



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

**INTERIM REPORT FOR THE
THIRD QUARTER ENDED
30 SEPTEMBER 2016**

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED 30 SEP		9 MONTHS ENDED 30 SEP	
	UNAUDITED 2016 RM'000	AUDITED 2015 RM'000	UNAUDITED 2016 RM'000	AUDITED 2015 RM'000
Revenue	3,640	3,575	9,984	10,793
Cost of Sales	(2,647)	(3,015)	(7,699)	(10,548)
Gross profit / (loss)	993	560	2,285	245
Other income	188	14	5,557	184
General and administrative expenses	(870)	(905)	(2,595)	(2,700)
Other operating expenses	(513)	(261)	(1,149)	(758)
	(202)	(592)	4,098	(3,029)
Finance cost	(854)	(749)	(2,526)	(2,246)
Loss on disposal of investment		(446)		(446)
Profit / (Loss) before tax	(1,056)	(1,787)	1,572	(5,721)
Tax credit/(expense)	54	54	163	163
Profit / (Loss) from operations	(1,002)	(1,733)	1,735	(5,558)
Equity holders of the parent	(1,002)	(1,733)	1,735	(5,558)
Minority interest	-	-	-	-
	(1,002)	(1,733)	1,735	(5,558)
Earnings per ordinary share				
<i>Basic (sen)</i>	(0.87)	(1.51)	1.51	(4.83)
<i>Diluted (sen)</i>	(0.87)	(1.51)	1.51	(4.83)

(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 SEPTEMBER 2016

(The figures have not been audited)

	(UNAUDITED) AS AT 30 SEPTEMBER 2016 RM'000	(AUDITED) AS AT 31 DECEMBER 2015 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment ("PPE")	10,169	11,412
Plantation Development Expenditure ("PDE")	78,968	82,236
Investment Properties	942	942
Prepaid Lease Rental	26,923	29,733
Goodwill on consolidation	16,329	16,329
Investment available for sale	2,800	2,800
Current Assets		
Inventories	956	593
Trade Receivables	1,019	1,369
Other Receivables	1,153	711
Tax recoverable	3	3
Amount owing by related parties	918	1,084
Fixed deposits, cash and cash balances	12,694	4,401
	16,743	8,161
TOTAL ASSETS	152,874	151,613
EQUITY & LIABILITIES		
Share Capital	115,067	115,067
Reserves	(36,493)	(38,228)
Equity attributable to equity holders of the parent	78,574	76,839
Non-Current Liabilities		
Long Term Borrowings	30,960	30,960
Bank Borrowings	655	655
Hire-purchase payables	560	400
Deferred Tax Liability	8,822	8,985
	40,997	41,000
Current Liabilities		
Bank Overdrafts	23,297	23,824
Trade Payables	872	539
Other Creditors	8,464	7,539
Amount owing to related parties	-	-
Long Term Borrowings	550	1,400
Bank Borrowings	15	44
Hire-purchase payables	71	394
Tax liabilities	34	34
	33,303	33,774
	152,874	151,613
Net tangible assets per share (RM)	0.54	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 THIRD QUARTER ENDED 30 SEPTEMBER 2016**

(The figures have not been audited)

	Share Capital RM'000	Distributable Accumulated Loss RM'000	Total RM'000
<u>9 months quarter ended 30 September 2016</u>			
At 1 January 2016	115,067	(38,228)	76,839
Net profit for the financial period	-	1,735	1,735
At 30 September 2016	<u>115,067</u>	<u>(36,493)</u>	<u>78,574</u>
<u>6 months quarter ended 30 September 2015</u>			
At 1 January 2015	115,067	(32,699)	82,368
Net loss for the financial period	-	(5,558)	(5,558)
At 30 September 2015	<u>115,067</u>	<u>(38,257)</u>	<u>76,810</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 THIRD QUARTER ENDED 30 SEPTEMBER 2016**

(The figures have not been audited)

