



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

INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31 OCTOBER 2016

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

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Quarter Ended 31.10.2016 RM'000	Comparative Quarter Ended 31.10.2015 RM'000	9 months Cumulative Todate 31.10.2016 RM'000	9 months Cumulative Todate 31.10.2015 RM'000
Revenue	56,126	55,945	150,888	163,171
Cost of sales	(46,988)	(46,673)	(125,789)	(138,862)
<b>Gross profit</b>	9,138	9,272	25,099	24,309
Other income	709	470	2,421	2,296
Operating expenses	(7,465)	(7,278)	(22,460)	(21,333)
Finance costs	(402)	(614)	(1,540)	(1,704)
<b>Profit before tax</b>	1,980	1,850	3,520	3,568
Tax expense	(411)	(541)	(1,007)	(1,012)
<b>Profit for the period</b>	1,569	1,309	2,513	2,556
<b>Total comprehensive income for the period</b>	1,569	1,309	2,513	2,556
<b>Profit for the period attributable to:</b>				
Owners of the parent	1,590	1,355	2,580	2,630
Non-controlling interest	(21)	(46)	(67)	(74)
	1,569	1,309	2,513	2,556
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the parent	1,590	1,355	2,580	2,630
Non-controlling interest	(21)	(46)	(67)	(74)
	1,569	1,309	2,513	2,556
<b>Earnings per share attributable to owners of the parent (sen):</b>				
Basic, for profit from operations	2.18	1.86	3.55	3.61

**(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 OCTOBER 2016**

	Unaudited 31.10.2016 RM'000	Audited 31.1.2016 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	87,580	91,104
Development expenditure	2,547	2,019
Deferred tax asset	73	73
	<u>90,200</u>	<u>93,196</u>
<b>Current assets</b>		
Inventories	26,855	24,883
Tax recoverable	1,307	1,564
Trade and other receivables	44,665	44,931
Short term investment	13,416	3,831
Cash and bank balances	6,568	9,127
	<u>92,811</u>	<u>84,336</u>
<b>TOTAL ASSETS</b>	<u><b>183,011</b></u>	<u><b>177,532</b></u>
<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	29,838	29,441
	<u>104,814</u>	<u>104,417</u>
<b>Minority interest</b>	<u>(1,676)</u>	<u>(1,609)</u>
<b>Total equity</b>	<u>103,138</u>	<u>102,808</u>
<b>Non-current liabilities</b>		
Retirement benefit obligations	6,142	5,799
Loans and borrowings	15,540	7,629
Deferred tax liabilities	6,096	6,095
	<u>27,778</u>	<u>19,523</u>
<b>Current liabilities</b>		
Retirement benefit obligations	23	24
Trade and other payables	42,917	34,006
Dividend payable	-	-
Tax payable	137	361
Loans and borrowings	9,018	20,810
	<u>52,095</u>	<u>55,201</u>
<b>Total liabilities</b>	<u>79,873</u>	<u>74,724</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>183,011</b></u>	<u><b>177,532</b></u>
Net assets per share (RM)	1.44	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 OCTOBER 2016**

	← Attributable to owners of the parent →					
	← Non-Distributable →					
	Share capital RM'000	Share premium RM'000	Distributable Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>For The 9 Month Period Ended 31 October 2016</b>						
<b>As at 1 February 2016</b>	72,776	2,200	29,441	104,417	(1,609)	102,808
Total comprehensive income for the period	-	-	2,580	2,580	(67)	2,513
Dividends on ordinary shares	-	-	(2,183)	(2,183)	-	(2,183)
As at 31 October 2016	<u>72,776</u>	<u>2,200</u>	<u>29,838</u>	<u>104,814</u>	<u>(1,676)</u>	<u>103,138</u>
<b>For The 9 Month Period Ended 31 October 2015</b>						
<b>As at 1 February 2015</b>	72,776	2,200	26,703	101,679	(1,379)	100,300
Total comprehensive income for the period	-	-	2,630	2,630	(74)	2,556
Dividends on ordinary shares	-	-	(2,183)	(2,183)	-	(2,183)
As at 31 October 2015	<u>72,776</u>	<u>2,200</u>	<u>27,150</u>	<u>102,126</u>	<u>(1,453)</u>	<u>100,673</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 OCTOBER 2016**

