



**Interim financial report for the first quarter ended 31 March 2011**

The figures have not been audited.

The Directors have pleasure in announcing the following:-

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Quarter Ended 31/3/2011 RM'000	Comparative Quarter Ended 31/3/2010 RM'000	3 months Cumulative To Date 31/3/2011 RM'000	3 months Cumulative To Date 31/3/2010 RM'000
Revenue		42,268	39,322	42,268	39,322
Cost of sales		(36,587)	(33,245)	(36,587)	(33,245)
<b>Gross profit</b>		<b>5,681</b>	<b>6,077</b>	<b>5,681</b>	<b>6,077</b>
Other operating income		310	465	310	465
Selling and distribution expenses		(1,797)	(1,527)	(1,797)	(1,527)
Administration expenses		(2,274)	(1,849)	(2,274)	(1,849)
Other operating expenses		-	-	-	-
<b>Operating profit</b>		<b>1,920</b>	<b>3,166</b>	<b>1,920</b>	<b>3,166</b>
Finance cost		(205)	(51)	(205)	(51)
Share of profit of an associate		201	192	201	192
<b>Profit before tax</b>		<b>1,916</b>	<b>3,307</b>	<b>1,916</b>	<b>3,307</b>
Taxation	B5	(257)	(152)	(257)	(152)
<b>Profit for the period</b>		<b>1,659</b>	<b>3,155</b>	<b>1,659</b>	<b>3,155</b>
<b>Other comprehensive income:</b>					
Exchange differences on translation of foreign operations		(1,032)	(1,343)	(1,032)	(1,343)
<b>Total comprehensive income for the period</b>		<b>627</b>	<b>1,812</b>	<b>627</b>	<b>1,812</b>
Profit for the period attributable to:					
Equity holders of the Company		1,659	3,155	1,659	3,155
Total comprehensive income attributable to:					
Equity holders of the Company		627	1,812	627	1,812
<b>Earnings per share attributable to equity holders of the Company:</b>					
(a) Basic (Sen)		4.29	7.74	4.29	7.74
Weighted average number of ordinary shares in issue ('000)		38,657	40,766	38,657	40,766
(b) Fully Diluted (Sen)		N/A	N/A	N/A	N/A
Weighted average number of ordinary shares in issue ('000)		N/A	N/A	N/A	N/A

N/A - not applicable

**The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.**



**Interim financial report for the first quarter ended 31 March 2011**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	NOTE	AS AT END OF CURRENT QUARTER 31/3/2011 RM'000	Restated AS AT PRECEDING FINANCIAL YEAR END 12/31/2010 RM'000
<b>ASSETS</b>			
Non Current Assets			
Property, plant and equipment	A9	55,081	48,023
Intangible assets		257	257
Investment in an associate		6,244	6,102
Other investments		314	392
		<u>61,896</u>	<u>54,774</u>
Current Assets			
Inventories		23,089	23,786
Trade receivables		42,492	34,612
Others-receivables, sundries & prepayments		7,177	9,419
Tax recoverable		312	284
Short term deposits		16,906	21,896
Cash and bank balances		7,338	7,906
		<u>97,314</u>	<u>97,903</u>
<b>TOTAL ASSETS</b>		<u>159,210</u>	<u>152,677</u>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to equity holders of the parent			
Share capital	A6	40,957	40,957
Treasury shares		(4,033)	(3,976)
Share premium		7,162	7,162
Statutory reserve		1,248	1,248
Exchange reserve		1,320	2,351
Unappropriated profits		66,265	64,607
Total equity		<u>112,919</u>	<u>112,349</u>
Non-current liabilities			
Term loan		12,768	8,211
Retirement benefits		1,600	1,571
Deferred taxation		655	827
		<u>15,023</u>	<u>10,609</u>
Current Liabilities			
Trade payables		24,670	21,656
Other payables		5,701	7,054
Amount due to an associate		82	317
Short term borrowings	B9	-	48
Provision for taxation		815	644
Dividend payable		-	-
		<u>31,268</u>	<u>29,719</u>
Total liabilities		<u>46,291</u>	<u>40,328</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>159,210</u>	<u>152,677</u>
Net assets per share attributable to equity holders of the parent (RM)			
		<u>2.92</u>	<u>2.91</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.



