



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

INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31 OCTOBER 2020

The unaudited financial results of Sapura Industrial Berhad Group
for the period ended 31 October 2020

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SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 OCTOBER 2020
THE FIGURES HAVE NOT BEEN AUDITED

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Quarter Ended 31.10.2020 RM'000	Comparative Quarter Ended 31.10.2019 RM'000	9 months Cumulative Todate 31.10.2020 RM'000	9 months Cumulative Todate 31.10.2019 RM'000
Revenue	55,379	55,124	111,704	177,325
Cost of sales	<u>(44,051)</u>	<u>(48,132)</u>	<u>(94,675)</u>	<u>(153,666)</u>
Gross profit	11,328	6,992	17,029	23,659
Other income	431	1,145	2,042	3,405
Operating expenses	(7,438)	(6,985)	(19,599)	(22,355)
Finance costs	(289)	(819)	(1,111)	(2,284)
Profit/(loss) before tax	<u>4,032</u>	<u>333</u>	<u>(1,639)</u>	<u>2,425</u>
Tax expense	(63)	(175)	(63)	(824)
Profit/(loss) for the period	<u><u>3,969</u></u>	<u><u>158</u></u>	<u><u>(1,702)</u></u>	<u><u>1,601</u></u>
Profit/(loss) for the period attributable to:				
Owners of the parent	3,965	159	(1,718)	1,709
Non-controlling interest	4	(1)	16	(108)
	<u><u>3,969</u></u>	<u><u>158</u></u>	<u><u>(1,702)</u></u>	<u><u>1,601</u></u>
Total comprehensive income/(loss) for the period attributable to:				
Owners of the parent	3,965	159	(1,718)	1,709
Non-controlling interest	4	(1)	16	(108)
	<u><u>3,969</u></u>	<u><u>158</u></u>	<u><u>(1,702)</u></u>	<u><u>1,601</u></u>
Earnings/(loss) per share attributable to owners of the parent (sen):				
Basic, for profit/(loss) from operations	<u><u>5.45</u></u>	<u><u>0.22</u></u>	<u><u>(2.36)</u></u>	<u><u>2.35</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 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 31 OCTOBER 2020

	Unaudited	Audited
	31.10.2020	31.1.2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	55,915	60,275
Investment properties	31,813	32,147
Development expenditure	1,438	1,621
	<u>89,166</u>	<u>94,043</u>
Current assets		
Inventories	20,270	25,885
Tax recoverable	968	474
Trade and other receivables	34,836	34,822
Short term investment	12,446	9,949
Cash and bank balances	19,480	12,439
	<u>88,000</u>	<u>83,569</u>
TOTAL ASSETS	<u>177,166</u>	<u>177,612</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	74,976	74,976
Retained profits	28,054	31,228
	<u>103,030</u>	<u>106,204</u>
Non-Controlling Interest	<u>1,506</u>	<u>1,490</u>
Total equity	<u>104,536</u>	<u>107,694</u>
Non-current liabilities		
Retirement benefit obligations	8,986	8,423
Loans and borrowings	25,332	25,643
Deferred tax liabilities	2,911	2,911
	<u>37,229</u>	<u>36,977</u>
Current liabilities		
Retirement benefit obligations	29	27
Trade and other payables	24,019	23,287
Tax payable	-	587
Loans and borrowings	11,353	9,040
	<u>35,401</u>	<u>32,941</u>
Total liabilities	<u>72,630</u>	<u>69,918</u>
TOTAL EQUITY AND LIABILITIES	<u>177,166</u>	<u>177,612</u>
Net assets per share (RM)	1.44	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 31 OCTOBER 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 31 October 2020					
As at 1 February 2020	74,976	31,228	106,204	1,490	107,694
Total comprehensive loss for the year	-	(1,718)	(1,718)	16	(1,702)
Dividends on ordinary shares	-	(1,456)	(1,456)	-	(1,456)
As at 31 October 2020	74,976	28,054	103,030	1,506	104,536
For Quarter Ended 31 October 2019					
As at 1 February 2019	74,976	31,848	106,824	(1,093)	105,731
Total comprehensive income for the year	-	1,709	1,709	(108)	1,601
Dividends on ordinary shares	-	(2,183)	(2,183)	-	(2,183)
As at 31 October 2019	74,976	31,374	106,350	(1,201)	105,149

