



Interim financial report for the third quarter ended 30 September 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 30/09/2011 RM'000	Comparative Quarter Ended 30/09/2010 RM'000	9 months Cumulative To Date 30/09/2011 RM'000	9 months Cumulative To Date 30/09/2010 RM'000
Revenue		41,866	39,802	117,786	116,472
Cost of sales		(35,722)	(33,619)	(102,800)	(98,856)
Gross profit		6,144	6,183	14,986	17,616
Other operating income		1,269	475	2,269	1,201
Selling and distribution expenses		(2,217)	(1,803)	(5,753)	(4,587)
Administration expenses		(2,867)	(2,236)	(7,467)	(6,155)
Other operating expenses		(69)	-	(72)	-
Operating profit/(loss)		2,260	2,619	3,963	8,075
Finance cost		(226)	(89)	(471)	(246)
Share of profit of an associate		226	183	415	555
Profit/(loss) before tax		2,260	2,713	3,907	8,384
Taxation	B5	(1,143)	(486)	(1,490)	(1,239)
Profit/(loss) for the period		1,117	2,227	2,417	7,145
Other comprehensive income:					
Exchange differences on translation of foreign operations		1,959	(156)	(599)	(1,201)
Total comprehensive income for the period		3,076	2,071	1,818	5,944
Profit for the period attributable to:					
Equity holders of the Company		1,117	2,227	2,417	7,145
Total comprehensive income attributable to:					
Equity holders of the Company		3,076	2,071	1,818	5,944
Earnings per share attributable to equity holders of the Company:					
(a) Basic (Sen)		2.91	5.62	6.28	17.71
Weighted average number of ordinary shares in issue ('000)		38,389	39,640	38,474	40,339
(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.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	AS AT END OF CURRENT QUARTER 30/09/2011 RM'000	<u>Restated</u> AS AT PRECEDING FINANCIAL YEAR END 31/12/2010 RM'000
ASSETS			
Non Current Assets			
Property, plant and equipment	A9	59,025	48,023
Intangible assets		275	257
Investment in an associate		6,944	6,102
Other investments		314	392
		<u>66,558</u>	<u>54,774</u>
Current Assets			
Inventories		28,149	23,786
Trade receivables		44,973	34,612
Others-receivables, sundries & prepayments		13,832	9,419
Amount due from an associate		86	-
Tax recoverable		900	284
Short term deposits		4,492	21,896
Cash and bank balances		13,900	7,906
		<u>106,332</u>	<u>97,903</u>
TOTAL ASSETS		<u><u>172,890</u></u>	<u><u>152,677</u></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		1,753	2,351
Unappropriated profits		63,185	64,607
Total equity		<u>109,760</u>	<u>112,349</u>
Non-current liabilities			
Borrowings (Secured/Unsecured)		14,614	8,211
Retirement benefits		608	1,571
Deferred taxation		1,646	827
		<u>16,868</u>	<u>10,609</u>
Current Liabilities			
Trade payables		18,960	21,656
Other payables		12,701	7,054
Amount due to an associate		-	317
Bank overdrafts (Unsecured)	B9	-	48
Borrowings (Secured/Unsecured)	B9	14,131	-
Provision for taxation		470	644
Dividend payable		-	-
		<u>46,262</u>	<u>29,719</u>
Total liabilities		<u>63,130</u>	<u>40,328</u>
TOTAL EQUITY AND LIABILITIES		<u><u>172,890</u></u>	<u><u>152,677</u></u>
Net assets per share attributable to equity holders of the parent (RM)			
		<u>2.86</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.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to equity holders of the parent →				Exchange Translation Reserve RM'000	Distributable Unappropriated Profits RM'000	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Statutory Reserve RM'000			
Restated 9 months ended 30/09/2011							
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	-	-	-	-	(599)	2,417	1,818
Dividend paid	-	-	-	-	-	(3,838)	(3,838)
Balance at 30 September 2011	40,957	7,162	(4,545)	1,248	1,753	63,185	109,760
Restated 9 months ended 30/09/2010							
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	-	-	(2,196)	-	-	-	(2,196)
Appropriation for statutory reserve	-	-	-	406	-	(406)	-
Total comprehensive income for the period	-	-	-	-	(1,201)	7,145	5,944
Dividend paid	-	-	-	-	-	(1,975)	(1,975)
Balance at 30 September 2010	40,957	7,162	(2,409)	1,244	1,648	59,480	108,082

