

# Financial Results

## Quarterly rpt on consolidated results for the financial period ended 31/3/2012

SIN HENG CHAN (MALAYA) BERHAD

Financial Year End 31/12/2012  
 Quarter 1  
 Quarterly report for the financial period ended 31/03/2012  
 The figures have not been audited  
 Attachments

[SHCMB - 1st Quarter Financial Report.pdf](#)  
 65 KB

[SHCMB-Note 1st Quarter Financial Report.pdf](#)  
 56 KB

- Default Currency
- Other Currency

Currency: Malaysian Ringgit (MYR)

### SUMMARY OF KEY FINANCIAL INFORMATION 31/03/2012

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/03/2012 \$\$'000	31/03/2011 \$\$'000	31/03/2012 \$\$'000	31/03/2011 \$\$'000
1 Revenue	5,208	15,709	5,208	15,709
2 Profit/(loss) before tax	-1,690	1,304	-1,690	1,304
3 Profit/(loss) for the period	-1,618	1,297	-1,618	1,297
4 Profit/(loss) attributable to ordinary equity holders of the parent	-1,539	1,060	-1,539	1,060
5 Basic earnings/(loss) per share (Subunit)	-1.38	0.95	-1.38	0.95
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		AS AT PRECEDING FINANCIAL YEAR END	
		0.5800		0.5900

#### 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 25 May 2012  
 Category Financial Results  
 Reference No SH-120525-36656



**SIN HENG CHAN (MALAYA) BERHAD** (16690-11)  
(Incorporated in Malaysia)

**INTERIM REPORT FOR THE  
FIRST QUARTER ENDED  
31 MARCH 2012**

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

INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2012

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED 31 MARCH		3 MONTHS ENDED 31 MARCH	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Revenue	5,208	15,709	5,208	15,709
Cost of Sales	(3,979)	(11,131)	(3,979)	(11,131)
<b>Gross profit</b>	<b>1,229</b>	<b>4,578</b>	<b>1,229</b>	<b>4,578</b>
Interest income	102	71	102	71
Other income	17	123	17	123
Selling and distribution expenses	-	(530)	-	(530)
General and administrative expenses	(1,140)	(1,891)	(1,140)	(1,891)
Other expenses	(1,291)	(606)	(1,291)	(606)
Profit/(loss) from operations	(1,083)	1,745	(1,083)	1,745
Finance cost	(408)	(441)	(408)	(441)
	(1,491)	1,304	(1,491)	1,304
Share of loss of Associates	(199)	-	(199)	-
<b>Profit before tax</b>	<b>(1,690)</b>	<b>1,304</b>	<b>(1,690)</b>	<b>1,304</b>
Tax expense/(credit)	72	(7)	72	(7)
<b>Profit after taxation</b>	<b>(1,618)</b>	<b>1,297</b>	<b>(1,618)</b>	<b>1,297</b>
Attributable to :				
Equity holders of the parent	(1,539)	1,060	(1,539)	1,060
Minority interest	(79)	237	(79)	237
	(1,618)	1,297	(1,618)	1,297
<b>Profit per share attributable to equity holders of the parent :</b>				
Basic (sen)	(1.38)	0.95	(1.38)	0.95
Fully diluted (sen)	(1.37)	0.94	(1.37)	0.94

*(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)**

**INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

(The figures have not been audited)

