



SIN HENG CHAN (MALAYA) BERHAD

(Reg. No. 196201000185 (4690-V))
(Incorporated in Malaysia)

**INTERIM REPORT FOR THE
SECOND QUARTER ENDED
30 June, 2022**

CONTENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	1
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	3
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS	4
NOTES TO THE QUARTERLY FINANCIAL REPORT	5 - 16

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER RESTATED	CURRENT YEAR TO DATE	PRECEDING YEAR TO DATE RESTATED
	30 JUN 2022	30 JUN 2021	30 JUN 2022	30 JUN 2021
	RM'000	RM'000	RM'000	RM'000
Revenue	16,873	12,661	30,778	23,756
Cost of Sales	(9,552)	(7,001)	(17,601)	(13,795)
Gross profit	7,321	5,660	13,177	9,961
Other income	1,017	52,429	2,021	53,358
Distribution cost	(302)	(395)	(538)	(666)
General and administrative expenses	(1,895)	(1,521)	(3,632)	(2,837)
Other operating expenses	(968)	(3,587)	(1,657)	(4,019)
	5,173	52,586	9,371	55,797
Finance cost	(2,304)	(2,013)	(4,661)	(3,593)
Share of profit of associates	3,768	1,025	7,319	1,025
Profit before tax	6,637	51,598	12,029	53,229
Tax (expenses) / credit	(74)	76	(148)	152
Profit from operations	6,563	51,674	11,881	53,381
Other comprehensive loss				
<i>Items that will be reclassified subsequently to profit or loss :-</i>				
Net change in fair value:				
- cash flow hedges loss	-	(129)	-	(129)
Other comprehensive loss for the period	-	(129)	-	(129)
Total comprehensive income for the period	6,563	51,545	11,881	53,252
Profit attributable to :				
Equity holders of the company	6,563	51,674	11,881	53,381
Total comprehensive income attributable to :				
Equity holders of the company	6,563	51,545	11,881	53,252
Earnings per share				
<i>Basic (sen)</i>	2.24	25.89	4.06	32.18
<i>Diluted (sen)</i>	1.59	18.90	2.88	26.29

(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 2021 and the accompanying explanatory notes attached to this report)

SIN HENG CHAN (MALAYA) BERHAD (Registration No. 196201000185 (4690-V))

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

(The figures have not been audited)

	AS AT 30 JUN 2022 RM'000	RESTATED AS AT 31 DEC 2021 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	84,618	81,642
Investment Properties	352	356
Concession Financial Assets	48,223	48,223
Prepaid Lease Rental	16,171	16,406
Intangible Assets	22,543	22,843
Investment in Associates	197,803	194,884
	<u>369,710</u>	<u>364,354</u>
Current Assets		
Inventories	2,389	1,134
Concession Financial Assets	1,024	2,047
Trade Receivables	4,678	5,121
Other Receivables, Deposits and Prepayments	3,326	2,016
Biological Assets	1,408	1,408
Tax Recoverable	15	7
Other Investments	16,224	14,391
Fixed Deposits, Cash and Cash Balances	36,390	42,926
	<u>65,454</u>	<u>69,050</u>
TOTAL ASSETS	<u><u>435,164</u></u>	<u><u>433,404</u></u>
EQUITY & LIABILITIES		
Share Capital	181,355	181,355
Irredeemable Convertible Preference Shares	39,600	39,600
Reserves	37,290	25,409
Equity Attributable To Equity Holders Of The Company	<u>258,245</u>	<u>246,364</u>
Non-Current Liabilities		
Borrowings	150,117	149,635
Lease Liabilities	3,711	2,532
Other Payables	308	155
Deferred Tax Liability	8,079	7,931
	<u>162,215</u>	<u>160,253</u>
Current Liabilities		
Trade Payables	3,824	2,521
Other Payables and Accruals	2,206	4,666
Borrowings	8,125	18,669
Lease Liabilities	534	908
Tax liabilities	15	23
	<u>14,704</u>	<u>26,787</u>
TOTAL EQUITY AND LIABILITIES	<u><u>435,164</u></u>	<u><u>433,404</u></u>
Net assets per share (RM)	0.88	0.84
Number of ordinary shares ('000)	292,877	292,877

