



Interim financial report for the second quarter ended 30 June 2011

The figures have not been audited.

The Directors have pleasure in announcing the following:-

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter Ended 30/06/2011 RM'000	(Restated) Comparative Quarter Ended 30/06/2010 RM'000	6 months Cumulative To Date 30/06/2011 RM'000	6 months Cumulative To Date 30/06/2010 RM'000
Revenue	33,652	37,348	75,920	76,670
Cost of sales	(30,491)	(31,992)	(67,078)	(65,237)
Gross profit	3,161	5,356	8,842	11,433
Other operating income	690	261	1,000	726
Selling and distribution expenses	(1,739)	(1,257)	(3,536)	(2,784)
Administration expenses	(2,326)	(2,070)	(4,600)	(3,919)
Other operating expenses	(3)	-	(3)	-
Operating profit/(loss)	(217)	2,290	1,703	5,456
Finance cost	(40)	(106)	(245)	(157)
Share of profit of an associate	(12)	180	189	372
Profit/(loss) before tax	(269)	2,364	1,647	5,671
Taxation	(89)	(601)	(346)	(752)
Profit/(loss) for the period	(358)	1,763	1,301	4,919
Other comprehensive income:				
Exchange differences on translation of foreign operations	(1,526)	298	(2,558)	(1,045)
Total comprehensive income for the period	(1,884)	2,061	(1,257)	3,874
Profit for the period attributable to:				
Equity holders of the Company	(358)	1,763	1,301	4,919
Total comprehensive income attributable to:				
Equity holders of the Company	(1,884)	2,061	(1,257)	3,874
Earnings per share attributable to equity holders of the Company:				
(a) Basic (Sen)	(0.93)	4.34	3.38	12.09
Weighted average number of ordinary shares in issue ('000)	38,517	40,621	38,517	40,693
(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 second quarter ended 30 June 2011

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	AS AT END OF CURRENT QUARTER 30/06/2011 RM'000	Restated AS AT PRECEDING FINANCIAL YEAR END 12/31/2010 RM'000
ASSETS			
Non Current Assets			
Property, plant and equipment	A9	53,735	48,023
Intangible assets		264	257
Investment in an associate		6,306	6,102
Other investments		314	392
		<u>60,619</u>	<u>54,774</u>
Current Assets			
Inventories		27,421	23,786
Trade receivables		38,601	34,612
Others-receivables, sundries & prepayments		12,233	9,419
Tax recoverable		837	284
Short term deposits		3,266	21,896
Cash and bank balances		14,807	7,906
		<u>97,165</u>	<u>97,903</u>
TOTAL ASSETS		<u>157,784</u>	<u>152,677</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	A6	40,957	40,957
Treasury shares		(4,545)	(3,976)
Share premium		7,162	7,162
Statutory reserve		1,248	1,248
Exchange reserve		826	2,351
Unappropriated profits		62,069	64,607
Total equity		<u>107,717</u>	<u>112,349</u>
Non-current liabilities			
Borrowings (Secured/Unsecured)		11,643	8,211
Retirement benefits		1,624	1,571
Deferred taxation		622	827
		<u>13,889</u>	<u>10,609</u>
Current Liabilities			
Trade payables		20,530	21,656
Other payables		8,390	7,054
Amount due to an associate		2	317
Bank overdrafts (Unsecured)	B9	977	48
Borrowings (Secured/Unsecured)	B9	2,003	-
Provision for taxation		437	644
Dividend payable		3,839	-
		<u>36,178</u>	<u>29,719</u>
Total liabilities		<u>50,067</u>	<u>40,328</u>
TOTAL EQUITY AND LIABILITIES		<u>157,784</u>	<u>152,677</u>
Net assets per share attributable to equity holders of the parent (RM)			
		<u>2.81</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 second quarter ended 30 June 2011

