



**Interim financial report for the first quarter ended 31 March 2013**

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 31/03/2013 RM'000	Comparative Quarter Ended 31/03/2012 RM'000	3 months Cumulative To Date 31/03/2013 RM'000	3 months Cumulative To Date 31/03/2012 RM'000
Revenue		48,734	46,431	48,734	46,431
Cost of sales		(42,875)	(41,682)	(42,875)	(41,682)
<b>Gross profit</b>		<b>5,859</b>	<b>4,749</b>	<b>5,859</b>	<b>4,749</b>
Other operating income		1,131	1,201	1,131	1,201
Selling and distribution expenses		(2,197)	(2,288)	(2,197)	(2,288)
Administration expenses		(3,037)	(1,597)	(3,037)	(1,597)
Other operating expenses		(107)	(501)	(107)	(501)
<b>Operating profit/(loss)</b>		<b>1,649</b>	<b>1,564</b>	<b>1,649</b>	<b>1,564</b>
Finance cost		(969)	(498)	(969)	(498)
Share of profit of an associate		204	155	204	155
<b>Profit/(loss) before tax</b>	B14	<b>884</b>	<b>1,221</b>	<b>884</b>	<b>1,221</b>
Taxation	B5	(231)	(331)	(231)	(331)
<b>Profit/(loss) for the period</b>		<b>653</b>	<b>890</b>	<b>653</b>	<b>890</b>
<b>Other comprehensive income:</b>					
Exchange differences on translation of foreign operations		3,682	(801)	3,682	(801)
<b>Total comprehensive income for the period</b>		<b>4,335</b>	<b>89</b>	<b>4,335</b>	<b>89</b>
Profit for the period attributable to:					
Equity holders of the Company		653	890	653	890
Total comprehensive income attributable to:					
Equity holders of the Company		4,335	89	4,335	89
<b>Earnings per share attributable to equity holders of the Company:</b>					
(a) Basic (Sen)		1.70	2.32	1.70	2.32
Weighted average number of ordinary shares in issue ('000)		38,385	38,387	38,385	38,387
(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 2012 and the accompanying explanatory notes attached to the interim financial statements.**



**Interim financial report for the first quarter ended 31 March 2013**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	NOTE	AS AT END OF CURRENT QUARTER 31/03/2013 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/2012 RM'000
<b>ASSETS</b>			
Non Current Assets			
Property, plant and equipment		122,120	118,416
Intangible assets		1,025	1,140
Investment in an associate		7,739	7,298
Other financial assets		31	30
Deferred tax assets		1,356	1,377
		<u>132,271</u>	<u>128,261</u>
Current Assets			
Inventories		38,532	35,362
Trade receivables		51,615	52,496
Others-receivables, sundries & prepayments		7,489	12,063
Amount due from an associate		-	-
Tax recoverable		4,907	372
Short term deposits		18,917	20,658
Cash and bank balances		18,847	16,303
		<u>140,307</u>	<u>137,254</u>
<b>TOTAL ASSETS</b>		<u><u>272,578</u></u>	<u><u>265,515</u></u>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to equity holders of the parent			
Share capital	A6	40,957	40,957
Treasury shares		(4,551)	(4,551)
Share premium		7,162	7,162
Statutory reserve		1,248	1,248
Exchange reserve		3,642	(40)
Unappropriated profits		64,639	63,986
Total equity		<u>113,097</u>	<u>108,762</u>
Non-current liabilities			
Borrowings (Secured)		44,791	45,253
Hire purchase and finance lease liabilities		9,706	9,024
Retirement benefits		1,688	1,877
Deferred taxation		763	763
		<u>56,948</u>	<u>56,917</u>
Current Liabilities			
Trade payables		38,939	31,346
Other payables		19,630	19,375
Hire purchase and finance lease liabilities		2,441	2,329
Amount due to an associate		-	135
Bank overdrafts (Unsecured)	B9	84	820
Borrowings (Secured/Unsecured)	B9	40,467	44,953
Provision for taxation		972	878
Dividend payable		-	-
		<u>102,533</u>	<u>99,836</u>
Total liabilities		<u>159,481</u>	<u>156,753</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>272,578</u></u>	<u><u>265,515</u></u>
Net assets per share attributable to equity holders of the parent (RM)			
		<u>2.95</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 2012 and the accompanying explanatory notes attached to the interim financial statements.



