SINO HUA-AN INTERNATIONAL BERHAD

(Company No.: 732227-T)

Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED INCOME STATEMENT

	Fourth Quarter		Cumulative Quarter	
	Unaudited		Unaudited	
	Current Period 31-Dec-08 RM'000	Preceding Period 31-Dec-07 RM'000	Current Period 31-Dec-08 RM'000	Preceding Period 31-Dec-07 RM'000
Revenue	232,903	233,375	1,455,060	852,733
Cost of sales	(334,399)	(183,564)	(1,427,715)	(672,096)
Gross (loss)/profit	(101,496)	49,811	27,345	180,637
Other income	174	62	886	777
Operating expenses	2,907	(5,512)	(27,197)	(18,476)
	3,082	(5,449)	(26,311)	(17,699)
Restructuring expenses *	0	0	0	(8,871) *
Finance costs	0	(126)	0	(2,119)
(Loss)/Profit before tax	(98,414)	44,236	1,034	151,947
Taxation **	14,764	(6,794)	(489)	(24,425)
(Loss)/Profit for the year	(83,650)	37,442	545	127,522
(Loss)/Profit attributable to equity holders of the Company	(83,650)	37,442	545	127,522
(Loss)/Earnings per share (sen)				
- basic (sen)	(7.45)	3.34	0.05	12.11
- fully diluted (sen)	n/a	n/a	n/a	n/a

* Restructuring expenses are attributable to "one-off" expenses incurred arising from the implementation of the Restructuring Scheme of Antah / IPO of Hua-An which were charged to the 1st Quarter's Income Statement in FY 2007.

** By virtue of the Company's status as WOFE, tax is paid/payable in FY2007 and FY 2008 respectively at the rate of approximately 15%. During the quarter under review, tax provision of approximately RM14.8 million was written back as a result of earlier over tax paid on profits recorded during the preceding three quarters (9 months) of the year.

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CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited as at 31-Dec-08 RM'000	Audited as at 31-Dec-07 RM'000
Non Current Assets		
Land lease payment - long-term	32,317	30,283
Property, plant and equipment	460,858	428,423
Goodwill	107,672	107,114
	600,847	565,820
Current Assets		
Land lease payment - short-term	880	747
Inventories	47,688	74,882
Trade receivables	154,635	65,202
Other receivables, deposits and prepayments	26,935	24,735
Tax recoverable	10,669	
Bank balances and cash	28,754	32,081
	269,560	197,648
Total Assets	870,407	763,468
Shareholders' Fund		
Share capital	561,154	561,154
Reserves	202,675	152,774
	763,829	713,928
Current Liabilities		
Trade payables	95,240	28,344
Receipts in advance	2,027	5,796
Other payables and accrued expenses	5,607	3,503
Amount due to related company	3,704	721
Tax payable	-	11,176
	106,578	49,540
Total Equity and Liabilities	870,407	763,468
Net assets per share (RM)	0.68	0.64

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<---------------------- Non-distributable reserves ---------------------->					*Distributable reserve*	
	Share capital RM'000	**Share premium RM'000**	**Statutory common reserve funds RM'000**	**Reverse acquisition reserve RM'000**	**Foreign currency translation reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**
<u>12 months ended 31 December 2007</u>							
Balance as of January 1, 2007	177	-	28,420	-	4,886	235,023	268,506
Legal entity adjustment in accordance with FRS 3	(177)			(799,823)			(800,000)
Issue of shares:		-	-	-	-	-	-
Acquisition of PIPO Group	400,000	400,000					800,000
Scheme of arrangment with shareholders of Antah	42,454	42,454	-	-	-	-	84,908
Acquisition of investment property	8,700	8,700					17,400
Scheme of arrangment with creditors of Antah	10,000	10,000	-	-	-	-	20,000
Private placement	100,000	100,000					200,000
Share issue expense	-	(7,263)	-	-	-	-	(7,263)
Profit for the period	-	-	-	-	-	127,522	127,522
Transfer to common fund reserve	-	-	20,892	-	-	(20,892)	-
Exchange differences	-	-	-	-	2,855	-	2,855
Balance as of December 31, 2007	561,154	553,891	49,312	(799,823)	7,741	341,653	713,928
<u>12 months ended 31 December 2008</u>							
Balance as of January 1, 2008	561,154	553,891	49,312	(799,823)	7,741	341,653	713,928
Profit for the year	-	-	-	-	-	545	545
Dividend	-	-	-	-	-	(25,504)	(25,504)
Transfer to common fund reserve	-	-	46	-	-	(46)	-
Exchange differences	-	-	-	-	74,861	-	74,861
Balance as of December 31, 2008	561,154 -	553,891	49,358	(799,823)	82,602	316,647 -	763,829