(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 2021 and the accompanying explanatory notes attached to this report)

SIN HENG CHAN (MALAYA) BERHAD (Registration No. 196201000185 (4690-V))

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**
(The figures have not been audited)

	←----- Attributable to equity holders of the Company -----→				Total RM'000
	←----- Non-distributable -----→			←-- Distributable --→	
	Ordinary Share RM'000	Irredeemable Convertible Preference Share RM'000	Hedging Reserves RM'000	Accumulated Profit / (Loss) RM'000	
6 months quarter ended 30 Jun 2022					
At 1 January 2022					
As previously stated	181,355	39,600	-	73,496	294,451
Effect from restatement of investment in associates	-	-	-	(48,087)	(48,087)
As restated	181,355	39,600	-	25,409	246,364
Net profit for the financial period	-	-	-	11,881	11,881
At 30 June 2022	181,355	39,600	-	37,290	258,245
6 months quarter ended 30 June 2021					
At 1 January 2021					
As previously stated	123,992	-	-	(38,334)	85,658
Net profit for the financial period	-	-	-	101,006	101,006
Issuance of ordinary shares	36,300	-	-	-	36,300
Issuance of irredeemable convertible preference shares	-	39,600	-	-	39,600
Other comprehensive loss	-	-	(129)	-	(129)
As previously stated	160,292	39,600	(129)	62,672	262,435
Effect from restatement of investment in associates	-	-	-	(47,625)	(47,625)
As restated 30 June 2021	160,292	39,600	(129)	15,047	214,810

(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 2021 and the accompanying explanatory notes attached to this report)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

(The figures have not been audited)

	6 MONTHS PERIOD ENDED 30 JUN 2022 RM'000	6 MONTHS PERIOD ENDED RESTATED 30 JUN 2021 RM'000
Profit before tax	12,029	53,229
Adjustment for :		
Amortisation of prepaid lease and intangible assets	539	539
Depreciation of property, plant & equipment	3,178	2,828
Share of result in associate company	(7,319)	(1,025)
Finance costs	4,661	3,593
Gain on disposal of property, plant & equipment	(47)	-
Gain on disposal of other investment	(1)	-
Fair value movement on other investment	26	-
Negative goodwill	-	(51,476)
Finance income from concession financial asset	(1,576)	(1,636)
Interest income	(312)	(177)
Dividend income	(40)	-
Operating Profit before working capital changes	<u>11,138</u>	<u>5,875</u>
Decrease in concession financial assets	2,599	2,599
(Increase) / Decrease in inventories	(1,254)	139
(Increase) / Decrease in trade and other receivables	(867)	1,698
(Decrease) / Increase in trade and other payables	(1,005)	1,619
Cash from operations	<u>10,611</u>	<u>11,930</u>
Interest paid	(108)	(81)
Tax paid	(16)	(7)
Net cash from operating activities	<u>10,487</u>	<u>11,842</u>
Cash flows from/(used in) investing activities		
Dividend received from associates company	4,400	2,200
Acquisition of subsidiary	-	(70,000)
Purchase of other investment	(1,858)	-
Purchase of property, plant and equipment	(6,154)	(5,371)
Proceeds from disposal of property, plant & equipment	47	-
Dividend received from investment	40	-
Interest received	312	177
Net (cash used) in investing activities	<u>(3,213)</u>	<u>(72,994)</u>
Cash flows from/(used in) financing activities		
Proceeds from long term borrowings	-	62,000
Repayment of term loan	(1,848)	(1,939)
Proceed/(Repayment) of hire-purchase - net	805	1,399
Interest paid	(4,071)	(3,050)
Net cash from/(used in) financing activities	<u>(5,114)</u>	<u>58,410</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,160	(2,742)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	33,669	21,782
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	<u>35,829</u>	<u>19,040</u>
Cash and Cash Equivalents at end of period consist of:-	-	-
Deposits with licensed banks	33,897	19,131
Cash and bank balances	2,493	2,591
Less : Bank Overdrafts	(561)	(2,682)
	<u>35,829</u>	<u>19,040</u>
Less : Deposits pledged as security	(2,000)	(2,000)
	<u>33,829</u>	<u>17,040</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 2021 and the accompanying explanatory notes attached to this report)

INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022

PART A : EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 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 2021. 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 2021.

