



Interim financial report for the third quarter ended 30 September 2012

The figures have not been audited.

The Directors have pleasure in announcing the following:-

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTE	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		Current Quarter Ended 30/09/2012 RM'000	Comparative Quarter Ended 30/09/2011 RM'000	9 months Cumulative To Date 30/09/2012 RM'000	9 months Cumulative To Date 30/09/2011 RM'000
Revenue		50,630	41,866	151,493	117,786
Cost of sales		(44,689)	(35,722)	(133,385)	(102,800)
Gross profit		5,941	6,144	18,108	14,986
Other operating income		584	1,269	5,021	2,269
Selling and distribution expenses		(2,407)	(2,217)	(7,103)	(5,753)
Administration expenses		(3,023)	(2,867)	(8,802)	(7,467)
Other operating expenses		(414)	(69)	(2,526)	(72)
Operating profit/(loss)		681	2,260	4,698	3,963
Finance cost		(863)	(226)	(2,163)	(471)
Share of profit of an associate		190	226	378	415
Profit/(loss) before tax	B14	8	2,260	2,913	3,907
Taxation	B5	(1,587)	(1,143)	(2,485)	(1,490)
Profit/(loss) for the period		(1,579)	1,117	428	2,417
Other comprehensive income:					
Exchange differences on translation of foreign operations		(978)	1,959	(2,224)	(599)
Total comprehensive income for the period		(2,557)	3,076	(1,796)	1,818
Profit for the period attributable to:					
Equity holders of the Company		(1,579)	1,117	428	2,417
Total comprehensive income attributable to:					
Equity holders of the Company		(2,557)	3,076	(1,796)	1,818
Earnings per share attributable to equity holders of the Company:					
(a) Basic (Sen)		(4.11)	2.91	1.11	6.28
Weighted average number of ordinary shares in issue ('000)		38,386	38,389	38,386	38,474
(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 2011 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	As at 30/09/2012 RM'000	As at 31/12/2011 RM'000	As at 01/01/2011 RM'000
ASSETS				
Non Current Assets				
Property, plant and equipment		114,628	93,190	48,023
Intangible assets		748	793	257
Investment in an associate		7,353	7,209	6,102
Other investments		564	595	392
		<u>123,293</u>	<u>101,787</u>	<u>54,774</u>
Current Assets				
Inventories		37,181	34,967	23,786
Trade receivables		53,564	41,188	34,612
Others-receivables, sundries & prepayments		8,083	6,769	9,419
Amount due from an associate		-	-	-
Tax recoverable		5,451	1,486	284
Short term deposits		2,181	564	21,896
Cash and bank balances		25,382	20,237	7,906
		<u>131,842</u>	<u>105,211</u>	<u>97,903</u>
TOTAL ASSETS		<u>255,135</u>	<u>206,998</u>	<u>152,677</u>
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Share capital	A6	40,957	40,957	40,957
Treasury shares		(4,548)	(4,546)	(3,976)
Share premium		7,162	7,162	7,162
Statutory reserve		1,248	1,248	1,248
Exchange reserve		(430)	1,794	2,351
Unappropriated profits		61,594	61,166	64,607
Total equity		<u>105,983</u>	<u>107,781</u>	<u>112,349</u>
Non-current liabilities				
Borrowings (Secured)		45,440	35,970	8,211
Hire purchase and finance lease liabilities		8,584	-	-
Retirement benefits		1,891	1,787	1,571
Deferred taxation		1,595	1,052	827
		<u>57,510</u>	<u>38,809</u>	<u>10,609</u>
Current Liabilities				
Trade payables		37,770	31,528	21,656
Other payables		15,237	6,728	7,054
Hire purchase and finance lease liabilities		2,192	-	-
Amount due to an associate		317	103	317
Bank overdrafts (Unsecured)	B9	147	517	48
Borrowings (Secured/Unsecured)	B9	35,598	20,999	-
Provision for taxation		381	533	644
Dividend payable		-	-	-
		<u>91,642</u>	<u>60,408</u>	<u>29,719</u>
Total liabilities		<u>149,152</u>	<u>99,217</u>	<u>40,328</u>
TOTAL EQUITY AND LIABILITIES		<u>255,135</u>	<u>206,998</u>	<u>152,677</u>
Net assets per share attributable to equity holders of the parent (RM)				
		<u>2.76</u>	<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 2011 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					Unappropriated Profits RM'000	Total RM'000
	Non-distributable				Exchange		
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Statutory Reserve RM'000	Translation Reserve RM'000		
9 months ended 30/09/2012							
Balance at 1 January 2012	40,957	7,162	(4,546)	1,248	1,794	61,166	107,781
- Effect arising from adoption of FRS 139	-	-	-	-	-	-	-
- After the adoption of FRS 139	40,957	7,162	(4,546)	1,248	1,794	61,166	107,781
Shares repurchased	-	-	(2)	-	-	-	(2)
Appropriation to statutory reserve	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(2,224)	428	(1,796)
Dividend paid	-	-	-	-	-	-	-
Balance at 30 September 2012	40,957	7,162	(4,548)	1,248	(430)	61,594	105,983
9 months ended 30/09/2011							
Balance at 1 January 2011	-	-	-	-	2,352	64,606	66,958
- Effect arising from adoption of FRS 139	-	-	-	-	-	-	-
- After the adoption of FRS 139	-	-	-	-	2,352	64,606	66,958
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	-	-	(569)	-	1,753	63,185	64,369

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 2011 and the accompanying explanatory notes attached to the interim financial statements.



