



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

INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31 OCTOBER 2008

The unaudited financial results of Sapura Industrial Berhad Group
for the 3rd quarter ended 31 October 2008

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SAPURA INDUSTRIAL BERHAD (17547-W)
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE NINE-MONTH PERIOD ENDED 31 OCTOBER 2008

	Note	3 months ended		9 months ended	
		31.10.2008 RM'000	31.10.2007 RM'000	31.10.2008 RM'000	31.10.2007 RM'000
Revenue	A9	65,201	36,016	178,514	101,893
Cost of sales		<u>(54,708)</u>	<u>(28,192)</u>	<u>(148,662)</u>	<u>(80,676)</u>
Gross profit		10,493	7,824	29,852	21,217
Other income		628	1,996	1,972	4,228
Operating expenses		(7,349)	(7,087)	(18,482)	(17,643)
Finance costs		(1,212)	(1,318)	(3,670)	(3,632)
Profit before tax	A9	<u>2,561</u>	<u>1,415</u>	<u>9,673</u>	<u>4,170</u>
Income tax expense	B5	(1,280)	(319)	(2,732)	(732)
Profit for the period		<u><u>1,281</u></u>	<u><u>1,096</u></u>	<u><u>6,941</u></u>	<u><u>3,438</u></u>
Attributable to:					
Equity holders of the Company		1,281	987	6,941	3,356
Minority interest		-	109	-	82
		<u><u>1,281</u></u>	<u><u>1,096</u></u>	<u><u>6,941</u></u>	<u><u>3,438</u></u>
Earnings per share attributable to equity holders of the Company:(sen)					
Basic, for profit from operations	B13	<u><u>1.76</u></u>	<u><u>1.36</u></u>	<u><u>9.54</u></u>	<u><u>4.61</u></u>

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2008 and the accompanying explanatory notes attached to the interim financial statements)

**SAPURA INDUSTRIAL BERHAD (17547-W)
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 OCTOBER 2008**

		Unaudited 31.10.2008	Audited 31.01.2008
	NOTE	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A10	60,869	63,910
Prepaid leasehold land		21,956	22,143
Development expenditure		4,584	5,239
		<u>87,409</u>	<u>91,292</u>
Current assets			
Inventories		24,010	23,326
Trade receivables		48,366	33,106
Other receivables and prepayments		6,977	3,426
Tax recoverable		314	425
Due from related companies		45	45
Cash and bank balances		23,783	19,053
		<u>103,495</u>	<u>79,381</u>
TOTAL ASSETS		<u>190,904</u>	<u>170,673</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	A7	72,776	72,776
Share premium		2,200	2,200
Accumulated Losses		(10,726)	(15,484)
		<u>64,250</u>	<u>59,492</u>
Minority interest		<u>524</u>	<u>524</u>
Total equity		<u>64,774</u>	<u>60,016</u>
Non-current liabilities			
Term loans	B9	30,141	27,012
Retirement Benefit Obligations		1,800	1,628
Hire purchase payables		1,459	581
Deferred taxation		7,888	7,888
		<u>41,288</u>	<u>37,109</u>
Current liabilities			
Borrowings	B9	41,555	41,327
Trade payables		20,690	10,370
Other payables and accruals		13,096	12,817
Hire purchase payables		587	438
Due to ultimate holding company		1,880	2,050
Due to related companies		5,071	5,392
Provision for taxation		1,964	1,154
		<u>84,843</u>	<u>73,548</u>
Total liabilities		<u>126,131</u>	<u>110,657</u>
TOTAL EQUITY AND LIABILITIES		<u>190,904</u>	<u>170,673</u>
Net assets per share (RM)		0.89	0.82

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2008 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 NINE-MONTH PERIOD ENDED 31 OCTOBER 2008**

	← Attributable to Equity Holders of the Company →					
	← Non-Distributable	→				
	Share Capital RM'000	Share Premium RM'000	Accumulated Losses RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
For The 9 Month Period Ended 31 October 2008						
As at 1 February 2008	72,776	2,200	(15,484)	59,492	524	60,016
Profit for the period	-	-	6,941	6,941	-	6,941
Dividends						
Final Dividend for the financial year ended 31 January 2008 paid on 28 August 2008			(2,183)	(2,183)		(2,183)
As at 31 October 2008	72,776	2,200	(10,726)	64,250	524	64,774
For The 9 Month Period Ended 31 October 2007						
As at 1 February 2007 (restated)	72,776	2,200	(20,620)	54,356	539	54,895
Profit for the period	-	-	3,356	3,356	82	3,438
As at 31 October 2007	72,776	2,200	(17,264)	57,712	621	58,333

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited
Financial Statements for the year ended 31 January 2008 and the accompanying explanatory
notes attached to the interim financial statements)

SAPURA INDUSTRIAL BERHAD (17547-W)
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE NINE-MONTH PERIOD ENDED 31 OCTOBER 2008