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 2021.

In conjunction with the planned convergence of Financial Reporting Standards (“FRS”) with International Financial Reporting Standard as issued by the International Accounting Standards Board, the MASB issued a new approved accounting standard framework, the MFRSs, for application in the annual periods beginning on or after 1st January 2012.

The MFRS Framework is a mandatory for adoption by all Entities Other Than Private Entities, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreement for the Construction of Real Estate (“Transitioning Entities”). The Group falls within the definition of Transitioning Entities and the financial statements for the annual period beginning on 1 January 2017 will be prepared in accordance with the MFRS and International Financial Reporting Standards.

The significant accounting policies and methods of computation adopted are consistent with those of the most recent audited financial statements for the year ended 31 December 2021 except for the adoption of new and amended FRSS, IC Interpretations and new MFRSs which are relevant to its operations and effective for the financial periods beginning on or after 1 January 2022. The standards and amendments that have been issued and effectively beginning on or after 1 January 2022 are as follows:

- a) **Standards, amendments to published standards and interpretations that are effective and adopted during the financial year**
- Amendments to MFRS 141, “Measurement of Fair Value”
 - Amendments to MFRS 3, “Reference to Conceptual Framework”
 - Amendments to MFRS 116, “Proceeds Before Intended Use”
 - Amendments to MFRS 137, “Onerous Contracts – Cost of Fulfilling a Contract”
 - Amendments to MFRS 9, “Fees in the 10% Test for Derecognition of Financial Liabilities”
 - Amendments to MFRS 1, “Measurement of Cumulative Translation Differences for Foreign Operation”

A1 Basis of preparation (Cont'd)

b) Standards and amendments that have been issued but not yet effective

Effective for financial year beginning on or after 1 January 2023

- Amendments to MFRS 101, "Classification of Liabilities as Current or Non-Current"
- Amendments to MFRS 101, "Disclosure of Accounting Policies"
- Amendments to MFRS 108, "Definition of Accounting Estimates"
- Amendments to MFRS 112, "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

Effective date has been deferred to a date to be determined by Malaysian Accounting Standards Board

- Amendments to MFRS 10 and MFRS 128, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The above procurements are either not relevant or do not have any impact on the financial statements of the Company.

A1 Basis of preparation (Cont'd)

c) Prior year adjustment at Investment in Associates company

During the financial period under review, the associate company of the Group has reassessed the Industrial Building Allowances (“IBA”) claims for tax purposes and basis used in deferred tax recognition. As a result of the reassessment, the associate company has restated the deferred tax liabilities, tax provision and tax recoverable balances with a corresponding adjustment to equity. The prior year adjustments were applied retrospectively and the effects from the restatement on the Group’s results for the second quarter ended 30 June 2021 and the financial positions as at 31 December 2021 are as follows:

(i) Reconciliation of statement of profit or loss for the quarter ended 30 June 2021

