



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 2013

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.08.2013 RM'000	Preceding Year Corresponding Quarter 31.08.2012 RM'000	Current Year-To-Date 31.08.2013 RM'000	Preceding Year Corresponding Period 31.08.2012 RM'000
Revenue	38,458	36,044	38,458	36,044
Cost of sales	(33,390)	(30,855)	(33,390)	(30,855)
Gross profit	5,068	5,189	5,068	5,189
Other operating income/expenses	(37)	182	(37)	182
Operating expenses	(3,924)	(4,426)	(3,924)	(4,426)
Finance costs	(624)	(667)	(624)	(667)
Profit before tax	483	278	483	278
Tax expense	(170)	(38)	(170)	(38)
Net profit for the period	313	240	313	240
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	313	240	313	240
Total comprehensive income attributable to:				
Equity holders of the Company	313	240	313	240
Non-controlling interests	-	-	-	-
Earnings per share (Note B11)	313	240	313	240
Basic (Sen)	0.35	0.27	0.35	0.27
Diluted (Sen)	-	-	-	-



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Notes to Income Statement :

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.08.2013 RM'000	Preceding Year Corresponding Quarter 31.08.2012 RM'000	Current Year-To-Date 31.08.2013 RM'000	Preceding Year Corresponding Period 31.08.2012 RM'000
Interest income	96	136	96	136
Other Income	31	182	31	182
Forex (loss)/gain - realised	(164)	92	(164)	92
Depreciation and amortisation	(1,018)	(951)	(1,018)	(951)
Impairment on loans and receivables	(27)	(258)	(27)	(258)
Interest expense	(624)	(667)	(624)	(667)

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 2013 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 2013**

		UNAUDITED	AUDITED
		As at	As at
		31.08.2013	31.05.2013
	Note	RM'000	RM'000
Non-Current Assets			
Property, plant and equipment		34,178	34,694
Investment property		2,800	2,800
		36,978	37,494
Current Assets			
Property development costs		11,645	11,354
Inventories		23,730	23,224
Receivables, deposits and prepayments		27,046	25,413
Current tax assets		356	717
Cash and cash equivalents		12,959	11,665
		75,736	72,373
TOTAL ASSETS		112,714	109,867
EQUITY AND LIABILITIES			
Equity			
Share capital		45,000	45,000
Reserves		4,131	3,818
TOTAL EQUITY		49,131	48,818
Non-Current Liabilities			
Long-term bank borrowings	B7	13,364	14,077
Deferred taxation		2,457	2,307
		15,821	16,384
Current Liabilities			
Trade and other payables and accruals		8,658	8,757
Short-term bank borrowings	B7	39,104	35,908
		47,762	44,665
TOTAL LIABILITIES		63,583	61,049
TOTAL EQUITY AND LIABILITIES		112,714	109,867
Net assets per ordinary share attributable to ordinary equity holder of the Company (RM)		0.55	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 2013 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 2013
(UNAUDITED)**

	<-----Attributable to equity holders of the Company ----->					
	<----Non Distributable Reserves---->			Distributable		
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Merger Deficit RM'000	Retained Profits RM'000	Total RM'000
Balance as at 01.06.2013	45,000	-	1,818	(29,296)	31,296	48,818
Profit for the period represents total comprehensive income for the period	-	-	-	-	313	313
Dividend paid	-	-	-	-	-	-
Balance as at 31.08.2013	45,000	-	1,818	(29,296)	31,609	49,131
Balance as at 01.06.2012	45,000	-	1,818	(29,296)	30,974	48,496
Profit for the period represents total comprehensive income for the period	-	-	-	-	240	240
Dividend paid	-	-	-	-	-	-
Balance as at 31.08.2012	45,000	-	1,818	(29,296)	31,214	48,736

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 2013 and the accompanying explanatory notes attached to the interim financial statements.



