



**SINARIA CORPORATION BERHAD**

(Company No.: 838172-P)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 AUGUST 2012**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.08.2012 RM'000	Preceding Year Corresponding Quarter 31.08.2011 RM'000	Current Year-To-Date 31.08.2012 RM'000	Preceding Year Corresponding Period 31.08.2011 RM'000
Revenue	36,044	28,682	36,044	28,682
Cost of sales	(30,855)	(23,922)	(30,855)	(23,922)
Gross profit	5,189	4,760	5,189	4,760
Other operating income	182	136	182	136
Operating expenses	(4,426)	(3,403)	(4,426)	(3,403)
Finance costs	(667)	(380)	(667)	(380)
Profit before tax	278	1,113	278	1,113
Tax income/(expense)	(38)	(378)	(38)	(378)
Net profit for the period	240	735	240	735
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	240	735	240	735
Total comprehensive income attributable to:				
Equity holders of the Company	240	735	240	735
Non-controlling interests	-	-	-	-
Earnings per share (Note B11)				
Basic (Sen)	0.27	0.82	0.27	0.82
Diluted (Sen)	-	-	-	-



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### Notes to Income Statement :

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.08.2012 RM'000	Preceding Year Corresponding Quarter 31.08.2011 RM'000	Current Year-To-Date 31.08.2012 RM'000	Preceding Year Corresponding Period 31.08.2011 RM'000
Interest income	136	82	136	82
Other Income	182	136	182	136
Forex gain - realised	92	-	92	-
Depreciation and amortisation	951	781	951	781
Impairment on loans and receivables	258	-	258	-
Interest expense	667	380	667	380

### **Notes:**

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 May 2012 and the accompanying explanatory notes attached to the interim financial statements.*

Save as disclosed above, the other items as required under Appendix 9B, Part A(16) of the Bursa Securities Main Market Listing Requirements are not applicable.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
31 AUGUST 2012**

		<b>UNAUDITED</b>	<b>AUDITED</b>
		<b>As at</b>	<b>As at</b>
		<b>31.08.2012</b>	<b>31.05.2012</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		47,228	39,154
<b>Current Assets</b>			
Inventories		24,754	25,660
Receivables, deposits and prepayments		29,335	32,771
Current tax assets		671	518
Cash and cash equivalents		10,863	9,978
		65,623	68,927
<b>TOTAL ASSETS</b>		<b>112,851</b>	<b>108,081</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		45,000	45,000
Reserves		3,736	3,496
<b>TOTAL EQUITY</b>		48,736	48,496
<b>Non-Current Liabilities</b>			
Long-term bank borrowings	B7	15,392	10,072
Deferred taxation		1,858	1,843
		17,250	11,915
<b>Current Liabilities</b>			
Trade and other payables and accruals		10,342	14,726
Short-term bank borrowings	B7	36,523	32,944
		46,865	47,670
<b>TOTAL LIABILITIES</b>		64,115	59,585
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>112,851</b>	<b>108,081</b>
Net assets per ordinary share attributable to ordinary equity holder of the Company (RM)		0.54	0.54

**Notes:**

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 May 2012 and the accompanying explanatory notes attached to the interim financial statements.*



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 AUGUST 2012  
(UNAUDITED)**

	<-----Attributable to equity holders of the Company ----->					Total RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Merger Deficit RM'000	Distributable Retained Profits RM'000	
<b>Balance as at 01.06.2012</b>	45,000	-	1,818	(29,296)	30,974	<b>48,496</b>
Profit for the period represents total comprehensive income for the period	-	-	-	-	240	<b>240</b>
Dividend paid	-	-	-	-	-	-
<b>Balance as at 31.08.2012</b>	<b>45,000</b>	<b>-</b>	<b>1,818</b>	<b>(29,296)</b>	<b>31,214</b>	<b>48,736</b>
<b>Balance as at 01.06.2011</b>	45,000	-	1,818	(29,297)	35,888	<b>53,409</b>
Profit for the period represents total comprehensive income for the period	-	-	-	-	735	<b>735</b>
Dividend paid	-	-	-	-	-	-
<b>Balance as at 31.08.2011</b>	<b>45,000</b>	<b>-</b>	<b>1,818</b>	<b>(29,297)</b>	<b>36,623</b>	<b>54,144</b>

