



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

INTERIM FINANCIAL REPORT FOR THE 1ST QUARTER ENDED 30 APRIL 2018

The unaudited financial results of Sapura Industrial Berhad Group  
for the period ended 30 April 2018

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 30 APRIL 2018**  
**THE FIGURES HAVE NOT BEEN AUDITED**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Quarter Ended 30.04.2018 RM'000	Comparative Quarter Ended 30.04.2017 RM'000	3 months Cumulative Totodate 30.04.2018 RM'000	3 months Cumulative Totodate 30.04.2017 RM'000
Revenue	50,607	54,905	50,607	54,905
Cost of sales	<u>(43,544)</u>	<u>(47,610)</u>	<u>(43,544)</u>	<u>(47,610)</u>
<b>Gross profit</b>	7,063	7,295	7,063	7,295
Other income	912	620	912	620
Operating expenses	(7,172)	(6,823)	(7,172)	(6,823)
Finance costs	(659)	(528)	(659)	(528)
<b>Profit before tax</b>	<u>144</u>	<u>564</u>	<u>144</u>	<u>564</u>
Tax expense	(89)	(450)	(89)	(450)
<b>Profit for the period</b>	<u>55</u>	<u>114</u>	<u>55</u>	<u>114</u>
<b>Total comprehensive income for the period</b>	<u>55</u>	<u>114</u>	<u>55</u>	<u>114</u>
<b>Profit for the period attributable to:</b>				
Owners of the parent	75	132	75	132
Non-controlling interest	<u>(20)</u>	<u>(18)</u>	<u>(20)</u>	<u>(18)</u>
	<u>55</u>	<u>114</u>	<u>55</u>	<u>114</u>
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the parent	75	132	75	132
Non-controlling interest	<u>(20)</u>	<u>(18)</u>	<u>(20)</u>	<u>(18)</u>
	<u>55</u>	<u>114</u>	<u>55</u>	<u>114</u>
<b>Earnings per share attributable to owners of the parent (sen):</b>				
Basic, for profit from operations	<u>0.10</u>	<u>0.18</u>	<u>0.10</u>	<u>0.18</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2018 and the accompanying explanatory notes attached to the Interim Financial Statements)

**SAPURA INDUSTRIAL BERHAD (17547-W)**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 APRIL 2018**

	<b>Unaudited</b> <b>30.04.2018</b> <b>RM'000</b>	<b>Audited</b> <b>31.1.2018</b> <b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	73,263	92,106
Investment properties	16,074	-
Development expenditure	3,277	3,610
	<u>92,614</u>	<u>95,716</u>
<b>Current assets</b>		
Inventories	24,611	26,634
Tax recoverable	1,097	1,032
Trade and other receivables	55,018	56,881
Short term investment	4,814	5,264
Cash and bank balances	9,940	12,630
	<u>95,480</u>	<u>102,441</u>
<b>TOTAL ASSETS</b>	<b><u>188,094</u></b>	<b><u>198,157</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	74,976	74,976
Retained profits	30,596	30,521
	<u>105,572</u>	<u>105,497</u>
<b>Minority interest</b>	<b>(2,019)</b>	<b>(1,999)</b>
<b>Total equity</b>	<b><u>103,553</u></b>	<b><u>103,498</u></b>
<b>Non-current liabilities</b>		
Retirement benefit obligations	7,005	6,909
Loans and borrowings	15,332	16,018
Deferred tax liabilities	3,893	3,893
	<u>26,230</u>	<u>26,820</u>
<b>Current liabilities</b>		
Retirement benefit obligations	89	59
Trade and other payables	34,875	42,443
Tax payable	606	802
Loans and borrowings	22,741	24,535
	<u>58,311</u>	<u>67,839</u>
<b>Total liabilities</b>	<b><u>84,541</u></b>	<b><u>94,659</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>188,094</u></b>	<b><u>198,157</u></b>
Net assets per share (RM)	1.45	1.45

**(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2018 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 30 APRIL 2018**

	← Attributable to owners of the parent →					Total equity RM'000
	← Non-Distributable →		Distributable Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	
	Share capital RM'000	Share premium RM'000				
<b>For The 3 Months Period Ended 31 January 2018</b>						
<b>As at 1 February 2018</b>	74,976	-	30,521	105,497	(1,999)	103,498
Total comprehensive income for the period	-	-	75	75	(20)	55
As at 30 April 2018	<u>74,976</u>	<u>-</u>	<u>30,596</u>	<u>105,572</u>	<u>(2,019)</u>	<u>103,553</u>
<b>For The 3 Months Period Ended 30 April 2017</b>						
<b>As at 1 February 2017</b>	74,976	-	31,083	106,059	(1,941)	104,118
Total comprehensive income for the period	-	-	132	132	(18)	114
As at 30 April 2017	<u>74,976</u>	<u>-</u>	<u>31,215</u>	<u>106,191</u>	<u>(1,959)</u>	<u>104,232</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 2018 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 30 APRIL 2018**

