



The Hing Yiap Group

Hing Yiap Group Berhad (22414-V)

(Incorporated in Malaysia)

Lot 46, Lorong Kuang Bulan

Taman Kepong

52100 Kuala Lumpur

Telephone: 03-62868888 / Fax: 03-62726581

Email: mail@hingyiap.com

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 30 June 2012.

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 period ended 31 March 2012.

This report comprises the following:

- Condensed consolidated statements of financial position
- Condensed consolidated statements of comprehensive income
- Condensed statements of changes in equity
- Condensed consolidated statements of cash flow
- Explanatory notes

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**Condensed Consolidated Statements of Financial Position
as at 30 June 2012**

	Unaudited 30.6.2012 RM'000	Audited 31.3.2012 RM'000
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	11,852	11,167
Intangible assets	7,238	7,238
Deferred tax assets	795	848
Available-for-sale investment	-	-
	19,885	19,253
Current assets		
Inventories	81,251	52,953
Held-to-maturity investment	-	-
Receivables	28,342	32,523
Cash and bank balances	28,193	24,559
	137,786	110,035
Non-current assets classified as held for sale	820	514
	138,606	110,549
TOTAL ASSETS	158,491	129,802
<u>EQUITY AND LIABILITIES</u>		
Shareholders' Equity		
Share capital	41,787	41,787
Reserves	70,347	70,065
	112,134	111,852
Non-Current Liabilities		
Hire purchase payables	80	-
Deferred tax liabilities	-	-
	80	-
Current Liabilities		
Payables	41,632	7,371
Hire purchase payables	18	10
Short term borrowings	4,355	10,202
	46,005	17,583
Liabilities directly associated with assets classified as held for sale	272	367
	46,277	17,950
TOTAL LIABILITIES	46,357	17,950
TOTAL EQUITY AND LIABILITIES	158,491	129,802
Net assets per share (RM)	2.68	2.67

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**Condensed Consolidated Statement of Comprehensive Income
For the period ended 30 June 2012 (Unaudited)**

	3 months ended 30.6.2012	3 months ended 30.6.2011	Year-to-date ended 30.6.2012	Year-to-date ended 30.6.2011
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Revenue	21,191	N/A	21,191	N/A
Other operating income	223	N/A	223	N/A
Operating expenses	(20,565)	N/A	(20,565)	N/A
	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(Loss) from Operations	849	N/A	849	N/A
Finance costs	(76)	N/A	(76)	N/A
	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(Loss) before taxation	773	N/A	773	N/A
Taxation	(460)	N/A	(460)	N/A
	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(Loss) from continuing operations, net of tax	313	N/A	313	N/A
<u>Discontinued Operation</u>				
Profit/(Loss) from Discontinued operation, net of tax	(31)	N/A	(31)	N/A
	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(Loss) after Taxation	<u>282</u>	<u>N/A</u>	<u>282</u>	<u>N/A</u>

Hing Yiap Group Berhad
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Condensed Consolidated Statement of Comprehensive Income
For the period ended 30 June 2012 (Unaudited) (cont'd)

	3 months ended 30.6.2012	3 months ended 30.6.2011	Year-to-date ended 30.6.2012	Year-to-date ended 30.6.2011
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	282	N/A	282	N/A
Other comprehensive income:				
Available for sale (AFS) Investments fair value movement	-	N/A	-	N/A
Total comprehensive income	<u>282</u>	<u>N/A</u>	<u>282</u>	<u>N/A</u>
Total comprehensive income attributable to:				
Equity holders	<u>282</u>	<u>N/A</u>	<u>282</u>	<u>N/A</u>
	Sen	Sen	Sen	Sen
Earnings / (loss) per share	<u>0.67</u>	<u>N/A</u>	<u>0.67</u>	<u>N/A</u>

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Condensed Statements of Changes in Equity
For the period ended 30 June 2012 (Unaudited)

	← Non-distributable →				Distributable	
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Fair value adjustment reserve RM'000	Retained profits RM'000	Total RM'000
At 1.4.2011	N/A	N/A	N/A	N/A	N/A	N/A
Total comprehensive income	N/A	N/A	N/A	N/A	N/A	N/A
Transaction with owners - Dividend	N/A	N/A	N/A	N/A	N/A	N/A
At as 30.6.2011	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
At 1.4.2012	41,787	1,356	-	-	68,709	111,852
Total comprehensive income	-	-	-	-	282	282
At as 30.6.2012	<u>41,787</u>	<u>1,356</u>	<u>-</u>	<u>-</u>	<u>68,991</u>	<u>112,134</u>

