

Financial Results

Quarterly rpt on consolidated results for the financial period ended 30/9/2012

SIN HENG CHAN (MALAYA) BERHAD

Financial Year End 31/12/2012
 Quarter 3
 Quarterly report for the financial period ended 30/09/2012
 The figures have not been audited
 Attachments

[3rd Quarter Financial Report.pdf](#)
 113 KB

[Notes 3rd Quarter Financial Report.pdf](#)
 48 KB

- Default Currency
- Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION

	30/09/2012		30/09/2011	
	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	7,009	20,473	18,331	53,960
2 Profit/(loss) before tax	1,835	3,786	1,258	8,657
3 Profit/(loss) for the period	1,971	3,607	1,467	8,470
4 Profit/(loss) attributable to ordinary equity holders of the parent	1,521	2,639	838	6,329
5 Basic earnings/(loss) per share (Subunit)	1.36	2.36	0.75	5.67
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		0.6000

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 28 Nov 2012
 Category Financial Results
 Reference No SH-121128-58918



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

**INTERIM REPORT FOR THE
THIRD QUARTER ENDED
30 SEPTEMBER 2012**

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED 30 SEPT		9 MONTHS ENDED 30 SEPT	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Revenue	7,009	20,473	18,331	53,960
Cost of Sales	(3,014)	(12,819)	(10,706)	(34,987)
Gross profit	3,995	7,654	7,625	18,973
Other income	293	386	1,263	874
Selling and distribution expenses	-	(178)	-	(1,509)
General and administrative expenses	(1,463)	(2,015)	(4,497)	(5,933)
Other expenses	(313)	(1,618)	(1,120)	(2,414)
Profit/(loss) from operations	2,512	4,229	3,271	9,991
Finance cost	(589)	(443)	(1,724)	(1,334)
	1,923	3,786	1,547	8,657
Share of loss of Associates	(88)	-	(289)	-
Profit before tax	1,835	3,786	1,258	8,657
Tax credit/(expense)	136	(179)	209	(187)
Profit after taxation	1,971	3,607	1,467	8,470
Attributable to :				
Equity holders of the parent	1,521	2,639	838	6,329
Minority interest	450	968	629	2,141
	1,971	3,607	1,467	8,470
Profit per share attributable to equity holders of the parent :				
Basic (sen)	1.36	2.36	0.75	5.67
Fully diluted (sen)	1.35	2.34	0.75	5.62

(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 30 SEPTEMBER 2012**

(The figures have not been audited)

	(UNAUDITED) AS AT 30 SEPTEMBER 2012 RM'000	(AUDITED) AS AT 31 DECEMBER 2011 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	7,470	5,454
Plantation Development Expenditure	82,764	82,258
Investment Properties	5,478	5,478
Prepaid Lease Rental	22,238	22,916
Goodwill on consolidation	19,589	16,354
Investments in Associates	2,957	3,246
Current Assets		
Inventories	637	95
Trade Receivables	1,516	787
Other Receivables	920	3,061
Tax recoverable	3	3
Amount owing by related parties	911	527
Fixed deposits, cash and cash balances	2,445	19,697
	<u>6,432</u>	<u>24,170</u>
TOTAL ASSETS	<u>146,928</u>	<u>159,876</u>
EQUITY & LIABILITIES		
Share Capital	111,667	111,667
Reserves	(27,340)	(28,497)
Equity attributable to equity holders of the parent	84,327	83,170
Minority shareholder's interest	-	8,764
	<u>84,327</u>	<u>91,934</u>
Non-Current Liabilities		
Long Term Borrowings	28,807	25,720
Hire-purchase payables	1,827	776
Deferred Tax Liability	10,165	10,378
	<u>40,799</u>	<u>36,874</u>
Current Liabilities		
Short Term Borrowings	-	7,680
Trade Payables	4,178	2,150
Other Creditors	17,351	20,672
Amount owing to related parties	71	129
Hire-purchase payables	161	380
Tax liabilities	41	57
	<u>21,802</u>	<u>31,068</u>
	<u>146,928</u>	<u>159,876</u>
Net tangible assets per share (RM)	0.58	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 THIRD QUARTER ENDED 30 SEPTEMBER 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
9 months quarter ended 30 September 2012						
At 1st January 2012	111,667	4,768	(33,266)	83,169	8,764	91,933
Net profit for the financial period	-	-	838	838	629	1,467
Acquisition of shares on non-controlling interests	-	-	320	320	(9,393)	(9,073)
At 30 September 2012	111,667	4,768	(32,108)	84,327	-	84,327
9 months quarter ended 30 September 2011						
At 1st January 2011	111,667	5,378	(50,228)	66,817	12,210	79,027
Net profit for the financial period	-	-	6,329	6,329	2,141	8,470
Acquisition of shares on non-controlling interests	-	(514)	514	-	136	136
At 30 September 2011	111,667	4,864	(43,385)	73,146	14,487	87,633

