

Quarterly rpt on consolidated results for the financial period ended 31/3/2014

SIN HENG CHAN (MALAYA) BERHAD

Financial Year End 31/12/2014
 Quarter 1
 Quarterly report for the financial period ended 31/03/2014
 The figures have not been audited
 Attachments

[SHC 1st Quarter 2014.pdf](#)
 114 KB

[SHC 1st Quarter 2014 \(notes\).pdf](#)
 46 KB

Remarks :

The Unaudited Condensed Consolidated Financial Statements for the quarter ended 31 December 2014 should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013.

- Default Currency
- Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION

	31/03/2014		31/03/2014	
	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/03/2014 SS'000	31/03/2013 SS'000	31/03/2014 SS'000	31/03/2013 SS'000
1 Revenue	5,407	3,578	5,407	3,578
2 Profit/(loss) before tax	-1,329	-1,979	-1,329	-1,979
3 Profit/(loss) for the period	-1,275	-1,908	-1,275	-1,908
4 Profit/(loss) attributable to ordinary equity holders of the parent	-1,275	-1,908	-1,275	-1,908
5 Basic earnings/(loss) per share (Subunit)	-1.14	-1.71	-1.14	-1.71
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 (SS)	AS AT END OF CURRENT QUARTER	0.5800	AS AT PRECEDING FINANCIAL YEAR END	0.5900

Remarks :

The Unaudited Condensed Consolidated Financial Statements for the quarter ended 31 December 2014 should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013.

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 26 May 2014
 Category Financial Results
 Reference No SH-140523-898B0



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

**INTERIM REPORT FOR THE
FIRST QUARTER ENDED
31 MARCH 2014**

CONTENTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	1
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	3
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS	4
NOTES TO THE QUARTERLY FINANCIAL REPORT	5 - 10

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2014

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED 31 MAR		3 MONTHS ENDED 31 MAR	
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	5,407	3,578	5,407	3,578
Cost of Sales	(5,034)	(2,751)	(5,034)	(2,751)
Gross profit	373	827	373	827
Other income	14	12	14	12
General and administrative expenses	(988)	(1,684)	(988)	(1,684)
Other operating expenses	(222)	(766)	(222)	(766)
	(823)	(1,611)	(823)	(1,611)
Finance cost	(506)	(368)	(506)	(368)
Share of loss of associated companies	-	-	-	-
Profit before tax	(1,329)	(1,979)	(1,329)	(1,979)
Tax credit/(expense)	54	71	54	71
Profit from operations	(1,275)	(1,908)	(1,275)	(1,908)
Equity holders of the parent	(1,275)	(1,908)	(1,275)	(1,908)
Minority interest	-	-	-	-
	(1,275)	(1,908)	(1,275)	(1,908)
Earnings per ordinary share				
<i>Basic (sen)</i>	(1.14)	(1.71)	(1.14)	(1.71)
<i>Diluted (sen)</i>	(1.08)	(1.61)	(1.08)	(1.61)

(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 2013 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 2014

(The figures have not been audited)

	(UNAUDITED) AS AT 31 MARCH 2014 RM'000	(AUDITED) AS AT 31 DECEMBER 2013 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment ("PPE")	12,024	11,840
Plantation Development Expenditure ("PDE")	83,565	83,573
Investment Properties	942	942
Prepaid Lease Rental	30,589	30,711
Goodwill on consolidation	16,356	16,356
Investments in Associates	3,246	3,246
Current Assets		
Inventories	1,059	1,513
Trade Receivables	1,444	1,086
Other Receivables	1,104	1,006
Tax recoverable	3	3
Amount owing by related parties	1,843	1,605
Fixed deposits, cash and cash balances	1,466	1,311
	6,919	6,524
TOTAL ASSETS	153,641	153,192
EQUITY & LIABILITIES		
Share Capital	111,667	111,667
ESOS Reserves	225	225
Reserves	(30,572)	(29,297)
Equity attributable to equity holders of the parent	81,320	82,595
Non-Current Liabilities		
Long Term Borrowings	31,575	30,000
Bank Borrowings	732	741
Hire-purchase payables	1,399	1,142
Deferred Tax Liability	9,809	9,864
	43,515	41,747
Current Liabilities		
Bank Overdrafts	19,030	17,092
Trade Payables	2,504	3,809
Other Creditors	6,513	7,107
Amount owing to related parties	71	71
Bank Borrowings	30	39
Hire-purchase payables	624	698
Tax liabilities	34	34
	28,806	28,850
	153,641	153,192
Net tangible assets per share (RM)	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 2013 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 FIRST QUARTER ENDED 31 MARCH 2014**

