



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 30 September 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 2011.

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

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**Condensed Consolidated Statements of Financial Position
as at 30 September 2011**

	30.9.2011 RM'000	30.6.2011 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	18,141	18,726
Intangible assets	7,238	7,238
Deferred tax assets	652	826
Available-for-sale investment	1,115	1,115
	<u>27,146</u>	<u>27,905</u>
Current assets		
Inventories	74,891	78,300
Held-to-maturity investment	1,004	1,004
Receivables	38,580	20,707
Cash and bank balances	261	651
	<u>114,736</u>	<u>100,662</u>
Assets of disposal group classified as held for sale	426	595
	<u>115,162</u>	<u>101,257</u>
TOTAL ASSETS	<u>142,308</u>	<u>129,162</u>
EQUITY AND LIABILITIES		
Share capital	41,787	41,787
Reserves	66,759	58,117
Shareholders' Equity	<u>108,546</u>	<u>99,904</u>
Non-Current Liabilities		
Hire purchase payables	53	84
Deferred tax liabilities	-	39
	<u>53</u>	<u>123</u>
Current Liabilities		
Payables	24,091	20,434
Hire purchase payables	165	179
Short term borrowings	8,321	7,262
	<u>32,577</u>	<u>27,875</u>
Liabilities directly associated with disposal group classified as held for sale	1,132	1,260
	<u>33,709</u>	<u>29,135</u>
TOTAL LIABILITIES	<u>33,762</u>	<u>29,258</u>
TOTAL EQUITY AND LIABILITIES	<u>142,308</u>	<u>129,162</u>
Net assets per share (RM)	<u>2.60</u>	<u>2.39</u>

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Condensed Consolidated Statement of Comprehensive Income
For the period ended 30 September 2011

	3 months ended 30.9.2011	3 months ended 30.9.2010	Year-to-date ended 30.9.2011	Year-to-date ended 30.9.2010
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Revenue	45,501	45,507	45,501	45,507
Other operating income	660	238	660	238
Operating expenses	(34,648)	(34,181)	(34,648)	(34,181)
Profit/(loss) from operations	11,513	11,564	11,513	11,564
Finance costs	(77)	(55)	(77)	(55)
Profit/(loss) before taxation	11,436	11,509	11,436	11,509
Taxation	(2,618)	(2,968)	(2,618)	(2,968)
Profit/(loss) from continuing operations, net of tax	8,818	8,541	8,818	8,541
<u>Discontinued Operation</u>				
Loss from Discontinued Operation, net of tax	(176)	-	(176)	-
Profit / (loss) after taxation	<u>8,642</u>	<u>8,541</u>	<u>8,642</u>	<u>8,541</u>

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Condensed Consolidated Statement of Comprehensive Income
For the period ended 30 September 2011

	3 months ended 30.9.2011	3 months ended 30.9.2010	Year-to-date ended 30.9.2011	Year-to-date ended 30.9.2010
	RM'000	RM'000	RM'000	RM'000
Profit for the period	8,642	8,541	8,642	8,541
Other comprehensive income:				
Available for sale (AFS) Investments fair value movement	-	47	-	47
Total comprehensive income	<u>8,642</u>	<u>8,588</u>	<u>8,642</u>	<u>8,588</u>
Total comprehensive income attributable to:				
Equity holders	<u><u>8,642</u></u>	<u><u>8,588</u></u>	<u><u>8,642</u></u>	<u><u>8,588</u></u>
	Sen	Sen	Sen	Sen
Earnings / (loss) per share	<u>20.68</u>	<u>20.44</u>	<u>20.68</u>	<u>20.44</u>

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Condensed Statements of Changes in Equity
For the period ended 30 September 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 1.7.2010	41,787	1,356	697	-	45,663	89,503
Effects of adopting FRS 139	-	-	-	(16)	-	(16)
At 1.7.2010 (restated)	41,787	1,356	697	(16)	45,663	89,487
Total comprehensive income	-	-	-	47	8,541	8,588
At as 30.9.2010	<u>41,787</u>	<u>1,356</u>	<u>697</u>	<u>31</u>	<u>54,204</u>	<u>98,075</u>
At 1.7.2011	41,787	1,356	697	82	55,982	99,904
Total comprehensive income	-	-	-	-	8,642	8,642
At as 30.9.2011	<u>41,787</u>	<u>1,356</u>	<u>697</u>	<u>82</u>	<u>64,624</u>	<u>108,546</u>

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**Condensed Consolidated Statements of Cash Flow
for the period ended 30 September 2011**

	30.9.2011	30.9.2010
	RM'000	RM'000
Cash flow from operating activities		
Profit before tax from continuing operations	11,436	11,509
Loss before tax from discontinued operation	(176)	-
	<hr/>	<hr/>
	11,260	11,509
Adjustments for:		
Interest expenses		
- Continuing operations	77	55
- Discontinued operation	2	-
Depreciation of property, plant and equipment		
- Continuing operations	609	775
- Discontinued operation	106	-
Amortisation of intangible asset		
- Continuing operations	-	5
- Discontinued operation	5	-
Net (profit)/loss on disposal of property, plant and equipment		
- Discontinued operation	(573)	(68)
Property, plant and equipment written-off		
- Continued operations	52	-
Reversal of impairment losses of intangible assets		
- Discontinued operation	(5)	-
	<hr/>	<hr/>
Operating profit before working capital changes	11,533	12,276
Net change in current assets	(14,580)	(28,751)
Net change in current liabilities	4,616	11,607
	<hr/>	<hr/>
Cash (used in) / generated from operations	1,569	(4,868)
Tax paid	(3,363)	(1,169)
Net cash generated/ (used) in operating activities	<hr/>	<hr/>
	(1,794)	(6,037)
Cash flow from investing activities		
Purchase of property, plant and equipment		
- Continuing operations	(592)	(1,580)
Proceeds from disposal of property, plant and equipment and investment property	1,090	154
	<hr/>	<hr/>
Net cash generated/ (used) in investing activities	498	(1,426)

