



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

INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31 JANUARY 2017

The unaudited financial results of Sapura Industrial Berhad Group
for the period ended 31 January 2017

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SAPURA INDUSTRIAL BERHAD (17547-W)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 JANUARY 2017
THE FIGURES HAVE NOT BEEN AUDITED

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Quarter Ended 31.01.2017 RM'000	Comparative Quarter Ended 31.01.2016 RM'000	12 months Cumulative Todate 31.01.2017 RM'000	12 months Cumulative Todate 31.01.2016 RM'000
Revenue	72,991	61,106	223,879	224,277
Cost of sales	<u>(60,454)</u>	<u>(49,994)</u>	<u>(186,243)</u>	<u>(188,856)</u>
Gross profit	12,537	11,112	37,636	35,421
Other income	967	1,119	3,388	3,415
Operating expenses	(8,414)	(8,179)	(30,874)	(29,512)
Finance costs	(458)	(176)	(1,998)	(1,880)
Profit before tax	<u>4,632</u>	<u>3,876</u>	<u>8,152</u>	<u>7,444</u>
Tax expense	(1,335)	1,064	(2,342)	52
Profit for the period	<u><u>3,297</u></u>	<u><u>4,940</u></u>	<u><u>5,810</u></u>	<u><u>7,496</u></u>
Other comprehensive income				
Actuarial loss on retirement benefits	(138)	(622)	(138)	(622)
Total comprehensive income for the period	<u><u>3,159</u></u>	<u><u>4,318</u></u>	<u><u>5,672</u></u>	<u><u>6,874</u></u>
Profit for the period attributable to:				
Owners of the parent	3,562	5,095	6,142	7,725
Non-controlling interest	<u>(265)</u>	<u>(156)</u>	<u>(332)</u>	<u>(230)</u>
	<u><u>3,297</u></u>	<u><u>4,940</u></u>	<u><u>5,810</u></u>	<u><u>7,496</u></u>
Total comprehensive income for the period attributable to:				
Owners of the parent	3,424	4,474	6,004	7,104
Non-controlling interest	<u>(265)</u>	<u>(156)</u>	<u>(332)</u>	<u>(230)</u>
	<u><u>3,159</u></u>	<u><u>4,318</u></u>	<u><u>5,672</u></u>	<u><u>6,874</u></u>
Earnings per share attributable to owners of the parent (sen):				
Basic, for profit from operations	<u><u>4.89</u></u>	<u><u>7.00</u></u>	<u><u>8.44</u></u>	<u><u>10.62</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 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 JANUARY 2017

	Unaudited 31.1.2017 RM'000	Audited 31.1.2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	86,805	91,104
Development expenditure	2,240	2,019
Deferred tax asset	116	73
	<u>89,162</u>	<u>93,196</u>
Current assets		
Inventories	25,979	24,883
Tax recoverable	1,102	1,564
Trade and other receivables	51,266	44,931
Short term investment	11,849	3,831
Cash and bank balances	10,446	9,127
	<u>100,642</u>	<u>84,336</u>
TOTAL ASSETS	<u>189,804</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	31,078	29,441
	<u>106,053</u>	<u>104,417</u>
Minority interest	<u>(1,941)</u>	<u>(1,609)</u>
Total equity	<u>104,112</u>	<u>102,808</u>
Non-current liabilities		
Retirement benefit obligations	6,441	5,799
Loans and borrowings	15,226	7,629
Deferred tax liabilities	5,678	6,096
	<u>27,345</u>	<u>19,523</u>
Current liabilities		
Retirement benefit obligations	28	24
Trade and other payables	45,024	34,006
Tax payable	534	361
Loans and borrowings	12,761	20,810
	<u>58,347</u>	<u>55,201</u>
Total liabilities	<u>85,691</u>	<u>74,724</u>
TOTAL EQUITY AND LIABILITIES	<u>189,804</u>	<u>177,532</u>
Net assets per share (RM)	1.46	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 JANUARY 2017

