



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

**INTERIM REPORT FOR THE
FOURTH QUARTER ENDED
31 December, 2018**

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

(Incorporated in Malaysia)

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

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 DEC 2018 RM'000	PRECEDING YEAR QUARTER 31 DEC 2017 RM'000 (Restated)	CURRENT YEAR TO DATE 31 DEC 2018 RM'000	PRECEDING YEAR TO DATE 31 DEC 2017 RM'000 (Restated)
Revenue	7,537	5,049	32,537	18,047
Cost of Sales	(7,242)	(4,115)	(30,914)	(14,717)
Gross profit	295	934	1,623	3,330
Other income	1,647	1,441	5,688	2,423
General and administrative expenses	(2,172)	(837)	(7,155)	(3,262)
Other operating expenses	(519)	(714)	(2,027)	(2,103)
	(749)	824	(1,871)	388
Finance cost	(1,885)	(1,172)	(5,881)	(3,688)
Share of profit / (loss) of associates	462	579	1,160	1,283
Profit / (Loss) before tax	(2,172)	231	(6,592)	(2,017)
Tax credit/(expense)	140	136	297	293
Profit / (Loss) from operations	(2,032)	367	(6,295)	(1,724)
Equity holders of the parent	(2,032)	367	(6,295)	(1,724)
	(2,032)	367	(6,295)	(1,724)
Earnings per ordinary share				
<i>Basic (sen)</i>	(1.54)	0.31	(5.05)	(1.46)
<i>Diluted (sen)</i>	(1.54)	0.31	(5.05)	(1.46)

(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)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018
(The figures have not been audited)

	AS AT 31 DECEMBER 2018 RM'000	AS AT 31 DECEMBER 2017 RM'000 (Restated)
ASSETS		
Non-Current Assets		
Property, Plant and Equipment ("PPE")	80,389	81,349
Investment Properties	9,375	10,021
Concession Financial Assets	55,716	57,321
Prepaid Lease Rental	17,812	18,280
Goodwill on consolidation	19,193	19,193
Intangible Assets	5,450	-
Investment in associates	10,469	9,308
Current Assets		
Inventories	1,161	684
Trade Receivables	6,792	2,422
Other Receivables	2,439	2,723
Biological assets	486	447
Assets held for sale	544	-
Amount owing by related parties	259	424
Amount owing by associates companies	313	-
Fixed deposits, cash and cash balances	2,232	7,294
	14,226	13,994
TOTAL ASSETS	212,630	209,466
EQUITY & LIABILITIES		
Share Capital	123,992	118,092
Reserves	(45,631)	(39,336)
Equity attributable to equity holders of the parent	78,361	78,756
Non-Current Liabilities		
Bank Borrowings	64,163	69,112
Hire-purchase payables	781	786
Deferred Tax Liability	7,440	7,744
	72,384	77,642
Current Liabilities		
Bank Overdrafts	24,792	22,343
Trade Payables	6,323	1,367
Other Creditors	18,004	19,532
Amount owing to related parties	1,669	2,659
Bank Borrowings	10,793	6,958
Hire-purchase payables	263	175
Tax liabilities	41	34
	61,885	53,068
	212,630	209,466
Net tangible assets per share (RM)	0.45	0.50

(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)

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

(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 2018</u>			
At 1 January 2018	118,092	(39,336)	80,156
Net loss for the financial period	-	(6,295)	(6,295)
Issue of ordinary shares	5,900	-	5,900
At 31 December 2018	123,992	(45,631)	79,761
<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	-	(932)	(932)
Issue of ordinary shares	3,025	-	3,025
Effect on adoption of MFRS	-	(2,786)	(2,786)
At 31 December 2017	118,092	(39,336)	78,756

(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)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
(The figures have not been audited)

