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

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015
- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	First quarter ended		Financial period ended	
	Unaudited		Unaudited	
	Current Period 31-Mar-15 RM'000	Preceding Period 31-Mar-14 RM'000	Current Period 31-Mar-15 RM'000	Preceding Period 31-Mar-14 RM'000
Revenue	154,747	320,513	154,747	320,513
Cost of sales	(161,670)	(314,976)	(161,670)	(314,976)
Gross (loss)/profit	(6,923)	5,537	(6,923)	5,537
Other income	1,640	180	1,640	180
Operating expenses	(5,927)	(5,109)	(5,927)	(5,109)
Finance cost (Lease payable interest)	-	(9)	-	(9)
	(4,287)	(4,938)	(4,287)	(4,938)
(Loss)/Profit before tax	(11,210)	599	(11,210)	599
Taxation	-	-	-	-
(Loss)/Profit for the period	(11,210)	599	(11,210)	599
Other comprehensive income/(expense):				
Items that will be reclassified subsequently to profit or loss:				
Exchange difference arising from translation of foreign operations	40,099	(10,435)	40,099	(10,435)
Total comprehensive income/(expense) for the period	28,889	(9,836)	28,889	(9,836)
(Loss)/Profit attributable to equity holders of the Company	(11,210)	599	(11,210)	599
Total comprehensive income/(expenses) attributable to equity holders of the Company	28,889	(9,836)	28,889	(9,836)
(Loss)/Earnings per share (sen)				
- basic (sen)	(1.00)	0.05	(1.00)	0.05
- fully diluted (sen)	n/a	n/a	n/a	n/a

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

SINO HUA-AN INTERNATIONAL BERHAD

(Company No.: 732227-T)

Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015
- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 31-Mar-15 RM'000	Audited as at 31-Dec-14 RM'000
Non Current Assets		
Land lease payment - long-term	31,689	30,019
Property, plant and equipment	377,775	355,593
Goodwill	108,184	107,985
	517,648	493,597
Current Assets		
Land lease payment - short-term	1,059	994
Inventories	58,433	72,530
Trade receivables	44,764	36,427
Other receivables, deposits and prepayments	5,386	13,380
Amount due from related parties	107,744	127,316
Tax recoverable	24,028	17,638
Bank balances and cash	56,667	26,313
	298,081	294,598
Total Assets	815,729	788,195
Shareholders' Fund		
Share capital	561,154	561,154
Reserves	200,152	171,263
	761,306	732,417
Current Liabilities		
Trade payables	45,320	35,288
Other payables and accrued expenses	8,958	20,490
Amount due to related parties	145	0
	54,423	55,778
Total Equity and Liabilities	815,729	788,195
Net assets per share (RM)	0.68	0.65

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

SINO HUA-AN INTERNATIONAL BERHAD
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Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015
- THE FIGURES HAVE NOT BEEN AUDITED

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 2014							
Balance as of January 1, 2014	561,154	553,891	49,358	(799,823)	108,634	223,290	696,504
Profit for the period	-	-	-	-	-	599	599
Other comprehensive expense							
Exchange difference arising from translation of foreign operations	-	-	-	-	(10,435)	-	(10,435)
Balance as of March 31, 2014	561,154	553,891	49,358	(799,823)	98,199	223,889	686,668
3 months ended 31 March 2015							
Balance as of January 1, 2015	561,154	553,891	49,358	(799,823)	142,549	225,288	732,417
Loss for the period	-	-	-	-	-	(11,210)	(11,210)
Other comprehensive income							
Exchange difference arising from translation of foreign operations	-	-	-	-	40,099	-	40,099
Balance as of March 31, 2015	561,154	553,891	49,358	(799,823)	182,648	214,078	761,306

