



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

INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31 OCTOBER 2012

The unaudited financial results of Sapura Industrial Berhad Group
for the period ended 31 October 2012

Condensed Consolidated Statement of Comprehensive Income	3
Condensed Consolidated Statement of Financial Position	4
Condensed Consolidated Statement of Changes in Equity	5
Consolidated Statement of Cash Flows	6-7
Notes to the Interim Financial Statements	8-15

SAPURA INDUSTRIAL BERHAD (17547-W)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 OCTOBER 2012
THE FIGURES HAVE NOT BEEN AUDITED

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Quarter Ended 31.10.2012 RM'000	Comparative Quarter Ended 31.10.2011 RM'000	9 months Cumulative Todate 31.10.2012 RM'000	9 months Cumulative Todate 31.10.2011 RM'000
Revenue	66,313	67,742	199,109	210,498
Cost of sales	<u>(53,483)</u>	<u>(52,869)</u>	<u>(159,139)</u>	<u>(164,000)</u>
Gross profit	12,830	14,873	39,970	46,498
Other income	1,126	748	3,706	2,562
Operating expenses	(8,035)	(7,868)	(26,872)	(23,964)
Finance costs	(634)	(970)	(2,141)	(2,671)
Profit before tax	<u>5,287</u>	<u>6,783</u>	<u>14,663</u>	<u>22,425</u>
Tax expense	(1,312)	(1,700)	(4,863)	(4,898)
Profit for the period	<u>3,975</u>	<u>5,083</u>	<u>9,800</u>	<u>17,527</u>
Total comprehensive income for the period	<u>3,975</u>	<u>5,083</u>	<u>9,800</u>	<u>17,527</u>
Profit attributable to:				
Owners of the Company	4,002	5,083	11,084	17,527
Non-controlling interest	<u>(27)</u>	<u>-</u>	<u>(1,284)</u>	<u>-</u>
	<u>3,975</u>	<u>5,083</u>	<u>9,800</u>	<u>17,527</u>
Total comprehensive income attributable to:				
Owners of the Company	4,002	5,083	11,084	17,527
Non-controlling interest	<u>(27)</u>	<u>-</u>	<u>(1,284)</u>	<u>-</u>
	<u>3,975</u>	<u>5,083</u>	<u>9,800</u>	<u>17,527</u>
Earnings per share attributable to owners of the Company (sen):				
Basic, for profit from operations	<u>5.50</u>	<u>6.98</u>	<u>15.23</u>	<u>24.08</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2012 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 2012

	Unaudited 31.10.2012 RM'000	Audited 31.01.2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	90,844	96,121
Development expenditure	2,852	3,220
	<u>93,696</u>	<u>99,341</u>
Current assets		
Inventories	24,909	25,163
Trade receivables	50,483	46,197
Other receivables and prepayments	6,282	6,040
Tax recoverable	613	479
Cash and bank balances	12,184	20,915
	<u>94,471</u>	<u>98,794</u>
TOTAL ASSETS	<u>188,167</u>	<u>198,135</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	8,995	13,922
	<u>83,971</u>	<u>88,898</u>
Minority interest	(772)	512
Total equity	<u>83,199</u>	<u>89,410</u>
Non-current liabilities		
Term loans	17,310	20,026
Retirement Benefit Obligations	3,008	2,737
Hire purchase payables	733	1,501
Deferred taxation	7,479	7,480
	<u>28,530</u>	<u>31,744</u>
Current liabilities		
Borrowings	33,048	31,721
Trade payables	14,356	14,807
Other payables and accruals	26,259	27,657
Hire purchase payables	876	957
Due to ultimate holding company	168	87
Due to related companies	13	127
Provision for taxation	1,718	1,625
	<u>76,438</u>	<u>76,981</u>
Total liabilities	<u>104,968</u>	<u>108,725</u>
TOTAL EQUITY AND LIABILITIES	<u>188,167</u>	<u>198,135</u>
Net assets per share (RM)	1.15	1.22

