

SAPURA RESOURCES BERHAD - UNAUDITED FINANCIAL RESULTS Q3 FY2017

9 MONTHS PERIOD ENDED 31 OCTOBER 2016

Sapura Resources Berhad
Unaudited Financial Results Q3 FY2017
Period Ended 31 October 2016



SAPURA RESOURCES BERHAD

(Company No.: 3136-D)

Interim Financial Statements for the 3rd quarter ended 31 October 2016

The Board of Directors is pleased to announce the
unaudited financial results of the Group for the 3rd quarter ended 31 October 2016

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SAPURA RESOURCES BERHAD - UNAUDITED FINANCIAL RESULTS Q3 FY2017

9 MONTHS PERIOD ENDED 31 OCTOBER 2016

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

Unaudited Condensed Consolidated Statements of Comprehensive Income for the 3rd Quarter ended 31 October 2016

	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
		Unaudited 31.10.2016	Unaudited 31.10.2015	Unaudited 31.10.2016	Unaudited 31.10.2015
		RM'000	RM'000	RM'000	RM'000
Revenue		12,390	11,385	37,515	32,080
Operating expenses		(16,637)	(15,179)	(48,213)	(39,693)
Other income	3	100,955	722	102,326	2,260
Operating profit/(loss)		<u>96,708</u>	<u>(3,072)</u>	<u>91,628</u>	<u>(5,353)</u>
Finance costs		(1,645)	(2,266)	(5,989)	(6,517)
Profit/(Loss) before tax before share of result		<u>95,063</u>	<u>(5,338)</u>	<u>85,639</u>	<u>(11,870)</u>
Share of result of associates		1,683	4,183	3,199	12,989
Share of result of joint ventures		(10)	(250)	(67)	(786)
Profit/(Loss) before tax		<u>96,736</u>	<u>(1,405)</u>	<u>88,771</u>	<u>333</u>
Taxation	17	(2,391)	(180)	(3,030)	(881)
Profit/(Loss), before disposed associates share of results, net of tax		<u>94,345</u>	<u>(1,585)</u>	<u>85,741</u>	<u>(548)</u>
Disposal of associates during the period:					
Share of result of disposed associates		3,976	-	16,972	-
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the period		<u>98,321</u>	<u>(1,585)</u>	<u>102,713</u>	<u>(548)</u>
Profit, represent total comprehensive income for the period attributable to :					
Owners of the parent		98,321	(1,585)	102,713	(548)
Non-controlling interests		-	-	-	-
		<u>98,321</u>	<u>(1,585)</u>	<u>102,713</u>	<u>(548)</u>
Earnings per share attributable to Owners of the parent :		Sen	Sen	Sen	Sen
Basic, profit for the period	25	<u>70.43</u>	<u>(1.14)</u>	<u>73.58</u>	<u>(0.39)</u>

These unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2016.

SAPURA RESOURCES BERHAD - UNAUDITED FINANCIAL RESULTS Q3 FY2017

9 MONTHS PERIOD ENDED 31 OCTOBER 2016

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

Unaudited Condensed Consolidated Statements of Financial Position as at 31 October 2016

	Note	Unaudited 31.10.2016 RM'000	Audited 31.01.2016 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		40,929	42,669
Investment properties		122,183	124,223
Investments in associates		8,638	5,439
Investments in joint ventures		133,747	133,962
		<u>305,497</u>	<u>306,293</u>
CURRENT ASSETS			
Inventories		16	22
Trade and other receivables		17,950	13,974
Prepayments		3,259	5,596
Other current financial assets	18	264	300
Tax recoverable		898	761
Short term investment		28,111	32,326
Cash and bank balances	19	150,163	5,594
		<u>200,661</u>	<u>58,573</u>
Non-current assets held for sale		-	174,937
		<u>200,661</u>	<u>233,510</u>
TOTAL ASSETS		<u>506,158</u>	<u>539,803</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		309,099	226,628
Total equity		<u>451,280</u>	<u>368,809</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		7,031	6,970
Loan and borrowings		247	53,173
		<u>7,278</u>	<u>60,143</u>
CURRENT LIABILITIES			
Trade and other payables		47,237	19,842
Loan and borrowings		363	91,009
		<u>47,600</u>	<u>110,851</u>
TOTAL LIABILITIES		<u>54,878</u>	<u>170,994</u>
TOTAL EQUITY AND LIABILITIES		<u>506,158</u>	<u>539,803</u>
NET ASSETS PER SHARE (RM)		<u>3.23</u>	<u>2.64</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 2016.

