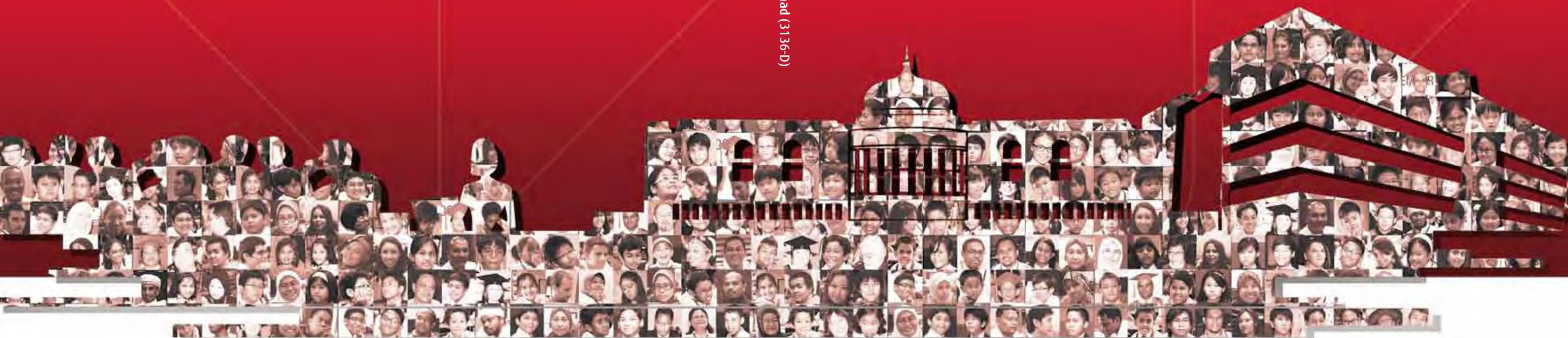


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annual report 2010

Sapura Resources Berhad (3136-D)

Building On Values



Sapura Resources Berhad (3136-D)
Sapura@Mines, No.7 Jalan Tasik, The Mines Resort City,
43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia
Tel: 603 8949 7000 • Fax: 603 8949 7074
www.sapura.com.my



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53rd Annual General Meeting
Date : Wednesday, 28 July 2010
Time : 11.00 a.m.
Venue : Multi-Purpose Hall, Ground Floor
Sapura @ Mines, No.7 Jalan Tasik
The Mines Resort City, 43300 Seri Kembangan
Selangor Darul Ehsan

BUILDING ON VALUES

The theme “building on values” underlines the Group’s commitment in crafting success by instilling personal qualities that define the **collective values** of our workforce.

The individual pictures of our people on the front cover symbolically illustrates the importance of the contribution and effort of our workforce towards the **CONTINUING SUCCESS** of our organisation.

Our Core Values

Honourable, Professional, Resourceful, Resilient, Agile



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Third (53rd) Annual General Meeting of the Company will be held at the Multi-Purpose Hall, Ground Floor, Sapura@Mines, No.7 Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan on Wednesday, 28 July 2010, 11.00 a.m. to transact the following businesses:

AGENDA

ORDINARY BUSINESS

1. To lay the Audited Financial Statements together with the Directors' and Auditors' reports for the financial year ended 31 January 2010.
Ordinary Resolution 1
2. To re-elect Datuk Shahril bin Shamsuddin who retires pursuant to Article 88 of the Articles of Association of the Company and being eligible, offers himself for re-election.
Ordinary Resolution 2
3. To re-elect the following Directors who retire pursuant to Article 91 of the Articles of Association of the Company and being eligible, offer themselves for re-election:
 - i. Tan Sri Datuk Amar (Dr.) Hamid bin Bugo
Ordinary Resolution 3
 - ii. Dato' Fauziah binti Dato' Ismail
Ordinary Resolution 4
 - iii. Gee Siew Yoong
Ordinary Resolution 5
4. To consider and, if thought fit, to pass the following resolutions:
 - (a) "THAT YBhg. Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir, a Director who retires in accordance with Section 129 (6) of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."
Ordinary Resolution 6
 - (b) "THAT YBhg. Datuk Khalid bin Abdul Karim, a Director who retires in accordance with Section 129(6) of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."
Ordinary Resolution 7
5. To re-appoint Messrs Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.
Ordinary Resolution 8
6. **DIRECTORS' FEES**
To approve the Directors' fees for the financial year ended 31 January 2010.
Ordinary Resolution 9
7. **AUTHORITY TO ALLOT AND ISSUE SHARES**
"THAT subject to the Companies Act, 1965 ("the Act"), the Articles of Association of the Company, approval from Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities (if any shall be required), full authority be and is hereby given to the Board of Directors pursuant to Section 132D of the Act to allot and issue shares in the Company, at any time, at such price, upon such terms and conditions, for such purpose and to such persons whomsoever as the Directors may, in their absolute discretion deem fit, provided always that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being AND THAT the Directors be and are hereby authorised to obtain the necessary approval for the listing of and quotation for the additional shares so issued on the Bursa Securities AND THAT such authority shall continue to be in force until conclusion of the next Annual General Meeting of the Company."
Ordinary Resolution 10

SPECIAL BUSINESS

As Special Business, to consider and if thought fit, to pass the following resolutions:

8. To transact any other business for which due notice shall have been given in accordance with the Companies Act, 1965.

BY ORDER OF THE BOARD

Mohamed Faizal bin Abdul Aziz
(LS 6978)

Company Secretary

Seri Kembangan, Selangor Darul Ehsan
6 July 2010

Notes:

1. Proxy Forms

A member of the Company who is entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a Power of Attorney or if such appointer is a corporation, either under its Common Seal or under the hand of an officer or an attorney duly appointed under a Power of Attorney.

Where a member of the Company is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

Where a member appoints two (2) proxies to attend and vote in the same meeting, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.

The instrument appointing the proxy must be deposited at the Company's Share Registrar, Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty eight (48) hours before the time appointed for the holding of the Meeting or any adjournment thereof.

2. Directors' Fees

The proposed Ordinary Resolution No. 9, if passed, will authorise the payment of Directors' fees for the financial year ended 31 January 2010 amounting to RM228,000.

3. Authority to Allot and Issue Shares

The proposed Ordinary Resolution 10, if passed, would, subject to the Listing Requirements of Bursa Malaysia Securities Berhad, enable the Directors to issue up to a maximum of ten per centum (10%) of the total issued and paid-up share capital of the Company at the date of such issuance for such purpose as the Directors consider would be in the best interest of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting ("AGM") held on 15 July 2009 which will lapse at the conclusion of the forthcoming 53rd AGM.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

CORPORATE INFORMATION

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Sapura Resources Berhad
Annual Report 2010

BOARD OF DIRECTORS

Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir
Non-Independent Non-Executive Chairman

Shahriman bin Shamsuddin
Managing Director

Datuk Shahril bin Shamsuddin
Non-Independent Non-Executive Director

Tan Sri Datuk Amar (Dr.) Hamid bin Bugo
Independent Non-Executive Director

Datuk Khalid bin Abdul Karim
Independent Non-Executive Director

Dato' Fauziah binti Dato' Ismail
Independent Non-Executive Director

Muthanna bin Abdullah
Independent Non-Executive Director

Gee Siew Yoong
Independent Non-Executive Director

BOARD AUDIT COMMITTEE

Datuk Khalid bin Abdul Karim
Independent Non-Executive Director

Muthanna bin Abdullah
Independent Non-Executive Director

Gee Siew Yoong
Independent Non-Executive Director

BOARD NOMINATION AND REMUNERATION COMMITTEE

Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir
Non-Independent Non-Executive Chairman

Tan Sri Datuk Amar (Dr.) Hamid bin Bugo
Independent Non-Executive Director

Datuk Khalid bin Abdul Karim
Independent Non-Executive Director

Muthanna bin Abdullah
Independent Non-Executive Director

DIRECTOR IN CHARGE OF SHAREHOLDERS' COMMUNICATIONS

Datuk Khalid bin Abdul Karim
Senior Independent Non-Executive Director

Mail to :
Level 9, Sapura@Mines
No. 7 Jalan Tasik
The Mines Resort City
43300 Seri Kembangan
Selangor Darul Ehsan

COMPANY SECRETARY

Mohamed Faizal bin Abdul Aziz (LS 6978)

PRINCIPAL SOLICITORS

Albar & Partners
Lee Hishammuddin Allen & Gledhill
Zul Rafique & Partners
Azim, Tunku Farik & Wong

REGISTERED OFFICE

Sapura@Mines
No. 7 Jalan Tasik
The Mines Resort City
43300 Seri Kembangan
Selangor Darul Ehsan
Tel : 603-8949 7000
Fax : 603-8949 7074

PRINCIPAL BANKERS

Affin Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad

AUDITORS

Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : 603-7495 8000
Fax : 603-2095 9076/78

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 603- 7841 8000
Fax : 603- 7841 8151/ 52

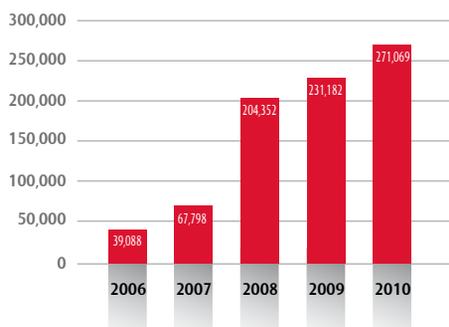
STOCK EXCHANGE LISTING

The Main Board of Bursa Malaysia
Securities Berhad
Stock Name : SAPRES
Stock Code : 4596

FINANCIAL HIGHLIGHTS

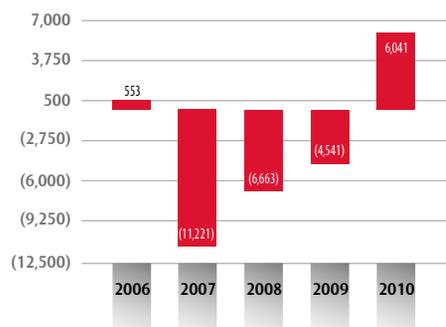
Revenue

RM'000



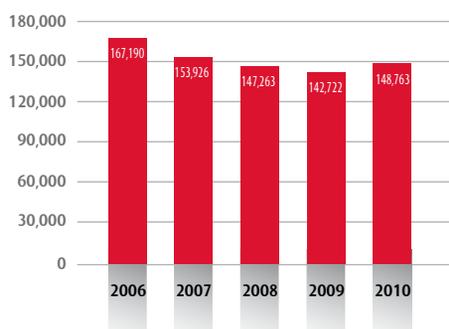
Profit / (loss) for the year

RM'000



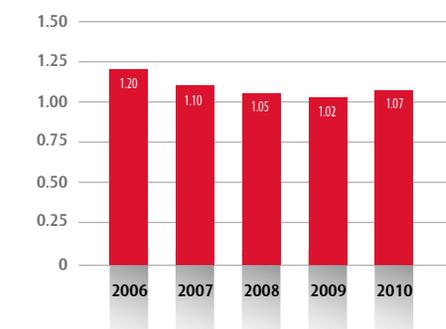
Shareholders' fund

RM'000



Net asset per share

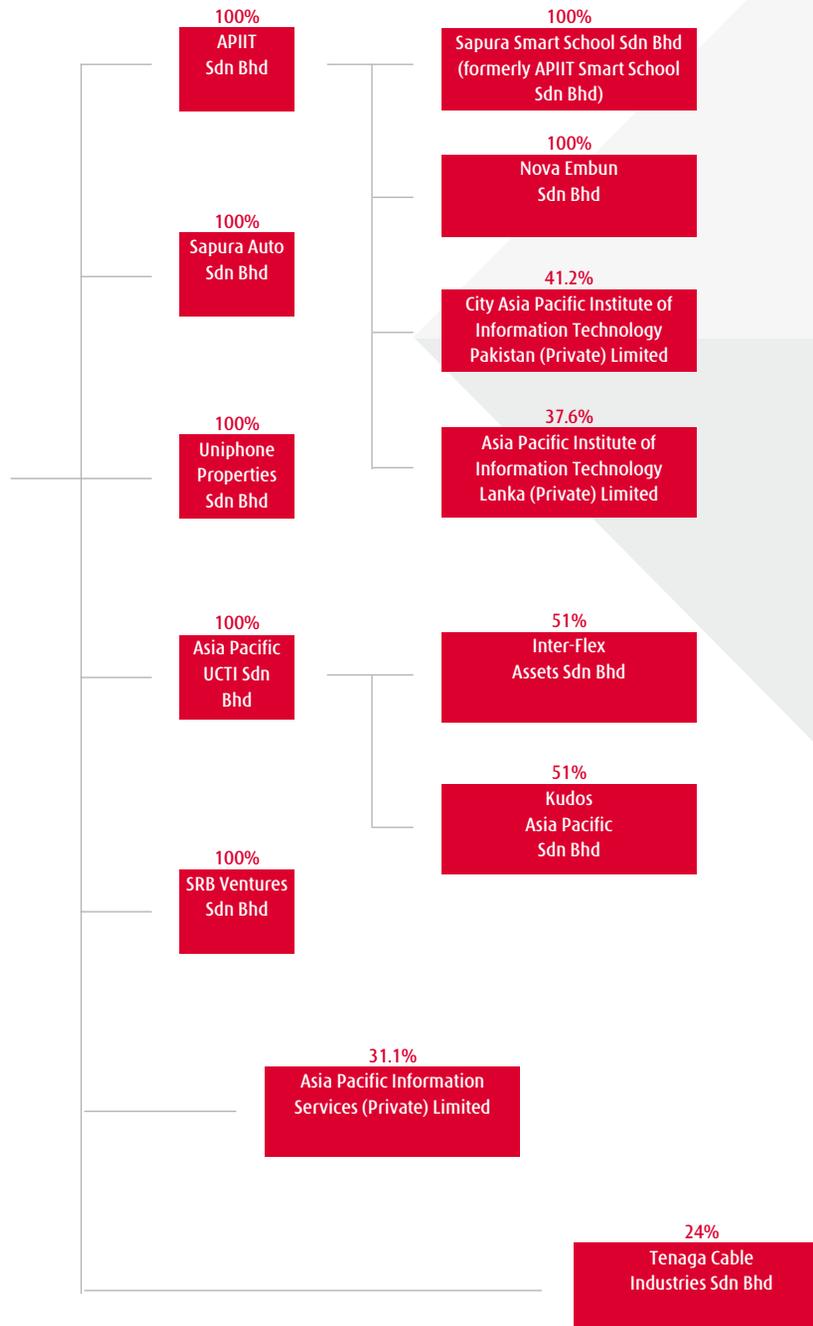
RM



		←	→	←	→	←	→
		2006	2007	31 January 2008	2009	2010	
Revenue	(RM'000)	39,088	67,798	204,352	231,182	271,069	
Profit/(loss) for the year	(RM'000)	553	(11,221)	(6,663)	(4,541)	6,041	
Profit/(loss) attributable to equity holders of the Company	(RM'000)	943	(11,172)	(6,663)	(4,541)	6,041	
Shareholders' fund	(RM'000)	167,190	153,926	147,263	142,722	148,763	
Basic / diluted EPS	(sen)	0.68	(8.00)	(4.77)	(3.25)	4.33	
Net asset per share	(RM)	1.20	1.10	1.05	1.02	1.07	
Number of ordinary shares at financial year end	('000)	139,600	139,600	139,600	139,600	139,600	

CORPORATE STRUCTURE

As at 1 June 2010







ASIA PACIFIC INSURANCE
INFORMATION TECHNOLOGY

GRADUATION CEREMONY

27 SEPTEMBER

honourable

We will win the trust of our stakeholders and customers by acting with honour and integrity, conducting ourselves with principle, focusing on delivering value and ensuring that we manage the resources entrusted to us efficiently.

STITUTE OF
CHNOLOGY
EREMONY

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CHAIRMAN'S STATEMENT

“Building on Values”

Dear Shareholders,

I am pleased to report that Sapura Resources Berhad (SRB or the Group), even amidst an economically challenging time, has managed to make a turnaround in the financial year ended 31 January 2010. For the first time in several years, the Group posted a profit after tax of RM6.0 million, a commendable 233.3% increase from the previous year's loss after tax of RM4.5 million.

The Group's education and property segments deserve the most credit for the favourable financial results. SRB's Higher Education segment, particularly, has established its competitive edge and market position as providing quality, yet affordable education institutions for both local and international students, as well as academic partnerships with international learning institutions.

There are many contributing factors to the year's performance, but I would like to specifically commend our management and staff for their full commitment and collective effort, without which the year's results would not have been possible.

Working cohesively toward a common goal, our people are a formidable force and exemplify our Core Values – Honourable, Professional, Resourceful, Resilient, Agile – which manifests itself in the smallest tasks through to the heaviest undertakings. With these values strongly instilled in each and every one of us, the Group is optimistic of its future in the coming financial year and beyond.

On behalf of the Board of Directors, it is my pleasure to present this Annual Report and the Audited Financial Statements of the Group for the financial year ended 31 January 2010.

FINANCIAL PERFORMANCE

The strengthening local economy had a positive impact on SRB with the Group ending the year under review with a turnover of RM271.0 million, a 17.3% increase from last year's RM231.1 million. With the increase in revenue, the Group was able to achieve a profit before tax of RM10.5 million, a 600.0% increase from RM1.5 million recorded in the previous financial year. In this turnaround, the

Group's profit after tax rose by 233.3%, registering at RM6.0 million, compared to FY 2009's loss after tax of RM4.5 million. Accordingly, profit per share attributable to equity holders of the Company improved to 4.33 sen against a loss of 3.25 sen recorded in the previous year.

SRB's education segment, specifically the University College of Technology and Innovation (UCTI) and Asia Pacific Institute of Information Technology (APIIT) are responsible for being the main contributors to profit, pulling the Group through a challenging economic environment. The Higher Education segment accrued a profit after tax of RM21.6 million, which can be credited to increased enrolment numbers from international markets. The Sapura Smart School however, ended the year with a loss after tax of RM5.5 million as it is still running below its breakeven level.

The Group's property segment achieved a profit after tax of RM4.7 million, a 62.1% increase from the previous year's RM2.9 million due to an increase in net lettable area and the average revenue per square-foot.

TAN SRI DATO' SERI
IR. SHAMSUDDIN BIN
ABDUL KADIR
Chairman



Chairman's Statement (cont'd)

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Sapura Resources Berhad
Annual Report 2010

Sapura Auto Sdn Bhd (Sapura Auto), the premium automotive sales and services segment of the Group, ended the year with higher loss after tax of RM10.9 million compared to RM8.3 million in the previous year. The 31.3% increase in Sapura Auto's loss after tax was largely attributed to lower margin from sale of vehicles.

