HOUSE OF PEARL FASHIONS LIMITED

Regd. Office:"Pearl House", A-3, Community Centre, Naraina Industrial Area, Phase-II, New Delhi-110 028

UNAUDITED FINANCIAL RESULTS FOR THE QUATER ENDED 31ST DECEMBER 2008

(Rs.in Lacs)

Sl. No.	Particulars	Consolidated					Standalone				
		Quarter Ended 31.12.2008 (Unaudited)	Quarter Ended 31.12.2007 (Unaudited)	Nine Months Ended 31.12.2008 (Unaudited)	Nine Months Ended 31.12.2007 (Unaudited)	Financial Year Ended 31.03.2008 **(Audited)**	Quarter Ended 31.12.2008 (Unaudited)	Quarter Ended 31.12.2007 (Unaudited)	Nine Months Ended 31.12.2008 (Unaudited)	Nine Months Ended 31.12.2007 (Unaudited)	Financial Year Ended 31.03.2008 **(Audited)**
1	a) Net Sales/ Income from Operations	32188.79	22869.79	97532.30	75061.63	108002.57	1109.30	0.00	1721.67	0.00	1512.88
	b) Other Operating Income	1015.46	882.87	2483.24	2226.88	1035.61	0.00	0.00	0.00	0.00	0.00
	Total	**33204.25**	**23752.66**	**100015.54**	**77288.51**	**109038.18**	**1109.30**	**0.00**	**1721.67**	**0.00**	**1512.88**
2	Expenditure										
	a) (Increase)/Decrease in stock in trade & work in Progress	(640.38)	117.55	406.29	460.26	(568.71)	0.00	0.00	0.00	0.00	0.00
	b) Consumption of raw materials	4563.79	3875.26	11967.36	12619.76	16268.98	0.00	0.00	0.00	0.00	0.00
	c) Purchase of Traded Goods	17978.94	10780.97	54654.85	35715.36	55697.81	1041.68	0.00	1566.67	0.00	1437.76
	d) Employees Cost	4860.05	2923.93	12994.66	8839.51	12265.48	71.17	20.10	138.00	53.56	86.39
	e) Depreciation	437.64	358.99	1246.47	986.58	1329.26	5.16	0.45	14.30	1.16	4.31
	f) Manufacturing Expenses	2785.66	1618.20	6947.22	5907.33	8368.37	46.94	(7.34)	66.87	0.65	3.92
	g) Other Expenditure	4915.74	2660.57	11585.48	8272.75	9513.45	240.72	76.53	487.65	208.65	306.73
	h) Total	34901.44	22335.47	99802.33	72801.55	102874.64	1405.67	89.74	2273.49	264.02	1839.11
3	Profit from operations before other income,interest & exceptional items (1-2)	(1697.19)	1417.19	213.21	4486.96	6163.54	(296.37)	(89.74)	(551.82)	(264.02)	(326.23)
4	Other Income	530.29	587.83	1454.62	1814.04	2671.47	425.30	384.32	1717.58	1255.83	1498.95
5	Profit before interest & exceptional items (3+4)	(1166.90)	2005.02	1667.83	6301.00	8835.01	128.93	294.58	1165.76	991.81	1172.72
6	Interest	387.66	251.13	1012.11	959.79	1322.18	3.24	0.00	9.10	1.43	1.43
7	Profit after interest but before exceptional items (5-6)	(1554.56)	1753.89	655.72	5341.21	7512.83	125.69	294.58	1156.66	990.38	1171.29
8	Exceptional Items	0.00	0.00	0.00	0.00	1280.27	0.00	0.00	0.00	0.00	0.00
9	**Profit(+) /Loss (-) from Ordinary Activities before tax (7+8)**	**(1554.56)**	**1753.89**	**655.72**	**5341.21**	**6232.56**	**125.69**	**294.58**	**1156.66**	**990.38**	**1171.29**
10	Tax Expenses	(114.64)	321.33	464.74	1004.25	1213.24	41.69	28.11	123.11	60.16	105.29
11	**Net Profit (+)/Loss (-) from Ordinary Activities After tax (9-10)**	**(1439.92)**	**1432.56**	**190.98**	**4336.96**	**5019.32**	**84.00**	**266.47**	**1033.55**	**930.22**	**1066.00**
12	Extraordinary Item (net of tax expense)	-	-	-	-	-	-	-	-	-	(0.26)
13	**Net Profit(+)/ loss(-) for the Period (11-12)**	**(1439.92)**	**1432.56**	**190.98**	**4336.96**	**5019.32**	**84.00**	**266.47**	**1033.55**	**930.22**	**1066.26**
	Minority Interest	**355.57**	**(110.62)**	**408.65**	**(126.32)**	**(18.29)**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	Net Profit(+)/ loss(-) after Minority Interest for the Period (11+12)	**(1084.35)**	**1321.94**	**599.63**	**4210.64**	**5001.03**	**84.00**	**266.47**	**1033.55**	**930.22**	**1066.26**
14	Paid-up equity share capital	1950.03	1950.03	1950.03	1950.03	1950.03	1950.03	1950.03	1950.03	1950.03	1950.03
	(Face value of Rs.10/-each)										
15	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year.					41546.24					28695.09
16	Earning Per Share (EPS)										
	a) Basic and diluted EPS before Extraordinary items.										
	'-Basic	(5.56)	7.35	3.07	22.24	25.65	0.43	1.37	5.30	4.77	5.47
	'-Diluted	(5.56)	7.35	3.07	22.24	25.65	0.43	1.37	5.30	4.77	5.47
	b) Basic and diluted EPS after Extraordinary items.										
	'-Basic	(5.56)	7.35	3.07	22.24	25.65	0.43	1.37	5.30	4.77	5.47
	'-Diluted	(5.56)	7.35	3.07	22.24	25.65	0.43	1.37	5.30	4.77	5.47
17	Public shareholding										
	No.of Shares	6,632,139	6,755,506	6,632,139	6,755,506	6,755,506	6,632,139	6,755,506	6,632,139	6,755,506	6,755,506
	Percentage of Shareholding	34.01	34.64	34.01	34.64	34.64	34.01	34.64	34.01	34.64	34.64

