



The Hing Yiap Group

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

(Incorporated in Malaysia)

Lot 46, Lorong Kuang Bulan

Taman Kepong

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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 2012.

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 31 March 2012**

	Unaudited 31.3.2012 RM'000	Audited 30.6.2011 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	11,167	18,726
Intangible assets	7,238	7,238
Deferred tax assets	854	826
Available-for-sale investment	-	1,115
	19,259	27,905
<b>Current assets</b>		
Inventories	52,928	78,300
Held-to-maturity investment	-	1,004
Receivables	30,909	20,707
Cash and bank balances	26,648	651
	110,485	100,662
Assets of disposal group classified as held for sale	514	595
	110,999	101,257
<b>TOTAL ASSETS</b>	<b>130,258</b>	<b>129,162</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	41,787	41,787
Reserves	70,838	58,117
<b>Shareholders' Equity</b>	112,625	99,904
<b>Non-Current Liabilities</b>		
Hire purchase payables	-	84
Deferred tax liabilities	-	39
	-	123
<b>Current Liabilities</b>		
Payables	7,059	20,434
Hire purchase payables	10	179
Short term borrowings	10,197	7,262
	17,266	27,875
Liabilities directly associated with disposal group classified as held for sale	367	1,260
	17,633	29,135
<b>TOTAL LIABILITIES</b>	<b>17,633</b>	<b>29,258</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>130,258</b>	<b>129,162</b>
Net assets per share (RM)	<b>2.70</b>	<b>2.39</b>

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**Condensed Consolidated Statement of Comprehensive Income**  
**For the period ended 31 March 2012**

	<b>3 months ended 31.3.2012</b>	<b>3 months ended 31.3.2011</b>	<b>Year-to-date ended 31.3.2012</b>	<b>Year-to-date ended 31.3.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Continuing operations</u>				
Revenue	27,863	33,135	105,262	111,941
Other operating income	751	134	5,285	909
Operating expenses	(26,306)	(31,698)	(92,275)	(94,714)
Profit/(Loss) from operations	2,308	1,571	18,272	18,136
Finance costs	(98)	(128)	(271)	(261)
Profit/(loss) before taxation	2,210	1,443	18,001	17,875
Taxation	173	(455)	(3,441)	(4,598)
Profit/(Loss) from continuing operations, net of tax	2,383	988	14,560	13,277
<u>Discontinued Operation</u>				
Profit/(Loss) from Discontinued Operation, net of tax	161	-	(190)	-
Profit / (Loss) after taxation	<u>2,544</u>	<u>988</u>	<u>14,370</u>	<u>13,277</u>

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**Condensed Consolidated Statement of Comprehensive Income**  
**For the period ended 31 March 2012**

	3 months ended 31.3.2012	3 months ended 31.3.2011	Year-to-date ended 31.3.2012	Year-to-date ended 31.3.2011
	RM'000	RM'000	RM'000	RM'000
Profit for the period	2,544	988	14,370	13,277
<b>Other comprehensive income:</b>				
Available for sale (AFS) Investments fair value movement	-	23	-	97
Realised of disposal of Investments available for sales (AFS)	( 82)	-	(82)	-
<b>Total comprehensive income</b>	<u>2,462</u>	<u>1,011</u>	<u>14,288</u>	<u>13,374</u>
<b>Total comprehensive income attributable to:</b>				
<b>Equity holders</b>	<u>2,462</u>	<u>1,011</u>	<u>14,288</u>	<u>13,374</u>
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Earnings / (loss) per share	<u>6.08</u>	<u>2.36</u>	<u>34.39</u>	<u>31.77</u>

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**Condensed Statements of Changes in Equity**  
**For the period ended 31 March 2012**

	← 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	-	-	-	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>
At 1.7.2011	41,787	1,356	697	82	55,982	99,904
Total comprehensive income	-	-	-	(82)	14,370	14,288
Reversal of revaluation reserve	-	-	(697)	-	697	-
Transaction with owners - Dividend	-	-	-	-	(1,567)	(1,567)
At as 31.3.2012	<u>41,787</u>	<u>1,356</u>	<u>-</u>	<u>-</u>	<u>69,482</u>	<u>112,625</u>

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**Condensed Consolidated Statements of Cash Flow  
for the period ended 31 March 2012**

