



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

**INTERIM REPORT FOR THE
THIRD QUARTER ENDED
30 September, 2018**

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 - 11

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 SEP 2018 RM'000	PRECEDING YEAR QUARTER 30 SEP 2017 RM'000	CURRENT YEAR TO DATE 30 SEP 2018 RM'000	PRECEDING YEAR TO DATE 30 SEP 2017 RM'000
Revenue	12,994	5,216	25,000	12,998
Cost of Sales	(12,877)	(4,438)	(23,672)	(10,602)
Gross profit	117	778	1,328	2,396
Other income	1,324	583	4,041	982
General and administrative expenses	(1,658)	(760)	(4,983)	(2,425)
Other operating expenses	(481)	(318)	(1,508)	(1,389)
	(698)	283	(1,122)	(436)
Finance cost	(1,347)	(1,182)	(3,996)	(2,516)
Share of profit / (loss) of associates	216	704	698	704
Profit / (Loss) before tax	(1,829)	(195)	(4,420)	(2,248)
Tax credit/(expense)	52	52	157	157
Profit / (Loss) from operations	(1,777)	(143)	(4,263)	(2,091)
Equity holders of the parent	(1,777)	(143)	(4,263)	(2,091)
	(1,777)	(143)	(4,263)	(2,091)
Earnings per ordinary share				
<i>Basic (sen)</i>	(1.40)	(0.12)	(3.49)	(1.91)
<i>Diluted (sen)</i>	(1.40)	(0.12)	(3.49)	(1.91)

(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 30 SEPTEMBER 2018

(The figures have not been audited)

	(UNAUDITED) AS AT 30 SEPTEMBER 2018 RM'000	(AUDITED) AS AT 31 DECEMBER 2017 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment ("PPE")	9,299	8,891
Plantation Development Expenditure ("PDE")	76,089	77,213
Investment Properties	9,970	10,021
Concession Financial Assets	63,325	57,321
Prepaid Lease Rental	16,892	17,223
Goodwill on consolidation	19,193	19,193
Investment in associates	10,007	9,308
Current Assets		
Inventories	1,047	684
Trade Receivables	6,208	2,422
Other Receivables	1,814	2,723
Amount owing by related parties	424	424
Amount owing by associates companies	48	-
Fixed deposits, cash and cash balances	1,574	7,294
	11,115	13,547
TOTAL ASSETS	215,890	212,717
EQUITY & LIABILITIES		
Share Capital	123,992	118,092
Reserves	(40,813)	(36,550)
Equity attributable to equity holders of the parent	83,179	81,542
Non-Current Liabilities		
Bank Borrowings	69,411	69,112
Hire-purchase payables	963	786
Deferred Tax Liability	8,050	8,207
	78,424	78,105
Current Liabilities		
Bank Overdrafts	24,109	22,343
Trade Payables	8,380	1,367
Other Creditors	16,722	19,532
Amount owing to related parties	1,669	2,660
Amount owing to director	800	-
Bank Borrowings	2,438	6,959
Hire-purchase payables	135	175
Tax liabilities	34	34
	54,287	53,070
	215,890	212,717
Net tangible assets per share (RM)	0.53	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 THIRD QUARTER ENDED 30 SEPTEMBER 2018**

(The figures have not been audited)

	Share Capital RM'000	Distributable Accumulated Loss RM'000	Total RM'000
<u>9 months quarter ended 30 September 2018</u>			
At 1 January 2018	118,092	(36,550)	81,542
Net loss for the financial period	-	(4,263)	(4,263)
Issue of ordinary shares	5,900	-	5,900
At 30 September 2018	123,992	(40,813)	83,179
<u>9 months quarter ended 30 September 2017</u>			
At 1 January 2017	115,067	(35,653)	79,414
Net loss for the financial period	-	(2,091)	(2,091)
Issue of ordinary shares	3,025	-	3,025
At 30 September 2017	118,092	(37,744)	80,348

(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 THIRD QUARTER ENDED 30 SEPTEMBER 2018**

(The figures have not been audited)