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2012 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 2012

	← Attributable to Owners of the Company →			Total RM'000	Minority interest RM'000	Total equity RM'000
	← Non-Distributable → Share capital RM'000	Share premium RM'000	Distributable Retained profits/ (accumulated losses) RM'000			
For The 9 Month Period Ended 31 October 2012						
As at 1 February 2012	72,776	2,200	13,922	88,898	512	89,410
Total comprehensive income for the period	-	-	11,084	11,084	(1,284)	9,800
Dividends on ordinary shares	-	-	(16,011)	(16,011)	-	(16,011)
As at 31 October 2012	<u>72,776</u>	<u>2,200</u>	<u>8,995</u>	<u>83,971</u>	<u>(772)</u>	<u>83,199</u>
For The 9 Month Period Ended 31 October 2011						
As at 1 February 2011	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>2,200</u>	<u>9,418</u>	<u>84,394</u>	<u>515</u>	<u>84,909</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 2012 and the accompanying explanatory
notes attached to the Interim Financial Statements)

SAPURA INDUSTRIAL BERHAD (17547-W)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 OCTOBER 2012

	9 MONTHS ENDED 31.10.2012 RM'000	9 MONTHS ENDED 31.10.2011 RM'000
Operating activities		
Profit before tax	14,663	22,425
Adjustments for:		
Depreciation of property, plant and equipment	9,826	9,036
Property, plant and equipment written off	16	868
Amortisation of development expenditure	1,044	625
Interest income	(394)	(465)
Bad debts written off	-	1,027
Impairment loss on financial assets:		
Trade receivables	-	10
Net unrealised loss on foreign exchange	(111)	(22)
Increase in liability for defined benefit plan	309	223
Loss on disposal of property, plant and equipment	2	(40)
Write down of inventories	93	1,932
Interest expense	2,141	2,671
Operating profit before working capital changes	<u>27,589</u>	<u>38,290</u>
Decrease/(increase) in inventories	161	(1,159)
Increase in trade and other receivables	(4,528)	(218)
Decrease in trade and other payables	<u>(1,692)</u>	<u>(11,021)</u>
Cash generated from operations	21,530	25,892
Interest paid	(2,141)	(2,671)
Taxes paid	<u>(4,903)</u>	<u>(4,149)</u>
Net cash generated from operating activities	<u>14,486</u>	<u>19,072</u>

SAPURA INDUSTRIAL BERHAD (17547-W)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 OCTOBER 2012

(contd.)

	9 MONTHS ENDED 31.10.2012 RM'000	9 MONTHS ENDED 31.10.2011 RM'000
Investing activities		
Purchase of property, plant and equipment	(4,593)	(8,438)
Interest received	394	465
Proceeds from disposal of property, plant and equipment	8	66
Development expenditure incurred	(676)	(690)
Net cash used in investing activities	<u>(4,867)</u>	<u>(8,597)</u>
Financing activities		
Net (repayment)/drawdown of term loans	(2,815)	307
Net drawdown/(repayment) of short term borrowings	1,426	(4,238)
Net repayment of hire purchase and lease financing	(849)	(589)
Dividends on ordinary shares	(16,011)	(10,043)
Net cash used in from financing activities	<u>(18,249)</u>	<u>(14,563)</u>
Net increase in cash and cash equivalents	(8,630)	(4,088)
Cash and cash equivalents at beginning of period	20,018	21,872
Cash and cash equivalents at end of period	<u>11,388</u>	<u>17,784</u>
Analysis of cash and cash equivalents:		
Deposits, cash and bank balances	12,184	18,778
Bank overdrafts	(796)	(994)
Cash and cash equivalents at end of period	<u>11,388</u>	<u>17,784</u>

