



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

INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 31 JULY 2021

The unaudited financial results of Sapura Industrial Berhad Group
for the period ended 31 July 2021

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	8-14

SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 JULY 2021
THE FIGURES HAVE NOT BEEN AUDITED

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Quarter Ended 31.7.2021 RM'000	Comparative Quarter Ended 31.7.2020 RM'000	6 months Cumulative To date 31.7.2021 RM'000	6 months Cumulative To date 31.7.2020 RM'000
Revenue	16,226	33,682	62,775	56,325
Cost of sales	<u>(17,256)</u>	<u>(28,889)</u>	<u>(56,786)</u>	<u>(50,624)</u>
Gross profit	(1,030)	4,793	5,989	5,701
Other income	4,583	950	5,581	1,611
Operating expenses	(5,892)	(6,126)	(13,207)	(12,161)
Finance costs	(476)	(348)	(989)	(822)
Loss before tax	<u>(2,815)</u>	<u>(731)</u>	<u>(2,626)</u>	<u>(5,671)</u>
Tax expense	132	-	-	-
Loss for the period	<u><u>(2,683)</u></u>	<u><u>(731)</u></u>	<u><u>(2,626)</u></u>	<u><u>(5,671)</u></u>
Other comprehensive (loss)/income				
Owners of the parent	(2,693)	(737)	(2,648)	(5,683)
Non-controlling interest	10	6	22	12
	<u><u>(2,683)</u></u>	<u><u>(731)</u></u>	<u><u>(2,626)</u></u>	<u><u>(5,671)</u></u>
(Loss)/income for the period				
attributable to:				
Owners of the parent	(2,693)	(737)	(2,648)	(5,683)
Non-controlling interest	10	6	22	12
	<u><u>(2,683)</u></u>	<u><u>(731)</u></u>	<u><u>(2,626)</u></u>	<u><u>(5,671)</u></u>
Loss per share attributable				
to owners of the parent (sen):				
Basic, for loss from operations	<u><u>(3.70)</u></u>	<u><u>(1.01)</u></u>	<u><u>(3.64)</u></u>	<u><u>(7.81)</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 2021 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 JULY 2021

	Unaudited 31.7.2021 RM'000	Audited 31.1.2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	54,063	56,121
Investment properties	32,014	32,130
Development expenditure	1,443	1,414
Deferred tax assets	115	115
	<u>87,635</u>	<u>89,780</u>
Current assets		
Inventories	35,348	26,720
Tax recoverable	941	728
Trade and other receivables	14,196	29,661
Short term investments	17,301	17,949
Cash and bank balances	15,228	16,960
	<u>83,014</u>	<u>92,018</u>
TOTAL ASSETS	<u>170,649</u>	<u>181,798</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	74,976	74,976
Retained profits	26,970	30,346
	<u>101,946</u>	<u>105,322</u>
Non-Controlling Interest	1,513	1,491
Total equity	<u>103,459</u>	<u>106,813</u>
Non-current liabilities		
Retirement benefit obligations	9,182	8,942
Loans and borrowings	20,078	21,930
Lease liabilities	1,369	1,898
Deferred tax liabilities	3,910	3,910
Provisions	-	71
	<u>34,539</u>	<u>36,751</u>
Current liabilities		
Retirement benefit obligations	245	245
Trade and other payables	24,547	27,074
Tax payable	97	139
Loans and borrowings	6,745	9,812
Lease liabilities	1,017	964
	<u>32,651</u>	<u>38,234</u>
Total liabilities	<u>67,190</u>	<u>74,985</u>
TOTAL EQUITY AND LIABILITIES	<u>170,649</u>	<u>181,798</u>
Net assets per share attributable to ordinary equity holders of the parents (RM)	1.40	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 2021 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 JULY 2021

