



SAM ENGINEERING & EQUIPMENT (M) BERHAD

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT

FOR QUARTER ENDED 31 MARCH 2016

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016
 (The figures have not been audited)

	As at 31-Mar-16 RM'000	As at 31-Mar-15 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	103,518	92,665
Intangible assets	1,388	845
Deferred tax assets	499	461
Current assets		
Trade and other receivables	151,829	136,350
Inventories	124,372	140,606
Current tax assets	347	278
Cash and cash equivalents	173,644	103,585
	<u>450,192</u>	<u>380,819</u>
TOTAL ASSETS	<u><u>555,597</u></u>	<u><u>474,790</u></u>
EQUITY AND LIABILITIES		
Share capital	86,322	84,291
Reserves	352,262	291,914
Total equity	<u>438,584</u>	<u>376,205</u>
Non-current liabilities		
Deferred tax liabilities	4,357	5,416
ICULS	1,709	5,310
Current liabilities		
Trade and other payables	100,408	79,255
ICULS	3,797	3,955
Current tax liabilities	6,742	4,649
	<u>110,947</u>	<u>87,859</u>
TOTAL EQUITY AND LIABILITIES	<u><u>555,597</u></u>	<u><u>474,790</u></u>
Net assets per share (sen)	<u>508</u>	<u>446</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 2015.
 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 YEAR ENDED 31 MARCH 2016**

(The figures have not been audited)

	Note	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31-Mar-16 RM'000	31-Mar-15 RM'000	31-Mar-16 RM'000	31-Mar-15 RM'000
Revenue		161,976	132,493	620,054	451,520
Cost of support services and goods sold		(138,855)	(112,774)	(536,527)	(400,366)
Gross profit		23,121	19,719	83,527	51,154
Other operating income		3,790	3,602	21,678	11,915
Other operating expenses		(2,546)	(292)	(9,806)	(1,360)
Distribution and administrative expenses		(6,346)	(5,893)	(26,027)	(21,340)
Finance costs		(149)	(226)	(700)	(895)
Profit before tax		17,870	16,910	68,672	39,474
Income tax expense	21	(466)	(1,524)	(5,578)	(4,840)
Profit for the period	9	17,404	15,386	63,094	34,634
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit and loss					
Foreign currency translation differences for foreign operations		(9,482)	12,011	25,966	23,897
Cash flow hedge		741	-	670	-
Total comprehensive income for the period		8,663	27,397	89,730	58,531
Profit attributable to:					
Owners of the Company		17,404	15,386	63,094	34,634
Profit for the period		17,404	15,386	63,094	34,634
Total comprehensive income attributable to:					
Owners of the Company		8,663	27,397	89,730	58,531
Total comprehensive income for the period		8,663	27,397	89,730	58,531
Earnings per share					
Basic earnings per share (sen)	27	20.16	18.25	73.55	42.42
Diluted earnings per share (sen)	27	12.96	11.50	47.07	26.12

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Report for the year ended 31 March 2015.
 The accompanying notes form an integral part of this interim report.

SAM ENGINEERING & EQUIPMENT (M) BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

(The figures have not been audited)

	←	Non Distributable		→	Distributable		
	Share Capital	Share Premium	Hedging Reserve	Translation Reserve	Capital Reserve	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1.4.2014	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)
As at 31.03.2015	84,291	21,600	-	33,755	85,709	150,850	376,205
As at 1.4.2015	84,291	21,600	-	33,755	85,709	150,850	376,205
Total comprehensive income for the period	-	-	-	25,966	-	63,094	89,060
Cash flow hedge	-	-	670	-	-	-	670
Conversion of ICULS	2,031	2,235	-	-	(3,422)	(416)	428
Dividends paid to owners	-	-	-	-	-	(27,779)	(27,779)
As at 31.03.2016	86,322	23,835	670	59,721	82,287	185,749	438,584

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 2015.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

(The figures have not been audited)