**Interim financial report for the first quarter ended 31 March 2011**

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	← Attributable to equity holders of the parent →					Distributable	Total
	← Non-distributable →			Exchange Translation Reserve			
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Statutory Reserve RM'000	Reserve RM'000	Unappropriated Profits RM'000	RM'000
<b>Restated</b>							
<b><u>3 months ended 31/03/2011</u></b>							
Balance at 1 January 2011	40,957	7,162	(3,976)	1,248	2,352	64,606	112,349
- Effect arising from adoption of FRS 139	-	-	-	-	-	-	-
- After the adoption of FRS 139	40,957	7,162	(3,976)	1,248	2,352	64,606	112,349
Shares repurchased	-	-	(57)	-	-	-	(57)
Appropriation to statutory reserve	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(1,032)	1,659	627
Dividend paid	-	-	-	-	-	-	-
Balance at 31 March 2011	40,957	7,162	(4,033)	1,248	1,320	66,265	112,919
<b><u>3 months ended 31/03/2010</u></b>							
Balance at 1 January 2010, as restated	40,957	7,162	(213)	838	2,849	54,735	106,328
- Effect arising from adoption of FRS 139	-	-	-	-	-	(19)	(19)
- After the adoption of FRS 139	40,957	7,162	(213)	838	2,849	54,716	106,309
Shares repurchased	-	-	(25)	-	-	-	(25)
Appropriation for statutory reserve	-	-	-	404	-	(404)	-
Total comprehensive income for the period	-	-	-	-	(1,343)	3,155	1,812
Dividend paid	-	-	-	-	-	-	-
Balance at 31 December 2010	40,957	7,162	(238)	1,242	1,506	57,467	108,096

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.



**Interim financial report for the first quarter ended 31 March 2011**

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	3 months Ended 31/3/2011 RM'000	3 months Ended 31/3/2010 RM'000
Net profit before tax	1,916	3,307
Adjustment for non-cash flow:-		
Non-cash items	1,964	1,905
Non-operating items (which are investing /financing)	<u>(169)</u>	<u>(212)</u>
Operating profit before changes in working capital	3,711	5,000
Changes in working capital		
- Net change in current assets	(5,126)	(4,955)
- Net change in current liabilities	<u>1,287</u>	<u>4,734</u>
Net cash flow from operating activities	<u>(128)</u>	<u>4,779</u>
Investing activities		
- Dividend received	2	21
- Other investments	<u>(9,648)</u>	<u>(925)</u>
	<u>(9,646)</u>	<u>(904)</u>
Financing activities		
- Dividend paid	-	-
- Shares repurchased	(57)	(25)
- Bank borrowings	<u>4,557</u>	<u>(890)</u>
	<u>4,500</u>	<u>(915)</u>
Net change in cash and cash equivalents	(5,274)	2,960
Currency translation differences	(235)	(987)
Cash and cash equivalents at beginning of year	29,753	36,146
Cash and cash equivalents at end of period	<u>24,244</u>	<u>38,119</u>
Cash and cash equivalents comprise:-		
- Bank overdraft	-	(595)
- Short term deposits	16,906	32,643
- Short term money market funds	198	3,344
- Cash and bank balances	<u>7,140</u>	<u>2,727</u>
	<u>24,244</u>	<u>38,119</u>

**The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.**



**Interim financial report for the first quarter ended 31 March 2011**

The figures have not been audited.

**A. NOTES TO THE INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS**

**A1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with FRS 134, "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010.

