

Financial Results

Quarterly rpt on consolidated results for the financial period ended 31/12/2012

SIN HENG CHAN (MALAYA) BERHAD

Financial Year End 31/12/2012
 Quarter 4
 Quarterly report for the financial period ended 31/12/2012
 The figures have not been audited
 Attachments

[4th Quarter Financial Report.pdf](#)
 68 KB

[Notes 4th Quarter Financial Report.pdf](#)
 55 KB

Remarks :

The condensed consolidated financial statement for the period ended 31 December 2012 should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011.

- Default Currency
- Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION

	31/12/2012		31/12/2011	
	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2012 \$\$'000	31/12/2011 \$\$'000	31/12/2012 \$\$'000	31/12/2011 \$\$'000
1 Revenue	4,909	15,437	23,240	27,145
2 Profit/(loss) before tax	1,745	8,735	3,003	2,097
3 Profit/(loss) for the period	1,823	8,324	3,290	17,958
4 Profit/(loss) attributable to ordinary equity holders of the parent	1,823	9,383	2,661	16,394
5 Basic earnings/(loss) per share (Subunit)	1.63	8.40	2.38	14.68
6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
7 Net assets per share attributable to ordinary equity holders of the parent (\$\$)	AS AT END OF CURRENT QUARTER	0.6000	AS AT PRECEDING FINANCIAL YEAR END	0.6000

Remarks :

The condensed consolidated financial statement for the period ended 31 December 2012 should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011.

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

Announcement Info

Company Name SIN HENG CHAN (MALAYA) BERHAD
 Stock Name SHCHAN
 Date Announced 27 Feb 2013
 Category Financial Results
 Reference No SH-130227-55251



SIN HENG CHAN (MALAYA) BERHAD (4690-W)
(Incorporated in Malaysia)

**INTERIM REPORT FOR THE
FOURTH QUARTER ENDED
31 DECEMBER 2012**

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SIN HENG CHAN (MALAYA) BERHAD (4690-V)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED 31 DEC		12 MONTHS ENDED 31 DEC	
	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Revenue	4,909	15,437	23,240	27,145
Cost of Sales	(3,147)	(11,753)	(13,853)	(13,956)
Gross profit	1,762	3,684	9,387	13,189
Other income	2,805	11,918	4,068	1,049
General and administrative expenses	(1,514)	1,052	(6,011)	(2,623)
Other operating expenses	(687)	(4,055)	(1,807)	(4,487)
	2,366	12,599	5,637	7,128
Finance cost	(460)	(3,956)	(2,184)	(5,077)
Share of loss of associated companies	(161)	92	(450)	46
Profit before tax	1,745	8,735	3,003	2,097
Tax credit/(expense)	78	(411)	287	928
Profit from continuing operations	1,823	8,324	3,290	3,025
Profit from discontinued operations	-	-	-	14,933
Total comprehensive income	1,823	8,324	3,290	17,958
Attributable to :				
Equity holders of the parent	1,823	9,383	2,661	16,394
Minority interest	-	(1,059)	629	1,564
	1,823	8,324	3,290	17,958
Earnings per ordinary share				
<i>Basic (sen)</i>				
From continuing operations	1.63	8.40	2.38	2.10
From discontinued operations	-	-	-	12.58
	1.63	8.40	2.38	14.68
<i>Diluted (sen)</i>				
From continuing operations	1.62	n/a	2.37	n/a
From discontinued operations	-	n/a	-	n/a
	1.62	-	2.37	-

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to this report)

SIN HENG CHAN (MALAYA) BERHAD (4690-V)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

(The figures have not been audited)

	(UNAUDITED) AS AT 31 DECEMBER 2012 RM'000	(AUDITED) AS AT 31 DECEMBER 2011 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	7,278	5,454
Plantation Development Expenditure	83,324	82,258
Investment Properties	5,478	5,478
Prepaid Lease Rental	22,053	22,916
Goodwill on consolidation	19,587	16,354
Investments in Associates	2,796	3,246
Current Assets		
Inventories	551	95
Trade Receivables	1,374	787
Other Receivables	590	3,061
Tax recoverable	4	3
Amount owing by related parties	838	527
Fixed deposits, cash and cash balances	2,187	19,697
	5,544	24,170
TOTAL ASSETS	146,060	159,876
EQUITY & LIABILITIES		
Share Capital	111,667	111,667
Reserves	(25,517)	(28,497)
Equity attributable to equity holders of the parent	86,150	83,170
Minority shareholder's interest	-	8,764
	86,150	91,934
Non-Current Liabilities		
Long Term Borrowings	28,807	25,720
Hire-purchase payables	1,237	776
Deferred Tax Liability	10,094	10,378
	40,138	36,874
Current Liabilities		
Short Term Borrowings	-	7,680
Trade Payables	4,186	2,150
Other Creditors	14,890	20,672
Amount owing to related parties	71	129
Hire-purchase payables	590	380
Tax liabilities	35	57
	19,772	31,068
	146,060	159,876
Net tangible assets per share (RM)	0.60	0.60

