

**NOTES TO THE QUARTERLY FINANCIAL REPORT**

**A1 Basis of preparation**

The unaudited interim financial statements have been prepared in accordance with the requirements of FRS 134 Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad's Listing Requirements.

The financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31st December 2008. 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 31st December 2008.

**A2 Changes in accounting policies**

The significant accounting policies adopted in this interim financial statement are consistent with those of the audited financial statements for the financial year ended 31st December 2008 except for the adoption of the following applicable new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1st January 2008.

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

**A3 Audit report**

The audit report of the preceding annual financial statements was not qualified.

**A4 Seasonal or cyclical factors**

The operations of the Group during the financial period under review have not been materially affected by any seasonal or cyclical factors.

**A5 Unusual items**

There were no items during this quarter affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.

**A6 Changes in estimates**

There were no changes in estimates of amounts reported in previous year, which have a material effect in the current quarter.

**A7 Debt and Equity Securities**

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

**A8 Dividend**

There was no dividend paid during the financial quarter ended 31st December 2009.

**A9 Segmental analysis**

The Group is organised into the following operating divisions:

- (i) Feedmilling
- (ii) Poultry Breeding
- (iii) Oil Palm Plantations
- (iv) Investment Holding
- (v) Others (consist of subsidiary companies which are dormant and pre-operating)

Inter-segment sales are charged at cost plus a percentage profit mark-up.

**(a) Primary reporting format – business segment**

	Feedmilling	Poultry Breeding	Oil Palm Plantations	Investment Holding	Others	Group
2009	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	33,262	16,947	12,511	-	-	62,720
<b><u>Segment results</u></b>						
Profit/(loss) from operations	3,739	(292)	634	(2,010)	336	2,407
Finance cost	(105)	(15)	(1,102)	(13)	-	(1,235)
Profit/(loss) before tax	3,634	(307)	(468)	(2,023)	336	1,172
Tax	(311)	-	292	279	-	260
Profit/(loss) for the period	3,323	(307)	(176)	(1,744)	336	1,432

**(b) Secondary reporting format – geographical segment**

No geographical segment is presented as the Group's operations are principally carried out in Malaysia.

**A10 Valuations of property, plant and equipment**

Revaluation on property, plant and equipment was carried out by the Group in accordance with FRS.

**A11 Subsequent events**

There were no material events subsequent to 31st December 2009 and up to the date of the issuance of this quarterly report that have not been reflected in this quarterly report.

**A12 Changes in the Composition of the Group**

On 31st December 2008, the company entered into Shares Sale & Shareholders and Development agreement to acquire 80,000 ordinary shares of RM1 each representing 80% of the issued and paid up capital in Assar-Tubau Plantations Sdn Bhd ("Assar-Tubau"). Upon completion of the acquisition, Assar-Tubau will be an 80% owned subsidiary of the Company.

**A13 Contingent liabilities**

The Company has given guarantees to a bank amounting to RM 7.5 million for banking facilities extended to a subsidiary of which RM 1.2 million has been outstanding as at 31<sup>st</sup> December 2009.

**A14 Capital Commitments**

	<b>Year to date <u>31.12.2009</u> RM'000</b>
Balance purchase consideration on acquisition of shares	1,056

**A15 Inventories**

As at 31st December 2009, the Group did not make any adjustment to its inventory values as it deems that there were no material changes to its net realisable value.

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

**B1 Review of Performance**

The Group's turnover for the three months ended 31<sup>st</sup> December 2009 increased by 18% to RM 16.18 million compared to RM 13.74 million for the corresponding period in the previous year. The increase in turnover was mainly due to the higher turnover of plantation and poultry division.

The Group recorded a profit before tax of RM 1.82 million for the three months ended 31<sup>st</sup> December 2009 against a loss before tax of RM 3.34 million for the corresponding period in the previous year mainly due to decrease cost of sales in plantation division.