Interim financial report for the third quarter ended 30 September 2012

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months Ended 30/09/2012 RM'000	9 months Ended 30/09/2011 RM'000
Cash flows from/(used in) operating activities		
Profit/(loss) before taxation	2,913	3,907
Adjustment for non-cash flow:-		
Non-cash items	5,647	705
Non-operating items (which are investing /financing)	(672)	5,230
Operating profit before changes in working capital	<u>7,888</u>	<u>9,842</u>
Changes in working capital		
Inventories	(2,213)	(4,364)
Trade and other receivables	(17,210)	(15,343)
Trade and other payables	16,271	3,064
Cash generated from operations	<u>4,736</u>	<u>(6,801)</u>
Defined benefits paid	(74)	(223)
Income tax refunded/(paid)	<u>(2,944)</u>	<u>(2,019)</u>
Total cash flows from/(used in) operating activities	<u>1,718</u>	<u>(9,043)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(37,450)	(19,027)
Disposal of property, plant and equipment	10,128	2,870
Payment of intangible assets	(14)	-
Acquisition of investments	-	-
Disposal of investments	-	-
Dividend received	147	11
Interest received	59	139
Total cash flows from/(used in) investing activities	<u>(27,130)</u>	<u>(16,007)</u>
Cash flows from financing activities		
Dividend paid to equity holders	-	(3,839)
Net proceeds from/(repayment of) borrowings	23,698	17,073
Net proceeds from/(repayment of) hire purchase and leased assets	10,776	-
Interest paid	(2,039)	(415)
Shares repurchased	(3)	(569)
Total cash flows from/(used in) financing activities	<u>32,432</u>	<u>12,250</u>
Net increase/(decreased) in cash and cash equivalents	7,020	(12,800)
Effects of foreign currency translation differences	112	1,439
Cash and cash equivalents at beginning of year	<u>20,284</u>	<u>29,753</u>
Cash and cash equivalents at end of period	<u>27,416</u>	<u>18,392</u>
Cash and cash equivalents comprise:-		
Bank overdraft	(147)	-
Short term deposits	2,181	4,492
Short term money market funds	915	914
Cash and bank balances	<u>24,467</u>	<u>12,986</u>
	<u>27,416</u>	<u>18,392</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 2011 and the accompanying explanatory notes attached to the interim financial statements.



Interim financial report for the third quarter ended 30 September 2012

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 MFRS 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 2011.

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 2011 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2012.

The Group has adopted the Malaysian Financial Reporting Standards (MFRS) framework issued by MASB with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards (FRS) framework with the International Financial Reporting Standards (IFRS) framework issued by the International Accounting Standards Board. There has been no material impact upon the adoption the MFRS on the interim financial statements of the Group.

The Group has also adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January, 2012. The adoption of these standards, amendments and interpretations have not resulted in any 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 2011 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 2012.

There were no share buy back for the Company during the quarter. As at 30 September 2012, a total number of 2,571,500 shares are held as treasury shares and the number of outstanding shares in issue and fully paid is 38,385,500 ordinary shares of RM1.00 each.

A7. Dividend Paid

There was no dividend paid during the financial quarter ended 30 September 2012.



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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 2012 are as follows :-

	Nichirin Group RM'000	Sunrise Group RM'000
Purchases of goods and services	6,148	26,605
Sales of goods and services	20,028	178
Royalties	186	279

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	77,667	4,344	92,935
Thailand	57,871	3,511	101,703
India	15,955	(989)	20,934
Indonesia	N/A	(4,331)	32,354
Group's share of associated company result	N/A	378	7,209
	<u>151,493</u>	<u>2,913</u>	<u>255,135</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 2012, 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 2012 (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	1,160	1,251
Authorised but not contracted for	<u>200</u>	<u>1,006</u>
Contingent Liabilities	<u>35,795</u> *	<u>-</u>

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

- Three corporate guarantee of THB186.0, THB52.0 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.
- A corporate guarantee of USD3.10 million for its Indonesia subsidiary, PT Sunchirin Industries Indonesia.



Interim financial report for the third quarter ended 30 September 2012

The figures have not been audited.

B. ADDITIONAL INFORMATION REQUIRED BY THE BMSB LISTING REQUIREMENTS

B1. Review of the Performance

The Group achieved a higher revenue of RM50.63 million in the third quarter which is 21% higher compared to RM41.87 million for the corresponding period last year. However, the Group recorded a small profit before tax of RM0.008 million compared to a profit before tax of RM2.26 million incurred in the corresponding period last year due to higher start-up cost for the Indonesia operation and the increased operating cost for Thai operation coupled with the adverse foreign exchange rates suffered in India and Indonesia. The associate company in China contributed a profit of RM0.19 million during the review quarter.

