

6 MONTHS PERIOD ENDED 31 JULY 2014



SAPURA RESOURCES BERHAD
(Company No.: 3136-D)

Interim Financial Statements for the 2nd quarter ended 31 July 2014

The Board of Directors is pleased to announce the
unaudited financial results of the Group for the 2nd quarter ended 31 July 2014

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SAPURA RESOURCES BERHAD - UNAUDITED FINANCIAL RESULTS Q2 FY2015

6 MONTHS PERIOD ENDED 31 JULY 2014

Sapura Resources Berhad (Company No.: 3136-D)

Unaudited Condensed Consolidated Statements of Comprehensive Income for the 2nd Quarter ended 31 July 2014

	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
		31.07.2014 RM'000	31.07.2013 RM'000	31.07.2014 RM'000	31.07.2013 RM'000
Revenue		9,991	8,713	19,486	18,673
Operating expenses		(13,761)	(13,808)	(26,097)	(26,860)
Other income	3	550	910	1,330	1,734
Operating loss		(3,220)	(4,185)	(5,281)	(6,453)
Finance costs		(36)	(247)	(71)	(476)
Loss before tax before share of result		(3,256)	(4,432)	(5,352)	(6,929)
Share of result of associates		5,199	5,798	9,231	10,031
Share of result of joint ventures		292	(32)	90	(166)
Profit before tax		2,235	1,334	3,969	2,936
Taxation		(178)	(8)	(282)	(131)
Profit, net of tax		2,057	1,326	3,687	2,805
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		2,057	1,326	3,687	2,805
Profit, represent total comprehensive income for the period attributable to :					
Owners of the parent		2,057	1,326	3,687	2,805
Non-controlling interests		-	-	-	-
		2,057	1,326	3,687	2,805
Earnings per share attributable to Owners of the parent :		Sen	Sen	Sen	Sen
Basic, profit for the period	23	1.47	0.95	2.64	2.01

These unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2014

SAPURA RESOURCES BERHAD - UNAUDITED FINANCIAL RESULTS Q2 FY2015

6 MONTHS PERIOD ENDED 31 JULY 2014

Sapura Resources Berhad (Company No.: 3136-D)
Unaudited Condensed Consolidated Statements of Financial Position as at 31 July 2014

	Note	31.07.2014	31.01.2014
		RM'000	RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		44,206	46,303
Investment properties		129,290	131,179
Investments in associates		151,494	142,262
Investments in joint ventures		1,682	1,445
		<u>326,672</u>	<u>321,189</u>
CURRENT ASSETS			
Inventories		18	19
Trade and other receivables		11,902	7,540
Prepayments		43	91
Other current financial assets	18	703	36,451
Tax recoverable		24	97
Cash and bank balances		37,372	5,038
		<u>50,062</u>	<u>49,236</u>
TOTAL ASSETS		<u>376,734</u>	<u>370,425</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		139,600	139,600
Other reserves		2,581	2,581
Retained profits		207,484	203,797
Total equity		<u>349,665</u>	<u>345,978</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		7,039	7,039
Loan and borrowings	20	1,372	1,559
		<u>8,411</u>	<u>8,598</u>
CURRENT LIABILITIES			
Trade and other payables		15,617	15,359
Loan and borrowings	20	3,041	490
		<u>18,658</u>	<u>15,849</u>
TOTAL LIABILITIES		<u>27,069</u>	<u>24,447</u>
TOTAL EQUITY AND LIABILITIES		<u>376,734</u>	<u>370,425</u>
NET ASSETS PER SHARE (RM)		<u>2.50</u>	<u>2.48</u>

These unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2014

SAPURA RESOURCES BERHAD - UNAUDITED FINANCIAL RESULTS Q2 FY2015

6 MONTHS PERIOD ENDED 31 JULY 2014

Sapura Resources Berhad (Company No.: 3136-D)

Unaudited Condensed Consolidated Statement of Changes in Equity for the period ended 31 July 2014

	Attributable to owners of the parent				Subtotal	Non-Controlling Interests	Total Equity
	<-- Non-distributable -->	<--- Distributable --->					
	Share Capital	Capital Reserve	General Reserve	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1.2.2014	139,600	1,481	1,100	203,797	345,978	-	345,978
Profit for the period, being total comprehensive income for the period	-	-	-	3,687	3,687	-	3,687
At 31.07.2014	139,600	1,481	1,100	207,484	349,665	-	349,665
At 1.2.2013	139,600	1,481	1,100	210,350	352,531	-	352,531
Profit for the period, being total comprehensive income for the period	-	-	-	2,805	2,805	-	2,805
Dividend on ordinary shares	-	-	-	(16,030)	(16,030)	-	(16,030)
At 31.07.2013	139,600	1,481	1,100	197,125	339,306	-	339,306

These unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2014

6 MONTHS PERIOD ENDED 31 JULY 2014

Sapura Resources Berhad (Company No.: 3136-D)

Unaudited Condensed Consolidated Statements of Cash Flows for the period ended 31 July 2014

	For the 6 months period ended 31.07.2014	For the 6 months period ended 31.07.2013
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3,969	2,936
Adjustment for non-cash items:	(4,295)	(5,822)
Cash flows before working capital changes	(326)	(2,886)
Net changes in current assets	(4,225)	215
Net changes in current liabilities	(331)	451
Net cash used in operating activities	(4,882)	(2,220)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,230)	(2,144)
Acquisition of jointly controlled entity	(147)	-
Proceeds from redemption of unit trust	35,748	6,992
Dividend received	-	210
Interest received	552	1,104
Net cash generated from investing activities	34,923	6,162
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of obligation under finance lease	(136)	(223)
Drawdown of short term borrowings	2,500	-
Dividend paid	-	(6,992)
Interest paid	(71)	(476)
Net cash generated from/(used in) financing activities	2,293	(7,691)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	32,334	(3,749)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,038	3,871
CASH AND CASH EQUIVALENTS AT END OF PERIOD	37,372	122

These unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2014

6 MONTHS PERIOD ENDED 31 JULY 2014

Sapura Resources Berhad (Company No.: 3136-D)

EXPLANATORY NOTES

1 BASIS OF PREPARATION

The interim financial statements have been prepared under the historical cost convention. The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and Chapter 9.22, part K of Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The interim financial report is in compliance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the explanatory notes attached to the interim financial statements which provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

2 CHANGES IN ACCOUNTING POLICIES

On 1 February 2013, the Group adopted the following new and amended MFRSs for annual financial period beginning on or after 1 February 2013.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 132 : Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136 : Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139 : Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
MFRS 9 Financial Instruments	1 January 2015

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

3 OTHER INCOME

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	31.07.2014	31.07.2013	31.07.2014	31.07.2013
	RM'000	RM'000	RM'000	RM'000
Interest income	31	541	291	1,104
Miscellaneous income	519	369	1,039	630
	<u>550</u>	<u>910</u>	<u>1,330</u>	<u>1,734</u>

4 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 January 2014 was not qualified.

6 MONTHS PERIOD ENDED 31 JULY 2014

EXPLANATORY NOTES (CON'T)

5 SEASONAL OR CYCLICAL FACTORS

The Group's performance is not significantly affected by any seasonal or cyclical fluctuations.

6 UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group.

7 CHANGES IN ACCOUNTING ESTIMATES

There were no materials changes in accounting estimates of the amounts reported in the previous financial year that have a material effect on the results of the current reporting period.

8 DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale or repayment of debt and equity securities.

9 SEGMENTAL REPORTING

Analysis of the Group's revenue and results by segments are as follows:-

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	31.07.2014	31.07.2013	31.07.2014	31.07.2013
	RM'000	RM'000	RM'000	RM'000
Revenue:				
Investment holding	-	210	-	210
Property investment	5,542	5,142	11,105	10,094
Aviation	4,449	3,571	8,381	8,579
Elimination	-	(210)	-	(210)
	<u>9,991</u>	<u>8,713</u>	<u>19,486</u>	<u>18,673</u>
Profit before tax:				
Investment holdings	(441)	579	(108)	665
Property investment	1,935	1,213	3,705	2,493
Aviation	(115)	(1,177)	(103)	(1,321)
Corporate Services	(4,635)	(4,837)	(8,846)	(8,556)
Elimination	-	(210)	-	(210)
	<u>(3,256)</u>	<u>(4,432)</u>	<u>(5,352)</u>	<u>(6,929)</u>
Share of result of associates	5,199	5,798	9,231	10,031
Share of result of joint ventures	292	(32)	90	(166)
	<u>2,235</u>	<u>1,334</u>	<u>3,969</u>	<u>2,936</u>

10 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There were no material events subsequent to end of the reporting year other than note 19.

6 MONTHS PERIOD ENDED 31 JULY 2014

EXPLANATORY NOTES (CON'T)

11 CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current financial period except for the followings:

- i) On 24 February 2014, the Company announced that Sapura Aero Sdn Bhd ("SASB"), a wholly-owned subsidiary of the Company had acquired a shelf private limited company incorporated in Malaysia known as AeroDome Senai Sdn Bhd ("ASSB") for a cash consideration of RM2.00. The intended principal activity of ASSB shall be in the aviation business.
- ii) On 4 March 2014, the Company announced that SASB, a wholly-owned subsidiary of the Company, had on 4 March 2014 entered into a Joint venture and Shareholders Agreement ("JVSA") with ISY Holdings Sdn Bhd ("ISY") for the purpose of participating in a joint-venture company called ISY Aerina Sdn Bhd ("the JV Co").

