



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

**INTERIM REPORT FOR THE
SECOND QUARTER ENDED
30 JUNE 2017**

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2017

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED 30 JUN		6 MONTHS ENDED 30 JUN	
	UNAUDITED 2017 RM'000	AUDITED 2016 RM'000	UNAUDITED 2017 RM'000	AUDITED 2016 RM'000
Revenue	3,060	2,939	7,782	6,344
Cost of Sales	(3,009)	(2,492)	(6,164)	(5,052)
Gross profit	51	447	1,618	1,292
Other income	152	5,352	399	5,369
General and administrative expenses	(860)	(839)	(1,665)	(1,725)
Other operating expenses	(818)	(307)	(1,071)	(636)
	(1,475)	4,653	(719)	4,300
Finance cost	(668)	(870)	(1,334)	(1,672)
Profit / (Loss) before tax	(2,143)	3,783	(2,053)	2,628
Tax credit/(expense)	53	55	105	109
Profit / (Loss) from operations	(2,090)	3,838	(1,948)	2,737
Equity holders of the parent	(2,090)	3,838	(1,948)	2,737
Minority interest	-	-	-	-
	(2,090)	3,838	(1,948)	2,737
Earnings per ordinary share				
<i>Basic (sen)</i>	(1.81)	3.34	(1.69)	2.38
<i>Diluted (sen)</i>	(1.81)	3.34	(1.69)	2.38

(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 2016 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 2017**

(The figures have not been audited)

	(UNAUDITED) AS AT 30 JUNE 2017 RM'000	(AUDITED) AS AT 31 DECEMBER 2016 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment ("PPE")	9,053	8,892
Plantation Development Expenditure ("PDE")	77,920	78,644
Investment Properties	10,089	10,089
Prepaid Lease Rental	17,444	17,665
Goodwill on consolidation	16,329	16,329
Investment available for sale	2,800	2,800
Investment in associates	8,025	-
Current Assets		
Inventories	586	794
Trade Receivables	625	1,811
Other Receivables	440	453
Tax recoverable	33	36
Assets held for sale	-	936
Amount owing by related parties	918	918
Fixed deposits, cash and cash balances	6,718	12,707
	<u>9,320</u>	<u>17,655</u>
TOTAL ASSETS	<u><u>150,980</u></u>	<u><u>152,074</u></u>
EQUITY & LIABILITIES		
Share Capital	118,092	115,067
Reserves	(37,566)	(35,618)
Equity attributable to equity holders of the parent	<u>80,526</u>	<u>79,449</u>
Non-Current Liabilities		
Bank Borrowings	29,062	29,676
Hire-purchase payables	943	376
Deferred Tax Liability	8,312	8,417
	<u>38,317</u>	<u>38,469</u>
Current Liabilities		
Bank Overdrafts	21,564	23,091
Trade Payables	627	799
Other Creditors	8,783	8,005
Amount owing to related parties	-	-
Bank Borrowings	1,017	2,043
Hire-purchase payables	112	184
Tax liabilities	34	34
	<u>32,137</u>	<u>34,156</u>
	<u><u>150,980</u></u>	<u><u>152,074</u></u>
Net tangible assets per share (RM)	0.54	0.55

(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 2016 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 2017**

(The figures have not been audited)

	Share Capital RM'000	Distributable Accumulated Loss RM'000	Total RM'000
6 months quarter ended 30 June 2017			
At 1 January 2017	115,067	(35,618)	79,449
Net loss for the financial period	-	(1,948)	(1,948)
Issue of ordinary shares	3,025	-	3,025
At 30 June 2017	118,092	(37,566)	80,526
6 months quarter ended 30 June 2016			
At 1 January 2016	115,067	(38,228)	76,839
Net profit for the financial period	-	2,737	2,737
At 30 June 2016	115,067	(35,491)	79,576

(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 2016 and the accompanying explanatory notes attached to this report)

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

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2017**

(The figures have not been audited)