DIVIDEND

Similar to the previous year's report, the Board of Directors does not anticipate any payment of dividends this financial year as it is gearing up for capital investment especially in the Education segment. However, the Board remains optimistic about the long term prospects of the Group and is confident of declaring dividend to our shareholders in the future.

BUILDING ON VALUES

At SRB, we believe our core values - Honourable, Professional, Resourceful, Resilient, Agile - are key to developing not only our businesses, but also our country's economy. As such, we not only instill these values, but also ensure they come to life in every facet of our businesses.

HIGHER EDUCATION

Despite global economic instability, there was minimal negative impact on the Higher Education segment of the Group. Student enrolment grew by about 33.2%, which includes an increase of over 800 in local student enrolments. This is a reflection of the continued confidence among Malaysian students in the quality of education offered by our Higher Education institutions.

International enrolments also experienced an increase with the current international student population now forming 60.0% of the entire student population. This can be attributed to Malaysia becoming a more attractive and affordable option for higher education for international students compared to traditional destinations. There were, however, some countries from which there was a noticeable drop in student enrolments, primarily due to the economic conditions in those countries. However, UCTI and APIIT managed to mitigate this effect by not being overly dependent on just a few international markets. In fact, our student enrolment sources have expanded to a healthy spread of 72 countries.





The Group is a strong believer in knowledge and education and is a strategic investor in human capital. Therefore, the year's report theme of 'Building on Values' is quite apt, as both UCTI and APIIT have worked to ensure core values are instilled in each individual, alongside their academic development. Each student is required to conform to a professional Code of Ethics, which helps them develop a deep sense of professionalism, a high degree of work ethic, as well as courtesy and empathy in dealing with others. In addition, the courses taught are designed to cultivate team-working skills, adaptability, independence and resourcefulness amongst students. As a result, students become well-rounded, extremely capable individuals who are ready for the international job market. Our impeccable track record of near-100% employment for our graduates is a reflection of the strong employability which our students develop throughout their time with us.

2009 was also an exciting year for UCTI as its first batch of University College students stepped out into the world as professionals, graduating from Degrees first launched in 2006. During the year in review, UCTI also achieved Full Accreditation from the Malaysian Qualifications Agency (MQA) for all its initial set of homegrown programmes, ensuring full recognition by the Malaysian Government. With a finger always on the pulse of the job market, UCTI and APIIT are able to tailor programmes and develop new specializations that are relevant and in demand. With that, a number of new specializations were launched for its homegrown programmes, including those in Software Engineering,

Business Information Systems, Mobile Technology, Multimedia Technology and E-Commerce Technology. In addition, UCTI has also introduced a range of Diploma Programmes, providing opportunities to those who might not otherwise have the means to enter the Degree Programmes.

In order to cater for its expanding student population, UCTI has leased additional space within Technology Park Malaysia (TPM) to increase its total floor space by 22%. The capacity of UCTI's fully-managed student accommodation has been increased by 25% to cater for the growing demand, particularly among international students.

As an internationally focused institution, UCTI is proud of its academic partnerships with learning institutions around the world. In FY 2010, UCTI proudly expanded its range of affiliations through a collaboration with Brighton University in the United Kingdom, which will assist in the development of Engineering programmes as well as offer PhD pathways for UCTI staff. Collaborations were also forged with the Queensland University of Technology in Australia to develop a range of new Master Degree programmes in Information Technology. UCTI's long standing association with Staffordshire University was further enhanced with the introduction of new Degree specializations and Masters Degrees.

In terms of overseas ventures, APIIT-Lanka, APIIT's Sri Lankan institute, launched its Law School in August 2009, where its first batch of students are now undertaking Degrees in Law from Staffordshire University, United Kingdom.

Living up to the Group's strong belief in supporting accessibility, its institutes of higher education offer scholarships to deserving students, provided through schemes managed by various educational

support organizations in Malaysia. UCTI also participated in the HOPE Scholarship Fund where deserving students who were unable to secure placement in local Public Higher Education Institutions were provided with subsidies to study at UCTI. Moving ahead, the Group is determined to continue its efforts in assisting students in need in the coming years and beyond.

SRB believes in Corporate Social Responsibility and takes its role in its community seriously. As such, each year UCTI staff and students organize activities in support of a number of community causes. These activities instill our Core Values into students and staff and inculcate a culture of giving back to those in need. Some campaigns undertaken in the year under review include blood donation drives, visits to children's homes, and a Community Engagement Programmes. At SRB, we also believe in instilling a strong sense of environmental consciousness in our faculties of higher education through the organization of events that raise awareness on environmental issues.



Chairman's Statement (cont'd)

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Sapura Resources Berhad
Annual Report 2010

AT SRB, WE ALSO BELIEVE IN INSTILLING A STRONG SENSE OF ENVIRONMENTAL CONSCIOUSNESS IN OUR FACULTIES OF HIGHER EDUCATION THROUGH THE ORGANIZATION OF EVENTS THAT RAISE AWARENESS ON ENVIRONMENTAL ISSUES.



Moving Forward

Although the global economy has begun its recovery, it still has not fully stabilized, which provides opportunities for UCTI and APIIT to strategically position themselves as world-class, affordable education institutions in Southeast Asia's fastest growing educational hub.

Looking ahead, the main challenges will come in the form of increased competition from Foreign University branch campuses set-up in Malaysia. This is a result of the Malaysian Government's decision to liberalize the services sector, giving access to non-local organizations that can now operate more freely. The Group plans to counter this by remaining focused on its objectives of providing high quality, affordable education in popular fields of study and increasing its marketing and promotional efforts.

The Group is confident as we move into FY 2011 and aims to continue increasing student enrolment from both local and international markets, whilst at the same time strengthening core resources to ensure that we continue to provide education of international quality standards. We are also determined to continue our excellent record of achieving employability for both local and international students alike.

SMART SCHOOL

APIIT Smart School (known as Sapura Smart School as of January 2010) experienced a 29.5% increase in turnover where RM7.9 million was recorded compared to FY 2009's RM6.1 million. The School's expenses, however, have increased by 40.7% to RM10.7 million compared to the previous year's RM7.6 million, primarily due to additional operational expenditure arising from the opening of a new primary



school complex in March of 2009. As a result, the School made a further loss of 17.0% or RM5.5 million as opposed to the previous year's RM4.7 million. Although there were some student withdrawals in the year under review, new student enrolments increased by 19.7%, which grew the student population to 941 compared to FY 2009's 823.

Of the student withdrawals experienced, only 1.0% was attributed to financial difficulties. The key reason for student withdrawals was due to academic factors that occurred during the year, mainly the Government's change of policy on teaching Mathematics and Science in the national language rather than English. This caused some parents to enrol their children into International Schools instead. To mitigate circumstances and reassure parents, the School has developed plans for upholding the overall quality of English proficiency amongst students and is currently exploring means of ensuring student proficiency in Mathematics and Science in English, despite the upcoming policy change in 2012.

In its fourth year of operation, the School's prospects are promising as it offers additional benefits, such as its high level of facilities and its comprehensive co-curricular and extra-curricular programme, which positions the School as a one-stop destination for a wholesome education. The School also practices an all-inclusive policy that enables students of all levels the ability to participate in co-curricular activities that interest them. Realizing the importance of excellence in staff, the School heightened the quality of its teachers and programmes through



training, seminars and workshops aimed at broadening knowledge and experience in the academic realm. Besides revised performance management practices to ensure more consistent expectations on teacher performance, new teachers of vast experience were also hired with the aim of raising the bar amongst the teaching fraternity. All these combine to create a unique offering and the School is confident of increasing student enrolment by 20.0% in FY 2011 and subsequent increases in the coming years.

In the years since its inception, the School has seen numerous changes and improvements. The continued growth of the student body is a proud achievement, which has come to define the culture and identity of the Smart School. The School is also especially proud of its strong partnership with parents as both parties work together to advance the development of the students. This collaboration has strengthened over the years to the benefit of its students and is a critical asset to the School.

Students' academic achievements have also improved in the year under review and better results are evident, especially at the PMR and SPM levels. 73 students sat for the SPM examinations with 6 students scoring straight A's and 20 scoring 5 A's. There were also 73 students who sat for the PMR examinations with 6 students scoring straight A's and 22 students achieving 5 A's. Of the 51 students who sat for the UPSR examinations, 15 scored 4 A's or better.

At the heart of the School's educational philosophy is the provision of a holistic education involving academic proficiency, as well as interpersonal and spiritual dimensions. The academic staff is focused on the development of 'confident, articulate and successful students', which is aptly surmised in the School's motto of 'Nurturing Success'. Therefore, the report's theme of 'Building on Values' works very well with the School's motto as core values of the Group are manifested throughout the Smart School's organization and curriculum. These values combine to mould students into well-rounded, caring, driven individuals who have a passion for education.

Moving Forward

For many parents, mastery of the English language is a key reason for enrolling their children into a Private School. As such, the School faces an added challenge with the Ministry of Education's announcement in July 2009 to revert the teaching of Mathematics and Science to Bahasa Malaysia. The School will formulate solutions to meet this new scenario in the coming period, thus being ready for the academic year 2012 to mitigate the effects of this policy change.

As an institution dedicated to excellence in education, the School's main priority for the upcoming year will be to increase enrolment and maximize its available capacity of around 2,200 students. This will be done through marketing and promotional efforts similar to what has been done in the year under review, through Open Days, and other channels that will help convey the strong values and healthy environment found at the School.

Chairman's Statement (cont'd)

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Sapura Resources Berhad
Annual Report 2010

PROPERTY

The Group's property division, SRB Property, involved in office space rental and facilities management, achieved a profit after tax of RM4.7 million compared to FY 2009's RM2.9 million. This rise in profit is attributed to an increase in net lettable area as well as average revenue received per square-foot.

The business currently owns 3 properties:

- 10-storey office building in Mines with 255,200 sqf. lettable area. Its occupancy is 99% with 60.0% to Sapura related companies and 40.0% to third-party tenants.

- Warehouse in Jalan Tandang, Petaling Jaya with a land area of 12.4 acres and a built-up of 160,000 sqf., which has a 100.0% occupancy rate by 8 third-party tenants.
- Commercial building on 1 acre of land in Jalan 219, Petaling Jaya with 100.0% occupancy.

Moving ahead, SRB Property looks to expand its portfolio by acquiring and managing more properties, spurred on by the positive advancements of the businesses.

PREMIUM AUTOMOTIVE SALES & SERVICES

In its fourth year of operations, after careful deliberation, the Board of Directors has proposed an exit from the premium automotive sales & services segment mainly due to the significant shift in the competitive landscape of the business segment and its less promising prospects. Therefore, the sale of Sapura Auto's land and automobile showroom to Sime Darby Motor Division Sdn Bhd marks the beginning of the process of which the intent is cessation of the business. The Group will therefore be able to unlock the value of its assets and raise immediate funds to be channeled toward its education business, which show greater promise.





ACKNOWLEDGEMENTS

The Group's results to date can only be attributed to the great team we have on board at SRB. On behalf of the Board of Directors, I would like to extend my deepest gratitude to their unwavering commitment toward the collective vision of the Group.

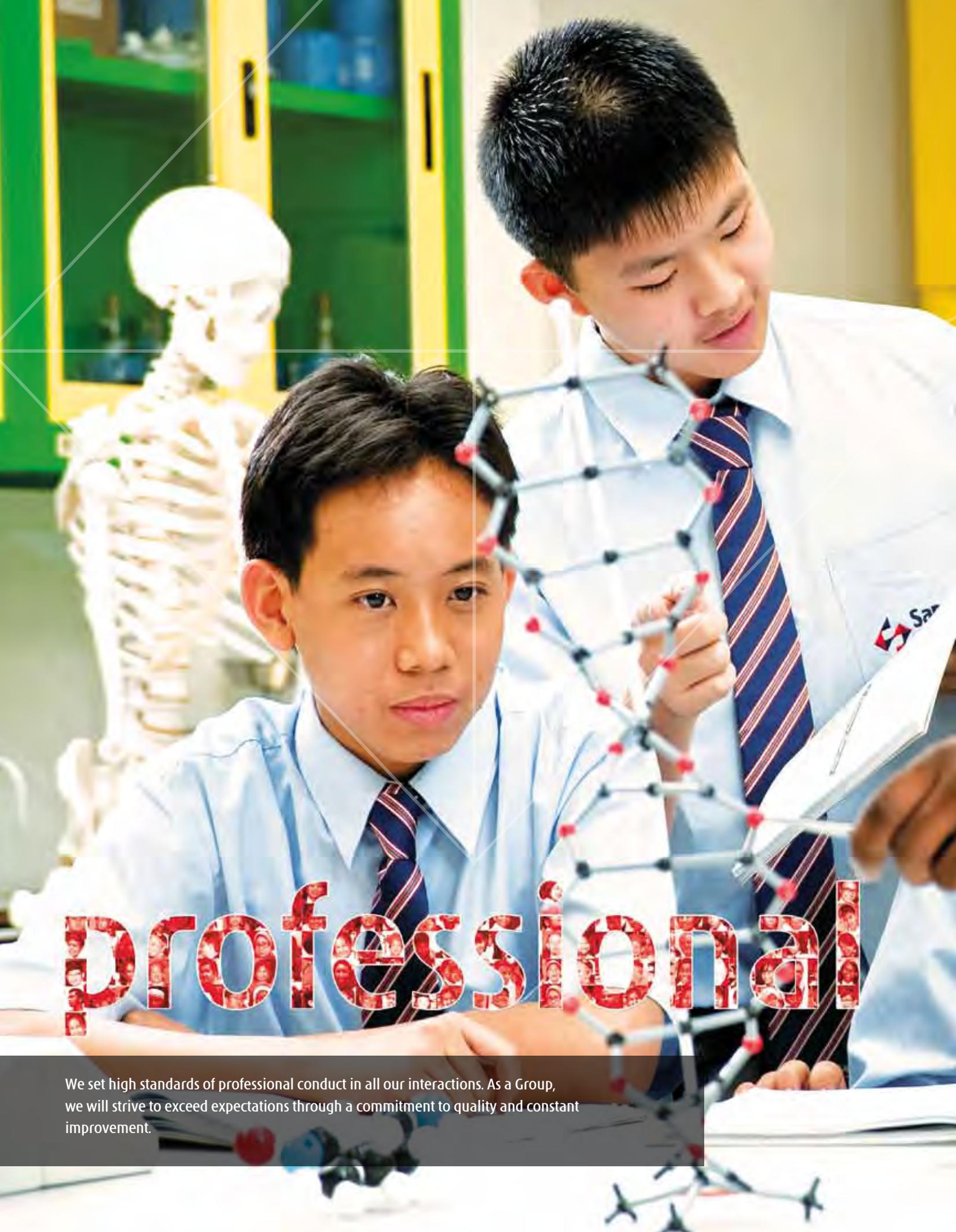
Every customer, business associate, government authority and partner with whom we deal with have shown us tremendous support and encouragement over the years, of which we are extremely grateful. Our shareholders have always been patient and supportive, which on behalf of the Group, I would like to extend my sincerest appreciation. Not to be left out are my fellow members on the Board, who have always been supportive and generous with their ideas and counselling.

THANK YOU.

A handwritten signature in black ink, reading "Shamsuddin Bin Abdul Kadir".

TAN SRI DATO' SERI IR. SHAMSUDDIN BIN
ABDUL KADIR
Chairman





professional

We set high standards of professional conduct in all our interactions. As a Group, we will strive to exceed expectations through a commitment to quality and constant improvement.



BOARD OF DIRECTORS

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Sapura Resources Berhad
Annual Report 2010



Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir
Chairman

Datuk Khalid bin Abdul Karim
Independent Non-Executive Director

Shahrizan bin Shamsuddin
Managing Director

Dato' Fauziah binti Dato' Ismail
Independent Non-Executive Director



Datuk Shahril bin Shamsuddin
Non Independent Non-Executive Director

Muthanna bin Abdullah
Independent Non-Executive Director

Tan Sri Datuk Amar (Dr.) Hamid bin Bugo
Independent Non-Executive Director

Gee Siew Yoong
Independent Non-Executive Director

DIRECTORS' PROFILE

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Sapura Resources Berhad
Annual Report 2010



Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir

(Non-Independent Non-Executive Chairman)

PSM, SPCM, DPMJ, DPCM, JMN, Hon. F. IEM, F.A. Sc. C.Eng., D.Sc.(Mgmt Tech) (Hon) (UTM), D.Eng. (Hon) (USM), DBA (Hon) (UKM), P Eng, MIE (MAL) M.I.E.E. (UK), M.I.MAR.E (UK)

Y Bhg Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir, aged 78, is the Chairman and Founder of the Sapura Group, which he established in 1975. Well into its 35th year, the Sapura Group has since diversified and currently participates in key industries through three public listed companies. Tan Sri Shamsuddin is the Chairman of Sapura Resources Berhad, Sapura Industrial Berhad and Sapura Technology Berhad.

Tan Sri Shamsuddin was first appointed to the Board of Sapura Resources Berhad on 21 January 1985. He is also the Chairman of the Board Nomination and Remuneration Committee of the Company.

Tan Sri Shamsuddin received his tertiary education from Brighton Technical College in the United Kingdom, after which he held various key positions in Telekom Malaysia. Tan Sri Shamsuddin turned his vision into reality when he accepted a challenge to start a business on a turnkey project offered by Jabatan Telekom, now known as TM. The Sapura Group was born from his passion as an engineer, coupled with a strong spirit of entrepreneurship both of which are apparent in his management philosophy. Tan Sri Shamsuddin has led the Sapura Group into what is now a leading knowledge and technology company in Malaysia, with an ever-increasing global reach.

Tan Sri Shamsuddin's strong commitment to life-long education led him to co-found the Universiti Tun Hussein Onn Malaysia Foundation, where he had served as Chairman of Universiti Tun Hussein Onn Malaysia (UTHM) from 16 April 2001 to 15 April 2009. In recognition of his guidance and leadership at UTHM, Tan Sri Shamsuddin was inaugurated as the first Pro Chancellor of UTHM in June 2009. For his numerous other contributions, he has been awarded with Honorary Doctorates by Universiti Teknologi Malaysia, Universiti Sains Malaysia and Universiti Kebangsaan Malaysia. In 2007, University of Brighton, United Kingdom conferred the Honorary Degree of Doctor of Science to Tan Sri Shamsuddin in recognition of his outstanding contribution to engineering development in Malaysia and the development of Alumni Association of Malaysia. Tan Sri Shamsuddin is also a member of the Majlis of International Islamic University Malaysia, in which he is the representative of the Malaysian Public of Vast Experience with Higher Education or Professional Management.

