



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

**INTERIM REPORT FOR THE  
THIRD QUARTER ENDED  
30 SEPTEMBER 2014**

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED 30 SEPT		9 MONTHS ENDED 30 SEPT	
	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	4,919	4,843	14,870	11,773
Cost of Sales	(3,848)	(3,754)	(12,309)	(9,202)
<b>Gross profit</b>	<b>1,071</b>	<b>1,089</b>	<b>2,561</b>	<b>2,571</b>
Other income	9	132	38	543
General and administrative expenses	(904)	(1,673)	(2,765)	(4,937)
Other operating expenses	(248)	(214)	(868)	(1,284)
	(72)	(666)	(1,034)	(3,107)
Finance cost	(580)	(453)	(1,629)	(1,421)
Share of loss of associated companies	-	-	-	-
<b>Profit before tax</b>	<b>(652)</b>	<b>(1,119)</b>	<b>(2,663)</b>	<b>(4,528)</b>
Tax credit/(expense)	54	71	163	213
<b>Profit from operations</b>	<b>(598)</b>	<b>(1,048)</b>	<b>(2,500)</b>	<b>(4,315)</b>
Equity holders of the parent	(598)	(1,048)	(2,500)	(4,315)
Minority interest	-	-	-	-
	(598)	(1,048)	(2,500)	(4,315)
<b>Earnings per ordinary share</b>				
<i>Basic (sen)</i>	(0.52)	(0.94)	(2.17)	(3.86)
<i>Diluted (sen)</i>	(0.52)	(0.89)	(2.17)	(3.65)

**(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 30 SEPTEMBER 2014**

(The figures have not been audited)

	(UNAUDITED) AS AT 30 SEPTEMBER 2014 RM'000	(AUDITED) AS AT 31 DECEMBER 2013 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment ("PPE")	11,648	11,840
Plantation Development Expenditure ("PDE")	83,630	83,573
Investment Properties	942	942
Prepaid Lease Rental	30,345	30,711
Goodwill on consolidation	16,356	16,356
Investments in Associates	3,246	3,246
<b>Current Assets</b>		
Inventories	790	1,513
Trade Receivables	1,041	1,086
Other Receivables	1,082	1,006
Tax recoverable	3	3
Amount owing by related parties	2,273	1,605
Fixed deposits, cash and cash balances	4,516	1,311
	9,705	6,524
<b>TOTAL ASSETS</b>	155,872	153,192
<b>EQUITY &amp; LIABILITIES</b>		
Share Capital	115,067	111,667
ESOS Reserves	225	225
Reserves	(31,797)	(29,297)
Equity attributable to equity holders of the parent	83,495	82,595
<b>Non-Current Liabilities</b>		
Long Term Borrowings	31,575	30,000
Bank Borrowings	741	741
Hire-purchase payables	1,487	1,142
Deferred Tax Liability	9,700	9,864
	43,503	41,747
<b>Current Liabilities</b>		
Bank Overdrafts	20,722	17,092
Trade Payables	1,583	3,809
Other Creditors	6,261	7,107
Amount owing to related parties	56	71
Bank Borrowings	10	39
Hire-purchase payables	208	698
Tax liabilities	34	34
	28,874	28,850
	155,872	153,192
<b>Net tangible assets per share (RM)</b>	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 THIRD QUARTER ENDED 30 SEPTEMBER 2014**

(The figures have not been audited)

	Share Capital RM'000	Non-distributable Revaluation Reserves RM'000	Distributable Accumulated Loss RM'000	Equity Compensation Reserves RM'000	Total RM'000
<b><u>9 months quarter ended 30 September 2014</u></b>					
<b>At 1 January 2014</b>	111,667	-	(29,297)	225	82,595
Net profit for the financial period	-	-	(2,500)	-	(2,500)
Issue of ordinary shares under ESOS	3,400	-	-	-	3,400
Remeasurement of ESOS	-	-	-	-	-
<b>At 30 September 2014</b>	<b>115,067</b>	<b>-</b>	<b>(31,797)</b>	<b>225</b>	<b>83,495</b>
<b><u>9 months quarter ended 30 September 2013</u></b>					
<b>At 1 January 2013</b>	111,667	4,768	(33,181)	232	83,486
Net profit for the financial period	-	-	(4,315)	-	(4,315)
<b>At 30 September 2013</b>	<b>111,667</b>	<b>4,768</b>	<b>(37,496)</b>	<b>232</b>	<b>79,171</b>

*(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 THIRD QUARTER ENDED 30 SEPTEMBER 2014**

(The figures have not been audited)