**Interim financial report for the first quarter ended 31 March 2013**

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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			
<b><u>3 months ended 31/03/2013</u></b>							
Balance at 1 January 2013	40,957	7,162	(4,551)	1,248	(40)	63,986	108,762
Shares repurchased	-	-	-	-	-	-	-
Appropriation to statutory reserve	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	3,682	653	4,335
Balance at 31 March 2013	<u>40,957</u>	<u>7,162</u>	<u>(4,551)</u>	<u>1,248</u>	<u>3,642</u>	<u>64,639</u>	<u>113,097</u>
<b><u>3 months ended 31/03/2012</u></b>							
Balance at 1 January 2012	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	-	-	-	-	(801)	890	89
Balance at 31 March 2012	<u>40,957</u>	<u>7,162</u>	<u>(4,548)</u>	<u>1,248</u>	<u>993</u>	<u>62,056</u>	<u>107,868</u>

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 2012 and the accompanying explanatory notes attached to the interim financial statements.



**Interim financial report for the first quarter ended 31 March 2013**

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	3 months Ended 31/03/2013 RM'000	3 months Ended 31/03/2012 RM'000
<b>Cash flows from/(used in) operating activities</b>		
Profit/(loss) before taxation	884	1,221
Adjustment for non-cash flow:-		
Non-cash items	4,853	(374)
Non-operating items (which are investing /financing)	<u>(678)</u>	<u>5,573</u>
Operating profit before changes in working capital	5,059	6,420
Changes in working capital		
Inventories	(3,170)	(3,444)
Trade and other receivables	920	(7,698)
Trade and other payables	7,524	3,802
Cash generated from operations	<u>10,333</u>	<u>(920)</u>
Defined benefits paid	-	(16)
Income tax refunded/(paid)	<u>(2,877)</u>	<u>(887)</u>
<b>Total cash flows from/(used in) operating activities</b>	<u>7,456</u>	<u>(1,823)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,632)	(11,692)
Disposal of property, plant and equipment	35	59
Payment of intangible assets	(8)	(37)
Acquisition of investments	-	-
Disposal of investments	-	-
Dividend received	3	3
Interest received	188	17
<b>Total cash flows from/(used in) investing activities</b>	<u>(3,414)</u>	<u>(11,650)</u>
<b>Cash flows from financing activities</b>		
Dividend paid to equity holders	-	-
Net proceeds from/(repayment of) borrowings	(5,684)	6,374
Net proceeds from/(repayment of) hire purchase and leased assets	3,881	-
Interest paid	(930)	(466)
Shares repurchased	-	(2)
<b>Total cash flows from/(used in) financing activities</b>	<u>(2,733)</u>	<u>5,906</u>
<b>Net increase/(decreased) in cash and cash equivalents</b>	1,308	(7,568)
Effects of foreign currency translation differences	332	(55)
Cash and cash equivalents at beginning of year	<u>36,040</u>	<u>20,284</u>
<b>Cash and cash equivalents at end of period</b>	<u>37,680</u>	<u>12,661</u>
<b>Cash and cash equivalents comprise:-</b>		
Bank overdraft	(84)	(458)
Short term deposits	18,917	1,398
Short term money market funds	441	77
Cash and bank balances	18,406	11,644
	<u>37,680</u>	<u>12,661</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 2012 and the accompanying explanatory notes attached to the interim financial statements.



**Interim financial report for the first quarter ended 31 March 2013**

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 2012.

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 2012 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2013.

