIXED DEPOSITS PLACED WITH LICENCED BANKS | | 102 | 102 |
| CASH AND BANK BALANCES | | 241 | 631 |
| | | 151,580 | 168,072 |
| **TOTAL ASSETS** | | 325,879 | 289,939 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| SHARE CAPITAL | | 75,000 | 75,000 |
| RESERVES | | 40,477 | (16,698) |
| **TOTAL EQUITY** | | 115,477 | 58,302 |
| **Non-Current Liabilities** | | | |
| LONG TERM BORROWINGS | B9 | 110,588 | 22,480 |
| DEFERRED TAXATION | | 422 | 422 |
| | | 111,010 | 22,902 |
| **Current Liabilities** | | | |
| TRADE PAYABLES | | 22,261 | 24,115 |
| OTHER PAYABLES AND ACCRUED EXPENSES | | 24,448 | 31,897 |
| AMOUNT OWING TO DIRECTORS | | 550 | 234 |
| SHORT TERM BORROWINGS | A9 & B9 | 52,133 | 152,489 |
| | | 99,392 | 208,735 |
| **TOTAL LIABILITIES** | | 210,402 | 231,637 |
| **TOTAL EQUITY AND LIABILITIES** | | 325,879 | 289,939 |
| NET ASSETS PER SHARE (RM) | | 0.77 | 0.39 |

**(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2010)**

**HYTEX INTEGRATED BERHAD**

Quarterly report on results for the 4th quarter ended 31 March 2011. The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Note | | | NON-DISTRIBUTABLE | | | DISTRIBUTABLE |
|---|---|---|---|---|---|---|---|
| | | SHARE CAPITAL | SHARE PREMIUM | REDEEMABLE & CONVERTIBLE SECURED LOAN STOCK | REVALUATION RESERVE | TRANSLATION RESERVE | RETAINED PROFIT |
| | | RM'000 | RM'000 | | | RM'000 | RM'000 |
| **As of 1 April 2010** | | 75,000 | 10,365 | - | - | (2,769) | (24,295) |
| Cumulative movements during the year | | | | 9,682 | 77,005 | | |
| Currency translation difference | | - | - | | | (74) | - |
| Net loss for the year | | - | - | | | - | (29,437) |
| **As of 31 March 2011** | | 75,000 | 10,365 | 9,682 | 77,005 | (2,843) | (53,732) |
| | | | | | | | |
| **As of 1 April 2009** | | 75,000 | 10,365 | - | - | 3,398 | 10,280 |
| Cumulative movements during the preceding periods | | | | | | | |
| Currency translation difference | | - | - | | | (6,167) | - |
| Net loss for the year | | - | - | | | - | (34,575) |
| **As of 31 March 2010** | | 75,000 | 10,365 | - | - | (2,769) | (24,295) |

**(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2010)**

**HYTEX INTEGRATED BERHAD**

Quarterly report on results for the 4th quarter ended 31 March 2011. The figures have not been audited.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | 12 months ended 31/03/11 RM'000 | 12 months ended 31/03/10 RM'000 |
|---|---|---|
| NET CASH FROM OPERATING ACTIVITIES | 1,356 | (1,399) |
| NET CASH FROM INVESTING ACTIVITIES | 10,521 | 14,778 |
| NET CASH USED IN FINANCING ACTIVITIES | (14,973) | (16,925) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (3,096) | (3,546) |
| EFFECT OF EXCHANGE DIFFERENCES | 1,650 | 1,479 |
| CASH AND BANK EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR | 583 | 2,650 |
| CASH AND BANK EQUIVALENTS AT END OF FINANCIAL PERIOD | (863) | 583 |

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

| | As of 31/03/11 RM'000 | As of 31/03/10 RM'000 |
|---|---|---|
| CASH AND BANK BALANCES | 343 | 631 |
| BANK OVERDRAFTS (INCLUDED WITHIN SHORT TERM BORROWINGS) | (1,206) | (48) |
| | (863) | 583 |

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2010)

HYTEX INTEGRATED BERHAD

Quarterly report on results for the 4th quarter ended 31 March 2011. 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 2010. 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 2010.