Tan Sri Shamsuddin contributes his time and effort in sharing his experience and knowledge for various causes. He is a member of the Institution of Engineers Malaysia, a member of the Malaysian Industry-Government Group for High Technology (MIGHT) as well as a senior fellow of Academy of Science Malaysia. In conjunction with UMNO's 60th Anniversary celebrations in 2006, Tan Sri Shamsuddin was conferred with the prestigious "Malay Personality of Distinction" award.



Shahrizan bin Shamsuddin
(Managing Director)

Encik Shahrizan bin Shamsuddin, aged 41, is the Managing Director of Sapura Resources Berhad since 1 March 2007. Encik Shahrizan manages a diversified group portfolio which encompasses education, premium automotive retail and property. He started his career in 1991 holding a number of senior key positions within the Sapura Group.

Encik Shahrizan was first appointed to the Board of Sapura Resources Berhad on 28 July 2005, holding a non-independent and non-executive position. Currently, he is also the Director in SapuraCrest Petroleum Berhad, Sapura Technology Berhad, Sapura Industrial Berhad and Sapura Holdings Sdn. Bhd. Encik Shahrizan holds a Master of Science in Engineering Business Management from Warwick University and a Bachelor of Science in Industrial Technology from Purdue University, U.S.A.

Directors' Profile (cont'd)

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Datuk Shahril bin Shamsuddin

(Non-Independent Non-Executive Director)
PJN, SPTJ

Datuk Shahril bin Shamsuddin, aged 49, is the President and Chief Executive Officer of the Sapura Group – a group of companies in the businesses of oil & gas services, secured communications technologies, industrial and automotive component manufacturing, education and premium automotive retail.

Datuk Shahril has held several senior positions in the Sapura Group since 1985 and assumed the helm as Group President and CEO in 1997. He was instrumental in restructuring Sapura Group's financials and its portfolio of businesses. Aligned with the Group's strategies he has made several key acquisitions of companies and technologies and the strategic disposal of some assets and businesses.

Datuk Shahril was first appointed as the Managing Director of Sapura Resources Berhad on 19 February 1990 and was re-designated as a non-independent and non-executive Director effective 1 March 2007.

The winner of Malaysian's Ernst & Young Entrepreneur Of The Year 2009, Datuk Shahril is acknowledged as an innovator at heart. His reputation is hallmarked by his entrepreneurship and profound passion for technology development and unwavering conviction for nation-building. An innovator with keen business acumen in assessing the commercial potential of technologies, Datuk Shahril takes keen interest in the details of key technologies, bringing Sapura to greater heights in the technology front.

Appointments held by Datuk Shahril presently include Executive Vice Chairman of SapuraCrest Petroleum Berhad, Deputy Chairman of Sapura Industrial Berhad and President and CEO of Sapura Secured Technologies, a privately held division of the Sapura Group. Beyond the Sapura Group, Datuk Shahril's other present appointments include serving as a Board Member of the Malaysian External Trade Development Corporation (MATRADE) and the Board of Trustees of the Perdana Leadership Foundation.

Among the awards and honors that Datuk Shahril has received include the Panglima Jasa Negara (PJN) from the Federal Government of Malaysia which carries the title "Datuk" (June 1998), Darjah Seri Paduka Tuanku Ja'afar (SPTJ) from Negeri Sembilan, Malaysia, which carries the title "Dato' Seri" (July 2007) and the Legion d Honneur from the Republic of France (November 2007).

Datuk Shahril holds a Master of Science in Management of Technology from the prestigious MIT Sloan School of Management and a Bachelor of Science in Industrial Technology from California Polytechnic State University.



Tan Sri Datuk Amar (Dr.) Hamid bin Bugo
(Independent Non-Executive Director)

Tan Sri Datuk Amar (Dr.) Hamid bin Bugo, aged 64, was first appointed to the Board of Sapura Resources Berhad as an independent and non-executive Director on 25 August 2009. He is also a member of the Board Nomination and Remuneration Committee.

Tan Sri Hamid graduated from Canterbury University, New Zealand with a Bachelor and a Master of Art in Economics. He also holds a Postgraduate Diploma in Teaching (NZ) and a Postgraduate Certificate in Business Studies from Harvard Institute of Development Studies, U.S.A. He was honoured with a Ph.D. (in Commerce) by Lincoln University, New Zealand.

His working experience includes Administration Manager, Malaysia LNG Sdn. Bhd. (a joint venture of Petronas, Shell and Mitsubishi), the first General Manager of Land Custody and Development Authority, Sarawak, Permanent Secretary, Ministry of Resource Planning, Sarawak and State Secretary of Sarawak. As State Secretary he represented the State Government in various companies and statutory bodies including Malaysian Airline System Bhd., Malaysia LNG Sdn. Bhd., Employees Provident Fund, Universiti Malaysia Sarawak and Universiti Pertanian Malaysia.

Currently Tan Sri Hamid sits on the board of SapuraCrest Petroleum Berhad, Superlon Holdings Bhd., Sarawak Consolidated Industries Bhd., Permodalan Sarawak Berhad, X-Fab Silicon Foundries NV and a member of the Supervisory Committee Industrial Division, Sime Darby Bhd. He is also active in charitable activities as Chairman of Yayasan Kemajuan Insan (YAKIN), board member of Lembaga Amanah Kebajikan Masjid Sarawak and Chairman of State Library Sarawak.

He is a council member of the Institute of Integrity Malaysia and a member of Eminent Persons Group (EPG) for Malaysia-Indonesia. He is also a member of the Malaysian Anti Corruption Commission Advisory Committee.



Datuk Khalid bin Abdul Karim
(Independent Non-Executive Director)
PSD, JSM, SMJ

Datuk Khalid bin Abdul Karim, aged 73, was first appointed to the Board of Sapura Resources Berhad as an independent and non-executive Director on 11 July 1997. Datuk Khalid is the Chairman of the Board Audit Committee and is a member of the Board Nomination and Remuneration Committee.

Datuk Khalid graduated from the University of Belfast with Honours Degree in Economics. Datuk Khalid has served in the Malaysian diplomatic services from 1963 to 1994 and was the Malaysian Ambassador to Poland and The Netherlands. He was Comptroller of Royal Household at Istana Negara to His Majesty Seri Paduka Baginda Yang di-Pertuan Agong VIII from 1985 to 1989.

Directors' Profile (cont'd)



Dato' Fauziah binti Dato' Ismail
(Independent Non-Executive Director)

Dato' Fauziah binti Dato' Ismail, aged 67, was first appointed to the Board of Sapura Resources Berhad as an independent and non-executive Director on 25 August 2009.

Dato' Fauziah holds a Bachelor of Arts (Honours) from Universiti Malaya, a postgraduate Diploma in Development Administration from the London School of Economics & Political Sciences and a Master in Public Administration from the University of Houston, U.S.A. She also attended a certificate course at Harvard Institute of International Development (HIID) of Harvard University, U.S.A. in Public Enterprise Management and Privatization.

Dato' Fauziah served in the Malaysian Administration and Diplomatic Services from 1966 to her retirement in 1997 in various positions and capacities. She served, amongst others, in the Public Services Department, the Prime Minister's Department and the Ministry of Rural Development. In her job at the Implementation Unit of the Prime Minister's Department, she was involved in the administration of the Petroleum Development Act in developing Malaysia's petroleum industry, including the development of Bumiputera participation in the industry.

Currently, Dato' Fauziah is also on the Board of SapuraCrest Petroleum Berhad, KAF-Seagroatt & Campbell Berhad and CCK Consolidated Holdings Berhad.



Muthanna bin Abdullah
(Independent Non-Executive Director)

Encik Muthanna bin Abdullah, aged 50, was first appointed to the Board of Sapura Resources Berhad as an independent and non-executive Director on 18 December 2008. Encik Muthanna is a member of the Board Audit Committee and Board Nomination and Remuneration Committee.

Encik Muthanna is a lawyer by profession, and is the Managing Partner of the law firm of Lee Hishammuddin Allen & Gledhill. He graduated from the University of Buckingham with Degree in Law in 1981 and was admitted as a Barrister-at-Law of the Middle Temple, London in 1982. He was admitted as an advocate and solicitor of the High Court of Malaya in 1983. He advises state governments, state agencies, as well as commercial companies, both publicly listed as well as private, on privatizations, joint ventures, corporate structures, mergers and acquisitions, public issues and listings, offshore investments and corporate loans. He also advises private clients on offshore trusts.



Gee Siew Yoong

(Independent Non-Executive Director)

Ms Gee Siew Yoong, aged 60, was first appointed to the Board of Sapura Resources Berhad as an independent and non-executive Director on 25 August 2009. She is also a member of the Board Audit Committee.

Ms Gee is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. She started her career with PriceWaterhouse in 1969. She left in 1981, her last position being the Senior Audit Manager and Continuing Education Manager. She then joined the Selangor Pewter Group as Group Financial Controller during which period she was seconded to the United States of America from 1983 to 1984 as Chief Executive Officer of Senaca Crystal Inc., a company in the Selangor Pewter Group undergoing re-organisation under Chapter XI of the U.S. Bankruptcy Code. Subsequently from 1985 until 1987, she became the Personal Assistant to the Executive Chairman of the Lipkland Group.

In 1987, Ms Gee was appointed by Bank Negara Malaysia as the Executive Director and Chief Executive of Supreme Finance (M) Berhad, a financial institution undergoing rescue and reorganisation under the supervision of the Central Bank. She held the position until the successful completion of the reorganisation in 1991. Ms Gee later served with Land & General Berhad from 1993 to 1997 as Group Divisional Chief, Management Development Services before joining Multi-Purpose Capital Holdings Berhad from 1997 to 1999 as Executive Assistant to the Chief Executive. During this period, Ms Gee was also a Director of Multi-Purpose Bank Berhad, Multi-Purpose Insurans Berhad and Executive Director of Multi-Purpose Trustee Berhad.

Currently, Ms Gee is also on the Board of SapuraCrest Petroleum Berhad.



resourceful

We are resourceful in developing the best solutions for our customers by constantly learning, collaborating and sharing information to make full use of our Group's capabilities-both inside and outside our businesses.



CORPORATE SOCIAL RESPONSIBILITY

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At Sapura, we take pride in ourselves as a caring corporate citizen.



PAYING OUR DUES

As Sapura Group grows and prospers, we have always ensured that our success is also extended to our corporate social responsibility (CSR) efforts. This has always been the conviction of the Chairman and founder of the Sapura Group of Companies, YBhg. Tan Sri Shamsuddin Abdul Kadir who established the Shamsuddin Abdul Kadir Foundation to champion the cause of charity at home and overseas. Our charitable programmes cover a broad spectrum, from helping the marginalised, orphans and those living at the fringes of society, to providing educational assistance and supporting national and regional events.

Subscribing to the adage that charity begins at home, we have drawn up a number of CSR programmes for the workplace. At Sapura, we like to think ourselves as an extended Big Family, and like all families, we look out for one another through good and bad times. Funds are set aside and made available to staff so that they can perform the Umrah. When the going gets tough and an employee is incapacitated or suffering from a terminal illness, we are there to help out with financial support over and above the medical scheme we have in place for employees. We do not forget our employees easily and when they have passed away whilst in service, their children are 'adopted' by the Group and receive a monthly stipend until they have completed their secondary school education. The Group also looks upon its multi-ethnic composition as a reason to celebrate the many festivities throughout the year, particularly in the month of Ramadhan and the Hari Raya Open Houses that follow.

The sense of family has been reinforced with the launch of the Sapura Community in June 2009, which functions like a social club promoting the well-being of our family through various activities. During the year, the Sapura Inter-Group Bowling Tournament was among the sporting events organised to build esprit de corps and camaraderie among our growing family. Through the Sapura Community, our people show their caring side by

organising and supporting a number of community services. Visits to orphanages and homes of the less fortunate provide comfort and words of wisdom while blood donation campaigns inculcate a culture of giving back to those in need. Our people drawn from all levels of the organisation have also participated actively in voluntary and 'gotong royong' projects, and it is in ways like these that we reach out and earn a place in the community as a corporation with a heart.

As a citizen of the world, we are aware that Planet Earth is facing a myriad of environment challenges and we are determined to play our part in preserving the quality of the environment. Earth Day 2009 was commemorated with exhibitions and talks by experts to raise awareness of environmental issues and activities. Some of our subsidiaries have gone the extra mile to promote a culture of waste minimisation and resource optimisation. Lighting and air-conditioning systems have been optimised through an automated, intelligent time-tabling and scheduling system, that in turn reduces emissions to the environment. We also launched a Community Engagement Programme that involved staff and students from our Higher Education Division engaging with various rural communities in Malaysia. Other highlights of the year included a trip to Zoo Negara and the Petrosains Centre, besides organising educational seminars and workshops for students sitting for the various examinations.





In Malaysia, the Group has contributed towards the construction of suraus and mosques as a way of bringing communities closer together. Our support is also extended to single mothers, orphans, Cancer Research Fund, Disaster Relief Fund as well as directly to victims of natural disasters such as the landslide in Putrajaya

and floods in Pahang and Johor. Education is an area that is close to our heart and we have donated to various bodies such as Education Trust Funds, Save the Kids Education Fund, Poor Students Trust Fund and the Ipoh Tutorial Centre, among others. Annual scholarships are provided by the Group to needy and deserving students, helping them realise their academic and career ambitions. These scholarships are provided in conjunction with leading Malaysian dailies and scholarship bodies. Scholarships to the tune of hundreds of thousands of Ringgit are disbursed annually under the MAPCU Scholarship Fund, Sin Chew Daily Education Fund and HOPE (Higher Opportunities for Private Education) Scholarships.

Our CSR outreach programmes continue to expand in tandem with the geographical reach of the Group's operations. In Indonesia, where the Group has a significance presence, we have built an orphanage under the auspices of the Shamsuddin Abdul Kadir Foundation

to house the 80 victims of the tsunami disaster in 2004. The Group is now into the fourth year of providing funding for the Rumah Anak Yatim Sapura, which currently houses some 102 children. During the year, the funding allocated was used for refurbishment and upgrading works, making the hostel a more hospitable place for the children to call home.

The top echelons of management are directly involved in the Group's CSR efforts, setting the vision and direction for the programme administrators to follow. Through their initiatives, the Group has sponsored tuition classes for orphans as well as set up a library, Resource Centre and a Computer Centre at the orphanages.

A great deal of effort and resources are channeled into our CSR programmes. Each year, they are carefully reviewed to determine where improvements can be made. By giving back to society, we hope to make the difference in the many lives we touch.





resilient

We will continually build up our knowledge and skills, exercise good judgement and keep abreast with industry developments so that we can become a resilient and competitive player.

A CRICKET OVAL BANDAR KINRARA



CORPORATE GOVERNANCE STATEMENT

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The Board of Directors (the Board) of Sapura Resources Berhad (SRB or the Company) is pleased to report to our shareholders that throughout the financial year under review, the Board had consistently maintained high standards of transparency, accountability and integrity in directing and managing the business and affairs of the Company and its subsidiaries (the Group) to enhance business prosperity and to support the continued growth of the Group as a long-term commitment to our shareholders and other stakeholders, consistent with the Principles and Best Practices of the Malaysian Code on Corporate Governance (Revised 2007)(the Code).

Set out below is the Corporate Governance Statement of the Company, stating how the Company has complied with and applied the Principles and Best Practices of the Code during the financial year ended 31 January 2010.

COMPOSITION OF THE BOARD AND BOARD BALANCE

The Company is headed and controlled by an experienced and effective Board which has collective responsibility for the business and operations of the Group. The Board is entrusted to enhance the shareholders' value and financial performance of the Group.

The Board, in discharging its stewardship responsibilities, determines the overall strategic direction for the Group, oversees the conduct of the Group's businesses, identifies principal risks affecting the Group and implements appropriate systems to manage these risks, reviews the adequacy and integrity of the Group's system of internal control and ensures succession planning of the Group are in place and develops and implements an investor relations programme for the Group.

The Board, as at the date of this Annual Report, has an effective composition of eight (8) directors, comprising seven (7) non-executive directors (including the Chairman), of whom five (5) are independent, and a Managing Director. The Board is thus in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) requiring at least one-third of the Board to be Independent Directors.

The non-executive directors comprise a majority of the Board and they provide a balanced and independent view on issues of strategy, performance and resources and standards of conduct which carry significant weight in the Board's decisions.

The presence of Independent Directors, namely Tan Sri Datuk Amar (Dr.) Hamid bin Bugo, Datuk Khalid bin Abdul Karim, Dato' Fauziah binti Dato' Ismail, Encik Muthanna bin Abdullah and Ms Gee Siew Yoong confer a strong independent element on the Board as they

play an important role especially in areas where the interests of management, the company and shareholders may diverge. The Independent Directors objectively assess the feasibility of business proposals and strategies and examine the impact of such proposals on the long term interests of the Company's stakeholders.

The good size and balance in the composition of the Board ensures that individual directors are able to make effective decisions and discharge their principal responsibilities with a sense of personal accountability.

The profiles of each member of the Board are set out on pages 22 to 27 of the Annual Report.

The Chairman and Managing Director

The roles and responsibilities of the Chairman are separate and distinct from those of the Managing Director to ensure that there is check and balance and authority at the helm.

The Chairman's responsibilities are to provide overall leadership to the Board and effectively controls the orderly and effective functioning of the Board. In his capacity as Chairman of the Company, he ensures that the Board meets regularly throughout the year and ensures all relevant issues are on the Board's agenda. He also makes certain all directors receive accurate, timely and clear information relating to the issues on the agenda prior to deliberation at Board meetings, so that they are able to contribute effectively as Board members, and provide advice to promote the success of the Company.

During the financial year under review, the Chairman was assisted by Senior Management and the Company Secretary to set the agenda for each meeting and ensure that relevant items were placed on the agenda taking into account the issues and concerns of all Board members.

The Chairman encourages a healthy debate on issues on the agenda, provides reasonable time for discussion of complex and contentious issues, and ensures that all decisions reflect the collective views of the Board.

The Managing Director reports to the Board and is primarily responsible to run the business and implement the policies and strategies adopted by the Board. He is responsible for communicating matters relating to the Group's business and operations to the Board. With his hands-on knowledge of the Group's business and operations, the Managing Director takes on the primary responsibility for leadership of the Company and contributes significantly towards the achievement of the Group's goals and objectives.



Corporate Governance Statement (cont'd)

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The Board has identified Datuk Khalid bin Abdul Karim as the Senior Independent Non-Executive Director of the Board to whom any concerns on issues affecting the Company and the Group may be conveyed.

Effective mix of the Board

The Board has a good combination of a Managing Director who has an intimate knowledge of the Group's business and operations and of non-executive directors who bring a broader perspective on the Group's activities. Together, the directors bring wide entrepreneurship and business skills and knowledge, regulatory, industry and financial experience relevant to the direction of the Group which would enable them to bring broader perspectives and depth in any Board's discussion and deliberation.