7) **Segment Reporting**

	Geographical Segment	Qtr Ended	%	Qtr Ended	%	Nine Months	%	Nine Months	%	Year Ended	%
	Particulars	31.12.2008		31.12.2007		31.12.2008		31.12.2007		31.03.2008	
	Segment Revenue										
	USA	2,735.01	7.21	1,371.46	5.46	6,731.58	6.09	6,977.50	8.05	9,421.85	7.97
	UK	6,762.91	17.84	4,905.35	19.51	22,372.50	20.25	20,743.46	23.92	25,962.40	21.97
	Hong Kong	13,659.76	36.02	8,144.32	32.40	41,584.44	37.63	26,221.18	30.24	38,296.74	32.41
	India	8,716.61	22.99	7,295.19	29.02	25,100.91	22.71	22,283.08	25.70	31,415.35	26.59
	Bangladesh	3,334.91	8.79	1,961.10	7.80	8,152.32	7.38	6,262.14	7.22	7,643.73	6.47
	Others	2,709.66	7.15	1,459.85	5.81	6,564.02	5.94	4,233.64	4.88	5,420.05	4.59
	Total	**37,918.86**	**100.00**	**25,137.27**	**100.00**	**110,505.77**	**100.00**	**86,721.00**	**100.00**	**118,160.12**	**100.00**
	Less: Inter Segment Revenue	5,730.07		1,755.17		12,973.47		7,618.45		11,242.56	
	Net Segment Revenue	**32,188.79**		**23,382.10**		**97,532.30**		**79,102.55**		**106,917.56**	
	Segment Results										
	Profit /(Loss) before Tax and Interest										
	USA	(290.58)	19.3%	(192.79)	(10.20)	(755.79)	22.0%	139.28	2.20	194.47	2.19
	UK	141.11	9.4%	502.91	26.60	735.22	21.4%	1,983.89	31.34	2,399.83	26.97
	Hong Kong	270.99	18.0%	665.90	35.22	1,442.70	42.1%	2,396.08	37.85	3,591.53	40.37
	India	(241.95)	16.1%	537.59	28.43	799.77	23.3%	660.12	10.43	1,582.52	17.79
	Bangladesh	(673.36)	44.7%	269.74	14.27	(393.44)	11.5%	834.07	13.17	725.27	8.15
	Others	(299.74)	19.9%	107.57	5.69	451.87	13.2%	317.38	5.01	403.18	4.53
	Total	**(1,093.53)**	**127.4%**	**1,890.92**	**100.00**	**2,280.33**	**134%**	**6,330.82**	**100.00**	**8,896.80**	**100.00**
	Less : (i) Interest	387.66		157.26		1,012.11		959.79		1,263.98	
	(ii) Other Un-allocable Expenditure net off.	73.22		-		612.50		-		1,398.82	
	Total Profit before Tax	**(1,554.41)**		**1,733.66**		**655.72**		**5,371.03**		**6,234.00**	
	Capital Employed per Segment										
	USA	2,140.76	3.36	1,915.99	3.38	2,140.76	3.36	1,915.99	3.38	2,079.02	5.59
	UK	2,797.08	4.39	11,004.34	19.41	2,797.08	4.39	11,004.34	19.41	3,713.73	9.98
	Hong Kong	12,238.00	19.21	8,822.78	15.56	12,238.00	19.21	8,822.78	15.56	7,385.02	19.84
	India	37,827.45	59.37	29,345.15	51.76	37,827.45	59.37	29,345.15	51.76	19,019.07	51.10
	Bangladesh	5,986.11	9.40	4,370.33	7.71	5,986.11	9.40	4,370.33	7.71	2,871.29	7.71
	Others	2,725.03	4.28	1,233.99	2.18	2,725.03	4.28	1,233.99	2.18	2,151.26	5.78
	Total	**63,714.43**	**100.00**	**56,692.58**	**100.00**	**63,714.43**	**100.00**	**56,692.58**	**100.00**	**37,219.39**	**100.00**

