

## Financial Results

Reference No **SH-110819-49583**

Company Name : **SIN HENG CHAN (MALAYA) BERHAD**  
Stock Name : **SHCHAN**  
Date Announced : **26/08/2011**  
Financial Year End : **31/12/2011**  
Quarter : **2**  
Quarterly report for the : **30/06/2011**  
financial period ended  
The figures : have not been audited

Converted attachment :

Please attach the full Quarterly Report here:

[SHCM-Quarterly Financial Report 30.06.2011.pdf](#)

[SHCM-Note Quarterly Financial Report 30.06.2011.pdf](#)

Remark:

- DEFAULT CURRENCY
- OTHER CURRENCY

Currency : Malaysian Ringgit (MYR)

### SUMMARY OF KEY FINANCIAL INFORMATION 30/06/2011

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	TO DATE	TO DATE	TO DATE	TO DATE
	QUARTER	QUARTER	QUARTER	QUARTER
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1Revenue	17,778	14,402	33,487	28,385
2Profit/(loss) before tax	3,567	1,991	4,871	1,610
3Profit/(loss) for the period	3,566	2,064	4,863	1,756
4Profit/(loss) attributable to ordinary equity holders of the parent	2,630	1,494	3,690	1,223
5Basic earnings/(loss) per share	2.36	1.34	3.30	1.10

(Subunit)				
6Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7Net assets per share attributable to ordinary equity holders of the parent (\$\$)	0.4800	0.4500

Remarks :

**Definition of Subunit:**

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit. Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence



**SIN HENG CHAN (MALAYA) BERHAD** (4690-V)  
(Incorporated In Malaysia)

INTERIM REPORT FOR THE  
SECOND QUARTER ENDED  
30TH JUNE 2011

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SIN HENG CHAN (MALAYA) BERHAD (4690-V)  
INTERIM REPORT FOR THE SECOND QUARTER ENDED 30th JUNE 2011  
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2011 RM'000	PRECEDING YR CORRESPONDING QUARTER 30/06/2010 RM'000	CURRENT YEAR TO DATE 30/06/2011 RM'000	PRECEDING YR CORRESPONDING PERIOD 30/06/2010 RM'000
Revenue	17,778	14,402	33,487	28,385
Cost of Sales	(11,037)	(10,642)	(22,168)	(22,276)
<b>Gross profit</b>	<b>6,741</b>	<b>3,760</b>	<b>11,319</b>	<b>6,109</b>
Other income	294	791	488	871
Selling and distribution expenses	(801)	(512)	(1,331)	(1,023)
General and administrative expenses	(2,027)	(1,178)	(3,918)	(2,583)
Other expenses	(190)	(517)	(796)	(1,067)
Profit from operations	4,017	2,344	5,762	2,307
Finance cost	(450)	(353)	(891)	(697)
<b>Profit before tax</b>	<b>3,567</b>	<b>1,991</b>	<b>4,871</b>	<b>1,610</b>
Tax expense/credit	(1)	73	(8)	146
<b>Profit for the period</b>	<b>3,566</b>	<b>2,064</b>	<b>4,863</b>	<b>1,756</b>
Attributable to :				
Equity holders of the parent	2,630	1,494	3,690	1,223
Minority interest	936	570	1,173	533
	<b>3,566</b>	<b>2,064</b>	<b>4,863</b>	<b>1,756</b>
<b>Profit per share attributable to equity holders of the parent :</b>				
Basic (sen)	2.36	1.34	3.30	1.10
Fully diluted (sen)	2.33	1.33	3.27	1.09

*(The condensed consolidated income statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31st December 2010.*

*(The explanatory notes form an integral part of and should be read in conjunction with this interim financial report)*

**SIN HENG CHAN (MALAYA) BERHAD (4690-V)**  
**INTERIM REPORT FOR THE SECOND QUARTER ENDED 30th JUNE 2011**  
The figures have not been audited.

