



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

INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 31 OCTOBER 2023

The unaudited financial results of Sapura Industrial Berhad Group
for the period ended 31 October 2023

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SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 OCTOBER 2023
THE FIGURES HAVE NOT BEEN AUDITED

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Quarter Ended 31.10.2023 RM'000	Comparative Quarter Ended 31.10.2022 RM'000	9 months Cumulative To date 31.10.2023 RM'000	9 months Cumulative To date 31.10.2022 RM'000
Revenue	77,086	70,644	218,130	185,783
Cost of sales	<u>(66,896)</u>	<u>(59,643)</u>	<u>(190,845)</u>	<u>(158,718)</u>
Gross profit	10,190	11,001	27,285	27,065
Other income	1,567	1,191	4,259	4,169
Operating expenses	(7,360)	(8,282)	(21,799)	(21,894)
Finance costs	(632)	(535)	(1,688)	(1,561)
Profit before tax	<u>3,765</u>	<u>3,375</u>	<u>8,057</u>	<u>7,779</u>
Tax expense	(1,876)	(830)	(3,249)	(1,585)
Profit after tax, representing total comprehensive income for the period	<u><u>1,889</u></u>	<u><u>2,545</u></u>	<u><u>4,808</u></u>	<u><u>6,194</u></u>
Profit/(loss) for the period attributable to:				
Owners of the parent	1,895	2,550	4,830	6,213
Non-controlling interest	<u>(6)</u>	<u>(5)</u>	<u>(22)</u>	<u>(19)</u>
	<u><u>1,889</u></u>	<u><u>2,545</u></u>	<u><u>4,808</u></u>	<u><u>6,194</u></u>
Total comprehensive income/(loss) attributable to:				
Owners of the parent	1,895	2,550	4,830	6,213
Non-controlling interest	<u>(6)</u>	<u>(5)</u>	<u>(22)</u>	<u>(19)</u>
	<u><u>1,889</u></u>	<u><u>2,545</u></u>	<u><u>4,808</u></u>	<u><u>6,194</u></u>
Earnings per share attributable to owners of the parent (sen):				
Basic, for profit from operations	<u><u>2.60</u></u>	<u><u>3.50</u></u>	<u><u>6.64</u></u>	<u><u>8.54</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 2023 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 2023

	Unaudited	Audited
	31.10.2023	31.01.2023
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	73,407	66,622
Investment properties	31,971	32,149
Development expenditure	1,868	2,031
Deferred tax assets	102	132
	<u>107,348</u>	<u>100,934</u>
Current assets		
Inventories	28,502	33,828
Tax recoverable	890	1,596
Trade and other receivables	40,537	45,338
Short term investments	16,299	16,629
Cash and bank balances	14,962	14,618
	<u>101,190</u>	<u>112,009</u>
TOTAL ASSETS	<u>208,538</u>	<u>212,943</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	74,976	74,976
Retained profits	34,389	31,378
	<u>109,365</u>	<u>106,354</u>
Non-Controlling Interest	1,411	1,433
Total equity	<u>110,776</u>	<u>107,787</u>
Non-current liabilities		
Retirement benefit obligations	8,095	8,192
Loans and borrowings	20,646	25,944
Lease liabilities	1,449	114
Deferred tax liabilities	6,085	5,615
Provisions	59	145
	<u>36,334</u>	<u>40,010</u>
Current liabilities		
Retirement benefit obligations	674	640
Trade and other payables	42,982	54,478
Tax payable	-	392
Loans and borrowings	16,811	8,747
Lease liabilities	961	889
	<u>61,428</u>	<u>65,146</u>
Total liabilities	<u>97,762</u>	<u>105,156</u>
TOTAL EQUITY AND LIABILITIES	<u>208,538</u>	<u>212,943</u>
Net assets per share attributable to ordinary equity holders of the parents (RM)	1.50	1.46

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2023 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 2023**

	← 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 2023					
As at 1 February 2023	74,976	31,378	106,354	1,433	107,787
Total comprehensive income/(loss) for the period	-	4,830	4,830	(22)	4,808
Dividends on ordinary shares	-	(1,819)	(1,819)	-	(1,819)
As at 31 October 2023	74,976	34,389	109,365	1,411	110,776
For Quarter Ended 31 October 2022					
As at 1 February 2022	74,976	24,878	99,854	1,455	101,309
Total comprehensive income/(loss) for the period	-	6,213	6,213	(19)	6,194
Dividends on ordinary shares	-	(2,474)	(2,474)	-	(2,474)
As at 31 October 2022	74,976	28,617	103,593	1,436	105,029

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2023 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 2023