(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 31 OCTOBER 2020

	9 MONTHS ENDED 31.10.2020 RM'000	9 MONTHS ENDED 31.10.2019 RM'000
Operating activities		
(Loss)/profit before tax	(1,639)	2,425
Adjustments for:		
Depreciation of property, plant and equipment	7,813	9,440
Depreciation of investment properties	334	334
Depreciation of right of use asset	2,863	807
Property, plant and equipment written off	-	1,677
Amortisation of development expenditure	401	931
Profit from short term investment	(322)	(281)
Reversal of provision for slow moving inventories	(407)	(139)
Unrealised loss on foreign exchange	1	1
Short term accumulating compensated absences	-	30
Increase in liability for defined benefit plan	640	580
Provision for doubtful debt	-	38
Provision for slow moving inventories	-	638
(Loss)/gain on disposal of property, plant and equipment	40	91
Interest expense	1,111	2,284
Development expenditure written off	2	36
Operating profit before working capital changes	<u>10,837</u>	<u>18,892</u>
Decrease in inventories	6,022	4,891
(Increase)/decrease in trade and other receivables	(14)	13,125
Increase/(decrease) in trade and other payables	<u>731</u>	<u>(8,044)</u>
Cash generated from operations	17,576	28,864
Interest paid	(1,093)	(2,284)
Taxes paid	(1,144)	(445)
Retirement benefits paid	<u>(75)</u>	<u>(488)</u>
Net cash generated from operating activities	<u>15,264</u>	<u>25,647</u>

**SAPURA INDUSTRIAL BERHAD [197401000510(17547-W)]
CONSOLIDATED STATEMENT OF CASH FLOWS (contd.)
FOR THE PERIOD ENDED 31 OCTOBER 2020**

	9 MONTHS ENDED 31.10.2020 RM'000	9 MONTHS ENDED 31.10.2019 RM'000
Investing activities		
Purchase of property, plant and equipment	(6,415)	(2,642)
Acquisition of a subsidiary, net of cash acquired	-	1,000
Placement of investment in money market funds	(2,175)	(18,000)
Proceeds from disposal of property, plant and equipment	59	-
Development expenditure incurred	(219)	(162)
Net cash used in investing activities	<u>(8,750)</u>	<u>(19,804)</u>
Financing activities		
Repayment of term loans	(541)	(2,347)
Drawdown/(Repayment) of other short term borrowings	3,340	(3,692)
Repayment of hire purchase loan	(33)	(53)
Repayment of lease liabilities	(783)	(777)
Dividends paid on ordinary shares	(1,456)	(2,183)
Net cash generated from/(used in) financing activities	<u>527</u>	<u>(9,052)</u>
Net increase/(decrease) in cash and cash equivalents	7,041	(3,209)
Cash and cash equivalents at beginning of period	12,439	13,496
Cash and cash equivalents at end of period	<u>19,480</u>	<u>10,287</u>
Analysis of cash and cash equivalents:		
Deposits, cash and bank balances	19,480	10,287
Bank overdrafts	-	-
Cash and cash equivalents at end of period	<u>19,480</u>	<u>10,287</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)**

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
Amendments to MFRS 16 Leases: Covid-19 Related Rent Concessions	1 June 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 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 : Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 3 : Reference to the Conceptual Framework	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	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
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements : Classification of Liabilities as Current or Non-current	1 January 2023
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 Group's results were not materially affected by any major seasonal or cyclical factors.

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

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

A final single tier dividend of 2 sen per ordinary share, totalling RM1,455,514.74 in respect of the financial year ended 31 January 2020, was paid on 10 September 2020.

Notes to the Interim Financial Statements - 31 October 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 31 October 2020		3 months ended 31 October 2019	
	Revenue RM'000	Profit/(Loss) before taxation RM'000	Revenue RM'000	Profit/(Loss) before taxation RM'000
Investment Holding	4,557	(693)	3,826	(503)
Manufacturing	55,358	4,874	55,389	1,740
Others	462	(161)	133	(937)
	<u>60,377</u>	<u>4,020</u>	<u>59,348</u>	<u>300</u>
Eliminations	(4,998)	12	(4,224)	33
	<u>55,379</u>	<u>4,032</u>	<u>55,124</u>	<u>333</u>