The accounting policies and presentation adopted for the interim financial statements are consistent with those applied in the audited financial statements for the financial year ended 31 December 2010 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 March 2010, 1 July 2010 and 1 January 2011. The adoption of these standards, amendments and interpretations have no material impact to these interim financial statements.

**A2. Audit Report of Preceding Annual Financial Statements**

The audit report of the Group's most recent annual audited financial statement for the year ended 31 December 2010 was not qualified.

**A3. Explanatory Comments about the Seasonality or Cyclicity of Operations**

The Group's operation is not dependent on any seasonality or cyclicity of its operation.

**A4. Unusual Items**

There were no exceptional/extraordinary items affecting the assets, liabilities, equity, net income or cash flows for the current quarter.

**A5. Changes in Estimates**

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the interim period.

**A6. Changes in Share Capital and Debt Securities**

There were no issuances, cancellations, repurchases, resale and repayments of either debt or equity securities for the current quarter ended 31 March 2011 except for the buy back of its own 30,000 issued share capital from the open market as follows:-

	No. of shares purchased	Average price per share RM	Total consideration paid including transaction costs RM	Treasury shares No. of shares retained
<b>Opening balance at 1.01.2011</b>	2,288,500	1.73	3,976,075	2,288,500
January	17,000	1.90	32,669	17,000
February	11,000	1.85	20,504	11,000
March	2,000	1.80	3,645	2,000
<b>Closing balance at 31.3.2011</b>	<b>2,318,500</b>	<b>1.73</b>	<b>4,032,893</b>	<b>2,318,500</b>

The repurchased transaction was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance to the requirement of Section 67A of the Companies Act, 1965. As at 31 March 2011, the number of outstanding shares in issue and fully paid is 38,638,500 ordinary shares of RM1.00 each.

**A7. Dividend Paid**

There was no dividend paid during the financial quarter ended 31 March 2011.



**Interim financial report for the first quarter ended 31 March 2011**

The figures have not been audited.

**A8. Related Party Transactions**

The Group purchases and sells materials and components, semi-finished and finished products and services from and to Nichirin Group of Companies and Sunrise Group of Companies. Nichirin Co., Ltd., Sunrise Industry Co., Ltd., Sunrise Asia Management Pte. Ltd. and Mr. Masahito Hiraishi are substantial shareholders of the Company. Mr. Tamiyo Maeda, Mr. Michiaki Nagai and Mr. Mitsuru Ishimoto who are directors of the Company are also deemed interested as they are connected to Nichirin and Sunrise Group of companies.

Transactions related to Nichirin Group of companies and Sunrise Group of companies for the 3 months ended 31 March 2011 are as follows :-

	Nichirin Group RM'000	Sunrise Group RM'000
Purchases of goods and services	1,139	6,948
Sales of goods and services	6,304	35
Royalties	58	87

**A9. Segmental Reporting**

The Group operates in a single industry segment and as such, no segment information in respect of analysis by activity has been provided. The analysis of Group operation by geographical location is as follows:-

	Cumulative Operating Revenue RM'000	Cumulative Profit/ (Loss) before taxation RM'000	Assets Employed RM'000
Malaysia	20,838	668	70,178
Thailand	18,612	1,209	68,409
India	2,818	(162)	14,379
Group's share of associated company result	N/A	201	6,244
	<u>42,268</u>	<u>1,916</u>	<u>159,210</u>

**A10. Valuations of Property, Plant and Equipment**

The Group did not carry out any valuation on its property, plant and equipment.

**A11. Material Events Subsequent to the End of the Period**

No material event has arisen in the interval between the end of the current quarter and the date of this release to affect substantially the results of the Group and Company as at 16 April 2011, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

**A12. Changes in the Composition of the Group**

There were no changes to the composition of the Group since the last quarter.