(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 THIRD QUARTER ENDED 30 SEPTEMBER 2012**

(The figures have not been audited)

	(UNAUDITED) 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2012 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2011 RM'000
Profit/(loss) before tax	1,258	17,958
Adjustment for :		
Depreciation	770	1,878
Amortisation	2,309	2,780
Gain on disposal of property, plant and equipment	(52)	-
Finance costs	1,724	1,744
Other non-cash items	130	(9,084)
Operating Profit/(loss) before working capital changes	<u>6,139</u>	<u>15,276</u>
(Increase)/decrease in inventories	(541)	(867)
(Increase)/decrease in receivables and other assets	1,081	(6,730)
(Increase)/decrease in payables and other liabilities	(1,407)	(6,041)
Cash from/(used in) operations	<u>5,272</u>	<u>1,638</u>
Interest paid	(1,724)	(2,848)
Income tax (paid)/refund - net	(28)	(415)
Net cash used in operating activities	<u>3,520</u>	<u>(1,625)</u>
Cash flows from/(used in) investing activities		
Net cash inflow from disposal of discontinued operations	-	19,616
Addition of investment in subsidiary	(12,299)	-
Proceeds from disposal of investment properties	-	798
Addition of plantation development expenditure	(2,136)	(2,708)
Purchase of property, plant and equipment	(1,562)	(2,755)
Proceeds from disposal of property, plant and equipment	71	282
Interest received	159	388
Net cash (used in)/from investing activities	<u>(15,767)</u>	<u>15,621</u>
Cash flows from/(used in) financing activities		
Repayment of bank borrowings	(4,593)	(4,734)
(Repayment)/proceeds of hire-purchase - net	(413)	(511)
Net cash (used in)/from financing activities	<u>(5,006)</u>	<u>(5,245)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(17,253)</u>	<u>8,751</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR	<u>19,697</u>	<u>10,946</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	<u>2,444</u>	<u>19,697</u>
Cash and Cash Equivalents at end of period consist of:-		
Deposits with licensed banks	824	17,624
Cash and bank balances	<u>1,618</u>	<u>2,073</u>
	<u>2,442</u>	<u>19,697</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.

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. 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 MFRS1 First-time Adoption of Malaysian Financial Reporting Standards (MFRS1) 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.

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 9 months financial period ended 30 September 2012</u>	Oil Palm Plantations	Plantation Management Services	Investment Holding	Others	Elimination	Group Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	18,038	1,559	-	-	(1,266)	18,331
Segment results						
Profit/(loss) from operations	5,610	(1,096)	(1,462)	(18)	237	3,271
Finance cost	(1,946)	-	(161)	-	383	(1,724)
Profit/(loss) before tax	3,664	(1,096)	(1,623)	(18)	620	1,547
Share of losses of associates						(289)
Tax						209
Profit for the period						1,467

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 30 September 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 30 September 2012.

A13 Capital Commitments

	<u>Current quarter 30.09.2012</u>
	RM'000
Purchase of property, plant and equipment	849
Balance purchase consideration on acquisition of shares	-
	<u>849</u>

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 30 September 2012 and the cumulative quarter ended 30 September 2012 decreased by 65.8% and 66.0% respectively compared to the preceding year quarter and the preceding year cumulative quarter ended 30 September 2011 mainly due to the disposal of the feed milling and poultry breeding divisions.

Profit before tax

Similarly, the profit before tax for the current quarter and the current cumulative quarter decreased by 51.5% and 85.5% respectively compared to the preceding year quarter and preceding year cumulative quarter ended 30 September 2011 mainly due to the disposal of the feed milling and poultry breeding divisions.

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

Revenue increased by RM0.9 million for the current quarter (RM7.0 million) compared to the immediate preceding quarter (RM6.1 million). This is in line with the cyclical effect of Fresh Fruit Bunches ("FFB") production.

Profit before tax of RM1.8 million for the current quarter is higher than the profit before tax of immediate preceding quarter (RM1.1 million) mainly due to the decrease in cost of sales and finance cost.

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

	<u>Current Quarter 30.9.2012 RM'000</u>	<u>Cumulative Quarter 30.9.2012 RM'000</u>
On current year's results		
- Malaysia income tax	-	-
- Transfer from/(to) deferred taxation	136	209
	<u>136</u>	<u>209</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 30 September 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 30 September 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.

SHCMB does not envisage any adverse consequences from the above.

B9 Dividends

No interim dividend has been paid, declared or proposed for the year ending 30 September 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 fully diluted EPS is based on profit attributable to the ordinary equity holders of the parent company of RM1,521,000 and RM838,000 for the current quarter and the current cumulative quarter respectively (2011: RM2,639,000; RM6,329,000) divided by 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 26 November 2012.

By Order of the Board
Lim Siew Ting
Company Secretary
Kuala Lumpur
26 November 2012