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**Condensed Consolidated Statements of Cash Flow
for the period ended 30 June 2012 (Unaudited)**

	3 months ended 30.6.2012 RM'000	3 months ended 30.6.2011 RM'000
Cash flow from operating activities		
Profit before tax from continuing operations	773	N/A
Loss before tax from discontinued operation	(31)	N/A
	742	N/A
Adjustments for:		
Interest expenses		
- Continuing operations	76	N/A
Depreciation of property, plant and equipment		
- Continuing operations	550	N/A
- Discontinued operation	10	N/A
Allowance for impairment losses on receivable		
- Continuing operations	575	N/A
Gain on disposal of property, plant and equipment		
- Continuing operations	-	N/A
Loss on disposal of property, plant and equipment		
- Continuing operations	2	N/A
Property, plant and equipment written-off		
- Continuing operations	68	N/A
- Discontinued operation	-	N/A
Reversal of impairment losses of property, plant and equipment		
- Continuing operations	(51)	N/A
Reversal of impairment for deposit written-off		
- Discontinued operation	(80)	N/A
Inventories written-down		
- Continuing operations	-	N/A
Inventories written-off		
- Continuing operations	1	N/A
- Discontinued operation	8	
	1,901	N/A
Operating profit before working capital changes	1,901	N/A
Net change in current assets	(26,102)	N/A
Net change in current liabilities	34,127	N/A
	9,926	N/A
Cash generated/(used in) from operations	9,926	N/A
Interest paid		
- Continuing operations	(76)	
Tax paid	(1,001)	N/A
Net cash generated/(used in) operating activities	8,849	N/A

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**Condensed Consolidated Statements of Cash Flow
for the period ended 30 June 2012 (Unaudited) (cont'd)**

	3 months ended 30.6.2012 RM'000	3 months ended 30.6.2011 RM'000
Cash flow from investing activities		
Purchase of property, plant and equipment - Continuing operations	(1,257)	N/A
Proceeds from disposal of property, plant and equipment and investment property - Continuing operations	3	N/A
Proceeds from disposal of other investment - Continuing operations	2,140	N/A
Net cash generated/(used in) investing activities	<u>886</u>	<u>N/A</u>
Cash flow from financing activities		
Net decrease in bank borrowings and hire purchase obligations	(3,827)	N/A
Net cash generated/(used in) financing activities	<u>(3,827)</u>	<u>N/A</u>
Net increase/(decrease) in cash and cash equivalents	5,908	N/A
Cash and cash equivalents at beginning of period	22,796	N/A
Cash and cash equivalents at end of period	<u>28,704</u>	<u>N/A</u>
	3 months ended 30.6.2012 RM'000	3 months ended 30.6.2011 RM'000
<u>Cash and cash equivalents at end of period</u>		
Continuing operations:-		
Cash and bank balance	28,193	N/A
Bank overdraft	-	N/A
	<u>28,193</u>	<u>N/A</u>
Discontinued operation:-		
Cash and bank balance	511	N/A
	<u>28,704</u>	<u>N/A</u>

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Explanatory Notes

Explanatory notes pursuant to MFRS 134 , “Interim Financial Reporting”

1. Basis of preparation

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

These are the first set of financial statements prepared in accordance with MFRS, which is in line with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

In the previous financial year, the financial statements of the Group were prepared in accordance with Financial Reporting Standards (“FRS”). There were no impacts on transition from FRS to MFRS during the current financial year under review.

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 period ended 31 March 2012, except for the adoption of the following new MFRS, Amendments to MFRSs and Interpretation with effect from 1 January 2012 where applicable:-

MFRS 124	Related Party Disclosures (Revised)
Amendments to MFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Revised)
Amendments to MFRS 7	Disclosures – Transfers of Financial Assets
Amendments to MFRS 112	Recovery of Underlying Assets

The adoption of the new MFRS, Amendments to MFRSs and Interpretation does not have significant impact on the interim financial report of the Group.