	← Attributable to owners of the parent →				
	Non-Distributable Share capital RM'000	Distributable Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
For Quarter Ended 31 July 2021					
As at 1 February 2021	74,976	30,346	105,322	1,491	106,813
Total comprehensive loss for the period	-	(2,648)	(2,648)	22	(2,626)
Dividends on ordinary shares	-	(728)	(728)	-	(728)
As at 31 July 2021	<u>74,976</u>	<u>26,970</u>	<u>101,946</u>	<u>1,513</u>	<u>103,459</u>
For Quarter Ended 31 July 2020					
As at 1 February 2020	74,976	31,228	106,204	1,490	107,694
Total comprehensive loss for the period	-	(5,683)	(5,683)	12	(5,671)
Dividends on ordinary shares	-	-	-	-	-
As at 31 July 2020	<u>74,976</u>	<u>25,545</u>	<u>100,521</u>	<u>1,502</u>	<u>102,023</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 2021 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 JULY 2021

	6 MONTHS ENDED 31.7.2021 RM'000	6 MONTHS ENDED 31.7.2020 RM'000
Operating activities		
Loss before tax	(2,626)	(5,671)
Adjustments for:		
Depreciation of property, plant and equipment	4,901	5,232
Depreciation of investment properties	116	116
Depreciation of right of use assets	540	1,956
Property, plant and equipment written off	38	-
Amortisation of development expenditure	183	232
Profit from short term investments	(181)	(164)
Reversal of provision for slow moving inventories	(155)	(407)
Inventories written-off	155	-
Unrealised loss on foreign exchange	20	1
Increase in liability for defined benefit plan	414	364
Gain on disposal of property, plant and equipment	-	(17)
Interest expense	989	822
Operating profit before working capital changes	4,394	2,464
(Increase)/Decrease in inventories	(8,628)	1,625
Decrease in trade and other receivables	15,465	12,965
Decrease in trade and other payables	(2,618)	(6,237)
Cash generated from operations	8,613	10,817
Interest paid	(922)	(803)
Taxes paid	(255)	(312)
Retirement benefits paid	(173)	-
Net cash generated from operating activities	7,263	9,702

SAPURA INDUSTRIAL BERHAD [197401000510(17547-W)]
CONSOLIDATED STATEMENT OF CASH FLOWS (contd.)
FOR THE PERIOD ENDED 31 JULY 2021

	6 MONTHS ENDED 31.7.2021 RM'000	6 MONTHS ENDED 31.7.2020 RM'000
Investing activities		
Purchase of property, plant and equipment	(3,421)	(4,311)
Withdrawal of/(Investment in) of investment in money market funds	829	(4,267)
Proceeds from disposal of property, plant and equipment	-	33
Development expenditure incurred	(213)	(157)
Net cash used in investing activities	<u>(2,805)</u>	<u>(8,702)</u>
Financing activities		
Repayment of term loans	(2,805)	(400)
(Repayment)/Drawdown of other short term borrowings	(2,016)	2,861
Repayment of hire purchase	(98)	(21)
Repayment of lease liabilities	(543)	(727)
Dividends paid on ordinary shares	(728)	-
Net cash (used in)/generated from financing activities	<u>(6,190)</u>	<u>1,713</u>
Net (decrease)/increase in cash and cash equivalents	(1,732)	2,713
Cash and cash equivalents at beginning of period	16,960	12,439
Cash and cash equivalents at end of period	<u>15,228</u>	<u>15,152</u>
Analysis of cash and cash equivalents:		
Deposits, cash and bank balances	15,228	15,152
Bank overdrafts	-	-
Cash and cash equivalents at end of period	<u>15,228</u>	<u>15,152</u>

**(The Consolidated Statement of Cash Flows should be read in conjunction with the
Financial Statements for the year ended 31 January 2021 and the accompanying
explanatory notes attached to the Interim Financial Statements)**

Notes to the Interim Financial Statements - 31 July 2021

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 January 2021.

