



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

**INTERIM REPORT FOR THE
FIRST QUARTER ENDED
31 March, 2018**

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED 31 MAR		3 MONTHS ENDED 31 MAR	
	UNAUDITED	AUDITED	UNAUDITED	AUDITED
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Revenue	5,799	4,722	5,799	4,722
Cost of Sales	(5,041)	(3,155)	(5,041)	(3,155)
Gross profit	758	1,567	758	1,567
Other income	1,330	247	1,330	247
General and administrative expenses	(1,611)	(805)	(1,611)	(805)
Other operating expenses	(415)	(253)	(415)	(253)
	62	756	62	756
Finance cost	(1,284)	(666)	(1,284)	(666)
Share of profit / (loss) of associates	169	-	169	-
Profit / (Loss) before tax	(1,053)	90	(1,053)	90
Tax credit/(expense)	52	52	52	52
Profit / (Loss) from operations	(1,001)	142	(1,001)	142
Equity holders of the parent	(1,001)	142	(1,001)	142
	(1,001)	142	(1,001)	142
Earnings per ordinary share				
<i>Basic (sen)</i>	(0.83)	0.12	(0.83)	0.12
<i>Diluted (sen)</i>	(0.83)	0.12	(0.83)	0.12

(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 2017 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 MARCH 2018

(The figures have not been audited)

	(UNAUDITED) AS AT 31 MARCH 2018 RM'000	(AUDITED) AS AT 31 DECEMBER 2017 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment ("PPE")	9,331	8,891
Plantation Development Expenditure ("PDE")	76,847	77,213
Investment Properties	10,004	10,021
Concession Financial Assets	64,172	57,321
Prepaid Lease Rental	17,113	17,223
Goodwill on consolidation	19,193	19,193
Investment in associates	9,478	9,308
Current Assets		
Inventories	758	684
Trade Receivables	6,224	2,422
Other Receivables	1,938	2,723
Amount owing by related parties	424	424
Amount owing by associates companies	450	-
Fixed deposits, cash and cash balances	1,251	7,294
	<u>11,045</u>	<u>13,547</u>
TOTAL ASSETS	<u><u>217,183</u></u>	<u><u>212,717</u></u>
EQUITY & LIABILITIES		
Share Capital	118,092	118,092
Reserves	(37,551)	(36,550)
Equity attributable to equity holders of the parent	<u>80,541</u>	<u>81,542</u>
Non-Current Liabilities		
Bank Borrowings	69,405	69,112
Hire-purchase payables	789	786
Deferred Tax Liability	8,155	8,207
	<u>78,349</u>	<u>78,105</u>
Current Liabilities		
Bank Overdrafts	23,873	22,343
Trade Payables	9,642	1,367
Other Creditors	17,609	19,532
Amount owing to related parties	1,669	2,660
Bank Borrowings	5,255	6,959
Hire-purchase payables	211	175
Tax liabilities	34	34
	<u>58,293</u>	<u>53,070</u>
	<u><u>217,183</u></u>	<u><u>212,717</u></u>
Net tangible assets per share (RM)	0.51	0.52

(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 2017 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 FIRST QUARTER ENDED 31 MARCH 2018**

(The figures have not been audited)

	Share Capital RM'000	Distributable Accumulated Loss RM'000	Total RM'000
<u>3 months quarter ended 31 March 2018</u>			
At 1 January 2018	118,092	(36,550)	81,542
Net loss for the financial period	-	(1,001)	(1,001)
At 31 March 2018	118,092	(37,551)	80,541
<u>3 months quarter ended 31 March 2017</u>			
At 1 January 2017	115,067	(35,618)	79,449
Net profit for the financial period	-	142	142
At 31 March 2017	115,067	(35,476)	79,591

(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 2017 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 31 MARCH 2018**
(The figures have not been audited)