	<b>3 MONTHS ENDED 30.04.2018 RM'000</b>	<b>3 MONTHS ENDED 30.04.2017 RM'000</b>
<b>Operating activities</b>		
Profit before tax	144	564
Adjustments for:		
Depreciation of property, plant and equipment	3,200	2,806
Depreciation of investment properties	58	-
Property, plant and equipment written off	-	-
Amortisation of development expenditure	333	133
Profit from short term investment	(54)	(98)
Unrealised gain on foreign exchange	-	(225)
Increase in liability for defined benefit plan	150	164
Interest expense	659	528
Operating profit before working capital changes	<u>4,490</u>	<u>3,872</u>
Decrease/(increase) in inventories	2,023	(1,312)
Decrease in trade and other receivables	1,863	3,751
(Decrease)/increase in trade and other payables	<u>(7,568)</u>	<u>852</u>
Cash generated from operations	808	7,163
Interest paid	(659)	(528)
Taxes paid	(350)	(323)
Retirement benefits paid	(24)	(161)
Net cash (used in)/generated from operating activities	<u>(225)</u>	<u>6,151</u>

**SAPURA INDUSTRIAL BERHAD (17547-W)  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 APRIL 2018**

(contd.)

	<b>3 MONTHS ENDED 30.04.2018 RM'000</b>	<b>3 MONTHS ENDED 30.04.2017 RM'000</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(489)	(877)
Withdrawal of investment in money market funds	450	5,206
Interest received	54	98
Development expenditure incurred	-	(330)
Net cash generated from investing activities	<u>15</u>	<u>4,097</u>
<b>Financing activities</b>		
Repayment of term loans	(1,349)	(1,596)
Repayment of other short term borrowings	(1,106)	(2,419)
Repayment of hire purchase and lease financing	(25)	(69)
Net cash used in from financing activities	<u>(2,480)</u>	<u>(4,084)</u>
<b>Net increase in cash and cash equivalents</b>	(2,690)	6,164
<b>Cash and cash equivalents at beginning of period</b>	<u>12,630</u>	<u>10,442</u>
<b>Cash and cash equivalents at end of period</b>	<u>9,940</u>	<u>16,606</u>
<b>Analysis of cash and cash equivalents:</b>		
Deposits, cash and bank balances	9,940	16,606
<b>Cash and cash equivalents at end of period</b>	<u>9,940</u>	<u>16,606</u>

**(The Consolidated Statement of Cash Flows should be read in conjunction with the  
Financial Statements for the year ended 31 January 2018 and the accompanying  
explanatory notes attached to the Interim Financial Statements)**

## SAPURA INDUSTRIAL BERHAD (17547-W)

### Notes to the Interim Financial Statements - 30 April 2018

#### 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 2018, the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2018.

<u>Description</u>	<u>Effective for annual period beginning on or after</u>
Amendments to MFRS 1 : First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
Amendments to MFRS 2 : Classification and Measurement of Share-based Payment Transaction	1 January 2018
Amendments to MFRS 4 : Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 128 : Investment in Associates and Joint Ventures	1 January 2018
Amendments to MFRS 140 : Investment Property: Transfers of Investment Property	1 January 2018
MFRS 9 : Financial Instruments	1 January 2018
MFRS 15 : Revenue from Contracts with Customers	1 January 2018
IC Interpretation 22 : Foreign Currency Transaction and Advance Considerations	1 January 2018

Adoption of the above standards and interpretations did not have any significant impact on the financial performance or position of the Group, except as mentioned below:

##### i. Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Based on the assessment, the Group identified transfer of certain properties from property, plant and equipment to investment property due to the clarification in this new amendments. At 1 February 2018, a prospective reclassification adjustment from property, plant and equipment to investment property of RM16 million was made. The Group's investment property will be stated at cost less accumulated depreciation and accumulated impairment loss.



## SAPURA INDUSTRIAL BERHAD (17547-W)

### Notes to the Interim Financial Statements - 30 April 2018 (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 16 : Leases	1 January 2019
Amendments to MFRS 3 : Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 9 : Financial Instruments (Prepayment Features With Negative Compensation)	1 January 2019
Amendments to MFRS 112 : Income Taxes (Annual Improvement to MFRS Standards 2015-2017 cycle)	1 January 2019
Amendments to MFRS 119 : Employee Benefits (Plan Amendment, Curtailment or Settlement)	1 January 2019
Amendments to MFRS 123 : Borrowing Cost (Annual Improvement to MFRS Standards 2015-2017 cycle)	1 January 2019
IC Interpretation 23 : Uncertainty over Income Tax Treatments	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 Group except as mentioned below:

##### **i. MFRS 16 Leases**

MFRS 16 replaces existing lease guidance in MFRS 117 *Leases*, IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*, IC Interpretation 115 *Operating Leases - Incentives*, and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

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

**Notes to the Interim Financial Statements - 30 April 2018 (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**

The Group is divided into three distinct segments as described below:

*Investment Holding* - mainly provision of corporate & management services for companies within the Group

*Manufacturing* - comprising business units which can be sub-divided into three core expertise areas: Precision Machining, Chassis & Modular Assembly and Hot & Cold Forming. Products manufactured are mainly to cater for the Original Equipment Manufacturer (OEM) markets.