(The figures have not been audited)

3 months quarter ended 31 March 2014

	Share Capital RM'000	Non-distributable Revaluation Reserves RM'000	Distributable Accumulated Loss RM'000	Equity Compensation Reserves RM'000	Total RM'000
At 1 January 2014	111,667	-	(29,297)	225	82,595
Net profit for the financial period	-	-	(1,275)	-	(1,275)
Remeasurement of ESOS	-	-	-	-	-
At 31 March 2014	111,667	-	(30,572)	225	81,320

3 months quarter ended 31 March 2013

	Share Capital RM'000	Non-distributable Revaluation Reserves RM'000	Distributable Accumulated Loss RM'000	Equity Compensation Reserves RM'000	Total RM'000
At 1 January 2013	111,667	4,768	(33,181)	232	83,486
Net profit for the financial period	-	-	(1,908)	-	(1,908)
Realisation of revaluation surplus upon disposal	-	-	-	-	-
Remeasurement of ESOS	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-
At 31 March 2013	111,667	4,768	(35,089)	232	81,578

(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 2013 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 2014

(The figures have not been audited)

	(UNAUDITED)	(AUDITED)
	3 MONTHS PERIOD ENDED 31 MARCH 2014 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2013 RM'000
Profit before tax	(1,329)	245
Adjustment for :		
Amortisation of Plantation Development Expenditure and Prepaid Lease	709	2,720
Depreciation of Property, Plant & Equipment ("PPE")	431	1,359
Equity compensation benefits	-	(7)
Finance costs	507	1,903
Gain on disposal of Investment Properties / PPE	-	(5,361)
Other non-cash items	4	(1,391)
Operating Profit/(loss) before working capital changes	<u>322</u>	<u>(532)</u>
(Increase)/decrease in inventories	454	(963)
(Increase)/decrease in receivables and other assets	(456)	61
Increase/(decrease) in payables and other liabilities	(1,899)	(8,239)
Increase/(decrease) in amount owing by related parties	(238)	(770)
Cash from/(used in) operations	<u>(1,817)</u>	<u>(10,443)</u>
Interest paid	-	(1)
Net cash used in operating activities	<u>(1,817)</u>	<u>(10,444)</u>
Cash flows from/(used in) investing activities		
Acquisition of a subsidiary company	-	3
Addition of plantation development expenditure	(577)	(1,852)
Purchase of property, plant and equipment	(148)	(5,275)
Proceeds from disposal of investment properties / PPE	-	754
Interest received	9	39
Net cash (used in)/from investing activities	<u>(716)</u>	<u>(6,331)</u>
Cash flows from/(used in) financing activities		
Proceeds from drawdown of borrowings - net	1,575	1,973
Repayment of hire-purchase - net	(317)	(637)
Interest paid	(507)	(2,531)
Net cash (used in)/from financing activities	<u>751</u>	<u>(1,195)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(1,782)</u>	<u>(17,970)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>(15,782)</u>	<u>2,188</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	<u>(17,564)</u>	<u>(15,782)</u>
Cash and Cash Equivalents at end of period consist of:-		
Deposits with licensed banks	1,050	1,050
Cash and bank balances	416	260
Bank Overdrafts	(19,030)	(17,092)
	<u>(17,564)</u>	<u>(15,782)</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 2013 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 2013. 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 2013.

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 2013.

In the financial year beginning 1 January 2015, the Group, being a Transitioning Entity, will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS").