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**Condensed Consolidated Statements of Cash Flow
for the period ended 30 September 2011 (contd.)**

	30.9.2011	30.9.2010
	RM'000	RM'000
Cash flow from financing activities		
Interest paid		
- Continuing operations	(77)	(55)
- Discontinued operation	(2)	-
Dividends paid	-	(2)
Net increase/(decrease) in bank borrowings and hire purchase obligations	(679)	(203)
Net cash generated/(used) in financing activities	<u>(758)</u>	<u>(260)</u>
Net increase/ (decrease) in cash and cash equivalents	(2,054)	(7,723)
Cash and cash equivalents at beginning of period	266	15,312
Cash and cash equivalents at end of period	<u><u>(1,788)</u></u>	<u><u>7,589</u></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 2011, except for the adoption of the following new Financial Reporting Standards (FRS), Amendments to FRSs and Interpretation with effect from 1 January 2011 and 1 July 2011 where applicable:-

FRS 1	First-time Adoption of Financial Reporting Standards (revised)
FRS 3	Business Combinations (revised)
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments
IC Interpretation 4	Determining Whether An Arrangement Contains a Lease
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement
Annual Improvement to FRSs (2010) issued in 1 January 2011	

The adoption of the new FRS does not have significant impact on the interim financial report of the Group.

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 2011 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

There was no material changes in estimates of amounts reported in prior financial year.

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)

There were no dividends paid by the Company during the quarter ended 30 September 2011.

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
3 months period ended 30.9.2011					
Segment revenue					
External revenue	56	45,445	1,415	-	46,916
Intersegment revenue	20,862	1,149	-	(22,011)	-
Total revenue	<u>20,918</u>	<u>46,074</u>	<u>1,415</u>	<u>(22,011)</u>	<u>46,916</u>
Segment result	<u>584</u>	<u>8,782</u>	<u>(239)</u>	<u>1,492</u>	10,619
Unallocated income					720
Finance cost					(79)
Profit before taxation					<u>11,260</u>
3 months period ended 30.9.2010					
Segment revenue					
External revenue	66	43,922	1,519	-	45,507
Intersegment revenue	29,502	1,591	-	(31,093)	-
Total revenue	<u>29,568</u>	<u>45,513</u>	<u>1,519</u>	<u>(31,093)</u>	<u>45,507</u>
Segment result	<u>670</u>	<u>11,579</u>	<u>(274)</u>	<u>(649)</u>	11,326
Unallocated income					238
Finance cost					(55)
Profit before taxation					<u>11,509</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 2011.

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

There were no changes to the composition of the Group during the financial period ended 30 September 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 subsidiaries for banking and financing facilities was decreased from RM 27,547,933 as at 30 June 2011 to RM 27,081,401 as at 30 September 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 and financial year to date

Revenue for the current quarter from continuing and discontinued operations amounting to RM 46.9 million, was RM 1.4 million or 3.1% higher than RM 45.5 million for the same quarter last year.

For the current quarter, the Group recorded a pre-tax profit from continuing and discontinued operations of RM 11.3 million, compared to a pre-tax profit of RM 11.5 million for the same period of the preceding year.

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 from continuing and discontinued operations of RM 11.3 million for the quarter ended 30 September 2011 as compared to the pre-tax profit of RM 0.6 million recorded for the quarter ended 30 June 2011.

The better earnings in the current quarter were attributable to the higher sales from the Hari Raya festive season and promotional activities in conjunction with the nation-wide Mega Carnival Sale. There were no major festive events in the immediate preceding quarter.

15. Current year prospects

The Group remains 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:

	3 months ended 30.9.2011 RM'000	3 months ended 30.9.2010 RM'000	Year-to-date ended 30.9.2011 RM'000	Year-to-date ended 30.9.2010 RM'000
Income tax	(3,105)	(3,155)	(3,105)	(3,155)
Deferred tax	487	187	487	187
	----- (2,618) =====	----- (2,968) =====	----- (2,618) =====	----- (2,968) =====

The Group's effective tax rate is higher than the statutory tax rate of 25% mainly due to certain expenses were disallowed for tax purposes.

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

There were gains on disposal of properties amounting of RM0.5 million for the Group 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 Group did not has any corporate proposals announced but not completed which 7 days earlier from the date of this report.

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:

	30.9.2011
	RM'000
Short term borrowings	
<i>Unsecured</i>	
Bank overdrafts	1,920
Bankers' acceptances	6,401
	8,321

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 did not declare 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 30.9.2011	3 months ended 30.9.2010	Year-to-date ended 30.9.2011	Year-to-date ended 30.9.2010
Profit / (loss) after taxation (RM'000)	8,818	8,541	8,818	8,541
Weighted average Number of ordinary shares In issue ('000)	41,787	41,787	41,787	41,787
Basic / (loss) earnings per share (sen)	20.68	20.44	20.68	20.44

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 30 September 2011, into realised and unrealised profits, pursuant to the directive, is as follows:-

	As at 30.9.2011 RM'000
Total retained earnings of the Group	
- Realised	48,497
- Unrealised	<u>652</u>
	49,149
Consolidated adjustments	15,475
Total retained earnings as per condensed consolidated statement of changes in equity	<u><u>64,624</u></u>

By order of the Board

Chua Siew Chuan
Company Secretary
Kuala Lumpur
29 November 2011