



Sapura Resources Berhad (3136-D)

Sapura@Mines, No. 7 Jalan Tasik,

The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia

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www.sapura.com.my

Annual Report

2011

*Empowering
Potential*



RATIONALE

In pursuit of success and to ensure a sustainable future for our organisation, we strive to empower the potential of our talents, assets, technology and resources to always be at the forefront of the industry that we operate in.

The cover reflects the theme "Empowering Potential" by showcasing a montage of our people, assets and resources blended together to form an inspired portrait of our men at work.



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Proxy Form

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Fourth (54th) 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, 20 July 2011, 11.00 a.m. to transact the following businesses:

AGENDA

- (Please refer to Note 1)
1. To receive the Audited Financial Statements together with the Directors' and Auditors' reports for the financial year ended 31 January 2011.
 2. To re-elect the following Directors who retire pursuant to Article 88 of the Articles of Association of the Company and being eligible, offer themselves for re-election:
 - Shahrman bin Shamsuddin
 - Muthanna bin Abdullah
 3. To consider and, if thought fit, to pass the following resolutions:
 - (a) "THAT 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."
 - (b) "THAT 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."
 4. To approve the Directors' fees for the financial year ended 31 January 2011.
 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.

SPECIAL BUSINESS

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

6. **AUTHORITY FOR DIRECTORS TO ISSUE SHARES UNDER SECTION 132D OF THE COMPANIES ACT, 1965**
"THAT subject to the provisions of the Company's Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia), the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time and upon such terms and conditions and for such purpose as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as at the date of such issuance and that the Directors be and are also empowered to obtain all necessary approvals from the relevant authorities for the issuance and the listing of and quotation for the additional shares so issued on Bursa Malaysia and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."
7. 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

Eulis Rachmatiah binti Iskandar Sastrawidjaja (LS 8774)

Zain Azrai bin Zainal Abidin (MIA 20859)

Company Secretaries

Selangor Darul Ehsan
27 June 2011

Notes:

1. Audited Financial Statements

This agenda item is meant for discussion only as under the provision of Section 169(1) of the Companies Act, 1965, formal approval by members is not required to be obtained. Hence, the matter will not be put forward for voting.

2. 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.

3. Directors' Fees

The proposed Ordinary Resolution No. 5, if passed, will authorise the payment of Directors' fees for the financial year ended 31 January 2011 amounting to RM271,000.

4. Authority to Allot and Issue Shares

The proposed Ordinary Resolution No. 7, if passed, would, subject to the Main Market Listing Requirements of Bursa Malaysia, 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. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting (AGM) of the Company.

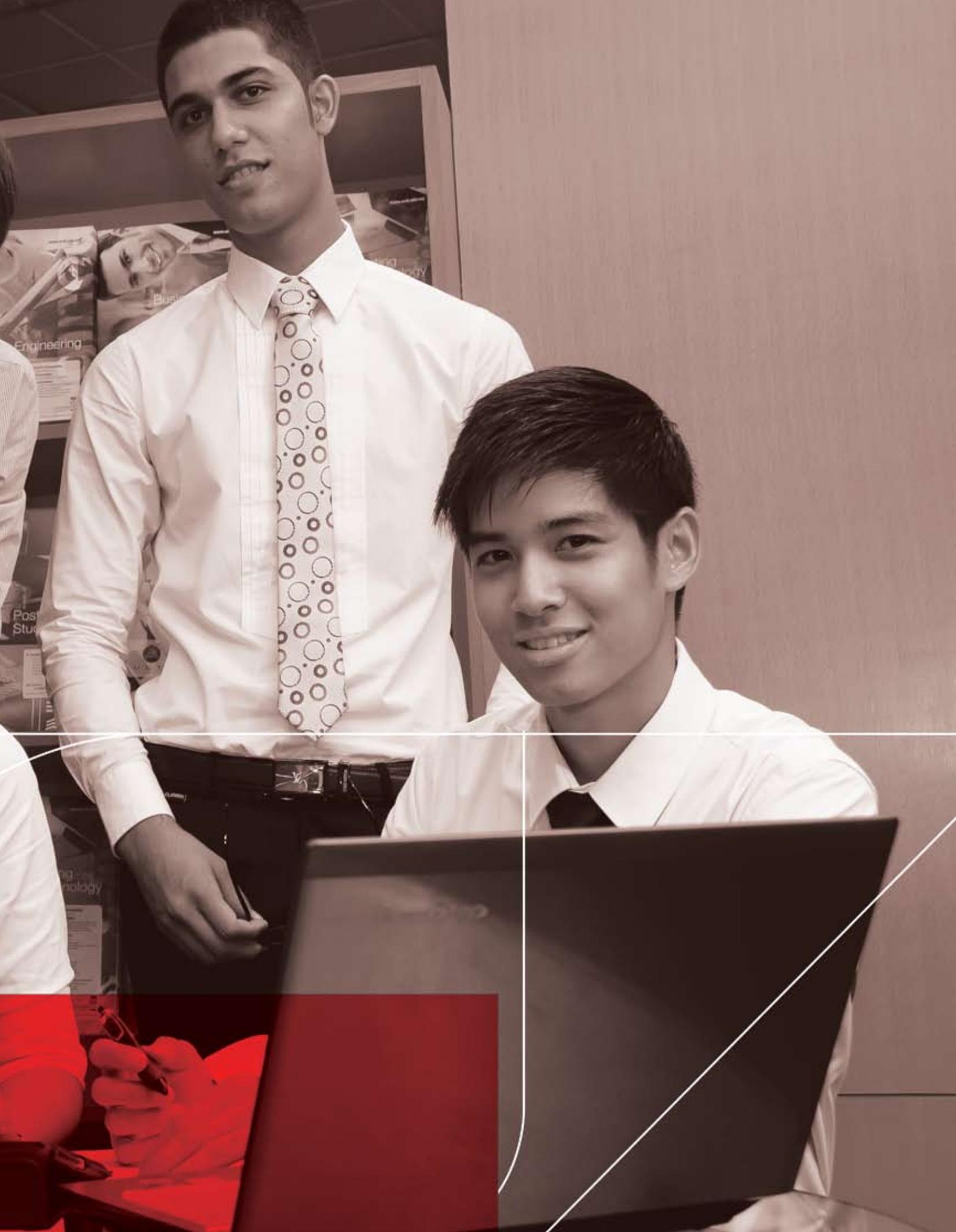
The Company is seeking the approval from shareholders on the renewal of the above mandate for the purpose of possible fund raising exercise(s) including but not limited to the further placement of shares to fund future investments, acquisitions and/or meet working capital requirements.