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to this report)

SIN HENG CHAN (MALAYA) BERHAD (4690-V)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

(The figures have not been audited)

	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>12 months quarter ended 31 December 2012</u>						
At 1st January 2012	111,667	4,768	(33,266)	83,169	8,764	91,933
Net profit for the financial period	-	-	2,661	2,661	629	3,290
Acquisition of shares on non-controlling interests	-	-	320	320	(9,393)	(9,073)
At 31 December 2012	111,667	4,768	(30,285)	86,150	-	86,150
<u>12 months quarter ended 31 December 2011</u>						
At 1st January 2011	111,667	5,378	(50,228)	66,817	12,210	79,027
Net profit for the financial period	-	-	16,394	16,394	1,564	17,958
Revaluation of investment properties	-	(610)	568	(42)	0	(42)
Disposal of subsidiaries	-	-	-	-	(5,010)	(5,010)
At 31 December 2011	111,667	4,768	(33,266)	83,169	8,764	91,933

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to this report)

SIN HENG CHAN (MALAYA) BERHAD (4690-V)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

(The figures have not been audited)

	(UNAUDITED)	(AUDITED)
	12 MONTHS PERIOD ENDED 31 DECEMBER 2012 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2011 RM'000
Profit before tax	3,003	17,958
Adjustment for :		
Depreciation	978	1,878
Amortisation	3,040	2,780
Gain on disposal of property, plant and equipment	(12)	-
Finance costs	2,184	1,744
Other non-cash items	(1,099)	(9,084)
Operating Profit/(loss) before working capital changes	<u>8,094</u>	<u>15,276</u>
(Increase)/decrease in inventories	(455)	(867)
(Increase)/decrease in receivables and other assets	1,682	(6,207)
(Increase)/decrease in payables and other liabilities	(2,301)	(6,170)
(Increase)/decrease in amount owing by related parties	(343)	(394)
Cash from/(used in) operations	<u>6,677</u>	<u>1,638</u>
Interest paid	(2,184)	(2,847)
Income tax (paid)/refund - net	(28)	(415)
Net cash used in operating activities	<u>4,465</u>	<u>(1,624)</u>
Cash flows from/(used in) investing activities		
Net cash inflow from disposal of discontinued operations	-	19,616
Addition of investment in subsidiary	(12,297)	-
Proceeds from disposal of investment properties	-	798
Addition of plantation development expenditure	(3,243)	(2,708)
Purchase of property, plant and equipment	(1,587)	(2,755)
Proceeds from disposal of property, plant and equipment	41	282
Interest received	276	388
Net cash (used in)/from investing activities	<u>(16,810)</u>	<u>15,621</u>
Cash flows from/(used in) financing activities		
Repayment of bank borrowings	(4,592)	(4,734)
(Repayment)/proceeds of hire-purchase - net	(574)	(511)
Net cash (used in)/from financing activities	<u>(5,166)</u>	<u>(5,245)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(17,511)</u>	<u>8,752</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR	<u>19,698</u>	<u>10,946</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	<u>2,187</u>	<u>19,698</u>
Cash and Cash Equivalents at end of period consist of:-		
Deposits with licensed banks	824	17,624
Cash and bank balances	1,363	2,074
	<u>2,187</u>	<u>19,698</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to this report)

NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of preparation

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

The financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011. 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 31 December 2011.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the last audited financial statements for the financial year ended 31 December 2011.

In addition, on 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework") in conjunction with its planned convergence of FRSs with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board on 1 January 2012.

The MFRS Framework is a fully IFRS-compliant framework, equivalent to IFRSs which is mandatory for adoption by all Entities Other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception for Transitioning Entities. Transitioning Entities, being entities which are subject to the application of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for the Construction of Real Estate are given an option to defer adoption of the MFRS Framework for an additional one year. Transitioning Entities also include those entities that consolidate equity account or proportionately consolidate an entity that has chosen to continue to apply the FRS Framework for annual periods beginning on or after 1 January 2012.

