



# **SAM ENGINEERING & EQUIPMENT (M) BERHAD**

(Incorporated in Malaysia)

## **UNAUDITED INTERIM FINANCIAL REPORT FOR QUARTER ENDED 31 MARCH 2015**

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**SAM ENGINEERING & EQUIPMENT (M) BERHAD**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 MARCH 2015**

(The figures have not been audited)

	As at 31-Mar-15 RM'000	As at 31-Mar-14 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	92,665	102,803
Intangible assets	845	819
Deferred tax assets	461	256
<b>Current assets</b>		
Trade and other receivables	134,954	104,782
Inventories	140,606	117,920
Current tax assets	1,674	1,376
Cash and cash equivalents	103,585	97,961
	<u>380,819</u>	<u>322,039</u>
<b>TOTAL ASSETS</b>	<u><u>474,790</u></u>	<u><u>425,917</u></u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	84,291	73,403
Reserves	291,914	255,387
<b>Total equity</b>	<u>376,205</u>	<u>328,790</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	5,416	6,529
ICULS	5,310	10,476
<b>Current liabilities</b>		
Trade and other payables	79,255	71,546
ICULS	3,955	4,813
Current tax liabilities	4,649	3,763
	<u>87,859</u>	<u>80,122</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>474,790</u></u>	<u><u>425,917</u></u>
Net assets per share (sen)	<u><u>446</u></u>	<u><u>448</u></u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Report for the financial year ended 31 March 2014.  
 The accompanying notes form an integral part of this interim report.

**SAM ENGINEERING & EQUIPMENT (M) BERHAD**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2015**

(The figures have not been audited)

	Note	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31-Mar-15 RM'000	31-Mar-14 RM'000	31-Mar-15 RM'000	31-Mar-14 RM'000
<b>Revenue</b>		<b>132,493</b>	<b>125,803</b>	<b>451,520</b>	<b>452,755</b>
Cost of support services and goods sold		(112,774)	(111,554)	(400,366)	(404,207)
<b>Gross profit</b>		<b>19,719</b>	<b>14,249</b>	<b>51,154</b>	<b>48,548</b>
Other operating income		3,602	2,409	11,915	8,835
Other operating expenses		(292)	375	(1,360)	(730)
Distribution and administrative expenses		(5,893)	(6,690)	(21,340)	(22,757)
Finance costs		(226)	(500)	(895)	(1,502)
<b>Profit before tax</b>		<b>16,910</b>	<b>9,843</b>	<b>39,474</b>	<b>32,394</b>
Income tax expense	21	(1,524)	(87)	(4,840)	(4,078)
<b>Profit for the period</b>	9	<b>15,386</b>	<b>9,756</b>	<b>34,634</b>	<b>28,316</b>
<b>Other comprehensive income, net of tax Items that may be reclassified subsequently to profit and loss</b>					
Foreign currency translation differences for foreign operations		12,011	2,285	23,897	7,569
<b>Total comprehensive income for the period</b>		<b>27,397</b>	<b>12,041</b>	<b>58,531</b>	<b>35,885</b>
<b>Profit attributable to:</b>					
Owners of the Company		15,386	9,756	34,634	28,316
<b>Profit for the period</b>		<b>15,386</b>	<b>9,756</b>	<b>34,634</b>	<b>28,316</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		27,397	12,041	58,531	35,885
<b>Total comprehensive income for the period</b>		<b>27,397</b>	<b>12,041</b>	<b>58,531</b>	<b>35,885</b>
<b>Earnings per share</b>					
Basic earnings per share (sen)	27	18.25	13.30	42.42	38.84
Diluted earnings per share (sen)	27	11.50	7.49	26.12	21.77

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Report for the year ended 31 March 2014.

The accompanying notes form an integral part of this interim report.

**SAM ENGINEERING & EQUIPMENT (M) BERHAD**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2015**

(The figures have not been audited)

	←	Non Distributable		→	Distributable	
	Share Capital	Share Premium	Translation Reserve*	Capital Reserve	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 1.4.2013</b>	71,918	7,989	2,289	106,167	108,460	296,823
Total comprehensive income for the period	-	-	7,569	-	28,316	35,885
Conversion of ICULS	1,485	1,634	-	(2,494)	-	625
Dividends paid to owners	-	-	-	-	(4,543)	(4,543)
<b>As at 31.03.2014</b>	<b>73,403</b>	<b>9,623</b>	<b>9,858</b>	<b>103,673</b>	<b>132,233</b>	<b>328,790</b>
<b>As at 1.4.2014</b>	73,403	9,623	9,858	103,673	132,233	328,790
Total comprehensive income for the period	-	-	23,897	-	34,634	58,531
Conversion of ICULS	10,888	11,977	-	(17,964)	(1,477)	3,424
Dividends paid to owners	-	-	-	-	(14,540)	(14,540)
<b>As at 31.03.2015</b>	<b>84,291</b>	<b>21,600</b>	<b>33,755</b>	<b>85,709</b>	<b>150,850</b>	<b>376,205</b>

Note:

\* Items that may be reclassified subsequently to profit and loss

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Report for the financial year ended 31 March 2014.