As at the date of this Notice, no new shares in the Company has been issued pursuant to the mandate granted to the Directors at the last AGM held on 28 July 2010 which will lapse at the conclusion of the forthcoming 54th AGM.



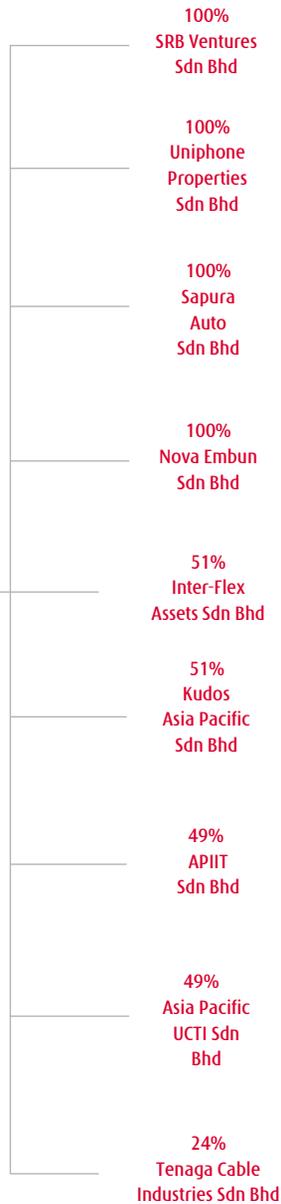
honourable

We will win the trust of our shareholders and customers by focusing on delivering value and ensuring that we manage the resources entrusted to us efficiently.



CORPORATE STRUCTURE

As at 31 May 2011





CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Encik Shahrman 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
Senior Independent Non-Executive Director

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

Encik Muthanna bin Abdullah
Independent Non-Executive Director

Ms Gee Siew Yoong
Independent Non-Executive Director

BOARD AUDIT COMMITTEE

Datuk Khalid bin Abdul Karim
Encik Muthanna bin Abdullah
Ms Gee Siew Yoong

BOARD NOMINATION AND REMUNERATION COMMITTEE

Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo
Datuk Khalid bin Abdul Karim
Encik Muthanna bin Abdullah

DIRECTOR IN CHARGE OF SHAREHOLDERS' COMMUNICATIONS

Datuk Khalid bin Abdul Karim
Senior Independent Non-Executive Director

Mail to:-

Sapura@Mines
No. 7 Jalan Tasik
The Mines Resort City
43300 Seri Kembangan
Selangor Darul Ehsan

COMPANY SECRETARIES

Eulis Rachmatiah binti Iskandar Sastrawidjaja (LS 8774)
Zain Azrai bin Zainal Abidin (MIA 20859)

