



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

**INTERIM REPORT FOR THE
FOURTH QUARTER ENDED
31 December, 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 FOURTH QUARTER ENDED 31 DECEMBER 2017

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED 31 DEC		12 MONTHS ENDED 31 DEC	
	UNAUDITED 2017 RM'000	AUDITED 2016 RM'000	UNAUDITED 2017 RM'000	AUDITED 2016 RM'000
Revenue	7,392	4,914	20,390	14,897
Cost of Sales	(5,979)	(3,200)	(16,581)	(10,899)
Gross profit	1,413	1,714	3,809	3,998
Other income	1,436	388	2,418	5,945
General and administrative expenses	(764)	(799)	(3,189)	(3,394)
Other operating expenses	(306)	(358)	(1,695)	(1,507)
	1,779	945	1,343	5,042
Finance cost	(1,166)	62	(3,682)	(2,464)
Share of profit / (loss) of associates	571	-	1,275	-
Profit / (Loss) before tax	1,184	1,006	(1,064)	2,578
Tax credit/(expense)	41	(131)	198	32
Profit / (Loss) from operations	1,225	875	(866)	2,610
Equity holders of the parent	1,225	875	(866)	2,610
	1,225	875	(866)	2,610
Earnings per ordinary share				
Basic (sen)	1.02	0.76	(0.74)	2.27
Diluted (sen)	1.02	0.76	(0.74)	2.27

(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 31 DECEMBER 2017**

(The figures have not been audited)

	(UNAUDITED) AS AT 31 DECEMBER 2017 RM'000	(AUDITED) AS AT 31 DECEMBER 2016 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment ("PPE")	8,891	8,892
Plantation Development Expenditure ("PDE")	77,213	78,644
Investment Properties	10,089	10,089
Concession Financial Assets	57,321	-
Prepaid Lease Rental	17,223	17,665
Goodwill on consolidation	19,193	16,329
Investment available for sale	-	2,800
Investment in associates	9,300	-
Current Assets		
Inventories	684	794
Trade Receivables	2,083	1,811
Other Receivables	2,302	453
Tax recoverable	-	36
Assets held for sale	-	936
Amount owing by related parties	918	918
Fixed deposits, cash and cash balances	7,294	12,707
	13,281	17,655
TOTAL ASSETS	212,511	152,074
EQUITY & LIABILITIES		
Share Capital	118,092	115,067
Reserves	(36,484)	(35,618)
Equity attributable to equity holders of the parent	81,608	79,449
Non-Current Liabilities		
Bank Borrowings	68,689	29,676
Hire-purchase payables	555	376
Deferred Tax Liability	8,207	8,417
	77,451	38,469
Current Liabilities		
Bank Overdrafts	22,343	23,091
Trade Payables	843	799
Other Creditors	10,960	8,005
Amount owing to related parties	12,189	-
Bank Borrowings	6,935	2,043
Hire-purchase payables	148	184
Tax liabilities	34	34
	53,452	34,156
	212,511	152,074
Net tangible assets per share (RM)	0.52	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 FOURTH QUARTER ENDED 31 DECEMBER 2017**

(The figures have not been audited)

	Share Capital RM'000	Distributable Accumulated Loss RM'000	Total RM'000
<u>12 months quarter ended 31 December 2017</u>			
At 1 January 2017	115,067	(35,618)	79,449
Net loss for the financial period	-	(866)	(866)
Issue of ordinary shares	3,025	-	3,025
At 31 December 2017	118,092	(36,484)	81,608
<u>12 months quarter ended 31 December 2016</u>			
At 1 January 2016	115,067	(38,228)	76,839
Net profit for the financial period	-	2,610	2,610
At 31 December 2016	115,067	(35,618)	79,449

(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 FOURTH QUARTER ENDED 31 DECEMBER 2017**

(The figures have not been audited)