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 the Company for the financial period ended 31 March 2012 was not qualified.

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

The Group's products cater 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

There was no material changes in estimates of amounts reported in prior financial year.

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)

There was no dividend payment during the current financial quarter.

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

3 months period ended 30.6.2012	Adult Apparel RM'000	Children Apparel RM'000	Food and Beverage RM'000	Others RM'000	Eliminations RM'000	Group RM'000
Segment revenue						
External revenue	18,891	2,300	943	-	-	22,134
Intersegment revenue	-	-	-	594	(594)	-
Total revenue	<u>18,891</u>	<u>2,300</u>	<u>943</u>	<u>594</u>	<u>(594)</u>	<u>22,134</u>
Segment result	<u>884</u>	<u>(726)</u>	<u>(85)</u>	<u>13</u>	<u>459</u>	<u>545</u>
Unallocated income						273
Finance cost						(76)
Profit before taxation						<u>742</u>

Note 1. The difference in Group Revenue and Profit before taxation between the Segmental Reporting and Condensed Consolidated Comprehensive Income is due to the Food and Beverage segment which is deemed discontinued operation reported under the Condensed Consolidated Comprehensive Income.

Note 2. To align with current operations, the segmental reporting has been changed to adult apparel and children apparel from Manufacturing & Trading segment respectively.

8. Segmental reporting for business segment, being the Group's basis of segment reporting (cont'd)

	Adult Apparel RM'000	Children Apparel RM'000	Food and Beverage RM'000	Others RM'000	Eliminations RM'000	Group RM'000
3 months period ended 30.6.2011						
Segment revenue						
External revenue	N/A	N/A	N/A	N/A	N/A	N/A
Intersegment revenue	N/A	N/A	N/A	N/A	N/A	N/A
Total revenue	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Segment result	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Unallocated income						N/A
Finance cost						N/A
Profit before taxation						<u>N/A</u>

Pursuant to the Company's announcement on 26 May 2011, the financial year end of the Company has been changed from 30 June 2011 to 31 March 2012. Due to the change of financial year end, there are no comparative figures given for preceding year corresponding quarter and cumulative quarter in the current report.

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" by virtue of which these properties continue to be stated at their revalue amounts, save for depreciation charge determined since the financial period ended 31 March 2012.

There was no valuation of property, plant and equipment carried out during the current financial quarter.

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

On 11 July 2012, the Group announced to entered into a conditional Share Sales Agreement with Asia Brands Corporation Bhd ("ABCB") for the proposed acquisition of the entire equity interest of ABCB's subsidiaries for a total purchase consideration of RM245 million to be satisfied by way of a cash consideration of RM179.3million and the balance of RM65.7 million to be satisfied via the issuance of 30,137,615 new ordinary shares of RM1 each at an issue price of RM2.18 per shares.

Announcements dated 11 July 2012 pertaining to this proposed acquisition can be viewed in the Bursa Malaysia website.

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 subsidiaries for banking and financing facilities as at 30 June 2012 was RM26,660,000 (31 March 2012 : RM26,660,000).

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 financial year to date

Revenue for the 3 months period ended 30 June 2012 from continuing and discontinued operations amounting to RM 22.1million.

	Adult Apparel RM million	Children Apparel RM million	Food & beverages RM million
3 months ended 30 June 2012	18.9	2.3	0.9
2013 Revenue Contribution	85.3%	10.4%	4.3%

During the quarter the Group recorded a pre-tax profit from continuing and discontinued operations of RM0.3 million.

The lower performance recorded for Adult and Children apparels were expected during this quarter as this reflects the non-festive season in our annual revenue and profit cycle. During this quarter, we normally build inventory levels in anticipation for the coming festive cycle.

There were no comparisons made with the previous corresponding quarter due to the change of financial year end from 30 June to 31 March during the previous financial period.

14. Comparison with preceding quarter's results

The Group recorded a drop in revenue of RM6.9 million from continuing and discontinued operations for the current quarter ended 30 June 2012 to RM22.1 million from RM29.0 million in the preceding quarter ended 31 March 2012.

The Group recorded a pre-tax profit from continuing and discontinued operations of RM0.3 million for the current quarter ended 30 June 2012 as compared to the pre-tax profit of RM2.4million recorded for the quarter ended 31 March 2012 respectively.