PRINCIPAL SOLICITORS

Albar & Partners
Lee Hishammuddin Allen & Gledhill
Zul Rafique & Partners

REGISTERED OFFICE

Sapura@Mines
No. 7 Jalan Tasik
The Mines Resort City
43300 Seri Kembangan
Selangor Darul Ehsan
603-8949 7000
603-8949 7046

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
603-7495 8000
603-2095 9076/78

SHARE REGISTRAR

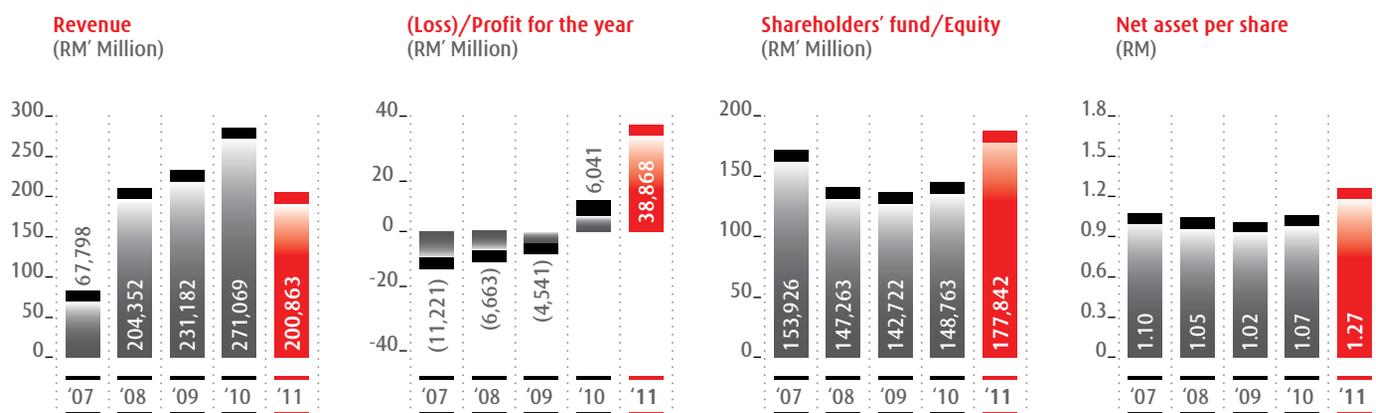
Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
603-7841 8000
603-7841 8151/52

STOCK EXCHANGE LISTING

Main Market,
Bursa Malaysia Securities Berhad

Stock Name : SAPRES
Stock Code : 4596

FINANCIAL HIGHLIGHTS



		31 January				
		2007	2008	2009	2010	2011
Revenue	(RM'000)	67,798	204,352	231,182	271,069	200,863
(Loss)/profit for the year	(RM'000)	(11,221)	(6,663)	(4,541)	6,041	38,868
(Loss)/profit attributable to Owners of the parent	(RM'000)	(11,172)	(6,663)	(4,541)	6,041	38,868
Shareholders' fund/Equity	(RM'000)	153,926	147,263	142,722	148,763	177,842
Basic/diluted EPS	(sen)	(8.00)	(4.77)	(3.25)	4.33	27.84
Net asset per share	(RM)	1.10	1.05	1.02	1.07	1.27
Number of ordinary shares at financial year end	('mil)	139,600	139,600	139,600	139,600	139,600



Panasonic

SAMSUNG



professional

We will set high standards of professional conduct in all our interactions and strive to exceed expectations through a commitment to quality and continuous improvement.



CHAIRMAN'S STATEMENT



Dear Shareholders,

It has often been said that change is the only constant in life. Nevertheless, when it comes to business, I personally believe that change is at times a necessity to move ahead. Without change, all we can accomplish is complacency and stagnation.

On this score, I am pleased to note that it is ingrained in the corporate mindset of Sapura Resources Berhad (SRB) to embrace change. We believe that we must be light on our feet to grow our business and unlock value for our shareholders. To achieve this, we have to be creative and resourceful in adapting to shifting operating landscapes while tapping opportunities that may arise. At the same time, we have to consistently review our status quo, strategically unleashing value that are present in our assets to power future growth while disengaging in activities that do not offer long-term prospects to the Group.

This very mindset was the reason behind the sale of Sapura Auto Sdn Bhd's Jalan Tun Razak property to Sime Darby Motor Division Sdn Bhd. We were able to successfully unlock the value of this gem of a property and effectively strengthen our balance sheet with the RM25 million net gain that resulted from the disposal. At the same time, the completion of the disposal at the end of 2010 also marked our exit from the competitive premium automotive sales and services segment. This divestment has allowed us to focus our attention on growing two other core businesses, namely property and education, both of which have indicated promising potential.

