



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 December 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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(22414-V)  
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**Condensed Consolidated Statements of Financial Position  
as at 31 December 2011**

	Unaudited 31.12.2011 RM'000	Audited 30.6.2011 RM'000
<b><u>ASSETS</u></b>		
<b>Non-current assets</b>		
Property, plant and equipment	11,232	18,726
Intangible assets	7,238	7,238
Deferred tax assets	923	826
Available-for-sale investment	1,115	1,115
	20,508	27,905
<b>Current assets</b>		
Inventories	65,677	78,300
Held-to-maturity investment	1,004	1,004
Receivables	32,833	20,707
Cash and bank balances	17,417	651
	116,931	100,662
Assets of disposal group classified as held for sale	374	595
	117,305	101,257
<b>TOTAL ASSETS</b>	<b>137,813</b>	<b>129,162</b>
<b><u>EQUITY AND LIABILITIES</u></b>		
Share capital	41,787	41,787
Reserves	69,943	58,117
<b>Shareholders' Equity</b>	111,730	99,904
<b>Non-Current Liabilities</b>		
Hire purchase payables	21	84
Deferred tax liabilities	-	39
	21	123
<b>Current Liabilities</b>		
Payables	15,300	20,434
Hire purchase payables	151	179
Short term borrowings	9,660	7,262
	25,111	27,875
Liabilities directly associated with disposal group classified as held for sale	951	1,260
	26,062	29,135
<b>TOTAL LIABILITIES</b>	<b>26,083</b>	<b>29,258</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>137,813</b>	<b>129,162</b>
Net assets per share (RM)	<b>2.67</b>	<b>2.39</b>

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

	3 months ended 31.12.2011	3 months ended 31.12.2010	Year-to-date ended 31.12.2011	Year-to-date ended 31.12.2010
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Revenue	31,898	33,299	77,399	78,806
Other operating income	3,873	536	4,533	775
Operating expenses	(31,319)	(28,834)	(65,966)	(63,016)
Profit/(loss) from operations	4,452	5,001	15,966	16,565
Finance costs	(96)	(78)	(174)	(133)
Profit/(loss) before taxation	4,356	4,923	15,792	16,432
Taxation	(996)	(1,175)	(3,614)	(4,143)
Profit/(loss) from continuing operations, net of tax	3,360	3,748	12,178	12,289
<u>Discontinued Operation</u>				
Loss from Discontinued Operation, net of tax	(176)	-	(352)	-
Profit / (loss) after taxation	<u>3,184</u>	<u>3,748</u>	<u>11,826</u>	<u>12,289</u>

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

	3 months ended 31.12.2011	3 months ended 31.12.2010	Year-to-date ended 31.12.2011	Year-to-date ended 31.12.2010
	RM'000	RM'000	RM'000	RM'000
Profit for the period	3,184	3,748	11,826	12,289
<b>Other comprehensive income:</b>				
Available for sale (AFS) Investments fair value movement	-	74	-	74
<b>Total comprehensive income</b>	<u>3,184</u>	<u>3,822</u>	<u>11,826</u>	<u>12,363</u>
<b>Total comprehensive income attributable to:</b>				
<b>Equity holders</b>	<u>3,184</u>	<u>3,822</u>	<u>11,826</u>	<u>12,363</u>
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Earnings / (loss) per share	<u>7.62</u>	<u>8.97</u>	<u>28.30</u>	<u>29.41</u>

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**Condensed Statements of Changes in Equity**  
**For the period ended 31 December 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	-	-	-	74	12,289	12,363
At as 31.12..2010	<u>41,787</u>	<u>1,356</u>	<u>697</u>	<u>58</u>	<u>57,952</u>	<u>101,850</u>
At 1.7.2011	41,787	1,356	697	82	55,982	99,904
Total comprehensive income	-	-	-	-	11,826	11,826
Reversal of revaluation reserve	-	-	(697)	-	697	-
At as 31.12.2011	<u>41,787</u>	<u>1,356</u>	<u>-</u>	<u>82</u>	<u>68,505</u>	<u>111,730</u>