**SAM ENGINEERING & EQUIPMENT (M) BERHAD**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2015**

(The figures have not been audited)

	31-Mar-15	31-Mar-14
	RM'000	RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax from continuing operations	39,474	32,394
Adjustment for:		
Depreciation of property, plant and equipment	16,526	16,797
Amortisation of intangible assets	278	575
Net fair value loss/(gain) on derivatives	811	(497)
Gain on disposal of plant and equipment	(100)	(66)
Interest income	(241)	(192)
Plant and equipment written off	1	2
Interest expenses	895	1,502
Operating profit before changes in working capital	<u>57,644</u>	<u>50,515</u>
Changes in working capital:		
Receivables	(30,732)	17,028
Inventories	(23,792)	779
Payables and provisions	5,608	8,418
Cash generated from operations	<u>8,728</u>	<u>76,740</u>
Income tax paid	(5,438)	(2,178)
Net cash from operating activities	<u>3,290</u>	<u>74,562</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(5,276)	(2,432)
Purchase of intangible assets	(234)	(964)
Proceeds from disposal of property, plant and equipment	109	74
Interest received	241	192
Net cash used in investing activities	<u>(5,160)</u>	<u>(3,130)</u>

**SAM ENGINEERING & EQUIPMENT (M) BERHAD**  
 (Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD)**  
**FOR THE PERIOD ENDED 31 MARCH 2015**

(The figures have not been audited)

	31-Mar-15 RM'000	31-Mar-14 RM'000
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of term loans	-	(2,596)
Dividend paid	(14,540)	(4,543)
Interest paid	(4,273)	(5,224)
Net cash used in financing activities	<u>(18,813)</u>	<u>(12,363)</u>
Net change in cash and cash equivalents	(20,683)	59,069
Effect of foreign exchange fluctuations	26,307	679
Cash and cash equivalents brought forward	97,961	38,213
Cash and cash equivalents carried forward	<u>103,585</u>	<u>97,961</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	80,660	65,098
Deposits with licensed banks	22,925	32,863
	<u>103,585</u>	<u>97,961</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Report for the year ended 31 March 2014.  
 The accompanying notes form an integral part of this interim report.

## **SAM ENGINEERING & EQUIPMENT (M) BERHAD**

(Incorporated in Malaysia)

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**

(The figures have not been audited)

#### **1. Basis of preparation**

The condensed consolidated interim financial report is unaudited and has been prepared in accordance with MFRS 134, Interim Financial Reporting Standards in Malaysia and IAS 34, Interim Financial Reporting and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2014. These explanatory notes attached to the condensed consolidated interim financial report provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2014.

#### **2. Significant accounting policies**

The following MFRSs, IC Interpretation and Amendments to MFRSs applicable to the Group have been adopted with effect from 1 April 2014.

##### **MFRSs and Amendments effective annual periods beginning on or after 1 January 2014**

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127	Separate Financial Statements (2011): Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets

The adoption of the above MFRSs and Amendments to MFRSs, did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

The following MFRSs, IC Interpretations and Amendments to MFRSs applicable to the Group have been issued by the MASB and are not yet effective for adoption by the Group.

##### **MFRSs and Amendments effective annual periods beginning on or after 1 July 2014**

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)
Amendments to MFRS 2	Share-based Payment (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 3	Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
Amendments to MFRS 8	Operating Segments (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 13	Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 124	Related Party Disclosures (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 138	Intangible Assets (Annual Improvements 2010-2012 Cycle)

**MFRSs and Amendments effective annual periods beginning on or after 1 January 2016**

MFRS 7	Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)
MFRS 14	Regulatory Deferral Accounts
MFRS 101	Disclosure Initiative
Amendments to MFRS 116 & MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 127	Equity Method in Separate Financial Statement
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)

**MFRSs and Amendments effective annual periods beginning on or after 1 January 2017**

MFRS 15	Revenue from Contracts with Customers
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**MFRSs and Amendments effective annual periods beginning on or after 1 January 2018**

MFRS 9	Financial Instruments (July 2014)
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**MFRSs and Amendments effective for a date yet to be confirmed**

MFRS 9	Financial Instruments (2009)
MFRS 9	Financial Instruments (2010)
MFRS 9	Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139
Amendments to MFRS 7	Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures

**MFRS 9, Financial Instruments**

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

**3. Audit opinion**

The audit report for the audited financial statements of the Group for the financial year ended 31 March 2014 was not subject to any qualification.