On a similar track, we took yet another bold step in 2010 with the divestment of our 51% stake in APIIT Sdn Bhd and Asia Pacific UCTI Sdn Bhd respectively to Ontime Sdn Bhd, a subsidiary of private equity investment firm Ekuinas Capital Sdn Bhd. This significant corporate exercise has effectively allowed us to realise the value of our education business, one which we have nurtured and built over the years to become a recognised participant in our nation's ever-expanding private higher education sector. This exercise also enabled us to gain a valuable strategic partner to take our education business to greater heights of success.

On this positive note and on behalf of the Board of Directors, it is my pleasure to present the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 January 2011.



FINANCIAL PERFORMANCE

Higher consumer confidence, a strengthening economy and increased investments, both foreign and local, formed the backdrop to our 2011 financial year.

Given this favourable operating landscape, the year under review saw the Group recording a 5% jump in revenue to RM17.5 million compared with a year ago. Taking into account the gain realised from our divestments in the automobile and education segments, the Group's profit after tax for the 12 months under review surged to RM38.9 million. This represents a significant increase of 543% compared with the profit after tax of RM6 million achieved last year.

Earnings per share attributable to owners of the company also saw a notable hike to 27.84 sen as at 31 January 2011, compared with the 4.33 sen recorded a year ago. Similarly, the Group's net assets per share rose to RM1.27 compared with the 1.07 registered last year.



As required by Financial Reporting Standard 5, Non-current Assets Held for Sale, the presentation of the income statement of the Group was separated into two parts, namely continuing operations and discontinuing operations.

The Group's continuing operations, which includes the property segment, benefited from positive trends during the year under review. The Government's focus on transforming the economy to boost investments has fuelled the continued vibrancy of our country's property sector. Taking advantage of this, specifically from ever-increasing rental rates, our property segment recorded a higher revenue of RM17.5 million during the year under review compared to a revenue of RM16.7 million recorded a year ago. Consequently, the segment's profit before tax increased to RM13.3 million in FY 2011, a significant jump from the loss before tax of RM5.1 million recorded in the previous financial year.

Reflecting the Group's confidence in its prospects and as a gesture of appreciation to its loyal shareholders, SRB announced a special dividend of 9.35 sen per ordinary share of RM1.00 each less tax on 24 January 2011. This payout amounted to RM9.8 million and was paid on 28 February 2011.

Results from SRB Group's education and automotive segments have been treated as results of discontinued operations. However, the Group continues to have a stake in the education sector via its remaining 49% equity interest in APIIT and UCTI. During the year under review, the segment was able to capitalise on the ever-increasing enrolment numbers at private higher education institutions in Malaysia, especially from international students.

According to the *Statistics of Higher Education in Malaysia 2010* published by the Malaysian Ministry of Higher Education, students enrolled in private higher education institutions rose from 484,377 in 2009 to 541,629 in 2010. The same report also indicated that international students enrolled in private higher education institutions increased to 62,705 in 2010 compared with 58,294 a year ago. This trend is expected to continue given the Government's commitment to make Malaysia a global education hub.

As a result of the rising enrolment numbers, the Group's education segment recorded a higher revenue of RM96.6 million during the year under review compared with the RM75.8 million achieved a year ago. Consequently, this segment realised a 39% jump in profit before tax to RM32.7 million in FY 2011 compared with the RM23.4 million registered in the previous financial year. The Group's discontinued premium automotive sales and services segment on the other hand, generated a profit before tax of RM10.4 million during the year under review. This was despite the segment achieving lower revenue of RM86.8 million compared with the RM178.6 million achieved in FY 2010.

DIVIDEND

Reflecting the Group's confidence in its prospects and as a gesture of appreciation to its loyal shareholders, SRB announced a special dividend of 9.35 sen per ordinary share of RM1.00 each less tax on 24 January 2011. This payout amounted to RM9.8 million and was paid on 28 February 2011.



HIGHER EDUCATION

SRB Group's Annual Report 2011 is themed *Empowering Potential*. This is very much in keeping with our passion and confidence in the future of the Malaysian education sector. As a corporate citizen, the SRB Group is well aware of the importance of human capital that is well-equipped and well-skilled to help drive the business forward. Hence, our education segment is premised on the aim of empowering potential not only in Malaysia but across the world.

Towards this end, the SRB Group has over the years invested a significant amount of time, effort and funds to ensure that UCTI and APIIT become institutions of higher learning that are of superior academic quality and standard, value for money, innovative and relevant to the needs of future human capital.