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER ENDED
31 AUGUST 2013 (UNAUDITED)**

	Current Period Ended 31.08.2013 RM'000	Preceding Year Corresponding Period Ended 31.08.2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	483	278
Adjustments:		
Amortisation and depreciation	1,018	951
Bad debts written-off	66	-
Impairment loss on loans and receivables	27	258
Gain on disposal of property, plant and equipment	(23)	(5)
Interest income	(96)	(136)
Interest expense	624	667
Operating profit before working capital changes	2,099	2,013
Property development costs	(291)	-
(Increase) / Decrease in inventories	(505)	906
(Increase) / Decrease in receivables	(1,755)	(756)
Increase / (Decrease) in payables	(99)	(449)
Financial instruments at fair value through profit or loss	28	-
Cash (used in)/generated from operations	(523)	1,714
Tax paid	(79)	(184)
Tax refunded	420	8
Net cash (used in)/generated from operating activities	(182)	1,538
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant, property and equipment	(759)	(9,026)
Proceeds from disposal of plant, property and equipment	280	5
Interest received	96	136
Net cash used in investing activities	(383)	(8,885)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in short-term borrowings	2,663	3,654
Repayment of hire purchase obligations	(140)	(181)
Creation of hire purchase obligations	76	1,257
Repayment of term loan	(307)	(204)
Drawdown of term loan	-	5,200
Interest paid	(624)	(667)
Net cash from financing activities	1,668	9,059
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,103	1,712
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	7,714	4,715
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	8,817	6,427



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER ENDED
31 AUGUST 2013 (UNAUDITED)**

	Current Period Ended 31.08.2013 RM'000	Preceding Year Corresponding Period Ended 31.08.2012 RM'000
Fixed and short-term deposits with licensed banks *	8,280	7,815
Cash and bank balances	4,679	3,048
Bank overdrafts	(4,142)	(4,436)
	8,817	6,427

* 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 2013 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2013

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

1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard (“FRS”) 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).

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 2013 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. Changes in accounting policies

The quarterly consolidated interim financial statements have been prepared by applying accounting policies consistent with that used in the most recent audited financial statements for the year ended 31 May 2013 except for the adoption of the following new/ revised/ amendments to FRS which are applicable to the Group with effect from 1 June 2013:-

FRS 10 Consolidated financial statements
FRS 11 Joint Arrangements
FRS 12 Disclosure of Interests in Other Entities
FRS 13 Fair Value Measurement
FRS 119 Employee Benefits
FRS 127 Separate Financial Statements
FRS 128 Investment in Associate and Joint Ventures
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, FRS 11 and FRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosures in Other Entities – Transition Guidance

The adoption of the above pronouncements does not have significant impact to the Group.

Malaysian Financial Reporting Standards (“MFRS”) Framework

In November 2011, the Malaysian accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the MFRS framework. The issuance was made in conjunction with the MASB’s plan to converge with International Financial Reporting Standards (“IFRS”) in 2012. The MFRS framework is fully IFRS-compliant framework and equivalent to IFRSs.

The MFRS framework is to be applied 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/or IC Interpretation 15 Agreements for Construction of Real Estate, including their parents, significant investors and venturers (“Transitioning Entities”). Transitioning Entities are allowed to defer the adoption of the MFRS framework to annual periods beginning on or after 1 January 2015.

Being a Transitioning Entity as defined above, the Group has elected to defer the adoption of the MFRS framework to the financial year ending 31 May 2016. Management is currently examining the financial impacts of transition to the MFRS framework.



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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 2013 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.

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 31.08.2013 RM'000	Preceding Year Corresponding Period 31.08.2012 RM'000
Revenue		
<u>Manufacturing</u>		
Meat-based products	27,387	33,376
Vegetable-based products	257	105
Flour-based products	-	494
	27,644	33,975
<u>Trading</u>		
Meat-based products	26,075	18,952
Vegetable-based products	2,224	2,132
Others	329	959
	28,628	22,043
	56,272	56,018
Inter-segments elimination	(17,814)	(19,974)
Total Revenue	38,458	36,044
Profit Before Tax	483	278

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



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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 2013.

11. Events subsequent to the Balance Sheet date

There were no events subsequent to the end of the financial period ended 31 August 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.

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 2013.

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 31.08.2013 RM'000
Sale of frozen foods to AFSB by the Group	880
Commission paid by the Group to AFSB for sale of the Group's goods.	136

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

	As at 31.08.2013 Approved and Contracted for RM'000	As at 31.08.2013 Approved and Not Contracted for RM'000
Property, plant & equipment	3,707	-



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2013

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

1. Review of Performance

The Group's revenue was booked at RM38.5 million for the current quarter ended 31 August 2013, increased by RM2.4 million from that of RM36.0 million recorded in the same corresponding period a year ago. The profit before tax ("PBT") for the current quarter ended 31 August 2013 posted at RM0.5 million, which is RM0.20 million higher than the PBT of RM0.3 million recorded in 31 August 2012. The main contributory factor for the increase in performance was attributed to the increase in demand for trading range of products.

