



Sapura Industrial Berhad
Registration No. : 197401000510 (17547-W)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 31 JULY 2022

The unaudited financial results of Sapura Industrial Berhad Group
for the period ended 31 July 2022

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SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 JULY 2022
THE FIGURES HAVE NOT BEEN AUDITED

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Quarter Ended 31.07.2022 RM'000	Comparative Quarter Ended 31.07.2021 RM'000	6 months Cumulative To date 31.07.2022 RM'000	6 months Cumulative To date 31.07.2021 RM'000
Revenue	59,567	16,226	115,139	62,775
Cost of sales	<u>(51,691)</u>	<u>(17,256)</u>	<u>(99,075)</u>	<u>(56,786)</u>
Gross profit/(loss)	7,876	(1,030)	16,064	5,989
Other income	2,001	4,583	2,978	5,581
Operating expenses	(6,856)	(5,892)	(13,612)	(13,207)
Finance costs	(486)	(476)	(1,026)	(989)
Profit/(Loss) before tax	<u>2,535</u>	<u>(2,815)</u>	<u>4,404</u>	<u>(2,626)</u>
Tax (expense)/credit	(585)	132	(755)	-
Profit/(Loss) after tax, representing total comprehensive income/(loss) for the period	<u><u>1,950</u></u>	<u><u>(2,683)</u></u>	<u><u>3,649</u></u>	<u><u>(2,626)</u></u>
Profit/(loss) for the period attributable to:				
Owners of the parent	1,937	(2,693)	3,663	(2,648)
Non-controlling interest	<u>13</u>	<u>10</u>	<u>(14)</u>	<u>22</u>
	<u><u>1,950</u></u>	<u><u>(2,683)</u></u>	<u><u>3,649</u></u>	<u><u>(2,626)</u></u>
Total comprehensive income/(loss) attributable to:				
Owners of the parent	1,937	(2,693)	3,663	(2,648)
Non-controlling interest	<u>13</u>	<u>10</u>	<u>(14)</u>	<u>22</u>
	<u><u>1,950</u></u>	<u><u>(2,683)</u></u>	<u><u>3,649</u></u>	<u><u>(2,626)</u></u>
Earnings/(loss) per share attributable to owners of the parent (sen):				
Basic, for profit/(loss) from operations	<u><u>2.66</u></u>	<u><u>(3.70)</u></u>	<u><u>5.03</u></u>	<u><u>(3.64)</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 2022 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 2022

	Unaudited	Audited
	31.07.2022	31.01.2022
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	58,118	55,049
Investment properties	32,268	32,387
Development expenditure	1,983	1,609
Deferred tax assets	63	63
	<u>92,432</u>	<u>89,108</u>
Current assets		
Inventories	28,232	31,108
Tax recoverable	573	672
Trade and other receivables	36,058	32,593
Short term investments	17,223	8,999
Cash and bank balances	7,683	11,170
	<u>89,769</u>	<u>84,542</u>
Asset held for sale	-	467
	<u>89,769</u>	<u>85,009</u>
TOTAL ASSETS	<u>182,201</u>	<u>174,117</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	74,976	74,976
Retained profits	28,541	24,878
	<u>103,517</u>	<u>99,854</u>
Non-Controlling Interest	1,441	1,455
Total equity	<u>104,958</u>	<u>101,309</u>
Non-current liabilities		
Retirement benefit obligations	8,402	8,449
Loans and borrowings	21,073	21,635
Lease liabilities	863	977
Deferred tax liabilities	2,826	2,826
Provisions	35	102
	<u>33,199</u>	<u>33,989</u>
Current liabilities		
Retirement benefit obligations	419	420
Trade and other payables	37,373	26,841
Tax payable	456	70
Loans and borrowings	5,110	10,361
Lease liabilities	686	1,127
	<u>44,044</u>	<u>38,819</u>
Total liabilities	<u>77,243</u>	<u>72,808</u>
TOTAL EQUITY AND LIABILITIES	<u>182,201</u>	<u>174,117</u>
Net assets per share attributable to ordinary equity holders of the parents (RM)	1.42	1.37

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2022 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 2022**

	← 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 July 2022					
As at 1 February 2022	74,976	24,878	99,854	1,455	101,309
Total comprehensive income/(loss) for the period	-	3,663	3,663	(14)	3,649
Dividends on ordinary shares	-	-	-	-	-
As at 31 July 2022	74,976	28,541	103,517	1,441	104,958
For Quarter Ended 31 July 2021					
As at 1 February 2021	74,976	30,346	105,322	1,491	106,813
Total comprehensive (loss)/income for the period	-	(2,648)	(2,648)	22	(2,626)
Dividends on ordinary shares	-	(728)	(728)	-	(728)
As at 31 July 2021	74,976	26,970	101,946	1,513	103,459

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2022 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 2022