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

For the three months under review, the Group recorded a profit before tax of RM 1.82 million as compared to a profit before tax of RM 0.75 million for the preceding quarter.

The Group recorded an improvement for the current quarter mainly due to the higher gross profit by RM 0.79 million to RM 3.61 million as compared with the preceding quarter gross profit of RM 2.82 million.

**B3 Current Year Prospects**

The volatile feed cost currently faced by the poultry industry together with low average selling price of DOC indicates a challenging year for the feed milling and poultry breeding industry. Despite of the challenges, the Group is committed in growing the business.

The oil palm plantation continue to perform well in the fourth quarter of Yr 2009 as harvesting has been stable and this trend is expected to continue. Moreover, the price of Fresh Fruit Bunches started to increase due to improve in CPO price in the fourth quarter and expected to stabilise, this should be improving the Group's performance in year 2010.

**B4 Profit Forecast or Profit Guarantee**

No profit forecast or profit guarantee was provided.

**B5 Taxation**

	<b>Year to date <u>31.12.2009</u> RM'000</b>
On current year's results	
- Malaysian income tax	311
Transfer (to)/from deferred taxation	(571)
	<hr/> <u>(260)</u>

The effective tax rate of the Group for the financial year under review is higher than the statutory tax rate. This is mainly due to certain expenses which were not deductible for taxation purposes and the non-availability of group relief where tax losses of certain subsidiary companies cannot be set off against the taxable income of other subsidiary companies.

**B6 Profits/(losses) on sale of unquoted investments and/or properties**

There was no sale of unquoted investments and/or properties for the current quarter and the financial year-to-date.

**B7 Quoted Securities**

There were no transactions for the current quarter and the financial year-to-date.

**B8 Status of Corporate Proposals**

Date of Announcements	Subjects	Status
23rd January 2009	Proposed acquisition of 80,000 ordinary shares of RM1.00 each representing 80% issued and paid up share capital in Assar-Tubau Plantation Sdn Bhd.	Pending fulfilment of conditions precedent.

**B9 Group Borrowings**

Details of the Group's borrowings as at 31<sup>st</sup> December 2009 were as follows:-

Bank Borrowings	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	-	40,000	40,000
Unsecured	1,229	-	1,229
	<u>1,229</u>	<u>40,000</u>	<u>41,229</u>

The credit facilities of the group are obtained by a negative charge over all its assets.

Borrowings are denominated in Ringgit Malaysia.

**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 Material litigation**

Urun Plantations Sdn Bhd ("Urun"), a subsidiary of Sin Heng Chan (Malaya) Berhad was served with a 218 Petition commenced in the High Court in Kuching, Sarawak pursuant to the provisions of the Companies Act, 1965. The petition was initiated by Wintrip Maincon Sdn Bhd ("Wintrip") which seeks to recover the sum of RM 2,694,284.26 which it alleges is due to it. On 28.9.2007 the Kuching High Court stayed the petition and in consequence there, directed the parties to refer the dispute to the process of arbitration for determination.

The claim by Wintrip is highly disputed and the Company has initiated a separate suit against Wintrip and its solicitors for appropriate declaratory and related relief.

**B12 Dividend**

No dividend has been declared for this financial quarter.

**B13 Profit Per Share**

		<b>3 Months Ended</b>	
		<b>31.12.2009</b>	<b>31.12.2008</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Basic Profit per share</b>			
Net Profit attributable to equity holders of the parent for the period	(RM)	1,740	(2,641)
Weighted average number of ordinary shares in issue		111,667	111,667
Basic Profit per share	(SEN)	1.56	(2.36)
<b>Diluted Earning per share</b>			
Adjusted weighted average number of ordinary shares in issue assuming exercise of ESOS		112,736	N/A
Diluted Earning per share	(SEN)	1.54	N/A

**Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 4 February 2010.

By Order of the Board  
 Lim Siew Ting  
 Company Secretary  
 Kuala Lumpur  
 4 February 2010

c.c. Securities Commission