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

	(UNAUDITED) AS AT 31 MARCH 2012 RM'000	(AUDITED) AS AT 31 DECEMBER 2011 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	6,423	5,454
Plantation Development Expenditure	82,265	82,258
Investment Properties	5,478	5,478
Prepaid Lease Rental	22,607	22,916
Goodwill on consolidation	16,404	16,354
Investments in Associates	3,047	3,246
<b>Current Assets</b>		
Inventories	1,071	95
Trade Receivables	774	787
Other Receivables	9,230	3,061
Tax recoverable	3	3
Amount owing by related parties	77	527
Fixed deposits, cash and cash balances	7,731	19,697
	<u>18,886</u>	<u>24,170</u>
<b>TOTAL ASSETS</b>	<u>155,110</u>	<u>159,876</u>
<b>EQUITY &amp; LIABILITIES</b>		
Share Capital	111,667	111,667
Reserves	(30,037)	(28,497)
Equity attributable to equity holders of the parent	81,630	83,170
Minority shareholder's interest	8,137	8,764
	<u>89,767</u>	<u>91,934</u>
<b>Non-Current Liabilities</b>		
Long Term Borrowings	25,720	25,720
Hire-purchase payables	1,464	776
Deferred Tax Liability	10,307	10,378
	<u>37,491</u>	<u>36,874</u>
<b>Current Liabilities</b>		
Short Term Borrowings	6,030	7,680
Trade Payables	3,414	2,150
Other Creditors	17,941	20,672
Amount owing to related parties	56	129
Hire-purchase payables	354	380
Tax liabilities	57	57
	<u>27,852</u>	<u>31,068</u>
	<u>155,110</u>	<u>159,876</u>
<b>Net tangible assets per share (RM)</b>	0.58	0.59

*(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 THREE MONTHS PERIOD ENDED 31 MARCH 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
<b>3 months quarter ended 31st March 2012</b>						
At 1st January 2012	111,667	4,768	(33,266)	83,169	8,764	91,933
Net profit for the financial period	-	-	(1,539)	(1,539)	(67)	(1,606)
Acquisition of shares on non-controlling interests				-	(560)	(560)
<b>At 31st March 2012</b>	<b>111,667</b>	<b>4,768</b>	<b>(34,805)</b>	<b>81,630</b>	<b>8,137</b>	<b>89,767</b>
<b>3 months quarter ended 31st March 2011</b>						
At 1st January 2011	111,667	5,378	(50,228)	66,817	12,210	79,027
Net profit for the financial period	-	-	1,060	1,060	237	1,297
<b>At 31st March 2011</b>	<b>111,667</b>	<b>5,378</b>	<b>(49,168)</b>	<b>67,877</b>	<b>12,447</b>	<b>80,324</b>

*(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 THREE MONTHS PERIOD ENDED 31 MARCH 2012**  
(The figures have not been audited)

	(UNAUDITED) 3 MONTHS PERIOD ENDED 31 MARCH 2012 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2011 RM'000
Profit/(loss) before tax	(1,690)	17,958
Adjustment for :		
Depreciation	771	1,878
Amortisation	309	2,780
Gain on disposal of property, plant and equipment	(11)	
Other non-cash items	508	(7,340)
Operating Profit/(loss) before working capital changes	<u>(113)</u>	<u>15,276</u>
(Increase)/decrease in inventories	(976)	(867)
(Increase)/decrease in receivables and other assets	(5,904)	(6,730)
(Increase)/decrease in payables and other liabilities	(1,404)	(6,041)
Cash from/(used in ) operations	<u>(8,397)</u>	<u>1,638</u>
Interest paid	(675)	(2,848)
Income tax (paid)/refund - net	-	(415)
Net cash used in operating activities	<u>(9,072)</u>	<u>(1,625)</u>
<b>Cash flows from/(used in) investing activities</b>		
Net cash inflow from disposal of discontinued operations	-	19,616
Addition of investment in subsidiary	(539)	-
Proceeds from disposal of investment properties	-	798
Addition of plantation development expenditure	(283)	(2,708)
Purchase of property, plant and equipment	(400)	(2,755)
Proceeds from disposal of property, plant and equipment	41	282
Interest received	102	388
Net cash (used in)/from investing activities	<u>(1,079)</u>	<u>15,621</u>
Cash flow sfrom/(used in) financing activities		
Repayment of bank borrowings	(1,650)	(4,734)
(Repayment)/proceeds of hire-purchase - net	(165)	(511)
Net cash (used in)/from financing activities	<u>(1,815)</u>	<u>(5,245)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(11,966)</b>	<b>8,751</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR</b>	<b>19,697</b>	<b>10,946</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR</b>	<b><u>7,731</u></b>	<b><u>19,697</u></b>
<b>Cash and Cash Equivalents at end of period consist of:-</b>		
Deposits with licensed banks	3,624	17,624
Cash and bank balances	<u>4,107</u>	<u>2,073</u>
	<b><u>7,731</u></b>	<b><u>19,697</u></b>

*(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.