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 RM50.63 million compared to the RM54.43 million achieved in the preceding quarter. The Malaysian operation registered a decrease in revenue by 21% while the Thai operation increased by 14% and the Indian operation decreased by 9%. Subsequently, the Group registered a small profit before tax of RM0.008 million compared to a profit of RM1.68 million previously. The share of profit from the associated company in China was at RM0.19 million compared to a profit of RM0.03 million previously. The Indian operation recorded a profit before tax of RM0.46 million compared to loss of RM1.79 million in the previous quarter. The Indonesian operation incurred a loss of RM2.22 million during this initial start-up period. The Group continued to be affected by the weak local currencies against the United States Dollar and the Japanese Yen.

B3. Prospects for the Current Financial Year 2012

The Indonesia operation is expected to start its mass production in January 2013 whilst affecting the Group's overall profitability due to its initial start-up cost.

The global economy continues to face uncertainty in view of the European debt crisis and the slow economic recovery in the United States of America. The regional growth has started to moderate and is expected to slow further in fourth quarter. The Group's operations are expected to continue to operate in a challenging environment with margins affected by the weak local currencies.

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	
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	RM'000	RM'000	RM'000	RM'000
Current year's taxation				
- Malaysian income tax - current	842	740	967	927
- Malaysian income tax - prior year	-	32	-	32
- Foreign income tax	202	385	975	756
- Transfer from current year Malaysian deferred taxation account	543	(11)	543	(147)
- Transfer from foreign deferred taxation account	-	(3)	-	(78)
	<u>1,587</u>	<u>1,143</u>	<u>2,485</u>	<u>1,490</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 royalty income arising from technical assistance extended to the Thai subsidiary.



Interim financial report for the third quarter ended 30 September 2012

The figures have not been audited.

B6. Status of Corporate Proposals

There were no corporate proposals announced as at 14 November 2012 (latest practicable date which is not earlier than 7 days from the date of issue of this interim report).

B7. Group Borrowings

Total borrowings as at 30 September 2012 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	3,068	3,068		
Revolving Credit	4,667	14,503	THB 99,000	& USD 1,000
Trust Receipts	-	3,816	THB 38,410	
Overdraft	-	147	INR 2,535	
Onshore Foreign Currency Loan	7,139	7,139	JPY 126,644	& USD 695
	<u>14,874</u>	<u>28,673</u>		
Bank borrowings (Secured):				
<u>Classified as current liabilities</u>				
Term Loans	<u>2,458</u>	<u>7,072</u>	THB 46,440	& USD 550
<u>Classified as non-current liabilities</u>				
Term Loans				
- Repayable later than 1 year and not later than 2 years	2,499	7,613	THB 51,480	& USD 550
- Repayable later than 2 year and not later than 5 years	7,765	22,250	THB 145,800	& USD 1,650
- Repayable later than 5 years	14,746	15,577	THB 8,360	& USD 2,735
	<u>25,010</u>	<u>45,440</u>		
Total borrowings	<u>42,342</u>	<u>81,185</u>		

B8. 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 2012, 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.

B9. Material Litigation

There is no material litigation as at 14 November 2012, the latest practicable date which is not earlier than 7 days from the date of issue of this interim report.

B10. Dividend

The Board does not recommend any dividend for the current quarter ended 30 September 2012.



Interim financial report for the third quarter ended 30 September 2012

The figures have not been audited.

B11. Earnings Per Ordinary Share

	Current Quarter 2012	Year-To-Date 2012
Earnings		
Net profit/(loss) for the year (RM'000)	(1,579)	428
Weighted average number of shares		
(a) Basic		
Weighted average number of ordinary shares in issue ('000)	38,386	38,386
(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)	(4.11)	1.11

B12. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	9 months Ended 30/09/2012 RM'000	9 months Ended 30/09/2011 RM'000
Interest income	63	45
Other income	4,922	4,005
Interest expenses	2,163	1,300
Depreciation and amortisation	7,043	4,504
Provision for and write off of receivables	92	64
Loss/(Gain) on disposal of properties	(3,272)	(3,237)
Loss/(Gain) on foreign exchange:		
- realised	330	278
- unrealised	(294)	109

Other than the items mentioned above which have been included in the statement of comprehensive income, there were no impairment of assets, gain or loss on derivatives, gain or loss on disposal of subsidiaries and exceptional items included in the results for the current quarter ended 30 September 2012.

B13. 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 30/9/2012 RM'000	As at 31/12/2011 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	56,305	54,583
- Unrealised	1,156	2,691
	57,461	57,274
Total share of retained earnings from an associated company:		
- Realised	3,945	3,567
- Unrealised	-	-
	61,406	60,841
Less: Consolidation adjustments	188	325
Total Group retained earnings as per consolidated financial statements	61,594	61,166

By Order of the Board

Lim Kau Chia
Leong Oi Wah
Company Secretaries

Shah Alam
21 November 2012