	(UNAUDITED)	(AUDITED)
	3 MONTHS PERIOD ENDED 31 MARCH 2018 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2017 RM'000
Profit / (Loss) before tax	(1,053)	(1,130)
Adjustment for :		
Amortisation of Plantation Development Expenditure and Prepaid Lease	732	2,902
Depreciation of Property, Plant & Equipment ("PPE")	226	1,053
Share of result in associated companies	(169)	(1,283)
Finance costs	1,284	3,688
Loss/(gain) on disposal of Investment / PPE	-	(439)
Other non-cash items	(925)	(1,953)
Operating Profit/(loss) before working capital changes	95	2,838
Decrease/(Increase) in concession financial assets	(5,952)	2,985
Decrease/(Increase) in inventories	(75)	110
Decrease/(Increase) in receivables and other assets	(3,018)	2,511
Increase in payables and other liabilities	6,352	840
Decrease in amount owing by related parties	(991)	3,670
Decrease in amount owing by associates companies	(450)	-
Cash from/(used in) operations	(4,039)	12,954
Interest paid	(12)	(1,473)
Tax (Paid) / Received	-	25
Net cash used in operating activities	(4,051)	11,506
Cash flows from/(used in) investing activities		
Acquisition of a subsidiary company / other investment	-	(15,833)
Proceed from disposal of a subsidiary company / other investment	-	2,800
Issue of ordinary shares	-	3,025
Addition of plantation development expenditure	(57)	(194)
Purchase of property, plant and equipment	(567)	(268)
Proceeds from disposal of investment / PPE	-	1,469
Interest received	28	224
Net cash (used in)/from investing activities	(596)	(8,777)
Cash flows from/(used in) financing activities		
Proceeds from drawdown of borrowings - net	-	-
Repayment of term loan - net	(1,410)	(3,928)
Repayment of hire-purchase - net	(61)	(484)
Interest Paid	(1,455)	(2,982)
Net cash (used in)/from financing activities	(2,926)	(7,394)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,573)	(4,665)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(15,049)	(10,384)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	(22,622)	(15,049)
Cash and Cash Equivalents at end of period consist of:-		
Deposits with licensed banks	800	6,707
Cash and bank balances	451	587
Bank Overdrafts	(23,873)	(22,343)
	(22,622)	(15,049)

(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 2017 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 2017. 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 2017.

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 2017.

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 2018 in accordance with the requirements of the Act.

A2 Audit report

The auditors' report on the financial statement for the year ended 31 December 2017 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 for the past 2 years gradually increases in first quarter and decrease drastically 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 March 2018</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	2,660	3,139	-	-	-	5,799
<u>Segment results</u>						
Profit/(loss) from operations	(970)	1,846	(516)	(11)	(287)	62
Finance cost	(731)	(617)	(6)	-	70	(1,284)
Share profit of associates						169
Gain / (Loss) before tax	(1,701)	1,229	(522)	(11)	(217)	(1,053)
Tax					52	52
Loss for the period						(1,001)

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 2017.

A10 Material events subsequent to the end of the interim period

There were no material events subsequent to 31 March 2018 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 March 2018.

A13 Capital Commitments

There is no capital commitments approved or contracted for the first quarter ended 31 March 2018.

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

B1 Review of Performance

Summary

	Individual Quarter			Cumulative Quarter		
	31 Mar 2018 RM	31 Mar 2017 RM	Variance %	31 Mar 2018 RM	31 Mar 2017 RM	Variance %
Oil Palm Plantations Revenue ('000)	2,660	4,722	-43.7%	2,660	4,722	-43.7%
Energy and Facility Management Revenue ('000)	3,139	-	N/A	3,139	-	N/A
Total Revenue ('000)	5,799	4,722	22.8%	5,799	4,722	22.8%
P/(L)BT ('000)	(1,053)	90	-1270.0%	(1,053)	90	-1270.0%
Operational Statistics						
Production (MT)	5,762	7,237	-20.4%	5,762	7,237	-20.4%
Ave. CPO Price*	2,468	3,157	-21.8%	2,468	3,157	-21.8%
Ave. FFB Price	462	653	-29.2%	462	653	-29.2%

*Extracted from MPOB Peninsular Malaysia Average

(I) Current Quarter

Revenue

The Group's revenue for the current quarter ended 31 March 2018 has improved by 22.8% (RM1.08mil) to RM5.80mil as compared to RM4.72mil in the preceding year quarter ended 31 March 2017. The plantation segment revenue dropped significantly by RM2.06mil to RM2.66mil while the energy and facilities management revenue of RM3.14mil contributed to the group revenue.