Our commitment towards developing UCTI and APIIT into world-class institutions was recognised when we received the prestigious Prime Minister's Industry Excellence Award 2010 from the Ministry of International Trade and Industry. We were the only recipient of this coveted Award, selected from a highly competitive field of 27 candidates across eight categories. In addition, we also received the Export Excellence Award (Services) for 2010 under the Education Services category when the results were announced in April 2011.

Our win came on the back of higher enrolment rates and greater support from international students. During the year under review, we recorded a 17% rise in enrolments. This was not only because of increasing enrolment rates across the sector, but also a reflection of the growing recognition of the UCTI and APIIT brands among students intending to further their studies.

Moreover, during the same period, international student enrolment jumped by 18.5% on an annualised basis to 4,740 students. We now have students of 82 different nationalities compared to FY 2010's 72 countries. This is testament to the fact that these international students see the value of studying in Malaysia and have selected our institutions as their educational destination of choice. On the same note, we believe that our appeal to international students is also a result of Malaysia being known as a peaceful multi-racial and multi-religious country. The ability to interact, communicate and work together with diverse nationalities is fast becoming a required asset for globally-aspirated talents.

Our position as award-winning institutions of higher learning can only be strengthened when our students are themselves award winners. In 2010, Team HDC (Home Dietary Consultants) from APIIT-UCTI emerged as Champions in Microsoft Malaysia's Imagine Cup 2010. Their creation called 'Project Apple', which ironically could have put them at a disadvantage in the eyes of the competition organiser due to its name, is an innovative dietary and nutrition planning system. It was selected tops from among a group of 29 finalists. In July 2010, Team HDC represented the country in the worldwide finals in Warsaw, Poland.



Moving Forward

The education sector in Malaysia is geared for phenomenal growth. Education has been squarely earmarked as one of the 12 National Key Economic Areas in the Government's Economic Transformation Programme.

It has been envisioned that this sector will contribute RM61 billion to the nation's gross national income by 2020 from the current RM27 billion. This is to be achieved by putting in place growth enablers to position Malaysia as a major education centre of choice and a pivotal hub in the global education network. Foreign student enrolment is also expected to triple to 200,000 by 2020.

UCTI and APIIT have firmly established their position as leaders in their class. Nevertheless, the way forward is fraught with many challenges. These include heightened competition as the education segment is open to a global field.

Hence, we made the decision to divest a controlling stake to a strategic partner. The value we have unlocked via the sale of our stake enables us to realise the investments we have made in growing these businesses. At the same time, the cash generated from the divestments will invariably strengthen the financial position of the Group, allowing us to identify and invest in opportunities that can further add long-term value to our shareholders.

At the same time, we are confident that the partnership with a major government-linked private equity fund will provide UCTI and APIIT with the access, reach and network to expand its presence significantly. And naturally, UCTI and APIIT will be among those spearheading the Government's effort to create a workforce that is befitting a high-income nation.

With the SRB Group's remaining 49% stake in both UCTI and APIIT, shareholders will have the opportunity to reap returns from a much larger and much more profitable education group.



On this score, we aim to undertake a number of strategic initiatives in order to grow within the education sector locally as well as internationally. On the national front, the Group expects to strengthen its relationship with secondary schools nationwide via programmes that include career talks and education fairs. As for the international front, the Group intends to expand its reach by opening up enrolment to new markets, specifically in Central Asia as well as the Middle East. The Group is also cognisant of the need for quality postgraduate options and intends to broaden the offerings at UCTI with new Masters and PhD programmes.

SMART SCHOOL

Sapura Smart School, a 100% subsidiary of APIIT Sdn Bhd, continues to strike a chord with parents who are in search of an innovative teaching-learning approach that will benefit their children.

Our Smart School has been developed based on five guiding principles, namely academic excellence, health and sports, civic mindedness, character building as well as language and communications. Just like our institutions of higher education, we aim to develop individuals from a holistic perspective, by providing them with the skill set and mindset required to succeed in a highly competitive and globalised landscape.

For the Smart School, enrolment rates correlate directly with the economic landscape. The strengthened economy during the year under review and higher consumer confidence played a role in seeing our enrolment increase by 19% to 1,142 students compared with FY2010's 962 students. We also took steps to promote Sapura Smart School by highlighting our achievements and unique selling proposition through targeted promotional campaigns.

In line with our focus on ensuring the holistic development of our students, we provided them greater access to co-curricular and extra co-curricular activities. We are highly aware of the importance of sports in cultivating well-rounded individuals, as such we also promoted participation and achievement in sporting activities during the year under review.