	(UNAUDITED) 12 MONTHS PERIOD ENDED 31 DECEMBER 2017 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2016 RM'000
Profit / (Loss) before tax	(1,064)	2,578
Adjustment for :		
Amortisation of Plantation Development Expenditure and Prepaid Lease	2,833	2,863
Depreciation of Property, Plant & Equipment ("PPE")	1,053	1,342
Share of result in associated companies	(1,275)	-
Finance costs	3,682	2,464
Loss/(gain) on disposal of Investment / PPE	(440)	(5,464)
Other non-cash items	(1,974)	(30)
Operating Profit/(loss) before working capital changes	<u>2,815</u>	<u>3,753</u>
Decrease/(Increase) in concession financial assets	1,172	-
Decrease/(Increase) in inventories	110	(201)
Decrease/(Increase) in receivables and other assets	7,673	(189)
Increase in payables and other liabilities	(1,574)	732
Decrease in amount owing by related parties	1,400	166
Cash from/(used in) operations	<u>11,596</u>	<u>4,261</u>
Interest paid	38	(68)
Tax (Paid) / Received	3	(569)
Net cash used in operating activities	<u>11,637</u>	<u>3,624</u>
Cash flows from/(used in) investing activities		
Acquisition of a subsidiary company / other investment	(13,110)	-
Proceed from disposal of a subsidiary company / other investment	2,800	-
Issue of ordinary shares	303	-
Addition of plantation development expenditure	(194)	(371)
Purchase of property, plant and equipment	(526)	(351)
Proceeds from disposal of investment / PPE	1,489	10,786
Interest received	224	315
Net cash (used in)/from investing activities	<u>(9,014)</u>	<u>10,379</u>
Cash flows from/(used in) financing activities		
Proceeds from drawdown of borrowings - net	1,430	-
Repayment of term loan - net	(3,767)	(1,339)
Repayment of hire-purchase - net	(464)	(407)
Interest Paid	(4,487)	(3,217)
Net cash (used in)/from financing activities	<u>(7,288)</u>	<u>(4,963)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,665)	9,040
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(10,384)	(19,424)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	<u>(15,049)</u>	<u>(10,384)</u>
Cash and Cash Equivalents at end of period consist of:-		
Deposits with licensed banks	6,707	12,600
Cash and bank balances	587	107
Bank Overdrafts	(22,343)	(23,091)
	<u>(15,049)</u>	<u>(10,384)</u>

(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 plantation 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 the third quarter and decreases after the fourth quarter. 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 this segment of the Group.

The Group's other businesses in energy and facility management are not affected by seasonal or cyclical factors.

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) Energy and Facilities Management
- (iii) Investment Holding
- (iv) Others (consist of subsidiary companies which are dormant)

Segmental Information for the current quarter

<u>For the 3 months financial period ended 31 Dec 2017</u>	Oil Palm Plantations	Energy & Facilities Management	Investment Holding	Others	Elimination	Group Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	3,632	3,760	-	-	-	7,392
<u>Segment results</u>						
Profit/(loss) from operations	420	1,736	785	(12)	(1,150)	1,779
Finance cost	(751)	(480)	(6)	-	71	(1,166)
Share profit of associates						571
Gain / (Loss) before tax	(331)	1,256	779	(12)	(1,079)	1,184
Tax	(11)				52	41
Profit for the period						1,225

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 31 December 2017 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 31 December 2017.

A13 Capital Commitments

There is no capital commitments approved or contracted for the fourth quarter ended 31 December 2017.

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

B1 Review of Performance

Summary

	Individual Quarter			Cumulative Quarter		
	31 Dec 2017 RM	31 Dec 2016 RM	Variance %	31 Dec 2017 RM	31 Dec 2016 RM	Variance %
Oil Palm Plantations Revenue ('000)	3,632	4,914	-26.1%	14,708	14,890	-1.2%
Energy and Facility Management Revenue ('000)	3,760	-	N/A	5,682	-	N/A
Total Revenue ('000)	7,392	4,914	50.4%	20,390	14,890	36.9%
P/(L)BT ('000)	1,184	1,006	17.7%	(1,064)	2,578	-141.3%
Operational Statistics						
Production (MT)	6,960	8,193	-15.0%	26,221	28,209	-7.0%
Ave. CPO Price*	2,612	2,940	-11.2%	2,801	2,639	6.1%
Ave. FFB Price	519	597	-13.1%	557	523	6.4%

*Extracted from MPOB Peninsular Malaysia Average

(I) Current Quarter

Revenue

The Group's revenue for the current quarter ended 31 December 2017 has improved by 50.4% to RM7.39mil as compared to RM4.91mil in the preceding year quarter ended 31 December 2016. The increase in revenue was mainly attribute to the contribution from a newly acquired subsidiary.

