

HING YIAP KNITTING INDUSTRIES BERHAD
(Company No. 22414-V)

Financial Year End : 30 June 2002

Quarter : 4

CONSOLIDATED INCOME STATEMENT

Quarterly report on the Consolidated Results for the financial quarter ended 30 June 2002. The figures **have not been audited**.

			INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
			CURRENT YEAR QUARTER 30 Jun 2002	PRECEDING YEAR QUARTER 30 Jun 2001	CURRENT YEAR TODATE 30 Jun 2002	PRECEDING YEAR TODATE 30 Jun 2001
			RM'000	RM'000	RM'000	RM'000
1	(a)	Revenue	18,376	19,339	103,280	99,561
	(b)	Investment income	0	0	0	0
	(c)	Other income	73	79	346	460
2	(a)	Profit/(loss) before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	975	1,283	11,682	11,331
	(b)	Finance Cost	(373)	(325)	(1,670)	(1,438)
	(c)	Depreciation and amortisation	(657)	(738)	(2,699)	(2,672)
	(d)	Exceptional items	1,055	(661)	1,055	(661)
	(e)	Profit/(loss) before income tax, minority interests and extraordinary items	1,000	(441)	8,368	6,560
	(f)	Share of profits and losses of associated companies	0	0	0	0
	(g)	Profit/(loss) before income tax, minority interests and extraordinary items	1,000	(441)	8,368	6,560
	(h)	Income tax	184	692	(3,071)	(1,968)
	(i)(i)	Profit/(loss) after income tax before deducting minority interest	1,184	251	5,297	4,592
	(i)(ii)	Less: Minority interests	0	0	0	0
	(j)	Pre-acquisition profit/(loss), if applicable	0	0	0	0
	(k)	Net Profit/(loss) from ordinary activities attributable to members of the Company	1,184	251	5,297	4,592
	(l)(i)	Extraordinary items	0	0	0	0
	(l)(ii)	Less: Minority interests	0	0	0	0

	(l)(iii)	Extraordinary items attributable to members of the Company	0	0	0	0
	(m)	Net profit/(loss) attributable to members of the Company	1,184	251	5,297	4,592
3		Earnings per share based on 2(m) above after deducting any provision for preference dividends, if any:				
	(a)	Basic (based on ordinary shares – sen)	2.88	0.62	12.90	11.37
	(b)	Fully diluted (based on ordinary shares – sen)	2.88	0.62	12.87	11.37
4	(a)	Dividend per share (sen)	3.50	3.50	3.50	3.50
	(b)	Dividend description	First and final dividend of 3.5 sen per share, less income tax			

Remarks:

1. The basic earnings per share (item 3(a) above) has been calculated based on the profit after tax attributable to members of the Company (item 2(m) above) and on the weighted average number of ordinary shares in issue during the period of 41,080,199 (30.6.01: 40,389,866).
2. The fully diluted earnings per share (item 3(b) above) has been calculated based on the profit after tax attributable to members of the Company (item 2(m) above) and on the 41,170,462 (30.6.01: 40,334,193) weighted average number of ordinary shares that would be in issue at the end of the financial period had all the exercisable share options at the end of the financial period under the Company's Employees' Share Option Scheme been exercised.

HING YIAP KNITTING INDUSTRIES BERHAD
(Company No. 22414-V)

CONSOLIDATED BALANCE SHEET

	UNAUDITED	RESTATED
	As at 30 June 2002	As at 30 June 2001
	RM'000	RM'000
PROPERTY, PLANT AND EQUIPMENT	21,502	22,369
INVESTMENT PROPERTIES	3,310	3,310
INTANGIBLE ASSETS	3,489	3,412
 CURRENT ASSETS		
Stocks	46,899	40,923
Trade debtors	15,861	17,186
Other debtors and prepayments	6,128	4,158
Short term investment	166	166
Cash and bank balances	1,195	3,209
	70,249	65,642
 CURRENT LIABILITIES		
Trade creditors	9,796	9,960
Other creditors and accrued liabilities	5,207	3,442
Hire purchase creditors	966	597
Short term borrowings	16,776	20,350
Taxation	53	0
Dividends payable	13	8
Proposed dividends	0	0
	32,811	34,357
 NET CURRENT ASSETS	37,438	31,285
HIRE PURCHASE CREDITORS	(938)	(749)
TERM LOANS	(3,489)	(4,233)
DEFERRED TAXATION	(731)	(803)
	60,581	54,591
 Financed by:		
SHARE CAPITAL	41,787	31,257
RESERVES		
<i>Revaluation surplus</i>	1,701	1,701
<i>Share premium</i>	1,356	1,437
<i>Exchange fluctuation reserve</i>	0	(204)
<i>Retained profits</i>	15,737	20,400
	18,794	23,334
 Shareholders' funds	60,581	54,591
 Net tangible assets per share (RM)	1.3663	1.6374

EXPLANATORY NOTES

1. Accounting policies

Save for the change in accounting policy as mentioned in the following paragraph, the same accounting policies and methods of computation are followed in the preparation of the quarterly financial statements as those applied in the preparation of the audited annual financial statements for the financial year ended 30 June 2001 and comply with applicable approved accounting standards.

