SINO HUA-AN INTERNATIONAL BERHAD
(Company No.: 732227-T)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2009
- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED INCOME STATEMENT

	First Quarter		Cumulative Quarter	
	Unaudited Current Period 31-Mar-09 RM'000	Preceding Period 31-Mar-08 RM'000	Unaudited Current Period 31-Mar-09 RM'000	Preceding Period 31-Mar-08 RM'000
Revenue	310,950	290,798	310,950	290,798
Cost of sales	(324,453)	(239,040)	(324,453)	(239,040)
Gross (loss)/profit	(13,503)	51,758	(13,503)	51,758
Other income	158	107	158	107
Operating expenses	(10,287)	(9,936)	(10,287)	(9,936)
	(10,129)	(9,828)	(10,129)	(9,828)
(Loss)/Profit before tax	(23,632)	41,929	(23,632)	41,929
Taxation	-	(6,362)	-	(6,362)
(Loss)/Profit for the period	(23,632)	35,567	(23,632)	35,567
(Loss)/Profit attributable to equity holders of the Company	(23,632)	35,567	(23,632)	35,567
(Loss)/Earnings per share (sen)				
- basic (sen)	(2.11)	3.17	(2.11)	3.17
- fully diluted (sen)	n/a	n/a	n/a	n/a

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2009

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CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited as at 31-Mar-09 RM'000	Audited as at 31-Dec-08 RM'000
Non Current Assets		
Land lease payment - long-term	33,560	32,317
Property, plant and equipment	473,234	460,858
Goodwill	107,798	107,672
	614,592	600,847
Current Assets		
Land lease payment - short-term	921	880
Inventories	59,012	47,688
Trade receivables	78,327	91,198
Other receivables, deposits and prepayments	37,803	26,935
Amount due from related company	67,187	63,437
Tax recoverable	15,051	10,669
Bank balances and cash	45,733	28,754
	304,034	269,560
Total Assets	918,626	870,407
Shareholders' Fund		
Share capital	561,154	561,154
Reserves	209,662	202,674
	770,816	763,828
Current Liabilities		
Trade payables	142,098	95,241
Other payables and accrued expenses	5,602	7,634
Amount due to related company	110	3,704
	147,810	106,579
Total Equity and Liabilities	918,626	870,407
Net assets per share (RM)	0.69	0.68

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FOR THE FIRST QUARTER ENDED 31 MARCH 2009
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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
3 months ended 31 March 2008							
Balance as of January 1, 2008	561,154	553,891	49,312	(799,823)	7,741	341,653	713,928
Profit for the period	-	-	-	-	-	35,567	35,567
Transfer to common fund reserve	-	-	(540)	-	-	540	-
Exchange differences	-	-	-	-	13,753	-	13,753
Balance as of March 31, 2008	561,154	553,891	48,772	(799,823)	21,494	377,760	763,248
3 months ended 31 March 2009							
Balance as of January 1, 2009	561,154	553,891	49,358	(799,823)	82,601	316,648	763,829
Loss for the period	-	-	-	-	-	(23,632)	(23,632)
Exchange differences	-	-	-	-	30,619	-	30,619
Balance as of March 31, 2009	561,154 -	553,891	49,358	(799,823)	113,220	293,016 -	770,816

SINO HUA-AN INTERNATIONAL BERHAD

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2009

- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Current year to date 31-Mar-09 RM'000	Preceding year to date 31-Mar-08 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit for the period	(23,632)	35,567
Adjustments for:		
Depreciation of property, plant and equipment	9,726	5,697
Amortisation of lease payments	208	200
Interest income	(75)	(80)
Income tax recognised in income statement	-	6,362
Operating (loss) / profit before working capital changes	(13,773)	47,746
(Increase) / Decrease in:		
Inventories	(11,324)	(9,356)
Trade receivables	12,871	(18,543)
Other receivables, deposits and prepayments	(4,390)	27,239
Amount due by related company	(3,750)	-
Increase / (Decrease) in:		
Trade payables	46,856	(3,350)
Other payables and accrued expenses	(2,033)	5,678
Amount due to related company	(3,594)	(5,796)
Cash generated from operations	20,863	43,618
Income tax paid	(4,381)	(2,441)
Net cash from operating activities	16,482	41,177
CASH FLOWS (USED IN) / FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(863)	-
Interest received	75	80
Net cash (used in) / from investing activities	(788)	80
CASH FLOWS USED IN FINANCING ACTIVITIES		
Net cash used in financing activities	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,694	41,257
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	28,754	32,081
Effect of changes in exchange rate	1,285	(339)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	45,733	72,999

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 2008. 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 2008.

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 2008.

As at 31 March 2009, the following FRSs and IC Interpretations were in issue but not yet effective and have not been applied by the Group: -

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

The new FRSs and IC Interpretations are expected to have no material impact on the financial statements of the Group upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and FRS 8.

