

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 December 2011.

A9 Segmental analysis

The Group is organised into the following operating divisions:

- (i) Feedmilling
- (ii) Poultry Breeding
- (iii) Oil Palm Plantations
- (iv) Plantation Management Services
- (v) Investment Holding
- (vi) 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	Plantation Management Services	Investment Holding	Others	Group
2011	RM'000	RM'000	RM'000	RM'000	RM'000	RM'00	RM'000
Revenue	22,438	19,395	25,650	1,914	-	-	69,397
<u>Segment results</u>							
Profit/(loss) from operations	2,967	2,678	8,460	291	8,257	(63)	22,590
Finance cost	(115)	(8)	(5,156)	-	(11)	-	(5,290)
Profit/(loss) before tax	2,852	2,670	3,304	291	8,246	(63)	17,300
Share of profits of associates							92
Tax	(260)	-	287	(47)	(577)	-	(598)
Profit/(loss) for the period	2,592	2,670	3,591	244	7,669	(63)	16,794

(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 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

On 2nd August 2011, the company entered into a conditional share sale agreement to dispose of 80% equity interest, comprising 11,200,000 ordinary shares of RM1.00 each, in Sin Heng Chan Industries Sdn Bhd for a cash consideration of RM24.50 million. The Proposed Disposal also entails the disposal of an effective 48% equity interest in LKPP-Goldkist Sdn Bhd, a 60% owned subsidiary company of Sin Heng Chan Industries Sdn Bhd. The disposal was completed on 30th November 2011.

On 18th November 2011, company entered into a conditional share acquisition agreement to acquire 20% equity interest, comprising 80,000 ordinary shares of RM1.00 each, in Assar-Tubau Plantation Sdn Bhd (“Assar-Tubau”) for a cash consideration of RM0.597 million. Currently, the Company holds 80% equity interest in Assar-Tubau and the acquisition was completed on 20th February 2012 resulting in it becoming a wholly owned subsidiary of the Company.

The company entered into a conditional share purchase agreement to acquire 20% equity interest, comprising 2,001,278 ordinary shares of RM1.00 each in Urun Plantations Sdn Bhd (“Urun”) for a cash consideration of RM11.70 million. Currently, the Company holds 80% equity interest in Urun and upon completion will become a wholly own subsidiary.

A13 Contingent liabilities

Not applicable.

A14 Capital Commitments

	Year to date <u>31.12.2011</u> RM'000
Balance purchase consideration on acquisition of shares	11,067

A15 Inventories

As at 31st December 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 December 2011 increased by 0.4% to RM15.44 million compared to RM15.37 million for the corresponding period in the previous year. The increase in turnover was mainly due to the higher selling price in plantation division.

The Group recorded a profit before tax of RM8.64 million for the three months ended 31st December 2011 against a profit before tax of RM0.81 million for the corresponding period in the previous year mainly due to gain on disposal of a subsidiary during the current quarter.

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 RM8.64 million as compared to a profit before tax of RM3.78 million for the preceding quarter.

The Group recorded an increase for the current year quarter mainly due to gain on disposal of a subsidiary of approximately RM11 million.

B3 Current Year Prospects

The subsidiary involved in feedmilling which include it's subsidiary involved in poultry has been disposed in the fourth quarter of this year.

The plantation division has performed well in the fourth quarter of 2011 as harvesting has been stable 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>31.12.2011</u> RM'000
On current year's results	
- Malaysian income tax	(884)
Transfer (to)/from deferred taxation	286
	<u>(598)</u>

The effective tax rate of the Group for the financial year under review is lower than the statutory tax rate. This is mainly due to unutilised business loss carried forward.

