

SAPURA RESOURCES BERHAD - UNAUDITED FINANCIAL RESULTS Q3 FY2016

9 MONTHS PERIOD ENDED 31 OCTOBER 2015

Sapura Resources Berhad
Unaudited Financial Results Q3 FY2016
Period Ended 31 October 2015



SAPURA RESOURCES BERHAD

(Company No.: 3136-D)

Interim Financial Statements for the 3rd quarter ended 31 October 2015

The Board of Directors is pleased to announce the
unaudited financial results of the Group for the 3rd quarter ended 31 October 2015

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9 MONTHS PERIOD ENDED 31 OCTOBER 2015

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

Unaudited Condensed Consolidated Statements of Comprehensive Income for the 3rd Quarter ended 31 October 2015

	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
		31.10.2015 RM'000	31.10.2014 RM'000	31.10.2015 RM'000	31.10.2014 RM'000
Revenue		11,385	10,249	32,080	29,735
Operating expenses		(15,179)	(13,933)	(39,693)	(40,030)
Other income	3	722	633	2,260	1,963
Operating loss		(3,072)	(3,051)	(5,353)	(8,332)
Finance costs		(2,266)	(48)	(6,517)	(119)
Loss before tax before share of result		(5,338)	(3,099)	(11,870)	(8,451)
Share of result of joint ventures		(250)	14,101	(786)	14,191
Share of result of associates		4,183	5,588	12,989	14,819
(Loss)/Profit before tax		(1,405)	16,590	333	20,559
Taxation	17	(180)	(172)	(881)	(454)
(Loss)/Profit, net of tax		(1,585)	16,418	(548)	20,105
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/income for the period		(1,585)	16,418	(548)	20,105
(Loss)/Profit, represent total comprehensive (loss)/income for the period attributable to :					
Owners of the parent		(1,585)	16,418	(548)	20,105
Non-controlling interests		-	-	-	-
		(1,585)	16,418	(548)	20,105
(Loss)/Earnings per share attributable to Owners of the parent :		Sen	Sen	Sen	Sen
Basic, (loss)/profit for the period	24	(1.13)	11.76	(0.39)	14.40

These unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2015.

SAPURA RESOURCES BERHAD - UNAUDITED FINANCIAL RESULTS Q3 FY2016

9 MONTHS PERIOD ENDED 31 OCTOBER 2015

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

Unaudited Condensed Consolidated Statements of Financial Position as at 31 October 2015

	Note	Unaudited 31.10.2015 RM'000	Audited 31.01.2015 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		42,136	42,651
Investment properties		124,976	127,401
Investments in associates		172,450	159,461
Investments in joint ventures		133,825	134,611
		<u>473,387</u>	<u>464,124</u>
CURRENT ASSETS			
Inventories		24	38
Trade and other receivables		9,807	11,193
Prepayments		8,911	3,574
Other current financial assets	18	342	435
Tax recoverable		321	507
Cash and bank balances	19	37,895	44,095
		<u>57,300</u>	<u>59,842</u>
TOTAL ASSETS		<u>530,687</u>	<u>523,966</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		223,367	227,405
Total equity		<u>365,548</u>	<u>369,586</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		6,740	6,653
Loan and borrowings	21	127,620	127,478
		<u>134,360</u>	<u>134,131</u>
CURRENT LIABILITIES			
Trade and other payables		17,810	17,748
Loan and borrowings	21	12,969	2,501
		<u>30,779</u>	<u>20,249</u>
TOTAL LIABILITIES		<u>165,139</u>	<u>154,380</u>
TOTAL EQUITY AND LIABILITIES		<u>530,687</u>	<u>523,966</u>
NET ASSETS PER SHARE (RM)		<u>2.62</u>	<u>2.65</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 2015

SAPURA RESOURCES BERHAD - UNAUDITED FINANCIAL RESULTS Q3 FY2016

9 MONTHS PERIOD ENDED 31 OCTOBER 2015

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

Unaudited Condensed Consolidated Statement of Changes in Equity for the period ended 31 October 2015

	<-- Non-distributable -->		<--- Distributable --->		
	Share Capital	Capital Reserve	General Reserve	Retained Profits	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1.2.2015	139,600	1,481	1,100	227,405	369,586
Loss for the period, being total comprehensive loss for the period	-	-	-	(548)	(548)
Dividend on ordinary shares	-	-	-	(3,490)	(3,490)
At 31.10.2015	139,600	1,481	1,100	223,367	365,548
At 1.2.2014	139,600	1,481	1,100	203,797	345,978
Profit for the period, being total comprehensive income for the period	-	-	-	20,105	20,105
At 31.10.2014	139,600	1,481	1,100	223,902	366,083

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 2015.