The Group's accounting policy is to write-off sales advertising and promotional expenses to the income statement evenly over twelve months from the date of incurrence. During the current reporting quarter, the Group had reviewed the appropriateness of this accounting policy and its compliance with the accounting standards issued by the Malaysian Accounting Standards Board. As a result of this review, the Group has decided to write-off sales and advertising expenses to the income statement in the period in which they were incurred, with no deferrals in the balance sheet unless the said expenses covers a period of more than one reporting period. The effect of the change is applied retrospectively.

The following comparative figures were restated for the change in accounting policy:

Consolidated income statement

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	PRECEDING YEAR QUARTER 30 Jun 2001	PRECEDING YEAR QUARTER 30 Jun 2001	CURRENT YEAR TODATE 30 Jun 2001	PRECEDING YEAR TODATE 30 Jun 2001
	As reported previously RM'000	As restated RM'000	As reported previously RM'000	As restated RM'000
Profit/(loss) before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	1,368	1,283	11,343	11,331
Profit/(loss) before income tax, minority interests and extraordinary items	(357)	(441)	6,572	6,560
Income tax	692	692	(1,941)	(1,968)
Profit/(loss) after income tax before deducting minority interest	335	251	4,631	4,592

Consolidated balance sheet

	30 June 2001 As previously reported RM'000	30 June 2001 As restated RM'000
Other debtors and prepayments	4,762	4,158
Deferred tax	880	803
Retained profits	20,928	20,400

2. Exceptional items

Exceptional items for the financial period under review comprised:

	30.6.2002 RM'000	30.6.2001 RM'000
Gain on sale of a subsidiary	1,416	0
Bad debts recovered	21	0
Stocks writedowns	(382)	(488)
Stocks destroyed in a fire	0	(173)
	-----	-----
	1,055	(661)
	====	====

3. Extraordinary items

There were no extraordinary items for the financial period under review.

4. Taxation

The tax charged for the period comprised the following:

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	30.6.2002	30.6.2001	30.6.2002	30.6.2001
	RM'000	RM'000	RM'000	RM'000
Income tax	(112)	(589)	3,367	2,071
Deferred tax	(72)	(1)	(72)	(1)
Overprovision in respect of prior financial years	0	(102)	(224)	(102)
	-----	-----	-----	-----
	(184)	(692)	3,071	1,968
	====	====	====	====

The effective tax rate for the financial year is higher than the statutory tax rate due to certain expenses being disallowed as tax deduction and the absence of group relief in respect of loss making subsidiary companies. Furthermore, deferred tax debits are not accounted for as the probability of its realization could not be reasonably established.

For the individual period, income tax estimated in prior quarters is adjusted for in this reporting quarter when the tax obligations can be reasonably determined.

5. Profit/(losses) on and sale of unquoted investments and/or properties

Save for the disposal of the entire interest in a wholly-owned subsidiary, B.U.M Marketing (Singapore) Pte Ltd, during the current reporting quarter, there was no sale of unquoted investments and/or properties for the financial period under review.

The disposal of the subsidiary netted a gain of approximately RM 1.416 million.

6. Purchase or disposal of quoted securities

There was no purchase or disposal of quoted securities for the financial period under review.

7. Changes in the composition of the Group

Save for the disposal of a subsidiary as mentioned in paragraph (5), there were no changes in the principal activities and composition of the Group for the financial period under review whose changes include business combination, acquisition or disposal of subsidiary corporations and long term investments, restructuring and discontinuing operations.

8. Outstanding corporate proposals

The bonus issue of seven (7) new ordinary shares of RM 1.00 for every existing twenty-five (25) ordinary shares held was completed during the financial year. The Group has no pending corporate proposals.

9. Issuances and repayments of debt and equity securities

Save for the increase in the issued and paid-up share capital of the Company of RM 1,391,000 pursuant to the exercise of share options by the eligible employees under the Employees' Share Option Scheme ("ESOS") and the issuance of 9,139,199 bonus shares as mentioned in paragraph 8 above, during the financial year, there were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period under review.

10. Group borrowings and debt securities

Details of Group borrowings and debt securities as at the end of the reporting period were as follows:

	30.6.02	30.6.01
	RM'000	RM'000
Short term borrowings		
<i>Secured</i>		
Term loans	717	673
<i>Unsecured</i>		
Bank overdrafts	1,603	3,094
Bankers' acceptances	14,456	16,583
Trust receipts	0	0
	16,059	19,677
Total short term borrowings	16,776	20,350
Long term borrowings		
<i>Secured</i>		
Term loans	3,489	4,233

Included in the above analysis are outstanding unsecured overdraft obligations denominated in Singapore Dollars incurred by a foreign subsidiary corporation of approximately RM Nil as at 30 June 2002 and approximately RM 555,000 (S\$ 263,000) as at 30 June 2001.