	(UNAUDITED) 6 MONTHS PERIOD ENDED 30 JUNE 2017 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2016 RM'000
Profit / (Loss) before tax	(2,053)	2,578
Adjustment for :		
Amortisation of Plantation Development Expenditure and Prepaid Lease	1,414	2,863
Depreciation of Property, Plant & Equipment ("PPE")	557	1,342
Finance costs	1,334	2,464
Loss/(gain) on disposal of Investment / PPE	(207)	(5,464)
Other non-cash items	(190)	(30)
Operating Profit/(loss) before working capital changes	855	3,753
Decrease/(Increase) in inventories	209	(201)
Decrease/(Increase) in receivables and other assets	1,199	(189)
Increase in payables and other liabilities	605	732
Decrease in amount owing by related parties	-	166
Cash from/(used in) operations	2,868	4,261
Interest paid	(16)	(68)
Tax (Paid) / Received	3	(569)
Net cash used in operating activities	2,855	3,624
Cash flows from/(used in) investing activities		
Acquisition of a subsidiary company / other investment	(5,303)	-
Issue of ordinary shares	303	-
Addition of plantation development expenditure	(86)	(371)
Purchase of property, plant and equipment	(125)	(351)
Proceeds from disposal of investment / PPE	1,145	10,786
Interest received	190	315
Net cash (used in)/from investing activities	(3,876)	10,379
Cash flows from/(used in) financing activities		
Repayment of term loan - net	(1,639)	(1,339)
Repayment of hire-purchase - net	(100)	(407)
Interest Paid	(1,703)	(3,217)
Net cash (used in)/from financing activities	(3,442)	(4,963)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,463)	9,040
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(10,384)	(19,424)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	(14,847)	(10,384)
Cash and Cash Equivalents at end of period consist of:-		
Deposits with licensed banks	6,650	12,600
Cash and bank balances	68	107
Bank Overdrafts	(21,565)	(23,091)
	(14,847)	(10,384)

(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 2016 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 2016. 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 2016.

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 2016.

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.

The Minister of Domestic Trade, Co-operatives and Consumerism has appointed 31 January 2017 as the date on which Companies Act 2016 ("the Act") comes into operation, except section 241 and Division 8 of Part III of the Act. The Act will be implemented on a staggered basis. With the enforcement of the first phase of the Act on 31 January 2017, the Companies Act 1965 is repealed. The Group and the Company shall prepare its financial statements for the year ending 31 December 2017 in accordance with the requirements of the Act.

A2 Audit report

The auditors' report on the financial statement for the year ended 31 December 2016 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 financial period ended 30 Jun 2017</u>	Oil Palm Plantations	Investment Holding	Others	Elimination	Group Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	3,060	-	-	-	3,060
<u>Segment results</u>					
Profit/(loss) from operations	(379)	(1,087)	(12)	3	(1,475)
Finance cost	(736)	(3)	-	71	(668)
Gain / (Loss) before tax	(1,115)	(1,090)	(12)	74	(2,143)
Tax				53	53
Loss for the period					<u>(2,090)</u>

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 2016.

A10 Material events subsequent to the end of the interim period

There were no material events subsequent to 30 June 2017 and up to the date of the issuance of this quarterly report that have not been reflected in this quarterly report other than on 26 January 2017, the company has announced that it has entered into following conditional agreements:

- a. Shares sale and purchase agreement ("SSA") in relation to the Proposed Acquisition of 100% equity interest in Tunas Cool Energy Sdn Bhd for a total cash consideration of RM7.5 million between Astute Consultancy Sdn Bhd and Tunas Selatan Construction Sdn Bhd; and
- b. SSA in relation to Proposed Acquisition of 25% equity interest in KJ Technical Services Sdn Bhd for a total consideration of RM10.0 million to be satisfied by a combination of cash payment of RM5.0 million and the issuance of 5.0 million new ordinary shares of RM1.0 in SHC ("SHC Shares") at the issue price of RM1.0 per SHC share between Lee Kok Choon and Sheldon Wee Tah Poh

The proposed acquisitions above together with the proposed diversification of principal activities of the Group and proposed mandate for the recurrent related party transactions of revenue or trading nature (RRPT) were approved by shareholders at Extraordinary General Meeting on 8 June 2017.

The proposals were completed on 18 August 2017.

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 June 2017.

A13 Capital Commitments

There is no capital commitments approved or contracted for the second quarter ended 30 June 2017.