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	(UNAUDITED)	(AUDITED)
	AS AT END OF CURRENT QUARTER 30/6/2011 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2010 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	14,161	14,365
Plantation Development Expenditure	80,902	80,858
Other Investments	5	5
Investment Properties	6,178	6,178
Prepaid Lease Rental	23,615	23,998
Goodwill on consolidation	16,825	16,825
<b>Current Assets</b>		
Inventories	9,728	7,687
Trade Receivables	5,300	4,123
Other Receivables	4,888	1,558
Fixed deposits, cash and cash balances	8,316	11,086
	28,232	24,454
<b>TOTAL ASSETS</b>	169,918	166,683
<b>EQUITY &amp; LIABILITIES</b>		
Share Capital	111,667	111,667
Reserves	(41,160)	(44,850)
Equity attributable to equity holders of the parent	70,507	66,817
Minority shareholder's interest	13,383	12,210
	83,890	79,027
<b>Non-Current Liabilities</b>		
Long Term Borrowings	30,650	33,400
Hire-purchase payables	1,684	1,624
Deferred Tax Liability	11,189	11,331
	43,523	46,355
<b>Current Liabilities</b>		
Short Term Borrowings	7,768	7,751
Trade Payables	8,563	7,304
Other Creditors	25,907	25,683
Hire-purchase payables	267	563
	42,505	41,301
	169,918	166,683
<b>Net Tangible assets per share (RM)</b>	0.48	0.45

*(The condensed consolidated balance sheets should be read in conjunction with the audited financial statements of the Group for the financial year ended 31st December 2010).*

*(The explanatory notes form an integral part of and should be read in conjunction with this interim financial report)*

**SIN HENG CHAN (MALAYA) BERHAD (4690-V)**  
**INTERIM REPORT FOR THE SECOND QUARTER ENDED 30th JUNE 2011**  
The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Share Capital RM'000	Non-distributable Revaluation Reserves RM'000	Distributable Accumulated Loss RM'000	Total RM'000	Minority Interest RM'000	Total RM'000
<u>6 months quarter ended 30 June 2011</u>						
At 1 January 2011	111,667	5,378	(50,228)	66,817	12,210	79,027
Net profit for the financial period	-	-	3,690	3,690	1,173	4,863
At 30 June 2011	111,667	5,378	(46,538)	70,507	13,383	83,890
<u>6 months quarter ended 30 June 2010</u>						
At 1 January 2010	111,667	5,378	(53,518)	63,527	9,419	72,946
Net profit for the financial period	-	-	1,223	1,223	533	1,756
At 30 June 2010	111,667	5,378	(52,295)	64,750	9,952	74,702

*(The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31st December 2010.)*  
*(The explanatory notes form an integral part of and should be read in conjunction with this interim financial report)*

**SIN HENG CHAN (MALAYA) BERHAD (4690-V)**  
**INTERIM REPORT FOR THE SECOND QUARTER ENDED 30th JUNE 2011**  
The figures have not been audited.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	(UNAUDITED)	(AUDITED)
	6 MONTHS	AS AT
	PERIOD	PRECEDING
	ENDED	FINANCIAL
	30/6/2011	YEAR ENDED
	RM'000	31/12/2010
	RM'000	RM'000
Net Cash Generated From Operating Activities	1,979	5,042
Net Cash Used In Investing Activities	(1,776)	(6,381)
Net Cash (Used In)/Generated Financing Activities	(2,973)	2,335
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,770)</b>	<b>996</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR</b>	<b>11,086</b>	<b>10,090</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR</b>	<b>8,316</b>	<b>11,086</b>
<b>Cash and Cash Equivalents at end of period consist of:-</b>		
Deposits with licensed banks	5,214	7,073
Cash and bank balances	3,102	4,013
	<b>8,316</b>	<b>11,086</b>

*The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the financial year ended 31st December 2010 and the accompanying notes attached to the interim financial statements.*



**INTERIM REPORT FOR THE SECOND QUARTER ENDED 30<sup>th</sup> JUNE 2011**

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**NOTES TO THE QUARTERLY FINANCIAL REPORT**

**A1 Basis of preparation**

The unaudited interim financial statements have been prepared in accordance with the requirements of FRS 134 Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad's Listing Requirements.

The financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31st December 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31st December 2010.

**A2 Changes in accounting policies**

The significant accounting policies adopted in this interim financial statement are consistent with those of the audited financial statements for the financial year ended 31st December 2010 except for the adoption of the following applicable new/revised Financial Reporting Standards ("FRS").

FRS 1	First-time Adoption of Financial Reporting Standards (Revised)
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements (Revised)
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets

**Improvements to FRSs (2010)**

IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 12	Services Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfer of Assets from Customers

The application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

**A3 Audit report**

The audit report of the preceding annual financial statements was not qualified.