The purpose of the JV Co is to develop an aircraft hangar building on a piece of land measuring 38,750 sq. ft. at Plot C, Bay 14, Sultan Abdul Aziz Shah Airport Subang, Selangor which comprises compartments of aircraft hangars for housing aircraft and units of offices (collectively referred as "the Aircraft Hangar").

On 4 April 2014, the Company announced that all Conditions Precedent in relation to the JVSA have been unconditionally fulfilled and fully satisfied as of 4 April 2014 and, subsequently, the subscription of 147,000 shares and 153,000 shares by SASB and ISY respectively in ISY Aerina have been effected accordingly.

- iii) On 8 April 2014, the Company announced that its subsidiary, Kudos Asia Pacific Sdn Bhd, have been struck-off from the Register of the Suruhanjaya Syarikat Malaysia ("SSM") in accordance with Section 308(4) of the Companies Act, 1965 with effect from 30 October 2013, of which the Notice of Striking-Off was received from SSM on 9 April 2014.
- iv) On 30 April 2014, the Company announced that its subsidiary, Inter-Flex Assets Sdn Bhd, have been struck-off from the Register of the Suruhanjaya Syarikat Malaysia ("SSM") in accordance with Section 308(4) of the Companies Act, 1965 with effect from 13 September 2013, of which the Notice of Striking-Off was received from SSM on 29 April 2014.

12 CONTINGENT LIABILITIES

There were no material changes in contingent liabilities of the Group since the last annual reporting date.

13 CAPITAL COMMITMENTS

	As at 31.07.2014	As at 31.01.2014
	RM'000	RM'000
Approved and contracted for:		
Property, plant and equipment	-	-
Approved but not contracted for:		
Property, plant and equipment	36	706
	<u>36</u>	<u>706</u>

14 REVIEW OF PERFORMANCE

Three (3) months results – Q2FY2015 vs Q2FY2014

Revenue for the three (3) months period under review increased from RM8.7 million to RM10.0 million (an increase of RM1.3 million or 15%) mainly due to higher revenue from aviation.

Profit attributable to owners of the parent for the three (3) months increased to RM2.1 million from profit of RM1.3 million mainly due to higher revenue generated by the Group.

6 MONTHS PERIOD ENDED 31 JULY 2014

EXPLANATORY NOTES (CON'T)

14 REVIEW OF PERFORMANCE (con't)

Six (6) months results – YTD FY2015 vs. YTD FY2014

Revenue for the six (6) months period under review increased from RM18.7 million to RM19.5 million (an increase of RM0.8 million or 4%) mainly due to higher revenue from property investment.

Profit attributable to owners of the parent for the six (6) months increased to RM3.7 million from profit of RM2.8 million mainly due to increase in revenue from aviation and decrease in Group operating expenses.

15 MATERIAL CHANGES IN THE QUARTERLY RESULTS COMPARED TO THE PRECEDING QUARTER

The Group recorded a profit attributable to owners of the parent of RM2.1 million in the period under review, compared to a profit of RM1.6 million in the immediate preceding quarter mainly due to increase in results of associates.

16 PROSPECTS

The Group is currently in investing mode, the Board of Directors expects challenging environment going forward.

17 TAXATION

	6 months ended 31.07.2014	6 months ended 31.07.2013
	RM'000	RM'000
Malaysian taxation	282	131
	<u>282</u>	<u>131</u>

18 OTHER CURRENT FINANCIAL ASSETS

	As at 31.07.2014	As at 31.01.2014
	RM'000	RM'000
Held for trading investments:		
Quoted equity shares	703	716
Quoted investment in units	-	35,735
Total financial assets at fair value through profit or loss	<u>703</u>	<u>36,451</u>

19 CORPORATE PROPOSALS

(a) On 19 July 2011, the Company announced that it had entered into a joint venture agreement ("JVA") with KLCC (Holdings) Sdn Bhd ("KLCC") whereby both the Company and KLCC ("Parties") have agreed to collaborate with each other, via a joint venture vehicle known as Impian Bebas Sdn Bhd for the following:

- (i) to construct a premier Grade A office tower ("Office Tower") together with a convention centre or exhibition hall ("Convention Centre") and a retail podium ("Retail Podium") (collectively referred to as "Commercial Buildings") on the Land; and
- (ii) Leasing of the Commercial Buildings upon the completion thereof.