The directors expect that the new MFRSs, IC Interpretations and Amendments to MFRSs which are issued and effective for periods beginning on or after 1 January 2013 do not have any material impact on the financial statements of the Group. The financial effects of the above MFRSs are still being assessed due to the complexity of these new MFRSs and Amendments to MFRSs, and their proposed changes.

**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 2012 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 2013.

There were no share buy back for the Company during the quarter. As at 31 March 2013, a total number of 2,572,500 shares are held as treasury shares and the number of outstanding shares in issue and fully paid is 38,384,500 ordinary shares of RM1.00 each.

**A7. Dividend Paid**

There was no dividend paid during the financial quarter ended 31 March 2013.



**Interim financial report for the first quarter ended 31 March 2013**

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 2013 are as follows :-

	Nichirin Group RM'000	Sunrise Group RM'000
Purchases of goods and services	2,636	5,422
Sales of goods and services	7,373	25
Royalties	99	75

**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	20,326	1,101	82,936
Thailand	21,449	407	116,054
India	5,670	265	21,033
Indonesia	1,289	(1,093)	44,816
Group's share of associated company result	N/A	204	7,739
	<u>48,734</u>	<u>884</u>	<u>272,578</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 10 May 2013, 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 10 May 2013 (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	245	668
Authorised but not contracted for	<u>4,315</u>	<u>4,315</u>
Contingent Liabilities	<u>50,305</u> *	<u>-</u>

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

- Three corporate guarantees 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-subsiary, Sunchirin Autoparts India Pvt. Ltd.
- Three corporate guarantees of USD3.10 million, USD1,100 million and IDR30 billion plus USD0.2 million for its Indonesia subsidiary, PT Sunchirin Industries Indonesia.



**Interim financial report for the first quarter ended 31 March 2013**

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 RM48.73 million in the first quarter which is 5% higher compared to RM46.43 million for the corresponding period last year. However, the Group recorded a lower profit before tax of RM0.89 million compared to a profit before tax of RM1.22 million incurred in the corresponding period last year due to higher start-up cost for the Indonesia operation, increased operating cost for Thai operation and higher finance costs incurred. The associate company in China contributed a profit of RM0.20 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 RM48.73 million compared to the RM51.32 million achieved in the preceding quarter. The Malaysian operation registered a decreased in revenue by 18% while the Thai operation reduced by 6% but the Indian operation increased by 33%. The Group registered a lower profit before tax of RM0.89 million compared to a profit of RM2.20 million previously. The share of profit from the associated company in China was at RM0.20 million compared to a profit of RM0.03 million previously. The Indian operation recorded a profit of RM0.27 million compared to loss of RM1.87 million in the previous quarter. The Indonesian operation incurred a loss of RM1.09 million during this period due to its initial stage of operation.

**B3. Prospects for the Current Financial Year 2013**

The Indonesian and Indian operations will continue to affect the Group overall profitability. The Indonesian operation which started mass production in January 2013 will continue to affect profitability due to its high start-up cost. The Indian operation continues to face a very challenging environment with a slowing economy and demand. Likewise, in Malaysia the industry is expected to undergo a phase of consolidation with slower demand.

The global economy continues to face uncertainty. The regional ASEAN growth rate has slowed down. The Group's operations are expected to continue to operate in a challenging environment with margins under pressure and higher labour costs.

**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	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	RM'000	RM'000	RM'000	RM'000
Current year's taxation				
- Malaysian income tax - current	155	124	155	124
- Malaysian income tax - prior year	-	-	-	-
- Foreign income tax	76	207	76	207
- Transfer from current year Malaysian deferred taxation account	-	-	-	-
- Transfer from prior year Malaysian deferred taxation account	-	-	-	-
- Transfer from foreign deferred taxation account	-	-	-	-
	<u>231</u>	<u>331</u>	<u>231</u>	<u>331</u>

The effective tax rate of the Group after the transfer from deferred taxation account was at 26% which is slightly higher than the statutory tax rate due to term loan interests. 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 and second 7 years tax exempt promotion privilege granted by the Board of Investment ("BOI"), Thailand to our Thai subsidiary had expired on 4 June 2007 and 22 June 2011 respectively. Provision for corporate tax of 23% was made for these projects. The Thai subsidiary had also obtained 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.