**A4 Seasonal or cyclical factors**

The operations of the Group during the financial period under review have not been materially affected by any seasonal or cyclical factors.



#### A5 Unusual items

There were no items during this quarter affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.

#### A6 Changes in estimates

There were no changes in estimates of amounts reported in previous year, which have a material effect in the current quarter.

#### A7 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter.

#### A8 Dividend

There was no dividend paid during the financial quarter ended 30<sup>th</sup> June 2011.

#### A9 Segmental analysis

The Group is organised into the following operating divisions:

- (i) Feedmilling
- (ii) Poultry Breeding
- (iii) Oil Palm Plantations
- (iv) Investment Holding
- (v) Others (consist of subsidiary companies which are dormant and pre-operating)

Inter-segment sales are charged at cost plus a percentage profit mark-up.

##### (a) Primary reporting format – business segment

	Feedmilling	Poultry Breeding	Oil Palm Plantations	Plantation Management Services	Investment Holding	Others	Group
2011	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	11,280	9,257	12,150	800	-	-	33,487
<b>Segment results</b>							
Profit/(loss) from operations	1,463	580	4,763	240	(1,272)	(12)	5,762
Finance cost	(57)	(5)	(823)	-	(6)	-	(891)
Profit/(loss) before tax	1,406	575	3,940	240	(1,278)	(12)	4,871
Tax	(150)	-	142	-	-	-	(8)
Profit/(loss) for the period	1,256	575	4,082	240	(1,278)	(12)	4,863

##### (b) Secondary reporting format – geographical segment

No geographical segment is presented as the Group's operations are principally carried out in Malaysia.

#### A10 Valuations of property, plant and equipment

Revaluation on property, plant and equipment was carried out by the Group in accordance with FRS.

**A11 Subsequent events**

There were no material events subsequent to 30<sup>th</sup> June 2011 and up to the date of the issuance of this quarterly report that have not been reflected in this quarterly report.

**A12 Changes in the Composition of the Group**

On 2 August 2011, the company entered into a conditional share sale agreement to dispose of 80% equity interest, comprising 11,200,000 ordinary shares of RM1.00 each, in Sin Heng Chan Industries Sdn Bhd for a cash consideration of RM24.50 million. The Proposed Disposal also entails the disposal of an effective 48% equity interest in LKPP-Goldkist Sdn Bhd, a 60% owned subsidiary company of Sin Heng Chan Industries Sdn Bhd.

**A13 Contingent liabilities**

The Company has given guarantees to a bank amounting to RM 9.2 million for banking facilities extended to a subsidiary of which RM 1.72 million has been outstanding as at 30<sup>th</sup> June 2011.

**A14 Capital Commitments**

	Year to date <u>30.6.2011</u> RM'000
Balance purchase consideration on acquisition of shares	-

**A15 Inventories**

As at 30<sup>th</sup> June 2011, the Group did not make any adjustment to its inventory values as it deems that there were no material changes to its net realisable value.

**A16 Derivatives**

There were no derivatives during the financial period under review.

**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES  
BERHAD'S LISTING REQUIREMENTS**

**B1 Review of Performance**

The Group's turnover for the three months ended 30<sup>th</sup> June 2011 increased by 23% to RM17.78 million compared to RM14.40 million for the corresponding period in the previous year. The increase in turnover was mainly due to the higher production in plantation division.

The Group recorded a profit before tax of RM3.57 million for the three months ended 30<sup>th</sup> June 2011 against a profit before tax of RM1.99 million for the corresponding period in the previous year mainly due to higher margin in the plantation division.

**B2 Material Changes in Profit Before Taxation for the Quarter Reported On As Compared with the Immediate Preceding Quarter**

For the three months under review, the Group recorded a profit before tax of RM3.57 million as compared to a profit before tax of RM1.30 million for the preceding quarter.

The Group recorded an increase for the current year quarter mainly due to higher production in plantation division and higher selling price in poultry division.

**B3 Current Year Prospects**

The increasing feed cost currently faced by the poultry industry will pose a challenge to the feedmilling and poultry industry.

The plantation division has performed well in the second quarter of 2011 as harvesting has been stable and Fresh Fruit Bunches price is expected to remain at satisfactory level based on the current price trend.

**B4 Profit Forecast or Profit Guarantee**

No profit forecast or profit guarantee was provided.