On 3 December 2013, the Company announced that it had entered into the Supplemental JVA with KLCC to vary certain terms of the JVA which includes, among others, the equity interest and consideration to be paid for the Proposed Acquisition would be reduced from 51% to 50% and from RM110,678,118 to RM108,507,960, respectively.

On 21 April 2014, the Company announced that the Board has approved the Proposed Joint Venture.

On 19 June 2014, the Company announced that the shareholders of the Company has approved the Proposed Joint Venture.

6 MONTHS PERIOD ENDED 31 JULY 2014

EXPLANATORY NOTES (CON'T)

19 CORPORATE PROPOSALS (CON'T)

On 30 June 2014, the Company announces that all the Conditions Precedent have been fulfilled and the completion of the Proposed Acquisition will be a date falling twenty one (21) business days after the Unconditional Date or such other date as may be agreed between the Parties.

On 1 August 2014, the Company announces that the Completion Date for the Proposed Acquisition pursuant to the JVA and Supplemental JVA has been extended to 2 September 2014.

Subsequently, on 2 September 2014, the Company announces that the Completion Date for the Proposed Acquisition pursuant to the JVA and Supplemental JVA has been extended to 2 October 2014.

- (b) On 4 March 2014, the Company announced that SASB, a wholly-owned subsidiary of the Company, had entered into a Joint Venture and Shareholders Agreement ("JVSA") with ISY Holdings Sdn Bhd ("ISY") for the purpose of participating in a joint-venture company called ISY Aerina Sdn Bhd ("the JV Co").

The purpose of the JV Co is to develop an aircraft hangar building on a piece of land measuring 38,750 sq.ft. at Plot C, Bay 14, Sultan Abdul Aziz Shah Airport Subang, Selangor which comprises compartments of aircraft hangars for housing aircraft and units of offices (collectively referred as "the Aircraft Hangar").

On Completion Date of the JVSA, each party shall subscribe for new ordinary shares in the JV Co of up to RM300,000 in cash. The new shareholding structure in the JV Co will subsequently be as follows:-

(i) Sapura Aero Sdn Bhd ("SASB") - 49% equity comprising 147,000 ordinary shares of RM1.00 each

(ii) ISY Holdings Sdn Bhd ("ISY") - 51% equity comprising 153,000 ordinary shares of RM1.00 each

In addition, SASB to subscribe Redeemable Cumulative Preference Shares ("RCPS") in JV Co with a face value of RM1.00 each, up to a maximum amount of RM3.9 million.

SASB's total investment in the JV Co will be approximately RM4.05million, which will be financed by internally generated funds.

20 LOAN AND BORROWINGS

- (a) Details of Group's borrowings are as follows:

	As at 31.07.2014	As at 31.01.2014
	RM'000	RM'000
Short term:		
Secured	541	490
Unsecured	2,500	-
	<u>3,041</u>	<u>490</u>
Long term - secured	1,372	1,559
Total borrowings	<u>4,413</u>	<u>2,049</u>

- (b) Currency denominations

All the loan and borrowings are denominated in Ringgit Malaysia.

21 MATERIAL LITIGATION

The Company and its subsidiaries have no outstanding material litigation as at the date of this announcement.

22 DIVIDEND

The Board of Directors does not recommend any dividend for the quarter under review.

6 MONTHS PERIOD ENDED 31 JULY 2014

EXPLANATORY NOTES (CON'T)

23 EARNINGS PER SHARE

The earnings per share has been calculated based on the profit attributable to Owners of the Parent of RM3,687,000 divided by the number of ordinary shares in issue during the period of 139,600,000.

24 ADDITIONAL INFORMATION

The following items are included in the statement of comprehensive income:-

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	31.07.2014	31.07.2013	31.07.2014	31.07.2013
	RM'000	RM'000	RM'000	RM'000
Interest expense	36	247	71	476
Depreciation and amortisation	2,587	2,593	5,195	5,158
Net fair value gain on held for trading investment securities	-	(69)	27	(111)

25 BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

	As at 31.07.2014	As at 31.01.2014
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	106,749	112,795
- Unrealised	(6,197)	(6,297)
	100,552	106,498
Total share of retained profits from associated companies:		
- Realised	42,520	32,413
- Unrealised	(1,441)	(1,441)
	41,079	30,972
Consolidation adjustments	65,853	66,327
Retained profits as per financial statements	207,484	203,797

26 APPROVAL OF INTERIM FINANCIAL STATEMENT

The interim financial statements have been approved for issue in accordance with a resolution of The Board of Directors on 23 September 2014.

Tai Yit Chan (MAICSA 7009143)
Hajar Binti Sheikh Ali (MAICSA 7017229)
Company Secretaries