



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

INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31 OCTOBER 2011

The unaudited financial results of Sapura Industrial Berhad Group
for the 3rd quarter ended 31 October 2011

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SAPURA INDUSTRIAL BERHAD (17547-W)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 OCTOBER 2011
THE FIGURES HAVE NOT BEEN AUDITED

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Quarter Ended 31.10.2011 RM'000</u>	<u>Comparative Quarter Ended 31.10.2010 RM'000</u>	<u>9 months Cumulative Totale 31.10.2011 RM'000</u>	<u>9 months Cumulative Totale 31.10.2010 RM'000</u>
Revenue	67,742	67,599	210,498	219,993
Cost of sales	<u>(52,869)</u>	<u>(56,686)</u>	<u>(164,000)</u>	<u>(181,072)</u>
Gross profit	14,873	10,913	46,498	38,921
Other income	748	910	2,562	3,455
Operating expenses	(7,868)	(7,502)	(23,964)	(22,314)
Finance costs	(970)	(982)	(2,671)	(2,958)
Profit before tax	<u>6,783</u>	<u>3,339</u>	<u>22,425</u>	<u>17,104</u>
Income tax expense	(1,700)	(810)	(4,898)	(3,467)
Profit for the period	<u>5,083</u>	<u>2,529</u>	<u>17,527</u>	<u>13,637</u>
Total comprehensive income for the period	<u>5,083</u>	<u>2,529</u>	<u>17,527</u>	<u>13,637</u>
Profit attributable to:				
Owners of the Company	5,083	2,529	17,527	13,637
Minority interest	-	-	-	-
	<u>5,083</u>	<u>2,529</u>	<u>17,527</u>	<u>13,637</u>
Total comprehensive income attributable to:				
Owners of the Company	5,083	2,529	17,527	13,637
Minority interest	-	-	-	-
	<u>5,083</u>	<u>2,529</u>	<u>17,527</u>	<u>13,637</u>
Earnings per share attributable to owner of the Company (sen):				
Basic, for profit from operations	<u>6.98</u>	<u>3.48</u>	<u>24.08</u>	<u>18.74</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 31 OCTOBER 2011

	Unaudited 31.10.2011	Audited 31.01.2011
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	94,065	95,559
Development expenditure	3,388	3,323
	<u>97,453</u>	<u>98,882</u>
Current assets		
Inventories	23,771	24,544
Trade receivables	44,199	44,548
Other receivables and prepayments	5,825	6,295
Tax recoverable	470	46
Due from related companies	92	-
Cash and bank balances	18,778	22,970
	<u>93,135</u>	<u>98,403</u>
TOTAL ASSETS	<u>190,588</u>	<u>197,285</u>
EQUITY AND LIABILITIES		
Equity attributable to owner of the Company		
Share capital	72,776	72,776
Share premium	2,200	2,200
Retained profits	9,418	1,934
	<u>84,394</u>	<u>76,910</u>
Minority interest	515	515
Total equity	<u>84,909</u>	<u>77,425</u>
Non-current liabilities		
Term loans	19,313	14,726
Retirement Benefit Obligations	2,708	2,485
Hire purchase payables	1,570	2,150
Deferred taxation	6,995	6,995
	<u>30,586</u>	<u>26,356</u>
Current liabilities		
Borrowings	35,186	43,808
Trade payables	13,676	20,019
Other payables and accruals	21,938	25,663
Hire purchase payables	947	956
Due to ultimate holding company	885	774
Due to related companies	28	1,025
Dividends payable	-	-
Provision for taxation	2,433	1,259
	<u>75,093</u>	<u>93,504</u>
Total liabilities	<u>105,679</u>	<u>119,860</u>
TOTAL EQUITY AND LIABILITIES	<u>190,588</u>	<u>197,285</u>
Net assets per share (RM)	1.17	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 31 OCTOBER 2011**

	Number of Shares '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			
For The 9 Month Period Ended 31 October 2011							
As at 1 February 2011	72,776	72,776	2,200	1,934	76,910	515	77,425
Total comprehensive income for the period	-	-	-	17,527	17,527	-	17,527
Dividends on ordinary shares	-	-	-	(10,043)	(10,043)	-	(10,043)
As at 31 October 2011	<u>72,776</u>	<u>72,776</u>	<u>2,200</u>	<u>9,418</u>	<u>84,394</u>	<u>515</u>	<u>84,909</u>
For The 9 Month Period Ended 31 October 2010							
As at 1 February 2010	72,776	72,776	2,200	(4,781)	70,195	517	70,712
Total comprehensive income for the period	-	-	-	13,637	13,637	-	13,637
Dividends on ordinary shares	-	-	-	(3,639)	(3,639)	-	(3,639)
As at 31 October 2010	<u>72,776</u>	<u>72,776</u>	<u>2,200</u>	<u>5,217</u>	<u>80,193</u>	<u>517</u>	<u>80,710</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 CASHFLOWS
FOR THE PERIOD ENDED 31 OCTOBER 2011**