	<b>9 MONTHS ENDED 31.10.2016 RM'000</b>	<b>9 MONTHS ENDED 31.10.2015 RM'000</b>
<b>Operating activities</b>		
Profit before tax	3,520	3,568
Adjustments for:		
Depreciation of property, plant and equipment	8,226	8,684
Property, plant and equipment written off	-	8
Amortisation of development expenditure	726	658
Interest income	(315)	(220)
Net unrealised loss on foreign exchange	76	760
Increase in liability for defined benefit plan	464	467
Inventories written off	140	-
Interest expense	1,540	1,704
Operating profit before working capital changes	14,377	15,629
Increase in inventories	(2,112)	(4,217)
Decrease in trade and other receivables	266	2,489
Increase/(decrease) in trade and other payables	8,920	(727)
Cash generated from operations	21,451	13,174
Interest paid	(1,540)	(1,704)
Taxes paid	(974)	(1,389)
Retirement benefits paid	(122)	(61)
Net cash generated from operating activities	18,815	10,020

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

(contd.)

	<b>9 MONTHS ENDED 31.10.2016 RM'000</b>	<b>9 MONTHS ENDED 31.10.2015 RM'000</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(4,703)	(4,506)
Short term investment in money market funds	(9,585)	-
Interest received	315	220
Development expenditure incurred	(1,254)	(1,184)
Net cash used in investing activities	<u>(15,227)</u>	<u>(5,470)</u>
<b>Financing activities</b>		
Net drawdown/(repayment) of term loans	7,866	(2,226)
Net (repayment)/drawdown of short term borrowings	(11,486)	272
Net repayment of hire purchase and lease financing	(261)	(273)
Dividends on ordinary shares	(2,183)	(2,183)
Net cash used in financing activities	<u>(6,064)</u>	<u>(4,410)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(2,476)	140
<b>Cash and cash equivalents at beginning of period</b>	<u>9,044</u>	<u>6,026</u>
<b>Cash and cash equivalents at end of period</b>	<u>6,568</u>	<u>6,166</u>
<b>Analysis of cash and cash equivalents:</b>		
Deposits, cash and bank balances	6,568	6,353
Bank overdrafts	-	(187)
<b>Cash and cash equivalents at end of period</b>	<u>6,568</u>	<u>6,166</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 October 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 October 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 15.

##### **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 October 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**

A final single tier dividend of 3 sen per ordinary share, totalling RM2,183,272 in respect of the financial year ended 31 January 2016, was paid on 3 August 2016.

**A8. Segmental Information**

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

	<b>Individual Quarter 3 months ended 31 October 2016</b>		<b>Cumulative Quarter 9 months ended 31 October 2016</b>	
	<b>Revenue RM'000</b>	<b>Profit before taxation RM'000</b>	<b>Revenue RM'000</b>	<b>Profit before taxation RM'000</b>
Investment Holding	4,611	58	13,799	(19)
Manufacturing	56,157	1,942	151,428	3,301
Others	1,284	(21)	3,653	239
	<u>62,052</u>	<u>1,979</u>	<u>168,880</u>	<u>3,521</u>
Eliminations	(5,926)	-	(17,992)	-
	<u>56,126</u>	<u>1,979</u>	<u>150,888</u>	<u>3,521</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 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**

	<b>As at 31 October 2016 RM'000</b>	<b>As at 31 January 2016 RM'000</b>
<b>Capital expenditure</b>		
Property, plant and equipment:		
Approved and contracted for	423	-
Approved but not contracted for	5,595	7,051

## SAPURA INDUSTRIAL BERHAD (17547-W)

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

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

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

The Group recorded revenue of RM56.1 million for the current quarter against RM55.9 million in the previous year corresponding quarter. For the current year to date, a revenue of RM150.9 million was recorded compared to RM163.2 million in the previous year corresponding period, mainly due to lower domestic volume for certain models.