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.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months Ended 30/09/2011 RM'000	9 months Ended 30/09/2010 RM'000
Net profit before tax	3,907	8,384
Adjustment for non-cash flow:-		
Non-cash items	705	5,087
Non-operating items (which are investing /financing)	<u>5,230</u>	<u>(608)</u>
Operating profit before changes in working capital	9,842	12,863
Changes in working capital		
- Net change in current assets	(20,154)	(16,513)
- Net change in current liabilities	<u>(500)</u>	<u>2,644</u>
Net cash flow from operating activities	<u>(10,812)</u>	<u>(1,006)</u>
Investing activities		
- Dividend received	11	53
- Other investments	<u>(16,157)</u>	<u>(4,400)</u>
	<u>(16,146)</u>	<u>(4,347)</u>
Financing activities		
- Dividend paid	(3,839)	-
- Shares repurchased	(569)	(2,196)
- Bank borrowings	<u>20,058</u>	<u>(1,252)</u>
	<u>15,650</u>	<u>(3,448)</u>
Net change in cash and cash equivalents	(11,308)	(8,801)
Currency translation differences	(53)	(73)
Cash and cash equivalents at beginning of year	29,753	36,146
Cash and cash equivalents at end of period	<u>18,392</u>	<u>27,272</u>
Cash and cash equivalents comprise:-		
- Bank overdraft	-	(703)
- Short term deposits	4,492	11,084
- Short term money market funds	914	195
- Cash and bank balances	<u>12,986</u>	<u>16,696</u>
	<u>18,392</u>	<u>27,272</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 third quarter ended 30 September 2011

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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 September 2011.

There were no share buy back for the Company during the quarter. As at 30 September 2011, a total number of 2,568,500 shares are held as treasury shares and the number of outstanding shares in issue and fully paid is 38,388,500 ordinary shares of RM1.00 each.

A7. Dividend Paid

The Company has paid the following dividend during the financial year-to-date:-

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.

Current year-to-date
RM'000

3,839



Interim financial report for the third quarter ended 30 September 2011

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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 9 months ended 30 September 2011 are as follows :-

	Nichirin Group RM'000	Sunrise Group RM'000
Purchases of goods and services	3,784	22,428
Sales of goods and services	13,897	158
Royalties	175	262

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	60,764	2,556	71,232
Thailand	48,884	2,842	74,081
India	8,138	(1,833)	13,251
Indonesia	N/A	(73)	7,382
Group's share of associated company result	N/A	415	6,944
	<u>117,786</u>	<u>3,907</u>	<u>172,890</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 14 November 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 14 November 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	20,154	48,456
Authorised but not contracted for	<u>2,244</u>	<u>2,244</u>
Contingent Liabilities	<u>21,390</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.



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B. ADDITIONAL INFORMATION REQUIRED BY THE BMSB LISTING REQUIREMENTS

B1. Review of the Performance

The Group achieved a revenue of RM41.87 million in the third quarter which is 2% higher compared to RM39.80 million for the corresponding period last year. The Group recorded a profit before tax of RM2.26 million compared to a profit before tax of RM2.71 million achieved for the corresponding period last year. During the review quarter, demand was seen to be picking up after the impact of the great Eastern Japan earthquake and tsunami which severely disrupted the supply chain of the Japanese automotive industry globally. The associate company in China contributed a profit of RM0.23 million during the review quarter. However, higher operating costs and high commodity prices coupled with unfavourable exchange rates impacted the results of the Group.