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

	<b>31.12.2011</b>	<b>31.12.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flow from operating activities</b>		
Profit before tax from continuing operations	15,792	16,432
Loss before tax from discontinued operation	(352)	-
	<hr/>	<hr/>
	15,440	16,432
Adjustments for:		
Interest expenses		
- Continuing operations	174	133
- Discontinued operation	4	-
Depreciation of property, plant and equipment		
- Continuing operations	1,185	1,559
- Discontinued operation	194	-
Amortisation of intangible asset		
- Continuing operations	-	10
- Discontinued operation	10	-
Net (gain)/loss on disposal of property, plant and equipment		
- Continued operation	(4,287)	(81)
Property, plant and equipment written-off		
- Continued operations	86	-
- Discontinued operation	234	-
Reversal of impairment losses of intangible assets		
- Discontinued operation	(10)	-
Reversal of impairment losses of property, plant and equipment		
- Discontinued operation	(262)	-
Inventories written-down		
- Continued operation	1,542	-
	<hr/>	<hr/>
Operating profit before working capital changes	14,310	18,053
Net change in current assets	(2,784)	(28,997)
Net change in current liabilities	(4,057)	1,546
	<hr/>	<hr/>
Cash (used in) / generated from operations	7,469	(9,398)
Tax paid	(3,062)	(2,427)
Net cash generated/ (used) in operating activities	<hr/>	<hr/>
	4,407	(11,825)
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment		
- Continuing operations	(1,160)	(2,493)
Proceeds from disposal of property, plant and equipment and investment property	11,670	167
	<hr/>	<hr/>
Net cash generated/ (used) in investing activities	10,510	(2,326)

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**Condensed Consolidated Statements of Cash Flow  
for the period ended 31 December 2011 (contd.)**

	<b>31.12.2011</b>	<b>31.12.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flow from financing activities</b>		
Interest paid		
- Continuing operations	(174)	(133)
- Discontinued operation	(4)	-
Dividends paid	-	(3)
Net increase in bank borrowings and hire purchase obligations	2,161	3,118
Net cash generated in financing activities	<u>1,983</u>	<u>2,982</u>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	16,900	(11,169)
<b>Cash and cash equivalents at beginning of period</b>	266	15,312
<b>Cash and cash equivalents at end of period</b>	<u><u>17,166</u></u>	<u><u>4,143</u></u>

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## **Explanatory Notes**

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

#### **1. Basis of preparation**

a) 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.

b) The Group's next set of financial statements for the annual period beginning on 1 April 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the MASB that will also comply with International Financial Reporting Standards ("IFRSs"). As a result, the Group will not be adopting the above accounting standards and interpretations (including the consequential amendments) that are effective for annual periods beginning on or after 1 April 2012.



**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 31 December 2011. However, a dividend was paid by the Company amounted to RM1,567,020 in January 2012 for year ended 30 June 2011 and a dividend was paid in March 2011 amounting to RM3,134,040 for financial year ended 30 June 2010.

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

	<b>Manufacturing</b>	<b>Trading</b>	<b>Food and beverage</b>	<b>Elimina- tions</b>	<b>Group</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>6 months period ended 31.12.2011</b>					
<b>Segment revenue</b>					
External revenue	3,628	73,771	2,558	-	79,957
Intersegment revenue	22,712	3,040	-	(25,752)	-
Total revenue	<u>26,339</u>	<u>76,811</u>	<u>2,558</u>	<u>(25,752)</u>	<u>79,957</u>
<b>Segment result</b>	<u>(3,001)</u>	<u>11,114</u>	<u>(461)</u>	<u>3,330</u>	10,980
Unallocated income					4,638
Finance cost					(178)
Profit before taxation					<u>15,440</u>

Note: The difference in Group Revenue and Profit before taxation between the Segmental Reporting and Condensed Consolidated Comprehensive Income is due to the Food and Beverage segment which is deemed discontinued operation reported under the Condensed Consolidated Comprehensive Income.

	<b>Manufacturing</b>	<b>Trading</b>	<b>Food and beverage</b>	<b>Elimina- tions</b>	<b>Group</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>6 months period ended 31.12.2010</b>					
<b>Segment revenue</b>					
External revenue	736	74,887	3,183	-	78,806
Intersegment revenue	48,808	3,332	-	(52,140)	-
Total revenue	<u>49,544</u>	<u>78,219</u>	<u>3,183</u>	<u>(52,140)</u>	<u>78,806</u>
<b>Segment result</b>	<u>1,050</u>	<u>15,990</u>	<u>(500)</u>	<u>(750)</u>	15,790
Unallocated income					775
Finance cost					(133)
Profit before taxation					<u>16,432</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 31 December 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 27,021,895 as at 31 December 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 from continuing and discontinued operations amounting to RM 33.0 million, was RM 0.3 million or 0.9% lower, from RM 33.3 million for the same quarter last year. This is mainly due to closing of two food & beverage outlet leading towards the discontinuance of this segment.