	Individual Quarter ended 30 June 2021			Cumulative Quarter ended 30 June 2021		
	Pre-adjustment	Effect	Post-Adjustment	Pre-adjustment	Effect	Post-Adjustment
Revenue	12,661	-	12,661	23,756	-	23,756
Cost of Sales	(7,001)	-	(7,001)	(13,795)	-	(13,795)
Gross profit	5,660	-	5,660	9,961	-	9,961
Other income	99,573	(47,144)	52,429	100,502	(47,144)	53,358
Distribution cost	(395)	-	(395)	(666)	-	(666)
General and administrative expenses	(1,521)	-	(1,521)	(2,837)	-	(2,837)
Other operating expenses	(3,587)	-	(3,587)	(4,019)	-	(4,019)
	99,730	(47,144)	52,586	102,941	(47,144)	55,797
Finance cost	(2,013)	-	(2,013)	(3,593)	-	(3,593)
Share of profit of associates	1,506	(481)	1,025	1,506	(481)	1,025
Profit before tax	99,223	(47,625)	51,598	100,854	(47,625)	53,229
Tax (expenses) / credit	76	-	76	152	-	152
Profit from operations	99,299	(47,625)	51,674	101,006	(47,625)	53,381
Other comprehensive loss						
<i>Items that will be reclassified subsequently to profit or loss :-</i>						
Net change in fair value:						
- cash flow hedges loss	(129)	-	(129)	(129)	-	(129)
Other comprehensive loss for the period	(129)	-	(129)	(129)	-	(129)
Total comprehensive income for the period	99,170	(47,625)	51,545	100,877	(47,625)	53,252
Profit attributable to :						
Equity holders of the company	99,299	(47,625)	51,674	101,006	(47,625)	53,381
Total comprehensive income attributable to :						
Equity holders of the company	99,170	(47,625)	51,545	100,877	(47,625)	53,252
Earnings per share						
Basic (sen)	49.76	(23.87)	25.89	60.88	(28.70)	32.18
Diluted (sen)	36.32	(17.42)	18.90	49.75	(23.46)	26.29

A1 Basis of preparation (Cont'd)

c) Prior year adjustment at Investment in Associates company (continued)

The prior year adjustments were applied retrospectively and the effects from the restatement on the Group's results for the second quarter ended 30 June 2021 and the financial positions as at 31 December 2021 are as follows:

(ii) Reconciliation of statement of financial position as at 31 December 2021

	Pre-adjustment	Effect	Post-Adjustment
<u>Non-Current Assets</u>			
Other non-current assets	169,470	-	169,470
Investment in Associates	242,971	(48,087)	194,884
	<u>412,441</u>	<u>(48,087)</u>	<u>364,354</u>
<u>Current Assets</u>			
Other current assets	69,050	-	69,050
	<u>481,491</u>	<u>(48,087)</u>	<u>433,404</u>
<u>Equity</u>			
Attributable to equity holders of the Company	294,451	(48,087)	246,364
<u>Non-Current Liabilities</u>			
Other non-current liabilities	160,253	-	160,253
<u>Current Liabilities</u>			
Other current liabilities	26,787	-	26,787
	<u>481,491</u>	<u>(48,087)</u>	<u>433,404</u>

A2 Auditors' Report on Preceding Annual Financial Statements

There was no qualification in the audit report of the preceding annual financial statements.

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 price of Crude Palm Oil (CPO), which in turn depends on several factors including the global supply and demand of competing vegetable oils, crude oil prices, and general global economic growth conditions.

Crop production is seasonal. Based on statistics, the Group's production of Fresh Fruit Bunches (FFB) gradually increases in the second quarter and reaches its peak during the third and fourth quarters. This pattern can be affected by rainfall in the Group's estates and severe global weather conditions such as El-Nino and La Nina.

The profits for this segment of the Group are primarily determined by the price of FFB and the volume of production from the Group's estates.

The Group's other businesses in energy and facilities 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

The Segmental Information for the year ended 30 June 2022 :

	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	23,978	6,800	6,600	-	(6,600)	30,778
<u>Segment results</u>						
Profit / (loss) from operations	9,106	2,390	5,976	(20)	(8,081)	9,371
Finance cost	(1,074)	(2,914)	(1,521)	-	848	(4,661)
Share profit of associates	-	7,319	-	-	-	7,319
Profit / (Loss) before tax	8,032	6,795	4,455	(20)	(7,233)	12,029
Tax credit / (expenses)	-	(300)	-	-	152	(148)
Profit / (Loss) for the period	8,032	6,495	4,455	(20)	(7,081)	11,881

A9 Valuations of property, plant and equipment

There were no amendments in the valuations of property, plant and equipment during the financial period. The valuations have been brought forward without adjustment from the audited financial statements for the year ended 31 December 2021.