	Business Segment	Qtr Ended	%	Qtr Ended	%	Nine Months	%	Nine Months	%	Year Ended	%
	Particulars	31.12.2008		31.12.2007		31.12.2008		31.12.2007		31.03.2008	
	Segment Revenue										
	Manufacturing	14,761.18	38.93	11,734.87	44.97	38,220.92	34.59	32,794.08	37.82	44,479.13	37.64
	Marketing, Distribution	23,157.68	61.07	14,360.78	55.03	72,284.85	65.41	53,926.90	62.18	73,680.98	62.36
-	Total	**37,918.86**	100.00	**26,095.65**	100.00	**110,505.77**	**100.00**	**86,720.98**	100.00	**118,160.11**	100.00
	Less inter Segment Revenue	5,730.07		1,755.17		12,973.47		7,618.45		**11,242.56**	
-	Net Segment Revenue	**32,188.79**		**24,340.48**		**97,532.30**		**79,102.53**		**106,917.55**	
	Segment Results										
	Profit/(Loss) before Tax and Interest										
	Manufacturing	(1,435.56)	100.0%	895.90	47.38	379.27	16.63	1,815.55	28.68	2,738.42	30.78
	Marketing, Distribution	342.03	23.8%	995.01	52.62	1,901.06	83.37	4,515.26	71.32	6,158.38	69.22
-	Total	**(1,093.53)**	**123.8%**	**1,890.91**	100.00	**2,280.33**	**100.00**	**6,330.81**	100.00	**8,896.80**	100.00
	Less : (i) Interest	387.66		157.26		1,012.11		959.79		1,263.98	
	(ii) Other Un-allocable Expenditure net off.	73.22				612.50		-		1,398.82	
-	Total Profit before Tax	**(1,554.41)**		**1,733.65**		**655.72**		**5,371.02**		**6,234.00**	
	Capital employed per segment										
	Manufacturing	45,220.39	70.97	34813.48	61.41	45,220.39	70.97	34813.48	61.41	22,978.73	61.74
	Marketing, Distribution	18,494.04	29.03	21772.35	38.40	18,494.04	29.03	21772.35	38.40	14,240.65	38.26
	Others		-	106.75	0.19			106.75	0.19	-	-
-	Total	**63,714.43**	100.00	**56692.58**	100.00	**63,714.43**	100.00	**56692.58**	100.00	**37,219.38**	100.00

For current period & previous year, the geographical segments of the Company based on the location of assets are United States of America, United Kingdom, Hong Kong, India and Bangladesh.