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to equity holders of the parent →					Distributable	Total
	← Non-distributable →			Exchange			
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Statutory Reserve RM'000	Translation Reserve RM'000	Unappropriated Profits RM'000	RM'000
Restated							
6 months ended 30/06/2011							
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	-	-	(569)	-	-	-	(569)
Appropriation to statutory reserve	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(1,526)	1,301	(225)
Dividend payable	-	-	-	-	-	(3,838)	(3,838)
Balance at 30 June 2011	40,957	7,162	(4,545)	1,248	826	62,069	107,717
Restated							
6 months ended 30/06/2010							
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	-	-	(1,034)	-	-	-	(1,034)
Appropriation for statutory reserve	-	-	-	404	-	(404)	-
Total comprehensive income for the period	-	-	-	-	(1,045)	4,919	3,874
Dividend paid	-	-	-	-	-	-	-
Balance at 30 June 2010	40,957	7,162	(1,247)	1,242	1,804	59,231	109,149

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 second quarter ended 30 June 2011

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months Ended 30/06/2011 RM'000	6 months Ended 30/06/2010 RM'000
Net profit before tax	1,647	5,671
Adjustment for non-cash flow:-		
Non-cash items	(3,350)	3,795
Non-operating items (which are investing /financing)	2,488	(409)
Operating profit before changes in working capital	<u>785</u>	<u>9,057</u>
Changes in working capital		
- Net change in current assets	(10,501)	(8,098)
- Net change in current liabilities	<u>3,019</u>	<u>3,702</u>
Net cash flow from operating activities	<u>(6,697)</u>	<u>4,661</u>
Investing activities		
- Dividend received	4	37
- Other investments	<u>(9,856)</u>	<u>(2,693)</u>
	<u>(9,852)</u>	<u>(2,656)</u>
Financing activities		
- Dividend paid	-	-
- Shares repurchased	(569)	(1,033)
- Bank borrowings	<u>3,530</u>	<u>(1,565)</u>
	<u>2,961</u>	<u>(2,598)</u>
Net change in cash and cash equivalents	(13,588)	(593)
Currency translation differences	931	(277)
Cash and cash equivalents at beginning of year	29,753	36,146
Cash and cash equivalents at end of period	<u><u>17,096</u></u>	<u><u>35,276</u></u>
Cash and cash equivalents comprise:-		
- Bank overdraft	(977)	(1,092)
- Short term deposits	3,266	15,929
- Short term money market funds	74	3,274
- Cash and bank balances	<u>14,733</u>	<u>17,165</u>
	<u><u>17,096</u></u>	<u><u>35,276</u></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 second quarter ended 30 June 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 30 June 2011 except for the buy back of its own 250,000 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
Opening balance at 1.01.2011	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
April	250,000	2.04	511,883	250,000
Closing balance at 30.6.2011	2,568,500	1.76	4,544,776	2,568,500

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 30 June 2011, the number of outstanding shares in issue and fully paid is 38,388,500 ordinary shares of RM1.00 each.

A7. Dividend Paid

There was no dividend paid during the financial quarter ended 30 June 2011.



Interim financial report for the second quarter ended 30 June 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 6 months ended 30 June 2011 are as follows :-

	Nichirin Group RM'000	Sunrise Group RM'000
Purchases of goods and services	-	-
Sales of goods and services	-	-
Royalties	-	-

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	39,103	1,119	62,470
Thailand	31,614	1,256	68,170
India	5,203	(899)	13,798
Indonesia	N/A	(18)	7,040
Group's share of associated company result	N/A	189	6,306
	<u>75,920</u>	<u>1,647</u>	<u>157,784</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 27 July 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 save for the incorporation of a new subsidiary in Indonesia.

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 27 July 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	14,066	28,016
Authorised but not contracted for	<u>4,025</u>	<u>4,025</u>
Contingent Liabilities	<u>20,888</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-subsiary, Sunchirin Autoparts India Pvt. Ltd.



Interim financial report for the second quarter ended 30 June 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 RM33.65 million in the second quarter which is 10% lower compared to RM37.35 million for the corresponding period last year. The Group suffered a loss before tax of RM0.27 million compared to a profit before tax of RM2.36 million achieved for the corresponding period last year. During the review quarter, the Group was adversely affected due to lower pick-up by its customers. The great Eastern Japan earthquake and tsunami had severely disrupted the supply chain of the Japanese automotive industry and consequently all operations of the Group suffered a decline in revenue. The associate company in China also suffered and the share of loss for the quarter was RM0.01 million. Higher operating costs and high commodity prices have also impacted the results of the Group.

