

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 2012. 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 2012.

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 2012.

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework") in conjunction with its planned convergence of FRSs with International Financial 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 Entities Other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture (hereinafter called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Company falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. In presenting its first MFRS financial statements, the Company may be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition (if any), will be made retrospectively, against opening retained profits.

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

The Company has offered the options under the Employee Share Option Scheme ("ESOS") to directors and the eligible employees of SHCMB Group, details of which are as follows:-

(a) Date of Offer : 1 June 2012

(b) Exercise price of options offered: RM1.00

(c) Number of options offered : 6,652,000

(d) Market price of its securities on the date of the offer : RM1.09

(e) Number of options offered to managing director, Dato' Choo Keng Weng: 1,400,000

(f) Vesting period of the options offered: 1 June 2012 to 12 July 2014

Apart from the above, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter.

A7 Dividend

There was no dividend paid, declared or proposed 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 3 months financial period ended 31 March 2013</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	3,386	830	-	-	(638)	3,578
Segment results						
Profit/(loss) from operations	(1,160)	89	(616)	(4)	80	(1,611)
Finance cost	(487)	(1)	(2)	-	122	(368)
Profit/(loss) before tax	(1,647)	88	(618)	(4)	202	(1,979)
Share of losses of associates						-
Tax						71
Profit for the period						<u>(1,908)</u>

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 2012.

A10 Material events subsequent to the end of the interim period

There were no material events subsequent to 31 December 2012 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

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings and discontinued operations for the current interim period.

A12 Contingent liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 31 March 2013.

A13 Capital Commitments

	Current quarter 31.03.2013
	RM'000
Purchase of property, plant and equipment	700
Addition of staff quarters	519
Construction of bridges	<u>1,219</u>

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

B1 Review of Performance

Revenue

The Group's revenue for the current quarter ended 31 March 2013 decreased by 31.3% to RM3.5million compared to the preceding year quarter ended 31 March 2012. The decrease was mainly due to the drop in the average FFB price by 27.2% despite the increase of FFB production by 4.2%.

Profit before tax

Similarly, the profit before tax for the current quarter decreased by 17.1% compared to the preceding year quarter.

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

The Group recorded a loss before tax of RM1.9million for the first quarter ended 31 March 2013 as compared to profit before tax of RM1.8million from the preceding quarter ended 31 December 2013. This is mainly due to the decrease in production of FFB and the decrease in FFB price.

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 <u>31.3.2013</u> RM'000	Cumulative Quarter <u>31.3.2013</u> RM'000
On current year's results		
- Malaysia income tax	-	-
- Transfer from/(to) deferred taxation	71	71
	<u>71</u>	<u>71</u>

B6(a) Status of Corporate Proposals

There is no corporate proposal announced but not completed as at the date of issuance of this report.

B6(b) Utilisation of proceeds as at 31 December 2012 from disposal of 80% equity interest in PTS Goldkist Industries Sdn Bhd (formerly known as Sin Heng Chan Industries Sdn Bhd).

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	7,310	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	12,300	2 years	NIL	n/a
Capital expenditure related to plantation business	2,100	1,878	2 years	NIL	n/a
Total	24,500	23,152			

B7 Group Borrowings

Details of the Group's borrowings as at 31 March 2013 were as follows:-

Bank Borrowings	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	-	28,807	28,807

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 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.

On 20 February 2013, the Petition brought by Wintrip Maincon Sdn Bhd ("Wintrip") against Urun, has been struck out on 25 January 2013 pursuant to an Order of the High Court in Kuching without liberty to file afresh and with no order as to costs. In the results, the appeals to the Court of Appeal of Malaysia vide Civil Appeal Nos: Q-02(IM)-2008-2011 and Q-02-2508-10/2011 have been withdrawn with no order as to costs.

The above effectively brings to a conclusion the dispute between Wintrip and UPSB without any adverse consequences to SHCMB.

B9 Dividends

No interim dividend has been paid, declared or proposed for the year ending 31 March 2013.

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)

Basic EPS is calculated by dividing the profit attributable to the ordinary equity holders of the parent company of RM1,908 for the current quarter and current cumulative quarter by the weighted average number of ordinary shares of 111,666,787 in issue during the period.

Diluted EPS is calculated by dividing profit attributable to the ordinary equity holders of the parent company of RM1,908,000 for the current quarter and the current cumulative quarter by the weighted average number of ordinary shares of 118,227,787 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 15 May 2013.

By Order of the Board
Lim Siew Ting
Company Secretary
Kuala Lumpur
15 May 2013