



Sapura Industrial Berhad (17547-W)  
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE 1ST QUARTER ENDED 30 APRIL 2011

The unaudited financial results of Sapura Industrial Berhad Group  
for the 1st quarter ended 30 April 2011

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**SAPURA INDUSTRIAL BERHAD (17547-W)**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 APRIL 2011**  
**THE FIGURES HAVE NOT BEEN AUDITED**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Quarter Ended 30.4.2011 RM'000</u>	<u>Comparative Quarter Ended 30.4.2010 RM'000</u>	<u>3 months Cumulative Totdate 30.4.2011 RM'000</u>	<u>3 months Cumulative Totdate 30.4.2010 RM'000</u>
Revenue	66,827	73,670	66,827	73,670
Cost of sales	<u>(52,849)</u>	<u>(60,790)</u>	<u>(52,849)</u>	<u>(60,790)</u>
<b>Gross profit</b>	13,978	12,880	13,978	12,880
Other income	777	1,305	777	1,305
Operating expenses	(6,975)	(7,253)	(6,975)	(7,253)
Finance costs	(837)	(1,049)	(837)	(1,049)
<b>Profit before tax</b>	<u>6,943</u>	<u>5,883</u>	<u>6,943</u>	<u>5,883</u>
Income tax expense	(1,705)	(1,232)	(1,705)	(1,232)
<b>Profit for the period</b>	<u>5,238</u>	<u>4,651</u>	<u>5,238</u>	<u>4,651</u>
<b>Total comprehensive income for the period</b>	<u>5,238</u>	<u>4,651</u>	<u>5,238</u>	<u>4,651</u>
<b>Profit attributable to:</b>				
Owners of the Company	5,238	4,651	5,238	4,651
Minority interest	-	-	-	-
	<u>5,238</u>	<u>4,651</u>	<u>5,238</u>	<u>4,651</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	5,238	4,651	5,238	4,651
Minority interest	-	-	-	-
	<u>5,238</u>	<u>4,651</u>	<u>5,238</u>	<u>4,651</u>
<b>Earnings per share attributable to owner of the Company (sen):</b>				
Basic, for profit from operations	<u>7.20</u>	<u>6.39</u>	<u>7.20</u>	<u>6.39</u>

**(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2011 and the accompanying explanatory notes attached to the interim financial statements)**

**SAPURA INDUSTRIAL BERHAD (17547-W)**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 APRIL 2011**

	<b>Unaudited</b> <b>30.4.2011</b>	<b>Audited</b> <b>31.01.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	97,096	95,559
Prepaid leasehold land	-	-
Development expenditure	3,392	3,323
	<u>100,488</u>	<u>98,882</u>
<b>Current assets</b>		
Inventories	24,064	24,544
Trade receivables	49,506	44,548
Other receivables and prepayments	4,100	6,295
Tax recoverable	552	46
Due from related companies	-	-
Cash and bank balances	23,910	22,970
	<u>102,132</u>	<u>98,403</u>
<b>TOTAL ASSETS</b>	<b><u>202,620</u></b>	<b><u>197,285</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owner of the Company</b>		
Share capital	72,776	72,776
Share premium	2,200	2,200
Retained profits	7,172	1,934
	<u>82,148</u>	<u>76,910</u>
<b>Minority interest</b>	<u>515</u>	<u>515</u>
<b>Total equity</b>	<b><u>82,663</u></b>	<b><u>77,425</u></b>
<b>Non-current liabilities</b>		
Term loans	16,167	14,726
Retirement Benefit Obligations	2,576	2,485
Hire purchase payables	1,883	2,150
Deferred taxation	6,995	6,995
	<u>27,621</u>	<u>26,356</u>
<b>Current liabilities</b>		
Borrowings	45,502	43,808
Trade payables	15,595	20,019
Other payables and accruals	27,952	26,647
Hire purchase payables	968	956
Due to ultimate holding company	19	774
Due to related companies	37	41
Provision for taxation	2,263	1,259
	<u>92,336</u>	<u>93,504</u>
<b>Total liabilities</b>	<b><u>119,957</u></b>	<b><u>119,860</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>202,620</u></b>	<b><u>197,285</u></b>
Net assets per share (RM)	1.14	1.06

