



The Hing Yiap Group

Hing Yiap Group Berhad (22414-V)
(formerly known as Hing Yiap Knitting Industries Berhad)
(Incorporated in Malaysia)
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Introduction

The Board of Directors of Hing Yiap Group Berhad is pleased to announce the un-audited financial results of the Group for the financial period ended 31 March 2010.

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 last annual audited financial statements, 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 31 March 2010**

	31.3.2010	30.6.2009
	RM'000	RM'000
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	20,416	20,610
Intangible assets	7,403	7,418
Deferred tax assets	1,468	1,407
Investment held in trust	2,600	2,000
	<u>31,887</u>	<u>31,435</u>
Current assets		
Inventories	43,563	42,449
Receivables	26,375	16,829
Cash and bank balances	15,348	13,157
	<u>85,286</u>	<u>72,435</u>
Non-current asset classified as held for sale	107	107
TOTAL ASSETS	<u>117,280</u>	<u>103,977</u>
<u>EQUITY AND LIABILITIES</u>		
Share capital	41,787	41,787
Reserves	46,976	38,685
Shareholders' Equity	<u>88,763</u>	<u>80,472</u>
Non-Current Liabilities		
Hire purchase payables	522	898
Term loans	-	2,090
Provision for directors' gratuity	2,600	2,000
	<u>3,122</u>	<u>4,988</u>
Current Liabilities		
Payables	17,636	12,985
Hire purchase payables	628	517
Short term borrowings	7,131	5,015
	<u>25,395</u>	<u>18,517</u>
TOTAL LIABILITIES	<u>28,517</u>	<u>23,505</u>
TOTAL EQUITY AND LIABILITIES	<u>117,280</u>	<u>103,977</u>
Net assets per share	<u>2.12</u>	<u>1.93</u>

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Condensed Statements of Changes in Equity
For the period ended 31 March 2010

	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	-	-	-	8,928	8,928
Dividend	-	-	-	(3,134)	(3,134)
At as 31.3.2009	<u>41,787</u>	<u>1,356</u>	<u>697</u>	<u>36,206</u>	<u>80,046</u>
At 1.7.2009	41,787	1,356	697	36,632	80,472
Profit after taxation	-	-	-	11,687	11,687
Dividend	-	-	-	(3,396)	(3,396)
At as 31.3.2010	<u>41,787</u>	<u>1,356</u>	<u>697</u>	<u>44,923</u>	<u>88,763</u>

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Condensed Consolidated Income Statements
For the period ended 31 March 2010

	3 months ended 31.3.2010 RM'000	3 months ended 31.3.2009 RM'000	Year-to-date ended 31.3.2010 RM'000	Year-to-date ended 31.3.2009 RM'000
Revenue	34,126	31,023	109,676	112,943
Other operating income	786	175	1,083	294
Inventories write-back / (write-down)	(1,833)	(145)	(2,351)	(1,930)
Operating expenses	(29,486)	(30,752)	(91,964)	(97,948)
Profit/(loss) from operations	3,593	301	16,444	13,359
Finance costs	(86)	(165)	(311)	(544)
Share of profit/(loss) in associate	-	-	-	(85)
Profit/(loss) before taxation	3,507	136	16,133	12,730
Taxation	(1,021)	(41)	(4,446)	(3,802)
Profit/(loss) after taxation	2,486	95	11,687	8,928
	Sen	Sen	Sen	Sen
Earnings / (loss) per share	5.949	0.227	27.968	21.365

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Condensed Consolidated Cash Flow Statements
For the period ended 31 March 2010

	31.3.2010	31.3.2009
	RM'000	RM'000
Cash flow from operating activities		
Profit before tax	16,133	12,730
Adjustments for:		
Interest expenses	311	544
Depreciation of property, plant and equipment	2,321	2,509
Amortisation of intangible asset	15	15
Net (profit)/loss on disposal of property, plant and equipment	258	117
Inventories write-downs	2,351	1,930
Intangibles		(4,788)
Provision for losses of investment in associate		450
Share of loss in associate	-	85
Unrealised foreign exchange differences	-	31
	<hr/>	<hr/>
Operating profit before working capital changes	21,389	13,623
Net change in current assets	(14,705)	3,898
Net change in current liabilities	5,219	(2,595)
Cash (used in) / generated from operations	11,903	14,926
Tax paid	(2,909)	(3,519)
Net cash generated/ (used) in operating activities	<hr/> <u>8,994</u>	<hr/> <u>11,407</u>
Cash flow from investing activities		
Purchase of property, plant and equipment	(2,166)	(2,404)
Proceeds from disposal of property, plant and equipment and investment property	29	280
Investment held in trust	(600)	(600)
Net cash generated/ (used) in investing activities	<hr/> <u>(2,737)</u>	<hr/> <u>(2,724)</u>
Cash flow from financing activities		
Interest paid	(311)	(544)
Dividends paid	(3,352)	(3,075)
Net increase/(decrease) in bank borrowings and hire purchase obligations	(185)	(3,528)
Net cash generated / (used) in financing activities	<hr/> <u>(3,848)</u>	<hr/> <u>(7,147)</u>
Net increase/ (decrease) in cash and cash equivalents	2,409	1,536
Cash and cash equivalents at beginning of period	12,290	4,923
Cash and cash equivalents at end of period	<hr/> <u>14,699</u>	<hr/> <u>6,459</u>