The better revenue and pre-tax profits in the preceding quarter benefitted from the Chinese New Year season which fell in that quarter.

15. Current year prospects

Focus on branding activities takes precedence this year to improve top line performance. This is coupled with opening of new retail outlets corresponding to those activities. This is expected to improve market competitiveness throughout the financial 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 30.6.2012 RM'000	3 months ended 30.6.2011 RM'000	Year-to-date ended 30.6.2012 RM'000	Year-to-date ended 30.6.2011 RM'000
Income tax	(407)	N/A	(407)	N/A
Over/(Under)provision				
- Current quarter	-	N/A	-	N/A
- Prior year	-	N/A	-	N/A
Deferred tax	(53)	N/A	(53)	N/A
	----- (460) =====	----- N/A =====	----- (460) =====	----- N/A =====

The Group's effective tax rate is higher than the statutory tax rate of 25% mainly due to non-deductible expenses added back.

18. Details of purchase or disposal of unquoted securities other than securities in existing subsidiary companies and associated companies

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

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

On 11 July 2012, the Group announced to entered into a conditional Share Sales Agreement with Asia Brands Corporation Bhd ("ABCB") for the proposed acquisition of the entire equity interest of ABCB's subsidiaries for a total purchase consideration of RM245 million to be satisfied by way of a cash consideration of RM179.3million and the balance of RM65.7 million to be satisfied via the issuance of 30,137,615 new ordinary shares of RM1 each at an issue price of RM2.18 per shares.

Announcements dated 11 July 2012 pertaining to this proposed acquisition can be viewed in the Bursa Malaysia website.

20. 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:

	As at 30.6.2012 RM'000
Short term borrowings	
Unsecured	
Bank overdrafts	-
Bankers' acceptances	4,355
	4,355

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

21. 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.

22. 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.

This is currently pending trial date set by the high court to complete the discovery.

23. Dividends

The Directors did not declare any dividend for the current reporting quarter.

24. 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 30.6.2012	3 months ended 30.6.2011	Year-to-date ended 30.6.2012	Year-to-date ended 30.6.2011
Profit / (loss) after taxation (RM'000)	282	N/A	282	N/A
Weighted average Number of ordinary shares In issue ('000)	41,787	N/A	41,787	N/A
Basic / (loss) earnings per share (sen)	0.67	NA	0.67	N/A

25. Disclosure of realised and unrealised profit

On 25 March 2010, Bursa Securities issued a directive to all listed issuers pursuant to paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing requirements. The directive required all listed issuers to disclose the breakdown of the inappropriate profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses. The breakdown of the retained profits of the group as at 30 June 2012, into realised and unrealised profits, pursuant to the directive, is as follows:-

	As at 30.6.2012 RM'000
Total retained earnings of the Group	
- Realised	46,691
- Unrealised	1,538
	<hr/>
	48,229
Consolidated adjustments	20,761
	<hr/>
Total retained earnings as per condensed consolidated statement of changes in equity	<u>68,990</u>

26. Profit/(Loss) for the Period/Year

	3 months ended 30.6.2012 RM'000	3 months ended 30.6.2011 RM'000	Year-to-date ended 30.6.2012 RM'000	Year-to-date ended 30.6.2011 RM'000
Profit/(Loss) for the period is arrived at after crediting:				
Interest income	161	N/A	161	N/A
Gain on foreign exchange-realised	1	N/A	1	N/A
and after charging:				
Interest expense	76	N/A	76	N/A
Amortisation and Depreciation	560	N/A	560	N/A
Inventories written-off	9	N/A	9	N/A
Allowance/(Reversal) of impairment:-				
- Property, plant and equipment	(51)	N/A	(51)	N/A
- Receivable	575	N/A	575	N/A
- Deposit	(80)	N/A	(80)	N/A
Loss on foreign exchange-unrealised	1	N/A	1	N/A
Loss on disposal of property, plant and equipment	2	N/A	2	N/A
Property, plant and equipment written-off	68	N/A	68	N/A

There were no gain or loss on derivatives or exceptional items for current quarter and financial period to-date 30 June 2012 (30 June 2011: NIL)

By order of the Board

Chua Siew Chuan
Company Secretary
Kuala Lumpur
30 August 2012