MEETINGS OF THE BOARD

Board Structure and Procedure

The Board meets on a quarterly basis at least four (4) times a year, with additional meetings convened as and when necessary. During the financial year ended 31 January 2010, eight (8) Board Meetings were held. The attendance at Board Meetings of the respective directors who held office during the financial year under review are set out hereunder.

Name of Director	Total
Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir	8/8
Encik Shahrman bin Shamsuddin	8/8
Datuk Shahril bin Shamsuddin	8/8
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	2/2*
Datuk Khalid bin Abdul Karim	7/8
Dato' Fauziah binti Dato' Ismail	2/2*
Encik Muthanna bin Abdullah	8/8
Ms Gee Siew Yoong	2/2*

(*Appointed on 25 August 2009)

Board meetings

Board meetings follow a formal agenda and the Board has a formal written schedule of matters specifically reserved for its review and approval which ensures that the Board retains full and effective control over the Company.

The Board approves, inter alia, the preliminary announcements of interim and final results, approval of all circulars and listing particulars, approval of annual operating and capital expenditure budgets, approval of major capital expenditure, investments proposals and a review of the overall system of internal control.

Supply of information to the Board

The Board is supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties effectively. All directors are provided with comprehensive reports for review in good time ahead of each Board and Committee meetings to enable them to understand the issues and discharge their duties effectively.

A well structured agenda also allows the Chairman good control over the conduct of the meeting and allocation of time for discussion of various matters. Senior management and external advisers may be invited to attend Board meetings to provide their professional views, advice and explanation on specific items on the agenda.

All directors have full and unrestricted access to all information within the Group and direct access to the advice and services of the Company Secretary who advises the Board on the Company's policies and procedures, directors' responsibilities under the respective legislations and regulations, Company's compliance with the relevant laws and regulatory requirements. The directors may take independent advice, at the Company's expense, in furtherance of their duties, if so required.

Board proceedings, deliberations in terms of issues discussed and the conclusions of the Board at every Board meeting are recorded in the Board minutes duly signed by the Chairman of the Meeting. The minutes provide a historical record and insights into those decisions.



Number of Directorship in other companies

In compliance with Paragraph 15.06 of the Listing Requirements of Bursa Securities, each of the directors of the Company hold not more than ten (10) directorships in public listed companies and not more than fifteen (15) in other companies (other than listed companies). This ensures the directors' commitment, resources and time are focused for an effective input to the Board.

Training and Development of Directors

The Board acknowledges that its directors must keep abreast on various issues having relevance to the constantly changing environment within which the business of the Group operates and enhance their business acumen and skills to meet challenging commercial risks.

The Board endeavours to provide continuous training and development to its current and new directors, by ensuring that the Directors participate in a full and tailored training and induction programme. During the financial year under review, members of the Board and Management team had attended the following 'in-house' training programme:

- The Grass is NOT always Greener: The Risks and Pitfalls of Overseas Expansion
- * Operating Risk - A New Way of Thinking
- Managing Strategy in a Downturn
- Investor Relations in Difficult Times

Board Committees

The Board is augmented by two (2) standing Board Committees. The Board Committees comprising members of the Board, are the Board Audit Committee (BAC) and the Board Nomination and Remuneration Committee (BNRC). Each of these Committees acts within defined terms of reference.

Reviews, recommendations, findings and decisions reached at these Committee meetings are reported directly to the Board for its deliberation and decision.

Corporate Governance Statement (cont'd)

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Re-election and Re-appointment of Directors

In compliance with Article 88 of the Articles of Association, Datuk Shahril bin Shamsuddin shall retire at the Fifty-Third (53rd) Annual General Meeting (AGM) and being eligible, have offered himself for re-election.

In compliance with Article 91 of the Articles of Association, Tan Sri Datuk Amar (Dr.) Hamid bin Bugo, Dato' Fauziah binti Dato' Ismail and Ms Gee Siew Yoong being additional Directors appointed during the year under review shall retire at the Fifty-Third (53rd) AGM and being eligible, have offered themselves for re-election.

Directors who are over seventy (70) years of age are required to submit themselves for re-appointment annually at every AGM in accordance with Section 129(6) of the Companies Act, 1965. Presently, there are two (2) Directors of the Company who shall be seeking re-appointment at this AGM.

BNRC

The BNRC is chaired by Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir, the Chairman of the Company and includes three (3) independent non-executive directors. The BNRC meets as required but shall hold at least one (1) meeting in a financial year.

The BNRC makes recommendations to the Board on the appointments of candidates for directorships. However, the actual decision as to who should be nominated on the Board is the responsibility of the full Board after considering the recommendations of the BNRC. The terms of reference of the BNRC incorporates the Best Practices provisions relating to the appointment of new directors as contained in the Code. The BNRC also reviews, on a periodic basis, the size and composition and effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director.

The BNRC also determines the remuneration and terms of employment of the Managing Director and the Managing Director's performance against targets. During the financial year under review, the BNRC had considered the remuneration of the Managing Director.



BAC

The composition and functions of the BAC are set out in the BAC report.

DIRECTORS' REMUNERATION

Level and Make-up of Remuneration

The BNRC is responsible for evaluating and recommending to the Board the level and make-up of the remuneration of the Managing Director in order to attract and retain persons of necessary calibre, experience and quality needed to lead the Group successfully.

Remuneration Procedure

The BNRC recommends to the Board the framework of executive remuneration and its cost, and the remuneration package for the Managing Director. Determining the remuneration of the Non-Executive Directors is a matter for the Board as a whole.

	Executive Director	Non-Executive Directors	Total
Directors' Remuneration (RM'000)			
Fees	25	203	228
Salaries and other emoluments	903	0	903
Other emoluments	0	28	28
Defined contribution plan	107	0	107
Benefits-in-kind	0	28	28
TOTAL	1,035	259	1,294
Directors' Remuneration (No. of directors)			
Non-Executive Directors			
Below RM50,000	0	6	6
RM50,001 – RM100,000	0	1	1
Executive Director			
RM1,150,000 – RM1,200,000	1	0	1
TOTAL	1	7	8

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board has taken appropriate steps to present a clear, balanced and comprehensive assessment of the Group's position and prospects by ensuring quality financial reporting to its shareholders, investors and regulatory authorities.

Quarterly financial results and annual financial statements are reviewed and deliberated upon by the BAC to ensure the accuracy and adequacy of such information, prior to recommendation to the Board for its approval and for public release. Representatives from the external auditors and Internal Audit of the Company also attended the Company's BAC Meetings held during the financial year ended 31 January 2010, to provide their independent and professional views on the Group and its performance.

The Directors' Responsibility Statement in respect of the Audited Financial Statements pursuant to Paragraph 15.26(a) of the Listing Requirements of Bursa Securities is set out on page 49 of this Annual Report.

Relationship with the Auditors

The Board maintains an active, transparent and professional relationship with its external auditors, through the BAC, which has been conferred with the authority to interface directly with the external auditors of the Group.

Whenever deemed necessary, the BAC will meet with the external auditors, internal auditors or both without the presence of the Executive Board Members and Senior Management of the Company. This encourages a greater exchange of free and honest views and opinion between both parties. During the financial year under review, the BAC held a meeting with the external auditors without the presence of Senior Management to deliberate on the comments and views of the external auditors.

A report on the BAC which includes the BAC's role in relation to the external auditors is set out on pages 42 to 45 of the Annual Report.



Corporate Governance Statement (cont'd)

Internal Control

During the financial year, the Board has been able to provide reasonable assurance that the overall system of internal control is adequate. This includes the effectiveness and efficiency of operations, safeguarding of assets and internal controls, as well as compliance with laws and regulations.

The Directors' Statement on Internal Control of the Company and the Group pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Securities is set out on page 46 of this Annual Report.

SHAREHOLDERS RELATIONS

The Board considers communications with its shareholders and the market generally to be of significant importance but is also conscious of the increasing emphasis on ensuring quality of material information. Subject to these constraints, the Managing Director, the Chief Financial Officer and Senior Management respond to shareholders' queries as and when required and are available to speak to institutional investors and analysts as necessary.

The Company also gives a full report on its results on a quarterly basis, thereby providing shareholders with a regular, detailed update on its performance. The Group has established a website at www.sapura.com.my where shareholders and stakeholders can access for information regarding the Group.

AGM

The AGM provides the principal opportunity for the Board to report on their stewardship of the Company to shareholders and account for the performance of the Company and the Group. All registered shareholders, whatever the size of their shareholdings, have direct access to the Board at such AGMs. The Board provides adequate time for the shareholders' question and answer session, which the Board believes is paramount to the proper and efficient conduct of the AGM.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

Having reviewed the Group's corporate governance practices, the Directors consider that they are substantially in compliance with the Code during the year under review.

BOARD AUDIT COMMITTEE REPORT

For The Financial Year Ended 31 January 2010

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Sapura Resources Berhad
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TERMS OF REFERENCE OF THE BOARD AUDIT COMMITTEE (BAC OR THE COMMITTEE)

The Terms of Reference of the BAC sets out the duties and responsibilities of the BAC as prescribed under the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) and the Malaysian Code on Corporate Governance (Revised 2007) (the Code).

Primary Objective

The BAC has been formed with the following objectives;

- (a) Provide assistance to the Board in the fulfilment of its fiduciary responsibilities vis-à-vis the corporate accounting and reporting practices of Sapura Resources Berhad (SRB) Group.
- (b) Maintain through regularly scheduled meetings a steady communication between the Directors, Management and the External Auditors.
- (c) Grant to External Auditors a forum at which issues may be raised for the appraisal of the Committee in respect of Management practices and policies.
- (d) Guide the Board on the conduct of its business in so far as the Board's duties may lie as trustee and custodians of minority shareholders' interest in the Company and the Group.
- (e) Act upon any request from the Board to investigate and report on any issues of concern as regards to the Management of the Group.
- (f) Review existing policies and practices within the SRB Group in order to regulate and streamline the same to ensure uniformity therein.
- (g) Deal with and attend to any other matter, which the independence of the Committee is an essential ingredient to ensure that any action taken shall be unbiased and fair.

Membership

The Committee shall be appointed by the Board from amongst its Directors and shall consist of not less than three (3) members, a majority of whom shall be independent and all members to be non-executive Directors. No alternate Directors shall be appointed as a member of the Committee. The Chairman shall be independent non-executive Director appointed by the Board.

The BAC of the Company comprises three (3) members and is composed exclusively of independent non-executive Directors.

Subject to any regulatory disqualification, members of the Committee shall not be removed except by the Board. In the event of any vacancy in the Committee, the Board shall within three (3) months fill the same so as to comply with all regulatory requirements. In any event, the Board shall review the terms of office and performance of the Committee and each of its members at least once every three (3) years.

Meeting Procedure

- (a) **Meeting and Attendance**
Meetings shall be held not less than four (4) times a year, and will normally be attended by the Chief Financial Officer and Head of Internal Audit. The presence of External Auditors will be requested if required. Other Board members and employees may attend meetings only upon the invitation of the Committee. However, at least once a year, the Committee shall meet with the External Auditors without any executive Board member present. The External Auditors may request a meeting if they consider it necessary.
- (b) **Chairman**
The members of the Committee shall elect a Chairman from among their member who shall be an independent non-executive Director. If the Chairman is unable to attend any meeting, any other independent non-executive Director present shall act as Chairman.
- (c) **Notice**
Notice of meetings shall be circulated at least seven (7) working days and the agenda for each meeting shall be circulated at least three (3) working days before each meeting to the Committee Members, the External Auditors and all those who are required to attend the meeting. Written materials including information requested by the Committee from Management, Internal Audit and External Auditors shall be received together with the agenda for the meetings.
- (d) **Quorum and Voting**
The quorum for all meetings of the Committee shall be two (2) comprising independent, non-executive Directors. All resolutions of the Committee shall be adopted by a simple majority vote, each member having one vote, in case of equality of votes, the Chairman shall have a second or casting vote.

- (e) **Minutes**
The Secretary to the Committee shall be the Company Secretary. Minutes of each meeting shall be distributed to each member of the Board. The Chairman of the Committee shall report on each Meeting to the Board.

Authority

With a view to perform its duties, the Committee is authorised by the Board, at the cost of the Company, to:

- (a) investigate any matter within the terms of reference;
- (b) obtain external legal or other independent professional advice or other necessary resources to perform its duties;
- (c) secure full and unrestricted access to any information pertaining to the Group;
- (d) communicate directly with the External Auditors, Internal Auditors and all employees of the Group;
- (e) convene meetings with the External and Internal Auditors, or both excluding the attendance of the other directors and employees, whenever deemed necessary; and
- (f) report to the Bursa Securities matters duly reported by it to the Board, which has not been satisfactorily resolved resulting in a breach of any regulatory requirements.

Duties of The Committee

The duties of the Committee shall be to review the following and report the same to the Board:

- (a) To consider the appointment of External Auditors and the fee and any question of resignation or dismissal including whether there is reason (supported by ground) to believe that the External Auditors are not suitable for re-appointment.
- (b) To discuss with the External Auditors, prior to the commencement of audit, the nature and scope of audit and to ensure co-ordination of audit where more than one audit firm is involved and in the course of the External Auditors work, its evaluation of the system of internal controls and the effectiveness of management information systems including any suggestion for improvement and Management's response, its audit report and the assistance given by the employees of the Group.

- (c) To review the quarterly financial statement, interim financial announcement and year end annual financial statements of the Group and press release relating to financial matters before submission to the Board and announcements to the Bursa Securities, focusing on:
 - any change in or implementation of accounting policies and practices.
 - significant and unusual event.
 - significant adjustments arising from the audit.
 - going concern assumption.
 - compliance with accounting standards and other legal requirements.
- (d) To discuss problems and reservations arising from the interim and final audits, and any matter the External Auditors may wish to discuss (in the absence of management, where necessary).
- (e) To report formally to the Board at a meeting held to approve the audited financial statements.
- (f) To review the External Auditors' management letter and Management's response.
- (g) To review the financial statements with Management and auditors prior to their being approved by the full Board.
- (h) To review the Group's business risk management process, including adequacy of the Group's control environment.
- (i) To do the following in respect of the Internal Audit Department:
 - review the adequacy of scope, functions and resources of the Internal Audit Department and that it has the necessary authority to carry out its work.
 - review and approve Internal Audit Plan and all major changes to the plan.
 - review the results of the Internal Audit reviews and where necessary ensure that appropriate and adequate remedial actions are taken by management.
 - review any appraisal or assessment of the performance of the Internal Audit Department.
 - review report issued by the Internal Audit Department and the coordination of audit approach between the External and Internal Auditors.
 - approve any appointment or termination of the Head of Internal Audit, inform itself of resignations and/or provide an opportunity to submit his/her reason for resignation.

Board Audit Committee Report (cont'd)

- (j) To consider any related party transaction entered into by the Company and the Group and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of Management's integrity.
- (k) To consider major finding of internal investigations and Management's response.
- (l) To review Management's monitoring of compliance with the Group's Standard of Business Conduct.
- (m) To review with the Group's counsel, any legal matter that could have a significant impact on the Group's financial statements.
- (n) To review the findings of any examination by regulatory authorities.
- (o) Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities, the Committee must promptly report such matters to the Bursa Securities.
- (p) To consider other topics as defined by the Board.

SUMMARY OF ACTIVITIES OF THE COMMITTEE

For the financial year ended 31 January 2010, five (5) BAC Meetings were held. The following is the record of attendance of the Committee Members:

Name of Director	Total
Datuk Khalid bin Abdul Karim	5/5
Encik Muthanna bin Abdullah	5/5
Ms Gee Siew Yoong	2/2*

(* Appointed on 25 August 2009)

Ms Gee Siew Yoong ("Ms Gee") an Independent, Non-Executive Director was appointed as an additional member of the Committee on 25 August 2009. The appointment of Ms Gee ensures a more effective Committee for the Company due to her invaluable regulatory, industry and financial experience and skills relevant to the direction of the Group.

During the year under review, the Committee held meetings to review:

- Internal Audit reports which highlighted Internal Audit observations and recommendations relating to the operations of the Company and its subsidiaries. Where necessary, the Committee has instructed management to take corrective actions to address the weaknesses raised in the said reports.
- The Audited Financial Statements of SRB Group for financial year ended 31 January 2009.
- The quarterly and year end financial statements before submission to the Board and announcement to Bursa Securities.
- The Audit Planning Memorandum with the External Auditors covering the nature and scope of audit planned for the financial year under review.

The Head of Internal Audit Department of SRB reports directly to the Committee. During the financial year under review, audit reports in the following areas were submitted for the Committee's review. Specifically the reports covered the following areas:

- Sapura Smart School's Facilities Management.
- Sapura@Mines Facilities Management.

Apart from reviewing the Internal Audit reports, the Committee also issued directives from time to time on internal control matters to highlight various common weaknesses within the Group with a view to overcome the said weaknesses.

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT DEPARTMENT FOR THE FINANCIAL YEAR

The Internal Audit Department conducted independent reviews of Group's operational activities to evaluate the adequacy and effectiveness of controls encompassing the Group's governance, operations and information systems. These include:

- Reliability and integrity of financial information.
- Effectiveness and efficiency of operations.
- Safeguarding of assets.
- Compliance with statutory requirements, established procedures, guidelines and contracts.

Internal Audit also established follow-up audit reviews to monitor and ensure that audit recommendations and suggestions for improvement have been effectively implemented.

The audit report and Management's responses are circulated to SRB's Managing Director, relevant Heads of Department and subsequently tabled at the BAC Meeting.

The effectiveness of the audit activities and resource requirement for the year are discussed by the Committee to ensure adequacy of the audit coverage of major risk area of the Group.

BAC Report made in accordance with the resolution of the Board of Directors dated 17 May 2010.

STATEMENT ON INTERNAL CONTROL

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RESPONSIBILITY

The Board acknowledges its responsibility for the Group's system of internal control and for reviewing its adequacy and integrity. While acknowledging their responsibility for the system of internal control, the Directors are aware that such a system is designed to manage rather than eliminate risks and therefore cannot provide an absolute assurance against material misstatement or loss.

The Group's system of internal control does not apply to its associate companies as the Board does not have full management and control over them. The Group's interests are served through representations on the boards of the respective associated companies and receipt and review of management accounts, and enquiries thereon. These representations also provide the Board with information and timely decision-making on the continuity of the Group's investments based on the performance of the associated companies.

ASSURANCE MECHANISM

The Board has assigned the Board Audit Committee (BAC) with the duty of reviewing and monitoring the effectiveness of the Group's system of internal control. The BAC reviews the Internal Audit Department's work, which adopts a risk-based approach in identifying areas of priority and which is carried out in accordance with the audit plan. The External Auditors form an opinion on the financial statements of the Group based on their annual statutory audit. Further, any improvement identified during the course of the statutory audit by External Auditors are brought to the attention of the BAC through management letters or are articulated at the BAC meetings.