	12 MONTHS PERIOD ENDED 31 DECEMBER 2018 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2017 RM'000 (Restated)
Profit / (Loss) before tax	(6,592)	(2,017)
Adjustment for :		
Amortisation of Prepaid Lease and Intangible Assets	1,121	537
Depreciation of Property, Plant & Equipment ("PPE")	4,257	3,897
Fair value changes in biological asset	(38)	407
Share of result in associated companies	(1,160)	(1,283)
Finance costs	5,881	3,688
Loss/(gain) on disposal of Investment / PPE	-	(439)
Other non-cash items	(3,619)	(1,957)
Operating Profit/(loss) before working capital changes	<u>(150)</u>	<u>2,833</u>
Decrease/(Increase) in concession financial assets	5,198	2,985
Decrease/(Increase) in inventories	(477)	110
Decrease/(Increase) in receivables and other assets	(4,087)	7,228
Increase in payables and other liabilities	3,428	(2,487)
Decrease in amount owing by related parties	(826)	2,285
Decrease in amount owing by associates companies	(313)	-
Cash from/(used in) operations	<u>2,773</u>	<u>12,954</u>
Interest paid	(56)	(304)
Tax (Paid) / Received	-	25
Net cash used in operating activities	<u>2,717</u>	<u>12,675</u>
Cash flows from/(used in) investing activities		
Acquisition of a subsidiary company / other investment	-	(15,832)
Proceed from disposal of a subsidiary company / other investment	-	2,800
Issue of ordinary shares	5,900	3,025
Addition of plantation development expenditure	-	(961)
Purchase of property, plant and equipment	(8,674)	(268)
Proceeds from disposal of investment / PPE	-	1,468
Interest received	58	224
Net cash (used in)/from investing activities	<u>(2,716)</u>	<u>(9,544)</u>
Cash flows from/(used in) financing activities		
Proceeds from drawdown of borrowings - net	4,500	-
Repayment of term loan - net	(5,615)	(3,928)
Repayment of hire-purchase - net	(240)	(484)
Interest Paid	(6,157)	(3,384)
Net cash (used in)/from financing activities	<u>(7,512)</u>	<u>(7,796)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(7,511)</u>	<u>(4,665)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>(15,049)</u>	<u>(10,384)</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	<u>(22,560)</u>	<u>(15,049)</u>
Cash and Cash Equivalents at end of period consist of:-		
Deposits with licensed banks	200	6,707
Cash and bank balances	2,032	587
Bank Overdrafts	(24,792)	(22,343)
	<u>(22,560)</u>	<u>(15,049)</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 2017 and the accompanying explanatory notes attached to this report)

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

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 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 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.

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 2017 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 2018. Comparative information in these interim financial statements have been restated to give effect to these changes and the financial impact on the transition to MFRS framework follows:

a) Biological assets

Under the MFRS framework, biological assets that meet the definition of bearer plants will be within the scope of MFRS 116: Property, Plant and Equipment. After initial recognition, the bearer biological assets will be measured under MFRS 166 at accumulated cost. The Group is currently measuring the bearer biological assets at valuation less accumulated impairment losses after the date of valuation. Upon adoption of the MFRS framework, the Group decided to apply the cost model for accounting the bearer plants. This change in accounting framework will result in the reclassification of the bearer assets from plantation development expenditure to bearer plants and the revaluation amount on the transition date to be recorded as original cost. The related revaluation surplus will be adjusted accordingly. Subsequently be stated at cost less any accumulated depreciation and accumulated impairment losses. The amendments also require the produce that grows on bearer plants to be within scope of MFRS141 measured at fair value less costs to sell. The plantation development expenditure of the Group comprise of the fresh fruit bunch ("FFB") prior to harvest. The changes in fair value less costs to sell of the biological assets was recognised in profit or loss.

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The impact of the changes in accounting policy on the financial statement as a result of the transition to MFRS framework are as follows:

