



Sapura Industrial Berhad (Company No: 17547-W)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE 1ST QUARTER ENDED 30 APRIL 2007

The unaudited financial results of Sapura Industrial Berhad's Group
for the 1st quarter ended 30 April 2007

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SAPURA INDUSTRIAL BERHAD (17547-W)
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE-MONTH PERIOD ENDED 30 APRIL 2007

	Note	3 months ended		3 months ended	
		30.04.2007 RM'000	30.04.2006 RM'000	30.04.2007 RM'000	30.04.2006 RM'000
Continuing Operations					
Revenue	A10	33,568	51,349	33,568	51,349
Cost of sales		<u>(26,833)</u>	<u>(41,723)</u>	<u>(26,833)</u>	<u>(41,723)</u>
Gross profit		6,735	9,626	6,735	9,626
Other income		231	1,311	231	1,311
Operating expenses		(5,644)	(6,380)	(5,644)	(6,380)
Finance costs		(1,051)	(1,601)	(1,051)	(1,601)
Share of loss of associates		-	-	-	-
Profit before tax	A10	<u>271</u>	<u>2,956</u>	<u>271</u>	<u>2,956</u>
Income tax expense	B5	<u>(207)</u>	<u>(200)</u>	<u>(207)</u>	<u>(200)</u>
Profit for the period from continuing operations		64	2,756	64	2,756
Discontinued Operations					
Loss for the period from discontinued operations	A10	(32)	(375)	(32)	(375)
Profit for the period		<u><u>32</u></u>	<u><u>2,381</u></u>	<u><u>32</u></u>	<u><u>2,381</u></u>
Attributable to:					
Equity holders of the Company		189	2,694	189	2,694
Minority interest		<u>(157)</u>	<u>(313)</u>	<u>(157)</u>	<u>(313)</u>
		<u><u>32</u></u>	<u><u>2,381</u></u>	<u><u>32</u></u>	<u><u>2,381</u></u>
Earning per share attributable to equity holders of the Company:(sen)					
Basic, for profit from continuing operations		0.30	4.22	0.30	4.22
Basic, for (loss) from discontinued operations		(0.04)	(0.52)	(0.04)	(0.52)
Basic, for profit for the period	B13	<u><u>0.26</u></u>	<u><u>3.70</u></u>	<u><u>0.26</u></u>	<u><u>3.70</u></u>

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2007 and the accompanying explanatory notes attached to the interim financial statements)

**SAPURA INDUSTRIAL BERHAD (17547-W)
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 APRIL 2007**

	NOTE	Unaudited 30.04.2007 RM'000	Audited 31.01.2007 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A11	70,596	73,620
Prepaid Leasehold Land	A12	22,330	22,393
Development expenditure		6,512	6,829
		<u>99,438</u>	<u>102,842</u>
Current assets			
Inventories		27,561	29,595
Trade receivables		30,055	26,793
Other receivables and prepayments		5,323	4,151
Tax recoverable		870	1,085
Due from holding company		-	-
Due from related companies		171	351
Due from associates		-	-
Cash and bank balances		11,162	6,510
		<u>75,142</u>	<u>68,485</u>
TOTAL ASSETS		<u>174,580</u>	<u>171,328</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	A8	72,776	72,776
Share premium		2,200	2,200
Retained earnings		(24,861)	(25,050)
		<u>50,115</u>	<u>49,926</u>
Minority interest		381	539
Total equity		<u>50,496</u>	<u>50,465</u>
Non-current liabilities			
Term loans	B9	35,514	34,146
Retirement Benefit Obligations		1,515	1,454
Hire purchase payables		1,257	1,330
Deferred taxation		10,477	10,477
		<u>48,763</u>	<u>47,407</u>
Current liabilities			
Borrowings	B9	45,599	49,696
Trade payables		12,196	7,480
Other payables and accruals		11,336	10,244
Hire purchase payables		523	626
Due to holding company		-	-
Due to ultimate holding company		1,294	1,182
Due to related companies		4,363	4,229
Provision for taxation		11	0
		<u>75,322</u>	<u>73,457</u>
Total liabilities		<u>124,085</u>	<u>120,864</u>
TOTAL EQUITY AND LIABILITIES		<u>174,580</u>	<u>171,328</u>
Net assets per share (RM)		0.69	0.69