**Notes:**

*The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 May 2012 and the accompanying explanatory notes attached to the interim financial statements.*



**SINARIA CORPORATION BERHAD**

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER ENDED  
31 AUGUST 2012 (UNAUDITED)**

	<b>Current Period Ended 31.08.2012 RM'000</b>	<b>Preceding Year Corresponding Period Ended 31.08.2011 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	278	1,113
Adjustments:		
Amortisation and depreciation	951	781
Impairment loss on loans and receivables	258	-
Gain on disposal of property, plant and equipment	(5)	-
Interest income	(136)	(82)
Interest expense	667	380
Operating profit before working capital changes	2,013	2,192
(Increase) / Decrease in inventories	906	(443)
(Increase) / Decrease in receivables	(756)	(2,996)
Increase / (Decrease) in payables	(449)	(2,161)
Cash generate from/(used in) operations	1,714	(3,408)
Tax paid	(184)	(122)
Tax refunded	8	-
Net cash generate from/(used in) operating activities	1,538	(3,530)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of plant, property and equipment	(9,026)	(603)
Proceeds from disposal of plant, property and equipment	5	26
Interest received	136	82
Net cash used in investing activities	(8,885)	(495)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net increase in short-term borrowings	3,654	(6,128)
Repayment of hire purchase obligations	(181)	(65)
Creation of hire purchase obligations	1,257	-
Repayment of term loan	(204)	(121)
Drawdown of term loan	5,200	9,600
Interest paid	(667)	(380)
Dividend paid	-	-
Net cash from financing activities	9,059	2,906
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,712	(1,119)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	4,715	8,895
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>6,427</b>	<b>7,776</b>



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER ENDED  
31 AUGUST 2012 (UNAUDITED)**

	<b>Current Period Ended 31.08.2012 RM'000</b>	<b>Preceding Year Corresponding Period Ended 31.08.2011 RM'000</b>
Fixed and short-term deposits with licensed banks *	7,815	8,202
Cash and bank balances	3,048	1,124
Bank overdrafts	(4,436)	(1,550)
	<b>6,427</b>	<b>7,776</b>

\* The time deposits of the group have been pledged as security for credit facilities granted to the Group.

**Notes:**

*The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 May 2012 and the accompanying explanatory notes attached to the interim financial statements.*



## **SINARIA CORPORATION BERHAD**

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### **UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2012**

#### **PART A – SELECTED EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING**

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##### **1 Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 - Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These financial statements also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standard Board (IASB). For the periods up to and including the year ended 31 May 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRSs”)

The condensed consolidated interim financial statements should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31 May 2012 and the accompanying explanatory notes attached. 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.

##### **2. First-time adoption of MFRS**

These condensed consolidated interim financial statements are the Group’s first MFRS condensed consolidated interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the year ending 31 May 2013. MFRS 1 First Time Adoption of MFRS 1 has been applied.

The audited financial statements of the Group for the year ended 31 May 2012 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 May 2012. Accordingly, no opening MFRS statement is prepared to show the transition from FRS and MFRS as the Group’s financial position, financial performance and cash flows.

##### **3. Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report on the preceding audited financial statements of the Company and its subsidiaries for the financial year ended 31 May 2012 were not subject to any qualification.

##### **4. Seasonal or Cyclical Factors**

The Group’s performance is not significantly affected by seasonal or cyclical factors.

##### **5. Unusual Items**

There was no item, which is unusual because of their nature, size or incidence that has affected the assets, liabilities, equity, net income or cash flows of the Group for the current quarter.

##### **6. Material Changes in Estimates**

There were no changes in estimates of amounts that have had a material effect in the current quarter.



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### 7. Debt and Equity Securities

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

### 8. Dividend Paid

There was no dividend paid in the current quarter.

