



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

INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 31 JULY 2016

The unaudited financial results of Sapura Industrial Berhad Group
for the period ended 31 July 2016

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SAPURA INDUSTRIAL BERHAD (17547-W)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 JULY 2016
THE FIGURES HAVE NOT BEEN AUDITED

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Quarter Ended 31.7.2016 RM'000</u>	<u>Comparative Quarter Ended 31.7.2015 RM'000</u>	<u>6 months Cumulative ToDate 31.7.2016 RM'000</u>	<u>6 months Cumulative ToDate 31.7.2015 RM'000</u>
Revenue	48,779	48,303	94,761	107,227
Cost of sales	<u>(39,669)</u>	<u>(41,477)</u>	<u>(78,800)</u>	<u>(92,189)</u>
Gross profit	9,110	6,826	15,961	15,038
Other income	738	436	1,713	1,826
Operating expenses	(8,063)	(6,604)	(14,993)	(14,056)
Finance costs	(586)	(511)	(1,138)	(1,090)
Profit before tax	<u>1,199</u>	<u>147</u>	<u>1,543</u>	<u>1,718</u>
Tax expense	(348)	(86)	(596)	(471)
Profit for the period	<u>851</u>	<u>61</u>	<u>947</u>	<u>1,247</u>
Total comprehensive income for the period	<u>851</u>	<u>61</u>	<u>947</u>	<u>1,247</u>
Profit for the period attributable to:				
Owners of the parent	873	84	993	1,298
Non-controlling interest	<u>(22)</u>	<u>(23)</u>	<u>(46)</u>	<u>(51)</u>
	<u>851</u>	<u>61</u>	<u>947</u>	<u>1,247</u>
Total comprehensive income for the period attributable to:				
Owners of the parent	873	84	993	1,298
Non-controlling interest	<u>(22)</u>	<u>(23)</u>	<u>(46)</u>	<u>(51)</u>
	<u>851</u>	<u>61</u>	<u>947</u>	<u>1,247</u>
Earnings per share attributable to owners of the parent (sen):				
Basic, for profit from operations	<u>1.20</u>	<u>0.12</u>	<u>1.36</u>	<u>1.78</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2016 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 2016

	Unaudited 31.7.2016 RM'000	Audited 31.1.2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	89,375	91,104
Development expenditure	2,214	2,019
Deferred tax asset	73	73
	<u>91,662</u>	<u>93,196</u>
Current assets		
Inventories	25,239	24,883
Tax recoverable	1,488	1,564
Trade and other receivables	32,591	44,931
Short term investment	9,231	3,831
Cash and bank balances	6,213	9,127
	<u>74,762</u>	<u>84,336</u>
TOTAL ASSETS	<u>166,424</u>	<u>177,532</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	72,776	72,776
Share premium	2,200	2,200
Retained profits	28,251	29,441
	<u>103,227</u>	<u>104,417</u>
Minority interest	<u>(1,655)</u>	<u>(1,609)</u>
Total equity	<u>101,572</u>	<u>102,808</u>
Non-current liabilities		
Retirement benefit obligations	5,987	5,799
Loans and borrowings	12,795	7,629
Deferred tax liabilities	6,096	6,095
	<u>24,878</u>	<u>19,523</u>
Current liabilities		
Retirement benefit obligations	23	24
Trade and other payables	26,712	34,006
Dividend payable	2,183	-
Tax payable	957	361
Loans and borrowings	10,099	20,810
	<u>39,974</u>	<u>55,201</u>
Total liabilities	<u>64,852</u>	<u>74,724</u>
TOTAL EQUITY AND LIABILITIES	<u>166,424</u>	<u>177,532</u>
Net assets per share (RM)	1.42	1.43

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2016 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 2016**

	← 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			
For The 6 Month Period Ended 31 July 2016						
As at 1 February 2016	72,776	2,200	29,441	104,417	(1,609)	102,808
Total comprehensive income for the period	-	-	993	993	(46)	947
Dividends on ordinary shares	-	-	(2,183)	(2,183)	-	(2,183)
As at 31 July 2016	<u>72,776</u>	<u>2,200</u>	<u>28,251</u>	<u>103,227</u>	<u>(1,655)</u>	<u>101,572</u>
For The 6 Month Period Ended 31 July 2015						
As at 1 February 2015	72,776	2,200	26,703	101,679	(1,379)	100,300
Total comprehensive income for the period	-	-	1,298	1,298	(51)	1,247
Dividends on ordinary shares	-	-	(2,183)	(2,183)	-	(2,183)
As at 31 July 2015	<u>72,776</u>	<u>2,200</u>	<u>25,818</u>	<u>100,794</u>	<u>(1,430)</u>	<u>99,364</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 2016 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 2016