Minutes and/or matters arising from the BAC meetings are brought to the attention of the Board. The Report of the BAC is set out on pages 42 to 45 of the Annual Report.

SYSTEM OF INTERNAL CONTROLS

The other key elements of the Group's internal control systems are as follows:

- There is in place an organisation structure, which clearly defines the lines of responsibility and delegation of authority which ensure quick response to changes affecting the business operations of the Group. Major capital expenditure, acquisition and disposal of investment interests are approved by the Board before being carried out.
- Limits of authority which determines the approving authorities and authority limits for various transactions.
- There is a strategic planning, annual budgeting and target-setting process, which includes forecasts for each area of business with, detailed reviews at all levels of operations. The Board reviews and approves the annual budget.
- There is a management reporting system whereby management accounts are prepared and reviewed on a monthly basis. Performance and results are monitored on a monthly basis. All major variances and critical operational issues are being followed up with actions taken thereon.
- Documented internal policies and procedures are set out in several manuals and are implemented throughout the Group. These documents are subject to regular review and improvement.
- The Managing Director and his management team meet on a regular basis to consider the Group's performance, business development, operational, management, corporate issues and risk management matters.

ADDITIONAL COMPLIANCE INFORMATION

Pursuant to Paragraph 9.25 of the Listing Requirements of Bursa Malaysia

1. Recurrent Related Party Transactions of a Revenue or Trading Nature

The Company had on 15 July 2009, obtained a shareholders' mandate for the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature which are in the ordinary course of business in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements). The details of the Recurrent Related Party Transactions during the financial year ended 31 January 2010 pursuant to the shareholders' mandate are set out below:

Party within Sapura Resources Berhad (SRB) Group involved in transaction	Related Transacting Parties	Nature of transaction	Related Parties	Relationship	Value of transactions RM
Sapura Auto Sdn. Bhd. (Sapura Auto)	<p>Sapura Industrial Berhad (SIB) Group</p> <p>Sapura Technology Berhad (STB) Group</p> <p>SapuraCrest Petroleum Berhad (SapuraCrest) Group</p> <p>Sapura Holdings Sdn. Bhd. (SHSB) and its other non-listed group of companies</p> <p>The Family of Tan Sri Dato' Seri Ir. Shamsuddin and persons connected to them as defined in the Listing Requirements</p> <p>Directors of Sapura Auto, SRB, SHSB and persons connected to them *</p>	Sale of automotive products and provision of related after sales services	<p><u>Interested Directors/Major Shareholders</u></p> <p>SHSB</p> <p>The Family of Tan Sri Dato' Seri Ir. Shamsuddin</p>	<p>SHSB is a major shareholder and the holding company of SRB and SIB. STB is a wholly-owned subsidiary of SHSB and its relevant wholly-owned subsidiaries namely, Sapura Capital Sdn. Bhd. and Indera Permai Sdn. Bhd. SHSB is a major shareholder of SapuraCrest through its direct and indirect holdings in STB.</p> <p>Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir is a Director of SHSB, SRB, STB and SIB.</p> <p>Datuk Shahril bin Shamsuddin and Shahrman bin Shamsuddin are Directors and major shareholders of SHSB, SRB, STB, SIB, SapuraCrest and Sapura Auto. In addition, Shahrman bin Shamsuddin is a Director of Sapura Auto.</p>	830,637

Note:

* Sapura Auto may also enter into transactions with the other Directors of Sapura Auto, SRB and SHSB (and persons connected to them) for the sale of automotive products and provision of related after sales services.

Section 122A of the Act defines persons connected to a director as a member of the director's family, a body corporate associated with the director, a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which that director or a member of his family is a beneficiary or a partner of that director or a partner of a person connected with that director.

Additional Compliance Information (cont'd)

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2. Material Contracts

Neither the Company nor any of its subsidiaries had entered into any material contracts involving directors and/or major shareholders' interests, either still subsisting at the end of the financial year, or which were entered into since the end of the previous financial year.

3. Material Contracts Related to Loan

During the financial year under review, there was no material contracts related to loans entered into by the Company and/or its subsidiaries involving directors and/or substantial shareholders' interests.

4. Share Buy -Back

There was no share buy-back exercise undertaken by the Company during the financial year under review.

5. American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

The Company did not sponsor any ADR or GDR programme during the financial year under review.

6. Option, Warrants and Convertible Securities

There were no exercise of options, warrants and convertible securities during the financial year under review.

7. Non -Audit Fees

Apart from the annual audit fees payable to the External Auditors, the Group and Company had incurred non-audit fees amounted to RM58,000 and RM45,000 respectively during the current financial year (2009: RM37,000 and RM6,000).

8. Profit Estimation, Forecast or Projection

There were no profit estimation, forecast or projection made or released by the Company during the financial year under review.

9. Profit Guarantees

There were no profit guarantees given by the Company during the financial year under review.

10. Revaluation Policy of Landed Properties

There was no revaluation of landed properties undertaken by the Company or any of its subsidiaries during the financial year under review.

11. Imposition of Sanctions and /or Penalties

There were no sanctions and/or penalties imposed on the Company and/or its subsidiaries, Directors or Management arising from any significant breach of rules/guidelines/ legislations.

12. Variation in Results

There was no variation in results (differing by 10% or more) from any profit estimation/forecast/projection/unaudited results announced.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

Pursuant to Paragraph 15.26(a) of the Listing Requirements of Bursa Malaysia Securities Berhad

The Directors are required by law to prepare financial statements for each financial year in accordance with the applicable approved accounting standards in Malaysia and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and the cash flow of the Group and of the Company for the financial year.

In preparing the financial statements of the Group and of the Company, the Directors have adopted appropriate accounting policies and applied them consistently and prudently. The Directors have also ensured that those applicable accounting standards have been followed and confirmed that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company and which enable them to ensure that the financial statements are in compliance with the provisions of the Companies Act, 1965.

The Directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



agile

We will constantly look for new business opportunities and capitalise on these opportunities quickly so that we can become an agile player that stays ahead of the forces of change and competition.



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DIRECTORS' REPORT

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The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2010.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and property investment.

The principal activities of the subsidiaries are described in Note 14 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group	Company
	RM'000	RM'000
Profit/(loss) for the year	6,041	(6,746)
Attributable to:		
Equity holders of the Company	6,041	(6,746)
Minority interests	—	—
	6,041	(6,746)

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir

Datuk Shahril bin Shamsuddin

Datuk Khalid bin Abdul Karim

Shahriman bin Shamsuddin

Muthanna bin Abdullah

Tan Sri Datuk Amar (Dr.) Hamid bin Bugo

Dato' Fauziah binti Dato' Ismail

Gee Siew Yoong

(appointed on 25 August 2009)

(appointed on 25 August 2009)

(appointed on 25 August 2009)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Notes 5 and 6 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 31 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	At 1.2.2009	Acquired	Sold	At 31.1.2010
The Company				
Sapura Resources Berhad				
Direct interest:				
Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir	55,500	—	—	55,500
Datuk Shahril bin Shamsuddin	83,250	—	—	83,250
Shahriman bin Shamsuddin	83,250	—	—	83,250
Indirect interest:				
Datuk Shahril bin Shamsuddin	72,372,772	—	—	72,372,772
Shahriman bin Shamsuddin	72,372,772	—	—	72,372,772

DIRECTORS' REPORT

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DIRECTORS' INTERESTS (CONT'D)

Sapura Resources Berhad
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	Number of ordinary shares of RM1 each			
	At 1.2.2009	Acquired	Sold	At 31.1.2010
A fellow subsidiary				
Sapura Industrial Berhad				
Direct interest:				
Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir	1,661,250	—	—	1,661,250
Datuk Shahril bin Shamsuddin	1,426,875	—	—	1,426,875
Shahriman bin Shamsuddin	663,175	—	—	663,175
Indirect interest:				
Datuk Shahril bin Shamsuddin	32,420,391	—	—	32,420,391
Shahriman bin Shamsuddin	32,420,391	—	—	32,420,391
Holding company				
Sapura Holdings Sdn. Bhd.				
Direct interest:				
Datuk Shahril bin Shamsuddin	30,147,187	—	—	30,147,187
Shahriman bin Shamsuddin	30,147,187	—	—	30,147,187
Indirect interest:				
Datuk Shahril bin Shamsuddin	11,165,626	—	—	11,165,626
Shahriman bin Shamsuddin	11,165,626	—	—	11,165,626

Datuk Shahril bin Shamsuddin and Shahriman bin Shamsuddin by virtue of their interests in shares in the holding company are also deemed interested in shares of all the holding company's subsidiaries to the extent the holding company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (CONT'D)

- b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Subsequent event

Details of a subsequent event are disclosed in Note 34 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 17 May 2010.

Shahriman bin Shamsuddin

Datuk Khalid bin Abdul Karim

STATEMENT BY DIRECTORS

Pursuant to section 169(15) of the Companies Act, 1965

We, Shahrman bin Shamsuddin and Datuk Khalid bin Abdul Karim, being two of the directors of Sapura Resources Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 61 to 116 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2010 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 17 May 2010.

Shahrman bin Shamsuddin

Datuk Khalid bin Abdul Karim

STATUTORY DECLARATION

Pursuant to section 169(16) of the Companies Act, 1965

I, Zain Azrai bin Zainal Abidin, being the officer primarily responsible for the financial management of Sapura Resources Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 61 to 116 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Zain Azrai bin Zainal Abidin
at Kuala Lumpur in the Federal Territory
on 17 May 2010

Zain Azrai bin Zainal Abidin

Before me,

INDEPENDENT AUDITORS' REPORT

to the members of Sapura Resources Berhad

Report on the financial statements

We have audited the financial statements of Sapura Resources Berhad, which comprise the balance sheets as at 31 January 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 61 to 116.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2010 and of their financial performance and cash flows for the year then ended.

INDEPENDENT AUDITORS' REPORT

to the members of Sapura Industrial Berhad

060 Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
17 May 2010

Ismed Darwis Bahatlar
No. 2921/04/12(J)
Chartered Accountant

INCOME STATEMENTS

For the year ended 31 January 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	3	271,069	231,182	22,362	16,841
Operating expenses		(267,634)	(234,431)	(25,691)	(14,487)
Other income		13,446	13,571	3,541	3,641
Profit from operations	4	16,881	10,322	212	5,995
Finance costs	7	(6,661)	(9,140)	(5,337)	(6,637)
Share of result of associates		321	292	—	—
Profit/(loss) before tax		10,541	1,474	(5,125)	(642)
Taxation	8	(4,500)	(6,015)	(1,621)	(1,741)
Profit/(loss) for the year		6,041	(4,541)	(6,746)	(2,383)
Attributable to:					
Equity holders of the Company		6,041	(4,541)		
Minority interests		—	—		
		6,041	(4,541)		
Earnings/(loss) per share attributable to equity holders of the Company (sen)					
Basic/diluted	9	4.33	(3.25)		

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 January 2010

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	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Assets					
Non-current assets					
Property, plant and equipment	10	100,947	100,447	3,645	2,386
Investment properties	11	107,089	110,463	107,089	110,463
Prepaid land lease payments	12	84,965	86,386	41,036	41,867
Intangible assets	13	259	259	—	—
Investments in subsidiaries	14	—	—	58,000	65,000
Investments in associates	15	1,666	1,345	—	—
		294,926	298,900	209,770	219,716
Current assets					
Inventories	16	33,555	41,221	—	—
Amounts due from related parties	17	981	5,428	71,015	72,945
Trade and other receivables	18	18,018	14,345	1,397	516
Marketable securities	19	193	63	193	63
Cash and bank balances	20	19,026	9,026	6,597	1,355
		71,773	70,083	79,202	74,879
Total assets		366,699	368,983	288,972	294,595
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	26	139,600	139,600	139,600	139,600
Other reserves	27	4,883	4,883	3,402	3,402
Retained profit/(accumulated loss)		4,280	(1,761)	(2,392)	4,354
		148,763	142,722	140,610	147,356
Minority interests		—	—	—	—
Total equity		148,763	142,722	140,610	147,356

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Equity and liabilities (cont'd)					
Non-current liabilities					
Borrowings	21	90,329	96,921	80,958	85,524
Deferred tax liabilities	23	6,257	4,036	3,459	1,838
		96,586	100,957	84,417	87,362
Current liabilities					
Amounts due to related parties	24	668	1,603	42,459	23,795
Trade and other payables	25	70,306	61,862	17,553	14,977
Borrowings	21	50,376	61,417	3,933	21,105
Tax payable		—	422	—	—
		121,350	125,304	63,945	59,877
Total liabilities		217,936	226,261	148,362	147,239
Total equity and liabilities		366,699	368,983	288,972	294,595

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 January 2010

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	← Attributable to equity holders of the Company →					Total RM'000	Minority interests RM'000	Total equity RM'000
	← Non-Distributable →		← Distributable →					
	Share capital RM'000	Revaluation reserve RM'000	Capital reserve RM'000	General reserve RM'000	Retained profit/ (accumulated loss) RM'000			
At 1 February 2009	139,600	2,302	1,481	1,100	(1,761)	142,722	—	142,722
Profit for the year, being total recognised profit for the year	—	—	—	—	6,041	6,041	—	6,041
At 31 January 2010	139,600	2,302	1,481	1,100	4,280	148,763	—	148,763
At 1 February 2008	139,600	2,302	1,481	1,100	2,780	147,263	—	147,263
Loss for the year, being total recognised loss for the year	—	—	—	—	(4,541)	(4,541)	—	(4,541)
At 31 January 2009	139,600	2,302	1,481	1,100	(1,761)	142,722	—	142,722

The accompanying notes form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 January 2010

	Non-distributable		← Distributable →		Total equity RM'000
	Share capital RM'000	Revaluation reserve RM'000	General reserve RM'000	(Accumulated loss)/ retained profit RM'000	
At 1 February 2009	139,600	2,302	1,100	4,354	147,356
Loss for the year, being total recognised loss for the year	—	—	—	(6,746)	(6,746)
At 31 January 2010	139,600	2,302	1,100	(2,392)	140,610
At 1 February 2008	139,600	2,302	1,100	6,737	149,739
Loss for the year, being total recognised loss for the year	—	—	—	(2,383)	(2,383)
At 31 January 2009	139,600	2,302	1,100	4,354	147,356

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS

For the year ended 31 January 2010

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	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash flows from operating activities				
Profit/(loss) before tax	10,541	1,474	(5,125)	(642)
Adjustment for:				
Interest income	(40)	(54)	(2,633)	(2,787)
Dividend income	(5)	—	(5)	—
Finance costs	6,661	9,140	5,337	6,637
(Reversal of)/impairment loss on:				
Marketable securities	(130)	62	(130)	62
Intellectual property right	—	49	—	—
Goodwill	—	2,389	—	—
Investments in subsidiaries	—	—	7,000	—
Loss/(gain) on disposal of property, plant and equipment	284	(148)	284	(3)
Property, plant and equipment written off	—	34	—	—
Amortisation of prepaid land lease payments	1,421	1,421	831	833
Depreciation of investment properties	3,374	3,371	3,374	3,371
Depreciation of property, plant and equipment	6,243	5,505	683	581
Write down of inventories	2,371	2,518	—	—
Write back of provision for doubtful debts	(913)	(1,006)	(309)	(709)
Provision for doubtful debts	2,539	—	—	—
Share of result of associates	(321)	(292)	—	—
Operating profit before working capital changes	32,025	24,463	9,307	7,343
Decrease/(increase) in inventories	5,295	(20,314)	—	—
(Increase)/decrease in receivables	(5,217)	4,111	(736)	899
Increase in payables	8,444	15,418	2,576	258
Net changes in related parties balances	3,932	1,379	20,758	5,070
Cash generated from operations	44,479	25,057	31,905	13,570
Taxes paid	(3,203)	(2,693)	—	—
Net cash generated from operating activities	41,276	22,364	31,905	13,570

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(6,768)	(7,736)	(2,626)	838
Prepaid land lease payments	—	(2,475)	—	—
Proceeds from disposal of property, plant and equipment	461	778	400	3
Interest received	40	54	2,633	2,787
Dividend received	5	—	5	—
Net cash (used in)/generated from investing activities	(6,262)	(9,379)	412	1,952
Cash flows from financing activities				
Net repayment of term loans	(3,428)	(2,184)	(1,000)	(801)
Net repayment of hire purchase and finance lease liabilities	(1,016)	(300)	(738)	(77)
Net (repayment)/drawdown of other short term borrowings	(13,056)	9,690	(20,000)	—
Interest paid	(6,661)	(9,140)	(5,337)	(6,637)
Net cash used in financing activities	(24,161)	(1,934)	(27,075)	(7,515)
Net increase in cash and cash equivalents	10,853	11,051	5,242	8,007
Cash and cash equivalents at beginning of year	8,173	(2,878)	1,355	(6,652)
Cash and cash equivalents at end of year (Note 20)	19,026	8,173	6,597	1,355

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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Sapura Resources Berhad
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1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office of the Company is located at Sapura @ Mines, No. 7, Jalan Tasik, The Mines Resort City, 43300, Seri Kembangan, Selangor Darul Ehsan.

The holding company is Sapura Holdings Sdn. Bhd., a company incorporated in Malaysia.

The principal activities of the Company are investment holding and property investment. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 17 May 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net proceeds and their carrying amounts is included in income statement.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(a) Subsidiaries and basis of consolidation (cont'd)

(ii) Basis of consolidation (cont'd)

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statement.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net result of the associate is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's result in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in income statement.

NOTES TO THE FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(c) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

(d) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Work in progress are also not depreciated as these assets are not available for use. Depreciation of buildings constructed on leasehold land is provided for on a straight-line basis to write off the cost of the asset to its residual value over the shorter of the estimated useful life of 50 years or the respective remaining lease periods of the leasehold land.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2.0% - 33.33%
Office equipment, furniture and fittings	10% - 25%
Motor vehicles	20%
Renovation	15%

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(d) Property, plant and equipment and depreciation (cont'd)

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in income statement.

(e) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both.

The Group treats its investment properties in accordance with MASB Approved Accounting Standard IAS 16: Property, Plant and Equipment which allows the Group to continue to state its investment properties at valuation less accumulated depreciation and impairment, although the properties have not been revalued since they were revalued in 1982.

Depreciation of investment properties constructed on leasehold land is provided for on a straight-line basis to write off the cost of the asset to its residual value over the shorter of the estimated useful life of 50 years or the respective remaining lease periods of the leasehold land.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in income statement in the year in which they arise.