**B5 Taxation**

	Year to date <u>30.6.2011</u> RM'000
On current year's results	
- Malaysian income tax	(150)
Transfer (to)/from deferred taxation	142
	<u>(8)</u>

The effective tax rate of the Group for the financial year under review is lower than the statutory tax rate. This is mainly due to unutilised business loss carried forward.

**B6 Profits/(losses) on sale of unquoted investments and/or properties**

There was no sale of unquoted investments and/or properties for the current quarter and the financial year-to-date other than disclose in this quarterly report.

**B7 Quoted Securities**

There were no transactions for the current quarter and the financial year-to-date.

**B8 Status of Corporate Proposals**

Date of Announcements	Subjects	Status
2 <sup>nd</sup> August 2011	The company entered into a conditional share sale agreement to dispose of 80% equity interest, comprising 11,200,000 ordinary shares of RM1.00 each, in Sin Heng Chan Industries Sdn Bhd for a cash consideration of RM24.50 million. The Proposed Disposal also entails the disposal of an effective 48% equity interest in LKPP-Goldkist Sdn Bhd, a 60% owned subsidiary company of Sin Heng Chan Industries Sdn Bhd.	Pending fulfilment of conditions precedent.

**B9 Group Borrowings**

Details of the Group's borrowings as at 30<sup>th</sup> June 2011 were as follows:-

Bank Borrowings	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	7,768	30,650	40,947

The credit facilities of the group are obtained by a negative charge over all its assets.

Borrowings are denominated in Ringgit Malaysia.

**B10 Off balance sheet financial instruments**

There were no financial instruments with off balance sheet risk at the date of the issue of this quarterly report.

**B11 Gains/(losses) arising from fair value changes of financial liabilities**

There were no gains/(losses) during this quarter arising from fair value changes of financial liabilities.

**B12 Realised and unrealised profits/losses**

	<u>Current year to date 30.6.2011</u>	<u>As at preceding financial year ended 31.12.2010</u>
	RM'000	RM'000
Total accumulated losses of Sin Heng Chan (Malaya) Berhad and its subsidiaries:		
- Realised	(74,285)	(79,005)
- Unrealised	-	-
	(74,285)	(79,005)
Less: Consolidation adjustments	27,747	28,777
Total group accumulated losses as per consolidated accounts	(46,538)	(50,228)

**B13 Material litigation**

Urun Plantations Sdn Bhd ("Urun"), a subsidiary of Sin Heng Chan (Malaya) Berhad ("SHCM") was served with a 218 Petition commenced in the High Court in Kuching, Sarawak pursuant to the provisions of the Companies Act, 1965. The petition was initiated by Wintrip Maincon Sdn Bhd ("Wintrip") which seeks to recover the sum of RM 2,694,284.26 which it alleges is due to it. On 28.9.2007 the Kuching High Court stayed the petition and in consequence there, directed the parties to refer the dispute to the process of arbitration for determination. On 1 August 2011, the Kuching High Court handed down an unless order against Urun to pay the Petitioner, Wintrip the sum of RM2,694,284.26 with costs of RM25,000.00 within fourteen (14) days thereof failing which Urun is to be wound up.

Urun has been advised by its solicitors to appeal the decision to the Court of appeal of Malaysia ("COA") and to obtain a stay of the order. Subject to such directors as may be made on the application for stay, Urun intends to pay the Said Sum into Court pending the disposal of the appeal or to Wintrip under protest and subject to recovery of the Said Sum in the event the appeal is allowed by the COA.

SHCM does not envisage any adverse consequences from the above.

**B14 Dividend**

No dividend has been declared for this financial quarter.

**B15 Earning Per Share**

		<b>3 Months Ended</b>	
		<b>30.6.2011</b>	<b>30.6.2010</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Basic Earning per share</b>			
Net Profit attributable to equity holders of the parent for the period	(RM)	2,630	1,494
Weighted average number of ordinary shares in issue		111,667	111,667
Basic Earning per share	(SEN)	2.36	1.34
<b>Diluted Earning per share</b>			
Adjusted weighted average number of ordinary shares in issue assuming exercise of ESOS		112,702	112,702
Diluted Earning per share	(SEN)	2.33	1.33

**Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 8 August 2011.

By Order of the Board  
Lim Siew Ting  
Company Secretary  
Kuala Lumpur  
8 August 2011

c.c. Securities Commission