### A2. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the year ended 31 March 2010 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 | - | 100,708 | 56,815 | - | (26,989) | 130,534 |
| Segment Result - Profit/(Loss) | (10,835) | (15,020) | (6,327) | - | - | (32,182) |
| Others - Profit/(Loss) | - | (90) | 2,835 | - | - | 2,745 |
| Net Profit/(Loss) | (10,835) | (15,110) | (3,492) | - | - | (29,437) |

Of the loss of RM10.8 million in investment holdings, RM5.6 million is due to interest expenses incurred for the investment in China, and RM1.2 million is for the cost of restructuring of the Group's borrowings paid during the financial year ending 31 March 2011. RM4.2 million is due to unrealised translation loss on the investment. There is no income from the investment to set off against the interest incurred. The gain of RM2.74 million is from the disposal of excess PPE at arm's length.

For the financial year, China Manufacturing Division had suffered a net loss of RM11.84 million. The balance of the loss of RM3.27 million was incurred by the Malaysian Manufacturing Operation.

### 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 2011, 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 higher in the third and fourth quarters of each 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 March 2011.

### A8. Valuation of property, plant and equipment

The property, plant and equipment are stated at cost brought forward from the previous annual financial statements for the year ended 31 March 2010 plus revaluation gain. A valuationexercise was carried out for the Group and a revaluation gain of RM70.05 million was recognized in the Balance Sheet, as per valuation report dated 31.03.2011.

A9. **Debt and Equity Securities**

The restructuring of the MUNIF was completed in October 2010 as follows: -

| | |
|---|---|
| Short-Term Loan 1 - Eight (8) year syndicated term loan | 54,000,000 |
| Short-Term Loan 2 - Two (2) years syndicated term loan | 10,000,000 |
| Redeemable Convertible Secured Loan Stocks at RM0.50 each of eight (8) years | 36,000,000 |
| Total | 100,000,000 |

The repayment of STL 1 shall commence at the end of the first month from the second anniversary of the disbursement date, whereas the repayment of STL 2 shall commence at the end of the first month from the disbursement date. RM9.68 million is transferred to Equity in accordance with FRS 132.

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 March 2011, the Group has commitments as follows:

| | RM'000 |
|---|---|
| Royalty commitments in respect of licensed products | 1,758 |
| Non-cancellable rental commitments | 4,614 |
| | 6,372 |

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

The contingent liabilities of the Company as at 31 March 2011 (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 | 738 |
| Corporate guarantees extended to non-related third parties | 80,430 |
| | 81,168 |

A14. **Subsequent events**

The Agreements for the restructuring of the borrowings from HSBC (RM3.7 million), UOB (RM5.8 million), and EON Bank (RM2.9 million), have been executed and is pending stamping.

The total borrowings, amounting to RM12.4 million, shall be restructured into RM7.4 million Term Loan repayable over a five (5) years period and the balance of RM4,967,936 into nominal value of five (5) years Redeemable Secured Loan Stock.

Application to the Securities Commission in relation to the proposed issuance of RM4,967,936 nominal value of five (5) year redeemable secured loan stocks has been approved. The restructuring is expected to be finalized by the next quarter.

The Settlement Agreement with Prima Uno Berhad for RM20 million were signed and pending stamping. The facility is to be repaid over a period of five (5) years at a fixed interest rate of 6.63% per annum.

The effects of the above restructuring would be reflected in the Balance Sheet for the next quarter ending 30 June 2011. All borrowings, after the restructuring, shall be secured.

A15. **Inventories**

As at 31 March 2011, the Group has not made any write-down or write-off of inventories. However, it has carried out a mark-down sales in all retail outlets, to clear off old and remnant stock of raw materials and finished goods, which resulted in a lower gross profit margin for the retail division in the fourth quarter.

## 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

Though the sales in the fourth quarter has dropped slightly to RM36.93 million as compared to RM38.47 million in the corresponding quarter of the preceeding financial year ended 31 March 2010, the net loss has remained unchanged at RM16.4 million.

The year-to-date revenue is RM130.53 million as compared to RM137.37 million in the last financial year. This represent a decrease of RM6.83 million or 4.98% against the last financial year. The decrease in revenue for the financial year was mainly due to the strengthening of the Ringgit against the USD, as much of our export is denominated in US Dollar, and also the slightly lower overseas demand. Net loss has also fallen to RM29.44 million as compared to RM34.57 million in the last financial year ended 31 March 2010.