**B6. Status of Corporate Proposals**

At the Extraordinary General Meeting of the Company held on 17 May 2013, the shareholders have approved the Proposed Selective Capital Reduction and Repayment exercise under Section 64 of the Companies Act 1965("the Act") ("Proposed SCR").

The Proposed SCR entails a selective capital reduction and repayment under Section 64 of the Act which will result in the reduction of the issued and paid-up share capital of Sunchirin from RM38,384,500 comprising 38,384,500 Sunchirin Shares (excluding 2,572,500 treasury shares) to RM4,695,160 comprising 4,695,160 Sunchirin Shares by way of cancelling a total of 33,689,340 Sunchirin Shares comprising 18,716,300 Sunchirin Shares held by the shareholders of Sunchirin (other than the Joint Offerors) ("Other Shareholders") and 14,973,040 Sunchirin Shares held by the Joint Offerors.

The confirmation from the High Court of Malaya on the reduction of Sunchirin's share capital pursuant to Section 64 of the Act; will be sought to put the Proposed SCR into effect.



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**B7. Group Borrowings**

Total borrowings as at 31 March 2013 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	945	2,301	
Revolving Credit	4,890	25,310	THB 193,650 & USD 1,000
Trust Receipts	-	-	
Overdraft	-	84	INR 1,479
Onshore Foreign Currency Loan	4,553	4,553	JPY 57,412 & USD 864
	<u>10,388</u>	<u>32,248</u>	
Bank borrowings (Secured):			
<u>Classified as current liabilities</u>			
Term Loans	<u>2,487</u>	<u>8,303</u>	THB 55,154 & USD 550
<u>Classified as non-current liabilities</u>			
Term Loans			
- Repayable later than 1 year and not later than 2 years	2,529	8,380	THB 55,488 & USD 550
- Repayable later than 2 year and not later than 5 years	7,863	22,618	THB 139,928 & USD 1,650
- Repayable later than 5 years	13,480	13,793	THB 2,958 & USD 2,460
	<u>23,872</u>	<u>44,791</u>	
Total borrowings	<u>36,747</u>	<u>85,342</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 10 May 2013, 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 10 May 2013, 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 31 March 2013.

**B11. Earnings Per Ordinary Share**

	Current Quarter 2013	Year-To-Date 2013
<b>Earnings</b>		
Net profit/(loss) for the year (RM'000)	<u>653</u>	<u>653</u>
<b>Weighted average number of shares</b>		
(a) <b>Basic</b>		
Weighted average number of ordinary shares in issue ('000)	<u>38,385</u>	<u>38,385</u>
(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>	<u>1.70</u>	<u>1.70</u>





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**B12. Profit/(loss) before tax**

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

	3 months Ended 31/03/2013 RM'000	3 months Ended 31/03/2012 RM'000
Interest income	177	4
Other income	1,487	1,568
Interest expenses	891	498
Depreciation and amortisation	2,646	2,042
Provision for and write off of receivables	5	4
Loss/(Gain) on disposal of property, plant equipment	(6)	(34)
Loss/(Gain) on foreign exchange:		
- realised	(66)	(152)
- unrealised	(473)	(219)

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 31 March 2013.

**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 31/3/2013 RM'000	As at 31/12/2012 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	56,223	56,007
- Unrealised	4,405	2,045
	<u>60,628</u>	<u>58,052</u>
Total share of retained earnings from an associated company:		
- Realised	3,671	3,722
- Unrealised	-	-
	<u>64,299</u>	<u>61,774</u>
Less: Consolidation adjustments	340	282
Total Group retained earnings as per consolidated financial statements	<u><u>64,639</u></u>	<u><u>62,056</u></u>

**By Order of the Board**

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

**Shah Alam**  
**17 May 2013**