	6 MONTHS ENDED 31.7.2016 RM'000	6 MONTHS ENDED 31.7.2015 RM'000
Operating activities		
Profit before tax	1,543	1,718
Adjustments for:		
Depreciation of property, plant and equipment	5,276	5,988
Amortisation of development expenditure	457	472
Interest income	(223)	(169)
Net unrealised loss on foreign exchange	94	210
Increase in liability for defined benefit plan	309	311
Inventories written off	140	-
Interest expense	1,138	1,090
Operating profit before working capital changes	<u>8,734</u>	<u>9,620</u>
Increase in inventories	(496)	(6,297)
Decrease in trade and other receivables	12,340	9,937
Decrease in trade and other payables	(7,305)	(3,073)
Cash generated from operations	<u>13,273</u>	<u>10,187</u>
Interest paid	(1,138)	(1,090)
Taxes refund/(paid)	76	(1,232)
Retirement benefits paid	(122)	(40)
Net cash generated from operating activities	<u>12,089</u>	<u>7,825</u>

**SAPURA INDUSTRIAL BERHAD (17547-W)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JULY 2016**

(contd.)

	6 MONTHS ENDED 31.7.2016 RM'000	6 MONTHS ENDED 31.7.2015 RM'000
Investing activities		
Purchase of property, plant and equipment	(3,547)	(2,708)
Short term investment in money market funds	(5,400)	-
Interest received	223	169
Development expenditure incurred	(651)	(388)
Net cash used in investing activities	<u>(9,375)</u>	<u>(2,927)</u>
Financing activities		
Net drawdown/(repayment) of term loans	6,052	(2,476)
Net (repayment)/drawdown of short term borrowings	(11,419)	2,315
Net repayment of hire purchase and lease financing	(178)	(187)
Net cash used in financing activities	<u>(5,545)</u>	<u>(348)</u>
Net (decrease)/increase in cash and cash equivalents	(2,831)	4,550
Cash and cash equivalents at beginning of period	9,044	6,026
Cash and cash equivalents at end of period	<u>6,213</u>	<u>10,576</u>
Analysis of cash and cash equivalents:		
Deposits, cash and bank balances	6,213	10,763
Bank overdrafts	-	(187)
Cash and cash equivalents at end of period	<u>6,213</u>	<u>10,576</u>

**(The Consolidated Statement of Cash Flows should be read in conjunction with the
Financial Statements for the year ended 31 January 2016 and the accompanying
explanatory notes attached to the Interim Financial Statements)**

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes to the Interim Financial Statements - 31 July 2016

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 2016, the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2016.

<u>Description</u>	<u>Effective for annual period beginning on or after</u>
Amendments to MFRS 5: Non-current Assets Held for Sale and Discontinued Operations (Annual Improvement 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 7: Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11: Joint Arrangements: Accounting for Acquisition of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements (Disclosure Initiative)	1 January 2016
Amendments to MFRS 116 and MFRS 138: Property, Plant and Equipment (Clarification of Acceptable Methods of Depreciation and Amortisation)	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 119: Employee Benefits (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 127: Separate Financial Statements (Equity Method in Separate Financial Statements)	1 January 2016
Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016

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.

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes to the Interim Financial Statements - 31 July 2016 (contd)

Part A - EXPLANATORY NOTES (CONTD.)

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 107: Statement of Cash Flows (Disclosure Initiative)	1 January 2017
Amendments to MFRS 112: Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses	1 January 2017
MFRS 9: Financial Instruments (2015)	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 16: Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group are expected to apply the abovementioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the abovementioned pronouncements are not expected to have any material impacts to the financial statements of the Company except as mentioned below:

i. MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services. The Group is currently assessing the financial impact that may arise from the adoption of

MFRS 9 replaces the guidance in MFRS 139 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting. The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

ii. MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in MFRS 139 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting. The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

Notes to the Interim Financial Statements - 31 July 2016 (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

No dividends were paid during the financial period under review.