9 MONTHS PERIOD ENDED 31 OCTOBER 2015

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

Unaudited Condensed Consolidated Statements of Cash Flows for the period ended 31 October 2015

	For the 9 months period ended 31.10.2015	For the 9 months period ended 31.10.2014
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	333	20,559
Adjustments:		
Non cash item	330	(21,495)
Operating profit/(loss) before working capital changes	663	(936)
Net changes in current assets	(3,844)	(9,770)
Net changes in current liabilities	62	1,409
Tax paid	(704)	(419)
Net cash used in operating activities	(3,823)	(9,716)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,819)	(1,904)
Acquisition of jointly controlled entity	-	(108,655)
Proceeds from redemption of unit trust	-	35,748
Interest received	973	553
Net cash used in investing activities	(2,846)	(74,258)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(365)	(310)
Drawdown of borrowings	10,400	90,786
Dividend paid	(3,490)	-
Interest paid	(6,076)	(119)
Net cash generated from financing activities	469	90,357
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(6,200)	6,383
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	41,408	5,038
CASH AND CASH EQUIVALENTS AT END OF PERIOD (NOTE 19)	35,208	11,421

These unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2015.

9 MONTHS PERIOD ENDED 31 OCTOBER 2015

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 3: Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)	1 July 2014
Amendments to MFRS 8: Operating Segments (Annual Improvements 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 13: Fair Value Measurement (Annual Improvements 2011-2013 Cycle)	1 July 2014
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 119: Employee Benefits - Defined Benefit Plans: Employee Contributions	1 July 2014
Amendments to MFRS 124: Related Party Disclosures (Annual Improvements 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 138: Intangible Assets (Annual Improvements 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 140: Investment Property (Annual Improvements 2010-2013 Cycle)	1 July 2014

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 9 Months Ended	
	31.10.2015	31.10.2014	31.10.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000
Interest income	279	262	897	553
Miscellaneous income	443	371	1,363	1,410
	<u>722</u>	<u>633</u>	<u>2,260</u>	<u>1,963</u>

9 MONTHS PERIOD ENDED 31 OCTOBER 2015

EXPLANATORY NOTES (CON'T)

4 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 January 2015 was not qualified.

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		Cumulative Quarter	
	3 Months Ended		9 Months Ended	
	31.10.2015	31.10.2014	31.10.2015	31.10.2014
	RM'000	RM'000	RM'000	RM'000
Revenue:				
Property investment	6,228	6,066	18,618	17,170
Aviation	5,157	4,183	13,462	12,565
Corporate services	966	590	1,665	1,180
Elimination	(966)	(590)	(1,665)	(1,180)
	<u>11,385</u>	<u>10,249</u>	<u>32,080</u>	<u>29,735</u>
(Loss)/Profit before tax:				
Investment holdings	(2,691)	(1,134)	(6,673)	(1,712)
Property investment	2,977	2,507	8,741	6,153
Aviation	(1,550)	(300)	(1,989)	(344)
Corporate services	(3,108)	(3,582)	(10,284)	(11,368)
Eliminations	(966)	(590)	(1,665)	(1,180)
	<u>(5,338)</u>	<u>(3,099)</u>	<u>(11,870)</u>	<u>(8,451)</u>
Share of result of associates	4,183	5,588	12,989	14,819
Share of result of joint ventures	(250)	14,101	(786)	14,191
	<u>(1,405)</u>	<u>16,590</u>	<u>333</u>	<u>20,559</u>

9 MONTHS PERIOD ENDED 31 OCTOBER 2015

EXPLANATORY NOTES (CON'T)

10 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There were no material events subsequent to end of the reporting period.

11 CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group since the last annual reporting date.

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 31.10.2015	As at 31.01.2015
	RM'000	RM'000
Approved and contracted for:		
Property, plant and equipment	677	562
Approved but not contracted for:		
Property, plant and equipment	31,463	32,092
	<u>32,140</u>	<u>32,654</u>

14 REVIEW OF PERFORMANCE

(a) Three (3) months results – Q3FY2016 vs Q3FY2015

The Group revenue for the three (3) months period under review increased from RM10.3 million to RM11.4 million (an increase of RM1.1 million or 11% mainly due to higher revenue registered in aviation and property investment).

