



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

INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 31 JULY 2014

The unaudited financial results of Sapura Industrial Berhad Group  
for the period ended 31 July 2014

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**SAPURA INDUSTRIAL BERHAD (17547-W)**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 JULY 2014**  
**THE FIGURES HAVE NOT BEEN AUDITED**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<b>Current Quarter Ended 31.7.2014 RM'000</b>	<b>Comparative Quarter Ended 31.7.2013 RM'000</b>	<b>6 months Cumulative Totdate 31.7.2014 RM'000</b>	<b>6 months Cumulative Totdate 31.7.2013 RM'000</b>
Revenue	65,357	68,371	123,218	128,711
Cost of sales	<u>(52,605)</u>	<u>(54,892)</u>	<u>(101,551)</u>	<u>(104,644)</u>
<b>Gross profit</b>	12,752	13,479	21,667	24,067
Other income	1,064	918	1,913	1,659
Operating expenses	(8,260)	(8,622)	(15,750)	(16,465)
Finance costs	(595)	(665)	(1,120)	(1,258)
<b>Profit before tax</b>	<u>4,961</u>	<u>5,110</u>	<u>6,710</u>	<u>8,003</u>
Tax expense	(1,170)	(1,095)	(1,698)	(1,938)
<b>Profit for the period</b>	<u><u>3,791</u></u>	<u><u>4,015</u></u>	<u><u>5,012</u></u>	<u><u>6,065</u></u>
<b>Total comprehensive income for the period</b>	<u><u>3,791</u></u>	<u><u>4,015</u></u>	<u><u>5,012</u></u>	<u><u>6,065</u></u>
<b>Profit for the period attributable to:</b>				
Owners of the parent	3,819	4,044	5,064	6,136
Non-controlling interest	(28)	(29)	(52)	(71)
	<u><u>3,791</u></u>	<u><u>4,015</u></u>	<u><u>5,012</u></u>	<u><u>6,065</u></u>
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the parent	3,819	4,044	5,064	6,136
Non-controlling interest	(28)	(29)	(52)	(71)
	<u><u>3,791</u></u>	<u><u>4,015</u></u>	<u><u>5,012</u></u>	<u><u>6,065</u></u>
<b>Earnings per share attributable to owners of the parent (sen):</b>				
Basic, for profit from operations	<u><u>5.25</u></u>	<u><u>5.56</u></u>	<u><u>6.96</u></u>	<u><u>8.43</u></u>

**(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2014 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 JULY 2014**

	<b>Unaudited</b>	<b>Audited</b>
	<b>31.7.2014</b>	<b>31.1.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	85,846	86,814
Development expenditure	4,315	2,507
	<u>90,161</u>	<u>89,321</u>
<b>Current assets</b>		
Inventories	23,608	26,243
Tax recoverable	560	68
Trade and other receivables	54,532	60,037
Cash and bank balances	13,091	17,749
	<u>91,791</u>	<u>104,097</u>
<b>TOTAL ASSETS</b>	<b><u>181,952</u></b>	<b><u>193,418</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	72,776	72,776
Share premium	2,200	2,200
Retained profits	25,706	26,464
	<u>100,682</u>	<u>101,440</u>
<b>Minority interest</b>	<u>(1,211)</u>	<u>(1,159)</u>
<b>Total equity</b>	<b><u>99,471</u></b>	<b><u>100,281</u></b>
<b>Non-current liabilities</b>		
Retirement benefit obligations	4,546	4,438
Loans and borrowings	7,309	9,133
Deferred tax liabilities	7,036	7,036
	<u>18,891</u>	<u>20,607</u>
<b>Current liabilities</b>		
Retirement benefit obligations	16	17
Income tax payable	916	1,218
Trade and other payables	30,255	37,592
Loans and borrowings	32,403	33,703
	<u>63,590</u>	<u>72,530</u>
<b>Total liabilities</b>	<u>82,481</u>	<u>93,137</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>181,952</u></b>	<b><u>193,418</u></b>
Net assets per share (RM)	1.38	1.39

**(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2014 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 JULY 2014**

	← Attributable to owners of the parent →			Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	← Non-Distributable → Share capital RM'000	Share premium RM'000	Distributable Retained profits RM'000			
<b>For The 6 Month Period Ended 31 July 2014</b>						
<b>As at 1 February 2014</b>	72,776	2,200	26,464	101,440	(1,159)	100,281
Total comprehensive income for the period	-	-	5,064	5,064	(52)	5,012
Dividends on ordinary shares	-	-	(5,822)	(5,822)	-	(5,822)
As at 31 July 2014	<u>72,776</u>	<u>2,200</u>	<u>25,706</u>	<u>100,682</u>	<u>(1,211)</u>	<u>99,471</u>
<b>For The 6 Month Period Ended 31 July 2013</b>						
<b>As at 1 February 2013</b>	72,776	2,200	10,401	85,377	(917)	84,460
Total comprehensive income for the period	-	-	6,136	6,136	(71)	6,065
As at 31 July 2013	<u>72,776</u>	<u>2,200</u>	<u>16,537</u>	<u>91,513</u>	<u>(988)</u>	<u>90,525</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 2014 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 JULY 2014**