	<b>31.3.2012</b>	<b>31.3.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flow from operating activities</b>		
Profit before tax from continuing operations	18,001	17,875
Loss before tax from discontinued operation	(190)	-
	<hr/> 17,811	<hr/> 17,875
Adjustments for:		
Interest expenses		
- Continuing operations	271	261
- Discontinued operation	4	-
Depreciation of property, plant and equipment		
- Continuing operations	1,748	2,335
- Discontinued operation	32	-
Amortisation of intangible asset		
- Continuing operations	-	15
- Discontinued operation	-	-
Gain on disposal of property, plant and equipment		
- Continuing operations	(4,326)	(81)
Loss on disposal of property, plant and equipment		
- Continuing operations	43	-
Property, plant and equipment written-off		
- Continuing operations	90	1
- Discontinued operation	300	-
Impairment losses of property, plant and equipment	148	-
- Continuing operations		
Reversal of impairment losses of property, plant and equipment		
- Discontinued operation	(289)	-
Inventories written-down		
- Continuing operations	1,542	-
Inventories written-off		
- Continuing operations	292	-
- Discontinued operation	8	-
Gain on disposal of investment	(4)	-
Gain on disposal of subsidiaries	(261)	-
	<hr/> 17,409	<hr/> 20,406
Operating profit before working capital changes		
Net change in current assets	9,877	(18,574)
Net change in current liabilities	(13,019)	(14,884)
	<hr/> 14,267	<hr/> (13,052)
Cash generated/(used in) from operations		
Tax paid	(4,163)	(3,491)
Net cash generated/ (used in) operating activities	<hr/> 10,104	<hr/> (16,543)

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**Condensed Consolidated Statements of Cash Flow  
for the period ended 31 March 2012 (contd.)**

	<b>31.3.2012</b>	<b>31.3.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment		
- Continuing operations	(1,815)	(2,871)
Proceeds from disposal of property, plant and equipment and investment property	11,670	167
Proceeds from disposal of investment	2,040	-
Net cash inflow from disposal of subsidiaries	3,557	-
	<hr/>	<hr/>
Net cash generated/(used in) investing activities	15,452	(2,704)
<b>Cash flow from financing activities</b>		
Interest paid		
- Continuing operations	(271)	(261)
- Discontinued operation	(4)	-
Dividends paid	(1,567)	(3,120)
Net increase in bank borrowings and hire purchase obligations	910	5,787
	<hr/>	<hr/>
Net cash generated/(used in) financing activities	(932)	2,406
<b>Net increase/(decrease) in cash and cash equivalents</b>	24,624	(16,841)
<b>Cash and cash equivalents at beginning of period</b>	266	15,312
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>	24,890	(1,529)
	<hr/> <hr/>	<hr/> <hr/>
 <b><u>Cash and cash equivalents at end of period</u></b>		
	<b>31.3.2012</b>	<b>31.3.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Continuing operations:-		
Cash and bank balance	26,648	151
Bank overdraft	(1,927)	(1,680)
	<hr/>	<hr/>
	24,721	(1,529)
Discontinued operation:-		
Cash and bank balance	169	-
	<hr/>	<hr/>
	24,890	(1,529)
	<hr/> <hr/>	<hr/> <hr/>

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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)**

The final dividend of 5% less income tax was paid by the Company amounted to RM1,567,020 in January 2012 for year ended 30 June 2011 (30 June 2010: final dividend of 10% less income tax amounting to RM3,134,040)

## 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 31.3.2012</b>					
<b>Segment revenue</b>					
External revenue	3,628	101,635	3,667	-	108,930
Intersegment revenue	22,632	3,573	-	(26,205)	-
Total revenue	<u>26,260</u>	<u>105,208</u>	<u>3,667</u>	<u>(26,205)</u>	<u>108,930</u>
<b>Segment result</b>	<u>(4,568)</u>	<u>12,614</u>	<u>(351)</u>	<u>4,954</u>	12,649
Unallocated income					5,437
Finance cost					(275)
Profit before taxation					<u>17,811</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.

	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>	17,227
Unallocated income					909
Finance cost					(261)
Profit before taxation					<u>17,875</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**

On 22 February 2012, the Group disposed of the 100% owned direct subsidiaries of Hing Yiap Trading Sdn. Bhd. and Hing Yiap Knitting Sdn. Bhd. (Formerly known as Hing Yiap Properties Sdn. Bhd.) to Trackland Sdn. Bhd. for a total consideration of RM3.55 million and RM2.00 million respectively. This resulted in a gain on disposal of RM 0.26 million.

## **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 27,010,000 as at 31 March 2012.

## 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 amounted to RM 29.0 million, which was 12.4% lower than RM 33.1 million for the same quarter last year.

	Manufacturing RM million	Trading RM million	Food & beverages RM million
3 <sup>rd</sup> quarter 2012	0.0	27.9	1.1
3 <sup>rd</sup> quarter 2011	0.0	32.1	1.5
2012 Revenue Contribution	0.0%	96.2%	3.8%

The lower revenue achieved for the Trading segment is due to initiative taken to drive down high inventories. The lower revenue achieved in the Manufacturing and Food & Beverage segment is due to reduction in activities in our non-core businesses.