SAPURA RESOURCES BERHAD - UNAUDITED FINANCIAL RESULTS Q3 FY2017

9 MONTHS PERIOD ENDED 31 OCTOBER 2016

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

Unaudited Condensed Consolidated Statement of Changes in Equity for the period ended 31 October 2016

	<-- Non-distributable -->		<--- Distributable --->		Total Equity RM'000
	Share Capital RM'000	Capital Reserve RM'000	General Reserve RM'000	Retained Profits RM'000	
At 1.02.2016	139,600	1,481	1,100	226,628	368,809
Profit for the period, being total comprehensive income for the period	-	-	-	102,713	102,713
Dividend on ordinary shares	-	-	-	(20,242)	(20,242)
At 31.10.2016	139,600	1,481	1,100	309,099	451,280
At 1.02.2015	139,600	1,481	1,100	227,405	369,586
Profit 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

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 2016.

SAPURA RESOURCES BERHAD - UNAUDITED FINANCIAL RESULTS Q3 FY2017

9 MONTHS PERIOD ENDED 31 OCTOBER 2016

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

Unaudited Condensed Consolidated Statements of Cash Flows for the period ended 31 October 2016

	For the 9 months period ended 31.10.2016	For the 9 months period ended 31.10.2015
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	105,743	333
Adjustments:		
Non Cash Item	(131,867)	771
Operating (loss)/profit before working capital changes	(26,124)	1,104
Net changes in current assets	(1,633)	(3,844)
Net changes in current liabilities	27,395	62
Tax paid	(3,106)	(704)
Net cash used in operating activities	(3,468)	(3,382)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	68,861	-
Investment in a subsidiary	100	-
Interest received	-	973
Purchase of property, plant and equipment	(2,709)	(3,819)
Proceeds from redemption of short term investment	4,215	-
Proceeds from disposal of associates	245,035	-
Proceeds from disposal of property, plant and equipment	130	-
Profits distribution from short term investment	2,208	-
Net cash generated from/(used in) investing activities	317,840	(2,846)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of borrowings	(127,672)	(365)
Net (repayment)/drawdown of short term borrowings	(15,900)	10,400
Dividend paid	(20,242)	(3,490)
Interest paid	(5,989)	(6,517)
Net cash (used in)/generated from financing activities	(169,803)	28
NET DECREASE IN CASH AND CASH EQUIVALENTS	144,569	(6,200)
NET DECREASE IN RESTRICTED CASH	2,687	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	2,907	41,408
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (NOTE 19)	150,163	35,208

These unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2016.

9 MONTHS PERIOD ENDED 31 OCTOBER 2016

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 2016, the Group adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial period beginning on or after 1 January 2016.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 5: Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012 – 2014 Cycle)	1 January 2016
Amendments to MFRS 7: Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11: Joint Arrangements: Accounting for Acquisition of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements (Disclosure Initiative)	1 January 2016
Amendments to MFRS 116 and MFRS 138: Property, Plant and Equipment (Clarification of Acceptable Methods of Depreciation and Amortisation)	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 119: Employee Benefits (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 127: Separate Financial Statements (Equity Method in Separate Financial Statements)	1 January 2016
Amendments to MFRS 134: Amendments to MFRS 134 Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016

The adoption of the above Amendments to MFRS and IC Interpretations did not have any significant financial impact to the Group and the Company.

9 MONTHS PERIOD ENDED 31 OCTOBER 2016

EXPLANATORY NOTES (CON'T)

3 OTHER INCOME

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.10.2016	31.10.2015	31.10.2016	31.10.2015
	RM'000	RM'000	RM'000	RM'000
Interest income	-	279	-	973
Profits distribution from short term investment	1,604	-	2,208	-
Gain on disposal of associates	98,939	-	98,939	-
Miscellaneous income	412	443	1,179	1,287
	<u>100,955</u>	<u>722</u>	<u>102,326</u>	<u>2,260</u>

4 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 January 2016 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 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.10.2016	31.10.2015	31.10.2016	31.10.2015
	RM'000	RM'000	RM'000	RM'000
Revenue:				
Investment holding	68,860	-	68,860	-
Property investment	6,226	6,228	18,382	18,618
Aviation	6,164	5,157	19,133	13,462
Corporate services	939	966	2,818	1,665
Elimination	(69,799)	(966)	(71,678)	(1,665)
	<u>12,390</u>	<u>11,385</u>	<u>37,515</u>	<u>32,080</u>

SAPURA RESOURCES BERHAD - UNAUDITED FINANCIAL RESULTS Q3 FY2017

9 MONTHS PERIOD ENDED 31 OCTOBER 2016

EXPLANATORY NOTES (CON'T)