### 9. Segment Reporting

	<b>Current Year-To-Date 31.08.2012 RM'000</b>	<b>Preceding Year Corresponding Period 31.08.2011 RM'000</b>
Revenue		
<u><b>Manufacturing</b></u>		
Meat-based products	33,376	29,784
Vegetable-based products	105	247
Flour-based products	494	486
	33,975	30,517
<u><b>Trading</b></u>		
Meat-based products	18,952	9,742
Vegetable-based products	2,132	2,401
Others	959	398
	22,043	12,541
	56,018	43,058
Inter-segments elimination	(19,974)	(14,376)
<b>Total Revenue</b>	<b>36,044</b>	<b>28,682</b>
<b>Profit Before Tax</b>	<b>278</b>	<b>1,113</b>

Segmental reporting by geographical location is not applicable as the Group's operations are substantially carried out in Malaysia.

### 10. Valuations of Property, Plant and Equipment

The valuations of land and building have been brought forward, without amendment from the audited financial statements for the year ended 31 May 2012.

### 11. Events subsequent to the Balance Sheet date

There were no events subsequent to the end of the financial period ended 31 August 2012 that have not been reflected in the interim financial statements as at the date of this report.

### 12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review.





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### 13. Changes in contingent liabilities or contingent assets

The Group does not have any material contingent liabilities since the last audited financial statements for the financial year ended 31 May 2012.

### 14. Related Party Transactions

Related parties are those defined under FRS 124 - Related Party Disclosures. The significant related party transactions and balances described below were carried out in the ordinary course of business and on commercial terms that are no more favourable than that available to other third parties.

**Transactions for  
the year-to-date  
ended 31.08.2012  
RM'000**

Commission paid by the Group to AFSB for sale of the Group's goods. 147

*Note : AFSB is deemed a related party as the brother of Executive Chairman of the Group is the substantial shareholder of AFSB and is deemed a person connected.*

### 15. Capital Commitments

	<b>As at 31.08.2012 Approved and Contracted for RM'000</b>	<b>As at 31.08.2012 Approved and Not Contracted for RM'000</b>
Property, plant & equipment	<u>12,353</u>	<u>-</u>



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### UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2012

#### PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

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##### 1. Review of Performance

The Group's revenue surged to RM36.0 million for the current quarter under review as compared to that of RM28.7 million recorded in the same corresponding period a year ago. This represented 25.7% or RM7.3 million increases from that of RM28.7 million recorded in the preceding year corresponding quarter. The main contributing factor for the increase in revenue was the increase in trading of meat based products. The Group registered a lower profit before tax ("PBT") of RM0.28 million in the current quarter ended 31 August 2012 as compared to RM1.1 million in the preceding year corresponding quarter. This was mainly attributed to narrow gross profit margin contributed by the trading meat based products, higher advertising expenses spent in re-branding and interest expenses.

##### 2. Variation of Results against Preceding Quarter

	Current Quarter ended 31.08.2012 RM'000	Preceding Quarter ended 31.05.2012 RM'000	Variance RM'000
Revenue	36,044	38,666	(2,622)
Profit/(loss) Before Tax	278	(6,118)	6,396

The Group's revenue for current quarter under review was booked at RM36.0 million, which was lower by approximately 6.78% or RM2.6 million as compared to the revenue of RM38.7 million in the preceding quarter. This is mainly due to the reduction in trading of meat based product. However, the Group recorded a higher PBT at RM278,000 in the current quarter as compared to the loss before tax of RM6.1 million in the preceding quarter mainly due to lower advertising & promotion expenses spent in the current quarter. The preceding quarter also had one off higher impairment for loans and receivables and write down of slow moving stocks which has affected the bottom line performance for the financial year ended 31 May 2012.

##### 3. Current Year Prospects

Frozen processed foods ("FPP") continued to expect growth due to hectic and stressful lifestyle of the Malaysia demographic, which in return, contributed towards the growing demand for convenient and easy to prepare meals. FPP are easier to prepare compare to that of fresh food and can be stored in the freezer for an extended period of time whilst still maintaining a very healthy image that appeals to health-conscious consumer of today.