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

SINO HUA-AN INTERNATIONAL BERHAD
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QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015
- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	For the financial period ended	
	31-Mar-15	31-Mar-14
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit for the period	(11,210)	599
Adjustments for:		
Depreciation of property, plant and equipment	10,496	10,658
Amortisation of lease payments	257	235
Finance costs	-	9
Interest income	(38)	(45)
Asset written off	260	
Operating (loss)/profit before working capital changes	(235)	11,456
(Increase) / Decrease in:		
Inventories	14,097	59,328
Trade receivables	(8,337)	14,232
Other receivables, deposits and prepayments	21,485	(44,587)
Amount due by related parties	19,521	(26,548)
Increase / (Decrease) in:		
Trade payables	10,032	(1,000)
Other payables and accrued expenses	(17,873)	(8,114)
Amount due to related company	145	43
	-	
Cash generated from operations	38,835	4,810
Interest paid		-
Tax paid	-	-
Net cash generated from operating activities	38,835	4,810
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(10,050)	(1,543)
Interest received	38	45
Net cash used in investing activities	(10,012)	(1,498)
CASH FLOWS USED IN FINANCING ACTIVITY		
Repayment of lease payables	-	(97)
Net cash used in financing activity	-	(97)
NET INCREASE IN CASH AND CASH EQUIVALENTS	28,823	3,215
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	26,313	32,198
Effect of changes in exchange rates	1,531	(307)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	56,667	35,106

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the the Audited Financial Statements for the financial year ended 31 December 2014.

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 - INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of MFRS 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 Group for the year ended 31 December 2014. 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 Group since the financial year ended 31 December 2014.

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 2014, except for the adoption of the following Malaysian Financial Reporting Standards ("MFRSs"), Issues Committee ("IC") Interpretations and amendments to MFRS for financial periods beginning on or after 1 January 2015:-

Amendments to MFRS119	Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010 - 2012 Cycle	
Annual Improvements to MFRSs 2011 - 2013 Cycle	

The adoption of the above pronouncements does not have any material impact on the financial statements of the Group.

As at the date of authorisation of the interim financial report, the following new MFRSs, revised MFRSs, IC Interpretations, amendments to MFRSs and IC Interpretations were issued but not yet effective and have not been adopted by the Group:-

		Effective dates for financial periods beginning on or after
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016

		Effective dates for financial periods beginning on or after
Amendment to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS101	Disclosure initiative	1 January 2016
Amendment to MFRS 116 and MFRS 138	Clarification on Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS127	Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 - 2014 Cycle		1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
MFRS 9	Financial Instruments	1 January 2018

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have a material impact to the financial statements of the Group upon their initial recognition other than the adoption of MFRS 9 *Financial Instruments* and MFRS 15 *Revenue from Contracts with Customers*. The Group is currently assessing the impact of these standards and plans to adopt these standards on the respective effective dates.

A2. Audit report

The auditors' report on the audited financial statements for the year ended 31 December 2014 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

	First quarter ended 31 March 2015		Financial period ended 31 March 2015	
	External Revenue RM'000	**Profit/(loss) before tax RM'000**	**External Revenue RM'000**	**Profit/(loss) before tax RM'000**
Manufacturing	154,747	(10,794)	154,747	(10,794)
Investment Holdings	-	(416)	-	(416)
	154,747	(11,210)	154,747	(11,210)

	First quarter ended 31 March 2014		Financial period ended 31 March 2014	
	External Revenue RM'000	**Profit/(loss) before tax RM'000**	**External Revenue RM'000**	**Profit/(loss) before tax RM'000**
Manufacturing	320,513	1,012	320,513	1,012
Investment Holdings	-	(413)	-	(413)
	320,513	599	320,513	599

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

On 7 March 2015, pursuant to the People's Republic of China's Central Government's toughened stance towards the overall pollution concerns in the country, the Group's significant subsidiary, Linyi Yehua Coking Co. Ltd., located at Linyi City, Shandong Province, PRC, which contributes 100% to the manufacturing and sales of metallurgical coke and other related by-products segment, has been notified to temporarily suspend its operations pending fulfilment of the newly revised environmental protection standards and subsequent inspection of the same by the Ministry of Environmental Protection of the PRC ("MoEP"). Rectification work for all identified non/partial compliance by the Group to meet the newly revised environmental protection standards is expected to be fully completed on 31 May 2015.

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.