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
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 : Covid-19 - Related Rent Concessions beyond 30 June 2021	1 April 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 101 Presentation of Financial Statements :	
Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors : Disclosure of Accounting Policies	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
Amendments to MFRS 112 Income Taxes : Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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 Movement Control Order (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

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 1 sen per ordinary share, totalling RM727,757 in respect of the financial year ended 31 January 2021, was paid on 19 July 2021.

Notes to the Interim Financial Statements - 31 July 2021 (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

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

	3 months ended 31 July 2021		3 months ended 31 July 2020	
	Revenue RM'000	Profit/(Loss) before taxation RM'000	Revenue RM'000	Profit/(Loss) before taxation RM'000
Investment Holding	3,638	4,080	2,913	(511)
Manufacturing	16,395	(6,691)	33,440	(277)
Others	81	(179)	508	57
	<u>20,114</u>	<u>(2,790)</u>	<u>36,861</u>	<u>(731)</u>
Eliminations	<u>(3,888)</u>	<u>(25)</u>	<u>(3,179)</u>	<u>-</u>
	<u>16,226</u>	<u>(2,815)</u>	<u>33,682</u>	<u>(731)</u>

	Cumulative 6 months ended 31 July 2021		Cumulative 6 months ended 31 July 2020	
	Revenue RM'000	Profit/(Loss) before taxation RM'000	Revenue RM'000	Profit/(Loss) before taxation RM'000
Investment Holding	7,472	3,232	6,973	(275)
Manufacturing	63,294	(5,583)	56,165	(5,428)
Others	561	(246)	597	32
	<u>71,327</u>	<u>(2,597)</u>	<u>63,735</u>	<u>(5,671)</u>
Eliminations	<u>(8,552)</u>	<u>(29)</u>	<u>(7,410)</u>	<u>-</u>
	<u>62,775</u>	<u>(2,626)</u>	<u>56,325</u>	<u>(5,671)</u>

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

Notes to the Interim Financial Statements - 31 July 2021 (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

On 25 May 2021, Sapura Industrial Berhad acquired the entire issued shares of Propel Frontier Sdn Bhd [Registration No. 201601013084 (1184015-X)] ("PFSB") for a total cash consideration of RM2.00 only.

PFSB was incorporated in Malaysia under the Companies Act, 1965 on 18 April 2016, as a private company limited by shares with a share capital of RM2.00 only comprising of 2 ordinary shares. PFSB has yet to commence operations since its incorporation.

The acquisition of PFSB is not expected to have any material impact on the earnings per share, net assets per share, gearing, share capital and substantial shareholders' shareholdings of SIB for the financial year ending 31 January 2022.

A12. Contingent Liabilities

There was no contingent liability for the Group during the financial period under review.

A13. Capital Commitments

	As at 31 July 2021 RM'000	As at 31 January 2021 RM'000
Capital expenditure		
Property, plant and equipment:		
Approved and contracted for	4,391	2,776
Approved but not contracted for	1,668	1,787

Notes to the Interim Financial Statements - 31 July 2021 (contd.)

Part B - ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS**B1. Overall Review of Group's Financial Performance****Quarter 2 FY2022 vs Quarter 2 FY2021**

The Group achieved significantly lower revenue of RM16.2 million for the current quarter against RM33.7 million in the previous year's corresponding quarter, mainly due to the non-production periods during the MCO in June and July 2021 as a result of nationwide lockdown implemented by Government to curb the Covid-19 pandemic. The results for current quarter include non recurring income amounting to approximately RM4.1 million relating to write back of advances extended by Sapura Industrial Berhad to its former subsidiary Sapura Schulz Hydroforming Sdn Bhd (SSH) following the distribution of proceeds by the liquidator of SSH to its unsecured creditors. Accordingly, the Group generated a net loss of RM2.7 million in the current quarter as compared to a net loss of RM731 thousand in the previous year's corresponding quarter.

