



The Hing Yiap Group

Hing Yiap Knitting Industries Berhad (22414-V)

(Incorporated in Malaysia)

Lots 59-60, Lorong Kuang Bulan

Taman Kepong

52100 Kuala Lumpur

Telephone: 03-6276 6633 / Fax: 03-6276 7780

Email: mail@hingyiap.com

Introduction

The Board of Directors of Hing Yiap Knitting Industries Berhad is pleased to announce the un-audited financial results of the Group for the financial period ended 31 March 2009.

This interim financial report is prepared in accordance with Financial Reporting Standard 134, "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

This interim financial report is intended to provide an update on the latest complete set of annual financial statements, which was for financial year ended 30 June 2008.

This report comprised the following:

- Condensed consolidated balance sheets
- Condensed statements of changes in equity
- Condensed consolidated income statements
- Condensed consolidated cash flow statements
- Explanatory notes

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Condensed Consolidated Balance Sheets
As at 31 March 2009

	31.3.2009 RM'000	30.6.2008 RM'000
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	20,782	20,344
Intangible assets	7,423	2,650
Deferred tax assets	2,305	1,989
Investment in associate	-	535
Investment held in trust	1,539	1,200
	<u>32,049</u>	<u>26,718</u>
Current assets		
Inventories	45,865	54,025
Receivables	22,132	20,802
Short term investment	166	166
Cash and bank balances	7,846	6,293
	<u>76,009</u>	<u>81,286</u>
Non-current asset classified as held for sale	103	273
TOTAL ASSETS	<u>108,161</u>	<u>108,277</u>
<u>EQUITY AND LIABILITIES</u>		
Share capital	41,787	41,787
Reserves	38,602	32,465
Shareholders' Equity	<u>80,389</u>	<u>74,252</u>
Non-Current Liabilities		
Hire purchase payables	958	714
Term loans	2,388	425
Provision for directors' gratuity	1,539	1,200
	<u>4,885</u>	<u>2,339</u>
Current Liabilities		
Payables	12,519	16,371
Hire purchase payables	598	963
Short term borrowings	9,770	14,352
	<u>22,887</u>	<u>31,686</u>
TOTAL LIABILITIES	<u>27,772</u>	<u>34,025</u>
TOTAL EQUITY AND LIABILITIES	<u>108,161</u>	<u>108,277</u>
Net assets per share	<u>1.92</u>	<u>1.78</u>

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Condensed Statements of Changes in Equity
For the period ended 31 March 2009

	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000
At 1.7.2007	41,787	1,356	697	24,106	67,946
Profit after taxation	-	-	-	8,456	8,456
Dividend				(1,546)	(1,546)
At as 31.3.2008	<u>41,787</u>	<u>1,356</u>	<u>697</u>	<u>31,016</u>	<u>74,856</u>
At 1.7.2008	41,787	1,356	697	30,412	74,252
Profit after taxation	-	-	-	9,271	9,271
Dividend	-	-	-	(3,134)	(3,134)
At as 31.3.2009	<u>41,787</u>	<u>1,356</u>	<u>697</u>	<u>36,549</u>	<u>80,389</u>

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Condensed Consolidated Income Statements
For the period ended 31 March 2009

	3 months ended 31.3.2009 RM'000	3 months ended 31.3.2008 RM'000	Year-to-date ended 31.3.2009 RM'000	Year-to-date ended 31.3.2008 RM'000
Revenue	31,023	36,221	112,943	114,835
Other operating income	175	127	294	749
Doubtful debts allowance, net of recoveries	-	-	-	-
Inventories write-back / (write-down)	(145)	(772)	(1,930)	(970)
Operating expenses	(30,752)	(33,833)	(97,948)	(101,488)
Profit/(loss) from operations	301	1,743	13,359	13,126
Finance costs	(165)	(215)	(544)	(605)
Share of profit/(loss) in associate	-	(29)	(85)	(153)
Profit/(loss) before taxation	136	1,499	12,730	12,368
Taxation	(34)	(474)	(3,459)	(3,912)
Profit/(loss) after taxation	102	1,025	9,271	8,456
	Sen	Sen	Sen	Sen
Earnings / (loss) per share	0.244	2.453	22.186	20.236

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Condensed Consolidated Cash Flow Statements For the period ended 31 March 2009

	31.3.2009 RM'000	31.3.2008 RM'000
Cash flow from operating activities		
Profit before tax	12,730	12,368
Adjustments for:		
Interest expenses	544	605
Interest income	-	-
Depreciation of property, plant and equipment	2,509	2,264
Amortisation of intangible asset	15	-
Net (profit)/loss on disposal of property, plant and equipment	117	178
Property, plant and equipment written-off and impaired Intangibles	-	-
	(4,788)	
Profit on disposal of investment property		(100)
Provision for losses of investment in associate	450	
Inventories write-downs	1,930	971
Unrealised foreign exchange differences	31	(40)
Share of loss in associate	85	153
Doubtful debts allowance, net of recoveries	-	-
Operating profit before working capital changes	13,623	16,399
Net change in current assets	3,898	(26,993)
Net change in current liabilities	(2,595)	13,037
Cash (used in) / generated from operations	14,926	2,443
Tax paid	(3,519)	(2,149)
Net cash generated/ (used) in operating activities	11,407	294
Cash flow from investing activities		
Purchase of property, plant and equipment	(2,404)	(2,228)
Proceeds from disposal of property, plant and equipment and investment property	280	5,268
Investment in associate	-	-
Investment held in trust	(600)	(1,000)
Net cash generated/ (used) in investing activities	(2,724)	2,040
Cash flow from financing activities		
Interest paid	(544)	(605)
Dividends paid	(3,075)	(915)
Net increase/(decrease) in bank borrowings and hire purchase obligations	(3,528)	1,851
Net cash generated / (used) in financing activities	(7,147)	331
Net increase/ (decrease) in cash and cash equivalents	1,536	2,665
Cash and cash equivalents at beginning of period	4,923	889
Cash and cash equivalents at end of period	6,459	3,554

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Explanatory Notes

Explanatory notes pursuant to FRS 134 (formerly MASB 26), "Interim Financial Reporting"

1. Basis of preparation

This interim financial report is prepared in accordance with Financial Reporting Standard ("FRS") 134, "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual financial statements for the financial year ended 30 June 2008.

2. Audit qualification in respect of the audit report of the Group and Company for the preceding financial statements and current status of the matter(s) giving rise to the qualification

The audit report in respect of the financial statements of the Group and Company for the financial year ended 30 June 2008 was not qualified.

3. Explanatory comments about the seasonality or cyclicity of interim operations

The Group's products are catered to the consumer market and business is influenced by the state of the Malaysian economy, consumer confidence and the seasonality and cyclicity of promotional sales and festive seasons.

4. The nature and amount of items affecting assets, liabilities, equity, net income, or cash flow that are unusual because of their nature, size or incidence

Save for the information disclosed in this interim financial report, there are no other unusual items affecting assets, liabilities, equity, net income or cash flow.

5. The nature and amount of material changes in estimates of amounts reported in prior interim periods of the current financial year or material changes in estimates of amounts reported in prior financial year

Save for those disclosed below and in this interim financial report, there are no other material changes in estimates:

	As previously reported	Adjustments	As restated
3 months period ended 31.3.2008	RM'000	RM'000	RM'000
Taxation	(551)	77	(474)
Profit/(Loss) after tax	948	77	1,025
	Sen	Sen	Sen
Earnings/(Loss) per share	2.269	0.184	2.453
	RM'000	RM'000	RM'000
9 months period ended 31.3.2008	RM'000	RM'000	RM'000
Taxation	(3,772)	(140)	(3,912)
Profit/(Loss) after tax	8,596	(140)	8,456
	Sen	Sen	Sen
Earnings/(Loss) per share	20.571	(0.335)	20.236

The tax adjustment was made to reflect the effective tax charge for the financial year ended 30 June 2008.

6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

The Group did not issue, cancel, repurchase, resell or repay any debt or equity securities during the reporting quarter.

7. The amount of dividends paid (aggregate or per share)

During the financial period ended 31 March 2009, dividends paid by the Company amounted to RM 3,075,270.

8. Segmental reporting for business segment, being the Group's basis of segment reporting

	Manufacturing	Trading	Food and beverage (Note 1)	Eliminations	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended 31.3.2009					
Segment revenue					
External revenue	183	111,083	1,677	-	112,943
Intersegment revenue	46,122	4,030	-	(50,152)	-
Total revenue	<u>46,305</u>	<u>115,113</u>	<u>1,677</u>	<u>(50,152)</u>	<u>112,943</u>
Segment result	<u>(79)</u>	<u>12,189</u>	<u>(1,108)</u>	<u>2,063</u>	13,065
Unallocated income					294
Unallocated expense					-
Profit from operations					<u>13,359</u>

Note 1: Cocomax Sdn Bhd, a wholly owned subsidiary of the Group was granted the rights to operate gourmet chocolate café and retail outlets known as "Theobroma Chocolate Lounge" on 21 May 2008 and the first café was opened at One Utama on 14 July 2008. Presently, we have four cafes at One Utama, The Pavilion KL, Bangsar Village and LCCT.

9 months period ended 31.3.2008

Segment revenue

External revenue	102	114,733	-	-	114,835
Intersegment revenue	68,614	4,427	-	(73,041)	-
Total revenue	<u>68,716</u>	<u>119,160</u>	<u>-</u>	<u>(73,041)</u>	<u>114,835</u>
Segment result	<u>2,620</u>	<u>11,251</u>	<u>-</u>	<u>(1,494)</u>	12,377
Unallocated income					749
Unallocated expense					-
Profit from operations					<u>13,126</u>

9. Status of valuation of property, plant and equipment

The Group and Company adopted the transitional provision of FRS 116 (formerly MASB 15), "Property, Plant and Equipment" whereby a valuation in respect of a freehold land and building that was re-valued at RM 3.9 million on 7 October 1995 by a firm of independent professional appraisers has not been updated or amended from the value disclosed in the previous financial statements, save for depreciation charge determined since the financial year ended 30 June 2008.

10. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period

On 8 October 2008, B.U.M. Marketing (Malaysia) Sdn. Bhd., a wholly owned subsidiary of the Group, had entered into an agreement for Sale and Assignment Trademarks with B.U.M. Equipment LLC, USA to purchase the "B.U.M" trademarks ("Trademarks") for the territory of Malaysia for a consideration of USD1,350,000 (equivalent to RM4.79 million). B.U.M. Equipment LLC will assign to B.U.M. Marketing (Malaysia) Sdn. Bhd. all of its legal and beneficial rights, title and interest in and to the Trademarks with respect to manufacture, distribution and sale of apparel and accessories including footwear for men, women, boys, girls, babies and infants bearing the Trademarks.

11. Effect of changes in the composition of the Group during the interim period, including business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings, and discontinuing operations

There were no changes to the composition of the Group during the financial period ended 31 March 2009.

12. Changes in contingent liabilities or contingent assets since the last annual balance sheet date

The Company's contingent liabilities in respect of corporate guarantees granted to third parties for banking and financing facilities of the subsidiaries decreased from RM 31,678,326 as at 30 June 2008 to RM 31,670,041.59 as at 31 March 2009.

Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements of Bursa Malaysia

13. Review of performance of the Company and principal subsidiaries, setting-out material factors affecting earnings and/or revenue of the Company and Group for the current quarter and financial year-to-date

Performance review for the quarter

The revenue for the current quarter has decreased to RM 31.023 million, a drop by RM 5.198 million or 14.35%, compared to RM 36.221 million for the same quarter last year. Revenue has decreased in the current quarter compared to the same quarter of the preceding year because of the current global financial crisis and economic slowdown which has dampened consumer spending.

For the current quarter, the Group recorded a pre-tax profit of RM 0.136 million, compared to a pre-tax profit of RM 1.499 million for the same period of the preceding year.

Performance review for the financial year-to-date

Group revenue for the 9 months period ended 31 March 2009 decreased by RM 1.892 million or 1.65% to RM 112.943 million as compared to revenue of RM 114.835 million recorded for the 9 months period ended 31 March 2008. The Group's revenue decreased due to the reduction in revenue from trading activities. This is however, partially offsetted by the revenue contribution from our food and beverage division in the gourmet chocolate cafés of "Theobroma Chocolate Lounge".

The Group recorded RM 0.362 million or a 2.93% increase in pre-tax profit to RM 12.730 million during the current period as compared to a pre-tax profit of RM 12.368 million recorded for the corresponding period ended 31 March 2008. The Group's pre-tax profit for the current period was affected by the losses in its manufacturing segment and its newly opened Theobroma cafés. However, despite the decrease in revenue on the trading of its apparel segment, this segment has shown improvement in its pre-tax profit performance as a result of the company's continuous improvement programmes.

14. Material changes in the profit before taxation for the current quarter as compared with that of the immediate preceding quarter

The Group recorded a pre-tax profit of RM 0.136 million for the quarter ended 31 March 2009 as compared to the pre-tax profit of RM 3.462 million recorded for the quarter ended 31 December 2008.

The higher earnings in the preceding quarter were primarily due to increased sales and promotional activities from Hari Raya, Christmas and year end festive seasons, whilst there was only the Chinese New Year season in the current quarter coupled with substantial stock clearances which lowered gross profit margins. Additionally, the Group pre-tax profit was also impacted by lower revenue recorded in the current quarter due to the impact of the current economic downturn which dampened consumer spending.

15. Current year prospects

Due to the uncertainties in the global financial crisis, the local retail market conditions remain challenging and competitive.

However, the Group will continue to be cautious and vigilant to proactively manage these challenges with plans already in place to implement stringent cost controls and strategies to weather through these challenging times. The Group will also be alert to capitalise on investment opportunities that may arise from this downturn.

16. Status of profit forecast or profit guarantee

This is not applicable to the Group.

17. Details of tax charge and an explanation of the variance between the effective and statutory tax rate for the current quarter and financial year-to-date

The tax charge comprised:

	3 months ended 31.3.2009 RM'000	3 months ended 31.3.2008 RM'000	Year-to-date ended 31.3.2009 RM'000	Year-to-date ended 31.3.2008 RM'000
Income tax	139	(556)	(3,775)	(4,587)
Deferred tax	(173)	82	316	675
	----- (34) =====	----- (474) =====	----- (3,459) =====	----- (3,912) =====

The effective tax rates for the current reporting periods are disproportionate to the statutory tax rate due to non-recognition of deferred tax assets of certain loss-making subsidiaries.

18. Profits or losses from the sale of unquoted investments and/or properties for the current quarter and financial year-to-date

The Group did not dispose any unquoted investments during the current reporting period.

19. Details of purchase or disposal of quoted securities other than securities in existing subsidiary companies and associated companies

The Group did not purchase or dispose any quoted securities during the current reporting period.

20. Status, of not earlier than 7 days from the date of this report, of corporate proposals announced but not completed

The Company has no pending corporate proposals.

21. Group borrowings and debt securities as at the end of the reporting period

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

	31.3.2009
	RM'000
Short term borrowings	
Secured	
Term loans	1,101
Unsecured	
Bank overdrafts	1,387
Bankers' acceptances	7,282
	<u>8,669</u>
Total short term borrowings	<u><u>9,770</u></u>
Long term borrowings	
Secured	
Term loans	<u>2,388</u>

The Group does not have any borrowings that are denominated in foreign currency.

22. Summary of off-balance sheet financial instruments, which is not earlier than 7 days from the date of this report

The Group has not entered into any arrangements involving financial instruments.

23. Changes in material litigation (including status of any pending material litigation) since the last annual balance sheet date, which is not earlier than 7 days from the date of this report

Suit No. D2-22-58-2002 between Bontton Sdn Bhd and Diesel Marketing Sdn Bhd ("Plaintiffs") against Apcott PP (M) Sdn Bhd ("Apcott") and Diesel S.P.A. ("Defendants")

The Plaintiffs have filed their Reply and Defence to Counter-Claim of the Defendants. The matter is now pending the filing of the Reply to Defence to Counter-Claim by the Defendants. Thereafter pleadings will be deemed close and both parties will then proceed to discovery.

24. Dividends

The Directors do not recommend the payment of any dividend for the current reporting quarter.

25. Basis and methods of calculating earnings / (loss) per share

Basic earnings / (loss) per share:

The basic earnings / (loss) per share is calculated by dividing the profit or loss after taxation by the weighted average number of ordinary shares in issue during the period.

	3 months ended 31.3.2009	3 months ended 31.3.2008	Year-to-date ended 31.3.2009	Year-to-date ended 31.3.2008
Profit / (loss) after taxation (RM'000)	102	1,025	9,271	8,456
Weighted average number of ordinary shares in issue ('000)	41,787	41,787	41,787	41,787
Basic / (loss) earnings per share (sen)	0.244	2.453	22.186	20.236

By order of the Board

Khoo Henn Kuan
Chief Executive Officer

Kuala Lumpur
28 May 2009