	(UNAUDITED) 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2018 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2017 RM'000
Profit / (Loss) before tax	(4,420)	(1,130)
Adjustment for :		
Amortisation of Plantation Development Expenditure and Prepaid Lease	2,200	2,902
Depreciation of Property, Plant & Equipment ("PPE")	758	1,053
Share of result in associated companies	(698)	(1,283)
Finance costs	3,996	3,688
Loss/(gain) on disposal of Investment / PPE	-	(439)
Other non-cash items	(2,745)	(1,953)
Operating Profit/(loss) before working capital changes	<u>(909)</u>	<u>2,838</u>
Decrease/(Increase) in concession financial assets	(3,308)	2,985
Decrease/(Increase) in inventories	(364)	110
Decrease/(Increase) in receivables and other assets	(2,877)	2,511
Increase in payables and other liabilities	4,202	840
Increase in amount owing to director	800	-
Decrease in amount owing by related parties	(991)	3,670
Decrease in amount owing by associates companies	(48)	-
Cash from/(used in) operations	<u>(3,495)</u>	<u>12,954</u>
Interest paid	(41)	(1,473)
Tax (Paid) / Received	-	25
Net cash used in operating activities	<u>(3,536)</u>	<u>11,506</u>
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	5,900	3,025
Addition of plantation development expenditure	(150)	(194)
Purchase of property, plant and equipment	(843)	(268)
Proceeds from disposal of investment / PPE	-	1,469
Interest received	50	224
Net cash (used in)/from investing activities	<u>4,957</u>	<u>(8,777)</u>
Cash flows from/(used in) financing activities		
Repayment of term loan - net	(4,221)	(3,928)
Repayment of hire-purchase - net	(186)	(484)
Interest Paid	(4,500)	(2,982)
Net cash (used in)/from financing activities	<u>(8,907)</u>	<u>(7,394)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(7,486)</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>(22,535)</u>	<u>(15,049)</u>
Cash and Cash Equivalents at end of period consist of:-		
Deposits with licensed banks	1,205	6,707
Cash and bank balances	369	587
Bank Overdrafts	(24,109)	(22,343)
	<u>(22,535)</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)

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 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 (consist of subsidiary companies which are dormant)

Segmental Information for the current quarter

<u>For the 3 months financial period ended 30 Sep 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	3,587	9,407	-	-	-	12,994
Segment results						
Profit/(loss) from operations	(1,375)	1,665	(673)	(12)	(303)	(698)
Finance cost	(730)	(695)	(7)	-	85	(1,347)
Share profit of associates						216
Gain / (Loss) before tax	(2,105)	970	(680)	(12)	(218)	(1,829)
Tax					52	52
Loss for the period						<u>(1,777)</u>

A9 Valuations of property, plant and equipment

The valuations of land and building have been brought forward without amendment from the financial statements for the year ended 31 December 2017.

A10 Material events subsequent to the end of the interim period

There were no material events subsequent to 30 September 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 30 September 2018.

A13 Capital Commitments

There are no capital commitments approved or contracted for the third quarter ended 30 September 2018.

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

B1 Review of Performance

Summary

	Individual Quarter			Cumulative Quarter		
	30 Sep 2018 RM	30 Sep 2017 RM	Variance %	30 Sep 2018 RM	30 Sep 2017 RM	Variance %
Oil Palm Plantations Revenue ('000)	3,587	3,294	8.9%	9,240	11,076	-16.6%
Energy and Facility Management Revenue ('000)	9,407	1,922	389.4%	15,760	1,922	720.0%
Total Revenue ('000)	12,994	5,216	149.1%	25,000	12,998	92.3%
P/(L)BT ('000)	(1,829)	(195)	837.9%	(4,420)	(2,248)	96.6%
Operational Statistics						
Production (MT)	8,570	6,153	39.3%	20,903	19,261	8.5%
Ave. CPO Price*	2,193	2,682	-18.2%	2,347	2,863	-18.0%
Ave. FFB Price	419	536	-21.9%	445	569	-21.7%

