NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of preparation

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

The financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011. 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 31 December 2011.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the last audited financial statements for the financial year ended 31 December 2011.

The adoption of these new and revised Standards and IC Interpretations have not affected the amounts reported on thefinancial statements of the Group and of the Company.Details of other new and revised Standards and IC Interpretations applied in the financial statements of the Group and of theCompany that have had no material effect on these financial statements.

In addition, on 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian FinancialReporting Standards Framework (“MFRS Framework”) in conjunction with its planned convergence of FRSs with InternationalFinancial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board on 1 January 2012.

The MFRS Framework is a fully IFRS-compliant framework, equivalent to IFRSs which is mandatory for adoption by all EntitiesOther than Private Entities for annual periods beginning on or after 1 January 2012, with the exception for TransitioningEntities. Transitioning Entities, being entities which are subject to the application of MFRS 141 Agriculture and/or ICInterpretation 15 Agreements for the Construction of Real Estate are given an option to defer adoption of the MFRS Frameworkfor an additional one year. Transitioning Entities also include those entities that consolidate, equity account or proportionatelyconsolidate an entity that has chosen to continue to apply the FRS Framework for annual periods beginning on or after1 January 2012.

On 30 June 2012, MASB has decided to allow agriculture and real estate companies to defer the adoption of the MFRS framework for another year. MFRS will therefore be mandated for all companies for annual periods beginning on or after 1 January 2014. This decision comes after than extensive deliberation by the Board and taking into account both international developments affecting these standards.

Accordingly, the Group and the Company which are not Transitioning Entities have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. The Group and the Company expects to be in position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2014.

A2 Audit report

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

A3 Seasonal or cyclical factors of the Group's operations

The prices for the Group's products are not within the control of the Group but are determined by the global supply and demand situation for edible oils, and it is somewhat related to the price of mineral oil.

Crop production is seasonal. Based on statistics, the Group's production of crude palm oil and palm kernel gradually increases in second quarter, reaches its peak during third quarter and decreases thereafter. This pattern can be affected by severe global weather conditions such as El-Nino.

The prices obtainable for the Group's products as well as the volume of production, which is cyclical in nature, will determine the profits for the Group.

A4 Unusual items

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

A5 Changes in estimates

There were no changes in estimates of amounts reported in prior interim periods or changes in estimates of amounts reported in prior financial years, which have a material effect in the current quarter.

A6 Debt and Equity Securities

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

A7 Dividend

There was no dividend paid in the current quarter.

A8 Segmental analysis

The Group is organised into the following operating divisions:
(i) Oil Palm Plantations
(ii) Plantation Management Services
(iii) Investment Holding
(iv) Others (consist of subsidiary companies which are dormant and pre-operating)

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

Segmental Information for the current quarter

<u>For the 6 months financial period ended 30June 2012</u>	**Oil Palm Plantations**	**Plantation Management Services**	**Investment Holding**	**Others**	**Elimination**	**Group Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	11,099	1,035	-	-	(812)	11,322
<u>**Segment results**</u>						
Profit/(loss) from operations	2,388	(726)	(1,247)	(51)	395	759
Finance cost	(1,319)	-	(64)	-	248	(1,135)
Profit/(loss) before tax	1,069	(726)	(1,311)	(51)	643	(376)
Share of losses of associates						(201)
Tax						73
Loss for the period						(504)

A9 Valuations of property, plant and equipment

The valuations of land and building have been brought forward without amendment from the financial statements for the year ended 31 December 2011.

A10 Material events subsequent to the end of the interim period

There were no material events subsequent to 30 June2012 and up to the date of the issuance of this quarterly report that have not been reflected in this quarterly report.

A11 Changes in the Composition of the Group

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 SdnBhd (“Assar-Tubau”) for a cash consideration of RM597,000. The acquisition was completed on 20 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 SdnBhd (“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.

A12 Contingent liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 30 June 2012.

