



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

**INTERIM REPORT FOR THE
FOURTH QUARTER ENDED
31 DECEMBER 2016**

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED 31 DEC		12 MONTHS ENDED 31 DEC	
	UNAUDITED 2016 RM'000	AUDITED 2015 RM'000	UNAUDITED 2016 RM'000	AUDITED 2015 RM'000
Revenue	4,906	3,991	14,890	14,784
Cost of Sales	(3,146)	(3,246)	(10,845)	(13,794)
Gross profit / (loss)	1,760	745	4,045	990
Other income	3,306	630	8,863	814
General and administrative expenses	(768)	(825)	(3,363)	(3,525)
Other operating expenses	(3,354)	(252)	(4,503)	(1,456)
	944	298	5,042	(2,771)
Finance cost	62	(766)	(2,464)	(3,012)
Profit / (Loss) before tax	1,006	(468)	2,578	(6,190)
Tax credit/(expense)	(131)	498	32	661
Profit / (Loss) from operations	875	30	2,610	(5,529)
Equity holders of the parent	875	30	2,610	(5,529)
Minority interest	-	-	-	-
	875	30	2,610	(5,529)
Earnings per ordinary share				
<i>Basic (sen)</i>	0.76	0.03	2.27	(4.81)
<i>Diluted (sen)</i>	0.76	0.03	2.27	(4.81)

(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 2015 and the accompanying explanatory notes attached to this report)

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

NOTES TO CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>3 MONTHS ENDED 31 DEC</u>		<u>12 MONTHS ENDED 31 DEC</u>	
	<u>UNAUDITED</u>	<u>AUDITED</u>	<u>UNAUDITED</u>	<u>AUDITED</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Other income</u>				
Interest Income	165	58	315	149
Gain on disposal of property, plant & equipment	139	2	171	2
Gain on disposal of investment	-	-	5,231	-
Adjustment - Reclassification of Bad Debt Written Off	3,005	-	3,005	-
Other income	(3)	570	141	663
	<u>3,306</u>	<u>630</u>	<u>8,863</u>	<u>814</u>
<u>Other operating expenses</u>				
Adjustment - Reclassification of Bad Debt Written Off	(3,005)	-	(3,005)	-
Other operating expenses	(349)	(252)	(1,498)	(1,456)
	<u>(3,354)</u>	<u>(252)</u>	<u>(4,503)</u>	<u>(1,456)</u>
<u>Finance cost</u>				
Interest Expenses	(797)	(766)	(2,912)	(3,012)
Write back of interest	859	-	448	-
	<u>62</u>	<u>(766)</u>	<u>(2,464)</u>	<u>(3,012)</u>

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

(The figures have not been audited)

	(UNAUDITED) AS AT 31 DECEMBER 2016 RM'000	(AUDITED) AS AT 31 DECEMBER 2015 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment ("PPE")	8,892	11,412
Plantation Development Expenditure ("PDE")	78,644	82,236
Investment Properties	10,089	942
Prepaid Lease Rental	17,665	29,733
Goodwill on consolidation	16,329	16,329
Investment available for sale	2,800	2,800
Current Assets		
Inventories	794	593
Trade Receivables	1,811	1,369
Other Receivables	453	711
Tax recoverable	3	3
Assets held for sale	936	-
Amount owing by related parties	918	1,084
Fixed deposits, cash and cash balances	12,707	4,401
	<u>17,622</u>	<u>8,161</u>
TOTAL ASSETS	<u><u>152,041</u></u>	<u><u>151,613</u></u>
EQUITY & LIABILITIES		
Share Capital	115,067	115,067
Reserves	(35,618)	(38,228)
Equity attributable to equity holders of the parent	<u>79,449</u>	<u>76,839</u>
Non-Current Liabilities		
Bank Borrowings	29,676	31,615
Hire-purchase payables	376	400
Deferred Tax Liability	8,417	8,985
	<u>38,469</u>	<u>41,000</u>
Current Liabilities		
Bank Overdrafts	23,091	23,824
Trade Payables	799	539
Other Creditors	8,005	7,539
Amount owing to related parties	-	-
Bank Borrowings	2,043	1,444
Hire-purchase payables	184	394
Tax liabilities	1	34
	<u>34,123</u>	<u>33,774</u>
	<u><u>152,041</u></u>	<u><u>151,613</u></u>
Net tangible assets per share (RM)	0.55	0.53