*Extracted from MPOB Peninsular Malaysia Average

(I) Current Quarter

Revenue

The Group's revenue for the current quarter ended 30 September 2018 has improved by 149.1% (RM7.78mil) to RM12.99mil as compared to RM5.22mil in the preceding year quarter ended 30 September 2017. The plantation segment revenue increased by RM0.29mil to RM3.59mil while the energy and facilities management revenue increased by RM7.49mil to RM9.41mil compared to RM1.92mil 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 8.9% to RM3.59mil from RM3.29mil in last year corresponding period. Even though the FFB production increased by 39.3%, this has been offset by the lower revenue due to lower average FFB price by 21.9% during this current quarter.

Energy and Facilities Management

This segment contributed RM9.41mil to the Group revenue in the current year quarter compared to RM1.92mil in preceding year quarter. This is inclusive of RM6mil of new concession project revenue recognised in July 2018. The energy and facilities management segment started in September 2017.

Profit / (Loss) before tax

The Group recorded a loss before tax of RM1.83mil as compared to loss before tax of RM0.2mil for the preceding year quarter ended 30 September 2017. This loss was mainly due to losses arise from the plantation segment and offset against the profit from energy and facilities management segment.

(II) Cumulative Quarter

Revenue

The Group's revenue for the cumulative 3 months period ended 30 September 2018 increased by 92.3% to RM25.0mil as compared to RM13.0mil in the preceding year's period ended 30 September 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 16.6% to RM9.24mil from RM11.08mil in last year corresponding period. The lower revenue booked are due to lower FFB production by 21.7% due to lower average FFB price by 21.7% during this current cumulative quarter.

Energy and Facilities Management

This segment contributed RM15.76mil to the Group revenue in the current year cumulative quarter compared to RM1.92mil 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 RM4.42mil as compared to a loss before tax of RM2.25mil for the preceding year to date ended 30 September 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 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 30 September 2018 as Compared with the Immediate Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Variance	
	30 Sep 2018 RM	30 Jun 2018 RM	Amount RM	%
Production (MT)	8,571	6,571	2,000	30.43%
Ave. CPO Price*	2,193	2,381	(188)	-7.90%
Ave. FFB Price	419	453	(34)	-7.50%
Revenue ('000)	12,994	6,207	6,787	109.34%
Operating P/(L) before finance cost ('000)	(698)	(486)	(212)	43.62%
Finance Cost	(1,347)	(1,365)	18	-1.32%
P/(L)BT ('000)	(1,829)	(1,538)	(291)	18.92%
P/(L)AT ('000)	(1,777)	(1,485)	(292)	19.66%

The plantation segment registered higher revenue of RM 3.59mil compared to RM2.99mil in the preceding quarter ended 30 June 2018. There was higher production of FFB by 2000MT in current quarter contribute to higher revenue in the current quarter. However, this segment still recorded a loss of RM2.11mil compared to RM1.49mil loss in the preceding quarter ended 30 June 2018.

The energy and facilities management segment profit before tax recorded at RM0.97mil for current quarter as compared to RM0.65mil in preceding quarter ended 30 June 2018 due to lower revenue in preceding quarter.

The investment holding company recorded a loss of RM0.68mil for current quarter compared to loss of RM0.78mil 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 remained consistent at RM1.35mil as compared to RM1.37mil incurred in preceding quarter ended 30 June 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 30.09.2018 RM'000	Cumulative Quarter 30.09.2018 RM'000
On current year's results		
- Transfer from/(to) deferred taxation	52	157
	<u>52</u>	<u>157</u>

B6 Status of Corporate Proposals

There is no corporate proposal announced but not completed as at the date of issuance of this report.

B7 Group Borrowings

Details of the Group's borrowings as at 30 September 2018 were as follows:-

Term Loan Borrowings	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	<u>2,438</u>	<u>69,411</u>	<u>71,849</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 30 September 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 loss attributable to the ordinary equity holders of the company of RM4.2 million for the current cumulative quarter by the weighted average number of ordinary shares of 122,271,183 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