	Period ended	
	31.10.2008 RM'000	31.10.2007 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	9,673	4,170
Adjustments for:		
Depreciation of property, plant & equipment	7,133	7,541
Property, plant & equipment written off	4	-
Amortisation of development expenditure	1,620	1,785
Amortisation of leasehold land	187	169
Interest expense	3,528	3,631
Interest income	(285)	(437)
Net unrealised loss on foreign exchange	-	-
Provision for doubtful debts	11	462
Provision for defined benefit plan	172	149
Provision for development expenditure	94	-
Net loss/(gain) on disposal of property, plant and equipment	(18)	67
Write down inventories	353	252
Impairment of inventories	-	-
Operating profit before working capital changes	<u>22,473</u>	<u>17,789</u>
Changes in working capital:		
Trade and other receivables	(18,823)	(2,829)
Inventories	(1,038)	2,959
Trade and other payables	10,553	6,454
Net changes in related companies balances	(491)	1,652
Cash generated from operations	<u>12,675</u>	<u>26,025</u>
Tax paid	(1,859)	(131)
Interest paid	(3,528)	(3,631)
Net cash generated from operating activities	<u>7,288</u>	<u>22,263</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,722)	(32)
Development expenditure incurred	(965)	(786)
Proceeds from disposal of property, plant & equipment	55	372
Interest received	285	437
Net cash used in investing activities	<u>(3,347)</u>	<u>(9)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net drawdown/(repayment) of short term borrowings	9,984	(6,207)
Repayment of term loans	(6,763)	(5,487)
Repayment of hire purchase and lease financing	(385)	(842)
Dividends paid	(2,183)	-
Net cash generated from/(used in) financing activities	<u>653</u>	<u>(12,536)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14,673	395
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>19,267</u>	<u>10,113</u>
Cash and cash equivalents comprise:		
Cash and bank balances	12,783	11,360
Bank Overdraft	(4,515)	(5,247)
Fixed Deposits	11,000	4,000
	<u>19,267</u>	<u>10,113</u>

(The Condensed Consolidated Cashflow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2008 and the accompanying explanatory notes attached to the interim financial statements)

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes on the quarterly report – 31 October 2008

Part A - EXPLANATORY NOTES PURSUANT 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 2008. 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 2008.

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 2008 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 112	Income Tax
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 124	Related Party Disclosures
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

A3. 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 2008 was not qualified.

A4. 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 – 31 October 2008 (contd)

A5. 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 31 January 2008.

A6. 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 were no material changes in estimates reported in the current quarter under review.

A7. 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.

A8. Dividends Paid

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

A final tax exempt dividend in respect of the financial year ended 31 January 2008, of 3% on 72,775,737 ordinary shares amounting to RM2,183,272 was paid on 16 September 2008.

A9. Segmental Information

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

	Individual Quarter 3 months ended 31 October 2008		Cumulative 9 months ended 31 October 2008	
	Revenue RM'000	Profit/(loss) Before Taxation RM'000	Revenue RM'000	Profit/(loss) before taxation RM'000
Investment Holding	2,026	(802)	6,914	(1,325)
Manufacturing	66,821	3,571	183,156	11,463
Services	-	(13)	-	(45)
Others	822	(195)	1,390	(420)
	<u>69,669</u>	<u>2,561</u>	<u>191,460</u>	<u>9,673</u>
Eliminations	<u>(4,468)</u>	<u>-</u>	<u>(12,946)</u>	<u>-</u>
	<u>65,201</u>	<u>2,561</u>	<u>178,514</u>	<u>9,673</u>

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

A10. Property, Plant and Equipment

The carrying amount of property, plant and equipment have been brought forward without amendment from the previous audited financial statements.

SAPURA INDUSTRIAL BERHAD (17547-W)

**Notes on the quarterly report – 31 October 2008
(contd)**

A11. Capital Commitments

Outstanding commitments in respect of capital expenditure are:

	As at 31 October 2008 RM'000	As at 31 January 2008 RM'000
Property, plant and equipment		
Approved and contracted for	18,171	1,550
Approved and not contracted for	11,084	14,420

A12. Significant Post Balance Sheet Events

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

A13. Changes in Composition of the Group

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

A14. Changes in Contingent Liabilities

There were no changes in contingent liabilities since the last annual balance sheet as at 31 January, 2008.

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes on the quarterly report – 31 October 2008 (contd)

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

B1. Review of Performance for the Current Quarter and Current Year to Date

The Group recorded improved revenue of RM65.2 million for the current quarter against RM36.0 million in the previous year corresponding quarter. Pre-tax profit was at RM2.6 million compared to a profit of RM1.4 million in the previous year corresponding quarter.

For the current period ended 31 October 2008, the Group recorded revenue of RM178.5 million compared to RM101.9 million for the corresponding period in 2007. Pre-tax profit also showed an improvement from RM4.2 million to RM9.7million for the respective periods.

The improvement in sales and profit before tax is in line with the successful launch of new models from our National car makers.

B2. Comparison Between Current Quarter Results and The Immediate Preceding Quarter

The Group recorded higher revenue of RM65.2 million for the current quarter as compared to RM61.2million in the immediate preceding quarter. However, profit before tax was lower at RM2.6 million against RM3.7 million for the immediate preceding quarter due to the impact of rising cost.