For the current quarter, the Group recorded a pre-tax profit from continuing and discontinued amounting to RM 4.2 million, compared to a pre-tax profit of RM 4.9 million for the same period of the preceding year. This is due to a drop in Gross Margin resulting from promotional activities to drive down high inventories carried forward from preceding quarter.

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

Revenue for the 6 months period ended 31 December 2011 from continuing and discontinued operations amounting to RM 80.0 million, was RM 1.2 million or 1.5% higher, from RM 78.8 million for the corresponding quarter last year. The increase in revenue is attributed to the higher sales from promotional activities to maintain market share.

For the current 6 months period, the Group recorded an decrease by RM 1 million or 6.1% decrease in its pre-tax profit to RM 15.4 million, compared to a pre-tax profit of RM 16.4 million for the corresponding period last year. The lower earnings in the current period were due to the drop in Gross Margin of 5% resulted from the said promotional activities where prices were reduced while cost remained more or less stable.

### **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 4.2 million for the quarter ended 31 December 2011 as compared to the pre-tax profit of RM11.2 million recorded for the quarter ended 30 September 2011.

The better earnings in the preceding 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.

## 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 31.12.2011 RM'000	3 months ended 31.12.2010 RM'000	Year-to-date ended 31.12.2011 RM'000	Year-to-date ended 31.12.2010 RM'000
Income tax	(566)	(1,323)	(3,709)	(4,478)
Deferred tax	(429)	148	95	335
	----- (995) =====	----- (1,175) =====	----- (3,614) =====	----- (4,143) =====

The Group's effective tax rate is lower than the statutory tax rate of 25% mainly due to realisation of deferred tax liabilities.

## 18. 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.

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

The Group does not have any corporate proposals announced but not completed, not earlier than 7 days from the date of this report.

## 20. 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:

	31.12.2011
	RM'000
<b>Short term borrowings</b>	
<b><i>Unsecured</i></b>	
Bank overdrafts	314
Bankers' acceptances	9,346
	9,660

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

## 21. 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.

## 22. 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.

This is currently pending trial date set by the high court to complete the discovery.

## 23. Dividends

The Directors did not declare any dividend for the current reporting quarter.

## 24. 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.

	<b>3 months ended 31.12.2011</b>	<b>3 months ended 31.12.2010</b>	<b>Year-to-date ended 31.12.2011</b>	<b>Year-to-date ended 31.12.2010</b>
Profit / (loss) after taxation (RM'000)	3,184	3,748	11,826	12,289
Weighted average Number of ordinary shares In issue ('000)	41,787	41,787	41,787	41,787
Basic / (loss) earnings per share (sen)	7.62	8.97	28.30	29.41

## 25. 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 December 2011, into realised and unrealised profits, pursuant to the directive, is as follows:-

	<b>As at 31.12.2011 RM'000</b>
Total retained earnings of the Group	
- Realised	50,456
- Unrealised	<u>1,521</u>
	51,977
Consolidated adjustments	16,528
Total retained earnings as per condensed consolidated statement of changes in equity	<u><u>68,505</u></u>

## 26. Profit for the Period/Year

	3 months ended 31.12.2011	3 months ended 31.12.2010	Year-to-date ended 31.12.2011	Year-to-date ended 31.12.2010
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting:				
Interest income	79	118	91	186
Other income	127	117	263	282
Foreign exchange net gain-realised	-	-	-	-
Gain on disposal of properties	3,714	-	4,287	-
Insurance recoveries	-	-	-	322
Foreign exchange net gain-realised	-	-	-	-
and after charging:				
Interest expense	98	78	178	133
Amortisation and Depreciation	666	789	1,380	1,569
Inventories write-back/(write-down)	1,542	-	1,542	-
Provision for/write off of receivables	-	-	-	-
Provision for/write off of inventories	-	8	-	20
Provision/(Reversal) of impairment:-				
- Property, plant and equipment	(262)	-	(262)	-
- Intangible assets	(5)	-	(10)	-
Foreign exchange net loss-realised	2	-	3	-
Foreign exchange net loss-unrealised	-	2	1	3

There were no gain or loss on disposal of quoted or unquoted investment, gain or loss on derivatives or exceptional items for current quarter and financial period ended 31 December 2011 (31 December 2010: NIL)

By order of the Board

Chua Siew Chuan  
Company Secretary  
Kuala Lumpur  
29 February 2012