(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 2015 and the accompanying explanatory notes attached to this report)

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

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**

(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 2016</u>			
At 1 January 2016	115,067	(38,228)	76,839
Net profit for the financial period	-	2,610	2,610
At 31 December 2016	<u>115,067</u>	<u>(35,618)</u>	<u>79,449</u>
<u>12 months quarter ended 31 December 2015</u>			
At 1 January 2015	115,067	(32,699)	82,368
Net loss for the financial period	-	(5,972)	(5,972)
At 31 December 2015	<u>115,067</u>	<u>(38,671)</u>	<u>76,396</u>

(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 2015 and the accompanying explanatory notes attached to this report)

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

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**

(The figures have not been audited)

	(UNAUDITED) 9 MONTHS PERIOD ENDED 31 DECEMBER 2016 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2015 RM'000
Profit / (Loss) before tax	2,578	(6,190)
Adjustment for :		
Amortisation of Plantation Development Expenditure and Prepaid Lease	2,797	2,907
Depreciation of Property, Plant & Equipment ("PPE")	1,337	1,568
Finance costs	2,464	3,012
Loss/(gain) on disposal of Investment / PPE	(8,373)	315
Other non-cash items	2,737	(14)
Operating Profit/(loss) before working capital changes	3,540	1,598
Decrease/(Increase) in inventories	(201)	296
Decrease/(Increase) in receivables and other assets	(297)	101
Increase in payables and other liabilities	740	250
Decrease in amount owing by related parties	165	1,148
Cash from/(used in) operations	3,947	3,393
Interest paid	(479)	(544)
Tax Paid	(536)	
Net cash used in operating activities	2,932	2,849
Cash flows from/(used in) investing activities		
Addition of plantation development expenditure	(371)	(279)
Purchase of property, plant and equipment	(524)	(1,190)
Proceeds from disposal of investment / PPE	11,062	117
Interest received	268	148
Net cash (used in)/from investing activities	10,435	(1,204)
Cash flows from/(used in) financing activities		
Proceeds from drawdown of borrowings - net	-	785
Repayment of term loan - net	(1,300)	-
Repayment of hire-purchase - net	(222)	(825)
Interest Paid	(2,806)	(3,177)
Net cash (used in)/from financing activities	(4,328)	(3,217)
NET CHANGE IN CASH AND CASH EQUIVALENTS	9,039	(1,572)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(19,423)	(17,851)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	(10,384)	(19,423)
Cash and Cash Equivalents at end of period consist of:-		
Deposits with licensed banks	12,600	4,250
Cash and bank balances	107	151
Bank Overdrafts	(23,091)	(23,824)
	(10,384)	(19,423)

(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 2015 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 2015. 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 2015.

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 2015.

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.

A2 Audit report

The auditors' report on the financial statement for the year ended 31 December 2015 was not qualified.

A3 Seasonal or cyclical factors of the Group's operations

The prices for the Group's products are not within the control of the Group but are determined by the global supply and demand situation for edible oils, and it is somewhat related to the price of mineral oil.

Crop production is seasonal. Based on statistics, the Group's production of crude palm oil and palm kernel gradually increases in second quarter, reaches its peak during third quarter and decreases thereafter. 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 the Group.

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) Investment Holding
- (iii) Others (consist of subsidiary companies which are dormant)

Segmental Information for the current quarter

<u>For the 3 months</u> <u>financial period</u> <u>ended 31 Dec 2016</u>	<u>Oil Palm</u> <u>Plantations</u>	<u>Investment</u> <u>Holding</u>	<u>Others</u>	<u>Elimination</u>	<u>Group</u> <u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	4,906	-	-	-	4,906
<u>Segment results</u>					
Profit/(loss) from operations	1,295	758	(11)	(1,098)	944
Finance cost	(789)	780	-	71	62
Gain / (Loss) before tax	506	1,538	(11)	(1,027)	1,006
Tax		(536)		405	(131)
Profit for the period					<u>875</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 2015.