	(UNAUDITED) 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2014 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2013 RM'000
Profit before tax	(2,663)	245
Adjustment for :		
Amortisation of Plantation Development Expenditure and Prepaid Lease	2,129	2,720
Depreciation of Property, Plant & Equipment ("PPE")	1,261	1,359
Equity compensation benefits	-	(7)
Finance costs	1,629	1,903
(Gain)/Loss on disposal of Investment Properties / PPE	19	(5,361)
Other non-cash items	399	(1,391)
Operating Profit/(loss) before working capital changes	2,774	(532)
(Increase)/decrease in inventories	723	(963)
(Increase)/decrease in receivables and other assets	(699)	61
Increase/(decrease) in payables and other liabilities	(3,072)	(8,239)
Increase/(decrease) in amount owing by related parties	(15)	(770)
Cash from/(used in ) operations	(289)	(10,443)
Interest paid	(1,629)	(1)
Net cash used in operating activities	(1,918)	(10,444)
<b>Cash flows from/(used in) investing activities</b>		
Acquisition of a subsidiary company	-	3
Issue of ordinary shares under ESOS	3,400	-
Addition of plantation development expenditure	(1,819)	(1,852)
Purchase of property, plant and equipment	(951)	(5,275)
Proceeds from disposal of investment properties / PPE	(19)	754
Interest received	43	39
Net cash (used in)/from investing activities	654	(6,331)
<b>Cash flows from/(used in) financing activities</b>		
Proceeds from drawdown of borrowings - net	1,575	1,973
Repayment of hire-purchase - net	(644)	(637)
Interest paid	(91)	(2,531)
Net cash (used in)/from financing activities	840	(1,195)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(424)	(17,970)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	(15,782)	2,188
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR</b>	(16,206)	(15,782)
<b>Cash and Cash Equivalents at end of period consist of:-</b>		
Deposits with licensed banks	4,250	1,050
Cash and bank balances	266	260
Bank Overdrafts	(20,722)	(17,092)
	(16,206)	(15,782)

*(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 30 September 2014</u>	<b>Oil Palm Plantations</b>	<b>Plantation Management</b>	<b>Investment Holding</b>	<b>Others</b>	<b>Elimination</b>	<b>Group Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	4,743	778	-	-	(602)	4,919
<b>Segment results</b>						
Profit/(loss) from operations	242	(22)	(423)	(6)	137	(72)
Finance cost	(669)	-	(7)	-	96	(580)
Profit/(Loss) before tax	(427)	(22)	(430)	(6)	233	(652)
Tax						54
Loss for the period						(598)

**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 30 September 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 30 September 2014.

**A13 Capital Commitments**

	<b>Current quarter 30.09.2014</b>
	<b>RM'000</b>
<b>Approved and contracted for:</b>	
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 BURSAMALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS**

**B1 Review of Performance**

Summary

	Individual Quarter			Cumulative Quarter		
	30 Sep 2014	30 Sep 2013	Variance	30 Sep 2014	30 Sep 2013	Variance
	RM	RM	%	RM	RM	%
<b>Revenue ('000)</b>	4,919	4,843	1.6%	14,870	11,773	26.3%
<b>P/(L)BT ('000)</b>	(652)	(1,119)	41.7%	(2,663)	(4,528)	41.2%
<b>Production</b>	11,403	11,014	3.5%	29,666	26,875	10.4%
<b>Ave. CPO Price*</b>	2,213	2,344	-5.6%	2,488	2,332	6.7%

\*Extracted from MPOB Peninsular Malaysia Average

Revenue

The Group's revenue for the current quarter ended 30 September 2014 increased by 2% compared to the preceding year's quarter ended 30 September 2013. The increase in revenue was minimal due to the decrease in average CPO prices of 5.6%.

Profit / (Loss) before tax

Loss before tax for the current quarter of RM652,000 was lower compared to loss before tax for the preceding year's quarter ended 30 September 2013 of RM1.1 million mainly attributed to lower average costs with the 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 RM652,000 for the 3 months quarter ended 30 September 2014 as compared to loss before tax of RM682,000 from the preceding 3 months quarter ended 31 March 2014. The improvement was due to lower average costs with the increase in production.

**B3 Current Year Prospects**

The earnings outlook for the last quarter of this year is uncertain given the volatile CPO prices amid escalating domestic palm oil stockpile. Government has extended the tax-free exports of crude palm oil (CPO) until the year-end, intended to support prices and curb the build-up of reserves.

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

**B4 Profit Forecast or Profit Guarantee**

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

**B5 Taxation**

	<b>Current Quarter 30.09.2014 RM'000</b>	<b>Cumulative Quarter 30.09.2014 RM'000</b>
On current year's results		
- Malaysia income tax	-	-
- Transfer from/(to) deferred taxation	54	163
	<u>54</u>	<u>163</u>

**B6 Status of Corporate Proposals**

There is no corporate proposal announced but not completed as at the date of issuance of this report.

**B7 Group Borrowings**

Details of the Group's borrowings as at 30 September 2014 were as follows:-

<b>Bank Borrowings</b>	<b>Short Term RM'000</b>	<b>Long Term RM'000</b>	<b>Total RM'000</b>
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 30 September 2014.

**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 and diluted EPS are calculated by dividing the loss attributable to the ordinary equity holders of the company of RM652,000 and RM2.7 million for the current quarter and current cumulative quarter by the weighted average number of ordinary shares of 115,066,787 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 6 November 2014.

By Order of the Board  
Lim Siew Ting  
Company Secretary  
Kuala Lumpur  
6 November 2014