9 SEGMENTAL REPORTING (CON'T)

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.10.2016 RM'000	31.10.2015 RM'000	31.10.2016 RM'000	31.10.2015 RM'000
Profit before tax:				
Investment holdings	165,457	(2,691)	157,768	(6,673)
Property investment	2,831	2,977	8,719	8,741
Aviation	(386)	(1,550)	(3,114)	(1,989)
Corporate services	(4,344)	(3,108)	(7,609)	(10,284)
Eliminations	(68,495)	(966)	(70,125)	(1,665)
	<u>95,063</u>	<u>(5,338)</u>	<u>85,639</u>	<u>(11,870)</u>
Share of result of associates	5,659	4,183	20,171	12,989
Share of result of joint ventures	(10)	(250)	(67)	(786)
	<u>100,712</u>	<u>(1,405)</u>	<u>105,743</u>	<u>333</u>

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

Sapura Aero Sdn Bhd ("SASB"), a wholly-owned subsidiary of Sapura Resources Berhad ("SRB"), has on 19 October 2016 entered into a share sale agreement ("SSA") with ISY Holdings Sdn Bhd ("ISYH") to acquire from ISYH the remaining 153,000 ordinary shares of RM1.00 each of ISY Aerina Sdn Bhd ("Aerina") ("Sale Shares"), representing 51% of the issued and paid-up ordinary share capital of Aerina, for a total purchase consideration of RM100,000.00 ("the Acquisition").

Hence, upon the completion of the Acquisition, Aerina is a wholly-owned subsidiary of SASB, which in turn, is a wholly-owned subsidiary of SRB.

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 31.10.2016 RM'000	As at 31.01.2016 RM'000
Approved and contracted for:		
Property, plant and equipment	297	1,041
Approved but not contracted for:		
Property, plant and equipment	14,114	11,934
Investment in joint venture	89,284	89,284
	<u>103,695</u>	<u>102,259</u>

9 MONTHS PERIOD ENDED 31 OCTOBER 2016

EXPLANATORY NOTES (CON'T)

14 REVIEW OF PERFORMANCE

(a) Three (3) months results – Q3FY2017 vs Q3FY2016

The Group revenue for the three (3) months period under review increased from RM11.4 million to RM12.4 million (an increase of RM1.0 million or 9%) mainly due to higher revenue registered in Aviation segment.

Profit attributable to owners of the parent for the three (3) months increased to RM98.3 million from loss of RM1.6 million mainly due to one-off gain on disposal of associates of RM98.9 million.

(b) Nine (9) months results – YTDQ3FY2017 vs YTDQ3FY2016

The Group revenue for the period under review increased from RM32.1 million to RM37.5 million (an increase of RM5.4 million or 17% mainly due to higher revenue registered in Aviation segment).

Profit attributable to owners of the parent for the year increased to RM102.7 million from loss of RM0.5 million mainly due to one-off gain on disposal of associates of RM98.9 million.

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

Profit attributable to owners of the parent for the three (3) months increased to RM98.3 million in the current quarter as compared to RM2.1 million mainly due to one-off gain on disposal of associates of RM98.9 million.

16 PROSPECTS

With the divestment of the education business which was completed on 24 August 2016, the Company's prospects will be driven by two core businesses i.e. property and aviation.

The Board is confident that its property and aviation businesses will create value moving forward as they mature from their gestation period.

17 TAXATION

	9 months ended 31.10.2016	9 months ended 31.10.2015
	RM'000	RM'000
Malaysian taxation	3,030	881
	3,030	881

18 OTHER CURRENT FINANCIAL ASSETS

	As at 31.10.2016	As at 31.01.2016
	RM'000	RM'000
Held for trading investments:		
Quoted equity shares	264	300
Total financial assets at fair value through profit or loss	264	300

9 MONTHS PERIOD ENDED 31 OCTOBER 2016

EXPLANATORY NOTES (CON'T)

19 CASH AND BANK BALANCES

	As at 31.10.2016	As at 31.01.2016
	RM'000	RM'000
Cash and bank balances	150,163	5,594
Less: Restricted cash*	-	(2,687)
Cash and cash equivalents	<u>150,163</u>	<u>2,907</u>

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

20 CORPORATE PROPOSALS

On 16 March 2016, the Company had announced that it had entered into a conditional share sale agreement with ILMU Education Group Sdn Bhd ("ILMU") in relation to the Proposed Disposals as follows:

- (i) the proposed disposal by SRB of its entire 49% equity interest in APIIT Sdn Bhd ("APIIT") comprising 1,225,001 ordinary shares of RM1.00 each in APIIT ("APIIT Shares") plus 1,225,000 new APIIT Shares to be issued pursuant to the Proposed Reorganisation (as set out below), to ILMU for a total cash consideration of RM58,000,000;
- (ii) the proposed disposal by SRB of its entire 49% equity interest in Asia Pacific University Sdn Bhd ("APU") comprising 9,800,001 ordinary shares of RM1.00 each in APU ("APU Shares"), to ILMU for a total cash consideration of RM161,988,000; and
- (iii) the proposed disposal by SRB of its entire 37.61% interest in Asia Pacific Institute of Information Technology Lanka (PVT) Limited ("APIIT Lanka") comprising its beneficial interest in 4,343,401 ordinary shares in APIIT Lanka ("APIIT Lanka Shares"), to ILMU for a total cash consideration of RM27,000,000.