	<b>6 MONTHS ENDED 31.7.2014 RM'000</b>	<b>6 MONTHS ENDED 31.7.2013 RM'000</b>
<b>Operating activities</b>		
Profit before tax	6,710	8,003
Adjustments for:		
Depreciation of property, plant and equipment	5,791	6,301
Property, plant and equipment written off	33	2
Amortisation of development expenditure	441	470
Interest income	(159)	(151)
Impairment loss on trade receivables	66	-
Net unrealised gain on foreign exchange	(27)	(65)
Increase in liability for defined benefit plan	153	288
Gain on disposal of property, plant and equipment	-	(27)
Inventories written off	75	-
Interest expense	1,120	1,258
Operating profit before working capital changes	<u>14,203</u>	<u>16,079</u>
Decrease in inventories	2,560	1,644
Decrease/(increase) in trade and other receivables	5,439	(4,849)
Decrease in trade and other payables	<u>(7,206)</u>	<u>(2,152)</u>
Cash generated from operations	14,996	10,722
Interest paid	(1,120)	(1,258)
Taxes paid	(2,492)	(1,859)
Retirement benefits paid	<u>(46)</u>	<u>(72)</u>
Net cash generated from operating activities	<u>11,338</u>	<u>7,533</u>

**SAPURA INDUSTRIAL BERHAD (17547-W)  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 JULY 2014**

(contd.)

	<b>6 MONTHS ENDED 31.7.2014 RM'000</b>	<b>6 MONTHS ENDED 31.7.2013 RM'000</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(4,857)	(4,274)
Interest received	159	151
Proceeds from disposal of property, plant and equipment	-	35
Development expenditure incurred	(2,250)	(150)
Net cash used in investing activities	<u>(6,948)</u>	<u>(4,238)</u>
<b>Financing activities</b>		
Net repayment of term loans	(5,334)	(4,851)
Net drawdown of short term borrowings	2,124	1,845
Net drawdown of hire purchase and lease financing	86	(433)
Dividends on ordinary shares	(5,822)	-
Net cash used in financing activities	<u>(8,946)</u>	<u>(3,439)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(4,556)</b>	<b>(144)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>17,254</b>	<b>9,373</b>
<b>Cash and cash equivalents at end of period</b>	<b><u>12,698</u></b>	<b><u>9,229</u></b>
<b>Analysis of cash and cash equivalents:</b>		
Deposits, cash and bank balances	13,091	9,828
Bank overdrafts	(393)	(599)
<b>Cash and cash equivalents at end of period</b>	<b><u>12,698</u></b>	<b><u>9,229</u></b>

**(The Consolidated Statement of Cash Flows should be read in conjunction with the  
Financial Statements for the year ended 31 January 2014 and the accompanying  
explanatory notes attached to the Interim Financial Statements)**

## SAPURA INDUSTRIAL BERHAD (17547-W)

### Notes to the Interim Financial Statements - 31 July 2014

#### Part A - EXPLANATORY NOTES

##### 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 requirements of Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and Chapter 9.22, part K of Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The interim financial report is in compliance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the explanatory notes attached to the interim financial statements which 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.

##### A2. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 February 2014, the Group and the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 February 2014.

<u>Description</u>	<u>Effective for annual period beginning on or after</u>
Amendments to MFRS 132: Offsetting Financial Asset and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21: Levies	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011–2013 Cycle	1 July 2014

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and of the Company.

##### Standards and interpretations issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective.

<u>Description</u>	<u>Effective for annual period beginning on or after</u>
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
MFRS 9 Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139	To be announced

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application.



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

**Notes to the Interim Financial Statements - 31 July 2014 (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 final single tier dividend of 8 sen per ordinary share, totalling RM5,822,059 in respect of the financial year ended 31 January 2014, was paid on 23 July 2014.

**A8. Segmental Information**

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

	<b>Individual Quarter 3 months ended 31 July 2014</b>		<b>Cumulative Quarter 6 months ended 31 July 2014</b>	
	<b>Revenue RM'000</b>	<b>Profit/(loss) before taxation RM'000</b>	<b>Revenue RM'000</b>	<b>Profit before taxation RM'000</b>
Investment Holding	5,676	(109)	10,723	(161)
Manufacturing	66,521	4,942	125,288	6,638
Others	<u>1,229</u>	<u>128</u>	<u>2,403</u>	<u>233</u>
	73,426	4,961	138,414	6,710
Eliminations	<u>(8,069)</u>	<u>-</u>	<u>(15,196)</u>	<u>-</u>
	<u>65,357</u>	<u>4,961</u>	<u>123,218</u>	<u>6,710</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 July 2014 (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 in the Group's composition during the financial period under review.

**A12. Contingent Liabilities**

There was no contingent liability for the Group during the financial period under review.