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QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Current year to date 31-Dec-08 RM'000	Preceding year to date 31-Dec-07 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	545	127,522
Adjustments for:		
Depreciation of property, plant and equipment	29,585	22,118
Amortisation of lease payments	828	746
Allowances for doubtful debts	357	-
Finance costs	-	2,119
Interest income	(411)	(817)
Income tax recognised in income statement	489	24,425
Gain on disposal of subsidiary company	-	65
Operating profit before working capital changes	31,393	176,178
(Increase)/Decrease in:		
Inventories	27,194	(34,787)
Trade receivables	(89,433)	(17,285)
Other receivables, deposits and prepayments	23,315	4,730
Increase/(Decrease) in:		
Trade payables	66,897	6,216
Other payables and accrued expenses	5,112	6,564
Amount due to related company	2,983	-
Receipt in advance	(3,769)	209
Forex reserve	(7,227)	-
Cash generated from operations	56,465	141,825
Income tax paid	(22,979)	(17,285)
Net cash from operating activities	33,486	124,540
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(13,509)	(225,734)
Land lease paid	-	(20,756)
Interest received	411	817
Disposal of investment in subsidiary company	-	17,149
Net cash used in investing activities	(13,098)	(228,524)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED CASHFLOW STATEMENT

- CONTINUE -

	Unaudited Current year to date 31-Dec-08 RM'000	Preceding year to date 31-Dec-07 RM'000
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES		
Issuance of shares	-	200,000
Share issue cost paid	-	(7,263)
Finance costs paid	-	(2,119)
Dividend paid	(25,504)	-
Increase/(Decrease) in bank borrowings/intercompany loan	-	(63,583)
Net cash (used in)/from financing activities	(25,504)	127,035
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(5,117)	23,051
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	32,081	9,593
Effect of changes in exchange rate	1,789	(563)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	28,754	32,081

The Condensed Consolidated Cash Flow Statement should be read in conjunction with accompanying explanatory notes attached to the interim financial statements.

A. EXPLANATORY NOTES AS PER FRS 134 - INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Chapter 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("BMSB").

The interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2007. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 December 2007.

The significant accounting policies and methods of computation adopted by the Company and its subsidiaries ("the Group") in this interim financial report are consistent with those adopted in the annual financial report for the year ended 31 December 2007.

FRS 3: Business Combinations

After completion of the acquisition of PIPO Overseas Limited ("PIPO") and its subsidiary company ("PIPO Group"), the Company becomes the legal parent company of PIPO Group. Due to relative values of the companies, the former shareholders of PIPO became the majority shareholders of the Company. Accordingly, the substance of the business combination is that PIPO acquires the Company in a reverse acquisition. Under FRS 3, as a result of the reverse acquisition, the financial statements which were assumed to have been prepared in the name of the legal parent, the Company, represent a continuation of the balance sheet of the legal subsidiary, PIPO, which was deemed as the acquirer.

In accordance with the FRS 3, the amount recognised as issued equity instruments in those consolidated financial statements shall be determined by adding to the issued equity of the legal subsidiary immediately before the business combination the cost of the combination determined. However, the equity structure appearing in those consolidated financial statements shall reflect the equity structure of the legal parent, including the equity instruments issued by the legal parent to effect the combination.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia. The individual financial statements of the subsidiary companies are presented in the currency of the primary economic environment in which the entity operates (their functional currency). The functional currency of the foreign subsidiary companies, PIPO and Linyi Yehua Coking Co. Ltd., are Hong Kong Dollars and Chinese Renminbi, respectively, while the functional currency of the local subsidiary companies is Ringgit Malaysia.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Ringgit Malaysia using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such translation differences are recognised in the income statements in the period in which the foreign operations is disposed of.