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2007 and the accompanying explanatory notes attached to the interim financial statements)

SAPURA INDUSTRIAL BERHAD (17547-W)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES
IN EQUITY FOR THE THREE-MONTH PERIOD ENDED 30 APRIL 2007

Note	Share Capital RM'000	Attributable to Equity Holder of the Parent			Total RM'000	Minority Interest RM'000	Total Equity RM'000
		Share Premium RM'000	Reserve on Consol. RM'000	Non-Distributable Share Premium RM'000			
For The 3 Month Period Ended 30 April 2007							
Balance As at 1 February 2007	72,776	2,200	-	(25,050)	49,926	539	50,465
Profit for the period	-	-	-	189	189	(157)	32
As at 30 April 2007	<u>72,776</u>	<u>2,200</u>	<u>-</u>	<u>(24,861)</u>	<u>50,115</u>	<u>381</u>	<u>50,497</u>
For The 3 Month Period Ended 30 April 2006							
Balance As at 1 February 2006	72,776	2,200	-	42,165	117,141	30,389	147,530
Profit for the period	-	-	-	2,694	2,694	(313)	2,381
As at 30 April 2006	<u>72,776</u>	<u>2,200</u>	<u>-</u>	<u>44,859</u>	<u>119,835</u>	<u>30,076</u>	<u>149,911</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2007 and the accompanying explanatory notes attached to the interim financial statements)

SAPURA INDUSTRIAL BERHAD (17547-W)
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE THREE-MONTH PERIOD ENDED 30 APRIL 2007

	Period ended	
	30.04.2007	30.04.2006
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	271	2,956
Adjustment for:		
Depreciation	2,657	3,528
Amortisation of development expenditure	499	714
Interest expense	1,051	1,601
Interest income	(46)	(104)
Provision for doubtful debt	181	-
Provision for retirement benefit	78	-
Net loss on disposal of property, plant and equipment	659	-
Write down inventories	26	-
Impairment of inventories	19	-
Loss from discontinuing activities	(32)	(375)
Operating Profit before working capital changes	5,363	8,320
Changes in working capital:		
Trade and other receivables	(4,600)	(3,819)
Inventories	1,989	(2,722)
Trade and other payables	5,880	6,067
Changes in intercompany balances	426	(75)
Cash generated from operations	9,058	7,771
Tax (paid)	(66)	(200)
Interest paid	(1,051)	(1,601)
Net cash generated from operating activities	7,941	5,970
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(247)	-
Net cash outflow from acquisition of business	-	-
Development expenditure incurred	(182)	-
Capital reduction of subsidiary	-	-
Interest received	46	104
Net cash used in investing activities	(383)	104
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown of short term borrowings and hire purchase, net of repayment	(5,208)	(5,128)
Drawdown /(repayment) of term loan	1,368	3,487
Repayment of lease and hire purchase	(176)	(322)
Dividend paid	-	-
Net cash used in financing activities	(4,016)	(1,963)
NET DECREASE IN CASH AND CASH EQUIVALENTS	3,542	4,111
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	395	21,590
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,937	25,701
Cash and cash equivalents comprise:		
Cash and bank balances	8,912	11,372
Bank Overdraft	(7,225)	(4,739)
Fixed Deposits	2,250	19,068
	3,937	25,701

(The Condensed Consolidated Cashflow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2007 and the accompanying explanatory notes attached to the interim financial statements)

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes on the quarterly report – 30 April 2007

Part A - EXPLANATORY NOTES PERSUANT TO FRS NO. 134

A1. 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 requirement of FRS 134: Interim Financial Reporting and Paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements.

The interim financial statement should be read in conjunction with the audited financial statements for the year ended 31 January 2007. These explanatory notes attached to the interim financial statements 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 since the year ended 31 January 2007.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 January 2007 as follows:-

FRS 2	Share-based Payment
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 3	Business Combination
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earning Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

In addition to the above, the Group has adopted FRS 117 Leases and FRS 124 Related Party Disclosures effective for financial period beginning 1 February 2007. The principle effects of the changes in accounting policies resulting from the adoption of the above FRSs are discussed below:

(a) FRS 117: Leases

Leasehold land / Prepaid lease payments

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided except for leasehold land classified as investment property.