**(The Condensed Consolidated of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2011 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 PERIOD ENDED 30 APRIL 2011**

	Number of Shares RM'000	Attributable to Owners of the Company			Total RM'000	Minority Interest RM'000	Total Equity RM'000
		Share Capital RM'000	Share Premium RM'000	Retained Profits/ (Accumulated Losses) RM'000			
<b>For The 3 Month Period Ended 30 April 2011</b>							
<b>As at 1 February 2011</b>	72,776	72,776	2,200	1,934	76,910	515	77,425
Total comprehensive income for the period	-	-	-	5,238	5,238	-	5,238
As at 30 April 2011	<u>72,776</u>	<u>72,776</u>	<u>2,200</u>	<u>7,172</u>	<u>82,148</u>	<u>515</u>	<u>82,663</u>
<b>For The 3 Month Period Ended 30 April 2010</b>							
<b>As at 1 February 2010</b>	72,776	72,776	2,200	(4,781)	70,195	517	70,712
Total comprehensive income for the period	-	-	-	4,651	4,651	-	4,651
As at 30 April 2010	<u>72,776</u>	<u>72,776</u>	<u>2,200</u>	<u>(130)</u>	<u>74,846</u>	<u>517</u>	<u>75,363</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 2011 and the accompanying explanatory  
notes attached to the interim financial statements)**

**SAPURA INDUSTRIAL BERHAD (17547-W)  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 APRIL 2011**

	<b>3 MONTHS ENDED 30.4.2011 RM'000</b>	<b>3 MONTHS ENDED 30.4.2010 RM'000</b>
<b>Net cash generated from operating activities</b>	<b>2,700</b>	<b>15,645</b>
<b>Net cash used in investing activities</b>	<b>(4,640)</b>	<b>(3,750)</b>
<b>Net cash (used in)/generated from financing activities</b>	<b><u>(718)</u></b>	<b><u>571</u></b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,658)</b>	<b>12,466</b>
<b>Cash and cash equivalents at beginning of period</b>	<b><u>21,872</u></b>	<b><u>9,425</u></b>
<b>Cash and cash equivalents at end of period</b>	<b><u><u>19,214</u></u></b>	<b><u><u>21,891</u></u></b>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	23,910	25,302
Bank Overdraft	<u>(4,696)</u>	<u>(3,411)</u>
	<b><u><u>19,214</u></u></b>	<b><u><u>21,891</u></u></b>

**(The Condensed Consolidated Cashflow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2011 and the accompanying explanatory notes attached to the interim financial statements)**

**SAPURA INDUSTRIAL BERHAD (17547-W)**

**Notes to the Interim Financial Statements - 30 April 2011**

**Part A - EXPLANATORY NOTES PURSUANT TO FRS NO. 134**

**A1. Basis of Preparation**

The unaudited condensed consolidated financial statements have been prepared in accordance with FRS134, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements for the financial year ended 31 January 2011.

**A2. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report of the Group's most recent annual audited financial statements was not qualified.

**A3. Comments about Seasonal or Cyclical Factors**

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

**A4. Unusual items due to their Nature, Size or Incidence**

There were no material unusual items affecting assets, liabilities, equity, net income, or cash flows for the current financial period under review.

**A5. Changes in Estimates**

There were no material changes in estimates reported in the current financial period under review.

**A6. Debt and Equity Securities**

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

**A7. Dividends Paid**

There was no dividend paid for the current financial period.