	9 MONTHS ENDED 31.10.2011 RM'000	9 MONTHS ENDED 31.10.2010 RM'000
Net cash generated from operating activities	19,072	45,161
Net cash used in investing activities	(8,597)	(5,935)
Net cash (used in) / generated from financing activities	<u>(14,563)</u>	<u>(5,319)</u>
Net (decrease) / increase in cash and cash equivalents	(4,088)	33,907
Cash and cash equivalents at beginning of period	<u>21,872</u>	<u>9,425</u>
Cash and cash equivalents at end of period	<u>17,784</u>	<u>43,332</u>
Cash and cash equivalents comprise:		
Cash and bank balances	18,778	45,484
Bank overdraft	<u>(994)</u>	<u>(2,152)</u>
	<u>17,784</u>	<u>43,332</u>

(The Condensed Consolidated Statement of Cashflow 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 - 31 October 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 - 31 October 2011 (contd)

A8. Segmental Information

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

	Individual Quarter 3 months ended 31 October 2011		Cumulative Quarter 9 months ended 31 October 2011	
	Revenue RM'000	Profit/(loss) Before Taxation RM'000	Revenue RM'000	Profit/(loss) before taxation RM'000
Investment Holding	4,708	(616)	13,826	(1,820)
Manufacturing	70,031	7,441	217,249	24,479
Others	1,081	(42)	2,906	(234)
	<u>75,820</u>	<u>6,783</u>	<u>233,981</u>	<u>22,425</u>
Eliminations	<u>(8,078)</u>	<u>-</u>	<u>(23,483)</u>	<u>-</u>
	<u>67,742</u>	<u>6,783</u>	<u>210,498</u>	<u>22,425</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

	As at 31 October 2011 RM'000	As at 31 January 2011 RM'000
Capital expenditure		
Property, plant and equipment:		
Approved and contracted for	3,630	8,544
Approved but not contracted for	<u>3,827</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 - 31 October 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 RM67.7 million for the current quarter against RM67.6 million in the previous year corresponding quarter. The Group recorded higher pre-tax profit of RM6.8 million compared to RM3.3 million in the previous year corresponding quarter.

For the current period ended 31 October 2011, the Group recorded revenue of RM210.5 million compared to RM220.0 million in the previous year corresponding period, due to lower volume. Pre-tax profit showed an improvement from RM17.1 million to RM22.4 million for the respective periods, mainly due to model mix and cost improvement efforts throughout the Group.

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

The Group's revenue of RM67.7 million for the current quarter was lower compared to the immediate preceding quarter of RM75.9 million due to lower volume. Pre-tax profit was at RM6.8 million as compared to RM8.7 million for the immediate preceding quarter.

B3. Prospects

The Board is cautious that market conditions will continue to be challenging for the automotive sector. As such 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

	Current Quarter RM'000	Year to date RM'000
Current year taxation	1,700	4,898
	<hr/> <hr/>	<hr/> <hr/>
	1,700	4,898
Effective tax rate	25%	22%

The disproportionate taxation charge for the current period to date is due principally to utilisation of capital allowances and reinvestment allowances enjoyed by certain subsidiaries within the Group.

SAPURA INDUSTRIAL BERHAD (17547-W)**Notes to the Interim Financial Statements - 31 October 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:

	Total RM'000	Secured RM'000	Unsecured RM'000
Overdraft	994	994	-
Revolving Credit	15,000	-	15,000
Bankers Acceptance	10,505	-	10,505
Term Loans	28,000	28,000	-
	<u>54,499</u>	<u>28,994</u>	<u>25,505</u>
Amount due within the next 12 months	35,186		
Amount due after the next 12 months	19,313		
	<u>54,499</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 - 31 October 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 GmbH ("Wilh Schulz"), Schulz Export, 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 RM5,838,956 and general damages of RM97,034,078; and

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes to the Interim Financial Statements - 31 October 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's previous claim against Sapura-Schulz for rectification works from USD40,771 to USD43,108 and to include an additional claim by Schulz Export's against Sapura-Schulz 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 Sapura-Schulz is given liberty to amend its Defence and Counterclaim on such claims by Schulz Export.

This matter was partly 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 2009 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 then 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 31 October 2011.

B13. Earnings Per Share

	Current Quarter 31.10.2011	Year To Date 31.10.2011
Net profit from operations attributable to shareholders (RM'000)	<u>5,083</u>	<u>17,527</u>
a) Basic		
Weighted average no. of shares (000)	72,776	72,776
Basic earnings per share for: -		
Profit for the period (sen)	6.98	24.08
b) Diluted		
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>6.98</u>	<u>24.08</u>

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes to the Interim Financial Statements - 31 October 2011 (contd)

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

	Current Quarter Ended 31.10.2011 RM	Audited 31.1.2011 RM
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	(74,578)	(84,540)
- Unrealised	<u>(9,396)</u>	<u>(6,918)</u>
	<u>(83,974)</u>	<u>(91,458)</u>
Less: Consolidation adjustments	<u>93,392</u>	<u>93,392</u>
Retained profits as per financial statements	<u><u>9,418</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 30 November 2011.