(f) Impairment of non-financial assets

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2010

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(f) Impairment of non-financial assets (cont'd)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(g) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method. Cost of inventories include cost of purchases and incidentals in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(h) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank and deposits at call which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Other non-current investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(h) Financial instruments (cont'd)

(iii) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in income statement.

(iv) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debt based on a review of all outstanding amounts as at the balance sheet date.

(v) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(vi) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vii) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in income statement on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(i) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

NOTES TO THE FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(i) Leases (cont'd)

(ii) Finance leases - the group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(d).

(iii) Operating leases - the group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. In the case of the lease of lands, the minimum lease payments of the up-front payments representing the prepaid lease payments are amortised on a straight-line basis over the lease term.

The Group had previously revalued its leasehold land and has retained the unamortised revalued amount as the surrogate cost of prepaid lease payments in accordance with the transitional provisions in FRS 117.

(iv) Operating leases - the group as lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(j) Borrowing Costs

All borrowing costs are recognised in income statement in the period in which they are incurred.

(k) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(k) Income Tax (cont'd)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised as income or an expense and included in the income statement for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(l) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(m) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund.

(n) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RM, which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2010

076 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

(ii) Foreign currency transactions (cont'd)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in income statement for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

(o) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (cont'd)

- (o) **Revenue recognition (cont'd)**
- (ii) **Tuition and education fees**
Tuition fees are recognised on an accrual basis whereas non-refundable registration and enrolment fees are recognised when chargeable.
 - (iii) **Revenue from services**
Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.
 - (iv) **Rental income**
Rental income from investment property is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees, if any, is recognised as a reduction of rental income over the lease term on a straight-line basis.
 - (v) **Interest income**
Interest income is recognised on an accrual basis using the effective interest method.
 - (vi) **Dividend income**
Dividend income is recognised when the Group's right to receive payment is established.
 - (vii) **Management fees**
Management fees are recognised when services are rendered.

2.3 Standards and Interpretation issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Group and the Company, which are:

Effective for financial periods beginning on or after 1 July 2009

FRS 8 - Operating Segments

Effective for financial periods beginning on or after 1 January 2010

FRS 4 - Insurance Contracts

FRS 7 - Financial Instruments: Disclosures

FRS 101 - Presentation of Financial Statements (revised)

FRS 123 - Borrowing Costs

FRS 139 - Financial Instruments: Recognition and Measurement

Amendments to FRS 1 - First-time Adoption of Financial Reporting Standards and FRS 127:

Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2 - Share-based Payment – Vesting Conditions and Cancellations

Amendments to FRS 132 - Financial Instruments: Presentation

Amendments to FRS 139 - Financial Instruments: Recognition and Measurement, FRS 7:

Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives

Amendments to FRSs 'Improvements to FRSs (2009)'

IC Interpretation 9 - Reassessment of Embedded Derivatives

NOTES TO THE FINANCIAL STATEMENTS

31 January 2010

078 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards and Interpretation issued but not yet effective (cont'd)

Effective for financial periods beginning on or after 1 January 2010 (cont'd)

IC Interpretation 10 - Interim Financial Reporting and Impairment
IC Interpretation 11 - FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13 - Customer Loyalty Programmes
IC Interpretation 14 - FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TR i - 3 Presentation of Financial Statements of Islamic Financial Institutions

Effective for financial periods beginning on or after 1 July 2010

FRS 1 - First-time Adoption of Financial Reporting Standards
FRS 3 - Business Combinations (revised)
FRS 127 - Consolidated and Separate Financial Statements (amended)
Amendments to FRS 2 - Share-based Payment
Amendments to FRS 5 - Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138 - Intangible Assets
Amendments to IC Interpretation 9 - Reassessment of Embedded Derivatives
IC Interpretation 12 - Service Concession Arrangements
IC Interpretation 15 - Agreements for the Construction of Real Estate
IC Interpretation 16 - Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17 - Distributions of Non-cash Assets to Owners

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application:

FRS 3: Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended)

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages.

These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

FRS 8: Operating Segment

FRS 8 replaces FRS 114²⁰⁰⁴: Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards and Interpretation issued but not yet effective (cont'd)

FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

FRS 123: Borrowing Costs

This Standard supersedes FRS 123₂₀₀₄: Borrowing Costs that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. In accordance with the transitional provisions of the Standard, the Group will apply the change in accounting policy prospectively for which the commencement date for capitalisation of borrowing cost on qualifying assets is on or after the financial period 1 January 2010.

FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments:

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

Amendments to FRSS 'Improvements to FRSS (2009)'

- FRS 8 Operating Segments: Clarifies that segment information with respect to total asset is required only if they are included in measures of segment profit or loss that are used by the 'chief operating decision maker'.
- FRS 101 Presentation of Financial Statements: Clarifies that financial instruments classified as held for trading in accordance with FRS139 Financial Instruments: Recognition and Measurement are not automatically presented as current in the balance sheet. The amendment further clarifies that the classification of the liability component of a convertible instrument as current or non-current is not affected by the terms that could, at the option of the holder, result in settlement of the liability by the issue of equity instruments.
- FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Clarifies that only implementation guidance that is an integral part of an FRS is mandatory when selecting accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

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080 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 STANDARDS AND INTERPRETATION ISSUED BUT NOT YET EFFECTIVE (CONT'D)

Amendments to FRSs 'Improvements to FRSs (2009)' (cont'd)

- FRS 116 Property, Plant and Equipment: The amendment replaces the term "net selling price" with "fair value less costs to sell". It also clarifies that items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.
- FRS 117 Leases: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.
- FRS 118 Revenue: The amendment provides additional guidance on whether an entity is acting as a principal or an agent. It also aligns the definition of costs incurred in originating a financial asset that should be deferred and recognised as an adjustment to the effective interest by replacing the term 'direct costs' with 'transaction costs' as defined in FRS 139.
- FRS 119 Employee Benefits: The amendment revises the definition of 'past service costs', 'return on plan assets' and 'short term' and 'other long-term' employee benefits. It clarifies that the costs of administering the plan may be either recognised in the rate of return on plan assets or included in the actuarial assumptions used to measure the defined benefit obligation. The amendment further clarifies that amendment to plans that result in a reduction in benefits related to future services are curtailments. It also deleted the reference to the recognition of contingent liabilities to ensure consistency with FRS 137 Provisions, Contingent Liabilities and Contingent Assets.
- FRS 123 Borrowing Costs: The definition of borrowing costs is aligned with FRS 139 by referring to the use of effective interest rate as a component of borrowing cost.
- FRS 127 Consolidated and Separate Financial Statements: The amendment clarifies that when a parent entity accounts for a subsidiary at fair value in accordance with FRS 139 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.
- FRS 140 Investment Property: Property under construction or development for future use as an investment property is classified as investment property. Where the fair value model is applied, such property is measured at fair value. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. The Group has previously accounted for such assets using the cost model. The amendment also includes changes in terminology in the Standard to be consistent with FRS 108. The change will be applied prospectively.

2.4 Significant accounting policies

(a) Critical judgements made in applying accounting policies

In the process of preparing the financial statements, there were no significant judgements made in applying the accounting policies of the Company which may have significant effects on the amounts recognised in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant accounting estimates and judgements (cont'd)

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of goodwill and intellectual property right

The Group determines whether goodwill and intellectual property right are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the CGU to which the intangible assets are allocated. Further details are disclosed in Note 13.

(ii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses, capital allowances and other deductible temporary differences of the Group and of the Company were RM24,592,000 (2009: RM30,480,000) and RM8,852,000 (2009: RM15,832,000) respectively. The unrecognised tax losses, capital allowances and other deductible temporary differences of the Group were RM46,524,000 (2009: RM32,265,000).

(iii) Impairment of investments in subsidiaries

The management determines whether the carrying amounts of its investments are impaired at balance sheet date. This involves measuring the recoverable amounts which includes fair value less costs to sell and valuation techniques. Valuation techniques include amongst others, discounted cash flows analysis and in some cases, based on current market indicators and estimates that provide reasonable approximations to the detailed computation.

In performing discounted cash flow analysis, the discount rates and growth rates used reflect, amongst others, the maturity of the business development cycle as well as the industry growth potential. The discount rates used are pre-tax and reflect specific risks relating to the respective business. The growth rates used to forecast the projected cash flows for the following financial year approximate the performances of the respective investments based on the latest available management accounts.

Based on the opinion of the directors, adequate impairment loss has been recognised in the income statement and the management's assessments have provided reasonable assumptions that other than the amount of impairment loss recognised in the income statement, the carrying amount of other investments at the balance sheet date are not impaired.

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3. REVENUE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sale of goods	178,643	162,212	—	—
Management fees	—	—	5,821	2,889
Tuition and education fees	75,781	54,681	—	—
Rental income from investment properties	16,541	13,952	16,541	13,952
Rendering of services	104	337	—	—
	271,069	231,182	22,362	16,841

4. PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting):

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Purchases	165,918	174,314	—	—
Changes in inventories	7,649	(18,044)	—	—
Employee benefits expense (Note 5)	37,767	29,350	5,673	4,313
Non-executive directors' remuneration (Note 6)	231	219	231	219
(Reversal of)/impairment loss on:				
Intellectual property right	—	49	—	—
Goodwill	—	2,389	—	—
Marketable securities	(130)	62	(130)	62
Investments in subsidiaries	—	—	7,000	—
Loss/(gain) on disposal of property, plant and equipment	284	(148)	284	(3)
Property, plant and equipment written off	—	34	—	—
Auditors' remuneration:				
- Statutory audit	113	108	37	32
- Other services	58	37	45	6
Amortisation of prepaid land lease payments (Note 12)	1,421	1,421	831	833
Depreciation of investment properties	3,374	3,371	3,374	3,371
Depreciation of property, plant and equipment	6,243	5,505	683	581
Write down of inventories	2,371	2,518	—	—
Write back of provision for doubtful debts				
- Trade and other receivables	(493)	(19)	(145)	—
- Due from related parties	(420)	(987)	(164)	(709)
Provision for doubtful debts				
- Trade and other receivables	2,539	—	—	—
Bad debts recovered				
- Due from related parties	400	—	400	—
Rental of premises	5,432	3,793	12	23
Rental of equipment	141	216	3	1

4. PROFIT FROM OPERATIONS (CONT'D)

Profit from operations is stated after charging/(crediting) (cont'd):

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Corporate service fee payable to holding company	924	689	165	137
Advertising and marketing expenses	5,870	4,639	408	151
Maintenance and cleaning expenses	3,403	4,228	770	849
Utilities	4,807	4,461	2,508	2,300
Students related expenses:				
Student recruitment costs	3,135	3,963	—	—
Student medical insurance	1,009	655	—	—
Student functions	436	305	—	—
Course materials	304	253	—	—
Others	415	371	—	—
Royalty and technical fees	3,121	2,010	—	—
Interest income:				
Related parties	—	—	(2,633)	(2,787)
Financial institutions	(40)	(54)	—	—
Dividend income	(5)	—	(5)	—
Incentive income (Note a)	(5,865)	(6,110)	—	—
Rental receivable from operating leases, other than those relating to investment properties	(1,899)	(2,147)	—	—

(a) Incentive income consists of volume target rebates and other form of incentives in relation to the Group's premium automotive business.

5. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Wages and salaries	23,506	19,701	2,795	2,295
Social security contributions	237	194	16	14
Contributions to defined contribution plan	2,976	2,572	382	327
Other benefits	11,048	6,883	2,480	1,677
	37,767	29,350	5,673	4,313

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,545,000 (2009: RM2,318,000) and RM1,035,000 (2009: RM881,000) respectively as disclosed in Note 6.

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6. DIRECTORS' REMUNERATION

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Directors of the Company				
Executive:				
Fees	25	25	25	25
Salaries and other emoluments	1,010	856	1,010	856
	1,035	881	1,035	881
Non-Executive:				
Fees	203	196	203	196
Other emoluments	28	23	28	23
Benefits-in-kind	28	28	28	28
	259	247	259	247
	1,294	1,128	1,294	1,128
Directors of subsidiaries				
Executive:				
Salaries and other emoluments	1,510	1,437	—	—
	2,804	2,565	1,294	1,128
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration, excluding benefits-in-kind (Note 5)	2,545	2,318	1,035	881
Total non-executive directors' remuneration, excluding benefits-in-kind (Note 4)	231	219	231	219
Total directors' remuneration excluding benefits-in-kind	2,776	2,537	1,266	1,100

6. DIRECTORS' REMUNERATION (CONT'D)

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2010	2009
Executive:		
RM850,001 - RM1,050,000	1	1
Non-executive:		
Below RM50,000	6	5
RM50,001 - RM100,000	1	1

7. FINANCE COSTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest expense on:				
Term loans	4,291	5,462	3,677	4,691
Overdrafts	6	125	1	109
Revolving credits	1,155	2,187	325	1,020
Floor stocking	828	904	—	—
Hire purchase and finance lease liabilities	88	82	22	25
Related parties advances	—	—	1,312	792
Others	293	380	—	—
	6,661	9,140	5,337	6,637

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8. TAXATION

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	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysian income tax:				
Current year	4,243	2,802	—	—
(Over)/underprovision in prior years	(1,964)	251	—	—
	2,279	3,053	—	—
Deferred tax (Note 23):				
Relating to origination and reversal of temporary differences	2,277	2,578	1,749	1,061
Relating to changes in tax rates	—	(58)	—	(31)
(Over)/underprovision in prior years	(56)	442	(128)	711
	2,221	2,962	1,621	1,741
	4,500	6,015	1,621	1,741

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2010 RM'000	2009 RM'000
Group		
Profit before tax	10,541	1,474
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	2,635	369
Effect of changes in tax rates on opening balance of deferred tax	—	(58)
Effect of income not subject to tax	(1,251)	—
Effect of expenses not deductible for tax purposes	1,651	2,136
Effect of share of result of associates	(80)	(73)
Deferred tax assets not recognised during the year	3,565	2,948
(Over)/underprovision of income tax in prior years	(1,964)	251
(Over)/underprovision of deferred tax in prior years	(56)	442
	4,500	6,015

8. TAXATION (CONT'D)

	2010 RM'000	2009 RM'000
Company		
Loss before tax	(5,125)	(642)
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	(1,281)	(161)
Effect of changes in tax rates on opening balance of deferred tax	—	(31)
Effect of expenses not deductible for tax purposes	3,030	1,222
(Over)/underprovision of deferred tax in prior years	(128)	711
	1,621	1,741

9. EARNINGS/(LOSS) PER SHARE**(a) Basic:**

Basic earnings/(loss) per share amounts are calculated by dividing profit/(loss) for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2010 RM'000	2009 RM'000
Profit/(loss) attributable to ordinary equity holders of the Company	6,041	(4,541)
Weighted average number of ordinary shares in issue	139,600	139,600
Basic earnings/(loss) per share (sen)	4.33	(3.25)

(b) Diluted:

The Group does not have any potential dilutive ordinary shares. Accordingly, the diluted earnings/(loss) per share is not presented.

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10. PROPERTY, PLANT AND EQUIPMENT

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	Freehold land	Buildings	Office equipment, renovation furniture and fittings	Motor vehicles	Work in progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
At 31 January 2010						
Cost						
At 1 February 2009	11,963	74,909	42,219	2,433	8,354	139,878
Additions	—	176	6,663	649	—	7,488
Transfer to buildings	—	8,354	—	—	(8,354)	—
Disposals	—	—	(103)	(988)	—	(1,091)
At 31 January 2010	11,963	83,439	48,779	2,094	—	146,275
Accumulated depreciation						
At 1 February 2009	—	8,535	29,493	1,403	—	39,431
Charge for the year	—	2,300	3,667	276	—	6,243
Disposals	—	—	(82)	(264)	—	(346)
At 31 January 2010	—	10,835	33,078	1,415	—	45,328
Net carrying amount	11,963	72,604	15,701	679	—	100,947
At 31 January 2009						
Cost						
At 1 February 2008	11,963	73,449	37,163	1,252	8,354	132,181
Additions	—	1,460	6,060	311	—	7,831
Disposals	—	—	(964)	—	—	(964)
Written off	—	—	(40)	—	—	(40)
Transfer from inventory	—	—	—	870	—	870
At 31 January 2009	11,963	74,909	42,219	2,433	8,354	139,878

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land	Buildings	Office equipment, renovation furniture and fittings	Motor vehicles	Work in progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group (cont'd)						
Accumulated depreciation						
At 1 February 2008	—	6,387	26,715	1,164	—	34,266
Charge for the year	—	2,148	3,118	239	—	5,505
Disposals	—	—	(334)	—	—	(334)
Written off	—	—	(6)	—	—	(6)
At 31 January 2009	—	8,535	29,493	1,403	—	39,431
Net carrying amount	11,963	66,374	12,726	1,030	8,354	100,447

	Office equipment, renovation furniture and fittings	Motor vehicles	Total
	RM'000	RM'000	RM'000
Company			
At 31 January 2010			
Cost			
At 1 February 2009	12,950	1,015	13,965
Additions	2,626	—	2,626
Disposals	—	(933)	(933)
At 31 January 2010	15,576	82	15,658
Accumulated depreciation			
At 1 February 2009	11,359	220	11,579
Charge for the year	572	111	683
Disposals	—	(249)	(249)
At 31 January 2010	11,931	82	12,013
Net carrying amount	3,645	—	3,645

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090 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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	Office equipment, renovation furniture and fittings	Motor vehicles	Total
	RM'000	RM'000	RM'000
Company (cont'd)			
At 31 January 2009			
Cost			
At 1 February 2008	12,233	82	12,315
Additions	720	933	1,653
Disposals	(3)	—	(3)
At 31 January 2009	12,950	1,015	13,965
Accumulated depreciation			
At 1 February 2008	10,921	80	11,001
Charge for the year	441	140	581
Disposals	(3)	—	(3)
At 31 January 2009	11,359	220	11,579
Net carrying amount	1,591	795	2,386

- (a) During the financial year, the Group acquired property, plant and equipment at aggregate costs of RM7,488,000 (2009: RM7,831,000) of which RM182,673 (2009: RM95,000) were acquired by means of hire purchase and finance lease arrangements.

During the financial year, the Company acquired property, plant and equipment at aggregate costs of RM2,626,000 (2009: RM1,653,000) of which RM815,000 in the previous year were acquired by means of hire purchase and finance lease arrangements.

The net carrying amounts of motor vehicles held under hire purchase and finance lease arrangements of the Group is RM162,574 (2009: RM928,000). The net carrying amounts of motor vehicles held under hire purchase and finance lease arrangements of the Company in the previous year was RM793,000.