(I) CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Previously stated under FRS RM'000	Effects on adoption of MFRS RM'000	Restated under MFRS RM'000
<u>As at 31 Dec 2017</u>			
Non-Current Assets			
Property, Plant and Equipment ("PPE")	8,891	72,458	81,349
Plantation Development Expenditure ("PDE")	77,213	(77,213)	-
Prepaid Lease Rental	17,223	1,057	18,280
Current Assets			
Biological Assets	-	447	447
Non-Current Liabilities			
Deferred Tax Liabilities	8,207	(463)	7,744
Equity			
Retained Earnings	(36,550)	(2,786)	(39,336)
<u>As at 1 Jan 2017</u>			
Non-Current Assets			
Property, Plant and Equipment ("PPE")	8,892	74,342	83,234
Plantation Development Expenditure ("PDE")	78,644	(78,644)	-
Prepaid Lease Rental	17,665	1,084	18,749
Current Assets			
Biological Assets	-	855	855
Non-Current Liabilities			
Deferred Tax Liabilities	8,416	(368)	8,048
Equity			
Retained Earnings	(35,618)	(1,994)	(37,612)
<u>As at 31 Dec 2017</u>			
Non-Current Assets			
Property, Plant and Equipment ("PPE")	8,891	72,458	81,349
Plantation Development Expenditure ("PDE")	77,213	(77,213)	-
Prepaid Lease Rental	17,223	1,057	18,280
Current Assets			
Biological Assets	-	447	447
Non-Current Liabilities			
Deferred Tax Liabilities	8,207	(463)	7,744
Equity			
Retained Earnings	(36,550)	(2,786)	(39,336)

(II) CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Previously stated under FRS RM'000	Effects on adoption of MFRS RM'000	Restated under MFRS RM'000
<u>Corresponding preceding quarter ended 31 Dec 2017</u>			
Cost of Sales	(14,238)	(479)	(14,717)
Other operating expenses	(1,695)	(408)	(2,103)
Loss before tax	(1,130)	(887)	(2,017)
Tax credit	198	95	193
Net Loss for the financial year	(932)	(792)	(1,724)

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 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.

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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 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	3,658	3,879	-	-	-	7,537
Segment results						
Profit/(loss) from operations	(1,209)	1,621	(421)	(45)	(695)	(749)
Finance cost	(1,170)	(809)	(6)	-	100	(1,885)
Share profit of associates						462
Gain / (Loss) before tax	(2,379)	812	(427)	(45)	(595)	(2,172)
Tax		(7)			147	140
Loss for the period						(2,032)

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

The company has announcement on 31 December 2018, entered into a Sale and Purchase Agreement ("SPA") with Sinn Kian Hin Sendirian Berhad (49205W) ("Purchaser") for the disposal of three (3) pieces of freehold vacant land measuring approximately 0.8057 hectares (1.991 acres), 0.2869 hectares (0.709 acres) and 0.0923 hectares (0.228 acres) respectively held under GM193 Lot2058, GM194 Lot2060 and GM195 Lot2062, all situated in Mukim Tanjong Kling, Daerah Melaka Tengah, Negeri Melaka ("Lands") for a total cash consideration of RM3,444,552.00 only. ("Total Sale Consideration"). The transaction is expected to complete by second quarter 2019.

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 2018.

A13 Capital Commitments

There are no capital commitments approved or contracted for the fourth quarter ended 31 December 2018.

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

B1 Review of Performance

Summary

	Individual Quarter			Cumulative Quarter		
	31 Dec 2018 RM	31 Dec 2017 (Restated) RM	Variance %	31 Dec 2018 RM	31 Dec 2017 (Restated) RM	Variance %
Oil Palm Plantations Revenue ('000)	3,658	3,632	0.7%	12,898	14,708	-12.3%
Energy and Facility Management Revenue ('000)	3,878	3,760	3.1%	19,640	5,682	245.7%
Total Revenue ('000)	7,536	7,392	1.9%	32,538	20,390	59.6%
P/(L)BT ('000)	(2,172)	231	-1040.3%	(6,592)	(2,017)	226.8%
Operational Statistics						
Production (MT)	10,292	6,960	47.9%	31,195	26,221	19.0%
Ave. CPO Price*	1,908	2,612	-27.0%	2,237	2,801	-20.1%
Ave. FFB Price	354	519	-31.8%	423	557	-24.1%

(I) Current Quarter

Revenue

The Group's revenue for the current quarter ended 31 December 2018 has improved by 1.9% (RM0.14mil) to RM7.54mil as compared to RM7.39mil in the preceding year quarter ended 31 December 2017. The plantation segment revenue increased by RM0.03mil to RM3.66mil while the energy and facilities management revenue increased by RM0.19mil to RM3.88mil compared to RM3.76mil in the preceding year quarter. The energy and facilities management segment started in September 2017.