	(UNAUDITED) 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2016 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2015 RM'000
Profit / (Loss) before tax	1,572	(6,190)
Adjustment for :		
Amortisation of Plantation Development Expenditure and Prepaid Lease	2,096	2,907
Depreciation of Property, Plant & Equipment ("PPE")	1,006	1,568
Finance costs	2,526	3,012
Loss/(gain) on disposal of Investment / PPE	(5,230)	315
Other non-cash items	(150)	(14)
Operating Profit/(loss) before working capital changes	1,820	1,598
Decrease/(Increase) in inventories	(363)	296
Decrease in receivables and other assets	(120)	101
Increase in payables and other liabilities	1,270	250
Decrease in amount owing by related parties	165	1,148
Cash from/(used in) operations	2,772	3,393
Interest paid	(52)	(544)
Net cash used in operating activities	2,720	2,849
Cash flows from/(used in) investing activities		
Addition of plantation development expenditure	(310)	(279)
Purchase of property, plant and equipment	(268)	(1,190)
Proceeds from disposal of investment / PPE	10,831	117
Interest received	150	148
Net cash (used in)/from investing activities	10,403	(1,204)
Cash flows from/(used in) financing activities		
Proceeds from drawdown of borrowings - net	-	785
Repayment of term loan - net	(850)	-
Repayment of hire-purchase - net	(364)	(825)
Interest Paid	(3,089)	(3,177)
Net cash (used in)/from financing activities	(4,303)	(3,217)
NET CHANGE IN CASH AND CASH EQUIVALENTS	8,820	(1,572)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(19,423)	(17,851)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	(10,603)	(19,423)
Cash and Cash Equivalents at end of period consist of:-		
Deposits with licensed banks	12,950	4,250
Cash and bank balances	31	151
Bank Overdrafts	(23,584)	(23,824)
	(10,603)	(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

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

Segmental Information for the current quarter

<u>For the 3 months</u> <u>financial period</u> <u>ended 30 Sep 2016</u>	Oil Palm Plantations	Investment Holding	Others	Elimination	Group Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	3,639	-	-	-	3,639
Segment results					
Profit/(loss) from operations	599	(776)	(11)	(14)	(202)
Finance cost	(808)	(117)	-	71	(854)
Loss before tax	(209)	(893)	(11)	57	(1,056)
Tax					54
Loss for the period					(1,002)

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

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 quarter.

A12 Contingent liabilities and Contingent Assets

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

A13 Capital Commitments

There is no capital commitments approved or contracted for the third quarter ended 30 September 2016.

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

B1 Review of Performance

Summary

	Individual Quarter			Cumulative Quarter		
	30 Sep 2016 RM	30 Sep 2015 RM	Variance %	30 Sep 2016 RM	30 Sep 2015 RM	Variance %
Revenue ('000)	3,640	3,575	1.8%	9,984	10,793	-7.5%
P/(L)BT ('000)	(1,056)	(1,787)	40.9%	1,572	(5,721)	127.5%
Production	6,885	9,518	-27.7%	20,016	26,922	-25.7%
Ave. CPO Price*	2,604	2,051	27.0%	2,538	2,174	16.8%

*Extracted from MPOB Peninsular Malaysia Average

Revenue

The Group's revenue for the current quarter ended 30 Sep 2016 has improved by 1.8% as compared to the preceding year quarter. Only slightly higher revenue was recorded despite higher average CPO price this quarter as it was offset by the lower production during this current quarter. More adverse weather conditions in this quarter compared to last year quarter caused production to be lower.

Profit / (Loss) before tax

The Group recorded a loss before tax of RM1.06 million as compared to RM1.8 million for the preceding year quarter ended 30 Sep 2015. The main contribution for the lower current quarter loss is improved gross profit margin due to higher average CPO price in this quarter and a one off impairment loss on investment of a subsidiary for RM0.47 million in last year quarter.

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

The Group recorded a loss before tax of RM1.06 million for the current quarter as compared to profit before tax of RM3.78 million from the preceding quarter ended 30 June 2016. This is mainly due to the gains from disposal of a subsidiary of RM5.2 million in the preceding quarter.

B3 Prospects

The performance of the Group will mainly rely on CPO prices, which are affected by global demand factors, market movements in crude and rival edible oils, currency fluctuations and the general economic situation.

Despite this uncertainty, the Group will continue to focus on cost management and achieving higher operational efficiencies in order to improve the Group's performance in the coming quarters.

B4 Profit Forecast or Profit Guarantee

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

B5 Taxation

	Current Quarter 30.09.2016 RM'000	Cumulative Quarter 30.09.2016 RM'000
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 2016 were as follows:-

Bank Borrowings	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	<u>550</u>	<u>30,960</u>	<u>31,510</u>

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 Sep 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 RM1.735 million for the 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