*Others* - these consist of trading of automotive components for the Replacement Markets (REM) and provision of technical services for companies within the Group

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

**Notes to the Interim Financial Statements - 30 April 2018 (contd)**

**Part A - EXPLANATORY NOTES (CONTD.)**

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

	<b>Individual Quarter 3 months ended 30 April 2018</b>		<b>Individual Quarter 3 months ended 30 April 2017</b>	
	<b>Revenue RM'000</b>	<b>(Loss)/Profit before taxation RM'000</b>	<b>Revenue RM'000</b>	<b>Profit/(Loss) before taxation RM'000</b>
Investment Holding	4,460	(144)	4,935	513
Manufacturing	51,146	723	55,824	168
Others	520	(435)	439	(117)
	<u>56,126</u>	<u>144</u>	<u>61,198</u>	<u>564</u>
Eliminations	(5,519)	-	(6,293)	-
	<u>50,607</u>	<u>144</u>	<u>54,905</u>	<u>564</u>

	<b>Cumulative Quarter 3 months ended 30 April 2018</b>		<b>Cumulative Quarter 3 months ended 30 April 2017</b>	
	<b>Revenue RM'000</b>	<b>(Loss)/Profit before taxation RM'000</b>	<b>Revenue RM'000</b>	<b>Profit/(Loss) before taxation RM'000</b>
Investment Holding	4,460	(144)	4,935	513
Manufacturing	51,146	723	55,824	168
Others	520	(435)	439	(117)
	<u>56,126</u>	<u>144</u>	<u>61,198</u>	<u>564</u>
Eliminations	(5,519)	-	(6,293)	-
	<u>50,607</u>	<u>144</u>	<u>54,905</u>	<u>564</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 - 30 April 2018 (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 30 April 2018 RM'000</b>	<b>As at 31 January 2018 RM'000</b>
<b>Capital expenditure</b>		
Property, plant and equipment:		
Approved and contracted for	22,368	19,623
Approved but not contracted for	<u>1,549</u>	<u>5,771</u>

## SAPURA INDUSTRIAL BERHAD (17547-W)

### Notes to the Interim Financial Statements - 30 April 2018 (contd)

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

##### B1. Overall Review of Group's Financial Performance

###### Quarter 1 FY2019 vs Quarter 1 FY2018

The Group achieved revenue of RM50.6 million for the current quarter, lower than the previous year's corresponding quarter of RM54.9 million, mainly due to lower demand from OEMs.

In spite of the lower revenue, net profit recorded for the current quarter was comparable to the previous year corresponding quarter at approximately RM0.1 million.

##### B2. Segmental Analysis

###### Investment Holding

Revenue for the Investment Holding segment for current quarter and for FY2019 is lower than previous year's corresponding quarter and FY2018, mainly due to lower management fees income from subsidiaries.

###### Manufacturing

Reasons for movements in revenue and profit for this segment is as explained in the overall group performance

##### B3. Group's Prospect

Total industry volume is projected to grow by 2.3% from 576,635 motor vehicles in 2017 to 590,000 in 2018 (Source: Malaysian Automotive Association). The outlook for 2018 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 expense	89	89
Effective tax rate	61.8%	61.8%

The higher Group effective tax rate for the current quarter 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 - 30 April 2018 (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 30 April 2018 RM'000</b>	<b>As at 31 January 2018 RM'000</b>
<b>Current</b>		
<b>Secured</b>		
Term Loans	6,605	7,254
Obligations under finance leases	63	102
	<u>6,668</u>	<u>7,356</u>
<b>Unsecured</b>		
Bankers' Acceptances	8,073	7,679
Revolving Credits	8,000	9,500
	<u>16,073</u>	<u>17,179</u>
<b>Total current</b>	<u>22,741</u>	<u>24,535</u>
<b>Non - Current</b>		
<b>Secured</b>		
Term Loans	15,047	15,747
Obligations under finance leases	285	271
	<u>15,332</u>	<u>16,018</u>
<b>Total</b>		
Revolving Credits	8,000	9,500
Bankers' Acceptances	8,073	7,679
Term Loans	21,652	23,001
Obligations under finance leases	348	373
	<u>38,073</u>	<u>40,553</u>

**B8. Dividend Declared**

No dividend has been proposed or declared for the current financial period ended 30 April 2018.

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

**Notes to the Interim Financial Statements - 30 April 2018 (contd)**

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

**B9. Earnings Per Share**

	<b>Current Quarter 30.4.2018</b>	<b>Year To Date 30.4.2018</b>
Net profit from operations attributable to owners of the parent (RM'000)	<u>75</u>	<u>75</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)	0.10	0.10
<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>0.10</u>	<u>0.10</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 30.4.2018 RM'000</b>	<b>Year To Date 30.4.2018 RM'000</b>
Profit before taxation is stated after (crediting)/charging:-		
- Interest income	(54)	(54)
- Interest expense	659	659
- Depreciation of property, plant and equipment	3,200	3,200
- Depreciation of investment properties	58	58
- Amortisation of development expenditure	333	333
- Realised foreign exchange gain	<u>67</u>	<u>67</u>

**B12. 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 16 May 2018.