

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 2010. 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 2010.

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 2010 except for the adoption of the following applicable new/revised Financial Reporting Standards ("FRS").

FRS 1	First-time Adoption of Financial Reporting Standards (Revised)
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements (Revised)
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets

Improvements to FRSs (2010)

IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 12	Services Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfer of Assets from Customers

The application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

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 March 2011.

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
2011	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	5,083	4,555	6,071	-	-	15,709
<u>Segment results</u>						
Profit/(loss) from operations	640	(118)	2,075	(846)	(5)	1,746
Finance cost	(26)	(3)	(410)	(3)	-	(442)
Profit/(loss) before tax	614	(121)	1,665	(849)	(5)	1,304
Tax	(80)	-	73	-	-	(7)
Profit/(loss) for the period	534	(121)	1,738	(849)	(5)	1,297

A9 (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 March 2011 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

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

A13 Contingent liabilities

The Company has given guarantees to a bank amounting to RM 5.7 million for banking facilities extended to a subsidiary of which RM 1.50 million has been outstanding as at 31st March 2011.

A14 Capital Commitments

There were no capital commitments during the quarter and the financial year-to-date.

A15 Inventories

As at 31st March 2011, 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.

A16 Derivatives

There were no derivatives during the financial period under review.

**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 31st March 2011 increased by 12% to RM15.71 million compared to RM13.98 million for the corresponding period in the previous year. The increase in turnover was mainly due to the higher turnover of plantation division.

The Group recorded a profit before tax of RM1.30 million for the three months ended 31st March 2011 against a loss before tax of RM0.38 million for the corresponding period in the previous year. This is mainly due to higher profit margin for the 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 RM1.30 million as compared to a profit before tax of RM0.81 million for the preceding quarter.

The Group recorded an increase in profit before tax mainly due to higher fresh fruit bunch price and lower selling and distribution expenses.

B3 Current Year Prospects

The increasing feed cost currently faced by the poultry industry will pose a challenge to the feedmilling and poultry industry. Taking into consideration of the competitiveness, the Group is dedicated in growing the business.

The oil palm plantation has performed well in the first quarter of 2011 as harvesting has been improving and Fresh Fruit Bunches price is expected to remain at satisfactory level based on the current price trend.

B4 Profit Forecast or Profit Guarantee

No profit forecast or profit guarantee was provided.

B5 Taxation

	Year to date <u>31.3.2011</u> RM'000
On current year's results	
- Malaysian income tax	(80)
Transfer (to)/from deferred taxation	73
	<hr/> <u>(7)</u>

The effective tax rate of the Group for the financial year under review is lower than the statutory tax rate mainly due to certain subsidiary company has brought forward business loss.

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

There were no changes of the status of corporate proposals by the Group for the current quarter and financial year-to-date.

B9 Group Borrowings

Details of the Group's borrowings as at 31st March 2011 were as follows:-

Bank Borrowings	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	7,547	33,400	40,947

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 Gains/(losses) arising from fair value changes of financial liabilities

There were no gains/(losses) during this quarter arising from fair value changes of financial liabilities.

B12 Realised and unrealised profits/losses

	<u>Current year to date 31.3.2011</u>	<u>As at preceding financial year ended 31.12.2010</u>
	RM'000	RM'000
Total accumulated losses of Sin Heng Chan (Malaya) Berhad and its subsidiaries:		
- Realised	(77,809)	(79,005)
- Unrealised	-	-
	(77,809)	(79,005)
Less: Consolidation adjustments	28,641	28,777
Total group accumulated losses as per consolidated accounts	(49,168)	(50,228)

B13 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.

B14 Dividend

No dividend has been declared for this financial quarter.

B15 Profit/(loss) Per Share

		3 Months Ended	
		31.3.2011	31.3.2010
		RM'000	RM'000
Basic Profit/(loss) per share			
Net Profit/(loss) attributable to equity holders of the parent for the period	(RM)	1060	(271)
Weighted average number of ordinary shares in issue		111,667	111,667
Basic Profit/(loss) per share	(SEN)	0.95	(0.24)
Diluted Earning per share			
Adjusted weighted average number of ordinary shares in issue assuming exercise of ESOS		112,686	N/A
Diluted Earning per share	(SEN)	0.94	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 23 May 2011.

By Order of the Board
Lim Siew Ting
Company Secretary
Kuala Lumpur
23 May 2011

c.c. Securities Commission