A8. Segmental Information

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

	Individual Quarter 3 months ended 31 July 2016		Cumulative Quarter 6 months ended 31 July 2016	
	Revenue RM'000	Profit before taxation RM'000	Revenue RM'000	Profit before taxation RM'000
Investment Holding	4,687	(287)	9,188	(77)
Manufacturing	49,035	1,361	95,271	1,359
Others	1,104	125	2,368	261
	<u>54,826</u>	<u>1,199</u>	<u>106,827</u>	<u>1,543</u>
Eliminations	(6,047)	-	(12,066)	-
	<u>48,779</u>	<u>1,199</u>	<u>94,761</u>	<u>1,543</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 2016 (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

	As at 31 July 2016 RM'000	As at 31 January 2016 RM'000
Capital expenditure		
Property, plant and equipment:		
Approved and contracted for	369	-
Approved but not contracted for	6,565	7,051

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes to the Interim Financial Statements - 31 July 2016 (contd)

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

B1. Review of Performance

The Group recorded revenue of RM48.8 million for the current quarter against RM48.3 million in the previous year corresponding quarter. For the current year to date, a revenue of RM94.8 million was recorded compared to RM107.2 million in the previous year corresponding period, mainly due to lower domestic volume for certain models.

Net profit for the current period was RM0.9 million as compared to RM1.2 million for the previous year corresponding period.

B2. Result against Preceding Quarter

The Group's revenue of RM48.8 million for the current quarter was higher compared to the immediate preceding quarter of RM46.0 million. Net profit for the current quarter was RM0.8 million as compared to RM0.1 million for the immediate preceding quarter.

B3. Prospects

Total industry volume is projected to drop by 13% from 666,674 in 2015 to 580,000 car sets in 2016. 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

	Current Quarter RM'000	Year to date RM'000
Current income tax	<u>348</u>	<u>596</u>
Effective tax rate	29.0%	38.6%

The higher Group effective tax rate for current quarter and year to date is due to losses from certain subsidiaries.

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 2016 (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 July 2016 RM'000	As at 31 January 2016 RM'000
Current		
Secured		
Bank Overdrafts	-	83
Term Loans	5,802	5,021
Obligations under finance leases	258	331
	<u>6,060</u>	<u>5,435</u>
Unsecured		
Bankers' Acceptances	4,039	5,875
Revolving Credits	-	9,500
	<u>4,039</u>	<u>15,375</u>
Total current	<u>10,099</u>	<u>20,810</u>
Non - Current		
Secured		
Term Loans	12,585	7,314
Obligations under finance leases	210	315
Total non- current	<u>12,795</u>	<u>7,629</u>
Total		
Bank Overdrafts	-	83
Revolving Credits	-	9,500
Bankers' Acceptances	4,039	5,875
Term Loans	18,387	12,335
Obligations under finance leases	468	646
	<u>22,894</u>	<u>28,439</u>

The Group borrowings are denominated in the following currencies:

	As at 31 July 2016 RM'000	As at 31 January 2016 RM'000
Ringgit Malaysia	19,043	18,746
United States Dollar	3,851	9,693
	<u>22,894</u>	<u>28,439</u>

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes to the Interim Financial Statements - 31 July 2016 (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 2016.

B9. Earnings Per Share

	Current Quarter 31.7.2016	Year To Date 31.7.2016
Net profit from operations attributable to owners of the parent (RM'000)	<u>873</u>	<u>993</u>
a) Basic		
Weighted average no. of shares (000)	72,776	72,776
Basic earnings per share for: - Profit for the period (sen)	1.20	1.36
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>1.20</u>	<u>1.36</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:-

	Current Quarter 31.7.2016 RM'000	Year To Date 31.7.2016 RM'000
Profit before taxation is stated after (crediting)/charging:-		
- Interest income	(145)	(223)
- Interest expense	586	1,138
- Depreciation of property, plant and equipment	2,682	5,276
- Amortisation of development expenditure	232	457
- Write down of inventories	140	140
- Unrealised foreign exchange (gain)/ loss	(18)	94
- Realised foreign exchange loss	<u>200</u>	<u>229</u>

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes to the Interim Financial Statements - 31 July 2016 (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

	As at 31.7.2016 RM'000	As at 31.1.2016 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	(64,070)	(62,381)
- Unrealised	(6,190)	(6,398)
	<u>(70,260)</u>	<u>(68,779)</u>
Less: Consolidation adjustments	98,511	98,220
Retained profits as per financial statements	<u>28,251</u>	<u>29,441</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 21 September 2016.