11. Contingent liabilities

As at 22 August 2002, the Company has the following contingent liabilities:

	As at 22.8.2002	As at 30.6.2001
	RM'000	RM'000
Unsecured		
Corporate guarantees granted to financial institutions for banking and financing facilities of subsidiary corporations	29,636	30,038

12. Off-balance sheet financial instruments

The Group does not have any financial instruments with off-balance sheet risk for the period of not earlier than 7 days from the date of this report.

13. Material litigation

The Group does not have any pending material litigation within a period of not earlier than 7 days from the date of this report.

14. Segment information analysis – Year ended 30 June 2002

	Revenue RM'000	Profit/(loss) before tax RM'000	Assets employed RM'000
By activity			
Manufacturing	63,889	3,968	73,739
Investment holding	1,495	1,495	0
Wholesaling, retailing and distribution	98,893	3,611	71,252
	164,277	9,074	144,991
Consolidation adjustments	(60,997)	(706)	(46,441)
	103,280	8,368	98,550
By geographical location			
Malaysia	160,581	9,261	143,687
Singapore*	3,696	(187)	1,304
	164,277	9,074	144,991
Consolidation adjustments	(60,997)	(706)	(46,441)
	103,280	8,368	98,550

* The Singapore operations was disposed during the year.

15. Material changes in the quarterly results compared to the results of the immediate preceding quarter

The Group achieved revenue of RM 18.376 million for the quarter ended 30 June 2002 against RM 25.629 million recorded during the quarter ended 31 March 2002, a reduction of approximately 28.3%. Pre-tax profit was RM 1.001 million as compared to a pre-tax profit of RM 1.262 million achieved during the preceding quarter.

The reduction in revenue during the current reporting quarter is expected as the said quarter does not have any major festival or aggressive promotional activities. Consumer spending was also weaker during the said quarter as consumers were distracted by the World Cup soccer matches.

Excluding the gain of approximately RM 1.416 million from the disposal of a subsidiary company, the Group would have incurred a pre-tax loss of RM0.415 million during the current quarter, on the back of the reasons mentioned in the preceding paragraph.

16. Review of performance

Cumulative quarter

Group revenue increased by 3.74% to RM 103.280 million for the year ended 30 June 2002 from RM 99.561 million for the year ended 30 June 2001. Increased sales were due to the new brand “Vanity Fair”, which contributed approximately 2.1% to Group revenue, and various sales promotions and activities during the second and third quarters.

The Group recorded a pre-tax profit of RM 8.368 million for the current year against a pre-tax profit of RM 6.560 million for the year ended 30 June 2001, on the back of revenue with improved margins. Excluding the gain on disposal of subsidiary of RM 1.416 million, pre-tax profit would be RM 6.952 million, an increase of approximately 6% over the previous year. This profit was negated by recession in Singapore which affected the operations there and losses from the “Vanity Fair” brand.

Individual quarter

Group revenue was lower by 5% for the current quarter as compared to the preceding year quarter. The main reason was the weaker consumer spending in the fourth quarter, with consumers being distracted by the World Cup soccer matches.

Nevertheless, pre-tax loss improved to RM 0.416 million (excluding gain on disposal of subsidiary company of RM 1.416 million) in the current quarter as compared to RM 0.441 million. Losses were incurred by the “Vanity Fair” brand and the Singapore operations up to the date of disposal.

17. Material events subsequent to 30 June 2002

There are no material events since 30 June 2002 and up to a date not earlier than seven (7) days from the date of this report.

18. Seasonal or cyclical factors

The Group’s products are catered for the consumer market and business is influenced by the seasonality and cyclical effect of promotional sales and festive seasons. The Group’s business for Quarters 2 and 3 are generally better than Quarters 1 and 4 due to the positive effect of festive sales such as Christmas, Hari Raya Puasa and Chinese New Year.

19. Current year prospects

The Malaysian economy is expected to improve this year. However uncertainties in the global economy pose a threat to this recovery. As the Group’s business is affected by consumer confidence, the Group remains cautious of the current economic uncertainties and shall endeavour to at least maintain current year performance.

In view of the current uncertainty surrounding the global economy, the Board is cautiously optimistic that the results for the financial year ending 30 June 2003 will be comparable to that achieved in the financial year ended 30 June 2002.

20. Variance from forecast profit and guaranteed profit

This is not applicable to the Group.

21. Dividend

The Directors recommend the payment of a first and final dividend of 3.5 sen per share, less income tax, for the financial year ended 30 June 2002 (30.6.2001: 3.5 sen per share, less income tax). The proposed dividend is subject to shareholders' approval in a meeting that shall be convened at a date to be announced.

By order of the Board

KHOO HENN KUAN
Chief Executive Officer

Kuala Lumpur
28 August 2002

cc. Securities Commission