



**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 THIRD QUARTER ENDED 28 FEBRUARY 2013**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 28.02.2013 RM'000	Preceding Year Corresponding Quarter 29.02.2012 RM'000	Current Year-To-Date 28.02.2013 RM'000	Preceding Year Corresponding Period 29.02.2012 RM'000
Revenue	35,851	31,956	106,802	90,612
Cost of sales	(30,047)	(26,147)	(90,518)	(74,852)
Gross profit	5,804	5,809	16,284	15,760
Other operating income	14	451	305	711
Operating expenses	(4,871)	(5,570)	(13,790)	(12,613)
Finance costs	(649)	(616)	(1,980)	(1,601)
Profit before tax	298	74	819	2,257
Taxation	(189)	(38)	(272)	(759)
Net profit for the period	109	36	547	1,498
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	109	36	547	1,498
Total comprehensive income attributable to:				
Equity holders of the Company	109	36	547	1,498
Non-controlling interests	-	-	-	-
Earnings per share (Note B11)				
Basic (Sen)	0.12	0.04	0.61	1.66
Diluted (Sen)	-	-	-	-



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### Notes to Income Statement :

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 28.02.2013 RM'000	Preceding Year Corresponding Quarter 29.02.2012 RM'000	Current Year-To-Date 28.02.2013 RM'000	Preceding Year Corresponding Period 29.02.2012 RM'000
Interest income	24	44	160	159
Other Income	14	25	305	142
Forex (loss)/gain- realised	(26)	(32)	32	20
Depreciation and amortisation	987	872	2,900	2,461
Impairment on loans and receivables	233	900	860	900
Interest expense	649	616	1,980	1,601

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.

### **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.*



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
28 FEBRUARY 2013**

		<b>UNAUDITED</b>	<b>AUDITED</b>
		<b>As at</b>	<b>As at</b>
		<b>28.02.2013</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		47,200	39,154
<b>Current Assets</b>			
Inventories		21,715	25,660
Receivables, deposits and prepayments		27,850	32,771
Current tax assets		783	518
Cash and cash equivalents		11,052	9,978
		<b>61,400</b>	<b>68,927</b>
<b>TOTAL ASSETS</b>		<b>108,600</b>	<b>108,081</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		45,000	45,000
Reserves		4,043	3,496
<b>TOTAL EQUITY</b>		<b>49,043</b>	<b>48,496</b>
<b>Non-Current Liabilities</b>			
Long-term bank borrowings	B7	14,819	10,072
Deferred taxation		1,993	1,843
		<b>16,812</b>	<b>11,915</b>
<b>Current Liabilities</b>			
Trade and other payables and accruals		7,270	14,726
Short-term bank borrowings	B7	35,475	32,944
		<b>42,745</b>	<b>47,670</b>
<b>TOTAL LIABILITIES</b>		<b>59,557</b>	<b>59,585</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>108,600</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 THIRD QUARTER ENDED 28 FEBRUARY 2013  
(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	-	-	-	-	547	<b>547</b>
Dividend paid	-	-	-	-	-	-
<b>Balance as at 28.02.2013</b>	<b>45,000</b>	-	<b>1,818</b>	<b>(29,296)</b>	<b>31,521</b>	<b>49,043</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	-	-	-	-	1,498	<b>1,498</b>
Dividend paid	-	-	-	-	(900)	<b>(900)</b>
<b>Balance as at 29.02.2012</b>	<b>45,000</b>	-	<b>1,818</b>	<b>(29,297)</b>	<b>36,486</b>	<b>54,007</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.*



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE THIRD QUARTER ENDED  
28 FEBRUARY 2013 (UNAUDITED)**

	<b>Current Period Ended 28.02.2013 RM'000</b>	<b>Preceding Year Corresponding Period Ended 29.02.2012 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	819	2,257
Adjustments:		
Amortisation and depreciation	2,900	2,461
Impairment loss on loans and receivables	860	900
PPE written-off	-	15
Bad debt written-off	-	17
Interest income	(160)	(159)
Interest expense	1,980	1,601
Operating profit before working capital changes	6,399	7,092
Decrease/ (Increase) in inventories	3,947	(3,716)
Decrease/ (Increase) in receivables	4,061	(6,011)
Decrease in payables	(4,640)	(2,134)
Cash generate from/(used in) operations	9,767	(4,769)
Tax paid	(395)	(630)
Tax refunded	8	247
Net cash generate from/(used in) operating activities	9,380	(5,152)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of plant, property and equipment	(11,053)	(3,385)
Down payment for purchase of property, plant and equipment	(2,815)	(3,525)
Proceeds from disposal of plant, property and equipment	105	-
Interest received	160	159
Net cash used in investing activities	(13,603)	(6,751)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net (decrease)/ increase in short-term borrowings	2,961	(932)
Repayment of hire purchase obligations	(383)	(236)
Creation of hire purchase obligations	1,257	-
Repayment of term loan	(875)	(435)
Drawdown of term loan	5,200	9,600
Interest paid	(1,980)	(1,601)
Dividend paid	-	(900)
Net cash from financing activities	6,180	5,496
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,957	(6,407)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	4,715	8,735
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>6,672</b>	<b>2,328</b>