Plantation

The revenue from this segment in the current year quarter has decreased by 43.7% to RM2.66mil from RM4.72mil in last year corresponding period. The lower revenue is due to combination of both lower FFB production by 20.4% and lower average FFB price by 29.2% during this current quarter.

Energy and Facilities Management

This segment contributed RM3.14mil to the Group revenue in the current year quarter. No comparison with last year is available as this business segment started in September 2017.

Profit / (Loss) before tax

The Group recorded a loss before tax of RM1.05mil as compared to profit before tax of RM0.09mil for the preceding year quarter ended 31 March 2017. This loss was mainly due to losses arise from the plantation segment and offset against the profit from energy and facilities management segment. Besides, the expansion plan has started in this quarter where it leads to increase in expenses at investment holding company.

(II) Cumulative Quarter

Revenue

The Group's revenue for the cumulative 3 months period ended 31 March 2018 increased by 22.8% to RM5.80mil as compared to RM4.72mil in the preceding year's period ended 31 March 2017. The increase in revenue was mainly due to the inclusion of revenue from new business segment i.e. energy and facilities management.

Plantation

The revenue from this segment in the current year cumulative quarter has decreased by 43.7% to RM2.66mil from RM4.72mil in last year corresponding period. The lower revenue booked are due to lower FFB production by 20.4% and lower average FFB price by 29.2% during this current cumulative quarter.

Energy and Facilities Management

This segment contributed RM3.14mil to the Group revenue in the current year quarter. No comparison with last year is available as this business segment was started in September 2017.

Profit / (Loss) before tax

The Group recorded a loss before tax of RM1.05mil as compared to a profit before tax of RM0.09mil for the preceding year to date ended 31 March 2017. The losses were due to lower FFB production, higher expenses incurred at estate and lower FFB prices during this year period. The profit contribution from the energy and facilities management segment and associate company helped to cushion the losses in this year to date.

B2 Material Changes in Profit/ (Loss) Before Taxation for the Quarter Reported on 31 March 2018 as Compared with the Immediate Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Variance	
	31 Mar 2018 RM	31 Dec 2017 RM	Amount RM	%
Production (MT)	5,762	6,960	(1,198)	-17.21%
Ave. CPO Price*	2,468	2,612	(144)	-5.51%
Ave. FFB Price	461	519	(58)	-11.16%
Revenue ('000)	5,799	5,049	750	14.85%
Operating P/(L) before finance cost ('000)	62	2,290	(2,228)	-97.29%
Finance Cost	(1,284)	(1,173)	(111)	9.46%
P/(L)BT ('000)	(1,053)	1,117	(2,170)	-194.27%
P/(L)AT ('000)	(1,001)	1,159	(2,160)	-186.37%

The plantation segment registered lower revenue of RM2.66mil compared to RM3.63mil in the preceding quarter ended 31 December 2017. The lower production of FFB and the lower price of FFB contributed to lower revenue in the current quarter while the expenses increased slightly. This eventually recorded a loss of RM1.7mil in current quarter compared to loss of RM0.33 in the preceding quarter ended 31 Dec 2017.

The energy and facilities management segment profit before tax remained consistent at RM1.23mil for current quarter as compared to RM1.25mil in preceding quarter ended 31 December 2017.

The investment holding company recorded a loss of RM0.52mil for current quarter compared to profit of RM0.78mil in preceding quarter. The profit in the preceding year was due to management fee charged to subsidiaries at the end of the year. The increase in holding company losses in current quarter are due to increase in manpower cost which is part of the expansion plan.

The share from associate for this quarter is RM0.17 which is lower by RM0.41mil compared to preceding quarter ended 31 December 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 energy and facilities management segment which have started to contribute profit 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>31.03.2018</u> RM'000	Cumulative Quarter <u>31.03.2018</u> RM'000
On current year's results		
- Transfer from/(to) deferred taxation	52	52
	<u>52</u>	<u>52</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 March 2018 were as follows:-

Term Loan Borrowings	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	<u>5,255</u>	<u>69,405</u>	<u>74,660</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 March 2018.

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)

The basic EPS and diluted EPS is RM0.83 calculated by dividing the loss attributable to the ordinary equity holders of the company of RM1mil for the current cumulative quarter by the number of ordinary shares of 120,066,787 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