	← Attributable to owners of the parent →			Total	Non-controlling interests	Total equity
	← Non-Distributable →					
	Share capital RM'000	Share premium RM'000	Distributable Retained profits RM'000	RM'000	RM'000	RM'000
For The 12 Months Period Ended 31 January 2017						
As at 1 February 2016	72,776	2,200	29,441	104,417	(1,609)	102,808
Total comprehensive income for the period	-	-	6,004	6,004	(332)	5,672
Dividends on ordinary shares	-	-	(4,367)	(4,367)	-	(4,367)
As at 31 January 2017	<u>72,776</u>	<u>2,200</u>	<u>31,078</u>	<u>106,054</u>	<u>(1,941)</u>	<u>104,112</u>
For The 12 Months Period Ended 31 January 2016						
As at 1 February 2015	72,776	2,200	26,704	101,680	(1,379)	100,301
Total comprehensive income for the period	-	-	7,104	7,104	(230)	6,874
Dividends on ordinary shares	-	-	(4,367)	(4,367)	-	(4,367)
As at 31 January 2016	<u>72,776</u>	<u>2,200</u>	<u>29,441</u>	<u>104,417</u>	<u>(1,609)</u>	<u>102,808</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 JANUARY 2017

	12 MONTHS ENDED 31.1.2017 RM'000	12 MONTHS ENDED 31.1.2016 RM'000
Operating activities		
Profit before tax	8,152	7,444
Adjustments for:		
Depreciation of property, plant and equipment	11,127	11,170
Property, plant and equipment written off	7	9
Amortisation of development expenditure	1,069	992
Short term accumulating compensated absences	(22)	13
Interest income	(688)	(284)
Provision doubtful debts	395	-
Net unrealised loss on foreign exchange	314	375
Increase in liability for defined benefit plan	658	578
Provision for inventories impairment	725	-
Inventories written off	318	614
Interest expense	1,998	1,880
Development expenditure written off	91	706
Operating profit before working capital changes	<u>24,144</u>	<u>23,498</u>
Increase in inventories	(2,140)	(3,171)
(Increase)/Decrease in trade and other receivables	(6,649)	9,689
Increase in trade and other payables	<u>10,748</u>	<u>2,393</u>
Cash generated from operations	26,103	32,409
Interest paid	(1,998)	(1,880)
Taxes paid	(2,168)	(1,700)
Retirement benefits paid	<u>(169)</u>	<u>(61)</u>
Net cash generated from operating activities	<u>21,768</u>	<u>28,769</u>

**SAPURA INDUSTRIAL BERHAD (17547-W)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JANUARY 2017**

(contd.)

	12 MONTHS ENDED 31.1.2017 RM'000	12 MONTHS ENDED 31.1.2016 RM'000
Investing activities		
Purchase of property, plant and equipment	(6,836)	(11,438)
Short term investment in money market funds	(8,018)	(3,831)
Interest received	688	284
Development expenditure incurred	(1,381)	(960)
Net cash used in investing activities	<u>(15,547)</u>	<u>(15,946)</u>
Financing activities		
Net drawdown/(repayment) of term loans	6,312	(3,198)
Net repayment of short term borrowings	(6,444)	(1,888)
Net repayment of hire purchase and lease financing	(320)	(353)
Dividends on ordinary shares	(4,367)	(4,367)
Net cash used in financing activities	<u>(4,819)</u>	<u>(9,805)</u>
Net increase in cash and cash equivalents	1,402	3,018
Cash and cash equivalents at beginning of period	9,044	6,026
Cash and cash equivalents at end of period	<u>10,446</u>	<u>9,044</u>
Analysis of cash and cash equivalents:		
Deposits, cash and bank balances	10,446	9,127
Bank overdrafts	-	(83)
Cash and cash equivalents at end of period	<u>10,446</u>	<u>9,044</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 January 2017

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 Group and 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 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 : Property, Plant and Equipment (Clarification of Acceptable Methods of Depreciation and Amortisation)	1 January 2016
Amendments to MFRS 138 Intangible assets : (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

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 January 2017 (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
Amendments to MFRS 12: Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 (cycle))	1 January 2017
MFRS 9: Financial Instruments (2014)	1 January 2018
Amendment to MFRS 1 : First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
Amendment to MFRS 2 : Share-based Payment : Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 15 : Revenue from Contracts with Customers : Clarifications	1 January 2018
Amendments to MFRS 140 : Investment property : Transfer of Investment	1 January 2018
IC Interpretation : Foreign Currency Transactions and Advance Considerations	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 and the Company 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 Group and 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 January 2017 (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 single tier final 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.

A single tier interim dividend of 3 sen per ordinary share, totalling RM2,183,272 in respect of the financial year ended 31 January 2017, was paid on 14 December 2016.