Plantation

The revenue from this segment in the current year quarter has increased by 0.7% to RM3.66mil from RM3.63mil in last year corresponding period. Lower revenue recorded despite 47.9% increase in FFB production due to lower average FFB price by 31.8% during this current quarter.

Energy and Facilities Management

This segment contributed RM3.88mil to the Group revenue, an increase of 3.1% in the current year quarter compared to RM3.76mil in preceding year quarter. The energy and facilities management segment started in September 2017.

Profit / (Loss) before tax

The Group recorded a loss before tax of RM2.17mil as compared to profit before tax of RM0.23mil for the preceding year quarter ended 31 December 2017. This loss was mainly due to losses arise from the plantation segment and offset against the profit from energy and facilities management segment. In preceding year quarter, the profit from newly acquired energy and facilities management segment and profit sharing from associate were included.

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(II) Cumulative Quarter

Revenue

The Group's revenue for the cumulative year ended 31 December 2018 increased by 59.6% to RM32.54mil as compared to RM20.39mil in the preceding year's period ended 31 December 2017. The increase in revenue was mainly due to the inclusion of revenue from new business segment i.e. energy and facilities management. This segment started in September 2017.

Plantation

The revenue from this segment in the current year cumulative quarter has decreased by 12.3% to RM12.89mil from RM14.7mil in last year corresponding period. The FFB production increased by 19%, and the average FFB price dropped by 24.1% during this current cumulative quarter.

Energy and Facilities Management

This segment contributed RM19.64mil to the Group revenue in the current year cumulative quarter compared to RM5.68mil in last year corresponding period. Last year revenue was lower because this segment started in September 2017.

Profit / (Loss) before tax

The Group recorded a loss before tax of RM6.59mil as compared to a loss before tax of RM2.02mil for the preceding year to date ended 31 December 2017. The losses are higher due to lower FFB production at 1st half of the year, higher expenses incurred at estate and lower FFB prices during the year. 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 December 2018 as Compared with the Immediate Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Variance	
	31 Dec 2018 RM	30 Sep 2018 RM	Amount RM	%
Production (MT)	10,292	8,571	1,721	20.09%
Ave. CPO Price*	1,908	2,193	(285)	-13.01%
Ave. FFB Price	354	419	(65)	-15.56%
Revenue ('000)	7,537	12,994	(5,457)	-42.00%
Operating P/(L) before finance cost ('000)	(287)	(698)	411	-58.88%
Finance Cost	(1,885)	(1,347)	(538)	39.94%
P/(L)BT ('000)	(2,172)	(1,829)	(343)	18.75%
P/(L)AT ('000)	(2,032)	(1,777)	(255)	14.35%

The plantation segment registered higher revenue of RM 3.66mil compared to RM3.59mil in the preceding quarter ended 30 September 2018. There was higher production of FFB by 1721MT in current quarter contribute to higher revenue in the current quarter. However, this segment still recorded a loss of RM3.07mil compared to RM2.11mil loss in the preceding quarter ended 30 September 2018 due to higher cost incurred in this quarter.

The energy and facilities management segment profit before tax recorded at RM0.81mil for current quarter as compared to RM0.97mil in preceding quarter ended 30 September 2018 due to slightly higher finance cost in current quarter.

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The investment holding company recorded a loss of RM0.42mil for current quarter compared to loss of RM0.68mil in preceding quarter. The decrease in holding company losses in current quarter is due to lower operational cost.

The finance cost in the current quarter increased by RM0.53mil to RM1.88mil as compared to RM1.35mil incurred in preceding quarter ended 30 September 2018.

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 31.12.2018 RM'000	Cumulative Quarter 31.12.2018 RM'000
On current year's results		
- Transfer from/(to) deferred taxation	140	297
	<u>140</u>	<u>297</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 2018 were as follows:-

Term Loan Borrowings	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	<u>10,793</u>	<u>64,162</u>	<u>74,955</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

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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 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)

Basic EPS and diluted EPS are calculated by dividing the profit attributable to the ordinary equity holders of the company of RM6.30million for the current cumulative quarter by the weighted average number of ordinary shares of 124,689,801 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.