A2. Audit report

The auditors' report on the audited financial statements for the year ended 31 December 2007 was not qualified.

A3. Seasonal or cyclical factors

The operations of the Group generally move in tandem with the performance of the steel industry and the overall economic landscape.

A4. Unusual items

During the quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

A5. Changes in estimates

There were no changes in the estimates of amounts reported that have a material effect on the results in the quarter under review.

A6. Issuance, cancellations, repurchases, resale and repayments of debts and equity securities

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the quarter under review.

A7. Dividends paid

There was no dividend paid during the quarter under review.

A8. Segmental information

The Group operates predominantly in one industry and country. In this regard, segmental information is not applicable.

A9. Valuation of Property, Plant and Equipment

The property, plant and equipment of the Group have not been revalued during the quarter under review.

A10. Material Events Subsequent to the end of the Reporting Period

There were no material events subsequent to the end of the quarter under review.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year to-date.

A12. Changes in contingent liabilities or contingent assets

There were no changes in the contingent liabilities or contingent assets of the Group during the quarter under review.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of Performance

For the fourth quarter ended 31 December 2008, the Group recorded consolidated revenue of approximately RM232.9 million. However the Group incurred a significantly higher cost of sales of approximately RM334.4 million, thus registering a gross loss and loss before tax of approximately RM101.5 million and RM98.4 million, respectively.

These unprecedented losses were attributable to the abrupt and sudden downturn in the steel and metallurgical coke industry experienced in the fourth quarter under review stemming from the worldwide financial and economic meltdown. Steel production was cut considerably in the fourth quarter thus significantly reducing industry wide demand for metallurgical coke. These circumstances had adversely changed the pricing dynamics of the steel and coke industry whereby the aggregate cost of production of steel and metallurgical coke were rendered higher than their respective selling prices. During the fourth quarter under review, the average price of metallurgical coke was about RMB1,546/tonne, representing an increase of 6% from RMB1,462/tonne in the preceding year corresponding quarter. The average price of coking coal on the other hand had escalated significantly by 47% to RMB1,201/tonne over the same period from RMB819/tonne in the preceding year corresponding quarter. As for the prices of the by-products (which have a revenue contribution of approximately 15%), except for coal slime which saw an increase of 92% in the current quarter compared to the same quarter last year, the prices of ammonium sulphate, crude benzene, tar oil, coal gas and middlings have shown a decline in average prices by 20%, 45%, 6%, 16% and 25% respectively over the same period.

Notwithstanding the adverse environment besetting the industry in the fourth quarter, the industry landscape has gradually improved in December with the pricing structure readjusted favourably for the Group as well as the industry players.

By virtue of the losses recorded in the fourth quarter under review, the Group wrote-back tax provision of approximately RM14.8 million as a result of earlier tax paid made on profits recorded during the preceding three quarters (9 months) of the year. Consequently, the Group recorded a net loss for the fourth quarter period of RM83.7 million.

In respect of the cumulative results, the Group managed to record a revenue of approximately RM1.46 billion. In relation to the challenges faced by the industry in the fourth quarter, the Group posted a cumulative cost of sales of approximately RM1.43 billion. Assisted by the favourable results registered by the Group in the preceding three quarters of the year, the Group managed to record a cumulative consolidated gross profit and net profit for the year of approximately RM1.0 million and RM545,000 respectively.

B2. Variation of results against preceding quarter

The Group's consolidated revenue reduced by approximately RM0.5 million to RM232.9 million for the current quarter from RM233.4 million reported in the preceding year's corresponding quarter (during which period we were operating at an average production capacity of 58% compared to 110% in the preceding year) . This was primarily due to the reduction in the demand of metallurgical coke and the decline in prices of most of the by-products amidst the world financial and economic debacle as detailed in B1 above.

Affected by the significant hike in coking coal prices seen in the current quarter compared to that of the preceding year, the Group's cost of sales has escalated by approximately 82% to RM334.4 million compared to about RM183.6 million in the preceding year's corresponding quarter. Accordingly, the Group's gross profit has been reduced from a profit of RM49.8 million in the preceding year corresponding quarter to a loss of RM101.5 million for the current quarter. Profit for the fourth quarter period has seen a significant contraction of approximately 323% from a profit of RM37.4 million in the preceding year to a loss for the period of approximately RM83.7 million.