**A13. Commitments and Contingent Liabilities**

The Group has entered into a number of agreements in the course of business. Details of the commitments and contingent liabilities as at 16 April 2011 (latest practicable date which is not earlier than 7 days from the date of issue of this interim report) are as follows:-

	Company RM'000	Group RM'000
Capital Commitments		
Authorised and contracted for	1,757	17,400
Authorised but not contracted for	<u>3,900</u>	<u>3,900</u>
Contingent Liabilities	<u>21,073</u> *	<u>-</u>

\* The Company has issued the following guarantees for its subsidiary to secure banking facilities:-

- A corporate guarantee of THB134.0 million and USD2.0 million for its Thai subsidiary, Sunchirin Industry (Thailand) Ltd.
- Two bank guarantees of USD0.28 million and USD0.26 million for its Indian sub-subsidiary, Sunchirin Autoparts India Pvt. Ltd.



**Interim financial report for the first quarter ended 31 March 2011**

The figures have not been audited.

**B. ADDITIONAL INFORMATION REQUIRED BY THE BMSB LISTING REQUIREMENTS**

**B1. Review of the Performance**

The Group achieved a revenue of RM42.27 million in the first quarter, an increase of 7% compared to RM39.32 million for the corresponding period last year. However, profit before tax was RM1.92 million which is lower by 42% compared to RM3.31 million achieved for the corresponding period last year. During the review quarter, the Malaysian operations registered lower demand by 2% and Thai operations registered higher demand by 22% while the Indian operation registered a decrease in revenue by 4%. The reduction in profit was mainly due to higher material costs and operating costs.

**B2. Explanatory Comments on Any Material Change in the Profit Before Taxation for the Quarter Reported on as Compared with the Immediate Preceding Quarter.**

The Group registered an increase in turnover of RM42.27 million compared to the RM38.64 million achieved in the preceding quarter. The Malaysian operation achieved a similar revenue level while revenue for Thai operation declined by 23%. The revenue of the Indian operation increased by 1%. Profit before tax decreased to RM1.92 million from RM5.81 million achieved previously. The preceding quarter's result included a compensation amount of RM2.76 million arising from our appeal in respect of the compulsory land acquisition made in 2007. The share of profit from the associated company in China maintained a similar profit at RM0.20 million compared to previous quarter.

**B3. Prospects for the Current Financial Year 2011**

The ASEAN and South Asia regions continued to register commendable economic growth. As a result, the automotive industry in these regions will continue to enjoy strong growth. However, the Group expects the next two quarters to be challenging as the impact of the Great Eastern Japan Earthquake and Tsunami on the automotive supply chain will be felt. This coupled with the high prices of commodities will have an adverse effect of the operating result.

**B4. Explanatory Notes for Variance of Actual Profit from Forecast Profit**

There were no profits forecast or profit guarantee issued during the financial period to-date.

**B5. Taxation**

Taxation comprised the following:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	31/3/2011	31/3/2010	31/3/2011	31/3/2010
	RM'000	RM'000	RM'000	RM'000
Current year's taxation				
- Malaysian income tax - current	255	263	255	263
- Malaysian income tax - prior year	-	-	-	-
- Foreign income tax	174	123	174	123
- Transfer from Malaysian deferred taxation account	(96)	(234)	(96)	(234)
- Transfer from foreign deferred taxation account	(76)	-	(76)	-
	<u>257</u>	<u>152</u>	<u>257</u>	<u>152</u>

The effective tax rate of the Group after the transfer from deferred taxation account is lower than the statutory tax rate due to availability of reinvestment allowances. A local subsidiary, Sunchirin Corporation Sdn Bhd, had obtained the Operational Headquarters status with a 10 years tax waiver effective from 1 January 2006. The first 7 years tax exempt promotion privilege granted by the Board of Investment ("BOI"), Thailand to our Thai subsidiary on 5 June 2000 had expired on 4 June 2007. Provision for corporate tax of 30% was made for this project. The Thai subsidiary had obtained another 7 years tax exempt promotion privileges for its second qualifying project effective from 23 June 2004 until 22 June 2011 and also another 7 years tax exempt promotion privileges for its third qualifying project effective from 7 January 2008 to 6 January 2014.