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

B1 Review of Performance

Summary

	Individual Quarter			Cumulative Quarter		
	30 Jun 2017 RM	30 Jun 2016 RM	Variance %	30 Jun 2017 RM	30 Jun 2016 RM	Variance %
Revenue ('000)	3,060	2,939	4.1%	7,782	6,344	22.7%
P/(L)BT ('000)	(2,143)	3,783	156.6%	(2,053)	2,628	178.1%
Production	5,872	5,726	2.5%	13,108	13,131	-0.2%
Ave. CPO Price*	2,752	2,605	5.6%	2,954	2,506	17.9%

*Extracted from MPOB Peninsular Malaysia Average

(I) Current Quarter

Revenue

The Group's revenue for the current quarter ended 30 June 2017 increased by 4.1% to RM3.06 million as compared to RM2.94 million in the preceding year's quarter ended 30 June 2016. The increase in revenue was mainly attributable to higher average CPO price by 5.6% as production was only marginally higher in this year quarter.

Profit / (Loss) before tax

The Group recorded a loss before tax of RM2.14 million as compared to a profit before tax of RM3.78 million for the preceding year's quarter ended 30 June 2016. The losses were due to higher expenses incurred at estate for road and bridges repairs as well as for the corporate exercise carry out by the Group during this quarter while the profit for the preceding year quarter was due to a one off gain from disposal of a subsidiary.

(II) Cumulative Quarter

Revenue

The Group's revenue for the cumulative 6 months period ended 30 June 2017 increased by 22.7% to RM7.78 million as compared to RM6.34 million in the preceding year's period ended 30 June 2016. The increase in revenue was mainly attributable to higher average CPO price by 17.9% as FFB production was almost the same level.

Profit / (Loss) before tax

The Group suffered losses before tax of RM2.05 million as compared to a profit before tax of RM2.63 million for the previous year corresponding period ended 30 June 2016. The losses were due to higher expenses incurred at estate for road and bridges repairs offsetting higher FFB prices during this year period. The additional expenses incurred for corporate exercises this year also contributed to the losses while the profit for the preceding year corresponding period was mainly due to a one off gain from the disposal of a subsidiary.

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

	Current Quarter	Immediate Preceding Quarter	Variance	
	30 Jun 2017	31 Mar 2017	Amount	%
	RM	RM	RM	
Production (MT)	5,872	7,237	(1,365)	-18.86%
Ave. CPO Price*	2,752	3,157	(405)	-12.83%
Revenue ('000)	3,060	4,722	(1,662)	-35.20%
Operating P/(L) before finance cost	(1,475)	756	(2,231)	-295.11%
P/(L)BT ('000)	(2,143)	90	(2,233)	-2481.11%
P/(L)AT ('000)	(2,090)	142	(2,232)	-1571.83%

The combination of lower revenue and higher expenses have contributed to the Group incurring a loss before tax of RM2.14 million for the current quarter as compared to a profit before tax of RM0.09 million for immediate preceding quarter 31 March 2017.

The lower revenue was mainly due to lower FFB harvested (18.86%) lower and average CPO price (12.83%) in the current quarter. The shortage of harvesters is affecting the harvesting of FFB and contributes to the lower FFB harvested by 1,365 metric ton.

The higher expenses were mainly attributable to additional expenses incurred for Group annual general meetings, professional expense for corporate exercises and higher costs at estate due to repairs of damaged roads and bridges caused by adverse weather condition.

B3 Prospects

The performance of the Group will continue to be highly dependent on CPO prices, which are affected by global demand factors, market movements in crude and rival edible oils, currency fluctuations and the general economic environment.

Cost management will continue to be focal point in driving higher degree of operational efficiencies and improve the Group's performance.

The Group will be expected to reap the benefits from the diversification following the completion of acquisition of the new businesses for 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 30.06.2017 RM'000	Cumulative Quarter 30.06.2017 RM'000
On current year's results		
- Malaysia corporate tax	-	-
- Transfer from/(to) deferred taxation	53	105
	<u>53</u>	<u>105</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 2017 were as follows:-

Term Loan Borrowings	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	1,017	29,062	30,079

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 2017.

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 RM2 million for the current cumulative quarter by the weighted average number of ordinary shares of 115,261,231 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