The Proposed Reorganisation will involve the disposal by APIIT to ILMU of 100% equity interest in Asia Pacific Schools Sdn Bhd ("APS") comprising 2,500,002 ordinary shares of RM1.00 each in APS held by APIIT representing 100% of the issued and paid up share capital in APS ("APS Shares") for a total cash consideration of RM138,800,000. Thereafter, APIIT will declare dividends to its shareholders (i.e. ILMU and SRB), whereby ILMU and SRB will be entitled to dividends of RM70,788,000 and RM68,012,000, respectively. Subsequently, APIIT will undertake a bonus issue of 2,500,000 new APIIT Shares to its shareholders.

The Company and ILMU had, on 10 June 2016, mutually agreed to extend the Conditional Period for a period of up to 15 July 2016 or such other period as may be mutually agreed by the Company and ILMU in writing for the fulfillment of the Conditions Precedent under the SSA.

On 15 June 2016, the Company announced that the shareholders of SRB had approved the Proposed Disposals at an Extraordinary General Meeting ("EGM") held on that date. The completion of the Proposed Disposals is subject to the fulfillment of other outstanding condition precedents.

On 15 July 2016, the Company announced that the Company and ILMU had mutually agreed to extend the Conditional Period for a period of up to 29 July 2016 or such other period as may be mutually agreed by the Company and ILMU.

On 28 July 2016, the Company announced that the Company and ILMU had mutually agreed to extend the Conditional Period for a period of up to 12 August 2016 or such other period as may be mutually agreed by the Company and ILMU.

9 MONTHS PERIOD ENDED 31 OCTOBER 2016

EXPLANATORY NOTES (CON'T)

20 CORPORATE PROPOSALS (CON'T)

On 10 August 2016, the Company announced that ILMU and SRB had agreed that all the Conditions Precedent in relation to the SSA have been duly fulfilled and satisfied.

On 24 August 2016, the Company announced that the Proposed Disposals have been completed.

21 STATUS OF THE UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

As at 31 October 2016, the status of the utilisation from the Corporate Proposals as disclosed in Note 20 which was completed on 24 August 2016, amounting to RM315 million is as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Intended Timeframe for Utilisation from Receipts of Proceeds
i) Existing projects and future expansions	119,746	-	119,746	Within 48 months
ii) General working capital requirements	30,000	(5,000)	25,000	Within 48 months
iii) Repayments of borrowings	144,600	(144,600)	-	-
iv) Proposed special dividend	16,054	(16,054)	-	-
v) Estimated expenses	4,600	(4,540)	60	Within 3 months
	<u>315,000</u>	<u>(170,194)</u>	<u>144,806</u>	

22 LOAN AND BORROWINGS

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

	As at 31.10.2016 RM'000
Current:	
Secured:	
- Obligations under finance leases	<u>363</u>
Non-current:	
Secured:	
- Obligations under finance leases	<u>247</u>
Total borrowings	<u><u>610</u></u>

(b) Currency denominations

All the loan and borrowings are denominated in Ringgit Malaysia.

23 MATERIAL LITIGATION

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

24 DIVIDEND

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

9 MONTHS PERIOD ENDED 31 OCTOBER 2016

EXPLANATORY NOTES (CON'T)

25 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 RM139,600,000.

26 ADDITIONAL INFORMATION

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

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	31.10.2016 RM'000	31.10.2015 RM'000	31.10.2016 RM'000	31.10.2015 RM'000
Interest expense	1,645	2,266	5,989	6,517
Depreciation and amortisation	2,163	2,333	6,489	6,896
Net fair value loss on held for trading investment	(29)	57	36	93

27 BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

	As at 31.10.2016 RM'000	As at 31.01.2016 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	294,153	70,747
- Unrealised	6,296	6,208
	<u>300,449</u>	<u>76,955</u>
Total share of retained profits from associated companies:		
- Realised	90,996	71,574
- Unrealised	(2,189)	(2,189)
	<u>88,807</u>	<u>69,385</u>
Total share of retained profits from joint ventures companies		
- Realised	(395)	(328)
- Unrealised	14,292	14,292
	<u>13,897</u>	<u>13,964</u>
Consolidation adjustments	<u>(94,054)</u>	<u>66,324</u>
Retained profits as per financial statements	<u>309,099</u>	<u>226,628</u>

28 APPROVAL OF INTERIM FINANCIAL STATEMENT

The interim financial statements have been approved for issue in accordance with a resolution of The Board of Directors 24 November 2016.

Chua Siew Chuan (MAICSA 077689)
Company Secretary