Moving Forward

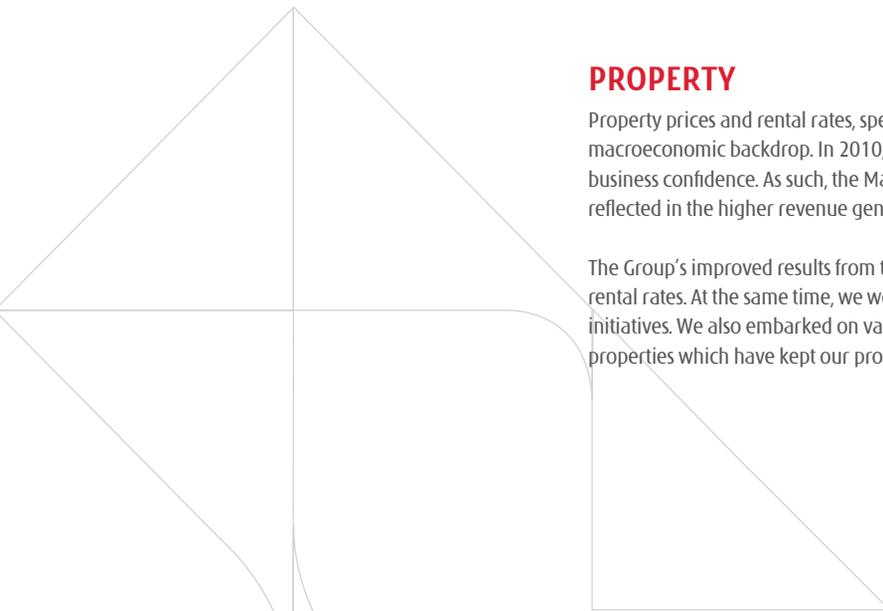
The push towards a high-income economy is expected to raise disposable income levels that in turn bode well for a niche and specialised education platform like the Sapura Smart School. As such, we aim to continue undertaking marketing efforts to position ourselves as the school of choice for private national education.

During the year under review, we made the decision to home in on the challenge that came when the Ministry of Education decided to revert to teaching Mathematics and Science in Bahasa Malaysia in July 2009. We realised that many parents enrol their children into private school in order for their children to better master the English language. As such, we formulated solutions to mitigate the effects of the Government's policy change.

PROPERTY

Property prices and rental rates, specifically in strategic locations in the Klang Valley, often mirror the macroeconomic backdrop. In 2010, the recovering economy was backed by strong fundamentals and robust business confidence. As such, the Malaysian property market continued to be on the uptrend. This in turn was reflected in the higher revenue generated by our property arm.

The Group's improved results from this segment were mainly due to higher yields as a result of improved rental rates. At the same time, we were able to grow organically by undertaking prudent cost optimisation initiatives. We also embarked on value enhancement activities such as upgrading the facilities at these properties which have kept our properties in good demand.



During the year under review, our 10-storey office building in Mines continued to see close to 100% occupancy rate, with 65% of the tenants being Sapura-related companies while 35% are external tenants. Similarly, our 12.4 acre warehouse in the heart of a well-established light industrial area in Petaling Jaya as well as our commercial building on Jalan 219 Petaling Jaya were 100% occupied by external tenants.

Moving Forward

As a result of our divestments in 2010, we are now in a good position to expand our property arm. We will firstly be looking to increase the net lettable area of our office building in Mines. The Group is also mooting the refurbishment and redevelopment of some of our commercial buildings.

At present we are also identifying suitable development options for our various landbanks. The Group intends to acquire and manage more properties in the foreseeable future. Nevertheless, we will be prudent in evaluating the opportunities to ensure that we are able to achieve sustainable and positive returns from our investments.

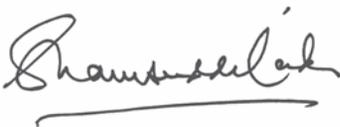
ACKNOWLEDGEMENTS

No company is an island unto itself. Our achievements have been the result of collective team work and commitment from all our stakeholders. On this score and on behalf of the Board of Directors, I would like to record our gratitude to the management and staff of the SRB Group. Your loyalty, dedication and unwavering focus towards excellence are the very fuel that continues to drive the Group forward.

Our progress over the year was also enabled by the continued support of our customers, business associates, relevant government officials and suppliers. We look forward to consistently adding long-term value to our relationship; this is critical in helping the Group grow and succeed.

Lastly, to our shareholders, we always value your continued commitment to the Group. The Board of Directors, management and employees of the SRB Group are single-minded in our goal to ensure that we will navigate the company forward in a way that will enhance value to our shareholders in a sustainable and profitable manner.

