

HYTEX INTEGRATED BERHAD

Quarterly report on results for the 1st quarter ended 30 June 2011. The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Note	CURRENT YEAR QUARTER 30/06/11 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/10 RM'000	CURRENT YEAR TO DATE 30/06/11 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/10 RM'000
REVENUE		33,343	29,872	33,343	29,872
COST OF SALES		(28,787)	(23,374)	(28,787)	(23,374)
GROSS PROFIT		4,556	6,498	4,556	6,498
OPERATING EXPENSES		(8,809)	(9,284)	(8,809)	(9,284)
OPERATING (LOSS)/PROFIT		(4,253)	(2,786)	(4,253)	(2,786)
FINANCE COSTS		(2,371)	(2,353)	(2,371)	(2,353)
LOSS BEFORE TAXATION		(6,624)	(5,139)	(6,624)	(5,139)
TAXATION	B5	-	(159)	-	(159)
NET LOSS FOR THE PERIOD		(6,624)	(5,298)	(6,624)	(5,298)
EARNING PER SHARE - basic (sen)		(4.42)	(3.53)	(4.42)	(3.53)

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 March 2011)

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CONDENSED CONSOLIDATED BALANCE SHEET

	Note	AS OF END OF CURRENT QUARTER 30/06/11 RM'000	AS OF PRECEDING FINANCIAL YEAR END 31/03/11 RM'000
ASSETS			
Non-Current Assets			
PROPERTY, PLANT AND EQUIPMENT		174,819	178,374
CAPITAL WORK-IN-PROGRESS		862	862
PREPAID LEASE PAYMENTS		-	-
OTHER INVESTMENTS		-	-
NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		-	-
		175,681	179,236
Current Assets			
INVENTORIES	A15	104,553	112,956
TRADE RECEIVABLES		11,742	14,601
OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS		20,920	22,784
FIXED DEPOSITS PLACED WITH LICENCED BANKS		222	222
CASH AND BANK BALANCES		953	1,278
		138,390	151,841
TOTAL ASSETS		314,071	331,077
EQUITY AND LIABILITIES			
Equity			
SHARE CAPITAL		75,000	75,000
RESERVES		28,426	38,276
TOTAL EQUITY		103,426	113,276
Non-Current Liabilities			
LONG TERM BORROWINGS	B9	45,615	46,905
DEFERRED TAXATION		8,305	8,305
		53,920	55,210
Current Liabilities			
TRADE PAYABLES		14,776	22,261
OTHER PAYABLES AND ACCRUED EXPENSES		23,190	25,517
AMOUNT OWING TO DIRECTORS		549	549
SHORT TERM BORROWINGS	A9 & B9	118,210	114,264
		156,725	162,591
TOTAL LIABILITIES		210,645	217,801
TOTAL EQUITY AND LIABILITIES		314,071	331,077
NET ASSETS PER SHARE (RM)		0.69	0.76

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2011)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	NON-DISTRIBUTABLE			DISTRIBUTABLE		TOTAL EQUITY RM'000
			EQUITY COMPONENT OF LOAN STOCK RM'000	ASSET REVALUATION RESERVE RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	RETAINED PROFIT/ (LOSSES) RM'000		
As of 1 April 2011	75,000	10,365	7,133	71,170	5,198	(55,590)	113,276	
Cumulative movements during the current period								
Currency translation difference	-	-	-	-	(3,226)	-	(3,226)	
Net loss	-	-	-	-	-	(6,624)	(6,624)	
As of 30 June 2011	<u>75,000</u>	<u>10,365</u>	<u>7,133</u>	<u>71,170</u>	<u>1,972</u>	<u>(62,214)</u>	<u>103,426</u>	
As of 1 April 2010	75,000	10,365	-	-	(2,769)	(24,295)	58,301	
Cumulative movements during the preceding periods								
Currency translation difference	-	-	-	-	(290)	-	(417)	
Net loss	-	-	-	-	-	(5,298)	(5,298)	
As of 30 June 2010	<u>75,000</u>	<u>10,365</u>	<u>-</u>	<u>-</u>	<u>(3,059)</u>	<u>(29,593)</u>	<u>52,586</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 2011)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	3 months ended 30/06/11 RM'000	3 months ended 30/06/10 RM'000
NET CASH FROM OPERATING ACTIVITIES	2,628	768
NET CASH FROM INVESTING ACTIVITIES	-	69
NET CASH USED IN FINANCING ACTIVITIES	(938)	(4,155)
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>1,690</u>	<u>(3,318)</u>
EFFECT OF EXCHANGE DIFFERENCES	(5,148)	(290)
CASH AND BANK EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	1,455	583
CASH AND BANK EQUIVALENTS AT END OF FINANCIAL YEAR	<u>(2,003)</u>	<u>(3,025)</u>

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

	As of 30/06/11 RM'000	As of 30/06/10 RM'000
CASH AND BANK BALANCES	1,175	320
BANK OVERDRAFTS (INCLUDED WITHIN SHORT TERM BORROWINGS)	<u>(3,178)</u>	<u>(3,345)</u>
	<u>(2,003)</u>	<u>(3,025)</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2011)

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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 2011. 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 2011.