On 30 June 2012, MASB has decided to allow agriculture and real estate companies to defer the adoption of the MFRS framework for another year. MFRS will therefore be mandated for all companies for annual periods beginning on or after 1 January 2014. This decision comes after than extensive deliberation by the Board and taking into account both international developments affecting these standards.

Accordingly, the Group and the Company which are not Transitioning Entities have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. The Group and the Company expects to be in position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2014.

A2 Audit report

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

A3 Seasonal or cyclical factors of the Group's operations

The prices for the Group's products are not within the control of the Group but are determined by the global supply and demand situation for edible oils, and it is somewhat related to the price of mineral oil.

Crop production is seasonal. Based on statistics, the Group's production of crude palm oil and palm kernel gradually increases in second quarter, reaches its peak during third quarter and decreases thereafter. This pattern can be affected by severe global weather conditions such as El-Nino.

The prices obtainable for the Group's products as well as the volume of production, which is cyclical in nature, will determine the profits for the Group.

A4 Unusual items

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

A5 Changes in estimates

There were no changes in estimates of amounts reported in prior interim periods or changes in estimates of amounts reported in prior financial years, which have a material effect in the current quarter.

A6 Debt and Equity Securities

The Company has offered the options under the Employee Share Option Schem ("ESOS") to directors and the eligible employees of SHCMB Group, details of which are as follows:-

(a) Date of Offer : 1 June 2012

(b) Exercise price of options offered: RM1.00

(c) Number of options offered : 6,652,000

(d) Market price of its securities on the date of the offer : RM1.09

(e) Number of options offered to managing director, Dato' Choo Keng Weng: 1,400,000

(f) Vesting period of the options offered: 1 June 2012 to 12 July 2014

Apart from the above, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter.

A7 Dividend

There was no dividend paid, declared or proposed in the current quarter.

A8 Segmental analysis

The Group is organised into the following operating divisions:

- (i) Oil Palm Plantations
- (ii) Plantation Management Services
- (iii) Investment Holding
- (iv) Others (consist of subsidiary companies which are dormant and pre-operating)

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

Segmental Information for the current quarter

<u>For the 12 months financial period ended 31 December 2012</u>	<u>Oil Palm Plantations</u>	<u>Plantation Management Services</u>	<u>Investment Holding</u>	<u>Others</u>	<u>Elimination</u>	<u>Group Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	22,823	2,246	-	-	(1,829)	23,240
Segment results						
Profit/(loss) from operations	6,559	(392)	363	907	(1,800)	5,637
Finance cost	(2,537)	-	(163)	-	516	(2,184)
Profit/(loss) before tax	4,022	(392)	200	907	(1,284)	3,453
Share of losses of associates						(450)
Tax						287
Profit for the period						<u>3,290</u>

A9 Valuations of property, plant and equipment

The valuations of land and building have been brought forward without amendment from the financial statements for the year ended 31 December 2011.

A10 Material events subsequent to the end of the interim period

There were no material events subsequent to 31 December 2012 and up to the date of the issuance of this quarterly report that have not been reflected in this quarterly report.

A11 Changes in the Composition of the Group

On 18th November 2011, the Company entered into a conditional share acquisition agreement to acquire 20% equity interest, comprising 80,000 ordinary shares of RM1.00 each, in Assar-Tubau Plantation Sdn Bhd ("Assar-Tubau") for a cash consideration of RM597,000. The acquisition was completed on 20 February 2012 resulting in it becoming a wholly owned subsidiary of the Company.

The Company has also entered into a conditional share purchase agreement to acquire 20% equity interest, comprising 2,001,278 ordinary shares of RM1.00 each in Urun Plantations Sdn Bhd ("Urun") for a cash consideration of RM11.70 million. The acquisition was completed on 29 August 2012 resulting in it becoming a wholly owned subsidiary of the Company.

A12 Contingent liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 31 December 2012.

A13 Capital Commitments

	Current quarter 31.12.2012
	RM'000
Purchase of property, plant and equipment	284
Addition of staff quarters	61
Construction of bridges	625
	<hr/>
	970
	<hr/>

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

B1 Review of Performance

Revenue

The Group's revenue for the current quarter ended 31 December 2012 and the cumulative quarter ended 31 December 2012 decreased by 68.2% and 14.4% respectively compared to the preceding year quarter and the preceding year cumulative quarter ended 31 December 2011. The decrease of 68.2% was due to the disposal of the feed milling and poultry breeding divisions while the decrease of 14.4% was mainly due to drop in the price of FFB by 12.9% in 2012.