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes on the quarterly report – 30 April 2007 (contd)

A2. Changes in Accounting Policies (contd)

(b) FRS 117: Leases (contd)

Leasehold land / Prepaid lease payments (contd)

The Group had previously classified a lease of land as property, plant and equipment and was stated at cost less accumulated depreciation. On adoption of FRS 117, Leases, the Group treats such a lease as an operating lease, with the unamortised carrying amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provisions in FRS 117 Para 67A. Such prepaid lease payments is amortised over the remaining lease term.

The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as disclosed in Note A3, the comparative amount as at 31 January 2006 have been restated.

(c) FRS 124: Related Party Disclosure

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has a related party relationship with its subsidiaries, associates, Directors and key management personnel.

A3. Comparatives

The following comparatives amounts have been restated due to the adoption of new and revised FRS:

	Previously Stated RM'000	Adjustment FRS 117 (Note 2(a)) RM'000	Restated RM'000
At 31 January 2007			
Property, plant and equipment	96,013	(22,393)	73,620
Prepaid lease payments	-	22,393	22,393

A4. Auditors' Report on Preceding Annual Financial Statements

The auditors' report of the Group's most recent annual audited financial statements for the year ended 31 January 2007 was not qualified.

A5. Comments about Seasonal or Cyclical Factors

The Group's operations are generally affected by the major festive seasons.

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes on the quarterly report – 30 April 2007 (contd)

A6. Unusual items due to their Nature, Size or Incidence

There were no material unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 April 2007.

A7. Changes in Estimates

The revised FRS 116: Property, Plant and Equipment require the review of the residual value and remaining useful life of item of property, plant and equipment at least at each year-end. There was no material change in estimates reported in the current quarter under review.

A8. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities in the current period to date under review.

A9. Dividends Paid

The Board of Directors did not recommend any dividend payment for the current quarter.

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes on the quarterly report – 30 April 2007 (contd)

A10. Segmental Information

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

	Individual Quarter 3 months ended 30 April 2007		Cumulative 3 months ended 30 April 2007	
	Revenue RM'000	Profit/(loss) before taxation RM'000	Revenue RM'000	Profit/(loss) before taxation RM'000
Continuing Operation				
Investment Holding	-	(2,702)	-	(2,702)
Manufacturing	33,568	2,938	33,568	2,938
Others	-	35	-	35
	<u>33,568</u>	<u>271</u>	<u>33,568</u>	<u>271</u>
Discontinued Operation				
Trading & services	34	(32)	34	(32)
	<u>33,602</u>	<u>239</u>	<u>33,602</u>	<u>239</u>

No geographical segment is presented as the Group's activities are carried out in Malaysia.

A11. Carrying Amount of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

A12. Prepaid Land Lease Payments

The adoption of the revised FRS 117 has resulted in a retrospectively change in accounting policy relating to the classification of leasehold land. The comparative amounts as at 31 January 2007 that have been restated is arrived as follows: -

	Total RM'000
COST	
At 1 st February 2006	23,002
Amortisation for the year	(249)
Impairment loss recognised in income statement	(360)
At 31 January 2007	<u>22,393</u>

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes on the quarterly report – 31 April 2007 (contd)

A13. Significant Related Party Transactions

There were no related party transactions other than those inter-company transactions incurred in the ordinary course of business. There were also no transactions with the directors and key management personnel of the Group other than remuneration paid to them in accordance with the terms and conditions of their appointment

A14. Capital Commitments

Outstanding commitments in respect of capital expenditure are:

	As at 30 April 2007 RM'000	As at 31 January 2007 RM'000
Approved and contracted for	3,159	27
Approved and not contracted for	<u>47</u>	<u>-</u>

A15. Significant post balance sheet events

As at the date of this report, there were no material events subsequent to the balance sheet date.

A16. Changes in Composition of the Group

There were no changes in Group's composition during the period under review.

A17. Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities since the last annual balance sheet as at 31 January, 2007

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD.

B1. Review of Results for the Quarter Ended 30 April 2007.