A10 Material events subsequent to the end of the interim period

There were no material events subsequent to 30 June 2022 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 June 2022.

A13 Capital Commitments

There are no capital commitments approved or contracted as at 30 June 2022.

**PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES
BERHAD'S LISTING REQUIREMENTS**

B1 Review of Performance

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year Quarter	Preceding Year Corresponding Quarter	
	30 Jun 2022	Restated 30 Jun 2021	Change	30 Jun 2022	Restated 30 Jun 2021	Change
Revenue	RM '000	RM '000	%	RM '000	RM '000	%
Oil Palm Plantations	13,462	9,508	41.6%	23,977	17,500	37.0%
Energy and Facility Management	3,411	3,153	8.2%	6,801	6,256	8.7%
Total Revenue	16,873	12,661	33.3%	30,778	23,756	29.6%
Segment results						
Oil Palm Plantations	4,824	2,814	71.4%	8,032	4,674	71.8%
Energy and Facility Management	3,212	1,309	145.4%	6,795	1,700	299.7%
Investment Holding	5,528	(3,678)	250.3%	4,455	(3,974)	212.1%
Others	(10)	(6)	-66.7%	(20)	(13)	-53.8%
Eliminations	(6,917)	51,159	-113.5%	(7,233)	50,842	-114.2%
Profit Before Tax	6,637	51,598	-87.1%	12,029	53,229	-77.4%
Operational Statistics						
Production (MT)	10,091	11,093	-9.0%	18,360	21,163	-13.2%
Ave. CPO Price*	6,557	4,213	55.6%	6,308	4,066	55.1%
Ave. FFB Price	1,341	858	56.3%	1,309	825	58.7%

*Extracted from MPOB Peninsular Malaysia Average

(A) Performance of the current quarter against the preceding year corresponding quarter

Revenue

The Group's total revenue for the current quarter ended 30 June 2022 was RM16.87 million, representing an increase of 33.3% when compared to the revenue of RM12.66 million in the preceding year corresponding quarter ended 30 June 2021. The increase in revenue was mainly driven by an increase in revenue from the oil palm plantations segment and also from an improved performance in the energy and facility management segment.

Oil Palm Plantations

For the current quarter under review, the Group's oil palm plantations segment recorded a total revenue of RM13.46 million, a 41.6% increase when compared to the preceding year corresponding quarter. This was mainly due to significant increases in the average prices of CPO and FFB, which increased by 55.6% and 56.3% respectively compared to the preceding year corresponding quarter. The increases in prices have mitigated the reduction in FFB production from the Group's estates which declined by 9.0% compared to the preceding year corresponding quarter. The decline in the Group's FFB production compared to the preceding year corresponding quarter was due to labour constraints experienced by the Group's estates in the quarter under review.

B1 Review of Performance (continued)

(A) Performance of the current quarter against the preceding year corresponding quarter (cont'd)

Energy and Facilities Management

For the current quarter under review, this segment contributed RM3.41 million to the Group's revenue, representing an increase of 8.2% as compared to RM3.15 million in the preceding year corresponding quarter. The increase in revenue was due to an increase in consumption of chilled water from the Group's cooling system in Melaka.

Profit / (Loss) before tax

For the quarter ended 30 June 2022, the Group recorded a profit before tax of RM6.64 million as compared to a profit before tax of RM51.60 million in the preceding year corresponding quarter ended 30 June 2021. The high profit before tax recorded in the preceding year corresponding quarter was mainly attributed to the recognition of negative goodwill amounting to RM51.48 million arising from the acquisition of the entire equity interest in Tunas Selatan Pagoh Sdn Bhd ("TSP") which was completed on 21 May 2021.

Compared to the previous year, both core business segments registered improvements in financial performance.

For the current quarter, the oil palm plantation segment registered a profit before tax of RM4.82 million compared to a profit of RM2.81 million in the corresponding quarter in 2021. This was mainly due to the significant increases in the average prices of CPO and FFB over the same period.