B3. Current year prospects

The Group will continue to focus on its core business activity which is the manufacture and trading of metallurgical coke and its by-products. The Group saw the demand for metallurgical coke increasing in December compared to the trough in October and November 2008.

According to the median estimates of 14 economists surveyed by Bloomberg, China's economy may continue to expand, albeit at a modest rate of 6.6%. This is contributed by the RMB4 trillion stimulus package and aggressive government spending into the domestic economy. Based on report from the National Development and Reform Commission (NDRC) in China, a total of approximately RMB230 billion has been spent between December 2008 and January 2009 on projects in China (*Xinhua News Agency, 3/2/09*).

Barring any unforeseen circumstances, the directors are cautiously optimistic of improvement in the business environment during the current financial year.

B4. Variation on Forecast Profit / Profit Guarantee

Profit Forecast	: N/A
Profit Guarantee	: N/A

The Group did not issue any profit forecast nor profit guarantee during the current financial period to date.

B5. Taxation

Taxation based on profit for the current quarter are as follows:

	Individual quarter ended		Cumulative quarter ended	
	31 Dec 2008 RM'000	**31 Dec 2007 RM'000**	**31 Dec 2008 RM'000**	**31 Dec 2007 RM'000**
In respect of the current period				
Income tax	(14,764)	6,794	489	24,425
Deferred tax	-	-	-	-
	(14,764)	6,794	489	24,425

During the quarter under review, tax provision of approximately RM14.8 million was written back as a result of earlier over tax paid on profits recorded during the preceding three quarters (9 months) of the year.

The tax exemption enjoyed by Yehua (the operating company in China) by virtue of its WOFE (Wholly-Owned Foreign Enterprise) status, as originally granted, had ended on 31 December 2006. As such, Yehua has commenced paying tax at 15% p.a. (i.e. after taking into consideration of the 50% tax relief granted) in FY2007. Such tax rate of 15% p.a. shall continue to subsist until 31 December 2009.

B6. Sale of unquoted investments and/or properties

There were no disposals of unquoted investments and/or properties during the quarter under review.

B7. Quoted and marketable securities

There were no purchases or disposals of quoted and marketable securities during the quarter under review.

B8. Corporate proposals

There were no corporate proposals during the quarter under review.

B9. Borrowings

As at 31 December 2008, the Group has no borrowings.

B10. Off balance sheet financial instruments

There were no off balance sheet financial instruments as at the date of this quarterly report.

B11. Material litigation

As at the date of this report, the Group is not engaged in any material litigation which in the opinion of the Board of Directors will have a material effect on the financial position or the business of the Group.

B12. Dividends

No Dividend had been declared in respect of the current quarter under review.

B13. Earnings per share

	Individual quarter ended		Cumulative period ended	
Basic earnings per share	**31 Dec 2008**	**31 Dec 2007**	**31 Dec 2008**	**31 Dec 2007**
(Loss)/Profit for the year attributable to equity holders (RM'000)	(83,650)	37,442	545	127,522
Number / Weighted average number of shares in issue* ('000)	1,122,308	1,122,308	1,122,308	1,053,431
Basic (loss)/earnings per share (sen)	(7.45)	3.34	0.05	12.11

* *The number of shares of Hua-An deemed to be outstanding from 1.1.07 to 20.3.07 (date of the RTO) (i.e. the number of shares issued by Hua-An for the acquisition of PIPO/Yehua) pursuant to Appendix B, Paragraph B13(a) of FRS 3 was 800,000,000. Thus the number of shares outstanding from 20.3.07 (date of RTO) to 31.3.07 was 800,000,200. Further number of shares issued by Hua-An pursuant to other elements of the RTO (20.3.07 to 31.12.07) was 322,307,617, resulting in the total number of shares outstanding from 20.3.07 to 31.12.07 becoming 1,122,307,817.*

There are no diluted earnings per share as the Company does not have any share option in issue at the current quarter under review.

By Order of the Board
Chua Siew Chuan
Secretary

25 February 2009