B6(a) Status of Corporate Proposals

Date of Announcements	Subjects	Status
2 nd August 2011	The company entered into a conditional share sale agreement to dispose of 80% equity interest, comprising 11,200,000 ordinary shares of RM1.00 each, in Sin Heng Chan Industries Sdn Bhd for a cash consideration of RM24.50 million. The Proposed Disposal also entails the disposal of an effective 48% equity interest in LKPP-Goldkist Sdn Bhd, a 60% owned subsidiary company of Sin Heng Chan Industries Sdn Bhd.	The sale completed on 30 th November 2011.
18 th November 2011	The company entered into a conditional share purchase agreement to acquire 20% equity interest, comprising 20,000 ordinary shares of RM1.00 each in Assar-Tubau Plantation Sdn Bhd for a cash consideration of RM0.597 million.	The acquisition completed on 20 th February 2012.
18 th November 2011	The company entered into a conditional share purchase agreement to acquire 20% equity interest, comprising 2,001,278 ordinary shares of RM1.00 each in Urun Plantations Sdn Bhd for a cash consideration of RM11.70 million.	Pending fulfilment of conditions precedent.

B6(b) Utilisation of proceeds raised from corporate exercise.

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended time for utilisation	Deviation RM'000	Explanations
Staff cost	2,400	574	2 years		
Other working capital	7,310	3,593	2 years		
Estimated expenses relating to the corporate exercise	390	325	1 mth		
To acquire strategic investment/strategic ventures	12,300	-	2 years		
Capital expenditure related to plantation business	2,100	1,158	2 years		
Total	24,500	5,650			

B7 Group Borrowings

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

Bank Borrowings	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	7,680	25,720	33,400

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

Borrowings are denominated in Ringgit Malaysia.

B8 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.

B9 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.

B10 Realised and unrealised profits/losses

	<u>Current year to date 31.12.2011</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	(61,960)	(79,005)
- Unrealised	-	-
	(61,959)	(79,005)
Less: Consolidation adjustments	28,012	28,777
Total group accumulated losses as per consolidated accounts	(33,948)	(50,228)

B11 Material litigation

Urun Plantations Sdn Bhd ("Urun"), a subsidiary of Sin Heng Chan (Malaya) Berhad ("SHCM") 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. On 1 August 2011, the Kuching High Court handed down an unless order against Urun to pay the Petitioner, Wintrip the sum of RM2,694,284.26 with costs of RM25,000.00 within fourteen (14) days thereof failing which Urun is to be wound up.

Urun has been advised by its solicitors to appeal the decision to the Court of Appeal of Malaysia ("COA") and to obtain a stay of the order. Subject to such directions as may be made on the application for stay, Urun paid the Said Sum into Court pending the disposal of the appeal or to Wintrip under protest and subject to recovery of the Said Sum in the event the appeal is allowed by the COA.

SHCMB does not envisage any adverse consequences from the above.

B12 Dividend

No dividend has been declared for this financial quarter.

B13 Earning Per Share

		3 Months Ended	
		31.12.2011	31.12.2010
		RM'000	RM'000
Basic Earning per share			
Net Profit attributable to equity holders of the parent for the period	(RM)	9,383	882
Weighted average number of ordinary shares in issue		111,667	111,667
Basic Earning per share	(SEN)	8.40	0.79
Diluted Earning per share			
Adjusted weighted average number of ordinary shares in issue assuming exercise of ESOS		112,702	112,702
Diluted Earning per share	(SEN)	8.33	0.78

B14 Notes to the statement of comprehensive income

		CURRENT YEAR QUARTER 31/12/2011 RM'000	CURRENT YEAR TO DATE 31/12/2011 RM'000
(a)	Interest Income	287	477
(b)	Other income including investment income	-	-
(c)	Interest expense	(3,956)	(5,290)
(d)	Depreciation and amortisation	(1,144)	(4,661)
(e)	Provision for and write off of receivables	(447)	(447)
(f)	Provision for and write off of inventories	-	-
(g)	Gain or loss on disposal of quoted or unquoted investments or properties	(5)	138
(h)	Impairment of assets	-	-
(i)	Foreign exchange gain or loss	2	11
(j)	Gain or loss on derivatives	-	-
(k)	Exceptional item– disposal of subsidiary	11,415	11,415

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 28th February 2012.

By Order of the Board
Lim Siew Ting
Company Secretary
Kuala Lumpur
28th February 2012