



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

**INTERIM REPORT FOR THE
SECOND QUARTER ENDED
30 JUNE 2016**

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED 30 JUN		6 MONTHS ENDED 30 JUN	
	UNAUDITED	AUDITED	UNAUDITED	AUDITED
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Revenue	2,939	3,721	6,344	7,218
Cost of Sales	(2,492)	(3,776)	(5,052)	(7,533)
Gross profit / (loss)	447	(55)	1,292	(315)
Other income	5,352	154	5,369	170
General and administrative expenses	(839)	(921)	(1,725)	(1,795)
Other operating expenses	(307)	(247)	(636)	(497)
	4,653	(1,069)	4,300	(2,437)
Finance cost	(870)	(869)	(1,672)	(1,497)
Profit / (Loss) before tax	3,783	(1,938)	2,628	(3,934)
Tax credit/(expense)	55	55	109	109
Profit / (Loss) from operations	3,838	(1,883)	2,737	(3,825)
Equity holders of the parent	3,838	(1,883)	2,737	(3,825)
Minority interest	-	-	-	-
	3,838	(1,883)	2,737	(3,825)
Earnings per ordinary share				
<i>Basic (sen)</i>	3.34	(1.64)	2.38	(3.32)
<i>Diluted (sen)</i>	3.34	(1.64)	2.38	(3.32)

(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 2015 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 JUNE 2016**

(The figures have not been audited)

	(UNAUDITED) AS AT 30 JUNE 2016 RM'000	(AUDITED) AS AT 31 DECEMBER 2015 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment ("PPE")	10,288	11,412
Plantation Development Expenditure ("PDE")	79,305	82,236
Investment Properties	942	942
Prepaid Lease Rental	27,033	29,733
Goodwill on consolidation	16,329	16,329
Investment available for sale	2,800	2,800
Current Assets		
Inventories	756	593
Trade Receivables	657	1,369
Other Receivables	1,104	711
Tax recoverable	3	3
Amount owing by related parties	918	1,084
Fixed deposits, cash and cash balances	13,334	4,401
	<u>16,772</u>	<u>8,161</u>
TOTAL ASSETS	<u><u>153,469</u></u>	<u><u>151,613</u></u>
EQUITY & LIABILITIES		
Share Capital	115,067	115,067
Reserves	(35,491)	(38,228)
Equity attributable to equity holders of the parent	<u>79,576</u>	<u>76,839</u>
Non-Current Liabilities		
Long Term Borrowings	30,960	30,960
Bank Borrowings	655	655
Hire-purchase payables	400	400
Deferred Tax Liability	8,876	8,985
	<u>40,891</u>	<u>41,000</u>
Current Liabilities		
Bank Overdrafts	23,184	23,824
Trade Payables	697	539
Other Creditors	8,025	7,539
Amount owing to related parties	-	-
Long Term Borrowings	900	1,400
Bank Borrowings	26	44
Hire-purchase payables	136	394
Tax liabilities	34	34
	<u>33,002</u>	<u>33,774</u>
	<u><u>153,469</u></u>	<u><u>151,613</u></u>
Net tangible assets per share (RM)	0.55	0.53

(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 2015 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 SECOND QUARTER ENDED 30 JUNE 2016**

(The figures have not been audited)

	Share Capital RM'000	Distributable Accumulated Loss RM'000	Total RM'000
<u>6 months quarter ended 30 June 2016</u>			
At 1 January 2016	115,067	(38,228)	76,839
Net profit for the financial period	-	2,737	2,737
At 30 June 2016	<u>115,067</u>	<u>(35,491)</u>	<u>79,576</u>
<u>6 months quarter ended 30 June 2015</u>			
At 1 January 2015	115,067	(32,699)	82,368
Net loss for the financial period	-	(3,825)	(3,825)
At 30 June 2015	<u>115,067</u>	<u>(36,524)</u>	<u>78,543</u>

(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 2015 and the accompanying explanatory notes attached to this report)

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

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2016**

(The figures have not been audited)

	(UNAUDITED) 6 MONTHS PERIOD ENDED 30 JUNE 2016 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2015 RM'000
Profit / (Loss) before tax	2,628	(6,190)
Adjustment for :		
Amortisation of Plantation Development Expenditure and Prepaid Lease	1,396	2,907
Depreciation of Property, Plant & Equipment ("PPE")	672	1,568
Finance costs	1,672	3,012
Loss/(gain) on disposal of Investment / PPE	(5,221)	315
Other non-cash items	45	(14)
Operating Profit/(loss) before working capital changes	1,192	1,598
Decrease/(Increase) in inventories	(163)	296
Decrease in receivables and other assets	291	101
Increase in payables and other liabilities	657	250
Decrease in amount owing by related parties	165	1,148
Cash from/(used in) operations	2,142	3,393
Interest paid	(36)	(544)
Net cash used in operating activities	2,106	2,849
Cash flows from/(used in) investing activities		
Addition of plantation development expenditure	(267)	(279)
Purchase of property, plant and equipment	(192)	(1,190)
Proceeds from disposal of investment / PPE	10,789	117
Interest received	(45)	148
Net cash (used in)/from investing activities	10,285	(1,204)
Cash flows from/(used in) financing activities		
Proceeds from drawdown of borrowings - net	-	785
Repayment of term loan - net	(500)	-
Repayment of hire-purchase - net	(277)	(825)
Interest Paid	(2,041)	(3,177)
Net cash (used in)/from financing activities	(2,818)	(3,217)
NET CHANGE IN CASH AND CASH EQUIVALENTS	9,573	(1,572)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(19,423)	(17,851)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	(9,850)	(19,423)
Cash and Cash Equivalents at end of period consist of:-		
Deposits with licensed banks	13,250	4,250
Cash and bank balances	84	151
Bank Overdrafts	(23,184)	(23,824)
	(9,850)	(19,423)