The Group recorded revenue of RM34 million for the first quarter ended 30 April 2007 compared to RM51 million for the corresponding quarter in 2006.

The decline in the revenue was mainly due to the slowdown in the auto industry in Malaysia, which has affected the sales volume in all subsidiaries.

The Group recorded a lower pre-tax profit of RM0.27 million against RM3 million profit in the preceding year corresponding quarter.

The lower volume has affected all manufacturing subsidiaries which have fixed overheads resulting in lower margin.

B2. Variation in the Quarterly Results As Compared to the Results of the Preceding Quarter.

The Group revenue of RM34 million for the current quarter was higher than the preceding quarter of RM32 million. Profit before tax was at RM0.27 million compared against RM66 million loss recorded in the preceding quarter due to the provision of impairment loss by a subsidiary.

B3. Prospects.

The BOD is aware of the challenging time the automotive industry is undergoing. For the current year the BOD expects the performance of the Group to be fair and to be in line with the state of the industry.

B4. Profit Forecast or Profit Guarantee

There was no profit forecast or profit guarantee made during the financial period under review.

B5. Income Tax Expense

	Current Quarter RM'000	Period to date RM'000
Current year taxation	207	207
	<hr/>	<hr/>
	207	207
	<hr/>	<hr/>
Effective tax rate	76%	76%

The disproportionate taxation charge for the current quarter and period to date are due principally to losses suffered by subsidiaries within the Group.

B6. Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments and properties for the current quarter and financial year to date.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Contd)

B7. Quoted Securities

There were no purchase or disposal of quoted securities for the financial year under review.

B8. Status of Corporate Proposal Announced

There are no corporate proposal announced which has not been completed.

B9. Borrowings

The Group borrowings as at the end of the reporting period are:

	RM'000	Secured RM'000	Unsecured RM'000
Overdraft facility	7,225	3,088	4,137
Revolving credit	20,300	-	20,300
Bankers Acceptance	8,690	-	8,690
Term loan	44,898	31,838	13,060
	<u>81,113</u>	<u>34,926</u>	<u>46,187</u>
Amount due within the next 12 months	45,599		
Amount due after the next 12 months	35,514		
	<u>81,113</u>		

B10. Off Balance Sheet Financial Instruments

The Group does not have any financial instrument with off balance sheet risk as at the date of this quarterly report other than the following forward contracts on foreign currencies incurred in relation to the Group's purchases.

Currency	Outstanding contract (FC) amount as at 18/5/2007	Equivalent amounting (RM)	Expiry Date
US Dollar	358,082.35	1,234,911.85	May – October 2007
Japanese Yen	14,145,904	421,355.11	May – October 2007

B11. Changes in Material Litigation

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration, which has a material adverse effect on the financial position of the Company or any of its subsidiaries.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTD)

B12. Dividend Payable

No dividend has been proposed or declared for the current quarter ended 30 April 2007.

B13. Earnings Per Share

	Current Quarter 30.4.2007	Year To Date 30.4.2007
Net profit from continuing operations attributable to shareholders (RM'000)	221	221
Net loss from discontinued operations attributable to shareholders (RM'000)	(32)	(32)
(Loss)/profit attributable to shareholders (RM'000)	<u>189</u>	<u>189</u>
a) Basic		
Weighted average no. of Shares (000)	72,776	72,776
Basic earning per share for: -		
Profit from continuing operations (sen)	0.30	0.30
Loss from discontinued operations (sen)	(0.04)	(0.04)
Profit for the period	<u>0.26</u>	<u>0.26</u>
b) Diluted		
Weighted average no. of shares (000)	72,776	72,776
Add: Weighted average no of shares (000)	660	660
Less: Number of shares that would have been issued at fair value (000)	(850)	(850)
Adjusted weighted average no. of shares (000)	<u>72,586</u>	<u>72,586</u>
Fully diluted earning per share:-		
Profit from continuing operations (sen)	0.30	0.30
Loss from discontinued operations (sen)	(0.04)	(0.04)
Profit for the period	<u>0.26</u>	<u>0.26</u>

**Fully diluted earning per share are capped at basic EPS as it become anti dilutive due to share market price lower than offer price.*

B14. Authorisation for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 22 May 2007.