



The Hing Yiap Group

**Hing Yiap Group Berhad (22414-V)**

(Incorporated in Malaysia)

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## **Introduction**

The Board of Directors of Hing Yiap Group Berhad is pleased to announce the un-audited financial results of the Group for the financial period ended 31 March 2011.

This interim financial report is prepared in accordance with Financial Reporting Standard 134, "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

This interim financial report is intended to provide an update on the last annual audited financial statements, for financial year ended 30 June 2010.

This report comprises the following:

- Condensed consolidated statements of financial position
- Condensed consolidated statements of comprehensive income
- Condensed statements of changes in equity
- Condensed consolidated statements of cash flow
- Explanatory notes

**Hing Yiap Group Berhad**  
(22414-V)  
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**Condensed Consolidated Statements of Financial Position  
as at 31 March 2011**

	31.3.2011 RM'000	1.7.2010 RM'000 (Unaudited and restated) (Note 1)	30.6.2010 RM'000 (Audited and not restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	20,799	20,350	20,350
Intangible assets	7,383	7,398	7,398
Deferred tax assets	1,266	1,889	1,889
Investment held in trust	-	-	2,800
Investment in bonds	-	-	2,037
Held-to-maturity investment	1,004	1,004	-
Available-for-sale investment	1,114	1,017	-
	<u>31,566</u>	<u>31,658</u>	<u>34,474</u>
<b>Current assets</b>			
Inventories	69,670	59,715	59,715
Receivables	23,955	16,011	16,011
Cash and bank balances	151	15,967	15,967
	<u>93,776</u>	<u>91,693</u>	<u>91,693</u>
<b>TOTAL ASSETS</b>	<b><u>125,342</u></b>	<b><u>123,351</u></b>	<b><u>126,167</u></b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	41,787	41,787	41,787
Reserves	57,940	47,700	47,716
<b>Shareholders' Equity</b>	<b><u>99,727</u></b>	<b><u>89,487</u></b>	<b><u>89,503</u></b>
<b>Non-Current Liabilities</b>			
Hire purchase payables	218	445	445
Provision for directors' gratuity	-	-	2,800
	<u>218</u>	<u>445</u>	<u>3,245</u>
<b>Current Liabilities</b>			
Payables	13,376	28,436	28,436
Hire purchase payables	388	636	636
Short term borrowings	11,633	4,347	4,347
	<u>25,397</u>	<u>33,419</u>	<u>33,419</u>
<b>TOTAL LIABILITIES</b>	<b><u>25,615</u></b>	<b><u>33,864</u></b>	<b><u>36,664</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>125,342</u></b>	<b><u>123,351</u></b>	<b><u>126,167</u></b>
Net assets per share	<b><u>2.39</u></b>	<b><u>2.14</u></b>	<b><u>2.14</u></b>

**Hing Yiap Group Berhad**  
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**Condensed Consolidated Statement of Comprehensive Income**  
**For the period ended 31 March 2011**

	3 months ended 31.3.2011	3 months ended 31.3.2010	Year-to-date ended 31.3.2011	Year-to-date ended 31.3.2010
	RM'000	RM'000	RM'000	RM'000
Revenue	33,135	34,126	111,941	109,676
Other operating income	134	786	909	1,083
Inventories write-back / (write-down)	-	(1,833)	-	(2,351)
Operating expenses	(31,698)	(29,486)	(94,714)	(91,964)
Profit/(loss) from operations	1,571	3,593	18,136	16,444
Finance costs	(128)	(86)	(261)	(311)
Profit/(loss) before taxation	1,443	3,507	17,875	16,133
Taxation	(455)	(944)	(4,598)	(4,343)
Profit/(loss) after taxation	988	2,563	13,277	11,790

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**Condensed Consolidated Statement of Comprehensive Income**  
**For the period ended 31 March 2011**

