



Sapura Industrial Berhad
Registration No. : 19740100510 (17547-W)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE 1ST QUARTER ENDED 30 APRIL 2020

The unaudited financial results of Sapura Industrial Berhad Group
for the period ended 30 April 2020

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SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]
 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 30 APRIL 2020
 THE FIGURES HAVE NOT BEEN AUDITED

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Quarter Ended 30.4.2020 RM'000	Comparative Quarter Ended 30.4.2019 RM'000	3 months Cumulative ToDate 30.4.2020 RM'000	3 months Cumulative ToDate 30.4.2019 RM'000
Revenue	22,643	64,569	22,643	64,569
Cost of sales	<u>(21,735)</u>	<u>(55,331)</u>	<u>(21,735)</u>	<u>(55,331)</u>
Gross profit	908	9,238	908	9,238
Other income	661	980	661	980
Operating expenses	(6,035)	(7,770)	(6,035)	(7,770)
Finance costs	(474)	(702)	(474)	(702)
(Loss)/profit before tax	<u>(4,940)</u>	<u>1,746</u>	<u>(4,940)</u>	<u>1,746</u>
Tax expense	-	(557)	-	(557)
(Loss)/profit for the period	<u>(4,940)</u>	<u>1,189</u>	<u>(4,940)</u>	<u>1,189</u>
Other comprehensive income				
(Loss)/profit for the period attributable to:				
Owners of the parent	(4,946)	1,210	(4,946)	1,210
Non-controlling interest	6	(21)	6	(21)
	<u>(4,940)</u>	<u>1,189</u>	<u>(4,940)</u>	<u>1,189</u>
(Loss)/income for the period attributable to:				
Owners of the parent	(4,946)	1,210	(4,946)	1,210
Non-controlling interest	6	(21)	6	(21)
	<u>(4,940)</u>	<u>1,189</u>	<u>(4,940)</u>	<u>1,189</u>
(Loss)/earnings per share attributable to owners of the parent (sen):				
Basic, for (loss)/profit from operations	<u>(6.80)</u>	<u>1.66</u>	<u>(6.80)</u>	<u>1.66</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2020 and the accompanying explanatory notes attached to the Interim Financial Statements)

SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2020

	Unaudited	Audited
	30.4.2020	31.1.2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	59,426	60,275
Investment properties	32,035	32,147
Development expenditure	1,568	1,621
	<u>93,029</u>	<u>94,043</u>
Current assets		
Inventories	28,544	25,885
Tax recoverable	575	474
Trade and other receivables	16,005	34,822
Short term investment	9,518	9,949
Cash and bank balances	29,311	12,439
	<u>83,953</u>	<u>83,569</u>
TOTAL ASSETS	<u>176,982</u>	<u>177,612</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	74,976	74,976
Retained profits	26,282	31,228
	<u>101,258</u>	<u>106,203</u>
Non-Controlling Interest	<u>1,496</u>	<u>1,490</u>
Total equity	<u>102,754</u>	<u>107,693</u>
Non-current liabilities		
Retirement benefit obligations	8,618	8,423
Loans and borrowings	27,550	25,643
Deferred tax liabilities	2,911	2,911
	<u>39,079</u>	<u>36,977</u>
Current liabilities		
Retirement benefit obligations	29	27
Trade and other payables	27,431	23,287
Tax payable	338	587
Loans and borrowings	7,351	9,040
	<u>35,149</u>	<u>32,941</u>
Total liabilities	<u>74,228</u>	<u>69,918</u>
TOTAL EQUITY AND LIABILITIES	<u>176,982</u>	<u>177,612</u>
Net assets per share (RM)	1.41	1.48

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2020 and the accompanying explanatory notes attached to the Interim Financial Statements)

**SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 APRIL 2020**

	← Attributable to owners of the parent →			Non-controlling interests RM'000	Total equity RM'000
	Non-Distributable Share capital RM'000	Distributable Retained profits RM'000	Total RM'000		
For Quarter Ended 30 April 2020					
As at 1 February 2020	74,976	31,228	106,204	1,490	107,694
Total comprehensive loss for the year	-	(4,946)	(4,946)	6	(4,940)
Dividends on ordinary shares	-	-	-	-	-
As at 30 April 2020	74,976	26,282	101,258	1,496	102,754
For Quarter Ended 30 April 2019					
As at 1 February 2019	74,976	31,848	106,824	(2,093)	104,731
Total comprehensive income for the year	-	1,210	1,210	(21)	1,189
Dividends on ordinary shares	-	-	-	-	-
As at 30 April 2019	74,976	33,058	108,034	(2,114)	105,920

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited
Financial Statements for the year ended 31 January 2020 and the accompanying explanatory
notes attached to the Interim Financial Statements)

SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 APRIL 2020

	3 MONTHS ENDED 30.4.2020 RM'000	3 MONTHS ENDED 30.4.2019 RM'000
Operating activities		
(Loss)/profit before tax	(4,940)	1,746
Adjustments for:		
Depreciation of property, plant and equipment	2,389	2,937
Depreciation of investment properties	111	111
Depreciation of right of use asset	992	194
Property, plant and equipment written off	-	2
Amortisation of development expenditure	104	262
Profit from short term investment	(111)	(23)
Reversal of provision slow moving inventories	(261)	(112)
Unrealised loss on foreign exchange	1	1
Increase in liability for defined benefit plan	197	158
Interest expense	474	702
Operating (loss)/profit before working capital changes	<u>(1,044)</u>	<u>5,978</u>
(Increase)/Decrease in inventories	(2,398)	5,962
Decrease in trade and other receivables	18,817	5
Increase/(Decrease) in trade and other payables	<u>4,146</u>	<u>(732)</u>
Cash generated from operations	19,521	11,213
Interest paid	(458)	(702)
Taxes paid	(350)	(81)
Retirement benefits paid	-	(40)
Net cash generated from operating activities	<u>18,713</u>	<u>10,390</u>

SAPURA INDUSTRIAL BERHAD [197401000510(17547-W)]
CONSOLIDATED STATEMENT OF CASH FLOWS (contd.)
FOR THE PERIOD ENDED 30 APRIL 2020

	3 MONTHS ENDED 30.4.2020 RM'000	3 MONTHS ENDED 30.4.2019 RM'000
Investing activities		
Purchase of property, plant and equipment	(2,532)	(324)
Withdrawal/(Investment) of investment in money market funds	542	(7,500)
Development expenditure incurred	(52)	(52)
Net cash used in investing activities	<u>(2,042)</u>	<u>(7,875)</u>
Financing activities		
Repayment of term loans	(433)	(74)
Drawdown/(Repayment) of other short term borrowings	956	(4,109)
Repayment of hire purchase loan	(29)	(26)
Repayment of lease liabilities	(293)	(190)
Net cash generated from/(used in) financing activities	<u>201</u>	<u>(4,399)</u>
Net increase/(decrease) in cash and cash equivalents	16,872	(1,884)
Cash and cash equivalents at beginning of period	12,439	13,496
Cash and cash equivalents at end of period	<u>29,311</u>	<u>11,612</u>
Analysis of cash and cash equivalents:		
Deposits, cash and bank balances	29,311	11,612
Bank overdrafts	-	-
Cash and cash equivalents at end of period	<u>29,311</u>	<u>11,612</u>

**(The Consolidated Statement of Cash Flows should be read in conjunction with the
Financial Statements for the year ended 31 January 2020 and the accompanying
explanatory notes attached to the Interim Financial Statements)**

SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]

Notes to the Interim Financial Statements - 30 April 2020

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 in the current period, the Group adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 February 2020.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 3 Business Combinations - Definition of a Business	1 January 2020

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

Standards Issued but not yet Effective

The standards and interpretations that have been issued but not yet effective are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16 Leases : Covid-19 Related Rent Concessions	1 June 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101 Presentation of Financial Statements : Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 116 Property, Plant & Equipment : Proceeds Before Intended Use	1 January 2022
Amendments to MFRS 137 Provision, Contingent Liabilities and Contingent Assets : Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

Part A - EXPLANATORY NOTES (CONTD.)

A3. Seasonal and Cyclical Factors

The COVID-19 pandemic has significantly disrupted many business operations globally. For the Group, the impact on business operations has been a result of the measures taken by the Government of Malaysia to contain it, particularly the Movement Control Order (MCO) which has restricted the Group's business.

The Group noted that the revenue for the 3-month period ended 30 April 2020 has decreased materially due to reductions in production (or temporary closure of business), workplace disruption and disruptions in supply chains. The Group will continue to monitor the development of these events and have implemented measures to mitigate the impact of COVID-19 to the Group's business.

A4. Unusual Items Due To Their Nature, Size or Incidence

Due to the above, the Group is expecting a significant impact of COVID-19 outbreak on the Group's revenue, earnings, and cash flow for the immediate short-term during the various stages of the MCO period. At this juncture, it is not possible to estimate the full impact of the outbreak's short-term and longer-term effects or the Government's varying efforts to combat the outbreak and support businesses.

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.

Notes to the Interim Financial Statements - 30 April 2020 (contd.)

Part A - EXPLANATORY NOTES (CONTD.)

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

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

	3 months ended 30 April 2020		3 months ended 30 April 2019	
	Revenue RM'000	Profit/(Loss) before taxation RM'000	Revenue RM'000	Profit/(Loss) before taxation RM'000
Investment Holding	4,060	236	4,858	(223)
Manufacturing	22,725	(5,151)	65,365	2,635
Others	89	(25)	291	(666)
	<u>26,874</u>	<u>(4,940)</u>	<u>70,514</u>	<u>1,746</u>
Eliminations	(4,231)	-	(5,945)	-
	<u>22,643</u>	<u>(4,940)</u>	<u>64,569</u>	<u>1,746</u>

	Cumulative 3 months ended 30 April 2020		Cumulative 3 months ended 30 April 2019	
	Revenue RM'000	Profit/(Loss) before taxation RM'000	Revenue RM'000	Profit/(Loss) before taxation RM'000
Investment Holding	4,060	236	4,858	(223)
Manufacturing	22,725	(5,151)	65,365	2,635
Others	89	(25)	291	(666)
	<u>26,874</u>	<u>(4,940)</u>	<u>70,514</u>	<u>1,746</u>
Eliminations	(4,231)	-	(5,945)	-
	<u>22,643</u>	<u>(4,940)</u>	<u>64,569</u>	<u>1,746</u>

No geographical segment is presented as the Group's activities are carried out in Malaysia.