Thank you.



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



We will be 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.

resourceful



BOARD OF DIRECTORS



From left to right:

**TAN SRI DATO' SERI IR. SHAMSUDDIN
BIN ABDUL KADIR**
Chairman
Non-Independent Non-Executive

**SHAHRIMAN BIN
SHAMSUDDIN**
Managing Director

**DATUK KHALID BIN
ABDUL KARIM**
Senior Independent Non-Executive Director

**DATO' FAUZIAH BINTI
DATO' ISMAIL**
Independent Non-Executive Director



From left to right:

DATUK SHAHRIL BIN SHAMSUDDIN

Non-Independent Non-Executive Director

TAN SRI DATUK AMAR (DR.) HAMID BIN BUGO

Independent Non-Executive Director

MUTHANNA BIN ABDULLAH

Independent Non-Executive Director

GEE SIEW YOONG

Independent Non-Executive Director

DIRECTORS' PROFILE





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.M.A.R.E (UK)

Y Bhg Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir, a Malaysian, aged 79, is the Chairman and Founder of the Sapura Group, which he established in 1975. Well into its 36th 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 and Sapura Industrial 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, United Kingdom, after which he held various key positions in Telekom Malaysia (TM). 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 on 1 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. 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. He was also a recipient of the "Jewels of Muslim World" award conferred by OIC Today Magazine in collaboration with OIC International Business Centre, for his contributions in the development of the Malaysian and muslim world economy.

SHAHRIMAN BIN SHAMSUDDIN

(Managing Director)

Encik Shahrیمان bin Shamsuddin, aged 42, a Malaysian, is the Managing Director of Sapura Resources Berhad since 1 March 2007. Encik Shahrیمان manages a diversified group portfolio which encompasses education, investment holdings and property investment. He started his career in 1991 holding a number of key senior positions within Sapura Group.

Encik Shahrیمان was first appointed to the Board of Sapura Resources Berhad on 28 July 2005, holding a Non-Independent Non-Executive position. Currently, he is also a Director in SapuraCrest Petroleum Berhad, Sapura Technology Berhad, Sapura Industrial Berhad and Sapura Holdings Sdn. Bhd.

Encik Shahrیمان holds a Master of Science in Engineering Business Management from Warwick University and a Bachelor of Science in Industrial Technology from Purdue University, USA.

DATUK SHAHRIL BIN SHAMSUDDIN

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

Datuk Shahril bin Shamsuddin, aged 50, a Malaysian, is the President and Chief Executive Officer of Sapura Group which is involved in the oil & gas services, secured communications technologies, property development and management, industrial and automotive component manufacturing, and education.

Datuk Shahril joined the Sapura Group in 1985 and since then has taken on a number of senior positions within the Group, taking over the reign as President and CEO in 1997. He steered the Sapura Group during its restructuring of the financial and businesses portfolio, where he made several key decisions that involved the acquisition of companies and technologies. He also headed the strategic disposal of some assets and businesses in line with the Group's strategy for business growth.

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.

Appointments held by Datuk Shahril at present include Executive Vice-Chairman & President of SapuraCrest Petroleum Berhad, Deputy Chairman of Sapura Industrial Berhad and President and CEO of Sapura Secured Technologies Sdn Bhd, a privately held division of the Sapura Group.

In addition to his positions within the Sapura Group, Datuk Shahril is also a member of the Board of Trustees of the Perdana Leadership Foundation.

An innovator at heart with keen business acumen in assessing the commercial potential of technologies, the entrepreneurial Datuk Shahril is committed to bringing Sapura to greater technological heights through local capability building. This did not go unnoticed by corporate Malaysia given his accolade as Malaysia's Ernst & Young Entrepreneur Of The Year for 2009.

Among the honours that Datuk Shahril has been conferred with 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 received 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 65, a Malaysian, was first appointed to the Board of Sapura Resources Berhad as an Independent 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 Arts 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 Resources 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, University Malaysia Sarawak and University Pertanian Malaysia.

Currently Tan Sri Hamid sits on the board of several listed and non-listed companies including SapuraCrest Petroleum Berhad and Sime Darby Berhad.

He is a Board member of the Institute of Integrity Malaysia and a member of the Malaysian Anti Corruption Commission Advisory Committee. He is also active in charitable activities as Chairman of Yayasan Kemajuan Insan Sarawak (YAKIN) and a Board member of Lembaga Amanah Kebajikan Masjid Negeri Sarawak (LAKMNS).