	3 months ended 31.3.2011	3 months ended 31.3.2010	Year-to-date ended 31.3.2011	Year-to-date ended 31.3.2010
	RM'000	RM'000	RM'000	RM'000
Profit for the period	988	2,563	13,277	11,790
<b>Other comprehensive income:</b>				
Available for sale (AFS) Investments fair value movement	23	-	97	-
<b>Total comprehensive income</b>	<u>1,011</u>	<u>2,563</u>	<u>13,374</u>	<u>11,790</u>
<b>Total comprehensive income attributable to:</b>				
<b>Equity holders</b>	<u>1,011</u>	<u>2,563</u>	<u>13,374</u>	<u>11,790</u>
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Earnings / (loss) per share	<u>2.36</u>	<u>6.13</u>	<u>31.77</u>	<u>28.21</u>

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**Condensed Statements of Changes in Equity**  
**For the period ended 31 March 2011**

	← Non-distributable →				Distributable	
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Fair value adjustment reserve RM'000	Retained profits RM'000	Total RM'000
At 1.7.2009	41,787	1,356	697	-	36,632	80,472
Total comprehensive income	-	-	-	-	11,790	11,790
Transaction with owners - Dividend	-	-	-	-	(3,396)	(3,396)
At as 31.3.2010	<u>41,787</u>	<u>1,356</u>	<u>697</u>	<u>-</u>	<u>45,026</u>	<u>88,866</u>
At 1.7.2010	41,787	1,356	697	-	45,663	89,503
Effects of adopting FRS 139	-	-	-	(16)	-	(16)
At 1.7.2010 (restated)	<u>41,787</u>	<u>1,356</u>	<u>697</u>	<u>(16)</u>	<u>45,663</u>	<u>89,487</u>
Total comprehensive income	-	-	-	97	13,277	13,374
Transaction with owners - Dividend	-	-	-	-	(3,134)	(3,134)
At as 31.3.2011	<u>41,787</u>	<u>1,356</u>	<u>697</u>	<u>81</u>	<u>55,806</u>	<u>99,727</u>

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**Condensed Consolidated Statements of Cash Flow  
for the period ended 31 March 2011**

	<b>31.3.2011</b> <b>RM'000</b>	<b>31.3.2010</b> <b>RM'000</b>
<b>Cash flow from operating activities</b>		
Profit before tax	17,875	16,133
Adjustments for:		
Interest expenses	261	311
Depreciation of property, plant and equipment	2,335	2,321
Amortisation of intangible asset	15	15
Net (profit)/loss on disposal of property, plant and equipment	(80)	258
Inventories write-down	-	2,351
	<hr/>	<hr/>
Operating profit before working capital changes	20,406	21,389
Net change in current assets	(18,574)	(15,305)
Net change in current liabilities	(14,884)	5,219
Cash (used in) / generated from operations	(13,052)	11,303
Tax paid	(3,491)	(2,909)
Net cash generated/ (used) in operating activities	<hr/> <u>(16,543)</u>	<hr/> <u>8,394</u>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(2,871)	(2,166)
Proceeds from disposal of property, plant and equipment and investment property	167	29
Net cash generated/ (used) in investing activities	<hr/> <u>(2,704)</u>	<hr/> <u>(2,137)</u>
<b>Cash flow from financing activities</b>		
Interest paid	(261)	(311)
Dividends paid	(3,120)	(3,352)
Net increase/(decrease) in bank borrowings and hire purchase obligations	5,787	(185)
Net cash generated / (used) in financing activities	<hr/> <u>2,406</u>	<hr/> <u>(3,848)</u>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	(16,841)	2,409
<b>Cash and cash equivalents at beginning of period</b>	15,312	12,290
<b>Cash and cash equivalents at end of period</b>	<hr/> <u>(1,529)</u>	<hr/> <u>14,699</u>

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**Explanatory Notes**

**Explanatory notes pursuant to FRS 134 (formerly MASB 26), "Interim Financial Reporting"**

**1. Basis of preparation**

This interim financial report is prepared in accordance with Financial Reporting Standard ("FRS") 134, "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual financial statements for the financial year ended 30 June 2010, except for the adoption of the following new Financial Reporting Standards (FRS), Amendments to FRSs and Interpretation with effect from 1 January 2010 and 1 July 2010, where applicable:-