For the current quarter, the Group recorded a higher pre-tax profit from continuing and discontinued operations amounting to RM 2.4 million, compared to RM 1.4 million for the same quarter of the preceding year. This lower profit in the quarter of the preceding year is due to higher operating expenses.

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

Revenue for the 9 months period ended 31 March 2012 from continuing and discontinued operations amounting to RM 108.9 million, which was 2.7% lower than RM 111.9 million for the corresponding 9 months period last year.

	Manufacturing RM million	Trading RM million	Food & beverages RM million
9 months ended 31 March 2012	3.6	101.6	3.7
9 months ended 31 March 2011	0.2	107.0	4.7
2012 Revenue Contribution	3.3%	93.3%	3.4%

For the current 9 months period, the Group recorded a pre-tax profit from continuing and discontinued operations of RM 17.8 million, 0.5% lower, compared to RM 17.9 million for the corresponding 9 months period last year.

There is a one off gain on disposal of property, plant and equipment amounting to RM 4.3 million, which was however, off-set by higher operational expenses attributed to aggressive stock markdown exercise to bring down inventory.

#### 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 RM2.4 million for the quarter ended 31 March 2012 as compared to the pre-tax profit of RM4.2 million recorded for the quarter ended 31 December 2011.

The better earnings in the preceding quarter were attributed to the one-off gain from disposal of property, plant and equipment.

#### 15. Current year prospects

The Group has reduced inventory levels to RM 52.9 million from RM 78.3 million and this has resulted in an increased cash balance of RM 26.6 million as compared to cash balance of RM 0.7 million in the preceding year. Further initiatives will be carried out to improve inventory levels and to enhance cost optimization. There will also be more branding activities planned this year to improve top line performance.

#### 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 31.3.2012 RM'000	3 months ended 31.3.2011 RM'000	Year-to-date ended 31.3.2012 RM'000	Year-to-date ended 31.3.2011 RM'000
Income tax	(490)	(357)	(4,199)	(4,834)
Over/(Under)provision				
- Current quarter	719	859	719	859
- Prior year	(30)	-	(30)	-
Deferred tax	(26)	(957)	69	(623)
	----- 173 =====	----- (455) =====	----- (3,441) =====	----- (4,598) =====

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 unquoted securities other than securities in existing subsidiary companies and associated companies**

The Group did not purchase or dispose any unquoted 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.

**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:

	<b>31.3.2012</b>
	<b>RM'000</b>
<b>Short term borrowings</b>	
<i>Unsecured</i>	
Bank overdrafts	1,927
Bankers' acceptances	8,270
	10,197

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 31.3.2012</b>	<b>3 months ended 31.3.2011</b>	<b>Year-to-date ended 31.3.2012</b>	<b>Year-to-date ended 31.3.2011</b>
Profit / (loss) after taxation (RM'000)	2,544	988	14,370	13,277
Weighted average Number of ordinary shares In issue ('000)	41,787	41,787	41,787	41,787
Basic / (loss) earnings per share (sen)	6.08	2.36	34.39	31.77

## 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 March 2012, into realised and unrealised profits, pursuant to the directive, is as follows:-

	<b>As at 31.3.2012 RM'000</b>
Total retained earnings of the Group	
- Realised	49,458
- Unrealised	1,535
	<hr/>
	50,993
Consolidated adjustments	18,489
	<hr/>
Total retained earnings as per condensed consolidated statement of changes in equity	<u>69,482</u>

## 26. Profit for the Period/Year

	<b>3 months ended 31.3.2012</b>	<b>3 months ended 31.3.2011</b>	<b>Year-to-date ended 31.3.2012</b>	<b>Year-to-date ended 31.3.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the period is arrived at after crediting:				
Interest income	241	15	332	201
Insurance recoveries	-	2	-	324
Gain on foreign exchange-realised	(2)	-	2	-
Gain on disposal of properties	39	-	4,326	81
Gain on foreign exchange-unrealised	1	-	1	-
Gain on disposal of subsidiaries	261	-	261	-
Gain on disposal of investment	4	-	4	-
and after charging:				
Interest expense	97	128	275	261
Amortisation and Depreciation	390	781	1,780	2,350
Inventories written-off	300	-	300	-
Inventories write-down	-	-	1,542	-
Provision for/write off of inventories	-	-	-	(20)
Provision/(Reversal) of impairment:-				
- Property, plant and equipment	121	-	(141)	-
- Intangible assets	(10)	-	-	-
Loss on foreign exchange-realised	3	-	4	-
Loss on foreign exchange-unrealised	1	-	1	-
Loss on disposal of properties, plant and equipment	43	-	43	1

There were no gain or loss on derivatives or exceptional items for current quarter and financial period ended 31 March 2012 (31 March 2011: NIL)

By order of the Board

Chua Siew Chuan  
Company Secretary  
Kuala Lumpur  
30 May 2012