On the year to date basis the Group recorded a revenue of RM117.79 million compared to RM116.47 million achieved during the corresponding period last year. However, profit before tax was lower at RM3.91 million compared to RM8.38 million for the corresponding period last year.

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 higher revenue of RM41.87 million compared to the RM33.65 million achieved in the preceding quarter. The Malaysian operation registered a higher revenue level by 19% while revenue for Thai operation increased by 33%. The revenue of the Indian operation increased by 23%. The Group registered a profit before tax of RM2.26 million compared to loss of RM0.27 million previously. The share of profit from the associated company in China was at RM0.23 million compared to a loss of RM0.01 million previously. The higher revenue was attributed to the recovery from the supply chain disruption caused by the Eastern Japan earthquake and tsunami.

B3. Prospects for the Current Financial Year 2011

The global economy now faces uncertainty with the European debt crisis and the anaemic growth in United States of America. The regional growth is expected to be muted with consumer sentiment dampened while the Thai floods has caused supply chain disruption for both the automotive and electronics industries worldwide. Our operation in Thailand although not affected by the flood has suffered a substantial decline in deliveries caused by the supply chain disruption to the Japanese automobile manufacturers there. The disruption of the supply chain has also impacted the operations of the Japanese automotive industry worldwide and this will impact our operating results for the fourth quarter and into the new year.

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		9 months ended	
	30/09/2011	30/09/2010	30/09/2011	30/09/2010
	RM'000	RM'000	RM'000	RM'000
Current year's taxation				
- Malaysian income tax - current	740	259	927	784
- Malaysian income tax - prior year	32	58	32	58
- Foreign income tax	385	163	756	484
- Transfer from Malaysian deferred taxation account	(11)	6	(147)	(87)
- Transfer from foreign deferred taxation account	(3)	-	(78)	-
	<u>1,143</u>	<u>486</u>	<u>1,490</u>	<u>1,239</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. 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.



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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 September 2011.

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 14 November 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 September 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	2,611	2,611	N/A
Revolving credit	1,300	3,088	THB 17,500
Overdraft	-	-	N/A
Onshore Foreign Currency Loan	6,702	6,702	JPY 98,587 & USD819
Term Loans	-	-	N/A
	10,613	12,401	
Bank borrowings (Secured):			
<u>Classified as current liabilities</u>			
Term Loans	-	1,730	THB 16,940
<u>Classified as non-current liabilities</u>			
Term Loans			
- Repayable later than 1 year and not later than 2 years	-	2,967	THB 29,040
- Repayable later than 2 year and not later than 5 years	-	11,647	THB 114,020
- Repayable later than 5 years	-	-	-
	-	14,614	
Total borrowings	10,613	28,745	

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 14 November 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 14 November 2011, the latest practicable date which is not earlier than 7 days from the date of issue of this interim report.



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B12. Dividend

The Board does not recommend any dividend for the current quarter ended 30 September 2011.

B13. Earnings Per Ordinary Share

	Current Quarter 2011	Year-To-Date 2011
Earnings		
Net profit/(loss) for the year (RM'000)	1,117	2,417
Weighted average number of shares		
(a) Basic		
Weighted average number of ordinary shares in issue ('000)	38,389	38,474
(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)	2.91	6.28

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 30/9/2011 RM'000	As at 30/6/2011 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	62,252	61,398
- Unrealised	2,361	1,448
	64,613	62,846
Total share of retained earnings from an associated company:		
- Realised	3,362	3,136
- Unrealised	-	-
	67,975	65,982
Less: Consolidation adjustments	(4,790)	(3,913)
Total Group retained earnings as per consolidated financial statements	63,185	62,069

By Order of the Board

Lim Kau Chia
Leong Oi Wah
Company Secretaries

Shah Alam
21 November 2011