SINO HUA-AN INTERNATIONAL BERHAD

(Company No.: 732227-T)

Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2009

- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED INCOME STATEMENT

	Second Quarter		Cumulative Quarter	
	Unaudited		Unaudited	
	Current Period	Preceding Period	Current Period	Preceding Period
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	RM'000	RM'000	RM'000	RM'000
Revenue	301,760	434,426	612,711	725,224
Cost of sales	(306,511)	(379,802)	(630,965)	(618,842)
Gross (loss)/profit	(4,751)	54,624	(18,254)	106,382
Other income	87	414	245	521
Operating expenses	(8,615)	(11,455)	(18,902)	(21,390)
	(8,528)	(11,040)	(18,657)	(20,869)
(Loss)/Profit before tax	(13,279)	43,584	(36,911)	85,513
Taxation	-	(6,668)	-	(13,030)
(Loss)/Profit for the period	(13,279)	36,916	(36,911)	72,484
(Loss)/Profit attributable to equity holders of the Company	(13,279)	36,916	(36,911)	72,484
(Loss)/Earnings per share (sen)				
- basic (sen)	(1.18)	3.29	(3.29)	6.46
- fully diluted (sen)	n/a	n/a	n/a	n/a

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CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited as at 30-Jun-09 RM'000	Audited as at 31-Dec-08 RM'000
Non Current Assets		
Land lease payment - long-term	32,323	32,317
Property, plant and equipment	475,177	460,858
Goodwill	107,710	107,672
	615,210	600,847
Current Assets		
Land lease payment - short-term	892	880
Inventories	61,844	47,688
Trade receivables	51,127	91,198
Other receivables, deposits and prepayments	17,285	26,935
Amount due from related company	63,699	63,437
Tax recoverable	26,100	10,669
Bank balances and cash	24,916	28,754
	245,863	269,560
Total Assets	861,073	870,407
Shareholders' Fund		
Share capital	561,154	561,154
Reserves	176,244	202,674
	737,398	763,828
Current Liabilities		
Trade payables	106,000	95,241
Other payables and accrued expenses	16,995	7,634
Amount due to related company	680	3,704
	123,675	106,579
Total Equity and Liabilities	861,073	870,407
Net assets per share (RM)	0.66	0.68

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<---------------------- Non-distributable reserves ---------------------->					Distributable reserve	
	Share capital RM'000	Share premium RM'000	Statutory common reserve funds RM'000	Reverse acquisition reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000
<u>6 months ended 30 June 2008</u>							
Balance as of January 1, 2008	561,154	553,891	49,312	(799,823)	7,741	341,653	713,928
Profit for the period	-	-	-	-	-	72,484	72,484
Transfer to common fund reserve	-	-	(540)	-	-	540	-
Exchange differences	-	-	-	-	15,886	-	15,886
Balance as of June 30, 2008	561,154	553,891	48,772	(799,823)	23,627	414,677	802,298
<u>6 months ended 30 June 2009</u>							
Balance as of January 1, 2009	561,154	553,891	49,358	(799,823)	82,601	316,648	763,829
Loss for the period	-	-	-	-	-	(36,911)	(36,911)
Exchange differences	-	-	-	-	10,480	-	10,480
Balance as of June 30, 2009	561,154	553,891	49,358	(799,823)	93,081	279,737	737,398

SINO HUA-AN INTERNATIONAL BERHAD
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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2009
- THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Current year to date 30-Jun-09 RM'000	Preceding year to date 30-Jun-08 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit for the period	(36,911)	72,484
Adjustments for:		
Depreciation of property, plant and equipment	19,179	13,250
Amortisation of lease payments	414	409
Interest income	(120)	(202)
Income tax recognised in income statement	-	13,030
Operating (loss) / profit before working capital changes	(17,438)	98,970
(Increase) / Decrease in:		
Inventories	(14,157)	(49,691)
Trade receivables	40,071	(7,641)
Other receivables, deposits and prepayments	11,645	31,494
Amount due by related company	(262)	-
Increase / (Decrease) in:		
Trade payables	10,758	(16,232)
Other payables and accrued expenses	9,361	8,354
Amount due to related company	(3,023)	(5,796)
Cash generated from operations	36,955	59,458
Income tax paid	(15,431)	(5,172)
Net cash from operating activities	21,524	54,286
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(26,322)	(10,135)
Interest received	120	202
Net cash used in investing activities	(26,202)	(9,933)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Net cash used in financing activities	-	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(4,678)	44,353
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	28,754	32,081
Effect of changes in exchange rate	840	(695)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	24,916	75,739

The Condensed Consolidated Cash Flow Statement should be read in conjunction with accompanying explanatory notes attached to the interim financial statements.