	31-Mar-16 RM'000	31-Mar-15 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	68,672	39,474
Adjustment for:		
Depreciation of property, plant and equipment	15,325	16,526
Amortisation of intangible assets	438	278
Net fair value (gain)/ loss on derivatives	(2,551)	888
Gain on disposal of plant and equipment	(138)	(100)
Interest income	(294)	(241)
Plant and equipment written off	6	1
Interest expenses	700	895
Operating profit before changes in working capital	82,158	57,721
Changes in working capital:		
Receivables	(14,153)	(30,732)
Inventories	15,079	(23,792)
Payables and provisions	21,044	5,531
Cash generated from operations	104,128	8,728
Income tax paid	(5,246)	(5,438)
Net cash from operating activities	98,882	3,290
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(19,006)	(5,276)
Purchase of intangible assets	(893)	(234)
Proceeds from disposal of property, plant and equipment	138	109
Interest received	294	241
Net cash used in investing activities	(19,467)	(5,160)

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD)
FOR THE YEAR ENDED 31 MARCH 2016

(The figures have not been audited)

	31-Mar-16	31-Mar-15
	RM'000	RM'000
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(27,779)	(14,540)
Interest paid	(4,116)	(4,273)
Net cash used in financing activities	<u>(31,895)</u>	<u>(18,813)</u>
Net change in cash and cash equivalents	47,520	(20,683)
Effect of foreign exchange fluctuations	22,539	26,307
Cash and cash equivalents brought forward	<u>103,585</u>	<u>97,961</u>
Cash and cash equivalents carried forward	<u><u>173,644</u></u>	<u><u>103,585</u></u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	155,332	80,660
Deposits with licensed banks	<u>18,312</u>	<u>22,925</u>
	<u><u>173,644</u></u>	<u><u>103,585</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Report for the year ended 31 March 2015.
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 2015. 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 2015.

2. Significant accounting policies

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 January 2016

Amendments to MFRS 7	Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 10 & MFRS 12 & MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 101	Presentation of Financial Statements – Disclosure Initiative
Amendments to MFRS 116 & MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 119	Employee Benefits (Annual Improvements 2012-2014 Cycle)
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

Amendments to MFRS 107	Statements of Cash Flows - Disclosure Initiative
Amendments to MFRS 112	Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

MFRSs and Amendments effective annual periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (2014)
MFRS 15	Revenue from Contracts with Customers

MFRSs and Amendments effective annual periods beginning on or after 1 January 2019

MFRS 16	Leases
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2. Significant accounting policies (Continued)

Amendments deferred to a date to be announced

Amendments to MFRS 10 & MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15 Revenue from Contracts with Customers, MFRS 9 Financial Instruments, MFRS 16 Leases, and amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception.

3. Audit opinion

The audit report for the audited financial statements of the Group for the financial year ended 31 March 2015 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 year ended 31 March 2016 except for the conversion of RM4,266,729 nominal value of ICULS into 2,031,758 ordinary shares of RM1 each.

8. Dividends paid

A single tier first interim dividend of 11.94 sen per ordinary share and a single tier special dividend of 20.26 sen per ordinary share in respect of the financial year ended 31 March 2015 was paid on 28 August 2015 to depositors registered in the record of depositors at the close of business on 3 August 2015. 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		Cumulative Quarter	
	3 months ended		12 months ended	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	RM'000	RM'000	RM'000	RM'000
Interest income	(138)	(55)	(294)	(241)
Other income	(1,552)	(1,542)	(5,590)	(5,533)
Interest expense	149	226	700	895
Depreciation and amortisation	4,690	3,893	15,763	16,804
(Write back)/ provision of receivables	(3)	1	137	(2)
(Write back)/ provision of inventories	(340)	(100)	1,193	400
Foreign exchange loss/ (gain)	1,477	(1,621)	(4,788)	(5,669)
(Gain)/ loss on derivatives	(2,027)	(89)	(2,551)	888

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	Equipment Manufacturing	Precision Engineering	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External sales	333,230	250,849	35,975	-	620,054
Inter segment sales	-	306	11,030	(11,336)	-
	<u>333,230</u>	<u>251,155</u>	<u>47,005</u>	<u>(11,336)</u>	<u>620,054</u>
Results					
Segment result (external)	37,183	21,499	10,396		69,078
Interest income					294
Finance costs					(700)
Profit before taxation					<u>68,672</u>
Tax expense					(5,578)
Profit for the period					<u>63,094</u>

11. Property, plant and equipment

Property, plant and equipment amounting to RM19.01 million were acquired during the current year-to-date (12 months ended 31 March 2015: RM5.28 million).