**4. Seasonality or cyclical of interim operations**

The Group's operation is dependent on the cyclical trend of the electronics and semiconductors industries.

**5. Unusual items due to their nature, size or incidence**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter.



## 6. Changes in estimates

There were no changes in estimates that have material effect in the current quarter and financial year-to-date.

## 7. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities for the financial period ended 31 March 2015 except for the conversion of RM22,863,966 nominal value of ICULS into 10,887,584 ordinary shares of RM1 each.

## 8. Dividends paid

A single tier first interim dividend of 10.20 sen per ordinary share and a single tier special dividend of 7.05 sen per ordinary share in respect of the financial year ended 31 March 2014 was paid on 28 August 2014 to depositors registered in the record of depositors at the close of business on 8 August 2014. Apart from the above, no dividend had been paid since the end of the previous financial year.

## 9. Profit for the period

Profit for the period is arrived at after charging/ (crediting):

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31-Mar-15 RM'000	31-Mar-14 RM'000	31-Mar-15 RM'000	31-Mar-14 RM'000
Interest income	(55)	(49)	(241)	(192)
Other income including investment income	(1,542)	(1,201)	(5,533)	(4,662)
Interest expense	226	500	895	1,502
Depreciation and amortisation	3,893	4,325	16,804	17,372
Provision/ (write back) of receivables	-	184	(3)	151
Provision/ (write back) of inventories	529	(237)	1,029	(4,435)
Foreign exchange gain	(1,544)	(534)	(5,592)	(2,757)
(Gain)/ loss on derivatives	(166)	(812)	811	(497)

## 10. Operating segments

Segment information is presented in respect of the Group's business segments, which is based on the Company's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

	Aerospace RM'000	Equipment Manufacturing RM'000	Precision Engineering RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>					
External sales	311,770	107,642	32,108	-	451,520
Inter segment sales	-	630	9,702	(10,332)	-
	<u>311,770</u>	<u>108,272</u>	<u>41,810</u>	<u>(10,332)</u>	<u>451,520</u>
<b>Results</b>					
Segment result (external)	26,678	6,576	6,874		40,128
Interest income					241
Finance costs					(895)
Profit before taxation					<u>39,474</u>
Tax expense					(4,840)
Profit for the period					<u>34,634</u>

## 11. Property, plant and equipment

Property, plant and equipment amounting to RM5.28 million were acquired during the current year-to-date (12 months ended 31 March 2014: RM2.43 million).

There was disposal of property, plant and equipment for RM0.11 million during the current year-to-date (12 months ended 31 March 2014: RM0.07 million).

## 12. Subsequent events

There were no material events subsequent to the end of the current quarter.

## 13. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter.

## 14. Contingent liabilities

There is no contingent liability since the date of the last annual statement of financial position.

## 15. Capital commitments

	31-Mar-15 RM'000	31-Mar-14 RM'000
Contracted but not provided for	<u>5,761</u>	<u>1,686</u>

## 16. Significant related party transaction

Significant transactions with related parties are as follows:

	12 months ended 31-Mar-15 RM'000
<u>Provision of goods/ services to related parties</u>	
Sale of aerospace parts	310,518
Sale of modular/ complete machine and equipment	638
Sale of spare parts	16
Provision of engineering services	531
Provision of corporate management services	36
	RM'000
<u>Purchase of goods/ services from related parties</u>	
Purchase of fabrication/ machining services	28,720
Purchase of component and spare part	90
Provision of corporate management services	659
Provision of engineering services	314
Rental of office and factory premises	3,026

## 17. Review of performance

The Group revenue for the current quarter was higher at RM132.5 million as compared to RM113.5 million in the preceding quarter. The increase in Group Revenue was mainly due to the higher revenue of the Aerospace segment of RM16.1 million.

The Group profit before tax for the current quarter was RM16.9 million compared to RM13.1 million in the preceding quarter. The higher profit before tax during the current quarter was mainly due to the increase in revenue of the Aerospace segment. However, there was an unfavorable foreign exchange movement during the quarter compared to the preceding quarter.

## 18. Variation of results against immediate preceding year's corresponding quarter

The Group revenue for the quarter was RM132.5 million. Compared to RM125.8 million in the corresponding quarter of the preceding year, there was an increase of RM6.7 million in group revenue. This was due to the increase in revenue from the Aerospace and Precision Engineering segments of RM11.6 million and RM3.6 million respectively whilst the Equipment Manufacturing segment experienced a decrease in revenue of RM8.5 million.