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 a lower revenue of RM33.65 million compared to the RM42.27 million achieved in the preceding quarter. The Malaysian operation registered a lower revenue level by 12% while revenue for Thai operation declined by 30%. The revenue of the Indian operation decreased by 15%. The Group registered a loss before tax of RM0.27 million compared to profit before tax of RM1.92 million achieved previously. The share of loss from the associated company in China was at RM0.01 million compared to a profit of RM0.20 million previously. The great Eastern Japan earthquake and tsunami had severely affected the automotive supply chain in Japan and consequently affected the Group's customers during the quarter under review.

B3. Prospects for the Current Financial Year 2011

The recovery in the automotive supply chain in ASEAN and South Asia regions has started to gather pace. However, we expect normalisation of supply only in the last quarter of the current year. The global economic recovery has started to slowdown and the persistent financial upheavals caused by the sovereign debts crisis in Europe and United States to have a negative impact on the global economy. The Group expects the operating condition for the rest of the year to be challenging and the high prices of commodities coupled with appreciation of the Japanese Yen to have an adverse effect on 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 30/06/2011	30/06/2010	6 months ended 30/06/2011	30/06/2010
	RM'000	RM'000	RM'000	RM'000
Current year's taxation				
- Malaysian income tax - current	(68)	263	187	525
- Malaysian income tax - prior year	-	-	-	-
- Foreign income tax	197	197	371	321
- Transfer from Malaysian deferred taxation account	(41)	141	(137)	(94)
- Transfer from foreign deferred taxation account	1	-	(75)	-
	<u>89</u>	<u>601</u>	<u>346</u>	<u>752</u>

The effective tax rate of the Group after the transfer from deferred taxation account is higher 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. The Withholding tax of 15% was paid in Thailand in respect of interest and royalty income arising from the loans and technical assistance extended to the Thai subsidiary.



Interim financial report for the second quarter ended 30 June 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 30 June 2011 save for the disposal of land by an indirect subsidiary, Sunchirin Autoparts (Thailand) Ltd. resulting in a gain of approximately RM0.4 million.

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 27 July 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 30 June 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	-	977	INR 14,429
Onshore Foreign Currency Loan	1,050	1,050	JPY 27,987
Term Loans	-	-	N/A
	<u>1,050</u>	<u>2,027</u>	
Bank borrowings (Secured):			
<u>Classified as current liabilities</u>			
Term Loans	-	953	THB 9,680
<u>Classified as non-current liabilities</u>			
Term Loans			
- Repayable later than 1 year and not later than 2 years	-	2,858	THB 29,040
- Repayable later than 2 year and not later than 5 years	-	8,785	THB 89,280
- Repayable later than 5 years	-	-	-
	-	<u>11,643</u>	
Total borrowings	<u>1,050</u>	<u>14,623</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 27 July 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 27 July 2011, the latest practicable date which is not earlier than 7 days from the date of issue of this interim report.



Interim financial report for the second quarter ended 30 June 2011

The figures have not been audited.

B12. Dividend

The Board does not recommend any interim dividend for the current financial year-to-date due to the present challenging operating condition. The dividend for this financial year, if any, will be substantially lower than the previous year.

The dividends declared and approved at the recent annual general meeting of a final tax exempt dividend of 3.0 sen and a special tax exempt dividend 7.0 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2010 were paid on 7 July 2011.

B13. Earnings Per Ordinary Share

	Current Quarter 2011	Year-To-Date 2011
Earnings		
Net profit/(loss) for the year (RM'000)	(358)	1,301
Weighted average number of shares		
(a) Basic		
Weighted average number of ordinary shares in issue ('000)	38,517	38,517
(b) Fully Diluted		
There is no diluted earnings per share as the Group has no dilutive potential ordinary share.		
Basic earnings/(loss) per share (sen)	(0.93)	3.38

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 6/30/2011 RM'000	As at 3/31/2011 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	61,398	65,173
- Unrealised	1,448	1,975
	62,846	67,148
Total share of retained earnings from an associated company:		
- Realised	3,136	3,149
- Unrealised	-	-
	65,982	70,297
Less: Consolidation adjustments	(3,913)	(4,032)
Total Group retained earnings as per consolidated financial statements	62,069	66,265

By Order of the Board

Lim Kau Chia
Leong Oi Wah
Company Secretaries

Shah Alam
3 August 2011