

# Financial Results

## Quarterly rpt on consolidated results for the financial period ended 31/3/2013

SIN HENG CHAN (MALAYA) BERHAD

Financial Year End 31/12/2013  
 Quarter 1  
 Quarterly report for the financial period ended 31/03/2013  
 The figures have not been audited  
 Attachments

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

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

- Default Currency
- Other Currency

Currency: Malaysian Ringgit (MYR)

### SUMMARY OF KEY FINANCIAL INFORMATION

31/03/2013

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	3,578	5,208	3,578	5,208
2 Profit/(loss) before tax	-1,979	-1,690	-1,979	-1,690
3 Profit/(loss) for the period	-1,908	-1,618	-1,908	-1,618
4 Profit/(loss) attributable to ordinary equity holders of the parent	-1,908	-1,539	-1,908	-1,539
5 Basic earnings/(loss) per share (Subunit)	-1.71	-1.38	-1.71	-1.38
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	0.5800	AS AT PRECEDING FINANCIAL YEAR END	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 21 May 2013  
 Category Financial Results  
 Reference No SH-130521-63403



**SIN HENG CHAN (MALAYA) BERHAD** (2690-01)  
(Incorporated in Malaysia)

**INTERIM REPORT FOR THE  
FIRST QUARTER ENDED  
31 MARCH 2013**

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED 31 MARCH 2013

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED 31 MAR		3 MONTHS ENDED 31 MAR	
	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Revenue	3,578	5,208	3,578	5,208
Cost of Sales	(2,751)	(3,979)	(2,751)	(3,979)
<b>Gross profit</b>	<b>827</b>	<b>1,229</b>	<b>827</b>	<b>1,229</b>
Other income	12	119	12	119
Selling and distribution expenses	-	-	-	-
General and administrative expenses	(1,684)	(1,140)	(1,684)	(1,140)
Other operating expenses	(766)	(1,291)	(766)	(1,291)
	(1,611)	(1,083)	(1,611)	(1,083)
Finance cost	(368)	(408)	(368)	(408)
Share of loss of associated companies	-	(199)	-	(199)
<b>Profit before tax</b>	<b>(1,979)</b>	<b>(1,690)</b>	<b>(1,979)</b>	<b>(1,690)</b>
Tax credit/(expense)	71	72	71	72
<b>Profit from operations</b>	<b>(1,908)</b>	<b>(1,618)</b>	<b>(1,908)</b>	<b>(1,618)</b>
Equity holders of the parent	(1,908)	(1,539)	(1,908)	(1,539)
Minority interest	-	(79)	-	(79)
	(1,908)	(1,618)	(1,908)	(1,618)
<b>Earnings per ordinary share</b>				
<i>Basic (sen)</i>	(1.71)	(1.38)	(1.71)	(1.38)
<i>Diluted (sen)</i>	(1.61)	(1.37)	(1.61)	(1.37)

*(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 2012 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 MARCH 2013**

(The figures have not been audited)

	(UNAUDITED) AS AT 31 MARCH 2013 RM'000	(AUDITED) AS AT 31 DECEMBER 2012 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	7,409	7,278
Plantation Development Expenditure	83,145	83,324
Investment Properties	5,478	5,478
Prepaid Lease Rental	21,868	22,053
Goodwill on consolidation	16,354	16,354
Investments in Associates	3,246	3,246
<b>Current Assets</b>		
Inventories	873	551
Trade Receivables	589	1,374
Other Receivables	1,161	779
Tax recoverable	4	4
Amount owing by related parties	973	836
Fixed deposits, cash and cash balances	1,685	2,187
	<u>5,285</u>	<u>5,731</u>
<b>TOTAL ASSETS</b>	<u>142,785</u>	<u>143,464</u>
<b>EQUITY &amp; LIABILITIES</b>		
<b>Equity</b>		
Share Capital	111,667	111,667
ESOS Reserves	232	232
Reserves	(30,321)	(28,412)
Equity attributable to equity holders of the parent	<u>81,578</u>	<u>83,487</u>
<b>Non-Current Liabilities</b>		
Long Term Borrowings	28,807	28,807
Hire-purchase payables	1,237	1,237
Deferred Tax Liability	10,011	10,082
	<u>40,055</u>	<u>40,126</u>
<b>Current Liabilities</b>		
Bank Overdrafts	4,814	-
Trade Payables	3,944	3,808
Other Creditors	11,848	15,348
Amount owing to related parties	71	71
Hire-purchase payables	441	590
Tax liabilities	34	34
	<u>21,152</u>	<u>19,851</u>
	<u>142,785</u>	<u>143,464</u>
<b>Net tangible assets per share (RM)</b>	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 2012 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 MARCH 2013**

(The figures have not been audited)

	Share Capital RM'000	Non-distributable Revaluation Reserves RM'000	Distributable Accumulated Loss RM'000	Equity Compensation Reserves RM'000	Total RM'000	Minority Interest RM'000	Total RM'000
<b>3 months quarter ended 31 March 2013</b>							
At 1st January 2013	111,667	4,768	(33,181)	232	83,486	-	83,486
Net profit for the financial period	-	-	(1,908)	-	(1,908)	-	(1,908)
<b>At 31 March 2013</b>	<b>111,667</b>	<b>4,768</b>	<b>(35,089)</b>	<b>232</b>	<b>81,578</b>	<b>-</b>	<b>81,578</b>
<b>3 months quarter ended 31 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 31 March 2012</b>	<b>111,667</b>	<b>4,768</b>	<b>(34,805)</b>	<b>-</b>	<b>81,630</b>	<b>8,137</b>	<b>89,767</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 2012 and the accompanying explanatory notes attached to this report)*