YTD Quarter 2 FY2022 vs YTD Quarter 2 FY2021

Revenue YTD Quarter 2 FY2022 was slightly higher at RM62.8 million compared to RM56.3 million in the previous year corresponding period mainly due to slower recovery of production post lockdown from 18 March 2020 to 3 May 2021. Net loss of RM2.6 million is recorded for the current YTD period compared to a net loss of RM5.7 million in the previous year corresponding period due to reasons mentioned above. Previous YTD period also included some non recurring income items.

Performance Current Quarter vs Immediate Preceding Quarter

The Group's revenue of RM16.2 million for the current quarter was lower than the immediate preceding quarter of RM46.5 million. Net loss for the current quarter was RM2.7 million as compared to net profit of RM57 thousand for the immediate preceding quarter due to lower revenue as a result of non-production periods in June & July 2021.

B2. Segmental Analysis**Investment Holding**

Revenue for the Investment Holding segment relates to 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) is projected to decline by 5.6% from 529,434 in 2020 to 500,000 vehicles in 2021 as car makers recover from the year's Covid-19 impact (Source: Malaysian Automotive Association). Any global supply chain interruption, development in policies and regulations as well as economic and currencies uncertainties are primary factors that could affect Sapura Industrial's performance. 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 (credit)/expense	-132	0
	<u>-132</u>	<u>0</u>
Effective tax rate	5%	0%

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

B6. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of issue of this report.

Notes to the Interim Financial Statements - 31 July 2021 (contd.)

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

B7. Loans and Borrowings and Lease Liabilities

The Group borrowings are as follows:

	As at 31 July 2021 RM'000	As at 31 January 2021 RM'000
Current		
Secured		
Term loans	4,102	5,119
Obligations under hire purchase	166	200
Lease liabilities	1,017	964
	<u>5,285</u>	<u>6,283</u>
Unsecured		
Bankers' acceptances	2,477	4,493
	<u>2,477</u>	<u>4,493</u>
Total current	<u>7,762</u>	<u>10,776</u>
Non - Current		
Secured		
Term loans	19,646	21,434
Obligations under hire purchase	432	496
Lease liabilities	1,369	1,898
	<u>21,447</u>	<u>23,828</u>
Total non- current	<u>21,447</u>	<u>23,828</u>
Bankers' acceptances	2,477	4,493
Term loans	23,748	26,553
Obligations under hire purchase	598	696
Lease liabilities	2,386	2,862
Total Borrowings	<u>29,209</u>	<u>34,604</u>

B8. Dividend Declared

The Board of Directors has declared a special single tier dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 January 2022, amounting to RM1,455,515. The dividend will be paid on 17 November 2021 to shareholders whose name appear in the Record of Depositors at the close of business on 1 November 2021.

Notes to the Interim Financial Statements - 31 July 2021 (contd.)

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

B9. Loss Per Share

	Current Quarter 31.7.2021	Year To Date 31.7.2021
Net loss from operations attributable to owners of the parent (RM'000)	(2,693)	(2,648)
a) Basic		
Weighted average no. of shares (000)	72,776	72,776
Basic loss per share for: -		
Loss for the period (sen)	(3.70)	(3.64)
b) Diluted		
Weighted average no. of shares (000)	72,776	72,776
Adjusted weighted average no. of shares (000)	72,776	72,776
Loss for the period (sen)	(3.70)	(3.64)

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 31.7.2021 RM'000	Year To Date 31.7.2021 RM'000
Loss before taxation is stated after (crediting)/charging:-		
- Profit from short term investment	(87)	(181)
- Reversal of impairment loss on other receivables	(4,102)	(4,102)
- Interest expense	476	989
- Depreciation of property, plant and equipment	2,278	4,901
- Depreciation of investment properties	58	116
- Depreciation of ROU asset	267	540
- Amortisation of development expenditure	62	183
- Unrealised foreign exchange loss	-	20
- Inventories written off	155	155
- Reversal of provision for slow moving inventories	(155)	(155)
- Property, plant and equipment written off	37	38

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 22 September 2021.