Plantation

The revenue from this segment in the current year quarter has decreased by 26.1% to RM3.63mil from RM4.91mil in last year corresponding period. The lower revenue is due to combination of both lower FFB production (15.0%) and lower average FFB price (13.1%) during this current quarter.

Energy and Facilities Management

This segment contributed RM3.76mil to the Group revenue in the current year quarter. No comparison with last year is available as this segment was newly acquired this year.

Profit / (Loss) before tax

The Group recorded an increased in profit before tax of RM1.18 mil as compared to RM1.01mil for the preceding year quarter ended 31 December 2016. This increased of profitability was mainly due to earnings contribution from Group's newly business of energy and facility management offsetting losses from the plantation segment during this quarter.

(II) Cumulative Quarter

Revenue

The Group's revenue for the cumulative 12 months period ended 31 December 2017 increased by 36.9% to RM20.39mil as compared to RM14.89mil in the preceding year's period ended 31 December 2016. The increase in revenue was mainly due to the inclusion of revenue from newly acquired subsidiary.

Plantation

The revenue from this segment in the current year cumulative quarters decreased to RM14.71mil from RM14.89mil in last year corresponding period. The slightly lower revenue is due to lower FFB production offsetting higher average CPO price this year.

Energy and Facilities Management

This segment contributed RM5.68mil to Group revenue in the current year's cumulative quarters. No comparison with last year as this segment was newly acquired this year.

Profit / (Loss) before tax

The Group recorded a loss before tax of RM1.06mil as compared to a profit before tax of RM2.58mil for the preceding year to date ended 31 December 2016. The losses were due to lower production and higher expenses incurred at estate offsetting higher FFB prices during this year period. The profit contribution from the newly acquired subsidiary and associate company help to cushioned the losses in this year to date.

The profit for the preceding year was mainly due to an one off gain from the disposal of a subsidiary.

B2 Material Changes in Profit Before Taxation for the Quarter Reported on 31 December 2017 as Compared with the Immediate Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Variance	
	31 Dec 2017 RM	30 Sep 2017 RM	Amount RM	%
Production (MT)	6,960	6,153	807	13.11%
Ave. CPO Price*	2,612	2,682	(70)	-2.62%
Ave. FFB Price	519	536	(17)	-3.26%
Revenue ('000)	7,392	5,216	2,176	41.72%
Operating P/(L) before finance cost ('000)	1,779	283	1,496	528.62%
Finance Cost	(1,166)	(1,182)	16	-1.35%
P/(L)BT ('000)	1,184	(195)	1,379	-707.18%
P/(L)AT ('000)	1,225	(143)	1,368	-956.64%

The inclusion of the results from a newly acquired subsidiary and associate company in this quarter ended 31 December 2017 has improved the Group's result by registering a profit before tax of RM1.18mil from losses before tax of RM0.20mil in the preceding quarter ended 30 September 2017.

The new business segment from these new acquisitions has added RM3.76mil and RM1.83mil to the revenue and profit before tax respectively for the Group in the current quarter ended 31 December 2017.

The Plantation segment registered higher revenue of RM3.62mil as compared to RM3.29mil in the preceding quarter ended 30 September 2017. The higher production of FFB offset the lower price of FFB to contribute to higher revenue in the current quarter.

The finance cost in the current quarter remained consistent at RM1.17mil as compared with the RM1.18mil incurred in preceding quarter ended 30 September 2017.

B3 Prospects

The performance of the Group will continue to be depend 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 however be able to mitigate the uncertainty of plantation business through the newly acquired business of Energy and Facilities Management which have started to contribute profitability to the Group.

B4 Profit Forecast or Profit Guarantee

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

B5 Taxation

	Current Quarter <u>31.12.2017</u> RM'000	Cumulative Quarter <u>31.12.2017</u> RM'000
On current year's results		
- Malaysia corporate tax	(11)	(11)
- Transfer from/(to) deferred taxation	52	209
	<u>41</u>	<u>198</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 31 December 2017 were as follows:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Term Loan Borrowings			
Secured	<u>6,935</u>	<u>68,689</u>	<u>75,624</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 31 December 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 RM0.87mil for the current cumulative quarter by the weighted average number of ordinary shares of 117,690,413 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