(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 2015 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 2015. 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 2015.

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 2015.

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 2015 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

As at 30 June 2016, the Group has completed the exercise that was announced on 3 July 2016 with regard to Share Sale Agreement entered into with Borneo Agro-Resources Sdn Bhd to dispose of entire equity interest comprising 100,000 ordinary shares of RM1.00 each in SHC Tubau Plantation Sdn Bhd (SHC Tubau). The group has received the entire cash consideration of RM10.5 million. The disposal of SHC Tubau will not have a material impact to the Group's future earnings as it has not contributed significantly in the past.

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) Investment Holding
- (iii) Others (consist of subsidiary companies which are dormant)

Segmental Information for the current quarter

<u>For the 3 months financial period ended 30 June 2016</u>	Oil Palm Plantations	Investment Holding	Others	Elimination	Group Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	2,939	-	-	-	2,939
<u>Segment results</u>					
Profit/(loss) from operations	(22)	4,168	(13)	520	4,653
Finance cost	(816)	(116)	-	62	(870)
Profit/(Loss) before tax	(838)	4,052	(13)	582	3,783
Tax					55
Profit for the period					3,838

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 2015.

A10 Material events subsequent to the end of the interim period

There were no material events subsequent to 31 December 2015 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

The Group has disposed 100% shares of SHC Tubau Plantation Sdn Bhd (SHC Tubau) to Borneo Agro-Resources Sdn Bhd in the month of Jun 2016. This also entails the disposal of an effective 100% equity interest in Tubau Corporation Sdn Bhd, which is wholly owned subsidiary company of SHC Tubau. These two companies were removed from composition of the Group.

A12 Contingent liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 30 June 2016.

A13 Capital Commitments

There is no capital commitments approved or contracted for the second quarter ended 30 June 2016.

ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

B1 Review of Performance

Summary

	Individual Quarter			Cumulative Quarter		
	30 Jun 2016 RM	30 Jun 2015 RM	Variance %	30 Jun 2016 RM	30 Jun 2015 RM	Variance %
Revenue ('000)	2,939	3,721	-21.0%	6,344	7,218	-12.1%
P/(L)BT ('000)	3,783	(1,938)	295.2%	2,628	(3,934)	166.8%
Production	5,726	9,343	-38.7%	13,131	17,404	-24.6%
Ave. CPO Price*	2,605	2,199	18.5%	2,506	2,236	12.1%

*Extracted from MPOB Peninsular Malaysia Average

Revenue

The Group's revenue for the current quarter ended 30 June 2016 has declined by 21.0% as compared to the preceding year quarter. The lower revenue recorded despite average CPO prices was higher by 18.5% during the quarter was mainly due 38.7% lower of production harvest caused by shortage of harvester.

Profit / (Loss) before tax

The Group recorded a profit before tax of RM3.78 million as compared to a loss before tax of RM1.94 million for the preceding year quarter ended 30 June 2015. The major contribution for the current quarter profit is from the gain on disposal of a subsidiary company of RM5.2 million.

B2 Material Changes in Profit Before Taxation for the Quarter Reported On as Compared with the Immediate Preceding Quarter

The Group recorded a profit before tax of RM3.78 million for the current quarter as compared to loss before tax of RM1.15 million from the preceding quarter ended 31 March 2016. This is mainly due to the gains from disposal of subsidiary in the current quarter.

B3 Prospects

The performance of the Group will mainly rely on palm prices and palm prices are driven by global demand factors, including uncertain market movements in crude and rival edible oils, movements in currency and economic situation.

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

B4 Profit Forecast or Profit Guarantee

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

B5 Taxation

	Current Quarter 30.06.2016 RM'000	Cumulative Quarter 30.06.2016 RM'000
On current year's results		
- Malaysia income tax	-	-
- Transfer from/(to) deferred taxation	55	109
	<u>55</u>	<u>109</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 June 2016 were as follows:-

Bank Borrowings	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	900	30,960	31,860

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 June 2016.

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 profit attributable to the ordinary equity holders of the company of RM3.78 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