**(The Consolidated Statement of Cash Flows should be read in conjunction with the
Financial Statements for the year ended 31 January 2012 and the accompanying
explanatory notes attached to the Interim Financial Statements)**

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes to the Interim Financial Statements - 31 October 2012

Part A - EXPLANATORY NOTES

A1. First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

These condensed consolidated interim financial statements, for the period ended 31 October 2012, have been prepared in accordance with the requirements of MFRS 134 : Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Malaysia"). These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standard Board. For the periods up to and including the year ended 31 January 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

These condensed consolidated interim financial statements are part of the period covered by the Group's first MFRS annual financial statements for the financial year ending 31 January 2013. MFRS 1 : First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

These explanatory notes attached to these condensed consolidated 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 financial year ended 31 January 2012.

The date of transition to the MFRS Framework is 1 February 2011. The transition from FRS to MFRS has not had material impact on the financial position, financial performance and cash flows of the Group and the Company.

A2. Changes in Accounting Policies and application of MFRS

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and Issues Committee ("IC") Interpretation were issued but not yet effective and have not been applied by the Group:

<u>Adoption to MFRSs, Amendments to MFRSs and IC Interpretations</u>		<u>Effective for annual period beginning on or after</u>
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7	Disclosure - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes to the Interim Financial Statements - 31 October 2012 (contd)

Part A - EXPLANATORY NOTES (CONTD.)

A3. Seasonal and Cyclical Factors

The Group's results were not materially affected by any major seasonal or cyclical factors.

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 during the financial period under review.

A5. Material Changes in Estimates

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

A6. Issuance and Repayment of Debt and Equity Securities

There were no issuances, cancellations, share buy-backs, resale of shares bought back and repayment of debt and equity securities by the Company during the financial period under review.

A7. Dividends Paid

- a. A first and final tax exempt dividend of 15 sen per ordinary share, totalling RM10,916,361 in respect of the financial year ended 31 January 2012, was paid on 9 August 2012.
- b. An interim tax exempt dividend of 7 sen per ordinary share, totalling RM5,094,302 in respect of the financial year ended 31 January 2013, was paid on 30 October 2012.

A8. Segmental Information

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

	Individual Quarter 3 months ended 31 October 2012		Cumulative Quarter 9 months ended 31 October 2012	
	Revenue RM'000	Profit/(loss) before taxation RM'000	Revenue RM'000	Profit/(loss) before taxation RM'000
Investment Holding	4,706	(1,083)	13,585	(2,011)
Manufacturing	68,144	5,712	204,772	16,772
Others	1,072	33	3,423	(98)
	<u>73,922</u>	<u>4,662</u>	<u>221,780</u>	<u>14,663</u>
Eliminations	<u>(7,609)</u>	<u>-</u>	<u>(22,671)</u>	<u>-</u>
	<u>66,313</u>	<u>4,662</u>	<u>199,109</u>	<u>14,663</u>

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

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes to the Interim Financial Statements - 31 October 2012 (contd)

Part A - EXPLANATORY NOTES (CONTD.)

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. Material Events Subsequent to the End of the Period

There were no material events subsequent to the end of the financial period under review.

A11. Changes in Composition of the Group

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

A12. Contingent Liabilities

Changes in contingent liabilities of the Group in respect of the arbitration cases since the financial year ended 31 January 2012 is as disclosed under Note B8 below.

A13. Capital Commitments

	As at 31 October 2012 RM'000	As at 31 January 2012 RM'000
Capital expenditure		
Property, plant and equipment:		
Approved and contracted for	2,521	-
Approved but not contracted for	<u>2,837</u>	<u>4,674</u>

A14. Significant Related Party Transactions

The following are the Group's significant related party transactions:

	3 months ended 31.10.2012 RM'000	9 months ended 31.10.2012 RM'000
Holding company		
Corporate service fee	<u>475</u>	<u>1,351</u>

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes to the Interim Financial Statements - 31 October 2012 (contd)

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

B1. Review of Performance

The Group recorded revenue of RM66.3 million for the current quarter against RM67.7 million in the previous year corresponding quarter. Net profit was at RM4.0 million compared to RM5.1 million for the respective periods.