**Interim financial report for the first quarter ended 31 March 2011**

The figures have not been audited.

**B6. Profits/(losses) on Sale of Unquoted Investment and/or Properties**

There were no sales of unquoted investment and/or properties for the quarter ended 31 December 2010.

**B7. Quoted Investments**

- (a) There were no purchases or sales of quoted securities for the current quarter and financial year-to-date.
- (b) There were no investments in quoted shares for the current quarter and financial year-to-date.

**B8. Status of Corporate Proposals**

There were no corporate proposals announced as at 16 April 2011 (latest practicable date which is not earlier than 7 days from the date of issue of this interim report).

**B9. Group Borrowings**

Total borrowings as at 31 March 2011 were as follows:-

	Company RM'000	Group RM'000	Included in the borrowings are amounts denominated in foreign currency FC '000
Bank borrowings (Unsecured):			
<u>Classified as current liabilities</u>			
Repayable within 12 months			
Bankers' Acceptances	-	-	N/A
Revolving credit	-	-	N/A
Overdraft	-	-	N/A
Onshore Foreign Currency Loan	-	-	N/A
Term Loan	-	-	N/A
	<u>-</u>	<u>-</u>	
Bank borrowings (secured):			
<u>Classified as non-current liabilities</u>			
Term Loans			
- Repayable later than 1 year and not later than 2 years	-	483	THB 4,840
- Repayable later than 2 year and not later than 5 years	-	12,285	THB 123,160
- Repayable later than 5 years	-	-	-
	<u>-</u>	<u>12,768</u>	
Total borrowings	<u>-</u>	<u>12,768</u>	

**B10. Derivative Financial Instruments**

The Group enters into short-term forward foreign exchange contracts to hedge its exposure to currency fluctuations affecting certain foreign currency denominated trade payables and receivables. The Financial instruments are viewed as risk management tools by the Group and are not used for trading or speculative purposes.

There is no outstanding derivative financial instrument as at 16 April 2011, the latest practicable date which is not earlier than 7 days from the date of issue of this interim report.

There are no cash requirements on these contracts and the Group only uses forward foreign currency contracts as a hedging instrument on a certain portion of the Group's purchases from foreign exchange rate movement.

Forward foreign currency exchange contracts are recognised on the contract date and are measured at fair value at the end of reporting period and changes in fair value are recognised in profit or loss.

**B11. Material Litigation**

There is no material litigation as at 16 April 2011, the latest practicable date which is not earlier than 7 days from the date of issue of this interim report.

**B12. Dividend**

No dividend is proposed for the current quarter ended 31 March 2011.





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**B13. Earnings Per Ordinary Share**

	Current Quarter 2011	Year-To-Date 2011
<b>Earnings</b>		
Net profit/(loss) for the year (RM'000)	1,659	1,659
<b>Weighted average number of shares</b>		
(a) <b>Basic</b>		
Weighted average number of ordinary shares in issue ('000)	38,657	38,657
(b) <b>Fully Diluted</b>		
There is no diluted earnings per share as the Group has no dilutive potential ordinary share.		
<b>Basic earnings/(loss) per share (sen)</b>	4.29	4.29

**B14. 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, based on the format prescribed by Bursa Malaysia Securities Berhad.

	As at 31/3/2011 RM'000	As at 31/12/2010 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	65,375	58,635
- Unrealised	1,975	3,271
	67,350	61,906
Total share of retained earnings from an associated company:		
- Realised	2,947	2,947
- Unrealised	-	-
	70,297	64,853
Less: Consolidation adjustments	(4,032)	(95)
Total Group retained earnings as per consolidated financial statements	66,265	64,758

**By Order of the Board**

**Lim Kau Chia**  
**Leong Oi Wah**  
**Company Secretaries**

**Shah Alam**  
**23 April 2011**