A2. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the year ended 31 March 2011 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	-	26,186	13,582	-	(6,425)	33,343
Segment Result - Profit/(Loss)	(1,783)	(2,748)	(2,093)	-	-	(6,624)
Others - Profit/(Loss)	-	-	-	-	-	-
Net Profit/(Loss)	(1,783)	(2,748)	(2,093)	-	-	(6,624)

Of the loss of RM1.8 million in investment holdings, RM1.4 million is due to interest expenses incurred for the investment in China, and the balance is due to operating expenses. China operation managed to turn in an after-tax profit of RM0.55 million for the quarter ended 30 June 2011.

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 June 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 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 June 2011.

A8. Valuation of property, plant and equipment

The property, plant and equipment are stated at cost or valuation and have been brought forward without amendments from the previous annual financial statements ended 31 March 2011. 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 during the period ended 30 June 2011.

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 June 2011, the Group has commitments as follows:

	RM'000
Royalty commitments in respect of licensed products	3,141
Non-cancellable rental commitments	3,387
	<u>6,528</u>

A13. Changes in contingent liabilities or contingent assets

The contingent liabilities of the Company as at 30 June 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	24,776
	<u>25,514</u>

A14. Subsequent events

Pursuant to Practice Note No. 1 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, the Board of Directors of Hytex Integrated Berhad had, on the 16th of August 2011, announced that Hytex Integrated Berhad, Hytex Apparels Sdn Bhd, Hytex Garments (M) Sdn Bhd, and WOC Boutique Sdn Bhd have, pending the finalization of an acceptable debt restructuring scheme, deferred the repayments of the principal and interest of their respective banking facilities.

A15. Inventories

As at 30 June 2011, the Group has not made any write down or write-off of inventories..

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 30 June 2011, the Group recorded a higher revenue of RM33.3 million as compared to RM29.9 million of preceding financial year to-date and quarter ended 30 June 2010.

The overall performance of the Group for the financial year to-date and current quarter ended 30 June 2011 has declined as indicated by an operating loss of RM4.2 million as compared to an operating loss of RM2.8 million in the preceding financial year to-date and quarter ended 30 June 2010. This was due to the decrease in gross profit margin caused by the appreciation of the Ringgit against the USD and increasing prices of yarn and other cost of production.

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

Revenue in the current quarter has declined to RM33.3 million as compared to RM36.9 million in the immediate preceding quarter. However, the loss before taxation for the current quarter ended 30 June 2011 is RM6.6 million as compared to loss before tax of RM16.4 million in the preceding quarter ended 31 March 2011.

As was explained in the previous quarter report, the higher loss in the immediate preceding quarter was partly due to the huge mark-down in the selling prices for the retail division. The gross profit margin was reduced to about 10% from a normal percentage of 30%. There was also a loss of RM1.18 million due to disposal of PPE in China. Moreover, yarn prices was at its peak and selling prices could not be adjusted immediately in tandem.

In the current quarter, retail prices have returned to normal. Yarn prices have also reduced marginally from its peak.

B3. Prospects for the remaining periods

The directors are looking forward to better performance for the remaining periods of the financial year ending 31 March 2012. The strategic direction the Group has now taken is to focus on the local retail business which it hope will contribute positively to the Group.

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
	30/06/11 RM'000	30/06/10 RM'000	30/06/11 RM'000	30/06/10 RM'000
Current taxation	-	159	-	159
Transfer (from) / to deferred taxation	-	-	-	-
	-	159	-	159

The effective tax rates of the Group for the current quarter and current financial period to-date ended 30 June 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.

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.

B9. Borrowings and debt securities
The Group's borrowings as at 30 June 2011 are as follows:

	Notes	Secured RM'000	Unsecured RM'000	Total RM'000
Long term borrowings		45,615	-	45,615
Short term borrowings	A9	118,210	-	118,210
		<u>163,825</u>	<u>-</u>	<u>163,825</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. The date for further case management has been set to 30th September 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.

	Note	Individual period		Cumulative period	
		Current year quarter 30/06/11	Preceding year corresponding quarter 30/06/10	Current year to- date 30/06/11	Preceding year corresponding period 30/06/10
Net (loss)/profit for the period (RM'000) -		(6,624)	(5,298)	(6,624)	(5,298)
Weighted average number of ordinary shares in issue ('000)		150,000	150,000	150,000	150,000
Basic earnings per share (sen)	A1	<u>(4.42)</u>	<u>(3.53)</u>	<u>(4.42)</u>	<u>(3.53)</u>