**SAPURA INDUSTRIAL BERHAD (17547-W)**

**Notes to the Interim Financial Statements - 30 April 2011 (contd)**

**A8. Segmental Information**

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

	<b>Individual Quarter 3 months ended 30 April 2011</b>		<b>Cumulative Quarter 3 months ended 30 April 2011</b>	
	<b>Revenue RM'000</b>	<b>Profit/(loss) Before Taxation RM'000</b>	<b>Revenue RM'000</b>	<b>Profit/(loss) before taxation RM'000</b>
Investment Holding	4,335	(355)	4,335	(355)
Manufacturing	68,891	7,407	68,891	7,407
Others	888	(109)	888	(109)
	<u>74,114</u>	<u>6,943</u>	<u>74,114</u>	<u>6,943</u>
Eliminations	<u>(7,287)</u>	<u>-</u>	<u>(7,287)</u>	<u>-</u>
	<u>66,827</u>	<u>6,943</u>	<u>66,827</u>	<u>6,943</u>

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

**A9. Property, Plant and Equipment**

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

**A10. Capital Commitments**

	<b>As at 30 April 2011 RM'000</b>	<b>As at 31 January 2011 RM'000</b>
<b>Capital expenditure</b>		
Property, plant and equipment:		
Approved and contracted for	6,268	8,544
Approved but not contracted for	9,503	10,782
	<u>9,503</u>	<u>10,782</u>

**A11. Significant Post Balance Sheet Events**

As at the date of this report, there were no material events subsequent to the date of the Statement of Financial Position.

**A12. Changes in Composition of the Group**

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

**A13. Changes in Contingent Liabilities**

There were no changes in contingent liabilities since the last Statement of Financial Position as at 31 January 2011.



**SAPURA INDUSTRIAL BERHAD (17547-W)**

**Notes to the Interim Financial Statements - 30 April 2011 (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 revenue of RM66.8 million for the current quarter against RM73.7 million in the previous year corresponding quarter, a decrease of 9.4% due to slightly lower volume.

The Group recorded a pre-tax profit of RM6.9 million as compared to RM5.9 million in the previous year corresponding quarter, an increase of 16.9%. The increase in profit is mainly due to product mix as well as cost improvement activities.

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

The pre-tax profit for current quarter of RM6.9 million is lower by 23.3% due to one-off recognition of other income being included in the pre-tax profit in the immediate preceding quarter of RM9.0 million.

**B3. Prospects**

The Board is cautious that market conditions will continue to be challenging despite the improvement in volume forecasted for the remaining year. In bracing the challenges ahead, the Group has intensified its efforts to further strengthen operational efficiency.

**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**

	<b>Current Quarter RM'000</b>	<b>Year to date RM'000</b>
Current year taxation	1,705	1,705
	<u>1,705</u>	<u>1,705</u>
Effective tax rate	24.56%	24.56%

The overall current and year to date effective tax rate is within the statutory income tax rate.

**SAPURA INDUSTRIAL BERHAD (17547-W)**

**Notes to the Interim Financial Statements - 30 April 2011 (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 financial period under review.

**B7. Quoted Securities**

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

**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:

	<b>Total RM'000</b>	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>
Overdraft	4,696	1,096	3,600
Revolving Credit	20,450	3,250	17,200
Bankers Acceptance	9,042	-	9,042
Term Loans	27,481	27,371	110
	<u>61,669</u>	<u>31,717</u>	<u>29,952</u>
Amount due within the next 12 months	45,502		
Amount due after the next 12 months	16,167		
	<u>61,669</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 to the Interim Financial Statements - 30 April 2011 (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 (which was amended on 13 January 2009 and re-amended on 6 February 2009) against Sapura-Schulz, a 75% subsidiary of Sapura Industrial Berhad ("the Company" or "SIB") for breach of a Business Operations Agreement ("BOA") dated 3 April 2004 and a Licence Agreement dated 3 April 2004 ("LA") entered into between Sapura-Schulz and Schulz Export, for inter alia:

- (i) EUR500,377 for loss of profits; and
- (ii) EUR424,168 and USD43,109 for rectification works
- (iii) Anti-dumping cost amounting to USD140,000