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE THIRD QUARTER ENDED  
28 FEBRUARY 2013 (UNAUDITED)**

	<b>Current Period Ended 28.02.2013 RM'000</b>	<b>Preceding Year Corresponding Period Ended 29.02.2012 RM'000</b>
Fixed and short-term deposits with licensed banks *	8,024	7,133
Cash and bank balances	3,028	1,428
Bank overdrafts	(4,380)	(6,233)
	<b>6,672</b>	<b>2,328</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 THIRD QUARTER ENDED 28 FEBRUARY 2013**

#### **PART A – SELECTED EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 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

	Current Year-To-Date 28.02.2013 RM'000	Preceding Year Corresponding Period 29.02.2012 RM'000
Revenue		
<u>Manufacturing</u>		
Meat-based products	81,898	94,703
Vegetable-based products	1,150	432
Flour-based products	198	1,019
	83,246	95,154
<u>Trading</u>		
Meat-based products	57,838	34,807
Vegetable-based products	7,530	8,329
Others	1,786	425
	67,154	43,561
	150,400	138,715
Inter-segments elimination	(43,598)	(48,103)
<b>Total Revenue</b>	<b>106,802</b>	<b>90,612</b>
<b>Profit Before Tax</b>	<b>819</b>	<b>2,257</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 28 February 2013 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 MFRS 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 28.02.2013  
RM'000**

Commission paid by the Group to AFSB for sale of the Group's goods. 448

*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 28.02.2013 Approved and Contracted for RM'000</b>	<b>As at 28.02.2013 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 THIRD QUARTER ENDED 28 FEBRUARY 2013

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

##### 1. Review of Performance

For the current quarter under review, The Group's revenue is higher by RM4.0 million, increasing to RM35.9 million from that of RM31.9 million recorded in the preceding year corresponding quarter. For the 9 months ended 28 February 2013, the Group's revenue increased by RM16.2 to RM106.8 million compared to that of 29 February 2012 RM90.6 million. This was mainly attributable to the higher sales of trading meat-based products. The Group's profit before tax ("PBT") was posted at RM 0.3 million which is 3 times higher than preceding year corresponding quarter.

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

	<b>Current Quarter ended 28.02.2013 RM'000</b>	<b>Preceding Quarter ended 30.11.2012 RM'000</b>	<b>Variance RM'000</b>
Revenue	35,851	34,907	944
Profit Before Tax	298	243	55

The Group's achieved revenue for current quarter under review of RM35.85 million, which represented approximately 2.7% increase as compared to the revenue recorded in the preceding quarter due to increase in demand for trading of meat based product. Consequently, the Group recorded a higher profit before tax at approximately RM298,000 in the current quarter which is an increase of 22.6% as compared to preceding quarter.

##### 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 passing 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.

While 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.



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Whilst the transformation is slowly seeing a better contribution to the bottom line, the Group's management remains vigilant in implementing changes. Despite the challenging trading conditions, the Group's management expects that the performance is expected to be satisfactory.

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

Not applicable.

#### 5. Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 28.02.2013 RM'000	Preceding Year Corresponding Quarter 29.02.2012 RM'000	Current Year-To- Date 28.02.2013 RM'000	Preceding Year Corresponding Period 29.02.2012 RM'000
Current year income tax	(14)	105	(122)	(470)
Deferred tax	(175)	(143)	(150)	(289)
	(189)	(38)	(272)	(759)

The effective tax is lower than the statutory tax rate of 25% mainly due to utilisation of unabsorbed capital allowances in a subsidiary.

#### 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 28 February 2013 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Short term borrowings:-</b>			
Bank overdrafts	4,380	-	4,380
Bankers' acceptances	29,266	-	29,266
Hire purchase payables	659	-	659
Term loan	1,170	-	1,170
	35,475	-	35,475
<b>Long term borrowings:-</b>			
Hire purchase payables	1,046	-	1,046
Term loan	13,773	-	13,773
	14,819	-	14,819
<b>Total</b>	<b>50,294</b>	<b>-</b>	<b>50,294</b>

#### 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	Preceding Year	Current	Preceding Year
	Quarter	Corresponding	Year	Corresponding
	28.02.2013	Quarter	28.02.2013	Period
		29.02.2012		29.02.2012
Profit attributable to ordinary Equity holders of the Company (RM'000)	109	36	547	1,498
Weighted average number of ordinary shares in issue ('000)	90,000	90,000	90,000	90,000
Basic Earnings per Share (cent)	0.12	0.04	0.61	1.66

#### 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	As at
	28.02.2013	31.05.2012
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:-		
Realised	55,801	55,574
Unrealised	(1,818)	(1,749)
	53,983	53,825
Consolidation adjustments and eliminations	(22,462)	(22,667)
Total group retained profits as per consolidated financial statements	31,521	31,158

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.