Profit before tax from the energy and facility management segment increased by 145.4% to RM3.21 million. The significant increase in profit of this segment was due to higher revenue recorded and higher consolidation results of the Group's newly acquired subsidiary, TSP.

(B) Performance of the current financial period to-date against the preceding year corresponding financial period

Revenue

The Group's revenue for the cumulative financial period ended 30 June 2022 increased by 29.6% to RM30.78 million as compared to RM23.76 million in the preceding year corresponding financial period ended 30 June 2021. The increase in revenue was mainly contributed by the increase in revenue from oil palm plantations segment.

Oil Palm Plantations

For the financial period ended 30 June 2022, revenue of the segment has increased by 37.0% to RM23.98 million from RM17.50 million in the preceding year corresponding financial period. This was mainly due to the significant increases in the average prices of CPO and FFB, which increased by 55.1% and 58.7% respectively compared to the corresponding period in 2021. The increase in average CPO and FFB prices has mitigated the decrease in the Group's FFB production, which declined by 2,803mt or 13.2% compared to the preceding year corresponding financial period ended 30 June 2021.

(B) Performance of the current financial period to-date against the preceding year corresponding financial period (cont'd)

Energy and Facilities Management

This segment contributed RM6.80 million to the Group's revenue in the financial period ended 30 June 2022 compared to RM6.26 million in the preceding year corresponding financial period. The increase in revenue was due to an increase in consumption of chilled water from the Group's cooling system in Melaka.

Profit / (loss) before tax

The Group recorded a profit before tax of RM12.03 million as compared to a profit before tax of RM53.23 million in the preceding year corresponding financial period ended 30 June 2021.

The higher profit before tax recorded in preceding year corresponding financial period was largely due to the recognition of negative goodwill amounting to RM51.48 million arising from the acquisition of the entire equity interest in TSP which was completed on 21 May 2021.

For the six months ended 30 June 2022, the oil palm plantation segment registered a profit before tax of RM8.03 million compared to a profit of RM4.67 million in the corresponding period in 2021, which was mainly due to significant increases in the average prices of CPO and FFB over the same period.

Profit before tax for the Energy and Facilities Management segment increased by 299.7% to RM6.80 million. The significant increase in profits was due to higher revenue recorded and higher consolidation results of TSP, which has provided the Group with a strong and recurring income stream.

B2 Material Changes in Current Quarter Results Compared with Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Variance	
	30 Jun 2022 RM'000	31 Mar 2022 RM'000	Amount RM'000	%
Production (MT)	10,091	8,269	1,822	22.0%
Ave. CPO Price*	6,557	6,058	499	8.2%
Ave. FFB Price	1,341	1,276	65	5.1%
<u>Revenue</u>				
Oil Palm Plantations	13,462	10,515	2,947	28.0%
Energy and Facility Management	3,411	3,390	21	0.6%
Total Revenue	16,873	13,905	2,968	21.3%
<u>Segment results</u>				
Oil Palm Plantations	4,824	3,208	1,616	50.4%
Energy and Facility Management	3,212	3,583	(371)	-10.4%
Investment Holding	5,528	(1,073)	6,601	615.2%
Others	(10)	(10)	-	0.0%
Eliminations	(6,917)	(316)	(6,601)	-2088.9%
Profit before tax	6,637	5,392	1,245	23.1%

B2 Material Changes in Current Quarter Results Compared with Preceding Quarter (cont'd)

For the three months period ended 30 June 2022, the Group recorded revenue of RM16.87 million as compared to RM13.91 million recorded in the immediate preceding quarter ended 31 March 2022.

The increase in revenue in the oil palm plantations segment can be attributed to an increase in average CPO and FFB prices by 8.2% and 5.1% respectively compared to the immediate preceding quarter. In addition, FFB production from the Group's estates increased by 22.0% or 1,822mt compared to Q1 2022.

As a result of this, the Group recorded a profit before tax of RM6.64 million for the current quarter as compared to a profit before tax of RM5.39 million in the immediate preceding quarter ended 31 March 2022.

B3 Profit Forecast or Profit Guarantee

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

B4 Dividends

No interim dividend has been paid, declared or proposed for the period ending 30 June 2022.

