SINO HUA-AN INTERNATIONAL BERHAD

(Company No.: 732227-T)

Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2011

- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	First Quarter		Cumulative Quarter	
	Unaudited		**Unaudited**	
	Current Period	**Preceding Period**	**Current Period**	**Preceding Period**
	31-Mar-11	**31-Mar-10**	**31-Mar-11**	**31-Mar-10**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	379,667	373,592	379,667	373,592
Cost of sales	(372,151)	(367,901)	(372,151)	(367,901)
Gross profit	7,516	5,691	7,516	5,691
Other income	160	277	160	277
Operating expenses	(6,811)	(8,450)	(6,811)	(8,450)
	(6,651)	(8,173)	(6,651)	(8,173)
Profit/(Loss) before tax	865	(2,482)	865	(2,482)
Taxation	-	-	-	-
Profit/(Loss) for the period	865	(2,482)	865	(2,482)
Other comprehensive loss:				
Exchange difference arising from translation of foreign operations	(10,067)	(28,930)	(10,067)	(28,930)
Total comprehensive loss for the period	(9,202)	(31,412)	(9,202)	(31,412)
Profit/(loss) attributable to equity holders of the Company	865	(2,482)	865	(2,482)
Total comprehensive loss attributable to equity holder of the Company	(9,202)	(31,412)	(9,202)	(31,412)
Earnings/(loss) per share (sen)				
- basic (sen)	0.08	(0.22)	0.08	(0.22)
- 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 2011

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 31-Mar-11 RM'000	Audited as at 31-Dec-10 RM'000
Non Current Assets		
Land lease payment - long-term	27,254	27,931
Property, plant and equipment	405,450	421,132
Goodwill	107,393	107,436
	540,097	556,499
Current Assets		
Land lease payment - short-term	803	817
Inventories	105,205	132,127
Trade receivables	22,628	13,921
Other receivables, deposits and prepayments	57,227	44,441
Amount due from related parties	51,800	51,529
Tax recoverable	11,788	14,916
Bank balances and cash	35,744	22,274
	285,195	280,025
Total Assets	825,292	836,524
Shareholders' Fund		
Share capital	561,154	561,154
Reserves	125,652	134,854
	686,806	696,008
Current Liabilities		
Trade payables	127,354	115,199
Other payables and accrued expenses	11,132	23,518
Amount due to related parties	-	1,799
	138,486	140,516
Total Equity and Liabilities	825,292	836,524
Net assets per share (RM)	0.61	0.62

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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 2010							
Balance as of January 1, 2010	561,154	553,891	49,358	(799,823)	72,936	296,013	733,529
Total comprehensive loss	-	-	-	-	(28,930)	(2,482)	(31,412)
Balance as of March 31, 2010	561,154	553,891	49,358	(799,823)	44,006	293,531	702,117
3 months ended 31 March 2011							
Balance as of January 1, 2011	561,154	553,891	49,358	(799,823)	29,009	302,419	696,008
Total comprehensive loss	-	-	-	-	(10,067)	865	(9,202)
Balance as of March 31, 2011	561,154	553,891	49,358	(799,823)	18,942	303,284	686,806

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011

- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Current year to date 31-Mar-11 RM'000	**Preceding year to date 31-Mar-10 RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the period	865	(2,482)
Adjustments for:		
Depreciation of property, plant and equipment	9,161	9,319
Amortisation of lease payments	201	214
Interest income	(25)	(63)
Operating profit before working capital changes	10,202	6,988
(Increase) / Decrease in:		
Inventories	26,922	9,876
Trade receivables	(8,707)	6,747
Other receivables, deposits and prepayments	(14,850)	(4,918)
Amount due by/to related parties	(2,070)	(13,138)
Increase / (Decrease) in:		
Trade payables	12,155	16,838
Other payables and accrued expenses	(12,387)	(469)
Amount due to related company	-	(7,287)
Cash generated from operations	11,265	14,637
Tax paid	3,127	1,758
Net cash from operating activities	14,392	16,395
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(494)	(5,239)
Interest received	25	63
Net cash used in investing activities	(469)	(5,176)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Net cash used in financing activities	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,923	11,219
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	22,274	24,442
Effect of changes in exchange rate	(453)	(1,140)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	35,744	34,521

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 2010. 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 2010.

The Directors of the Company anticipate that the application of the following new Financial Reporting Standards ("FRSs"), revised FRSs, Issues Committee ("IC") Interpretations, amendments to FRSs and IC Interpretations which are mandatory and will be effective for financial periods as stated below will have no material impact on the financial statements of the Group.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2010, except for the adoption of the following Financial Reporting Standards ("FRSs"), amendments to FRSs and Issues Committee Interpretations ("IC Interpretations") with effect from the financial periods as stated below:-

		Effective date for financial periods beginning on or after
Amendments to FRS 132	Financial Instruments: Presentation - paragraphs 11,16 and 97E	1 March 2010
FRS 1	First-time Adoption of Financial Reporting Standards (revised)	1 July 2010
FRS 3	Business Combinations (revised)	1 July 2010
FRS 127	Consolidated and Separate Financial Statements (revised)	1 July 2010
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138	Intangible Assets	1 July 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010

		Effective date for financial periods beginning on or after
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives		1 July 2010
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
	Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 2	Group Cash-settled Share-based Payment Transaction	1 January 2011
IC Interpretation 4	Determining whether an Arrangement Contains a Lease	1 January 2011
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"		1 January 2011

As at 31 March 2011, the following IC Interpretations and amendments to FRSs, were in issue but not yet effective and have not been applied by the Group:-

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement		1 July 2011
FRS 124	Related Party Disclosures (revised)	1 January 2012
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012

A2. Audit report

The auditors' report on the audited financial statements for the year ended 31 December 2010 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

Segment results by business activities

	Current quarter 31 March 2011		Current year to date 31 March 2011	
	Revenue RM'000	Profit/(Loss) before tax RM'000	Revenue RM'000	Profit/(Loss) before tax RM'000
Manufacturing	379,667	1,331	379,667	1,331
Investment Holdings	-	(466)	-	(466)
	379,667	865	379,667	865

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 2011, the Group recorded a consolidated revenue of approximately RM379.7 million. The cost of sales for the quarter under review amounted to approximately RM372.2 million.