A13. Related party transactions

	First quarter ended 31 Mar 2015 RM'000	Financial period ended 31 Mar 2015 RM'000
Sales of goods to related parties		
Linyi Jiangxin Steel Co., Ltd.	(111,164)	(111,164)
Shandong Jiangquan Industrial Co., Ltd Thermoelectricity	(15,236)	(15,236)
Shandong Jiangquan Industrial Co., Ltd. - Jiangxin Construction Use Ceramic Factory	(125)	(125)
Electricity expense paid/payable		
Shandong Huasheng Jiangquan Thermoelectricity Co., Ltd.	9,323	9,323
Storage expense paid/payable		
Shandong Jiangquan Industrial Co., Ltd. Railroad	848	848

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of Performance

For the current quarter under review, the Group saw a significant decrease in its consolidated revenue to RM154.7 million from RM320.5 million registered in the preceding year corresponding quarter. This 52% decline in consolidated revenue was primarily attributed to the temporary suspension of the Group's major subsidiary's production plant pending fulfilment of the newly revised environmental protection standards and subsequent inspection by the Ministry of Environmental Protection of the People's Republic of China ("MoEP"). As a result of the said suspension, the sales volume in the current quarter under review has dropped by approximately 46% compared to the corresponding quarters in preceding year. Furthermore, the average selling price of metallurgical coke has also declined by approximately 20% to RMB990 during this current quarter from RMB1,234 in the preceding year corresponding quarter. In addition to the abovementioned fall in the metallurgical coke sales volume and its prices, the average prices of the Group's by-products had also eased off considerably in view of the continuous weak global oil prices. The average prices of the Group's crude benzene, tar oil and coal gas have declined by approximately 48%, 34% and 10% respectively while the price of ammonium sulphate improved by approximately 10% in the current quarter under review compared to preceding corresponding quarter. These circumstances have resulted in the overall contribution of the by-products to the Group's revenue to decline by approximately 61% in the current quarter compared to preceding year corresponding quarter.

Corresponding to the fall in sales volume, the Group also saw its cost of sales declined to RM161.7 million in the current quarter compared to RM315.0 million in the same quarter last year, resulting in a fall of approximately 49%. The average price of coking coal also slid by approximately 16% to RMB747 in the current quarter compared to RMB893 recorded in the same quarter last year.

As a result of the temporary suspension and the pricing movement dynamics of the metallurgical coke and coking coal as mentioned above, coupled with lower contribution from the by-products, the Group recorded a gross loss of approximately RM6.9 million during the quarter under review compared to a gross profit of approximately RM5.5 million in the preceding year corresponding quarter. After taking into consideration other income generated by the Group and the operating expenses and finance costs incurred, the Group reported a net loss before tax of RM11.2 million in the current quarter under review compared to a net profit before tax of approximately RM599,000 in the preceding year corresponding quarter.

B2. Variation of results against preceding quarter

The Group's consolidated revenue of approximately RM154.7 million registered during the current quarter under review represents a reduction of approximately 43% from RM270.2 million recorded in the immediate preceding quarter ended 31 December 2014. The significant reduction in revenue was primarily attributed to the temporary suspension of the production during the current quarter under review. On top of that, the average price of metallurgical coke during the current quarter under review also weakened by 8% compared to those of the immediate preceding quarter. Likewise, the contribution from the by-products during the current quarter under review also dropped by approximately 48% compared to the immediate preceding quarter as a result of the continuing downward pressure on the prices of these products.

The cost of sales in the current quarter under review was lower by approximately 40% to RM161.7 million compared to the immediate preceding quarter ended 31 December 2014 of RM266.3 million. This was mainly due to the significant drop in sales volume during the current quarter under review compared to those recorded in the immediate preceding quarter following the suspension of the production. Additionally, the average coking coal price also reduced by approximately 4% during the current quarter under review compared to those recorded in the immediate preceding quarter.

For the current quarter under review, the Group recorded a gross loss of approximately RM6.9 million compared to a gross profit of approximately RM3.9 million in the immediate preceding quarter. Overall, the Group recorded a net loss for the period of RM11.2 million compared to approximately RM246,000 in the previous quarter ended 31 December 2014.