	6 MONTHS ENDED 31.07.2022 RM'000	6 MONTHS ENDED 31.07.2021 RM'000
Operating activities		
Profit/(Loss) before tax	4,404	(2,626)
Adjustments for:		
Depreciation of property, plant and equipment	4,896	4,901
Depreciation of investment properties	119	116
Depreciation of right of use assets	555	540
Property, plant and equipment written off	-	38
Amortisation of development expenditure	220	183
Profit from short term investments	(90)	(181)
Reversal of provision for slow moving inventories	-	(155)
Unrealised loss on foreign exchange	20	20
Short term accumulating compensated absences	52	-
Increase in liability for defined benefit plan	398	414
Inventories written-off	-	155
Gain on disposal of asset held for sale	(833)	-
Interest expense	1,026	989
Operating profit before working capital changes	<u>10,767</u>	<u>4,394</u>
Decrease/(increase) in inventories	2,876	(8,628)
(Increase)/decrease in trade and other receivables	(3,465)	15,465
Increase/(decrease) in trade and other payables	10,393	(2,618)
Cash generated from operations	<u>20,571</u>	<u>8,613</u>
Interest paid	(1,012)	(922)
Taxes paid	(270)	(255)
Retirement benefits paid	(446)	(173)
Net cash generated from operating activities	<u>18,843</u>	<u>7,263</u>
Investing activities		
Purchase of property, plant and equipment	(8,519)	(3,421)
Proceed from disposal of asset held for sale	1,300	-
(Investment in)/withdrawal of money market funds	(8,134)	829
Development expenditure incurred	(594)	(213)
Net cash used in investing activities	<u>(15,947)</u>	<u>(2,805)</u>

**SAPURA INDUSTRIAL BERHAD [197401000510(17547-W)]
CONSOLIDATED STATEMENT OF CASH FLOWS (contd.)
FOR THE PERIOD ENDED 31 JULY 2022**

	6 MONTHS ENDED 31.07.2022 RM'000	6 MONTHS ENDED 31.07.2021 RM'000
Financing activities		
Net repayment of term loans	(690)	(2,805)
Net repayment of other short term borrowings	(502)	(2,016)
Repayment of hire purchase	(120)	(98)
Repayment of lease liabilities	(570)	(543)
Dividends paid on ordinary shares	-	(728)
Net cash used in financing activities	<u>(6,383)</u>	<u>(6,190)</u>
Net decrease in cash and cash equivalents	(3,487)	(1,732)
Cash and cash equivalents at beginning of period	11,170	16,960
Cash and cash equivalents at end of period	<u>7,683</u>	<u>15,228</u>
Analysis of cash and cash equivalents:		
Deposits, cash and bank balances	7,683	15,228
Bank overdrafts	-	-
Cash and cash equivalents at end of period	<u>7,683</u>	<u>15,228</u>

**(The Consolidated Statement of Cash Flows should be read in conjunction with the
Financial Statements for the year ended 31 January 2022 and the accompanying
explanatory notes attached to the Interim Financial Statements)**

SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]

Notes to the Interim Financial Statements - 31 July 2022

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 2022.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3 : Reference to the Conceptual Framework	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 1, MFRS 9, MFRS 16 and MFRS 141 : Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

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

SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]

Notes to the Interim Financial Statements - 31 July 2022 (contd.)

Part A - EXPLANATORY NOTES (CONTD.)

A2. Changes in Accounting Policies (contd.)

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
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 : Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 Income Taxes : Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 17 Insurance Contracts : Initial Application of MFRS 17 and MFRS 9 - Comparative Information	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

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.

SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]

Notes to the Interim Financial Statements - 31 July 2022 (contd.)

Part A - EXPLANATORY NOTES (CONTD.)

A5. Material Changes in Estimates

There were no material changes in estimates reported in 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 dividend was 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 [197401000510 (17547-W)]

Notes to the Interim Financial Statements - 31 July 2022 (contd.)

Part A - EXPLANATORY NOTES (CONTD.)

A8. Segmental Information (contd.)

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

	3 months ended 31 July 2022		3 months ended 31 July 2021	
	Revenue RM'000	Profit/(Loss) before taxation RM'000	Revenue RM'000	Profit/(Loss) before taxation RM'000
Investment Holding	4,061	(111)	3,638	4,080
Manufacturing	59,064	2,383	16,395	(6,691)
Others	1,056	270	81	(179)
	<u>64,181</u>	<u>2,542</u>	<u>20,114</u>	<u>(2,790)</u>
Eliminations	<u>(4,614)</u>	<u>(7)</u>	<u>(3,888)</u>	<u>(25)</u>
	<u>59,567</u>	<u>2,535</u>	<u>16,226</u>	<u>(2,815)</u>
	Cumulative 6 months ended 31 July 2022		Cumulative 6 months ended 31 July 2021	
	Revenue RM'000	Profit/(Loss) before taxation RM'000	Revenue RM'000	Profit/(Loss) before taxation RM'000
Investment Holding	7,456	(926)	7,472	3,232
Manufacturing	114,586	5,311	63,294	(5,583)
Others	2,140	588	561	(246)
	<u>124,182</u>	<u>4,973</u>	<u>71,327</u>	<u>(2,597)</u>
Eliminations	<u>(9,043)</u>	<u>(569)</u>	<u>(8,552)</u>	<u>(29)</u>
	<u>115,139</u>	<u>4,404</u>	<u>62,775</u>	<u>(2,626)</u>

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

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.

SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]

Notes to the Interim Financial Statements - 31 July 2022 (contd.)

Part A - EXPLANATORY NOTES (CONTD.)

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 July 2022 RM'000	As at 31 January 2022 RM'000
Capital expenditure		
Property, plant and equipment:		
Approved and contracted for	16,115	12,929
Approved but not contracted for	13,183	8,421
	<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 2 FY2023 vs Quarter 2 FY2022

The Group achieved significantly higher revenue of RM59.6 million for the current quarter against RM16.2 million in the previous year's corresponding quarter due to higher volume as OEMs fulfilled backlog and new orders following post covid recovery and bookings made before 30 June (to be registered before 31 March 2022) to qualify for the sales tax exemption offered by the Malaysian Government. Results for previous year's corresponding quarter were reflective of the non-production period due to MCO lockdown in June and July 2021.

Accordingly, the Group generated a net profit of RM1.9 million in the current quarter as compared to a net loss of RM2.7 million in the previous year's corresponding quarter.

Performance Current Quarter against Immediate Preceding Quarter

The Group's revenue of RM59.6 million for the current quarter was slightly higher than the immediate preceding quarter of RM55.6 million. Net profit for the current quarter was RM1.9 million as compared to RM1.7 million for the immediate preceding quarter.

SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]

Notes to the Interim Financial Statements - 31 July 2022 (contd.)

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

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 rise by 23.8% from 508,911 in 2021 to 630,000 vehicles in 2022 as car makers recover from the year's Covid-19 impact. The TIV for the first eight months up to August 2022 was 447,209 units against 274,600 units sold in the corresponding period of 2021, an increase of 172,609 units or 63% (Source: Malaysian Automotive Association). 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:		
Malaysia income tax	<u>585</u>	<u>755</u>
	<u>585</u>	<u>755</u>
Effective tax rate	23%	17%

The tax expense relates to net current year income tax.

B6. Status of Corporate Proposals

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

SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]

Notes to the Interim Financial Statements - 31 July 2022 (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 2022 RM'000	As at 31 January 2022 RM'000
Current		
Secured		
Term loans	3,721	3,930
Obligations under hire purchase	166	205
Lease liabilities	686	1,127
	<u>4,573</u>	<u>5,262</u>
Unsecured		
Bankers' acceptances	1,223	1,725
Revolving Credits	-	4,500
	<u>1,223</u>	<u>6,225</u>
Total current	<u>5,796</u>	<u>11,488</u>
Non - Current		
Secured		
Term loans	20,846	21,327
Obligations under hire purchase	227	308
Lease liabilities	863	977
	<u>21,936</u>	<u>22,612</u>
Total non- current	<u>21,936</u>	<u>22,612</u>
Revolving Credits	-	4,500
Bankers' acceptances	1,223	1,725
Term loans	24,567	25,257
Obligations under hire purchase	393	513
Lease liabilities	1,549	2,104
Total Borrowings	<u>27,732</u>	<u>34,100</u>

B8. Dividend Declared

The Board of Directors has declared an interim single tier dividend of 3.4 sen per ordinary share in respect of the financial year ending 31 January 2023, amounting to RM2,474,375. The dividend will be paid on 8 November 2022 to shareholders whose name appear in the Record of Depositors at the close of business on 12 October 2022.

SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]

Notes to the Interim Financial Statements - 31 July 2022 (contd.)

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

B9. Profit Per Share

	Current Quarter 31.07.2022	Year To Date 31.07.2022
Net profit from operations attributable to owners of the parent (RM'000)	<u>1,937</u>	<u>3,663</u>
a) Basic		
Weighted average no. of shares (000)	72,776	72,776
Basic earnings per share for: -		
Earnings for the period (sen)	2.66	5.03
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>
Earnings for the period (sen)	<u>2.66</u>	<u>5.03</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 31.07.2022 RM'000	Year To Date 31.07.2022 RM'000
Loss before taxation is stated after (crediting)/charging:-		
- Profit from short term investment	(59)	(90)
- Interest expense	486	1,026
- Depreciation of property, plant and equipment	2,649	4,896
- Depreciation of investment properties	6	119
- Depreciation of ROU asset	282	555
- Amortisation of development expenditure	105	220
- Unrealised foreign exchange loss	-*	20
- Gain on disposal of asset held for sale	(833)	(833)

* Denoting a value of less than RM1,000

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 2022.