A. EXPLANATORY NOTES AS PER FRS 134 - INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Chapter 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("BMSB").

The interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2008. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 December 2008.

The significant accounting policies and methods of computation adopted by the Company and its subsidiaries ("the Group") in this interim financial report are consistent with those adopted in the annual financial report for the year ended 31 December 2008.

As at 30 June 2009, the following FRSs and IC Interpretations were in issue but not yet effective and have not been applied by the Group: -

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

The new FRSs and IC Interpretations are expected to have no material impact on the financial statements of the Group upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and FRS 8.

The Group has applied the transitional provisions in FRS 7 and FRS 139 which exempt entities from disclosing the possible impact arising from initial application of the respective standards on the financial statements of the Group.

A2. Audit report

The auditors' report on the audited financial statements for the year ended 31 December 2008 was not qualified.

A3. Seasonal or cyclical factors

The operations of the Group generally move in tandem with the performance of the steel industry and the overall economic landscape.

A4. Unusual items

During the quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

A5. Changes in estimates

There were no changes in the estimates of amounts reported that have a material effect on the results in the quarter under review.

A6. Issuance, cancellations, repurchases, resale and repayments of debts and equity securities

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

A7. Dividends paid

There was no dividend paid during the quarter under review.

A8. Segmental information

The Group operates predominantly in one industry and country. In this regard, segmental information is not applicable.

A9. Valuation of Property, Plant and Equipment

The property, plant and equipment of the Group have not been revalued during the quarter under review.

A10. Material Events Subsequent to the end of the Reporting Period

There were no material events subsequent to the end of the quarter under review.

A11. Changes in the composition of the Group

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

A12. Changes in contingent liabilities or contingent assets

There were no changes in the contingent liabilities or contingent assets of the Group during the quarter under review.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of Performance

For the second quarter ended 30 June 2009, the Group recorded consolidated revenue of approximately RM301.8 million. The cost of sales for the quarter under review amounted to approximately RM306.5 million.

The falling short of gross profit level was due to the coking industry which has yet to fully recover from the tough and challenging business environment besetting the steel and metallurgical coke industries since the fourth quarter 2008, although it is evident that the trend is gradually moving towards a favourable direction. The Group's business has seen signs of recovery since first quarter 2009 and as a consequence, the extent of the losses registered in the current quarter under review is significantly reduced by 44% compared with that recorded in the first quarter of 2009.

During the current quarter under review, the Group's revenue reduced by approximately 31% to RM301.8 million from RM434.4 million in the preceding year corresponding quarter. This was mainly attributed to approximately 40% reduction in the average price of coke in current quarter under review compared with that of the preceding year corresponding quarter. The significant reduction in prices of the by-products, namely ammonium sulphate, crude benzene, tar oil, coal slimes, middlings and coal gas, compared to that of the preceding year corresponding quarter also put a damper to the revenue growth of the Group for the current quarter under review.

The average price of the coking coal, although had also eased downward during the current quarter under review compared to that of the preceding year corresponding quarter, it had reduced by only approximately 29%. As a result of the extent of the fall in the price of coking coal being relatively lower than the drop in the prices of coke, the Group's still relatively high cost of sales in the current quarter under review resulted in it turning in a gross loss of approximately RM4.8 million and loss before tax of approximately RM13.3 million in the current quarter under review.

B2. Variation of results against preceding quarter

The Group's consolidated revenue of approximately RM301.8 million registered during the current quarter represents a reduction of approximately 3% from approximately RM311.0 million in the preceding quarter ended 31 March 2009. The reduction in revenue is primarily attributed to lower average price of coke. The average coke price has reduced by 10% in the current quarter compared to that of recorded in the preceding quarter (first quarter 2009). The slow increases of the prices of by-products were inadequate to compensate for the reduction of coke price for the quarter under review.