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (revised)
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements (amended)
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139, FRS 7 and IC	Financial Instruments: Recognition and Measurement, Disclosures and Reassessment of Embedded
Interpretation 9	Derivatives
Improvements to FRSs	Improvements to FRSs (2009)
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 13	Customer Loyalty Programmes

IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-Cash Assets to Owners
TR i - 3	Presentation of Financial Statements of Islamic Financial

In light of the above new and amended FRSs and IC (Interpretation Committee) pronouncements mandatory to the Group for its financial year ending 30 June 2011, the Group and the Company critically reassessed the contractual employment terms with its directors and resulting therefrom, the Group and the Company concluded that the investment held in trust (of directors) totalling RM2,800,000 as at 30 June 2010 and the corresponding provision for directors' gratuity should be derecognised. The basis of conclusion is that, other than the fixed annual contribution to a gratuity scheme of the directors' choice with the Company holding in trust for the directors, the Group and the Company will have no further legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all the benefits relating to the services rendered by the directors in the current or preceding years. Likewise, the Group and the Company would also not be entitled to any gain arising from the higher returns than the estimated sum. Accordingly, this has resulted in the restatement of the asset and liability in the comparative period to reflect the change in the nature arising from of the above reassessment.

Other than the above and the application of FRS 101 and FRS 139, the application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

#### **FRS 101: Presentation of Financial Statements**

FRS 101 separates owner and non-owner changes in equity. Therefore the current consolidated statement of changes in equity only includes details of transaction with owners. All non-owner changes in equity are presented in a single line labelled as total comprehensive income. Comparative information, with exception of the requirements under FRS 139, had been re-presented so that it is also in conformity with the revised standard. This standard does not have any impact on the financial position and results of the Group.

#### **FRS 139: Financial Instruments: Recognition and Measurement**

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet dates the designation of the financial instruments. The adoption of the FRS 139 does not have any significant impact on the profit for the year.



**Impact on opening balance:-**

In accordance with the transitional provisions of FRS 139, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 July 2010

	<b>Previously stated RM'000</b>	<b>Effects of FRS 139 RM'000</b>	<b>As stated RM'000</b>
<b>Assets</b>			
Investments in bonds	2,037	(2,037)	-
Held-to-maturity investment	-	1,004	1,004
Available-for sale investment	-	1,017	1,017
<b>Equity</b>			
Fair value adjustment reserve	-	(16)	(16)

**2. Audit qualification in respect of the audit report of the Group and Company for the preceding financial statements and current status of the matter(s) giving rise to the qualification**

The audit report in respect of the financial statements of the Group and Company for the financial year ended 30 June 2010 was not qualified.

**3. Explanatory comments about the seasonality or cyclicity of interim operations**

The Group's products cater to the consumer market and business is influenced by the state of the Malaysian economy, consumer confidence and the seasonality and cyclicity of promotional sales and festive seasons.

**4. The nature and amount of items affecting assets, liabilities, equity, net income, or cash flow that are unusual because of their nature, size or incidence**

Save for the information disclosed in this interim financial report, there are no other unusual items affecting assets, liabilities, equity, net income or cash flow.

**5. The nature and amount of material changes in estimates of amounts reported in prior interim periods of the current financial year or material changes in estimates of amounts reported in prior financial year**

Save for those disclosed below and in this interim financial report, there are no other material changes in estimates:

	As previously reported	Adjustments	As restated
<b>3 months period ended 31.3.2010</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Taxation</b>	(1,021)	77	(944)
<b>Profit/(Loss) after tax</b>	2,486	77	2,563
	Sen	Sen	Sen
<b>Earnings/(Loss) per share</b>	5.95	0.18	6.13
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>9 months period ended 31.3.2010</b>			
Taxation	(4,446)	103	(4,343)
Profit/(Loss) after tax	11,687	103	11,790
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Earnings/(Loss) per share	27.96	0.25	28.21

- Tax adjustment to reflect the effective tax charge for the financial year ended 30 June 2010.

**6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities**

The Group did not issue, cancel, repurchase, resell or repay any debt or equity securities during the reporting quarter.