The Group has applied the transitional provisions in FRS 7 and FRS 139 which exempt entities from disclosing the possible impact arising from initial application of the respective standards on the financial statements of the Group.

A2. Audit report

The auditors' report on the audited financial statements for the year ended 31 December 2008 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 first quarter ended 31 March 2009, the Group recorded consolidated revenue of approximately RM311.0 million. The Group, however, incurred a relatively higher cost of sales of approximately RM324.5 million.

The continued melancholy financial results of the Group is stemmed from the negative effects triggered by the tough and challenging business environment besetting the steel and metallurgical coke industries since the fourth quarter 2008. The Group's business however saw some signs of recovery, albeit gradually, since mid December 2008 and as a consequence, the extent of the losses registered in the current first quarter under review is significantly reduced compared with that recorded in the trying period of fourth quarter 2008.

During the current quarter under review, the Group's revenue increased by approximately 7% to RM311.0 million from RM290.8 million in the preceding year corresponding quarter. This was attributed to approximately 7% improvement in the average price of coke and an increased overall production capacity and sales in the current quarter under review compared with that of the preceding year corresponding quarter. Such revenue growth however was stifled to some extent, by the net decrease seen in the prices of by-products namely ammonium sulphate, crude benzene, tar oil, coal slimes, middlings and coal gas.

Given the metallurgical coke industry is in its initial stage of recovery, the pricing dynamics of the coke, coal and the by-products have not fully readjusted to provide coke manufacturers a consistently adequate operating margin. With the persistently high prices of coking coal, the Group continued to record a relatively high cost of sales in the current quarter under review. Fixed operating costs from the additional workforce and depreciation charge on the new coking ovens further increased the overall cost of sales in the current quarter under review compared to that of the preceding year corresponding quarter.

Premised on the above economic and industry driven circumstances prevailing in the first quarter 2009, the Group recorded a gross loss of approximately RM13.5 million and loss before tax of approximately RM23.6 million in the current quarter under review.

B2. Variation of results against preceding quarter

The Group's consolidated revenue of approximately RM311.0 million registered during the current quarter represents an increase of approximately 34% from approximately RM232.9 million in the preceding fourth quarter ended 31 December 2008. This improvement in revenue is primarily attributed to an improvement in the production output and sales volume. The production has increased to an average of 88% in the current quarter compared to an average of only 58% in the preceding quarter. Additionally, there was improvement in the average coke price of 26% in the current quarter (first quarter 2009) compared with the preceding quarter (fourth quarter 2008), the quantum of which is more than enough to negate the net decrease in the prices of by-products during the said comparative quarters.

Cost of sales in the current quarter, although still excessive relative to the revenue generated, is reduced to RM324.5 million from RM334.4 million in the preceding quarter. This is primarily attributed to the easing of the average purchase price of coal in the current quarter compared to that of the preceding quarter.

With the seemingly improving market conditions as evidenced in the gradual improvement in sales and the trend of the pricing dynamics, the Group turned in a significantly lower loss of RM23.6 million in the current quarter compared with a relatively larger loss of RM83.7 million in the preceding fourth quarter 2008.

B3. Current year prospects

The Group will continue to focus on its core business activity which is the manufacturing and trading of metallurgical coke and its by-products. The Group is currently experiencing signs of improvement, albeit a gradual one, as evidenced by improving demand and pricing mechanisms of its coke, coal and by-products. These positive indications were seen in mid December 2008 which continued its recovery trend into January and February 2009 but experienced a slight dip unexpectedly in March 2009.

Notwithstanding the slight disruption to the positive trend experienced in March 2009, the Group continues to be cautiously confident that the recovery phase in the coke industry in China has started. This is drawn from the aggressive spending into the domestic market by the Chinese government in the recent months. In its recent report, the China's central bank has indicated that the country is on track to hit the government's target of about 8% economic growth in year 2009 as the stimulus package is starting to yield positive results (*Source: The Wall Street Journal, 23/4/2009*). The Group will benefit from the recovery experienced by China to garner better results for the entire year of 2009.

Barring any unforeseen circumstances, the directors are slightly more 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 Mar 2009 RM'000	31 Mar 2008 RM'000	31 Mar 2009 RM'000	31 Mar 2008 RM'000
In respect of the current period				
Income tax	-	6,362	-	6,362
	-	6,362	-	6,362

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 March 2009, 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	
	31 Mar 2009	**31 Mar 2008**	**31 Mar 2009**	**31 Mar 2008**
Basic earnings per share				
(Loss)/Profit for the year attributable to equity holders (RM'000)	(23,632)	35,567	(23,632)	35,567
Number / Weighted average number of shares in issue ('000)	1,122,308	1,122,308	1,122,308	1,122,308
Basic (loss)/earnings per share (sen)	(2.11)	3.17	(2.11)	3.17

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

28 May 2009