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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 31.3.2009	RM'000	RM'000	RM'000
Taxation	(34)	(7)	(41)
Profit/(Loss) after tax	102	(7)	95
	Sen	Sen	Sen
Earnings/(Loss) per share	0.244	(0.017)	0.227
9 months period ended 31.3.2009	RM'000	RM'000	RM'000
Taxation	(3,459)	(343)	(3,802)
Profit/(Loss) after tax	9,271	(343)	8,928
	Sen	Sen	Sen
Earnings/(Loss) per share	22.186	(0.821)	21.365

- 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 31 March 2010, dividends paid by the Company amounted to RM 3,351,605.

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

	Manufacturing	Trading	Food and beverage	Elimina- tions	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended 31.3.2010					
Segment revenue					
External revenue	159	105,569	3,948	-	109,676
Intersegment revenue	50,566	3,263	-	(53,829)	-
Total revenue	<u>50,725</u>	<u>108,832</u>	<u>3,948</u>	<u>(53,829)</u>	<u>109,676</u>
Segment result	<u>1,594</u>	<u>14,359</u>	<u>(1,046)</u>	<u>634</u>	15,541
Unallocated income					903
Unallocated expense					-
Profit from operations					<u>16,444</u>
9 months period 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>

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

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 31 March 2010.

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 28,235,609 as at 31 March 2010.

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

Revenue for the current quarter at RM 34.126 million, was RM 3.103 million or 10% higher, from RM 31.023 million for the same quarter last year. The Group's revenue improved due to increase in sales over the Chinese New Year festive period.

For the current quarter, the Group has recorded a pre-tax profit of RM3.507 million, compared to a pre-tax profit of RM0.136 million for the same quarter last year despite higher inventories write down in the current quarter. The improvement in pre-tax profit for the current quarter was due to higher revenue and productivity process improvement measures taken.

Performance review for the financial year-to-date

Group revenue for the 9 months period ended 31 March 2010 decreased by RM 3.267 million or 2.89% to RM 109.676 million as compared to revenue of RM 112.943 million recorded for the 9 months period ended 31 March 2009. The decrease in revenue is mainly from the rationalisation and consolidation of our BumCity and retail shops. The revenue decline in the trading segment was partially countered by an increase in revenue contribution from the opening of two new Theobroma Chocolate Lounge cafes at the Low Cost Carrier Terminal and The Curve.

The Group recorded an increase in pre-tax profit to RM 16.133 million during the current period as compared to a pre-tax profit of RM 12.73 million recorded for the same period ended 31 March 2009. Despite the decrease in revenue, the trading segment continues to be the most profitable segment because of better margins derived from the company's commitment to continuous performance improvement measures undertaken.

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 3.507 million for the quarter ended 31 March 2010 as compared to the pre-tax profit of RM 2.924 million recorded for the quarter ended 31 December 2009.

The better earnings in the current third quarter were attributable to the higher revenue of RM 34.126 million compared to RM 31.646 million for the preceding quarter. The current quarter had the benefit of higher revenue contribution from the Chinese New Year festive season. Whilst the preceding quarter experienced the Christmas and year end, these end of year seasonal buying traditionally yield lower revenue volume by comparison to Chinese New Year festive season.

15. Current year prospects

The Malaysian economy has shown signs of a more positive outlook and the Group remains cautiously optimistic for the coming year.

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 31.3.2010 RM'000	3 months ended 31.3.2009 RM'000	Year-to-date ended 31.3.2010 RM'000	Year-to-date ended 31.3.2009 RM'000
Income tax	(971)	(34)	(4,591)	(3,247)
Deferred tax	(50)	(7)	145	(555)
	----- (1,021) =====	----- (41) =====	----- (4,446) =====	----- (3,802) =====

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:

	31.3.2010
	RM'000
Short term borrowings	
Secured	
Term loans	387
Unsecured	
Bank overdrafts	649
Bankers' acceptances	6,095
	<u>6,744</u>
Total short term borrowings	<u>7,131</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 31.3.2010	3 months ended 31.3.2009	Year-to-date ended 31.3.2010	Year-to- date ended 31.3.2009
Profit / (loss) after taxation (RM'000)	2,486	95	11,687	8,928
Weighted average number of ordinary shares in issue ('000)	41,787	41,787	41,787	41,787
Basic / (loss) earnings per share (sen)	5.949	0.227	27.968	21.365

By order of the Board

Khoo Henn Kuan
Chief Executive Officer

Kuala Lumpur
27 May 2010