The Group has in the past primarily concentrated in the lower income group, which resulted in gradual decline of profitability as increased costs are not pass on to the consumers. To overcome this scenario, the Group's management has earmarked a few transformation initiatives for future growth and sustainability.

- Brand building exercise to target middle income segment where the purchasing decision shift from price to brand name and quality. New innovative products tailored specifically to the needs of this identified segment will be launched. This will diversify the customer concentration of the Group and hence provide a sustainable profit for the Group to the future.
- Expansion into international business through export. The Group has made significant progress in the penetration of South East Asia and Middle East market and will continue to grow its international business.
- Expansion of its general trade market through aggressive deployment of freezer to counter the erosion of profit margins in the Modern Trade sales.



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Whilst the Group is working on the expansion of business, the management is vigilant about the need to tighten the credit control policy. The Group is improving the efficiency and effectiveness of the credit control through the use of standard and reputable ERP system.

#### 4. Variance between Actual Profit and Forecast Profit

Not applicable.

#### 5. Taxation

	<b>Current Quarter 31.08.2012 RM'000</b>	<b>Current Year To Date 31.08.2012 RM'000</b>
Income tax		
Current year	(53)	(53)
Prior year	-	-
Deferred tax		
Current year	15	15
Prior year	-	-
	<u>(38)</u>	<u>(38)</u>

The tax expense is lower than the statutory tax rate of 25% mainly due to utilisation of unrecognised deferred tax assets.

#### 6. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this interim financial report.

#### 7. Group Borrowings and Debt Securities

The Group's borrowings as at 31 August 2012 are as follows:-

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b>Short term borrowings:-</b>			
Bank overdrafts	3,966	470	4,436
Bankers' acceptances	28,637	1,320	29,957
Hire purchase payables	803	-	803
Term loan	1,327	-	1,327
	<u>34,733</u>	<u>1,790</u>	<u>36,523</u>
<b>Long term borrowings:-</b>			
Hire purchase payables	1,105	-	1,105
Term loan	14,287	-	14,287
	<u>15,392</u>	<u>-</u>	<u>15,392</u>
<b>Total</b>	<u><b>50,125</b></u>	<u><b>1,790</b></u>	<u><b>51,915</b></u>

#### 8. Gains and losses arising from fair value changes of financial liabilities

There were no gains or losses arising from fair value changes in financial liabilities in the current quarter.

#### 9. Material Litigation

There were no material litigations for the current financial period to date.



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### 10. Proposed Dividend

There was no dividend proposed or declared for the current quarter under review.

### 11. Earnings Per Share

#### Basic

The basic earnings per share has been calculated by dividing the Company's profit for the current financial quarter and current financial year to-date by the number of ordinary shares in issue during the current financial quarter and current financial year under review.

	Individual Quarter		Cumulative Quarters	
	Current Quarter 31.08.2012	Preceding Year Corresponding Quarter 31.08.2011	Current Year 31.08.2012	Preceding Year Corresponding Period 31.08.2011
Profit attributable to ordinary Equity holders of the Company (RM'000)	240	735	240	735
Weighted average number of ordinary shares in issue ('000)	90,000	90,000	90,000	90,000
Basic Earnings per Share (sen)	0.27	0.82	0.27	0.82

#### Diluted

The Company does not have any convertible share or convertible financial instruments for the current financial quarter under review.

### 12. Disclosure of realised and unrealised profits

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	As at 31.08.2012 RM'000	As at 31.05.2012 RM'000
Total retained profits of the Company and its subsidiaries:-		
Realised	55,534	55,574
Unrealised	(1,858)	(1,749)
	<u>53,676</u>	<u>53,825</u>
Consolidation adjustments and eliminations	(22,462)	(22,667)
Total group retained profits as per consolidated financial statements	<u>31,214</u>	<u>31,158</u>

The determination of realised and unrealised profits or losses is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010. The disclosure of realised and unrealised profits or losses is made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Bhd and is not made for any other purposes.

### 13. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Board.