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

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2013**

(The figures have not been audited)

	(UNAUDITED)	(AUDITED)
	3 MONTHS PERIOD ENDED	AS AT PRECEDING FINANCIAL YEAR ENDED
	31 MARCH 2012	31 DECEMBER 2012
	RM'000	RM'000
Profit before tax	(1,979)	3,618
Adjustment for :		
Amortisation	744	3,040
Depreciation	286	986
Equity compensation benefits	-	232
Finance costs	367	1,646
Gain on disposal of property, plant and equipment	-	(12)
Other non-cash items	(9)	(3,450)
Operating Profit/(loss) before working capital changes	<u>(591)</u>	<u>6,060</u>
(Increase)/decrease in inventories	(322)	(455)
(Increase)/decrease in receivables and other assets	401	1,613
(Increase)/decrease in payables and other liabilities	(3,363)	(135)
(Increase)/decrease in amount owing by related parties	(137)	(366)
Cash from/(used in ) operations	<u>(4,012)</u>	<u>6,717</u>
Interest paid	(367)	(2,988)
Income tax (paid)/refund - net	-	(28)
Net cash used in operating activities	<u>(4,379)</u>	<u>3,701</u>
<b>Cash flows from/(used in) investing activities</b>		
Addition of investment in subsidiary	-	(12,297)
Addition of plantation development expenditure	(737)	(2,493)
Purchase of property, plant and equipment	(60)	(1,572)
Proceeds from disposal of property, plant and equipment	-	41
Interest received	9	276
Net cash (used in)/from investing activities	<u>(788)</u>	<u>(16,045)</u>
<b>Cash flows from/(used in) financing activities</b>		
Repayment of bank borrowings	-	(4,592)
(Repayment)/proceeds of hire-purchase - net	(149)	(574)
Net cash (used in)/from financing activities	<u>(149)</u>	<u>(5,166)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(5,316)</u>	<u>(17,510)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR</b>	<u>2,187</u>	<u>19,697</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR</b>	<u>(3,129)</u>	<u>2,187</u>
<b>Cash and Cash Equivalents at end of period consist of:-</b>		
Deposits with licensed banks	1,325	824
Cash and bank balances	360	1,363
Bank Overdrafts	(4,814)	-
	<u>(3,129)</u>	<u>2,187</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 2012 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 2012. 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 2012.

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 2012.

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 of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture (hereinafter called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Company falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. In presenting its first MFRS financial statements, the Company may be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition (if any), will be made retrospectively, against opening retained profits.

**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 Scheme ("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 3 months financial period ended 31 March 2013</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	3,386	830	-	-	(638)	3,578
<b>Segment results</b>						
Profit/(loss) from operations	(1,160)	89	(616)	(4)	80	(1,611)
Finance cost	(487)	(1)	(2)	-	122	(368)
Profit/(loss) before tax	(1,647)	88	(618)	(4)	202	(1,979)
Share of losses of associates						-
Tax						71
Profit for the period						(1,908)

## 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 2012.

## 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

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings and discontinued operations for the current interim period.

## A12 Contingent liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 31 March 2013.

## A13 Capital Commitments

	<u>Current quarter 31.03.2013 RM'000</u>
Purchase of property, plant and equipment	
Addition of staff quarters	700
Construction of bridges	519
	<u>1,219</u>

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

**B1 Review of Performance**

Revenue

The Group's revenue for the current quarter ended 31 March 2013 decreased by 31.3% to RM3.5million compared to the preceding year quarter ended 31 March 2012. The decrease was mainly due to the drop in the average FFB price by 27.2% despite the increase of FFB production by 4.2%.

Profit before tax

Similarly, the profit before tax for the current quarter decreased by 17.1% compared to the preceding year quarter.

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

The Group recorded a loss before tax of RM1.9million for the first quarter ended 31 March 2013 as compared to profit before tax of RM1.8million from the preceding quarter ended 31 December 2013. This is mainly due to the decrease in production of FFB and the decrease in FFB price.

**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 31.3.2013 RM'000</b>	<b>Cumulative Quarter 31.3.2013 RM'000</b>
On current year's results		
- Malaysia income tax	-	-
- Transfer from/(to) deferred taxation	71	71
	<u>71</u>	<u>71</u>

**B6(a) Status of Corporate Proposals**

There is no corporate proposal announced but not completed as at the date of issuance of this report.

**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	7,310	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
<b>Total</b>	<b>24,500</b>	<b>23,152</b>			

**B7 Group Borrowings**

Details of the Group's borrowings as at 31 March 2013 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 March 2013.

**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 RM1,908 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 RM1,908,000 for the current quarter and the current cumulative quarter by the weighted average number of ordinary shares of 118,227,787 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 15 May 2013.

By Order of the Board  
Lim Siew Ting  
Company Secretary  
Kuala Lumpur  
15 May 2013