A8. Segmental Information

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

	Individual Quarter 3 months ended 31 January 2017		Cumulative Quarter 12 months ended 31 January 2017	
	Revenue RM'000	Profit before taxation RM'000	Revenue RM'000	Profit before taxation RM'000
Investment Holding	11,947	2,384	25,746	2,233
Manufacturing	73,409	4,312	224,837	7,613
Others	1,316	(733)	4,969	(363)
	<u>86,672</u>	<u>5,963</u>	<u>255,552</u>	<u>9,483</u>
Eliminations	<u>(13,680)</u>	<u>(1,332)</u>	<u>(31,672)</u>	<u>(1,332)</u>
	<u>72,991</u>	<u>4,632</u>	<u>223,879</u>	<u>8,152</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 January 2017 (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 January 2017 RM'000	As at 31 January 2016 RM'000
Capital expenditure		
Property, plant and equipment:		
Approved and contracted for	3,442	1,187
Approved but not contracted for	<u>18,455</u>	<u>7,051</u>

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes to the Interim Financial Statements - 31 January 2017 (contd)

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

B1. Review of Performance

The Group recorded an improved revenue of RM73.0 million for the current quarter against RM61.1 million in the previous year corresponding quarter, mainly due to introduction of new models by national car makers. For the current year, overall revenue achieved at RM223.9 million was comparable to previous year at RM224.3 million.

Net profit for the current year to date was RM5.8 million as compared to RM7.5 million for the previous year corresponding period, mainly due to higher cost of imported raw materials.

B2. Result against Preceding Quarter

The Group's revenue of RM73.0 million for the current quarter was higher compared to the immediate preceding quarter of RM56.1 million. Net profit for the current quarter was RM3.3 million as compared to RM1.6 million for the immediate preceding quarter, in line with the higher revenue achieved.

B3. Prospects

Total industry volume is projected to grow by 1.7% from 580,124 in 2016 to 590,000 vehicles in 2017. 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	1,765	2,772
Deferred tax	(430)	(430)
	<u>1,335</u>	<u>2,342</u>
Effective tax rate	28.8%	28.7%

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 January 2017 (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 January 2017 RM'000	As at 31 January 2016 RM'000
Current		
Secured		
Bank Overdrafts	-	83
Term Loans	3,569	5,021
Obligations under finance leases	178	331
	<u>3,747</u>	<u>5,435</u>
Unsecured		
Bankers' Acceptances	9,014	5,875
Revolving Credits	-	9,500
	<u>9,014</u>	<u>15,375</u>
Total current	<u>12,761</u>	<u>20,810</u>
Non - Current		
Secured		
Term Loans	15,078	7,314
Obligations under finance leases	148	315
Total non- current	<u>15,226</u>	<u>7,629</u>
Total		
Bank Overdrafts	-	83
Revolving Credits	-	9,500
Bankers' Acceptances	9,014	5,875
Term Loans	18,647	12,335
Obligations under finance leases	326	646
	<u>27,987</u>	<u>28,439</u>

The Group borrowings are denominated in the following currencies:

	As at 31 January 2017 RM'000	As at 31 January 2016 RM'000
Ringgit Malaysia	24,979	18,746
United States Dollar	3,008	9,693
	<u>27,987</u>	<u>28,439</u>

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes to the Interim Financial Statements - 31 January 2017 (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 quarter ended 31 January 2017.

B9. Earnings Per Share

	Current Quarter 31.1.2017	Year To Date 31.1.2017
Net profit from operations attributable to owners of the parent (RM'000)	<u>3,562</u>	<u>6,142</u>
a) Basic		
Weighted average no. of shares (000)	72,776	72,776
Basic earnings per share for: -		
Profit for the period (sen)	4.89	8.44
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>4.89</u>	<u>8.44</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 31.1.2017 RM'000	Year To Date 31.1.2017 RM'000
Profit before taxation is stated after (crediting)/charging:-		
- Interest income	(373)	(688)
- Interest expense	458	1,998
- Depreciation of property, plant and equipment	2,901	11,127
- Amortisation of development expenditure	343	1,069
- Provision for impairment of inventories	725	725
- Write down of inventories	178	318
- Unrealised foreign exchange loss	238	314
- Realised foreign exchange loss	481	906
- Property, plant and equipment written off	7	7
- Provision for doubtful debts	395	395
- Development expenditure written off	<u>91</u>	<u>91</u>

SAPURA INDUSTRIAL BERHAD (17547-W)

Notes to the Interim Financial Statements - 31 January 2017 (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 31.1.2017 RM'000	As at 31.1.2016 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	(61,463)	(62,381)
- Unrealised	<u>(5,992)</u>	<u>(6,398)</u>
	<u>(67,455)</u>	<u>(68,779)</u>
Less: Consolidation adjustments	98,533	98,220
Retained profits as per financial statements	<u>31,078</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 28 March 2017.