Net profit for the current year to date was RM2.5 million as compared to RM2.6 million for the previous year corresponding period.

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

The Group's revenue of RM56.1 million for the current quarter was higher compared to the immediate preceding quarter of RM48.8 million. Net profit for the current quarter was RM1.6 million as compared to RM0.9 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**

	<b>Current Quarter RM'000</b>	<b>Year to date RM'000</b>
Current income tax	<u>411</u>	<u>1,007</u>
Effective tax rate	20.8%	28.6%

The higher Group effective tax rate for 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 October 2016 (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 October 2016 RM'000</b>	<b>As at 31 January 2016 RM'000</b>
<b>Current</b>		
<b>Secured</b>		
Bank Overdrafts	-	83
Term Loans	4,830	5,021
Obligations under finance leases	216	331
	<u>5,046</u>	<u>5,435</u>
<b>Unsecured</b>		
Bankers' Acceptances	3,972	5,875
Revolving Credits	-	9,500
	<u>3,972</u>	<u>15,375</u>
<b>Total current</b>	<u>9,018</u>	<u>20,810</u>
<b>Non - Current</b>		
<b>Secured</b>		
Term Loans	15,371	7,314
Obligations under finance leases	169	315
<b>Total non- current</b>	<u>15,540</u>	<u>7,629</u>
<b>Total</b>		
Bank Overdrafts	-	83
Revolving Credits	-	9,500
Bankers' Acceptances	3,972	5,875
Term Loans	20,201	12,335
Obligations under finance leases	385	646
	<u>24,558</u>	<u>28,439</u>

The Group borrowings are denominated in the following currencies:

	<b>As at 31 October 2016 RM'000</b>	<b>As at 31 January 2016 RM'000</b>
Ringgit Malaysia	21,550	18,746
United States Dollar	3,008	9,693
	<u>24,558</u>	<u>28,439</u>

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

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

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

**B8. Dividend Declared**

The Board of Directors has declared an interim single tier dividend of 3.0 sen per ordinary share of RM1.00 each in respect of the financial year ending 31 January 2017, amounting to RM2,183,272. The dividend will be paid on 14 December 2016 to shareholders whose names appear in the Record of Depositors at the close of business on 24 November 2016.

**B9. Earnings Per Share**

	<b>Current Quarter 31.10.2016</b>	<b>Year To Date 31.10.2016</b>
Net profit from operations attributable to owners of the parent (RM'000)	<u>1,590</u>	<u>2,580</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)	2.18	3.55
<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>2.18</u>	<u>3.55</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 31.10.2016 RM'000</b>	<b>Year To Date 31.10.2016 RM'000</b>
Profit before taxation is stated after (crediting)/charging:-		
- Interest income	(91)	(315)
- Interest expense	402	1,540
- Depreciation of property, plant and equipment	2,950	8,226
- Amortisation of development expenditure	269	726
- Write down of inventories	-	140
- Unrealised foreign exchange (gain)/ loss	(18)	76
- Realised foreign exchange loss	<u>196</u>	<u>425</u>

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

**Notes to the Interim Financial Statements - 31 October 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**

	<b>As at 31.10.2016 RM'000</b>	<b>As at 31.1.2016 RM'000</b>
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	(62,523)	(62,381)
- Unrealised	(6,172)	(6,398)
	<u>(68,695)</u>	<u>(68,779)</u>
Less: Consolidation adjustments	98,533	98,220
Retained profits as per financial statements	<u>29,838</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 10 November 2016.