	9 MONTHS ENDED 31.10.2023 RM'000	9 MONTHS ENDED 31.10.2022 RM'000
Operating activities		
Profit before tax	8,057	7,779
Adjustments for:		
Depreciation of property, plant and equipment	8,822	7,599
Depreciation of investment properties	178	178
Depreciation of right of use assets	894	833
Property, plant and equipment written off	13	2
Amortisation of development expenditure	341	338
Profit from short term investments	(274)	(197)
Unrealised loss on foreign exchange	270	20
Provision for short term accumulating compensated absences	-	52
Increase in liability for defined benefit plan	683	606
Provision for impairment loss on trade receivables	130	-
Provision for slow moving inventories	400	-
Gain on disposal of asset held for sale	-	(833)
Interest expense	1,688	1,561
Gain on lease modification	(13)	-
Operating profit before working capital changes	<u>21,189</u>	<u>17,938</u>
Decrease in inventories	4,926	3,335
Decrease/(increase) in trade and other receivables	4,854	(9,299)
(Decrease)/increase in trade and other payables	<u>(11,852)</u>	<u>18,324</u>
Cash generated from operations	19,117	30,298
Interest paid	(1,614)	(1,542)
Taxes paid	(2,435)	(952)
Retirement benefits paid	<u>(746)</u>	<u>(739)</u>
Net cash generated from operating activities	<u>14,322</u>	<u>27,065</u>
Investing activities		
Purchase of property, plant and equipment	(14,375)	(12,908)
Proceed from disposal of asset held for sale	-	1,300
Withdrawal of/(investment in) money market funds	604	(338)
Development expenditure incurred	<u>(178)</u>	<u>(884)</u>
Net cash used in investing activities	<u>(13,949)</u>	<u>(12,830)</u>

**SAPURA INDUSTRIAL BERHAD [197401000510(17547-W)]
CONSOLIDATED STATEMENT OF CASH FLOWS (contd.)
FOR THE PERIOD ENDED 31 OCTOBER 2023**

	9 MONTHS ENDED 31.10.2023 RM'000	9 MONTHS ENDED 31.10.2022 RM'000
Financing activities		
Net drawdown of term loans	1,154	3,487
Net drawdown/(repayment) of other short term borrowings	1,920	(461)
Repayment of hire purchase	(308)	(172)
Repayment of lease liabilities	(976)	(857)
Dividends paid on ordinary shares	(1,819)	(2,474)
Net cash used in financing activities	<u>(29)</u>	<u>(477)</u>
Net increase in cash and cash equivalents	344	13,758
Cash and cash equivalents at beginning of period	<u>14,618</u>	<u>11,170</u>
Cash and cash equivalents at end of period	<u><u>14,962</u></u>	<u><u>24,928</u></u>
Analysis of cash and cash equivalents:		
Deposits, cash and bank balances	<u>14,962</u>	<u>24,928</u>
Cash and cash equivalents at end of period	<u><u>14,962</u></u>	<u><u>24,928</u></u>

**(The Consolidated Statement of Cash Flows should be read in conjunction with the
Financial Statements for the year ended 31 January 2023 and the accompanying
explanatory notes attached to the Interim Financial Statements)**

SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]

Notes to the Interim Financial Statements - 31 October 2023

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 2023.

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 112 Income Taxes : International Tax Reform-Pillar Two Model Rules	1 January 2023

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 October 2023 (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
Amendments to MFRS 16 Leases : Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements : Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments : Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates : Lack of Exchangeability	1 January 2025
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 October 2023 (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.

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

	3 months ended 31 October 2023		3 months ended 31 October 2022	
	Revenue RM'000	Profit/(Loss) before taxation RM'000	Revenue RM'000	Profit/(Loss) before taxation RM'000
Investment Holding	3,340	(1,280)	3,569	(1,644)
Manufacturing	77,022	5,234	71,343	4,673
Others	71	(174)	473	(129)
	<u>80,433</u>	<u>3,780</u>	<u>75,385</u>	<u>2,900</u>
Eliminations	<u>(3,347)</u>	<u>(15)</u>	<u>(4,741)</u>	<u>475</u>
	<u>77,086</u>	<u>3,765</u>	<u>70,644</u>	<u>3,375</u>

SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]

Notes to the Interim Financial Statements - 31 October 2023 (contd.)

Part A - EXPLANATORY NOTES (CONTD.)

A8. Segmental Information (contd.)

	Cumulative 9 months ended 31 October 2023		Cumulative 9 months ended 31 October 2022	
	Revenue RM'000	Profit/(Loss) before taxation RM'000	Revenue RM'000	Profit/(Loss) before taxation RM'000
Investment Holding	10,095	(2,547)	11,025	(2,570)
Manufacturing	217,876	10,779	185,929	9,984
Others	734	(150)	2,613	459
	<u>228,705</u>	<u>8,082</u>	<u>199,567</u>	<u>7,873</u>
Eliminations	(10,575)	(25)	(13,784)	(94)
	<u>218,130</u>	<u>8,057</u>	<u>185,783</u>	<u>7,779</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.

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.

SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]

Notes to the Interim Financial Statements - 31 October 2023 (contd.)

Part A - EXPLANATORY NOTES (CONTD.)

A13. Capital Commitments

	As at 31 October 2023 RM'000	As at 31 January 2023 RM'000
Capital expenditure		
Property, plant and equipment:		
Approved and contracted for	16,492	15,220
Approved but not contracted for	<u>5,956</u>	<u>7,520</u>

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

B1. Overall Review of Group's Financial Performance

Quarter 3 FY2024 vs Quarter 3 FY2023

The Group achieved higher revenue of RM77.1 million for the current quarter against RM70.6 million in the previous year's corresponding quarter, in line with improvement in volume due to delivery of carried over bookings made during the sales tax exemption period.