There was disposal of property, plant and equipment for RM0.14 million during the current year-to-date (12 months ended 31 March 2015: RM0.11 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-16 RM'000	31-Mar-15 RM'000
Contracted but not provided for	43,678	5,761

16. Significant related party transaction

Significant transactions with related parties are as follows:

	12 months ended 31-Mar-16 RM'000
<u>Provision of goods/ services to related parties</u>	
Sale of aerospace parts	332,021
Sale of fabrication/ machining services	827
Sale of modular or complete machine and equipment	637
Sale of spare parts	126
Provision of engineering services	715
	RM'000
<u>Purchase of goods/ services from related parties</u>	
Purchase of fabrication/ machining services	28,476
Purchase of component and spare parts	401
Provision of corporate management services	2,435
Provision of engineering services	1,593
Rental of office and factory premises	3,685

17. Review of performance

The Group revenue for the current quarter was higher at RM162.0 million as compared to RM155.0 million in the preceding quarter. The increase in Group revenue was mainly due to the increase in revenue from the Aerospace segment of RM11.5 million. Revenue from the Equipment Manufacturing segment decreased by RM2.6 million as the result of lower demand for its storage device testers. The revenue of the Precision Engineering segment also decreased by RM1.9 million during the quarter.

The Group profit before tax for the current quarter was RM17.9 million compared to RM15.8 million in the preceding quarter. This was mainly due to the increase in Group revenue

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

The Group revenue for the quarter was RM162.0 million; an increase of RM29.5 million as compared to RM132.5 million in the corresponding quarter of the preceding year. The increase was mainly due to the increase in revenue from the Equipment Manufacturing segment of RM35.0 million as the result of higher demand for its storage device testers. The revenue from both the Aerospace and Precision Engineering segments decreased by RM3.5 million and RM2.0 million respectively during the quarter.

The Group profit before tax for the quarter was RM17.9 million compared to RM16.9 million in the corresponding quarter of the preceding year. The higher Group profit before tax of RM1.0 million during the current quarter was mainly due to the higher profit contribution from the Aerospace segment. Despite the lower revenue from the Aerospace segment, profit was higher as compared to the corresponding quarter of the preceding year as a result of translation impact. On the other hand, the Equipment Manufacturing segment reported a lower profit despite higher sales as the result of unfavorable foreign exchange movement. The lower profit from the Precision Engineering segment was due to its lower revenue during the quarter compared to the corresponding quarter of the preceding year.

19. Future year prospects

We expect the revenue from the aerospace industry which accounts for about 54% 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.

The outlook for the storage device testing industry remains positive despite a possible slowdown in financial year 2017.

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	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Current period				
- provision for taxation	1,118	2,572	7,825	6,526
- deferred taxation	337	(834)	(1,148)	(1,445)
	<u>1,455</u>	<u>1,738</u>	<u>6,677</u>	<u>5,081</u>
Prior Period				
- provision for taxation	(965)	(1,034)	(1,079)	(1,056)
- deferred taxation	(24)	820	(20)	815
	<u>466</u>	<u>1,524</u>	<u>5,578</u>	<u>4,840</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	As at
	31-Mar-16	31-Mar-15
	RM'000	RM'000
Short term borrowings		
Unsecured	3,797	3,955
Long term borrowings		
Unsecured	1,709	5,310
TOTAL	<u>5,506</u>	<u>9,265</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-16 RM'000	As at 31-Mar-15 RM'000
Retained earnings		
- Realised	195,267	156,540
- Unrealised	(8,555)	(4,384)
	<u>186,712</u>	<u>152,156</u>
Add: Consolidation adjustments	(963)	(1,306)
Total retained earnings	<u><u>185,749</u></u>	<u><u>150,850</u></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-16 RM'000	31-Mar-15 RM'000	31-Mar-16 RM'000	31-Mar-15 RM'000
Net profit attributable to ordinary shareholders (Basic)	17,404	15,386	63,094	34,634
Finance costs on ICULS	113	164	532	666
Net profit attributable to ordinary shareholders (Diluted)	<u>17,517</u>	<u>15,550</u>	<u>63,626</u>	<u>35,300</u>
	'000	'000	'000	'000
Weighted average no. of shares (Basic)	86,323	84,291	85,785	81,647
Effect on conversion of ICULS	48,844	50,876	49,382	53,520
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>20.16</u>	<u>18.25</u>	<u>73.55</u>	<u>42.42</u>
Diluted earnings per share (sen)	<u><u>12.96</u></u>	<u><u>11.50</u></u>	<u><u>47.07</u></u>	<u><u>26.12</u></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
19 May 2016