Cost of sales in the current quarter, although still excessive relative to the revenue generated, is reduced to RM306.5 million from RM324.5 million in the preceding quarter ended 31 March 2009. This is primarily attributed to the slight easing of the average purchase price of coal in the current quarter compared to that of the preceding quarter.

With the seemingly improving market conditions as evidenced by the trend in the pricing dynamics, the Group turned in a significantly lower loss of RM13.3 million in the current quarter compared with a relatively larger loss of RM23.6 million in the preceding first quarter 2009.

B3. Current year prospects

The Group will continue to focus on its core business activity which is the manufacturing and trading of metallurgical coke and its by-products. Apart from an unexpected slight dip in March 2009, the Group is experiencing a gradual improvement to its financial results currently as evidenced by the pricing mechanisms of its coke, coal and by-products. These positive indications are expected to continue in the coming quarters.

According to China Iron & Steel Association ("CISA"), the Chinese steel makers reported a combined loss of RMB 3.3 billion for first quarter 2009. However, recent CISA report pointed out that in May 2009, 80% (i.e. 72 out of 89 steel mills) of China's medium-to-large steel mills have started to turn in profits, which was the first month of profit since October 2008. Such recovery of the steel industry in China would provide a positive outlook for metallurgical coke manufacturers and the Group as the Group's business prospects moves in tandem with the general direction of steel industry.

Barring any unforeseen circumstances, the directors are more optimistic of improvement in the business environment and continue to be cautiously confident that the recovery phase in the coke industry in China has started towards the second half of 2009.

B4. Variation on Forecast Profit / Profit Guarantee

Profit Forecast : N/A
Profit Guarantee : N/A

The Group did not issue any profit forecast nor profit guarantee during the current financial period to date.

B5. Taxation

Taxation based on profit for the current quarter are as follows:

	Individual quarter ended		**Cumulative quarter ended**	
	30 Jun 2009 RM'000	**30 Jun 2008 RM'000**	**30 Jun 2009 RM'000**	**30 Jun 2008 RM'000**
In respect of the current period				
Income tax	-	6,668	-	13,030
	-	6,666	-	13,030

The tax exemption enjoyed by Yehua (the operating company in China) by virtue of its WOFE (Wholly-Owned Foreign Enterprise) status, as originally granted, had ended on 31 December 2006. As such, Yehua has commenced paying tax at 15% p.a. (i.e. after taking into consideration of the 50% tax relief granted) in FY2007. Such tax rate of 15% p.a. shall continue to subsist until 31 December 2009.

B6. Sale of unquoted investments and/or properties

There were no disposals of unquoted investments and/or properties during the quarter under review.

B7. Quoted and marketable securities

There were no purchases or disposals of quoted and marketable securities during the quarter under review.

B8. Corporate proposals

There were no corporate proposals during the quarter under review.

B9. Borrowings

As at 30 June 2009, the Group has no borrowings.

B10. Off balance sheet financial instruments

There were no off balance sheet financial instruments as at the date of this quarterly report.

B11. Material litigation

As at the date of this report, the Group is not engaged in any material litigation which in the opinion of the Board of Directors will have a material effect on the financial position or the business of the Group.

B12. Dividends

No dividend had been declared in respect of the current quarter under review.

B13. Earnings per share

	Individual quarter ended		Cumulative period ended	
Basic earnings per share	**30 Jun 2009**	**30 Jun 2008**	**30 Jun 2009**	**30 Jun 2008**
(Loss)/Profit for the year attributable to equity holders (RM'000)	(13,279)	36,916	(36,911)	72,484
Number / Weighted average number of shares in issue ('000)	1,122,308	1,122,308	1,122,308	1,122,308
Basic (loss)/earnings per share (sen)	(1.18)	3.29	(3.29)	6.46

There are no diluted earnings per share as the Company does not have any share option in issue at the current quarter under review.

By Order of the Board
Chua Siew Chuan
Secretary

17 August 2009