B5 Prospects

For 2022, the Group's performance in the plantation segment will be primarily influenced by CPO and Palm Kernel prices. These are in turn affected by a myriad of factors influencing the supply and demand of CPO such as global weather conditions, prices and production of substitute vegetable oils, crude oil prices, and general global economic conditions. For the remainder of the year, the availability of labour will continue to have a large impact on the production of CPO in Malaysia. Although prices have subsided since the start of the year, they are expected to remain elevated owing to tightness in supply.

Nevertheless, key downside risks include continued bearish regulation from Indonesia such as the recent decision to scrap export levies and restrictions. In addition, the increasing global recessionary risks may affect consumer demand for commodities.

Notwithstanding this, the Group will continue to focus on increasing the production of FFB from its estates while navigating higher cost inputs. The Group remains fundamentally optimistic about the long-term prospects of the palm oil industry. It is the most efficiently produced vegetable oil in the world, and therefore more competitive than other vegetable oils. Owing to its versatility, it is used in a wide variety of products. In periods of high crude oil prices, biodiesel-driven demand for palm oil is expected to increase.

The energy and facilities management segment is expected to continue contribute strong and recurring earnings to the Group, led by the encouraging performance of its newly acquired subsidiary, TSP. The Group will continue to focus on cost and operational efficiencies, as well as to evaluate potential new projects to further improve the segment's performance.

Moving forward, the Group continues to prospect for new opportunities and sustainable businesses which can grow shareholder value in the long run.

B6 Taxation

	Current Quarter <u>30.06.2022</u> RM'000	Cumulative Quarter <u>30.06.2022</u> RM'000
On current year's results		
- Transfer to deferred taxation	(74)	(148)
	<u>(74)</u>	<u>(148)</u>

B7 Group Borrowings

Details of the Group's borrowings as at 30 June 2022 were as follows:-

Borrowings	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	8,125	150,117	<u>158,242</u>

The credit facilities of the group are obtained by a charge over all its assets and corporate guarantee. 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 Status of Corporate Proposals

i) Private Placement of Up To 20% of the Total Number of Issued Shares of SHC

On 5 November 2021, the Company announced that it proposes to undertake a Private Placement of up to 20% of the total number of issued shares of SHC to third party investors to be identified at a later date.

On 10 November 2021, a listing application in relation to the Proposed Private Placement was submitted to Bursa Malaysia Securities Berhad.

On 12 November 2021, additional information in relation to the Proposed Private Placement was announced.

On 15 November 2021, Bursa Malaysia Securities Berhad has resolved to approve the listing of and quotation for up to 61,824,077 new Shares to be issued pursuant to the Proposed Private Placement, subject to the conditions as listed in the Company announcement on 16 November 2021

B9 Status of Corporate Proposals (cont'd)

i) Private Placement of Up To 20% of the Total Number of Issued Shares of SHC (Cont'd)

On 10 December 2021, the Company announced that 37,824,000 Placement Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad, which marks the completion of the Private Placement.

The status of the utilisation of the proceeds as at 24 August 2022 arising from the private placement is as follows:

Purpose	Estimated timeframe for utilisation	Proposed Utilisation RM'000	Actual Utilisation		Deviation		Explanations
			RM'000	%	RM'000	%	
Business expansion for plantations segment	36 months	12,559	8,800	70.07	3,759	29.93	On going
Working capital	12 months	2,500	1,173	46.92	1,327	53.08	On going
Estimated expenses for Proposed Private Placement	Upon completion	70	70	100.0	0	0	Completed
Total		15,129	10,043	66.38	5,086	33.62	

B10 Basic/Diluted earnings / (loss) per share (EPS)

The basic EPS is calculated based on the Group's profit attributable to the ordinary equity holders of the Company of RM11.88 million for the financial year by the number of ordinary shares of 292,877,387 in issue during the financial year, whereas diluted earnings per share is calculated based on the number of ordinary shares plus irredeemable convertible preference shares of 120,000,000.

B11 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.