The Group generated a net profit of RM1.9 million for the current quarter as compared to RM2.5 million for the previous year's corresponding quarter, mainly due to provision for deferred tax liabilities as explained under Note B5 below.

YTD Quarter 3 FY2024 vs YTD Quarter 3 FY2023

Revenue for YTD Quarter 3 FY2024 was RM218 million, improved from RM186 million for previous year's corresponding period in line with volume improvement as explained above and new models launched. The Group achieved net profit of RM4.8 million for the current YTD Quarter 3 period as compared to a net profit of RM6.2 million in previous year's corresponding period.

Decline in gross margin mainly due to transition costs incurred, pending completion of relocation of coil spring plant from Port Klang to Bangi.

Net profit for previous year's corresponding period included non-recurring gain on sale of Cold Drawn Bar Line (RM0.8 million).

Performance Current Quarter against Immediate Preceding Quarter

The Group's revenue of RM77.1 million for the current quarter was higher than the immediate preceding quarter of RM68.9 million. Net profit for the current quarter was RM1.9 million as compared to RM1.1 million for the immediate preceding quarter.

SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]

Notes to the Interim Financial Statements - 31 October 2023 (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

Malaysian Automotive Association (MAA) has revised the forecasted Total Industry Volume (TIV) for 2023 from 650,000 to 725,000 vehicles, a 0.6% increase from 2022's record-breaking achievement of 720,658 units. This expected TIV revision is mainly due to new and affordable model launches, stable economic outlook and sustainable market performance (source: Malaysian Automotive Association, July 2023). In line with the revised forecast, the Group expects volume to remain consistent throughout the year. The Group will further strengthen operational efficiencies, improve productivity and optimise its resources in meeting customers' demand.

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	1,339	2,441
Underprovision in prior year	308	308
Deferred tax	229	500
	<u>1,876</u>	<u>3,249</u>
Effective tax rate	50%	40%

The tax expense relates to net current year income tax and provision for deferred tax liabilities, arising from capital allowances claimed in respect of investment in machineries during the quarter in line with the Group's Modernisation, Automation and Consolidation (MAC) of its manufacturing activities.

SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]

Notes to the Interim Financial Statements - 31 October 2023 (contd.)

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

B6. Status of Corporate Proposals

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

B7. Loans and Borrowings and Lease Liabilities

The Group borrowings are as follows:

	As at 31 October 2023 RM'000	As at 31 January 2023 RM'000
Current		
Secured		
Term loans	11,207	4,930
Obligations under hire purchase	-	133
Lease liabilities	961	889
	<u>12,168</u>	<u>5,952</u>
Unsecured		
Bankers' acceptances	2,604	3,684
Revolving Credits	3,000	-
	<u>5,604</u>	<u>3,684</u>
Total current	<u>17,772</u>	<u>9,636</u>
Non - Current		
Secured		
Term loans	20,646	25,769
Obligations under hire purchase	-	175
Lease liabilities	1,449	114
	<u>22,095</u>	<u>26,058</u>
Total non- current	<u>22,095</u>	<u>26,058</u>
Revolving Credits	3,000	-
Bankers' acceptances	2,604	3,684
Term loans	31,853	30,699
Obligations under hire purchase	-	308
Lease liabilities	2,410	1,003
Total Borrowings	<u>39,867</u>	<u>35,694</u>

The effective interest rate for the Group during the year ranges between 5% to 6% per annum. The net carrying amounts of Investment Property and Plant & Machinery of the Group pledged as securities for borrowings are RM16.7m and RM17.7m respectively.

B8. Dividend Declared

No dividend has been proposed or declared for the current quarter ended 31 October 2023.

SAPURA INDUSTRIAL BERHAD [197401000510 (17547-W)]

Notes to the Interim Financial Statements - 31 October 2023 (contd.)

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

B9. Profit Per Share

	Current Quarter 31.10.2023	Year To Date 31.10.2023
Net profit from operations attributable to owners of the parent (RM'000)	<u>1,895</u>	<u>4,830</u>
a) Basic		
Weighted average no. of shares (000)	72,776	72,776
Basic earnings per share for: -		
Earnings for the period (sen)	2.60	6.64
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>2.60</u>	<u>6.64</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 31.10.2023 RM'000	Year To Date 31.10.2023 RM'000
Profit before taxation is stated after (crediting)/charging:-		
- Profit from short term investment	(116)	(274)
- Increase in liability for defined benefit plan	231	683
- Interest expense	632	1,688
- Depreciation of property, plant and equipment	3,039	8,822
- Depreciation of investment properties	59	178
- Depreciation of ROU asset	312	894
- Amortisation of development expenditure	134	341
- Unrealised foreign exchange (gain)/loss	(20)	270
- Provision for slow moving inventories	400	400
- Provision for impairment loss on trade receivables	130	130
- Property, plant and equipment written off	1	13
- Gain on lease modification	(13)	(13)

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 6 December 2023.