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 30 April 2020 RM'000	As at 31 January 2020 RM'000
Capital expenditure		
Property, plant and equipment:		
Approved and contracted for	9	-
Approved but not contracted for	2,554	5,086
	<hr/>	<hr/>

Notes to the Interim Financial Statements - 30 April 2020 (contd.)

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

B1. Overall Review of Group's Financial Performance

Quarter 1 FY2021 vs Quarter 1 FY2020

The Group achieved lower revenue of RM22.6 million for the current quarter against RM64.6 million in the previous year's corresponding quarter, due mainly to the non-production period during the Movement Control Order (MCO) in March and April 2020. Accordingly, the Group suffered net loss in the current quarter of RM4.9 million as compared to a net profit of RM1.2 million in the previous corresponding quarter.

B2. Segmental Analysis

Investment Holding

Revenue for the Investment Holding segment for the current quarter was slightly lower than the previous corresponding quarter, mainly due to reduced management fee income from subsidiaries.

Manufacturing

Reasons for movements in revenue and profit for this segment is as explained in the overall group performance (Section B1) as the manufacturing segment is the main contributor to the Group's results.

B3. Group's Prospect

Total industry volume (TIV) projected for 2020 has been revised downwards from 607,000 to 400,000 due to the Covid-19 MCO, effective since 18 March 2020 (Source: Malaysian Automotive Association). The outlook for the automotive sector is made more challenging with the expected decline in TIV. Changes in policies and regulations as well as economic and currency uncertainties are primary factors that could affect Sapura Industrial's performance. As such, the Group will continue to exercise prudence in its business dealings and has intensified its efforts to further strengthen operational efficiency and implementing more stringent cost cutting measures.

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	-	-
	-	-
Effective tax rate	0%	0%

There are no tax provided for in the period under review due to losses from all subsidiaries in the Group.

SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]

Notes to the Interim Financial Statements - 30 April 2020 (contd.)

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

B6. Loans and Borrowings and Lease Liabilities

The Group borrowings are as follows:

	As at 30 April 2020 RM'000	As at 31 January 2020 RM'000
Current		
Secured		
Term Loans	2,285	4,654
Obligations under Hire purchase	196	196
Lease liabilities	835	1,111
	<u>3,316</u>	<u>5,961</u>
Unsecured		
Bankers' Acceptances	4,035	3,079
	<u>4,035</u>	<u>3,079</u>
Total current	<u>7,351</u>	<u>9,040</u>
Non - Current		
Secured		
Term Loans	26,187	24,251
Obligations under Hire purchase	569	598
Lease liabilities	794	794
	<u>27,550</u>	<u>25,643</u>
Total non- current	<u>27,550</u>	<u>25,643</u>
Bankers' Acceptances	4,035	3,079
Term Loans	28,472	28,905
Obligations under Hire purchase	765	794
Lease liabilities	1,629	1,905
Total Borrowings	<u>34,901</u>	<u>34,683</u>

B7. Dividend Declared

No dividend has been proposed or declared for the current quarter ended 30 April 2020

SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]

Notes to the Interim Financial Statements - 30 April 2020 (contd.)

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

B8. (Loss)/earnings Per Share

	Current Quarter 30.4.2020	Year To Date 30.4.2020
Net loss from operations attributable to owners of the parent (RM'000)	<u>(4,946)</u>	<u>(4,946)</u>
a) Basic		
Weighted average no. of shares (000)	72,776	72,776
Basic loss per share for: -		
Loss for the period (sen)	(6.80)	(6.80)
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>
Loss for the period (sen)	<u>(6.80)</u>	<u>(6.80)</u>

B9. Auditors' Report on Preceding Annual Financial Statements

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

B10. Additional Information

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

	Current Quarter 30.4.2020 RM'000	Year To Date 30.4.2020 RM'000
(Loss)/profit before taxation is stated after (crediting)/charging:-		
- Profit from short term investment	(111)	(111)
- Interest expense	474	474
- Depreciation of property, plant and equipment	2,389	2,389
- Depreciation of investment properties	111	111
- Depreciation of ROU asset	992	992
- Amortisation of development expenditure	104	104
- Unrealised foreign exchange loss	1	1
- Realised foreign exchange loss	119	119
- Reversal of provision for slow moving inventories	(261)	(261)

B11. 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 18 June 2020.