For the current period ended 31 October 2012, the Group recorded revenue of RM199.1 million compared to RM210.5 million in the previous year corresponding period, mainly due to lower domestic volume for certain models. Net profit was at RM9.8 million compared to RM17.5 million for the respective periods, mainly due to provision made for arbitration claim in July 2012 against Sapura-Schulz Hydroforming Sdn Bhd awarded by arbitrator of RM4.7million.

B2. Result against Preceding Quarter

The Group's revenue of RM66.3 million for the current quarter was slightly lower compared to the immediate preceding quarter of RM67.2 million. Net profit for the current quarter was RM4.0 million compared to RM0.1 million for the immediate preceding quarter mainly due provision made for arbitration claim against Sapura-Schulz Hydroforming Sdn Bhd awarded by arbitrator of RM4.7million in preceding quarter.

B3. Prospects

For 2012, The Malaysian Automotive Association has forecasted total industry volume to grow by 2.5% to 615,000 compared to 600,123 in 2011. The Group is cautious that market conditions will continue to be challenging for the automotive sector in view of the uncertain global economic outlook. As such, the Group has intensified its efforts to further strengthen operational efficiency.

B4. Profit Forecast or Profit Guarantee

The Group has not provided any profit forecast or profit guarantee.

B5. Tax Expense

	Current Quarter RM'000	Year to date RM'000
Current income tax	1,312	4,863
Effective tax rate	24.8%	33.2%

The year to date effective tax rate is higher than statutory income tax rate due principally to losses recorded by Sapura Schulz Hydroforming Sdn. Bhd. resulting from provision made in July 2012 for the arbitration claim as explained under Note B1 above.

B6. Status of Corporate Proposals

There were no corporate proposals announced but not completed as the date of issue of this report.

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes to the Interim Financial Statements - 31 October 2012 (contd)

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS (CONTD.)

B7. Borrowings

The Group borrowings are as follows:

	As at 31 October 2012 RM'000	As at 31 January 2012 RM'000
Current		
Secured		
Bank Overdrafts	796	897
Term Loans	8,267	7,366
Obligations under finance leases	280	349
	<u>9,343</u>	<u>8,612</u>
Unsecured		
Bankers' Acceptances	10,452	10,425
Revolving Credits	13,200	11,700
Term Loans	333	1,333
Obligations under finance leases	596	608
	<u>24,581</u>	<u>24,066</u>
Non - Current		
Secured		
Term Loans	15,310	18,026
Obligations under finance leases	1	187
	<u>15,311</u>	<u>18,213</u>
Unsecured		
Term Loans	2,000	2,000
Obligations under finance leases	732	1,314
	<u>2,732</u>	<u>3,314</u>
Total		
Bank Overdrafts	796	897
Revolving Credits	13,200	11,700
Bankers' Acceptances	10,452	10,425
Term Loans	25,910	28,725
Obligations under finance leases	1,609	2,458
	<u>51,967</u>	<u>54,205</u>

The Group borrowings are denominated in the following currencies:

	As at 31 October 2012 RM'000	As at 31 January 2012 RM'000
Ringgit Malaysia	41,515	54,205
United States Dollar	10,452	-
	<u>51,967</u>	<u>54,205</u>

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes to the Interim Financial Statements - 31 October 2012 (contd)

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS (CONTD.)