A13 Capital Commitments

	Current quarter 30.06.2012
	RM’000
Purchase of property, plant and equipment	1,123
Balance purchase consideration on acquisition of shares	2,000
	3,123

ADDITIONAL INFORMATION REQUIRED BY THE BURSAMALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

B1 Review of Performance

The Group's revenue for the current quarter ended 30 June2012 and the cumulative quarter ended 30 June 2012decreased by 65.6% and 66.2% respectively from the preceding year quarter ended 30 June 2011 and the preceding year cumulative quarter ended 30 June 2011 mainly due to the disposal of the feed milling and poultry breeding divisions.

Similarly, the profit before tax for the current quarter and the current cumulative quarter decreased by 68.8% and 111.8% respectively due to the disposal of the feed milling and poultry breeding divisions compared to the preceding year quarter and preceding year cumulative quarter.

Profit before taxof RM1.1 million for the current quarter is higher than the loss before tax of the immediate preceding quarter (RM1.6 million) mainly due to the increase in production of Fresh Fruit Brunches in line with the cyclical effect. However, the increase in profit before tax is reducedby the lower FFB prices and tree stress experienced in current quarter.

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

Profit before tax of RM1.1 million for the current quarter is higher than the loss before tax of the immediate preceding quarter (RM1.6 million) mainly due to the increase in production of Fresh Fruit Brunches in line with the cyclical effect. However, the increase in profit before tax is reducedby the lower FFB prices and tree stress experienced in current quarter.

B3 Current Year Prospects

The uncertain global economic environment and possible easing of demand for Crude Palm Oil in the overseas market for the current financial year may have an impact on the Fresh Fruit Bunches ("FFB") prices. The plantation division has projected an increase of FFB yield which will mitigate the impact of FFB prices.

B4 Profit Forecast or Profit Guarantee

The Group has not issued any profit forecasts for the quarter under review.

B5 Taxation

	Current Quarter 30.6.2012 RM'000	**Cumulative Quarter 30.6.2012 RM'000**
On current year's results		
- Malaysia income tax	-	-
- Transfer from/(to) deferred taxation	1	73
	1	73

B6(a) Status of Corporate Proposals

Date of Announcements	Subjects	Status
18 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 SdnBhd for a cash consideration of RM0.597 million.	The acquisition was completed on 20 February 2012.
18November 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 SdnBhd for a cash consideration of RM11.70 million.	Pending fulfilment of conditions precedent.

B6(b) Utilisation of proceeds as at 30June 2012 from disposal of 80% equity interest in PTS Goldkist Industries SdnBhd (formerly known as Sin Heng Chan Industries SdnBhd).

Purpose	Proposed Utilisation RM'000	Utilisation to-date RM'000	Intended time for utilisation	Deviation RM'000	Explanations
Staff cost	2,400	1,337	2 years	NIL	n/a
Other operational expenses	7,310	7,044	2 years	NIL	n/a
Estimated expenses relating to the corporate exercise	390	327	1 mth	NIL	n/a
To acquire strategic investment/strategic ventures	12,300	10,297	2 years	NIL	n/a
Capital expenditure related to plantation business	2,100	1,758	2 years	NIL	n/a
Total	**24,500**	**20,763**			

B7 Group Borrowings

Details of the Group's borrowings as at 30 June 2012 were as follows:-

Bank Borrowings	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	7,680	21,767	29,447

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

Borrowings are denominated in Ringgit Malaysia.

B8 Material litigation

Urun Plantations SdnBhd ("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 WintripMainconSdnBhd ("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, Urunpaid 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.

B9 Dividends

No interim dividend has been declared or proposed for the year ending 30 June 2012.

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 Earnings per Share (EPS)

The calculation of fully diluted EPS is based on loss attributable to the ordinary equity holders of the parent company of RM683,000 (2011: Profit of RM3,690,000) and the weighted average number of ordinary shares of 112,299,787 (2011: 112,299,787) in issue during the period.

B12 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.

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 27 August 2012.

By Order of the Board
Lim Siew Ting
Company Secretary
Kuala Lumpur
27 August 2012