The preparation of financial statements in conformity with the Companies Act, 1965 and Financial Reporting Standards in Malaysia requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

A2 Audit report

The auditors' report on the financial statement for the year ended 31 December 2013 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, 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
- (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 2014</u>	Oil Palm Plantations	Plantation Management	Investment Holding	Others	Elimination	Group Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	5,173	771	-	-	(537)	5,407
<u>Segment results</u>						
Profit/(loss) from operations	(495)	46	(499)	(3)	128	(823)
Finance cost	(609)	-	(7)	-	110	(506)
Profit/(Loss) before tax	(1,104)	46	(506)	(3)	238	(1,329)
Tax						54
Loss for the period						(1,275)

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 2013.

A10 Material events subsequent to the end of the interim period

There were no material events subsequent to 31 March 2014 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 2014.

A13 Capital Commitments

	Current quarter 31.03.2014 RM'000
Approved and contracted for:	
1 unit of new worker quarters in Phase 2	250
1 unit of office in Phase 2	300
	<u>550</u>

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

B1 Review of Performance

Summary

	Individual Quarter			Cumulative Quarter		
	31 Mar 2014	31 Mar 2013	Variance	31 Mar 2014	31 Mar 2013	Variance
	RM	RM	%	RM	RM	%
Revenue ('000)	5,407	3,578	51.1%	5,407	3,578	51.1%
PBT ('000)	(1,329)	(1,979)	-32.8%	(1,329)	(1,979)	-32.8%
Production	9,776	8,283	18.0%	9,776	8,283	18.0%
Ave. CPO Price*	2,677	2,327	15.0%	2,677	2,327	15.0%

*Extracted from MPOB Peninsular Malaysia Average

Revenue

The Group's revenue for the current quarter ended 31 March 2014 increased by 51.1% compared to the preceding year's quarter ended 31 March 2013 due to the increase in production of FFB by 18% and increase in average CPO prices by 15%.

Profit / (Loss) before tax

Loss before tax for the current quarter of RM1.3 million was lower compared to loss before tax for the preceding year's quarter ended 31 March 2013 of RM1.9 million mainly attributed to lower average costs due to increase in production.

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

The Group recorded loss before tax of RM1.3 million for the first quarter ended 31 March 2014 as compared to a profit before tax of RM4.8 million from the preceding quarter ended 31 December 2013. The significant fluctuation is mainly caused by gain recognised for the exchange of land in Melaka in December 2013.

B3 Current Year Prospects

CPO price is expected to remain firm. The B5 biodiesel programme will be fully implemented nationwide this July 2014. The build-up of palm oil stockpiles in Malaysia will be limited and demand should increase in the second quarter.

The FFB production is projected to further increase in the second quarter due to seasonal pattern and assuming normal weather.

Cost management will continue to be the focal point in driving higher degree of operational efficiencies to mitigate the impact of lower production for the last quarter.

B4 Profit Forecast or Profit Guarantee

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

B5 Taxation

	Current Quarter 31.03.2014 RM'000	Cumulative Quarter 31.03.2014 RM'000
On current year's results		
- Malaysia income tax	-	-
- Transfer from/(to) deferred taxation	54	54
	<u>54</u>	<u>54</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 March 2014 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	1,400	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	2,100	2 years	NIL	n/a
Total	24,500	23,437			

B7 Group Borrowings

Details of the Group's borrowings as at 31 March 2014 were as follows:-

Bank Borrowings	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	-	31,575	31,575

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

The Group is not engaged in any material litigation and is not aware of any proceedings which might materially affect the Group for the current financial year.

B9 Dividends

No interim dividend has been paid, declared or proposed for the period 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 loss attributable to the ordinary equity holders of the company of RM1.28 million 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 loss attributable to the ordinary equity holders of the company of RM1.28 million for the current quarter and the current cumulative quarter by the weighted average number of ordinary shares of 117,805,787 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 23 May 2014.

By Order of the Board
Lim Siew Ting
Company Secretary
Kuala Lumpur
23 May 2014