(b) On 20 November 2007, SPIP, a 25% shareholder in Sapura-Schulz, 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, BOA and LA were executed along with an Asset Sale Agreement dated 13 October 2003 (together with two supplemental agreements dated 14 November 2003 and 3 April 2004 respectively) ("ASA") between Sapura-Schulz and SPIP and an Assignment Agreement dated 23 June 2005 between Wilh Schulz, Schulz Export GmbH, SPIP and Sapura-Schulz ("AA") (collectively referred to "the Agreements") which all stem from a Heads of Agreement ("HOA") dated 3 July 2003 entered into between SIB and Wilh Schulz setting out the understanding between the parties with regard to the joint venture between Wilh Schulz and SIB.

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.

These two arbitration proceedings are by consent heard together by one arbitrator and various directions were given by the arbitrator on 1 October 2007 whereupon these matters were fixed for hearing 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:

- (i) Sapura-Schulz counterclaimed against Schulz Export for breach of contract for and RM5,838,956 and general damages of RM97,034,078; and

## SAPURA INDUSTRIAL BERHAD (17547-W)

### Notes to the Interim Financial Statements - 30 April 2011 (contd)

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

(ii) SIB counterclaimed against SPIP for breach of contract for RM24,000,000 and general damages of RM91,988,862.

On 12 January 2009, the Claimant's solicitors submitted their request to amend Schulz Export GmbH's ("SEGH") previous claim against SSHSB for rectification works from USD40,771 to USD43,108 and to include an additional claim by SEGH against SSHSB for anti-dumping cost amounting to USD140,000. SIB's solicitors objected to the inclusion of the additional claim. The Arbitrator allowed the amendments after hearing submissions by both counsels and SSHSB is given liberty to amend its Defence and Counterclaim on such claims by SEGH.

This matter was heard from 12 January 2009 to 15 January 2009 and was then scheduled to be reheard from 20 to 28 July 2009. The hearing dates on 16 to 23 January 2009, 20, 21, 27 and 28 July were vacated by the Arbitrator.

Following the conclusion of the hearing from 22 to 24 July 2009, SIB filed their Written Submissions dated 30 October 2009 and the Written Submissions In Reply dated 20 November 2009. The Claimants also served their Written Submissions dated 2 November 2009 and Written Submissions In Reply dated 20 November 2009.

These arbitration matters were fixed for hearing of oral submissions on 25 and 26 November 2009 and the hearing was concluded.

SIB now awaits the arbitrator's decision of these arbitration.

#### B12. Dividend Payable

No dividend has been proposed or declared for the current financial period ended 30 April 2011.

#### B13. Earnings Per Share

	Current Quarter 30.4.2011	Year To Date 30.4.2011
Net profit from operations attributable to shareholders (RM'000)	<u>5,238</u>	<u>5,238</u>
<b>a) Basic</b>		
Weighted average no. of shares (000)	72,776	72,776
Basic earnings per share for: -		
Profit for the period (sen)	7.20	7.20
<b>b) Diluted</b>		
Weighted average no. of shares (000)	72,776	72,776
Effect of dilution:		
Share options #	-	-
Adjusted weighted average no. of shares (000)	<u>72,776</u>	<u>72,776</u>
Profit for the period (sen)	<u>7.20</u>	<u>7.20</u>

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

**SAPURA INDUSTRIAL BERHAD (17547-W)**

**Notes to the Interim Financial Statements - 30 April 2011 (contd)**

**B14. Breakdown of retained profit/(accumulated losses) into realised and unrealised**

	<b>Current Quarter Ended 30.4.2011 RM</b>	<b>Audited 31.1.2011 RM</b>
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	(79,199)	(84,540)
- Unrealised	<u>(7,022)</u>	<u>(6,918)</u>
	(86,221)	(91,458)
Less: Consolidation adjustments	<u>93,393</u>	<u>93,392</u>
Retained profits as per financial statements	<u><u>7,172</u></u>	<u><u>1,934</u></u>

**B15. 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 22 June 2011.