Profit before tax

Similarly, the profit before tax for the current quarter and the current cumulative quarter decreased by 93.9% and 14.6% respectively compared to the preceding year quarter and preceding year cumulative quarter ended 31 December 2011. The decrease of 93.9% was due to the disposal of the feed milling and poultry breeding divisions while the decrease of 14.6% was mainly due to the increase in share of loss in associates.

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

Revenue decreased by RM2.1 million for the current quarter (RM4.9 million) compared to the immediate preceding quarter (RM7.0 million). This is due to the drop in the average price of FFB by 23.9% and the drop of FFB production by 3.1% which is in line with the cyclical effect of Fresh Fruit Bunches ("FFB") production.

Profit before tax of RM0.5 million for the current quarter is lower than the profit before tax of immediate preceding quarter (RM1.8 million) mainly due to drop in the price of FFB.

B3 Current Year Prospects

The uncertain global economic environment and possible easing of demand for Crude Palm Oil in the overseas market for the current financial year may have an impact on the Fresh Fruit Bunches ("FFB") prices. The plantation division has projected an increase of FFB yield which will mitigate the impact of FFB prices.

B4 Profit Forecast or Profit Guarantee

The Group has not issued any profit forecasts for the quarter under review.

B5 Taxation

	Current Quarter 31.12.2012 RM'000	Cumulative Quarter 31.12.2012 RM'000
On current year's results		
- Malaysia income tax	-	2
- Transfer from/(to) deferred taxation	78	285
	<u>78</u>	<u>287</u>

B6(a) Status of Corporate Proposals

Date of Announcements	Subjects	Status
18 November 2011	The company entered into a conditional share purchase agreement to acquire 20% equity interest, comprising 20,000 ordinary shares of RM1.00 each in Assar-Tubau Plantation Sdn Bhd for a cash consideration of RM0.597 million.	The acquisition was completed on 20 February 2012.
18 November 2011	The company entered into a conditional share purchase agreement to acquire 20% equity interest, comprising 2,001,278 ordinary shares of RM1.00 each in Urun Plantations Sdn Bhd for a cash consideration of RM11.70 million.	The acquisition was completed on 29 August 2012.

B6(b) Utilisation of proceeds as at 31 December 2012 from disposal of 80% equity interest in PTS Goldkist Industries Sdn Bhd (formerly known as Sin Heng Chan Industries Sdn Bhd).

Purpose	Proposed Utilisation RM'000	Utilisation to-date RM'000	Intended time for utilisation	Deviation RM'000	Explanations
Staff cost	2,400	1,337	2 years	NIL	n/a
Other operational expenses	7,310	7,044	2 years	NIL	n/a
Estimated expenses relating to the corporate exercise	390	327	1 mth	NIL	n/a
To acquire strategic investment/strategic ventures	12,300	12,300	2 years	NIL	n/a
Capital expenditure related to plantation business	2,100	1,878	2 years	NIL	n/a
Total	24,500	22,886			

B7 Group Borrowings

Details of the Group's borrowings as at 31 December 2012 were as follows:-

Bank Borrowings	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	-	28,807	28,807

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

Borrowings are denominated in Ringgit Malaysia.

B8 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 directions as may be made on the application for stay, Urun paid 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.

On 20 February 2013, the Petition brought by Wintrip Maincon Sdn Bhd ("Wintrip") against Urun, has been struck out on 25 January 2013 pursuant to an Order of the High Court in Kuching without liberty to file afresh and with no order as to costs. In the results, the appeals to the Court of Appeal of Malaysia vide Civil Appeal Nos: Q-02(IM)-2008-2011 and Q-02-2508-10/2011 have been withdrawn with no order as to costs.

The above effectively brings to a conclusion the dispute between Wintrip and UPSB without any adverse consequences to SHCMB.

B9 Dividends

No interim dividend has been paid, declared or proposed for the year ending 31 December 2012.

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 Earnings per Share (EPS)

Basic EPS is calculated by dividing the profit attributable to the ordinary equity holders of the parent company of RM611,000 and RM1,449,000 for the current quarter and current cumulative quarter by the weighted average number of ordinary shares of 111,666,787 in issue during the period.

Diluted EPS is calculated by dividing profit attributable to the ordinary equity holders of the parent company of RM1,823,000 and RM2,661,000 for the current quarter and the current cumulative quarter by the weighted average number of ordinary shares of 112,299,787 in issue during the period.

The diluted EPS of the Company in 2011 have not been presented as the average fair value of the shares of the Company is lower than the exercise price for the ESOS. The effect of this would be anti-dilutive to the EPS.

B12 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

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 25 February 2013.

By Order of the Board
Lim Siew Ting
Company Secretary
Kuala Lumpur
25 February 2013