B8. Changes in Material Litigation

Status of material litigation as per announcement made on 6 August 2012:

1. **SIAC Arbitration No. : 030 of 2007**
In the Matter of an Arbitration under UNCITRAL Arbitration Rules
Schulz Export GmbH v Sapura-Schulz Hydroforming Sdn Bhd
2. **SIAC Arbitration No.: 037 of 2007**
In the matter of an Arbitration under UNCITRAL Arbitration Rules
Sophisticated Pipe Industry Production Sdn Bhd v Sapura Industrial Berhad

On 2 August 2012, Sapura Industrial Berhad ("SIB") was notified of the Award of the arbitrator dated 31 July 2012 ("the award"). The arbitrator's decision on both the aforesaid arbitration is as follows:

1. The claim by Sophisticated Pipe Industry Production Sdn Bhd ("SPIP") for breach of the Shareholders Agreement dated 3 April 2004 in the amount of RM26,000,000.00 is not allowed as the arbitrator finds that there was no breach of fiduciary duties by SIB.

2. The claim by Schulz Export GmbH ("Schulz Export") against Sapura-Schulz Hydroforming Sdn Bhd ("SSHSB") (a subsidiary in which SIB holds a 75% shareholding and 25% owned by SPIP), for anti-dumping cost in the amount of USD140,00.00 is not allowed.

3. The claim by Schulz Export for breach of the Business Operations Agreement dated 3 April 2004 as follows is allowed:

- 3.1 Euro500,377.04 for loss of profits with interest thereon and costs; and
- 3.2 Euro424,168.33 and USD43,108.69 for rectifications works with interest thereon and costs.

4. The Counterclaim by SIB of RM24,000,000.00 for breach of contract and general damages of RM91,988,862.00 against SPIP is not allowed.

5. The Counterclaim by SSHSB of RM5,838,956.00 for breach of contract and general damages of RM97,034,078 against Schulz Export is not allowed.

The allowed claim by Schulz Export against SSHSB estimated at RM4.7 million including interest of RM1.0 million, has been provided for in the Consolidated Statement of Comprehensive Income for period ended 31 July 2012 as explained under note B1 above.

On 19 October 2012, SIB and SSHSB have lodged in the Singapore High Court an Originating Summons dated 19 October 2012 seeking to set aside the award.

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes to the Interim Financial Statements - 31 October 2012 (contd)

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS (CONTD.)

B9. Dividend Declared

No dividend has been proposed or declared for the current quarter under review.

B10. Earnings Per Share

	Current Quarter 31.10.2012	Year To Date 31.10.2012
Net profit from operations attributable to owners of the Company (RM'000)	<u>4,002</u>	<u>11,084</u>
a) Basic		
Weighted average no. of shares (000)	72,776	72,776
Basic earnings per share for: - Profit for the period (sen)	5.50	15.23
b) Diluted		
Weighted average no. of shares (000)	72,776	72,776
Adjusted weighted average no. of shares (000)	<u>72,776</u>	<u>72,776</u>
Profit for the period (sen)	<u>5.50</u>	<u>15.23</u>

B11. Auditors' Report on Preceding Annual Financial Statements

The auditors' report of the Group's preceding annual financial statements was not qualified.

B12. Additional Information

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

	Current Quarter 31.10.2012 RM'000	Year To Date 31.10.2012 RM'000
Profit before taxation is stated after (crediting)/charging:-		
- Interest income	(109)	(394)
- Other income	(1,017)	(3,312)
- Interest expense	634	2,141
- Depreciation of property, plant and equipment	3,281	9,826
- Amortisation of development expenditure	357	1,044
- Realised foreign exchange loss	<u>244</u>	<u>122</u>

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes to the Interim Financial Statements - 31 October 2012 (contd)

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS (CONTD.)

B13. Breakdown of retained profits/(accumulated losses) into realised and unrealised

	Current Quarter Ended 31.10.2012 RM'000	Audited 31.1.2012 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	(79,152)	(72,857)
- Unrealised	<u>(7,479)</u>	<u>(7,567)</u>
	(86,631)	(80,424)
Less: Consolidation adjustments	<u>95,626</u>	<u>94,346</u>
Retained profits as per financial statements	<u>8,995</u>	<u>13,922</u>

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 21 November 2012.