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

Revenue for the current quarter had increased by RM3.98 million or 12.07% over the preceeding period. Turnover in the preceeding period is RM32.95 million whereas turnover for the current quarter is RM36.93 million. Turnover in the next quarter is expected to be similar.

The net loss in the current period is RM16.43 million as compared to a net loss of RM7.75 million in the previous period. The higher net loss was also partly due to the huge mark-down in the selling prices for the retail division in the fourth quarter. The gross profit margin was reduced to about 10% from a normal percentage of 30%. Operating expenses increased to RM14.63 million as compared to RM8.06 million in the preceeding quarter. The loss of RM1.18 million in the disposal of PPE in China also contributed to the higher operating loss.

### B3. Prospects for the new financial year

The directors are cautious of the increasing prices of yarn and other raw material cost. Selling prices have not increased in tandem with cost and would erode into our profit margin. Further strengthening of the Ringgit against USD could further reduce our margin, as much of our export is to the US market and denominated in USD. With the current turmoil plaguing the Middle East and North Africa, petrol and fuel prices are expected to increase and would cause other raw material prices to increase in tandem. The recent announcement on the expected increase in electricity tariff would futher increase operating cost. This would put more strain on our already high cost of production. To mitigate the anticipated higher production cost, Management has taken steps to ensure that all expected increase in cost or currency fluctuations are added on to any sales quotations given or sales contract signed. Similar steps are also taken to lock in the purchase price of raw materials. Our retail selling price would be reviewed to account for the increasing cost.

### 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 |
| | 31/03/11 | 31/03/10 | 31/03/11 | 31/03/10 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current taxation | - | 808 | 748 | 1,366 |
| Transfer (from) / to deferred taxation | - | 18 | - | 18 |
| | - | 826 | 748 | 1,384 |

The effective tax rates of the Group for the current quarter and current financial period to-date ended 31 March 2011 and preceding year corresponding quarter and preceding financial year to-date ended 31 March 2010 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, other than the gains on disposal of excess PPE as disclosed in B1 and B2 above.

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**
Other than the restructuring of the borrowings, as stated in Note A14, there was no other corporate proposal for the quarter under review and for the financial year to-date.

B9. **Borrowings and debt securities**
The Group's borrowings as at 31 March 2011 are as follows:

| | Notes | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|---|---|---|---|---|
| Long term borrowings | | 110,588 | - | 110,588 |
| Short term borrowings | A9 | 52,133 | - | 52,133 |
| | | 162,721 | - | 162,721 |

As stated in A14 above, with the completion of the restructuring in the 3rd quarter, all borrowings would be secured.

B10. **Off balance sheet financial instruments**
There are no material financial instruments with off balance sheet risk except for those disclosed in note A13 and A14. 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. In addition, the company has filed an additional consequential loss claim of RM5,314,000 against the insurer in February 2011. The matter has been fixed for Case Management on 1 July 2011.

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.

| | | Individual period | | Cumulative period | |
|---|---|---|---|---|---|
| | | Current year quarter | Preceding year corresponding quarter | Current year to-date | Preceding year corresponding period |
| | Note | 31/03/11 | 31/03/10 | 31/03/11 | 31/03/10 |
| Net (loss)/profit for the period (RM'000) | | (16,432) | (16,412) | (29,437) | (34,575) |
| Weighted average number of ordinary shares in issue ('000) | | 150,000 | 150,000 | 150,000 | 150,000 |
| Basic earnings per share (sen) | A1 | (10.95) | (10.94) | (19.62) | (23.05) |

B14 **Realised and unrealized (gain) or loss**

| | Individual period | | Cumulative period | |
|---|---|---|---|---|
| | Current year quarter | Preceding year corresponding quarter | Current year to-date | Preceding year corresponding period |
| | 31/03/11 RM'000 | 31/03/10 RM'000 | 31/03/11 RM'000 | 31/03/10 RM'000 |
| Realized | 275 | 195 | 446 | 396 |
| Unrealized | 4,997 | 93 | 4,942 | 28 |