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 21) are as follows:

	Group	
	2010 RM'000	2009 RM'000
Freehold land	11,963	11,963
Buildings	72,604	66,374
Building-in-progress	—	8,354
	84,567	86,691

(c) Included in property, plant and equipment of the Group and of the Company are the following cost of fully depreciated assets which are still in use:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Office equipment, renovation, furniture and fittings	23,005	22,282	10,864	9,066
Motor vehicles	1,135	1,135	82	82

11. INVESTMENT PROPERTIES

	Group/Company	
	2010 RM'000	2009 RM'000
Cost		
At beginning/end of year	138,966	138,966
Accumulated depreciation		
At beginning of year	28,503	25,132
Charge for the year	3,374	3,371
At end of year	31,877	28,503
Net carrying amount	107,089	110,463

Investment properties comprise commercial property leased to related parties and third parties (Note 28(b)).

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11. INVESTMENT PROPERTIES (CONT'D)

The fair values of investment properties, which have been determined by an independent valuer, are as follows:

	Group/Company	
	2010 RM'000	2009 RM'000
Fair value of investment properties	145,059	121,138

12. PREPAID LAND LEASE PAYMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At beginning of year	86,386	85,332	41,867	42,700
Addition	—	2,475	—	—
Amortisation	(1,421)	(1,421)	(831)	(833)
At end of year	84,965	86,386	41,036	41,867
Analysed as:				
Long term leasehold land	78,558	79,539	38,949	39,450
Short term leasehold land	6,407	6,847	2,087	2,417
	84,965	86,386	41,036	41,867

Two parcels of leasehold land of the Group with an aggregate carrying value of RM43,929,000 (2009: RM44,519,000) are pledged as securities for borrowings (Note 21).

13. INTANGIBLE ASSETS

	Intellectual property right	Goodwill	Total
	RM'000	RM'000	RM'000
Group			
Cost			
At 1 February 2008/31 January 2009/ 31 January 2010	49	2,648	2,697
Accumulated impairment			
At 1 February 2008	—	—	—
Impairment loss	49	2,389	2,438
At 31 January 2009/31 January 2010	49	2,389	2,438
Net carrying amount			
At 31 January 2009/31 January 2010	—	259	259

(i) Intellectual property right

Intellectual property right relates to the Group's technology development asset at Inter-Flex Assets Sdn Bhd.

The intellectual property right has been fully impaired in the previous financial year.

(ii) Goodwill

The cost of goodwill, which has been allocated to the Group's CGUs identified according to the business segments is as follows:

	Group	
	2010 RM'000	2009 RM'000
Premium Automotive	2,389	2,389
Education	259	259
	2,648	2,648

The recoverable amount of CGU for the Automotive segment is determined based on fair value less cost to sell (determined by management based on best information available on recoverable amount of the CGU).

The carrying amount of CGU for the Education segment is determined based on value-in-use calculations using cash flow projections based on financial budgets estimated by management covering a five-year period, with cash flows beyond the five-year period extrapolated based on growth in the number of students.

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13. INTANGIBLE ASSETS

(ii) Goodwill (cont'd)

The key assumptions used for value-in-use calculations are:

(a) Growth rate

The growth rate used is based on estimated number of students enrolled in the Education segment, taking into account historical trends.

(b) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the Education segment.

(c) Sensitivity to changes in assumptions

With regard to the assessment of value-in-use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGU to materially exceed its recoverable amounts.

14. INVESTMENTS IN SUBSIDIARIES

	Group	
	2010 RM'000	2009 RM'000
Unquoted shares in Malaysia, at cost	65,000	65,000
Less: Accumulated impairment loss	(7,000)	—
Unquoted shares in Malaysia, at cost	58,000	65,000

Details of subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of Subsidiaries	Principal Activities	Group's effective interest	
		2010 %	2009 %

Held by the Company

APIIT Sdn Bhd	Provision of information technology related educational courses.	100	100
Asia Pacific UCTI Sdn Bhd	Provision of higher educational courses.	100	100
Sapura Auto Sdn Bhd	Sale and service of premium automobiles.	100	100
Uniphone Properties Sdn Bhd	Dormant.	100	100
SRB Ventures Sdn Bhd	Dormant.	100	100

14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of subsidiaries, all of which are incorporated in Malaysia, are as follows: (cont'd)

Name of Subsidiaries	Principal Activities	Group's effective interest	
		2010 %	2009 %
Held by APIIT Sdn Bhd			
Sapura Smart School Sdn Bhd (formerly known as APIIT Smart School Sdn Bhd)	Provision of smart teaching and learning curriculum.	100	100
Nova Embun Sdn Bhd	Dormant.	100	100
Held by Asia Pacific UCTI Sdn Bhd			
Inter-Flex Assets Sdn Bhd	Develop and market technology products.	51	51
Kudos Asia Pacific Sdn Bhd	Provision of consultancy services and development and marketing of interactive/multimedia solutions.	51	51

15. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unquoted shares at cost:				
In Malaysia	12,000	12,000	12,000	12,000
Outside Malaysia	7,783	7,783	—	—
	19,783	19,783	12,000	12,000
Share of post-acquisition reserves	(9,398)	(9,719)	—	—
	10,385	10,064	12,000	12,000
Less: Accumulated impairment losses	(8,719)	(8,719)	(12,000)	(12,000)
	1,666	1,345	—	—

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15. INVESTMENTS IN ASSOCIATES (CONT'D)

Details of the associates are as follows:

Name of Associates	Country of incorporation	Principal Activities	Group's effective interest	
			2010 %	2009 %
Tenaga Cable Industries Sdn. Bhd. *	Malaysia	Manufacture and distribution of telephone, power and general cables, aluminium wires, aluminium rods and related activities.	24.00	24.00
City Asia Pacific Institute of Information Technology Pakistan (Private) Limited *	Pakistan	Dormant.	41.17	41.17
Asia Pacific Information Management Services (Private) Limited *	Pakistan	Dormant.	31.10	31.10
Asia Pacific Institute of Information Technology Lanka (Private) Limited *	Sri Lanka	Provision of information technology related educational courses.	37.61	37.61

* Audited by firms other than Ernst & Young

The summarised financial information of the associates is as follows:

	2010 RM'000	2009 RM'000
Assets and liabilities		
Current assets	69,902	90,413
Non-current assets	45,517	45,305
Total assets	115,419	135,718
Current liabilities	47,518	72,961
Non-current liabilities	1,768	3,125
Total liabilities	49,286	76,086
Results		
Revenue	153,412	121,219
Profit/(loss) for the year	4,942	(5,211)

16. INVENTORIES

	Group	
	2010 RM'000	2009 RM'000
At cost		
Trading books	81	98
Vehicle parts and accessories	3,031	2,613
Trading vehicles	22,169	24,988
	25,281	27,699
At net realisable value		
Trading vehicles	8,274	13,522
	33,555	41,221

Trading vehicles with net carrying amounts of RM1,212,755 (2009: RM905,400) are held under hire purchase and finance lease arrangements.

17. AMOUNTS DUE FROM RELATED PARTIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Amounts due from:				
Holding company	75	75	—	—
Subsidiaries	—	—	70,741	68,347
Other related companies	1,038	5,949	787	5,325
Associates	186	192	—	—
	1,299	6,216	71,528	73,672
Less: Provision for doubtful debts	(318)	(788)	(513)	(727)
	981	5,428	71,015	72,945

Related companies refer to companies in the Sapura Holdings Sdn. Bhd. group of companies.

The amounts due from related parties are unsecured, non-interest bearing and are repayable on demand, except for an amount due from subsidiaries of RM52,696,000 (2009: RM53,612,929) which attract interest rates ranging from 4.10% to 6.05% (2009: 5.45% to 7.25%) per annum.

During the financial year, bad debts of the Group and of the Company amounting to RM50,000 (2009: Nil) were written off against provision for doubtful debts.

Further details on related party transactions are disclosed in Note 31.

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18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade receivables	16,579	13,564	1,120	660
Less: Provision for doubtful debts	(3,829)	(2,729)	(160)	(316)
Trade receivables, net	12,750	10,835	960	344
Other receivables				
Deposits	1,602	1,109	69	94
Prepayments	2,322	1,641	299	—
Sundry receivables	1,152	1,323	29	179
Tax recoverable	824	322	41	41
	5,900	4,395	438	314
Less: Provision for doubtful debts	(632)	(885)	(1)	(142)
Other receivables, net	5,268	3,510	437	172
	18,018	14,345	1,397	516

Trade receivables are non-interest bearing except for overdue balances in the property investments business which attract interest rate of 1.5% (2009: 1.5%) per annum.

The Group's normal trade credit term ranges from 30 to 90 days (2009: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. Overdue balances are reviewed regularly by senior management.

During the financial year, bad debts of the Group and of the Company amounting to RM1,199,000 (2009: Nil) and RM152,000 (2009: Nil) were written off against provision for doubtful debts.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

19. MARKETABLE SECURITIES

	Group/Company	
	2010 RM'000	2009 RM'000
Shares quoted in Malaysia at cost	212	212
Less: Accumulated impairment losses	(19)	(149)
	193	63
Market value of quoted shares	193	63

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash on hand and at banks	12,026	9,026	6,597	1,355
Deposits with licensed banks	7,000	—	—	—
Cash and bank balances	19,026	9,026	6,597	1,355
Less: Bank overdrafts (Note 21)	—	(853)	—	—
Cash and cash equivalents	19,026	8,173	6,597	1,355

The weighted average effective interest rate and average maturity of deposits of the Group at the balance sheet date were 1% and 1 day respectively.

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21. BORROWINGS

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	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Short term borrowings				
Secured:				
Term loans	6,315	3,427	3,933	1,000
Floor stocking	24,127	17,131	—	—
Hire purchase payables (Note 22)	281	301	—	105
	30,723	20,859	3,933	1,105
Unsecured:				
Bank overdrafts	—	853	—	—
Revolving credits	17,528	37,650	—	20,000
Bankers acceptances	2,125	2,055	—	—
	19,653	40,558	—	20,000
	50,376	61,417	3,933	21,105
Long term borrowings				
Secured:				
Term loans	89,149	95,465	80,958	84,891
Hire purchase payables (Note 22)	1,180	1,456	—	633
	90,329	96,921	80,958	85,524
Total Borrowings				
Bank overdrafts (Note 20)	—	853	—	—
Revolving credits	17,528	37,650	—	20,000
Floor stocking	24,127	17,131	—	—
Bankers acceptances	2,125	2,055	—	—
Term loans	95,464	98,892	84,891	85,891
Hire purchase payables	1,461	1,757	—	738
	140,705	158,338	84,891	106,629

21. BORROWINGS (CONT'D)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Maturity of borrowings (excluding hire purchase payables):				
Within 1 year	50,095	61,116	3,933	21,000
More than 1 year and less than 2 years	14,495	6,315	12,667	3,933
More than 2 years and less than 5 years	72,109	59,448	68,291	55,075
More than 5 years	2,545	29,702	—	25,883
	139,244	156,581	84,891	105,891

The weighted average effective interest rates per annum at balance sheet date for the borrowings, excluding hire purchase and finance lease payables, were as follows:

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Bank overdrafts	—	7.05	—	6.75
Revolving credits	4.02	5.08	3.54	4.88
Bankers' acceptances	3.81	5.15	—	—
Floor stocking	6.25	6.75	—	—
Term loans	4.21	5.43	4.10	5.45

The term loans are secured by the following:

- (i) a first party fixed legal charge over 2 parcels of long leasehold land of the Group as disclosed in Note 12 and a parcel of freehold land, buildings and building-in-progress of the Group as disclosed in Note 10(b);
- (ii) a third party deed of assignment by a subsidiary, APIIT Sdn. Bhd. ("APIIT") of all its rights, title and interest in and under a Sub-Lease Agreement in relation to APIIT's Technology Park Campus; and
- (iii) a corporate guarantee from APIIT.

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	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Future minimum lease payments:				
Not later than 1 year	351	373	—	135
Later than 1 year and not later than 2 years	351	373	—	135
Later than 2 years and not later than 5 years	919	909	—	404
Later than 5 years	23	329	—	168
Total minimum future lease payments	1,644	1,984	—	842
Less: Future finance charges	(183)	(227)	—	(104)
Present value of finance lease liabilities	1,461	1,757	—	738
Analysis of present value of finance lease liabilities:				
Not later than 1 year	281	301	—	105
Later than 1 year and not later than 2 years	298	316	—	110
Later than 2 years and not later than 5 years	859	819	—	359
Later than 5 years	23	321	—	164
	1,461	1,757	—	738
Less: Amount due within 12 months (Note 21)	(281)	(301)	—	(105)
Amount due after 12 months (Note 21)	1,180	1,456	—	633

The Group and the Company have hire purchase contracts for certain trading vehicles (Note 16) and motor vehicles (Note 10). These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the Group and the Company by entering into these leases and no arrangements have been entered into for contingent rental payments.

Other information of financial risks of hire purchase and finance lease liabilities are disclosed in Note 32.

23. DEFERRED TAX

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At the beginning of year	4,036	1,074	1,838	97
Recognised in the income statement (Note 8)	2,221	2,962	1,621	1,741
At the end of year	6,257	4,036	3,459	1,838
Presented after appropriate offsetting as follows:				
Deferred tax assets	—	—	—	—
Deferred tax liabilities	6,257	4,036	3,459	1,838
	6,257	4,036	3,459	1,838

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Tax losses and unabsorbed capital allowance	Trade and other receivables	Other payables	Total
	RM'000	RM'000	RM'000	RM'000
At 1 February 2008	(7,904)	(165)	(2,161)	(10,230)
Recognised in the income statement	2,867	(7)	(250)	2,610
At 31 January 2009	(5,037)	(172)	(2,411)	(7,620)
Recognised in the income statement	1,487	110	(125)	1,472
At 31 January 2010	(3,550)	(62)	(2,536)	(6,148)

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23. DEFERRED TAX (CONT'D)

Deferred tax liabilities of the Group:

	Accelerated capital allowance
	RM'000
At 1 February 2008	11,304
Recognised in the income statement	352
At 31 January 2009	11,656
Recognised in the income statement	749
At 31 January 2010	12,405

Deferred tax assets of the Company:

	Tax losses and unabsorbed capital allowance	Trade receivables	Total
	RM'000	RM'000	RM'000
At 1 February 2008	(5,898)	(59)	(5,957)
Recognised in the income statement	2,000	(1)	1,999
At 31 January 2009	(3,898)	(60)	(3,958)
Recognised in the income statement	1,745	—	1,745
At 31 January 2010	(2,153)	(60)	(2,213)

Deferred tax liabilities of the Company:

	Accelerated capital allowance
	RM'000
At 1 February 2008	6,054
Recognised in the income statement	(258)
At 31 January 2009	5,796
Recognised in the income statement	(124)
At 31 January 2010	5,672

23. DEFERRED TAX (CONT'D)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2010 RM'000	2009 RM'000
Unused tax losses	36,840	26,951
Unabsorbed capital allowances	5,400	3,720
Others	4,284	1,594
	46,524	32,265

The unused tax losses and unabsorbed capital allowances of the Group are available for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Deferred tax assets have not been recognised in respect of the above items due to history of losses of the subsidiaries and it is not probable that future taxable profits will be available against which they may be utilised.

24. AMOUNTS DUE TO RELATED PARTIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Amounts due to:				
Holding company	291	659	284	653
Subsidiaries	—	—	42,175	23,042
Related companies	136	703	—	100
Associates	241	241	—	—
	668	1,603	42,459	23,795

Related companies refer to companies in the Sapura Holdings Sdn. Bhd. group of companies.

The amounts due to related parties are unsecured, non-interest bearing and are repayable on demand, except for an amount due to a subsidiary of RM42,911,440 (2009: RM22,911,440) which attract interest rate ranging from 2.80% to 3.60% (2009: 2.80% to 6.75%) per annum.

Further details on related party transactions are disclosed in Note 31.

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25. TRADE AND OTHER PAYABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade payables	5,072	10,338	—	—
Other payables				
Deposits	10,249	7,396	3,844	3,038
Accruals	6,096	3,092	—	—
Sundry payables	25,774	25,544	13,709	11,939
Deferred income	23,115	15,492	—	—
	65,234	51,524	17,553	14,977
	70,306	61,862	17,553	14,977

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 days (2009: 30 to 60 days).

26. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2010 '000	2009 '000	2010 RM'000	2009 RM'000
Authorised	250,000	250,000	250,000	250,000
Issued and fully paid	139,600	139,600	139,600	139,600

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

27. OTHER RESERVES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-distributable:				
Revaluation reserve	2,302	2,302	2,302	2,302
Capital reserve	1,481	1,481	—	—
	3,783	3,783	2,302	2,302
Distributable:				
General reserve	1,100	1,100	1,100	1,100
	4,883	4,883	3,402	3,402

The nature and purpose of each category of reserve are as follows:

(a) Revaluation reserve

This reserve includes the cumulative net change in fair value of leasehold land and building above their cost.

(b) Capital reserve

This reserve represents the Group's share of the share premium of the associates.

(c) General reserve

This reserve represents the Company's appropriation of profits in prior years.

28. OPERATING LEASE ARRANGEMENTS**(a) The Group as lessee**

The Group has entered into non-cancellable operating lease agreements for the use of buildings and students' quarters. These leases have an average life of between 1 and 2 years with renewal but no purchase option included in the contracts. The Group is required to give, on an average, a 3-month notice for the termination of these leases.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	Group	
	2010 RM'000	2009 RM'000
Future minimum lease payables:		
Not later than 1 year	3,592	1,493
Later than 1 year and not later than 5 years	1,660	507
	5,252	2,000

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28. OPERATING LEASE ARRANGEMENTS (CONT'D)

(b) The Group as Lessor

The Group has entered into non-cancellable operating lease agreements on its investment property portfolio. These leases have remaining non-cancellable lease terms of between 1 and 2 years.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as receivables, are as follows:

	Group/Company	
	2010 RM'000	2009 RM'000
Future minimum lease receivables:		
Not later than 1 year	10,303	6,966
Later than 1 year and not later than 5 years	8,367	3,669
	18,670	10,635

29. CAPITAL COMMITMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Capital expenditure				
Approved but not contracted for:				
Property, plant and equipment	5,232	6,717	1,150	903

30. CONTINGENT LIABILITIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unsecured:				
Guarantees given to third parties in respect of:				
- facilities granted to subsidiaries	1,095	1,095	115	115
- facilities granted to the Company	380	300	380	300
	1,475	1,395	495	415

30. CONTINGENT LIABILITIES (CONT'D)

In addition to the corporate guarantees given above, the Company is currently defending a claim filed by its contractors as described below:

- (a) On 9 April 2001, the Company was served with a writ of summons in respect of a claim by Bridgecon Engineering Sdn. Bhd. and Fujita Corporation (M) Sdn. Bhd. (collectively "BFJV") for sum payable in respect of the construction of Sapura@Mines building. BFJV filed an application for summary judgement on their claim. Judgement has been entered on 18 January 2010 in favour of BFJV for the sum of RM8 million, together with interest and costs. The Company is appealing to the Court of Appeal against the said judgement. An interim stay of execution of the judgement has been granted by the High Court. The application will be mentioned on 18 May 2010 in the High Court to fix a hearing date to review the stay of execution. No date has been fixed by the Court of Appeal, for the hearing of the appeal.