Profit attributable to owners of the parent for the three (3) months decreased to a loss of RM1.6 million from a profit of RM16.4 million mainly due to bargain purchase gain of investment in 50% equity interest in IBSB of RM14.3 million recorded in Q3 FY2015 and higher finance costs related to loan for the said investment.

(b) Nine (9) months results – YTFY16 vs YTFY15

Revenue for the nine (9) months period under review increased from RM29.7 million to RM32.1 million (an increase of RM2.3 million or 8% mainly due to higher revenue registered in aviation and property investment).

Profit attributable to owners of the parent for the nine (9) months decreased to a loss of RM0.5 million from a profit of RM20.1 million mainly due to bargain purchase gain of investment in 50% equity interest in IBSB of RM14.3 million recorded in Q3 FY2015 and higher finance costs related to loan for the said investment.

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

The Group recorded a loss attributable to owners of the parent of RM1.6 million in the current quarter, compared to a profit of RM0.7 million in the immediate preceding quarter mainly due to higher operating expenses arising from commencement of new operations in Senai Airport.

9 MONTHS PERIOD ENDED 31 OCTOBER 2015

EXPLANATORY NOTES (CON'T)

16 PROSPECTS

The current challenging economic environment may impact our Aviation business adversely. This, together with the continued losses recorded at our Cable Manufacturing associate company, may result in a loss for the Group's full year FY16 results. However, the Board is confident that the medium term prospect of the Group remains positive.

17 TAXATION

	9 months ended 31.10.2015	9 months ended 31.10.2014
	RM'000	RM'000
Malaysian taxation	881	454
	<u>881</u>	<u>454</u>

18 OTHER CURRENT FINANCIAL ASSETS

	As at 31.10.2015	As at 31.01.2015
	RM'000	RM'000
Held for trading investments:		
Quoted equity shares	342	435
Total financial assets at fair value through profit or loss	<u>342</u>	<u>435</u>

19 CASH AND BANK BALANCES

	As at 31.10.2015	As at 31.01.2015
	RM'000	RM'000
Cash in hand and banks	5,569	8,279
Deposit with licensed institutions	<u>32,326</u>	<u>35,816</u>
	37,895	44,095
Less: Restricted cash*	<u>(2,687)</u>	<u>(2,687)</u>
Cash and cash equivalents	<u>35,208</u>	<u>41,408</u>

* Restricted cash is deposit with licensed bank pledged for credit facility granted to the Group in prior year.

9 MONTHS PERIOD ENDED 31 OCTOBER 2015

EXPLANATORY NOTES (CON'T)

20 CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at the date of the announcement.

21 LOAN AND BORROWINGS

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

	As at 31.10.2015 RM'000
Current:	
Secured – Obligations under finance leases	569
Unsecured - Revolving credit	12,400
	<u>12,969</u>
Non-current:	
Secured:	
- Obligations under finance leases	713
- Loan from a financial institution	89,702
- Loan from a holding company	37,205
	<u>127,620</u>
Total borrowings	<u>140,589</u>

(b) Currency denominations

All the loan and borrowings are denominated in Ringgit Malaysia.

22 MATERIAL LITIGATION

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

23 DIVIDEND

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

EXPLANATORY NOTES (CON'T)

24 EARNINGS PER SHARE

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

25 ADDITIONAL INFORMATION

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

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.10.2015 RM'000	31.10.2014 RM'000	31.10.2015 RM'000	31.10.2014 RM'000
Interest expense	2,266	48	6,517	119
Depreciation and amortisation	2,333	2,637	6,896	7,832
Net fair value loss on held for trading investment securities	57	147	93	160
	<u>57</u>	<u>147</u>	<u>93</u>	<u>160</u>

9 MONTHS PERIOD ENDED 31 OCTOBER 2015
EXPLANATORY NOTES (CON'T)

26 BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

	<u>As at</u> <u>31.10.2015</u> RM'000	<u>As at</u> <u>31.01.2015</u> RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	76,244	92,480
- Unrealised	<u>5,765</u>	<u>5,765</u>
	82,009	98,245
Total share of retained profits from associated companies:		
- Realised	63,347	50,659
- Unrealised	<u>(2,188)</u>	<u>(2,188)</u>
	61,159	48,471
Total share of retained profits from joint ventures companies		
- Realised	13,352	(94)
- Unrealised	<u>14,292</u>	<u>14,292</u>
	27,644	14,198
Consolidation adjustments	<u>52,555</u>	<u>66,491</u>
Retained profits as per financial statements	<u>223,367</u>	<u>227,405</u>

27 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 27 November 2015.

Tai Yit Chan (MAICSA 7009143)
 Company Secretary