NOTES TO INDEPENDENT AND CONSOLIDATED FINANCIALS:

1) Unaudited Financial Results of the company for the third quarter ended 31st December 2008 have been reviewed by the Audit Committee and taken on record by the Board of Directors at its meeting held on 31st January 2009, subjects to limited review by the Statutory Auditors of the company.

2) The profitability for the quarter has been adversely impacted primarily due to the following factors:-

a) Initial setting up cost for new ventures which are at gestation period.

b) The company's subsidiary in Bangladesh Nor Pearl Knitwear Ltd. has incurred extra ordinary order executation cost in ensuring timely delivery to its customers by sending goods by Air at its own cost & by incurring high overtime. This has resulted in a loss of Rs.782.64 lacs for the quarter.

c) There has been a sharp decline of 24% in the value of GBP against the US Dollar. As per IFRS the company restated its receivables in GBP at the closing rate as on 31st December 2008. However the company had hedged its receivables at exchange rate prior to decline.This is resulted in notional loss for the quarter due to restatement which should translate back into profit in the next Quarter.

3) During the quarter ended 31st December 2008, no investor complaint was received. There were no complaints pending at the beginning and end of the quarter. As such no complaint to be resolved.

4) Statement of Utilization of issue proceeds as on 31st December 2008.

(Rs.in Lacs)

Purpose of Utilisation of Funds	Projected Utilisation	Actual Utilisation upto 31st Dec.,2008
Investment in Subsidiary Companies to increase the Group's production capacity	2990.00	1,077.85
Investment in Subsidiary Companies for establishment of a Design Centre and corporate office in Gurgaon.	380.00	-
Setting up an Integrated Information Technology System.	1,430.00	1,211.25
Pre-payment of Certain Term Loans availed by the company and its subsidiaries.	4,923.50	4,923.75
Investment in its subsidiary company M/s.Multinational Textiles Group Ltd,for payment of purchase in consideration to SACB Holding Limited and Pallas Holding Limited as part of the group restructuring.	4917.00	4,917.29
Setting up a Domstic Branded apparel retail business.	2,520.00	1,213.00
Acquisition or existing companies of setting up joint venture companies for marketing and distribution or wholesale / brands and supply business in the apparel, accessories or related segments within or outside India.	8,579.70	3,065.37
General Corporate purposes	877.00	955.46
Share issue Expenses	1,920.00	1,921.36
Total	28,537.20	19,285.33

Unutilised funds have been invested in Bank Fixed Deposits & Debt Mutual funds and Rs.2,000 Lacs has been given to a subsidiary for repayment of its high interest bearing working capital loan as interim use of proceeds. The company has also extended working capital support of Rs.662.50 lacs to its WOS ; House of Pearl Fashions (US) Ltd. as an interim use of funds. Due to poor credit environment in USA, this subsidiary is unable to get access its sanctioned bank lines at present.

5) Arising from the announcement of the Institute of Chartered Accountants of India on the March 29, 2008, the company had chosen for adopting of Accounting Standard (AS-30) "Financial Instruments : Recognition & Measurment" in its entirety from the quarter ended March 31, 2008. The figures of corresponding quarter of the previous year have not been restated.

6) Except for Bangladesh entites, which are located in Export promotion zone and are in the Tax holidays period, the Deferred tax has been reckoned for all other entites.

7) The standalone results for the quarter ended 31st December 2008 are available at the website of the company, www.houseofpearl.com, besides the websites of Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

8) Figures of the previous period/ year (except mentioned in note no. 5) have been regrouped and rearranged to make them comparable with those of the current period.

For **HOUSE OF PEARL FASHIONS LIMITED**

Sd/-

(DEEPAK SETH)

CHAIRMAN

Place : Gurgaon

Date : 31st January 2009