**A13. Capital Commitments**

	<b>As at 31 July 2014 RM'000</b>	<b>As at 31 January 2014 RM'000</b>
<b>Capital expenditure</b>		
Property, plant and equipment:		
Approved and contracted for	2,473	-
Approved but not contracted for	<u>13,020</u>	<u>10,243</u>

## SAPURA INDUSTRIAL BERHAD (17547-W)

### Notes to the Interim Financial Statements - 31 July 2014 (contd)

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

##### **B1. Review of Performance**

The Group recorded revenue of RM65.4 million for the current quarter against RM68.4 million in the previous year corresponding quarter. For the current period ended 31 July 2014, a revenue of RM123.2 million was recorded compared to RM128.7 million in the previous year corresponding period, mainly due to lower domestic volume for certain models.

Net profit for the current period was RM5.0 million as compared to RM6.1 million for the previous year corresponding period.

##### **B2. Result against Preceding Quarter**

The Group's revenue of RM65.4 million for the current quarter was higher compared to the immediate preceding quarter of RM57.9 million, mainly resulting from improved domestic volume. Net profit for the current quarter was RM3.8 million as compared to RM1.2 million for the immediate preceding quarter.

##### **B3. Prospects**

Total industry volume is projected to grow by 2.2% from 655,793 in 2013 to 670,000 car sets in 2014. Moving forward, the Group 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**

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

##### **B5. Tax Expense**

	<b>Current Quarter RM'000</b>	<b>Year to date RM'000</b>
Current income tax	<u>1,170</u>	<u>1,698</u>
Effective tax rate	23.6%	25.3%

The Group's year to date effective tax rates within the statutory income tax rate.

##### **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 July 2014 (contd)

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

**B7. Borrowings**

The Group borrowings are as follows:

	<b>As at 31 July 2014 RM'000</b>	<b>As at 31 January 2014 RM'000</b>
<b>Current</b>		
<b>Secured</b>		
Bank Overdrafts	393	495
Term Loans	4,962	7,710
Obligations under finance leases	386	395
	<u>5,741</u>	<u>8,600</u>
<b>Unsecured</b>		
Bankers' Acceptances	10,962	15,236
Revolving Credits	15,700	9,200
Term Loans	-	667
	<u>26,662</u>	<u>25,103</u>
<b>Total current</b>	<u>32,403</u>	<u>33,703</u>
<b>Non - Current</b>		
<b>Secured</b>		
Term Loans	6,830	8,749
Obligations under finance leases	479	384
<b>Total non- current</b>	<u>7,309</u>	<u>9,133</u>
<b>Total</b>		
Bank Overdrafts	393	495
Revolving Credits	15,700	9,200
Bankers' Acceptances	10,962	15,236
Term Loans	11,792	17,126
Obligations under finance leases	865	779
	<u>39,712</u>	<u>42,836</u>

The Group borrowings are denominated in the following currencies:

	<b>As at 31 July 2014 RM'000</b>	<b>As at 31 January 2014 RM'000</b>
Ringgit Malaysia	29,493	38,309
United States Dollar	10,219	4,527
	<u>39,712</u>	<u>42,836</u>

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

**Notes to the Interim Financial Statements - 31 July 2014 (contd)**

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

**B8. Dividend Declared**

No dividend has been proposed or declared for the current financial period ended 31 July 2014.

**B9. Earnings Per Share**

	<b>Current Quarter 31.7.2014</b>	<b>Year To Date 31.7.2014</b>
Net profit from operations attributable to owners of the parent (RM'000)	<u>3,819</u>	<u>5,064</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)	5.25	6.96
<b>b) Diluted</b>		
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>5.25</u>	<u>6.96</u>

**B10. Auditors' Report on Preceding Annual Financial Statements**

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

**B11. Additional Information**

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

	<b>Current Quarter 31.7.2014 RM'000</b>	<b>Year To Date 31.7.2014 RM'000</b>
Profit before taxation is stated after (crediting)/charging:-		
- Interest income	(8)	(159)
- Interest expense	595	1,120
- Depreciation of property, plant and equipment	2,592	5,791
- Amortisation of development expenditure	218	441
- Unrealised foreign exchange loss/(gain)	4	(27)
- Realised foreign exchange gain	(218)	(180)
- Inventories written off	56	75
- Property, plant and equipment written off	15	33
- Impairment loss on trade receivables	<u>33</u>	<u>66</u>

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

**Notes to the Interim Financial Statements - 31 July 2014 (contd)**

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

**B12. Breakdown of retained profits/(accumulated losses) into realised and unrealised**

	<b>As at 31.7.2014 RM'000</b>	<b>As at 31.1.2014 RM'000</b>
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	(64,748)	(71,665)
- Unrealised	<u>(7,009)</u>	<u>(7,033)</u>
	<u>(71,757)</u>	<u>(78,698)</u>
Less: Consolidation adjustments	<u>97,463</u>	<u>105,162</u>
Retained profits as per financial statements	<u><u>25,706</u></u>	<u><u>26,464</u></u>

**B13. 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 24 September 2014.