The consolidated revenue for the current quarter under review which has increased by approximately 2% from RM373.6 million in the preceding year corresponding quarter to RM379.7 million was primarily attributed to the favourable upward trend experienced in the pricing of the metallurgical coke and an increase in sales volume. The average price of metallurgical coke saw an improvement of approximately 4% whilst sales volume grew by approximately 3% respectively during the current quarter compared with those in the preceding year corresponding quarter. Further nudging the Group's consolidated revenue forward are the continued favourable pricing of the by-products seen in the current quarter compared to those in the corresponding quarter in the preceding year. The average prices of ammonium sulphate, crude benzene, tar oil, coal slime and middlings during the current quarter under review have increased by approximately 30%, 7%, 27%, 15% and 15% respectively compared to the same quarter last year.

Following an increase in the average price of raw material (i.e. coking coal) of approximately 5% coupled with an increase in sales/production volume, the cost of sales for the current quarter under review had risen to RM372.2 million compared to RM367.9 million recorded in the preceding year corresponding quarter, representing a slight increase of approximately 1%.

Even though the increase in the average coking coal price of approximately 5% was higher than the increase in the average prices of the metallurgical coke of approximately 4% over the two comparative periods, the higher average prices of its by-products and the growing sales volume have helped the Group to record a better gross profit of approximately RM7.5 million during the quarter under review compared to approximately RM5.7 million in the preceding year corresponding quarter. Consequently, the Group has registered a profit before tax of approximately RM0.9 million for the current quarter under review as compared to a loss of approximately RM2.5 million for the preceding year corresponding quarter.

B2. Variation of results against preceding quarter

The Group's consolidated revenue of approximately RM379.7 million registered during the current quarter under review represents an increase of approximately 4% from RM365.5 million in the preceding quarter ended 31 December 2010. The improvement in revenue was primarily attributed to the favourable average pricing of the metallurgical coke and its by-products. The average prices for metallurgical coke, ammonium sulphate, crude benzene and tar oil during the current quarter under review were up by 5%, 16%, 12% and 3% respectively. However, the average prices for coal slime and middlings were down by -4% and -1% respectively compared with the preceding quarter.

Cost of sales in the current quarter has correspondingly increased to RM372.2 million from RM362.1 million recorded in the preceding quarter ended 31 December 2010, a slight increase of approximately 3%. This was due to the average coking coal price during the quarter under review being 3% higher than that of the preceding quarter.

Notwithstanding the margin squeeze experienced from the narrowed pricing gap between the prices of coke and coal as well as the prices of coal slime and middlings losing some steam during the current quarter compared to those in the preceding quarter ended 31 December 2010, the Group still managed to stay in the profitable region during the current quarter with a modest profit of RM0.9 million.

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.

Whilst undeniably the Group and the industry as a whole are faced with several headwinds in the recent periods, the full impact of which have yet to be ascertained, the Group continues to maintain a positive stance as far as its business is concerned. This is because despite the narrowed margins resulting from the coke-coal pricing dynamics, the soaring global oil price has provided a healthy boost to some of our by-products, namely ammonium sulphate, tar oil and crude benzene. The contribution generated by these by-products has helped the Group cushion the relatively poor performance of coke experienced thus far. Also, with the continuous development projects unveiled worldwide especially in China, the steel demand should continue to be sustainable, moving forward.

Barring any unforeseen circumstances or unanticipated turn of events, the Group continues to be optimistic to having improved financial results for the coming years.

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

No taxation was provided during the quarter under review.

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 2011, 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

The Board of Directors has, on 25 February 2011, proposed a final tax exempt dividend of RM2.0 million representing approximately 0.178 sen per share or 31.22% of net profit in respect of the financial year ended 31 December 2010. The said dividend is subject to shareholders' approval in the forthcoming Annual General Meeting.

B13. Earnings per share

	Individual quarter ended		**Cumulative period ended**	
	31 Mar 2011	**31 Mar 2010**	**31 Mar 2011**	**31 Mar 2010**
Basic earnings per share				
Profit/(loss) for the period attributable to equity holders (RM'000)	865	(2,482)	865	(2,482)
Number / Weighted average number of shares in issue ('000)	1,122,308	1,122,308	1,122,308	1,122,308
Basic earnings/(loss) per share (sen)	0.08	(0.22)	0.08	(0.22)

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

B14. Realised and Unrealised Profits/Losses Disclosure

	Current year to date 31 March 2011 RM'000
Retained profit of the Group and its subsidiaries	
- Realised	303,284
- Unrealised	(27,044)
	276,240
Less: Consolidation adjustment	27,044
Total retained earnings as per consolidated accounts	303,284

The disclosure of realised and unrealised profits/losses above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

By Order of the Board
Chua Siew Chuan
Secretary

19 May 2011