31. RELATED PARTY DISCLOSURES**(a) Significant related party transactions**

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Holding company				
Corporate service fee	924	689	165	137
Rental income	—	(146)	—	(146)
Services rendered	—	(46)	—	—
Subsidiaries				
Management fees	—	—	(5,821)	(2,889)
Interest expense	—	—	1,312	792
Interest income	—	—	(2,633)	(2,787)
Rental of motor vehicles	—	—	224	162
Transfer of motor vehicle	—	—	400	933
Related parties				
Sapura Crest Petroleum Berhad and its subsidiaries				
Rental income	(4,997)	(4,233)	(4,997)	(4,233)
Sales of goods	(397)	—	—	—
Sapura Industrial Berhad and its subsidiaries				
Rental income	(109)	(130)	(109)	(130)
Sales of goods	(464)	—	—	—
Services rendered	(7)	—	—	—
Sapura Technology Berhad and its subsidiaries				
Rental income	(2,829)	(1,726)	(2,829)	(1,726)
Services rendered	82	51	82	51

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31 January 2010

110 31. RELATED PARTY DISCLOSURES (CONT'S)

(a) Significant related party transactions (cont'd)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Related parties (cont'd)				
Sapura Research Sdn. Bhd. Rental income	—	(129)	—	(129)
Sapura Defence Sdn. Bhd. Rental income	—	(357)	—	(357)
Sapura Defence Sdn. Bhd. Sales and services rendered	—	(7)	—	—
Directors				
Directors of the Company				
Sales of goods	—	(2,832)	—	—
Services rendered	(31)	(34)	—	—
Director of a subsidiary				
Sales of goods	(400)	—	—	—

Information regarding outstanding balance arising from related party transactions as at 31 January 2010 are disclosed in Notes 17 and 24.

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed between parties.

(b) Compensation of key management personnel

The key management personnels during the year comprised mainly executive and non-executive directors of the Group and of the Company. Accordingly, certain comparative figures of the Group and of the Company have been reclassified to conform with current year presentation.

The executive and non-executive directors' remuneration is disclosed in Note 6.

32. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines approved by the Board and the Group's policy is not to engage in speculative transactions.

(b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing borrowings as the Group has no long term interest-bearing assets as at 31 January 2010. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Foreign exchange risk

The Group is exposed to transactional currency risk primarily through services provided that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States Dollar.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible instruments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises, committed funding from financial institutions and prudently balances its portfolio with some short term financing so as to achieve overall cost effectiveness.

(e) Credit risk

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

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31 January 2010

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32. FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximate their fair values due to the relatively short term maturity of these financial instruments, except for the following:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial liabilities				
At 31 January 2010:				
Term loans	95,464	93,435	84,891	83,160
Hire purchase payables	1,461	1,616	—	—
At 31 January 2009:				
Term loans	98,892	101,020	85,891	88,480
Hire purchase payables	1,757	1,830	738	757

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

- (i) Cash and Cash Equivalents, Receivables, Payables and Short Term Borrowings
The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.
- (ii) Marketable Securities
The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.
- (iii) Borrowings
The fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

33. SEGMENT INFORMATION

(a) Business segments

The Group is organised into three major business segments:

- (i) Property investments - rental of investment properties;
- (ii) Education - the provision of higher education information technology related courses, smart teaching and learning curriculum, provision of consultancy services and the development and marketing of interactive/multimedia solutions; and
- (iii) Premium Automotive - sales and after-sales services of BMW and MINI vehicles.

33. SEGMENT INFORMATION (CONT'D)**(b) Geographical segments**

The Group's three major business segments are managed and operated in Malaysia.

(c) Allocation basis

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Business Segments

	Investment holdings/ property investments	Education	Premium Automotive	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 January 2010					
Revenue - External sales	16,541	75,885	178,643	—	271,069
Results					
Segment results	(5,098)	18,944	(10,883)	7,257	10,220
Share of result of associates	—	321	—	—	321
Profit before tax					10,541
Taxation					(4,500)
Profit for the year					6,041
Assets					
Segment assets	288,975	212,844	67,550	(205,160)	364,209
Investments in associates	—	1,902	—	(236)	1,666
Unallocated assets					824
Total assets					366,699
Liabilities					
Segment liabilities	60,022	119,922	36,973	(145,943)	70,974
Unallocated liabilities					146,962
Total liabilities					217,936

NOTES TO THE FINANCIAL STATEMENTS

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33. SEGMENT INFORMATION (CONT'D)

Business Segments (cont'd)

	Investment holdings/ property investments	Education	Premium Automotive	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000

At 31 January 2010 (cont'd)

Other segment information

Capital expenditure	2,623	4,219	646	—	7,488
Depreciation	4,064	4,054	1,499	—	9,617
Amortisation	833	588	—	—	1,421
Impairment loss/(Reversal of impairment loss)	6,870	—	—	(7,000)	(130)
Write down of inventories	—	—	2,371	—	2,371

At 31 January 2009

Revenue - External sales	13,952	55,018	162,212	—	231,182
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Results

Segment results	(2,800)	12,553	(8,336)	(235)	1,182
Share of result of associates	—	292	—	—	292

Profit before tax

Taxation

Loss for the year

Assets

Segment assets	294,555	176,449	75,559	(179,247)	367,316
Investments in associates	—	1,902	—	(557)	1,345
Unallocated assets					322

Total assets

Liabilities

Segment liabilities	38,810	100,672	38,204	(114,222)	63,464
Unallocated liabilities					162,797

Total liabilities

33. SEGMENT INFORMATION (CONT'D)**Business Segments (cont'd)**

	Investment holdings/ property investments	Education	Premium Automotive	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000

At 31 January 2009 (cont'd)**Other segment information**

Capital expenditure	1,655	6,607	2,044	—	10,306
Depreciation	3,952	3,440	1,484	—	8,876
Amortisation	833	588	—	—	1,421
Write down of inventories	—	—	2,518	—	2,518
Impairment losses	—	111	2,389	—	2,500

34. SUBSEQUENT EVENT

On 10 May 2010, the Company announced that Sapura Auto Sdn. Bhd. ("SASB"), a wholly-owned subsidiary of the Company, had on 7 May 2010 entered into a conditional sale and purchase agreement ("SPA") with Sime Darby Motor Division Sdn. Bhd. ("SDMD") for the disposal of a piece of freehold land together with the automobile showroom constructed thereon ("Property") for a cash consideration of RM49,054,503 ("Disposal Consideration") (collectively referred to as "Proposed Disposal").

Pursuant to the SPA, the Disposal Consideration will be satisfied via a refundable deposit of RM4,905,450 which has been paid on 7 May 2010 and the balance of RM44,149,053 less necessary redemption sum of the Property and retention sum for any real property gains tax, on the date falling within 2 months after the date on which the last condition precedent to the SPA is fulfilled ("Completion Date").

The completion of the Proposed Disposal is conditional upon the fulfillment of the following conditions precedent as stipulated in the SPA:

- (i) SDMD obtaining necessary exemption or approval from relevant authorities;
- (ii) SDMD being satisfied at its own discretion that there are no material adverse findings on the condition of the Property, its acreage and any potential public plans and/or development proposals by any authority or regulatory body on the Property;
- (iii) SASB obtaining its shareholder's approval on the Proposed Disposal, and any other approvals thereon; and
- (iv) unless waived in writing by SASB, the earlier of either SASB disposing all its trading vehicles and related genuine parts and accessories ("Stock Assets") as at the date of the SPA or SASB and BMW Malaysia Sdn. Bhd. ("BMWM") entering into an agreement in writing for the acquisition by BMWM of the Stock Assets.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2010

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34. SUBSEQUENT EVENT (CONT'D)

In addition to the above conditions precedent, the other salient terms of the SPA are as follows:

- (i) In the event the transfer of the Property from SASB to SDMD or its nominee ("Transfer") cannot be effected for any reason not attributable to SASB and SDMD, either SASB or SDMD may terminate the SPA by giving written notice to the other party;
- (ii) In the event of compulsory acquisition of the Property under the Land Acquisition Act, 1960 before the Completion Date, SDMD shall be entitled to either terminate the SPA or proceed with the Proposal Disposal; and
- (iii) SASB shall deliver vacant possession of the Property to SDMD on the Completion Date.

The Proposed Disposal is expected to result in a gain on disposal of approximately RM22.98 million to the Group upon the Completion Date.

The completion of the Proposed Disposal is still pending as at the date of this report.

PARTICULARS OF PROPERTIES

As at 31 January 2010

Location	Description / Existing Use	Land Area (In Square Meter)	Lease Expiry Date	Approximate Age of Building (years)	Net Book Value RM'000
L.O. No. 10 Jalan Tandang Seksyen 28 46050 Petaling Jaya Selangor Darul Ehsan	Warehouse, office and store	41,848	20.06.2033	20-49	2,087
P.T. No. 10A Jalan Tandang Seksyen 28 46050 Petaling Jaya Selangor Darul Ehsan	Warehouse and store	8,089	03.01.2057	33	5,941
Lot 5, Jalan 219 Lebuhraya Persekutuan 46100 Petaling Jaya Selangor Darul Ehsan	Commercial Building	4,047	16.03.2068	28	2,605
No. 7 Jalan Tasik The Mines Resort City 43300 Seri Kembangan Selangor Darul Ehsan	Office Building	22,779	20.03.2091	11	137,492
Lot 6, Technology Park Malaysia 57000 Kuala Lumpur	College and Office Building	6,718	5.08.2029	10	22,310
Lot 33366, Jalan Padang Tembak Off Jalan Subang 47200 Subang Selangor Darul Ehsan	(i) Smart School	37,231	17.04.2093	4	51,846
	(ii) Vacant Land	93,482	17.04.2093	—	30,059
Lot 46, Seksyen 89A No. 362 Jalan Tun Razak 50400 Kuala Lumpur	Commercial Building	2,520	Freehold	3	24,276

ANALYSIS OF SHAREHOLDINGS

As at 1 June 2010

Authorised Share Capital	:	RM250,000,000
Issued and paid-up capital	:	139,600,000.
Class of shares each	:	Ordinary shares of RM1.00
Voting rights	:	One vote per ordinary share

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	54	0.71	1,437	0.00
100 to 1,000	3,185	42.04	3,114,541	2.23
1,001 to 10,000	3,587	47.34	13,840,300	9.91
10,001 to 100,000	647	8.54	20,117,350	14.41
100,001 to 6,979,999	103	1.36	32,672,100	23.40
6,980,000 & above	1	0.01	69,854,272	50.04
Total	7,577	100.00	139,600,000	100.00

Location of Shareholders	No. of Shareholders	%	No. of Shares	%
Malaysia	7,288	96.19	135,605,230	97.13
United Arab Emirates	1	0.01	4,000	0.00
Australia	1	0.01	4,000	0.00
Brunei	1	0.01	5,000	0.00
Germany	3	0.04	17,000	0.01
United Kingdom	3	0.04	9,000	0.01
Indonesia	3	0.04	30,500	0.02
India	2	0.03	6,000	0.01
Japan	1	0.01	24,000	0.02
Oman	1	0.01	2,000	0.00
Permanent resident of Malaysia	23	0.30	151,400	0.11
Singapore	83	1.10	1,317,770	0.95
Taiwan	3	0.04	16,000	0.01
Other Countries	164	2.17	2,408,100	1.73
Total	7,577	100.00	139,600,000	100.00

Classification of Shareholders	No. of Shareholders	%	No. of Shares	%
Individual	6,644	87.69	50,721,571	36.34
Companies	57	0.75	70,823,872	50.73
Government Agencies	3	0.04	104,000	0.07
Nominees	873	11.52	17,950,557	12.86
Total	7,577	100.00	139,600,000	100.00

DIRECTORS' SHAREHOLDINGS AS AT 1 JUNE 2010

Director	Direct Interest	%	Deemed Interest	%
Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir	55,500	0.04	—	—
Datuk Shahril bin Shamsuddin	83,250	0.06	72,372,772*	51.84
Shahriman bin Shamsuddin	83,250	0.06	72,372,772*	51.84
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	—	—	—	—
Datuk Khalid bin Abdul Karim	—	—	—	—
Dato' Fauziah binti Dato' Ismail	—	—	—	—
Muthanna bin Abdullah	—	—	—	—
Gee Siew Yoong	—	—	—	—

* Deemed interested by virtue of his direct and indirect interests in Sapura Holdings Sdn. Bhd. and its wholly-owned subsidiaries, namely Sapura Capital Sdn. Bhd. and Indera Permai Sdn. Bhd. (as the case may be) pursuant to Section 6A of the Companies' Act, 1965 ("the Act").

SUBSTANTIAL SHAREHOLDERS AS AT 1 JUNE 2010

Shareholder	Direct Interest	%	Deemed Interest	%
Sapura Holdings Sdn. Bhd.	71,244,272	51.03	1,128,500* ¹	0.81
Datuk Shahril bin Shamsuddin	83,250	0.06	72,372,772* ²	51.84
Shahriman bin Shamsuddin	83,250	0.06	72,372,772* ²	51.84

*¹ Deemed interested by virtue of the direct interests of Sapura Capital Sdn. Bhd. and Indera Permai Sdn. Bhd. in the Company pursuant to Section 6A of the Act.

*² Deemed interested by virtue of his direct and indirect interests in Sapura Holdings Sdn. Bhd. and its wholly-owned subsidiaries, namely Sapura Capital Sdn. Bhd. and Indera Permai Sdn. Bhd. (as the case may be) pursuant to Section 6A of the Act.

ANALYSIS OF SHAREHOLDINGS

As at 1 June 2010

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Sapura Resources Berhad
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THIRTY (30) LARGEST SHAREHOLDERS

Based on Record of Depositors as at 1 June 2010

No.	Name	No. of Shares	%
1	Sapura Holdings Sdn. Bhd.	69,854,272	50.04
2	Choot Ewe Hin	2,034,500	1.46
3	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Parmjit Singh A/L Meva Singh	1,977,200	1.42
4	ABB Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Sapura Holdings Sdn. Bhd.	1,390,000	1.00
5	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Parmjit Singh A/L Meva Singh	1,250,000	0.90
6	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Sapura Capital Sdn Bhd	1,098,500	0.79
7	Chua Kok Yong	900,000	0.64
8	Leong Hon Wah	900,000	0.64
9	CIMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Choo Kwang Wah	786,800	0.56
10	Yow Wang Yip	750,000	0.54
11	Shamsul Anuar bin Musa	726,100	0.52
12.	Lee Kim Seng	660,000	0.47
13.	CIMSEC Nominees (Tempatan) Sdn Bhd Wong Siew Chin	631,500	0.45
14.	Chow Soon Fong	544,200	0.39
15.	Lim Swee Ing	488,700	0.35
16.	Lam Pun Ying	480,000	0.34
17.	Yong Siew Yoon	480,000	0.34
18.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Parmjit Singh a/l Meva Singh	471,800	0.34
19.	Lai Siew Koon	450,600	0.32
20.	Saw Guat Ngoh	445,000	0.32

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)
Based on Record of Depositors as at 1 June 2010

No.	Name	No. of Shares Held	%
21.	Tan Yee Kong	442,000	0.32
22	Lim Chin Ming	410,000	0.29
23	Chan Wing Kit	405,000	0.29
24	JF APEX Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chow Heng Lan	385,000	0.28
25	Tan Chin Ping	380,000	0.27
26	Tan Kai Sum	375,000	0.27
27	Chua Kok Yong	370,000	0.27
28	Thong Yung Khan	345,000	0.25
29	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Kuee Hong	288,000	0.21
30	Peh Sew Chong	287,300	0.21

PROXY FORM



Sapura Resources Berhad (3136-D)

Total number of Proxy(ies) appointed
Proportion of shareholdings to be represented by
each proxy
Total number of shares held
CDS Account No.

Proxy 1	%	Proxy 2	%

I/We
(FULL NAME IN CAPITAL LETTERS)

of
(FULL ADDRESS)

being a Member of SAPURA RESOURCES BERHAD, do hereby appoint
(FULL NAME IN CAPITAL LETTERS)

of
(FULL ADDRESS)

or failing him/her,
(FULL NAME IN CAPITAL LETTERS)

of
(FULL ADDRESS)

or failing him, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the Fifty Third (53rd) Annual General Meeting of the Company to be held at Multi-Purpose Hall, Ground Floor, Sapura@Mines, No.7 Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan on Wednesday, 28 July 2010 at 11.00 am or at any adjournment thereof and to vote as indicated below:

Resolutions	No.	For	Against
Ordinary Business			
1. To lay the Audited Financial Statements together with the Directors' and Auditors' Report for the financial year ended 31 January 2010.	1		
2. To re-elect Datuk Shahril bin Shamsuddin who retires pursuant to Article 88 of the Articles of Association of the Company and being eligible, offers himself for re-election.	2		
3. To re-elect the following Directors who retire pursuant to Article 91 of the Articles of Association of the Company and being eligible, offer themselves for re-election:			
(a) Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	3		
(b) Dato' Fauziah binti Dato' Ismail	4		
(c) Gee Siew Yoong	5		
4. To consider and, if thought fit, to pass the following resolutions:			
(a) "That YBhg. Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir, a Director who retires in accordance with Section 129(6) of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."	6		
(b) "That YBhg. Datuk Khalid bin Abdul Karim, a Director who retires in accordance with Section 129 (6) of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."	7		
5. To re-appoint Messrs Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.	8		
Special Business			
6. To approve the Directors' fees for the financial year ended 31 January 2010.	9		
7. To authorise the Directors to allot and issue shares in the Company pursuant to Section 132D of the Companies Act, 1965.	10		

Please indicate with an "X" in the space above how you wish your vote to be cast. If no specific direction as to voting is given, the Proxy, will vote or abstain from voting at his/her discretion.

.....
Signature/Common Seal of Shareholder

Dated this day of 2010

NOTES:-

- A member of the Company who is entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a Power of Attorney or if such appointer is a corporation, either under its Common Seal or under the hand of an officer or an attorney duly appointed under a Power of Attorney.
- Where a member of the Company is an authorised nominee as defined in accordance with the provisions of the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member appoints two (2) proxies to attend and vote in the same meeting, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
- The instrument appointing the proxy must be deposited at the Company's Share Registrar, Symphony Share Registrars Sdn. Bhd., at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty eight (48) hours before the time appointed for the holding of the meeting or any adjournment thereof.

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Proxy Form

STAMP

Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan