



The Hing Yiap Group

Hing Yiap Knitting Industries Berhad (22414-V)

(Incorporated in Malaysia)

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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 30 September 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 2009.

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 30 September 2009

	30.9.2009	30.6.2009
	RM'000	RM'000
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	20,657	20,610
Intangible assets	7,413	7,418
Deferred tax assets	1,574	1,407
Investment in associate	-	-
Investment held in trust	2,200	2,000
	<u>31,844</u>	<u>31,435</u>
Current assets		
Inventories	47,161	42,449
Receivables	37,406	16,829
Short term investment	-	-
Cash and bank balances	11,055	13,157
	<u>95,622</u>	<u>72,435</u>
Non-current asset classified as held for sale	107	107
TOTAL ASSETS	<u>127,573</u>	<u>103,977</u>
<u>EQUITY AND LIABILITIES</u>		
Share capital	41,787	41,787
Reserves	45,765	38,685
Shareholders' Equity	<u>87,552</u>	<u>80,472</u>
Non-Current Liabilities		
Hire purchase payables	773	898
Term loans	1,829	2,090
Provision for directors' gratuity	2,200	2,000
	<u>4,802</u>	<u>4,988</u>
Current Liabilities		
Payables	28,483	12,985
Hire purchase payables	489	517
Short term borrowings	6,247	5,015
	<u>35,219</u>	<u>18,517</u>
TOTAL LIABILITIES	<u>40,021</u>	<u>23,505</u>
TOTAL EQUITY AND LIABILITIES	<u>127,573</u>	<u>103,977</u>
Net assets per share	<u>2.09</u>	<u>1.93</u>

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Condensed Statements of Changes in Equity
For the period ended 30 September 2009

	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000
At 1.7.2008	41,787	1,356	697	30,412	74,252
Profit after taxation	-	-	-	9,354	9,354
Dividend				(3,134)	(3,134)
At as 30.6.2009	<u>41,787</u>	<u>1,356</u>	<u>697</u>	<u>36,632</u>	<u>80,472</u>
At 1.7.2009	41,787	1,356	697	36,632	80,472
Profit after taxation	-	-	-	7,080	7,080
Dividend	-	-	-	-	-
At as 30.9.2009	<u>41,787</u>	<u>1,356</u>	<u>697</u>	<u>43,712</u>	<u>87,552</u>

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Condensed Consolidated Income Statements For the period ended 30 September 2009

	3 months ended 30.9.2009	3 months ended 30.9.2008	Year-to-date ended 30.9.2009	Year-to-date ended 30.9.2008
	RM'000	RM'000	RM'000	RM'000
Revenue	44,084	47,628	44,084	47,628
Other operating income	197	112	197	112
Inventories write-back / (write-down)	(518)	(1,785)	(518)	(1,785)
Operating expenses	(33,954)	(36,547)	(33,954)	(36,547)
Profit/(loss) from operations	9,809	9,408	9,809	9,408
Finance costs	(108)	(190)	(108)	(190)
Share of profit/(loss) in associate	-	(85)	-	(85)
Profit/(loss) before taxation	9,701	9,133	9,701	9,133
Taxation	(2,621)	(2,728)	(2,621)	(2,728)
Profit/(loss) after taxation	7,080	6,405	7,080	6,405
	Sen	Sen	Sen	Sen
Earnings / (loss) per share	16.94	15.33	16.94	15.33

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Condensed Consolidated Cash Flow Statements For the period ended 30 September 2009

	30.9.2009 RM'000	30.9.2008 RM'000
Cash flow from operating activities		
Profit before tax	9,701	9,133
Adjustments for:		
Interest expenses	108	190
Depreciation of property, plant and equipment	771	842
Amortisation of intangible asset	5	5
Net (profit)/loss on disposal of property, plant and equipment	51	305
Inventories write-downs	518	1,785
Unrealised foreign exchange differences	-	(66)
	<hr/>	<hr/>
Operating profit before working capital changes	11,154	12,279
Net change in current assets	(27,500)	(30,173)
Net change in current liabilities	15,758	18,667
Cash (used in) / generated from operations	(588)	773
Tax paid	(1,151)	(1,238)
Net cash generated/ (used) in operating activities	<hr/> (1,739) <hr/>	<hr/> (465) <hr/>
Cash flow from investing activities		
Purchase of property, plant and equipment	(880)	(1,721)
Proceeds from disposal of property, plant and equipment and investment property	11	-
Investment held in trust	(200)	(200)
Net cash generated/ (used) in investing activities	<hr/> (1,069) <hr/>	<hr/> (1,921) <hr/>
Cash flow from financing activities		
Interest paid	(108)	(190)
Dividends paid	(4)	(1)
Net increase/(decrease) in bank borrowings and hire purchase obligations	(85)	(1,921)
Net cash generated / (used) in financing activities	<hr/> (197) <hr/>	<hr/> (2,112) <hr/>
Net increase/ (decrease) in cash and cash equivalents	(3,005)	(4,498)
Cash and cash equivalents at beginning of period	12,290	4,925
Cash and cash equivalents at end of period	<hr/> 9,285 <hr/>	<hr/> 427 <hr/>

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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 2009.

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 2009 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 30.9.2008	RM'000	RM'000	RM'000
Taxation	(2,843)	115	(2,728)
Profit/(Loss) after tax	6,290	115	6,405
	Sen	Sen	Sen
Earnings/(Loss) per share	15.05	0.28	15.33
3 months period ended 30.9.2008	RM'000	RM'000	RM'000
Taxation	(2,843)	115	(2,728)
Profit/(Loss) after tax	6,290	115	6,405
	Sen	Sen	Sen
Earnings/(Loss) per share	15.05	0.28	15.33

- Tax adjustment to reflect the effective tax charge for the financial year ended 30 June 2009.

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 quarter ended 30 September 2009, dividends paid by the Company amounted to RM 3,969.

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

	Manufacturing	Trading	Food and beverage	Eliminations	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended 30.9.2009					
Segment revenue					
External revenue	25	42,976	1,083	-	44,084
Intersegment revenue	27,905	1,096	-	(29,001)	-
Total revenue	<u>27,930</u>	<u>44,072</u>	<u>1,083</u>	<u>(29,001)</u>	<u>44,084</u>
Segment result	<u>708</u>	<u>9,560</u>	<u>(238)</u>	<u>(418)</u>	<u>9,612</u>
Unallocated income					197
Unallocated expense					-
Profit from operations					<u>9,809</u>

3 months period ended 30.9.2008

Segment revenue					
External revenue	96	47,156	376	-	47,628
Intersegment revenue	34,627	1,613	-	(36,240)	-
Total revenue	<u>34,723</u>	<u>48,769</u>	<u>376</u>	<u>(36,240)</u>	<u>47,628</u>
Segment result	<u>871</u>	<u>9,387</u>	<u>(296)</u>	<u>(666)</u>	<u>9,296</u>
Unallocated income					112
Unallocated expense					-
Profit from operations					<u>9,408</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 2009.

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

Save for the material subsequent events disclosed in this interim financial report, there are no events subsequent to the end of the interim period that have not been reflected in the financial statements for the current interim period.

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 30 September 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 31,588,516 as at 30 June 2009 to RM 30,527,026 as at 30 September 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 and financial year to date

The revenue for the current quarter has decreased to RM 44.084 million, a decline by RM 3.544 million or 7.4%, from RM 47.628 million for the same quarter last year. Revenue contribution from the trading segment declined due to the softer current market.

For the current quarter, the Group recorded a pre-tax profit of RM 9.701 million, compared to a pre-tax profit of RM 9.133 million for the same period of the preceding year. Despite the decrease in revenue from the trading segment, this segment has shown improvement in its pre-tax profit from maintaining our margins, management efficiency and lower provision for inventories write-down.

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 9.701 million for the quarter ended 30 September 2009 as compared to the pre-tax profit of RM 0.652 million recorded for the quarter ended 30 June 2009.

The better earnings in the current quarter were attributable to the higher sales from the Hari Raya festive season and promotional activities in conjunction with the nation-wide Mega Carnival Sale. There were no major festive events in the immediate preceding quarter.

15. Current year prospects

The local retail market will remain challenging. The Group will continue to be vigilant and to take pro-active measures to remain competitive in its targeted business segments and to ensure its business model is sustainable.

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 30.9.2009 RM'000	3 months ended 30.9.2008 RM'000	Year-to-date ended 30.9.2009 RM'000	Year-to-date ended 30.9.2008 RM'000
Income tax	(2,788)	(2,329)	(2,788)	(2,329)
Deferred tax	167	(399)	167	(399)
	----- (2,621) =====	----- (2,728) =====	----- (2,621) =====	----- (2,728) =====

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:

	30.9.2009
	RM'000
Short term borrowings	
Secured	
Term loans	1,112
Unsecured	
Bank overdrafts	1,770
Bankers' acceptances	3,365
	5,135
Total short term borrowings	6,247
Long term borrowings	
Secured	
Term loans	1,829

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 30.9.2009	3 months ended 30.9.2008	Year-to-date ended 30.9.2009	Year-to-date ended 30.9.2008
Profit / (loss) after taxation (RM'000)	7,080	6,405	7,080	6,405
Weighted average number of ordinary shares in issue ('000)	41,787	41,787	41,787	41,787
Basic / (loss) earnings per share (sen)	16.94	15.33	16.94	15.33

By order of the Board

Khoo Henn Kuan
Chief Executive Officer

Kuala Lumpur
25 November 2009