**7. The amount of dividends paid (aggregate or per share)**

During the quarter ended 31 March 2011, dividends paid by the Company amounted to RM 3,119,826.

## 8. Segmental reporting for business segment, being the Group's basis of segment reporting

	Manufacturing	Trading	Food and beverage	Elimina- tions	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>9 months period ended 31.3.2011</b>					
<b>Segment revenue</b>					
External revenue	254	106,972	4,715	-	111,941
Intersegment revenue	55,454	4,472	-	(59,926)	-
Total revenue	<u>55,708</u>	<u>111,444</u>	<u>4,715</u>	<u>(59,926)</u>	<u>111,941</u>
<b>Segment result</b>	<u>407</u>	<u>17,562</u>	<u>(1,019)</u>	<u>277</u>	<u>17,227</u>
Unallocated income					909
Profit from operations					<u>18,136</u>
<b>9 months period ended 31.3.2010</b>					
<b>Segment revenue</b>					
External revenue	159	105,569	3,948	-	109,676
Intersegment revenue	50,566	3,263	-	(53,829)	-
Total revenue	<u>50,725</u>	<u>108,832</u>	<u>3,948</u>	<u>(53,829)</u>	<u>109,676</u>
<b>Segment result</b>	<u>1,594</u>	<u>14,359</u>	<u>(1,046)</u>	<u>634</u>	<u>15,541</u>
Unallocated income					903
Profit from operations					<u>-</u> <u>16,444</u>

## 9. Status of valuation of property, plant and equipment

The Group and Company adopted the transitional provision of FRS 116 (formerly MASB 15), "Property, Plant and Equipment" whereby a valuation in respect of a freehold land and building that was re-valued at RM 3.9 million on 7 October 1995 by a firm of independent professional appraisers has not been updated or amended from the value disclosed in the previous financial statements, save for depreciation charge determined since the financial year ended 30 June 2010.

**10. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period**

There are no events subsequent to the end of the interim period that have not been reflected in the financial statements for the current interim period.

**11. Effect of changes in the composition of the Group during the interim period, including business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings, and discontinuing operations**

Hing Yiap Group Berhad has acquired the entire issued and paid up share capital of Hing Yiap Properties Sdn Bhd comprising of 2 ordinary shares for a cash consideration of RM2 from Ms Chi Oi Meng and Mr Khoo Henn Kuan on 17 January 2011.

**12. Changes in contingent liabilities or contingent assets since the last annual balance sheet date**

The Company's contingent liabilities in respect of corporate guarantees granted to third parties for banking and financing facilities of the subsidiaries decreased from RM 27,952,405 as at 30 June 2010 to RM 27,652,299 as at 31 March 2011.

**Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements of Bursa Malaysia**

**13. Review of performance of the Company and principal subsidiaries, setting-out material factors affecting earnings and/or revenue of the Company and Group for the current quarter and financial year-to-date**

**Performance review for the quarter**

Revenue for the current quarter at RM 33.135 million, was RM 0.991 million or 2.9% lower, from RM 34.126 million for the same quarter last year. For the current quarter, the Group recorded a pre-tax profit of RM 1.443 million, compared to a pre-tax profit of RM 3.507 million for the same period of the preceding year.

**Performance review for the financial year to date**

Revenue for the 9 months period ended 31 March 2011 at RM 111.941 million, was RM 2.265 million or 2.1% higher, from RM 109.676 million for the corresponding period last year.

For the current 9 months period, the Group recorded an increase by RM 1.742 million or 10.8% increase in its pre-tax profit at RM 17.875 million, compared to a pre-tax profit of RM 16.133 million for the corresponding period last year. The higher earnings in the current period were due mainly to higher revenue and gross margin.

**14. Material changes in the profit before taxation for the current quarter as compared with that of the immediate preceding quarter**

The Group recorded a pre-tax profit of RM 1.443 million for the quarter ended 31 March 2011 as compared to the pre-tax profit of RM 4.923 million recorded for the quarter ended 31 December 2010. The lower earnings in the current quarter are due to marginally lower revenue.