The adoption of these new and revised Standards and IC Interpretations have not affected the amounts reported on the financial statements of the Group and of the Company except for those Standards and IC Interpretations as set out below. Details of other new and revised Standards and IC Interpretations applied in the financial statements of the Group and of the Company that have had no material effect on these financial statements.

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.

Accordingly, the Group and the Company which are not Transitioning Entities will be required to apply MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (MFRS 1) in their financial statements for the financial year ending 31 December 2012, being the first set of financial statements prepared in accordance with the new MFRS Framework. Further, an explicit and unreserved statement of compliance with IFRSs will be made in these financial statements.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's and the Company's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

## 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

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

## A7 Dividend

There was no dividend paid 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 financial period ended 31<sup>st</sup> March 2011</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>
Revenue	5,045	561	-	-	(398)	5,208
<b>Segment results</b>						
Profit/(loss) from operations	296	(287)	(767)	(34)	(291)	(1,083)
Finance cost	(462)	-	(63)	-	117	(408)
Loss before tax	(166)	(287)	(830)	(34)	(174)	(1,491)
Share of losses of associates						(199)
Tax						72
Loss for the period						<u>(1,618)</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 March 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, 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 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. Currently, the Company holds 80% equity interest in Urun and upon completion will become a wholly own subsidiary.

**A12 Contingent liabilities and Contingent Assets**

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

**A13 Capital Commitments**

	<b>Current quarter 31.03.2012</b>
	<b>RM'000</b>
Purchase of property, plant and equipment	1,290
Balance purchase consideration on acquisition of shares	4,000
	<u>5,290</u>

**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 31 March 2012 decreased by 65.4% to RM5.44 million compared to RM15.71 million for the corresponding period in the previous year. The decrease in turnover was mainly due to the disposal of the feed milling and poultry breeding divisions in the previous quarter.

The Group recorded a loss before tax of RM1.69 million for the three months ended 31 March 2012 against a profit before tax of RM1.3 million for the corresponding period in the previous year mainly due to a decrease in CPO prices and increase in the plantation cost of sales.

**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 loss before tax of RM1.69 million as compared to a profit before tax of RM8.66 million for the preceding quarter.

The Group recorded a profit for the preceding quarter which was mainly due to gain on disposal of a subsidiary of approximately RM11.0 million.

**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**

	<b>Current Quarter <u>31.3.2012</u> RM'000</b>	<b>Cumulative Quarter <u>31.3.2012</u> RM'000</b>
On current year's results		
- Malaysia income tax	-	-
- Transfer from/(to) deferred taxation	72	72
	<u>72</u>	<u>72</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.	Pending fulfilment of conditions precedent.

**B6(b) Utilisation of proceeds as at 31 March 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	904	2 years	NIL	n/a
Other operational expenses	7,310	6,083	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	8,297	2 years	NIL	n/a
Capital expenditure related to plantation business	2,100	1,158	2 years	NIL	n/a
Total	24,500	16,769			

**B7 Group Borrowings**

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

Bank Borrowings	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	6,030	25,720	31,750

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.

SHCM does not envisage any adverse consequences from the above.

**B9 Dividends**

No interim dividend has been declared or proposed for the year ending 31 March 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)**

The calculation of EPS is based on loss attributable to the ordinary equity holders of the parent company of RM1,539,000 (2011: Profit of RM1,060,000) and the weighted average number of ordinary shares of 112,299,787 (2011: 112,299,787) in issue during the period.

**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 24 May 2012.

By Order of the Board  
Lim Siew Ting  
Company Secretary  
Kuala Lumpur  
24 May 2012