The Group profit before tax for the quarter was RM16.9 million compared to RM9.8 million in the corresponding quarter of the previous year. The higher Group profit before tax of RM7.1 million during the current quarter was mainly due to the higher profit before tax from the Aerospace and Precision Engineering segments. The Aerospace segment reported a higher profit before tax as a result of higher revenue, reversal of warranty provision no longer required and the recovery of non-recurring cost from customers. The higher profit before tax in the Precision Engineering segment was mainly due to the higher revenue and better sales mix.

## 19. Future year prospects

We expect the revenue from the aerospace industry which accounts for about 70% of our Group revenue to remain stable.

The semiconductor equipment business remains flat and the capital expenditure budgets by the semiconductor manufacturers are deferred until new capacity is required. Notwithstanding the short-term uncertainty in the semiconductor equipment industry, the Board of Directors anticipates that the longer term future demand for the industry is still intact and will continue to grow, driven by increasing global demand for mobile computing and internet of things.

On the other hand, the storage device testing industry is showing signs of recovery.

## 20. Profit forecast and profit guarantee

No profit forecast or profit guarantee has been issued by the Group.

## 21. Taxation

	3 months ended		12 months ended	
	31-Mar		31-Mar	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current period				
- provision for taxation	2,572	1,138	6,526	5,369
- deferred taxation	(834)	(1,817)	(1,445)	(2,045)
	<u>1,738</u>	<u>(679)</u>	<u>5,081</u>	<u>3,324</u>
Prior Period				
- provision for taxation	(1,034)	(1,514)	(1,056)	(1,532)
- deferred taxation	820	2,280	815	2,286
	<u>1,524</u>	<u>87</u>	<u>4,840</u>	<u>4,078</u>

The effective tax rate is lower than the statutory tax rate mainly due to tax incentives enjoyed by certain subsidiaries under the Promotion of Investment Act, 1986 (as amended) and Section 127 of the Income Tax Act, 1967.

## 22. Corporate proposal

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

**23. Borrowings and debt securities**

	As at 31-Mar-15 RM'000	As at 31-Mar-14 RM'000
<b>Short term borrowings</b>		
Unsecured	3,955	4,813
<b>Long term borrowings</b>		
Unsecured	5,310	10,476
<b>TOTAL</b>	<u>9,265</u>	<u>15,289</u>

Note: The above borrowings and debt securities are denominated in RM.

**24. Material litigation**

There were no pending material litigation as at the date of this report.

**25. Disclosure of realised and unrealised profits or losses of the Group**

	As at 31-Mar-15 RM'000	As at 31-Mar-14 RM'000
Retained earnings		
- Realised	156,540	138,113
- Unrealised	(4,384)	(5,094)
	<u>152,156</u>	<u>133,019</u>
Add: Consolidation adjustments	(1,306)	(786)
Total retained earnings	<u>150,850</u>	<u>132,233</u>

**26. Proposed dividend**

No dividend has been recommended for the current quarter.

## 27. Earnings per share

The basic and diluted earnings per share has been calculated based on the Group's net profit attributable to shareholders over the weighted average number of ordinary shares.

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31-Mar-15 RM'000	31-Mar-14 RM'000	31-Mar-15 RM'000	31-Mar-14 RM'000
Net profit attributable to ordinary shareholders (Basic)	15,386	9,756	34,634	28,316
Finance costs on ICULS	164	374	666	1,114
Net profit attributable to ordinary shareholders (Diluted)	<u>15,550</u>	<u>10,130</u>	<u>35,300</u>	<u>29,430</u>
	'000	'000	'000	'000
Weighted average no. of shares (Basic)	84,291	73,337	81,647	72,894
Effect on conversion of ICULS	50,876	61,830	53,520	62,273
Weighted average no. of shares (Diluted)	<u>135,167</u>	<u>135,167</u>	<u>135,167</u>	<u>135,167</u>
Basic earnings per share (sen)	<u>18.25</u>	<u>13.30</u>	<u>42.42</u>	<u>38.84</u>
Diluted earnings per share (sen)	<u>11.50</u>	<u>7.49</u>	<u>26.12</u>	<u>21.77</u>

## 28. Authorisation for issue

The Board of Directors authorised the issue of this unaudited interim financial report.

By Order of the Board  
**SAM Engineering & Equipment (M) Berhad**  
 (298188 A)

Ong Tze-En (MAICSA 7026537)  
 Chin Lee Phing (MAICSA 7057836)  
 Company Secretaries  
 Penang  
 28 May 2015