2. Variation of Results against Preceding Quarter

	Current Quarter ended 31.08.2013 RM'000	Preceding Quarter ended 31.05.2013 RM'000	Variance RM'000
Revenue	38,458	39,123	(665)
Profit Before Tax	483	14	469

For the current quarter ended 31 August 2013, the Group reported revenue of RM38.5 million, which is about 1.7% lower than RM39.1 million recorded in the preceding quarter ended 31 May 2013. This is mainly due to seasonal fluctuation in the demand for manufacturing of meat based product. Despite the reduction in revenue recorded for both period under review, the Group's PBT is posted at RM0.5 million, which is substantial increase as compared to the PBT of RM0.01 million reported in the quarter ended 31 May 2013.

3. Current Year Prospects

The Malaysian food and beverage market is becoming increasingly sophisticated and is supplied by both local and imported products. The strong economic growth in the late 80's and early 90's contributed to major changes in consumer purchases and consumption patterns. Malaysians living in urban areas prefer to shop in stores which offer them convenience and good product selections. Lifestyle changes have led to an increase in the demand for convenience food.

Retail

Malaysia has a large and growing food retail market that is supplied by local and imported products. The forecast for this sector is likely to grow by around 10% per annum over the next three to five years. Malaysian households spend an average 24% of their household income on retail purchase of foods included frozen processed food. (Source: Euromonitor)

Export

There are nearly 3,200 manufacturers involved in the food manufacturing industry in Malaysia and the industry accounts for nearly 10% of Malaysia's manufacturing output. Processed foods are exported to approximately 80 countries like Singapore, the USA, Indonesia, Japan and Thailand.

Food Service Sector

The food service market has been growing at a rapid average rate of around 6.5% per annum over the past few years. They indicated that this market is likely to grow at between 6%-10% per annum over the next three to five years. Hotels and resorts, restaurants and the institutional sub-sector represent the best potential for all market players.

The Company managed to turn around the earnings before tax from red to black for the last financial year. The Company's turnaround strategies are revenue enhancement and cut back actions through cost reduction. The



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management has continued to develop its growth strategies for sustainability and profitability in the forth coming years.

- Expansion into international business through export. The Group has made significant progress in the penetration of South East Asia and Middle East market.
- The company is strategically positioned itself by introducing more innovative products with superior taste. New innovative products will be launched in near term to target different business segment.
- Continuing the brand building exercise to promote brand name and image by focusing on mass media coverage.
- Expansion of its general trade market through aggressive deployment of freezer to counter the erosion of profit margins in the Modern Trade sales.
- The intrinsic value the Company can provide is through green initiatives. The Company is putting in the efforts to reduce the usage of energy and promote conservation in power reliance.

4. Variance between Actual Profit and Forecast Profit

Not applicable.

5. Taxation

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31.08.2013 RM'000	Preceding Year Corresponding Quarter 31.08.2012 RM'000	Current Year-To- Date 31.08.2013 RM'000	Preceding Year Corresponding Period 31.08.2012 RM'000
Current year				
Income tax	(20)	(53)	(20)	(53)
Deferred tax	(150)	15	(150)	15
	(170)	(38)	(170)	(38)

The tax expense is higher than the statutory tax rate of 25% mainly due to non-deductible expenses.

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 2013 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings:-			
Bank overdrafts	4,142	-	4,142
Bankers' acceptances	32,767	-	32,767
Hire purchase payables	444	-	444
Term loan	1,751	-	1,751
	39,104	-	39,104
Long term borrowings:-			
Hire purchase payables	825	-	825
Term loan	12,539	-	12,539
	13,364	-	13,364
Total	52,468	-	52,468



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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.

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 31.08.2013	Preceding Year Corresponding Quarter 31.08.2012	Current Year 31.08.2013	Preceding Year Corresponding Period 31.08.2012
Profit attributable to ordinary Equity holders of the Company (RM'000)	313	240	313	240
Weighted average number of ordinary shares in issue ('000)	90,000	90,000	90,000	90,000
Basic Earnings per Share (sen)	0.35	0.27	0.35	0.27

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 31.08.2013 RM'000	As at 31.05.2013 RM'000
Total retained profits of the Company and its subsidiaries:-		
Realised	55,928	54,976
Unrealised	(2,457)	(1,818)
	<hr/> 53,471	<hr/> 53,158
Consolidation adjustments and eliminations	(21,862)	(21,862)
Total group retained profits as per consolidated financial statements	<hr/> <hr/> 31,609	<hr/> <hr/> 31,296



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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. 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.