A10 Material events subsequent to the end of the interim period

There were no material events subsequent to 31 December 2016 and up to the date of the issuance of this quarterly report that have not been reflected in this quarterly report other than on 26 January 2017, the company has announced that it has entered into following conditional agreements:

- a. Shares sale and purchase agreement (“SSA”) in relation to the Proposed Acquisition of 100% equity interest in Tunas Cool Energy Sdn Bhd for a total cash consideration of RM7.5 million between Astute Consultancy Sdn Bhd and Tunas Selatan Construction Sdn Bhd; and
- b. SSA in relation to Proposed Acquisition of 25% equity interest in KJ Technical Services Sdn Bhd for a total consideration of RM10.0 million to be satisfied by a combination of cash payment of RM5.0 million and the issuance of 5.0 million new ordinary shares of RM1.0 in SHC (“SHC Shares”) at the issue price of RM1.0 per SHC share between Lee Kok Choon and Sheldon Wee Tah Poh

The proposed acquisitions above together with the proposed diversification of principal activities of the Group and proposed mandate for the recurrent related party transactions of revenue or trading nature (RRPT) are subject to the approval of the shareholders.

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 2016.

A13 Capital Commitments

There is no capital commitments approved or contracted for the fourth quarter ended 31 December 2016.

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

B1 Review of Performance

Summary

	Individual Quarter			Cumulative Quarter		
	31 Dec 2016 RM	31 Dec 2015 RM	Variance %	31 Dec 2016 RM	31 Dec 2015 RM	Variance %
Revenue ('000)	4,906	3,991	22.9%	14,890	14,784	0.7%
P/(L)BT ('000)	1,006	(469)	314.5%	2,578	(6,190)	141.6%
Production	8,193	9,942	-17.6%	28,209	36,864	-23.5%
Ave. CPO Price*	2,940	2,164	35.9%	2,639	2,172	21.5%

*Extracted from MPOB Peninsular Malaysia Average

Revenue

The Group's revenue for the current quarter ended 31 Dec 2016 has improved by 22.9% as compared to the preceding year quarter. The higher revenue recorded was boosted by higher average CPO price (35.9% higher) during the quarter despite lower production under challenging weather conditions as compared to last year quarter.

Profit / (Loss) before tax

The Group recorded a profit before tax of RM1.01 million as compared to a loss of RM0.47 million for the preceding year quarter ended 31 Dec 2015. The higher average CPO price that increased the revenue and the write back of interest previously accrued are the main contributor to the turnaround result from previous year quarter loss to current year quarter profit.

B2 Material Changes in Profit Before Taxation for the Quarter Reported On as Compared with the Immediate Preceding Quarter

The Group recorded a profit before tax of RM1.01 million for the current quarter as compared to loss before tax of RM1.06 million from the preceding quarter ended 30 Sep 2016. This is mainly attributable to higher revenue recorded due to higher production (18.99%) and average selling price (12.9%) recorded in the current quarter as well as write back of interest previously accrued.

B3 Prospects

The performance of the Group will mainly 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 situation.

Despite this uncertainty, the Group will continue to focus on cost management and achieving higher operational efficiencies in order to improve the Group's performance in the coming quarters.

B4 Profit Forecast or Profit Guarantee

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

B5 Taxation

	Current Quarter 31.12.2016 RM'000	Cumulative Quarter 31.12.2016 RM'000
On current year's results		
- Malaysia corporate tax	-	-
- Malaysia RPGT	(536)	(536)
- Transfer from/(to) deferred taxation	405	568
	<u>(131)</u>	<u>32</u>

B6 Status of Corporate Proposals

There is no corporate proposal announced but not completed as at the date of issuance of this report other than the corporate proposals on the acquisitions and diversification of the activities as disclosed in our announcement on 26 January 2017. The proposals are subject to and pending shareholders' approval

B7 Group Borrowings

Details of the Group's borrowings as at 31 December 2016 were as follows:-

Term Loan Borrowings	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	<u>2,043</u>	<u>29,676</u>	<u>31,719</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 Dec 2016.

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 RM2.61 million for the current cumulative quarter by the weighted average number of ordinary shares of 115,066,787 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