	Cumulative 9 months ended 31 October 2020		Cumulative 9 months ended 31 October 2019	
	Revenue RM'000	Profit/(Loss) before taxation RM'000	Revenue RM'000	Profit/(Loss) before taxation RM'000
Investment Holding	11,530	(968)	13,823	(134)
Manufacturing	111,523	(554)	178,745	4,537
Others	1,059	(129)	945	(2,079)
	<u>124,112</u>	<u>(1,651)</u>	<u>193,513</u>	<u>2,324</u>
Eliminations	(12,408)	12	(16,188)	101
	<u>111,704</u>	<u>(1,639)</u>	<u>177,325</u>	<u>2,425</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 31 October 2020 RM'000	As at 31 January 2020 RM'000
Capital expenditure		
Property, plant and equipment:		
Approved and contracted for	2,804	-
Approved but not contracted for	2,708	5,086
	<hr/>	<hr/>

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

B1. Overall Review of Group's Financial Performance

Quarter 3 FY2021 vs Quarter 3 FY2020

The Group achieved slightly higher revenue of RM55.4 million for the current quarter against RM55.1 million in the previous year's corresponding quarter in line with full operational recovery after the mandatory Movement Control Order (MCO) in March and April 2020. Improved net profit achieved at RM4.0 million compared to RM0.2 million in the previous corresponding quarter, mainly due to product mix and improved volume from OEMs, in addition to cost cutting measures, manpower rationalisation and government incentives.

YTD Quarter 3 FY2021 vs YTD Quarter 3 FY2020

Revenue for the YTD period for Q3 FY2021 was significantly lower at RM111.7 million compared to RM177.3 million in the previous year, mainly due to non-production periods in March and April 2020 (MCO). Net loss of RM1.7 million is recorded for the current YTD period compared to a net profit of RM1.6 million in the previous year corresponding period due to reasons mentioned above.

B2. Segmental Analysis

Investment Holding

Revenue for the Investment Holding segment comprising management fee income from subsidiaries for the current quarter was slightly higher than to the previous corresponding quarter.

Manufacturing

Reasons for movement in revenue and results for this segment is 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 470,000 due to the economic impact of the Covid-19 outbreak (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	63	63
	<u>63</u>	<u>63</u>
Effective tax rate	2%	-4%

The tax expense relates an under provision of prior year income tax. No tax is provided in the current period due to losses recorded from subsidiaries in the Group

SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]

Notes to the Interim Financial Statements - 31 October 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 31 October 2020 RM'000	As at 31 January 2020 RM'000
Current		
Secured		
Term Loans	4,644	4,654
Obligations under Hire purchase	162	196
Lease liabilities	128	1,111
	<u>4,934</u>	<u>5,961</u>
Unsecured		
Bankers' Acceptances	6,419	3,079
	<u>6,419</u>	<u>3,079</u>
Total current	<u>11,353</u>	<u>9,040</u>
Non - Current		
Secured		
Term Loans	23,720	24,251
Obligations under Hire purchase	599	598
Lease liabilities	1,013	794
	<u>25,332</u>	<u>25,643</u>
Total non- current	<u>25,332</u>	<u>25,643</u>
Bankers' Acceptances	6,419	3,079
Term Loans	28,364	28,905
Obligations under Hire purchase	761	794
Lease liabilities	1,141	1,905
Total Borrowings	<u>36,685</u>	<u>34,683</u>

B7. Dividend Declared

No dividend has been proposed or declared for the current quarter ended 31 October 2020

SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]

Notes to the Interim Financial Statements - 31 October 2020 (contd.)

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

B8. Earnings/(loss) Per Share

	Current Quarter 31.10.2020	Year To Date 31.10.2020
Net profit/(loss) from operations attributable to owners of the parent (RM'000)	<u>3,965</u>	<u>(1,718)</u>
a) Basic		
Weighted average no. of shares (000)	72,776	72,776
Basic earning/(loss) per share for: - Loss for the period (sen)	5.45	(2.36)
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/(loss) for the period (sen)	<u>5.45</u>	<u>(2.36)</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 31.10.2020 RM'000	Year To Date 31.10.2020 RM'000
(Loss)/profit before taxation is stated after (crediting)/charging:-		
- Profit from short term investment	(158)	(322)
- Interest expense	289	1,111
- Depreciation of property, plant and equipment	2,688	7,813
- Depreciation of investment properties	111	334
- Depreciation of ROU asset	907	2,863
- Amortisation of development expenditure	169	401
- Unrealised foreign exchange loss	-	1
- Realised foreign exchange gain/(loss)	(11)	367
- Loss on disposal of property, plant and equipment	57	40
- Reversal of provision for slow moving inventories	-	(407)
- Development expenditure written off	2	2

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 24 November 2020.