B3. Current year prospects

Following China government's recent toughened stance towards environment pollution with the introduction of a series of newly revised environment protection standards in year 2015, the MoEP has directed players in the heavy industries in particular those perceived to be polluting and having excess capacity to temporarily stop their production until completion of its final assessment and satisfactory compliance with the new standards. In view of the significantly elevated standards prescribed in the said newly introduced environmental protection and pollution standards, the Group's main subsidiary, namely Linyi Yehua Coking Co. Ltd. ("Yehua"), found itself falling short of fully complying with the same. Accordingly, Yehua had to temporarily suspend its production until the relevant rectification works are done. The Management is currently working closely with the relevant authorities to expedite the resumption of Yehua's production and operation to status quo in soonest possible timeframe.

Given the fact that abovementioned suspension affected several months of Yehua's operations in FY2015, the Group prudently envisaged that its current year financial results may be materially impacted should the said suspension continues over a protracted period of time.

As far as external factors are concerned, in particular the direction to which the China economy is heading in the current year and that of the foreseeable future, the government has espoused the concept of an economic "new normal" whereby a relatively slower and more balanced growth is accepted as opposed to the pursuit of lofty growth numbers as registered in previous years. Pursuant to the government adopting such a stance, the recent economic data showed that the GDP growth of the China economy for the first quarter of 2015 expanded by 7% from a year earlier, the slowest since 2009. This pace of economic growth is widely expected to continue throughout 2015 and as such the steel and metallurgical coke industries (both of which track in tandem with the path of the economy) are expected to also register a modest performance in the current year.

In this respect, the Group maintains a cautious position and remains vigilant to relevant consequential circumstances that affect the metallurgical coke business and that of the industry in order to stay prepared to face any challenges that come its way.

B4. Variation on Forecast Profit / Profit Guarantee

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.

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group is as follows:

	First quarter ended		**Financial period ended**	
	31 Mar 2015 RM'000	**31 Mar 2014 RM'000**	**31 Mar 2015 RM'000**	**31 Mar 2014 RM'000**
(Loss)/Profit before taxation	(11,210)	599	(11,210)	599
Taxation at statutory tax rate of 25%	(2,802)	150	(2,802)	150
Expenses not deductible for tax purposes	2,804	104	2,804	104
Income not subject to tax	(2)	(1)	(2)	(1)
Utilization of previously unrecognized deferred tax asset	-	(253)	-	(253)
Tax expense for the financial year	-	-	-	-

B6. Corporate proposals

There were no corporate proposals during the quarter under review.

B7. Lease Payable

The Group has no lease payable as at end of the reporting period.

B8. 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.

B9. Dividends

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

B10. (Loss)/Earnings per share

	First quarter ended		Financial period ended	
	31 Mar 2015	**31 Mar 2014**	**31 Mar 2015**	**31 Mar 2014**
Basic (loss)/earnings per share				
(Loss)/Earnings for the period attributable to equity holders (RM'000)	(11,210)	599	(11,210)	599
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)	(1.00)	0.05	(1.00)	0.05

There are no diluted earnings/(loss) per share as the Company does not have any dilutive potential ordinary shares as at the end of the reporting period.

B11. Realised and Unrealised Profits/Losses Disclosure

	As at 31 Mar 2015 RM'000	As at 31 Mar 2014 RM'000
Retained profit of the Group and its Subsidiaries		
- Realised	214,078	223,889
- Unrealised	13,917	(11,359)
	227,995	212,530
Less: Consolidation adjustment	(13,917)	11,359
Total retained earnings as per consolidated accounts	214,078	223,889

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.

B12. Profit/(Loss) before tax

Profit/(Loss) before tax is derived after charging/(crediting):

	First quarter ended		Financial period ended	
	31 Mar 2015 RM'000	**31 Mar 2014 RM'000**	**31 Mar 2015 RM'000**	**31 Mar 2014 RM'000**
Interest income	(38)	(45)	(38)	(45)
Other income	(1,602)	(135)	(1,602)	(135)
Depreciation of property, plant and equipment	10,496	10,658	10,496	10,658
Amortisation of lease payments	257	235	257	235
Fixed assets written off	260	-	260	-
Finance cost	-	9	-	9

By Order of the Board
Chua Siew Chuan
Secretary

21 May 2015