**15. Current year prospects**

The Malaysian retail industry has shown growth and signs of improvements. However, the Group would remain cautious and continue to emphasise on improvement of merchandise design, inventory control, cost optimization and management efficiency to maintain growth and sustain earnings for the coming year.

**16. Status of profit forecast or profit guarantee**

This is not applicable to the Group.

**17. Details of tax charge and an explanation of the variance between the effective and statutory tax rate for the current quarter and financial year-to-date**

The tax charge comprised:

	<b>3 months ended 31.3.2011 RM'000</b>	<b>3 months ended 31.3.2010 RM'000</b>	<b>Year-to-date ended 31.3.2011 RM'000</b>	<b>Year-to-date ended 31.3.2010 RM'000</b>
Income tax	502	(1,044)	(3,975)	(4,799)
Deferred tax	(957)	100	(623)	456
	<u>(455)</u>	<u>(944)</u>	<u>(4,598)</u>	<u>(4,343)</u>

**18. Profits or losses from the sale of unquoted investments and/or properties for the current quarter and financial year-to-date**

The Group did not dispose any unquoted investments during the current reporting period.

**19. Details of purchase or disposal of quoted securities other than securities in existing subsidiary companies and associated companies**

The Group did not purchase or dispose any quoted securities during the current reporting period.

**20. Status, of not earlier than 7 days from the date of this report, of corporate proposals announced but not completed**

The Company has no pending corporate proposals.

**21. Group borrowings and debt securities as at the end of the reporting period**

Details of borrowings and debt securities as at the end of the reporting period are as follows:

	<b>31.3.2011</b>
	<b>RM'000</b>
<b>Short term borrowings</b>	
<i>Unsecured</i>	
Bank overdrafts	1,680
Bankers' acceptances	9,953
	<b>11,633</b>

The Group does not have any borrowings that are denominated in foreign currency.

**22. Summary of off-balance sheet financial instruments, which is not earlier than 7 days from the date of this report**

The Group has not entered into any arrangements involving financial instruments.

**23. Changes in material litigation (including status of any pending material litigation) since the last annual balance sheet date, which is not earlier than 7 days from the date of this report**

Suit No. D2-22-58-2002 between Bontton Sdn Bhd and Diesel Marketing Sdn Bhd ("Plaintiffs") against Apcott PP (M) Sdn Bhd ("Apcott") and Diesel S.P.A. ("Defendants")

The Plaintiffs have filed their Reply and Defence to Counter-Claim of the Defendants. The matter is now pending the filing of the Reply to Defence to Counter-Claim by the Defendants. Thereafter pleadings will be deemed close and both parties will then proceed to discovery.

**24. Dividends**

The Directors do not recommend the payment of any dividend for the current reporting quarter.

## 25. Basis and methods of calculating earnings / (loss) per share

Basic earnings / (loss) per share:

The basic earnings / (loss) per share is calculated by dividing the profit or loss after taxation by the weighted average number of ordinary shares in issue during the period.

	3 months ended 31.3.2011	3 months ended 31.3.2010	Year-to-date ended 31.3.2011	Year-to- date ended 31.3.2010
Profit / (loss) after taxation (RM'000)	988	2,563	13,277	11,790
Weighted average number of ordinary shares in issue ('000)	41,787	41,787	41,787	41,787
Basic / (loss) earnings per share (sen)	2.36	6.13	31.77	28.21

## 26. Disclosure of realised and unrealised profit

On 25 March 2010, Bursa Securities issued a directive to all listed issuers pursuant to paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing requirements. The directive required all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses. The breakdown of the retained profits of the group as at 31 March 2011, into realised and unrealised profits, pursuant to the directive, is as follows:-

	As at 31.3.2011 RM'000
Total retained earnings of the Group	
- Realised	44,607
- Unrealised	<u>1,266</u>
	45,873
Consolidated adjustments	<u>9,933</u>
Total retained earnings as per condensed Consolidated statement of changes in equity	<u>55,806</u>

By order of the Board

Chua Siew Chuan  
Company Secretary

Kuala Lumpur  
26 May 2011