B3. Prospects

The Board is cautious that the global financial crisis and slowdown in economy will impact the Group's performance in the last quarter of the financial year.

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	Year to date RM'000
Current year taxation	1,280	2,732
	<hr/>	<hr/>
	1,280	2,732
Effective tax rate	50%	28%

The disproportionate taxation charge for the current quarter and period to date are due to losses incurred and tax incentives fully utilised by certain subsidiaries and non-deductible expenses for tax purposes

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes on the quarterly report – 31 October 2008 (contd)

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

B6. Sale of Unquoted Investments and/or Properties

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

B7. Quoted Securities

There were no purchase or disposal of quoted securities for the current quarter and financial year to date.

B8. Status of Corporate Proposals Announced

There were no corporate proposals announced which has not been completed.

B9. Borrowings

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

	Secured RM'000	Unsecured RM'000	RM'000
Overdraft	1,491	3,025	4,515
Revolving Credit	3,250	17,200	20,450
Bankers Acceptance	-	15,716	15,716
Term Loans	19,340	11,671	31,015
	<u>24,081</u>	<u>49,659</u>	<u>71,696</u>
Amount due within the next 12 months			41,555
Amount due after the next 12 months			<u>30,141</u>
			<u>71,696</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.

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes on the quarterly report – 31 October 2008 (contd)

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

B11. Changes in Material Litigation

Details of material litigation pending as at the date of announcement:

- (a) On 20 November 2007, Schulz Export GmbH ("Schulz Export"), a fellow subsidiary of Sophisticated Pipe Industry Production Sdn. Bhd. (formerly known as Schulz (Manufacturing) Sdn. Bhd.) ("SPIP"), a corporate shareholder of Sapura-Schulz Hydroforming Sdn. Bhd. ("Sapura-Schulz"), through Schulz Export's solicitors filed a Statement of Claim against Sapura-Schulz, a 75% subsidiary of Sapura Industrial Berhad ("the Company" or "SIB") for breach of the Business Operations Agreement ("BOA") dated 3 April 2004 entered into between Sapura-Schulz and Schulz Export, for inter alia:
 - (i) EUR500,377 for loss of profits; and
 - (ii) EUR424,168 and USD40,771 for rectification works.
- (b) On 20 November 2007, SPIP through SPIP's solicitors filed a Statement of Claim against SIB for breach of a Shareholders Agreement ("SA") dated 3 April 2004 entered into between SIB and SPIP, for inter alia:
 - (i) RM26,000,000; and
 - (ii) damages for breach of fiduciary duties.

The SA and BOA (collective called "Agreements") arose from a Heads of Agreement ("HOA") dated 3 July 2003 entered into between SIB and Wilh Schulz GmbH ("Wilh Schulz"), the holding company of Schulz Export and SPIP, which sets out the agreement of the parties to enter into a joint venture.

In order to inter alia enable SIB to bring all claims arising under the Agreements and under the HOA against inter alia Wilh Schulz and Wolfgang Leonhard Schulz (the alter ego of Wilh Schulz) and to confer jurisdiction on the arbitrator to hear all related matters under the above two arbitration proceedings, the arbitrator directed that SIB, Sapura-Schulz, Wilh Schulz, Schulz Export, SPIP and Wolfgang Leonhard Schulz executed an Ad Hoc Arbitration Agreement ("Ad Hoc Agreement") on 22 February 2008.

Following the execution of the Ad Hoc Agreement, the arbitrator had vacated the previous hearing dates from 14 July 2008 to 18 July 2008 and from 21 July 2008 to 25 July 2008. New hearing dates for the above matter have been determined by the arbitrator to be from 12 January 2009 to 23 January 2009.

On 29 May 2008, SIB and Sapura-Schulz, through their solicitors, filed their respective defences and the following counterclaims to these matters and under the Ad Hoc Agreement:

- (i) Sapura-Schulz counterclaimed against Schulz Export for breach of contract for RM5,838,956 and general damages of RM97,034,078; and
- (ii) SIB counterclaimed against SPIP for breach of contract for RM24,000,000 and general damages of RM91,988,862.

The directors, based on the opinion of its solicitors, are of the view that SIB and Sapura-Schulz have fairly reasonable chance of defeating the claims and have a reasonable basis for the counterclaims.

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes on the quarterly report – 31 October 2008 (contd)

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 31 October 2008

B13. Earnings Per Share

	Current Quarter 31.10.2008	Year To Date 31.10.2008
Net profit from operations attributable to shareholders (RM'000)	1,281	6,941
a) Basic		
Weighted average no. of shares (000)	72,776	72,776
Basic earnings per share for: - Profit for the period (sen)	1.76	9.54
b) Diluted		
Weighted average no. of shares (000)	72,776	72,776
Effect of dilution: Share options #	-	-
Adjusted weighted average no. of shares (000)	72,776	72,776
Profit for the period (sen)	1.76	9.54

The effect of dilution arising from the assumed conversion of options under the Company's ESOS is anti-dilutive.

B14. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 December 2008.