DATO' FAUZIAH BINTI DATO' ISMAIL (Independent Non-Executive Director)

Dato' Fauziah binti Dato' Ismail, aged 68, a Malaysian, was first appointed to the Board of Sapura Resources Berhad as an Independent 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 London School of Economics & Political Sciences, and a Master Degree in Public Administration from University of Houston, USA. She also attended a certificate course at Harvard Institute of International Development (HIID) of Harvard University, USA in Public Enterprise Management and Privatisation.

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. During her service with Public Services Department, she also sat on the Boards of Government bodies namely Urban Development Authority Malaysia, International Shipping Corporation, Penang Regional Development Authority (PERDA) and Jengka Development Authority.

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

DATUK KHALID BIN ABDUL KARIM (Senior Independent Non-Executive Director) PSD, JSM, SMJ

Datuk Khalid bin Abdul Karim, aged 74, a Malaysian, was first appointed to the Board of Sapura Resources Berhad as an Independent 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 Queen's 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 Agung VIII from 1985 to 1989.

MUTHANNA BIN ABDULLAH (Independent Non-Executive Director)

Encik Muthanna bin Abdullah, aged 51, a Malaysian, was first appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 18 December 2008. Encik Muthanna is a member of the Board Audit Committee and Board Nomination and Remuneration Committee respectively.

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 privatisations, 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 61, a Malaysian, was first appointed to the Board of Sapura Resources Berhad as an Independent 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 out 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.





“Every individual has a unique potential – it is up to us at Sapura Group to empower them to go beyond expectations.”

Since our establishment over 35 years ago, Sapura Group has always realised our duty to make a real difference to our stakeholders and the surrounding local communities. We have not forgotten our humble beginnings. Our commitment to the economic, environmental and social health of the communities we operate within is a fundamental component of our heritage, and we view this commitment as key to the sustainability of our business.

CORPORATE SOCIAL RESPONSIBILITY

In 2003, Yayasan Shamsuddin Abdul Kadir (YSAK) was established by Sapura Group's Chairman and Founder, YBhg Tan Sri Shamsuddin Abdul Kadir. It became a platform for us to roll out various corporate social responsibility (CSR) programmes.

This commitment was further strengthened in 2009 when Sapura Community was launched. With this social club set in motion, we are now able to execute even more CSR initiatives, all of which are aimed to establish trust and lasting connections with our surrounding communities as well as to approach CSR as a family unit. Being a family unit, we are cognisant of the need to look out for one another and support each other through good times and bad.

Today, as a homegrown entity with global reach, we are keen on expanding our CSR programmes to empower the potential of the communities we operate within both locally and internationally. Although our record for CSR is indeed substantial, we realise that there is always more that can be done.

We believe that we can best enrich lives whether at the workplace or the communities we operate within based on our three CSR pillars; Education, Sports Development as well as Community and Nation Building.

We are proud to note that lack of volunteers is something unheard of here as members of the Sapura family are always keen to participate in voluntary projects and outreach programmes. Sapura Community organised a blood donation drive in April 2010 at our headquarters and the event saw many Sapura employees and senior members of management joining in the spirit of giving.

Sapura Group is conscious of the importance of spiritual fulfilment, which is why, come *Ramadhan* each year, we organise many CSR programmes to reach out to our communities. With this in mind, we were one of the 34 active participants of the 'Sahabat Korporat Tabung Haji' programme during the year under review where we extended 100,000 prayer mats in support of the efforts made by Tabung Haji to alleviate and enhance the experience of Hajj pilgrims in Malaysia. This is the seventh consecutive year that Sapura Group has contributed to the programme and we plan to continue supporting Tabung Haji's efforts in the years to come.

The holy month of *Ramadhan* is the perfect time to forge new relationships and strengthen old ties. In line with this, we held an *iftar* gathering in August 2010 that saw approximately 600 Muslim and non-Muslim staff members alike gathered at our headquarters together with 80 orphans for an evening of fellowship. We also hosted an *iftar* function for the children of Pusat Penjagaan Nuri in Setapak. Apart from spending quality time with the underprivileged children, we also distributed *duit raya* and donated funds to facilitate the home's upgrading work as well as overall maintenance in order to provide the children with better quality of life. Additionally, the year under review saw us swinging into action when news of the fire that ravaged the store room and *surau* of Rumah Nurul Iman in Manjoi, Ipoh spread, taking it upon ourselves to sponsor the reconstruction of the affected portion of the premises.



Today, we at Sapura Group continue the journey to improve and nurture a more balanced Sapura Community. We believe in building a close-knit community amongst members of our workforce and foster strong ties with the public, particularly with the less privileged. As such, in the years to come, Sapura Group will endeavour to strive harder to serve our community while creating a conducive environment for the people whom we value – our Big Family.

Every year, we at Sapura Group organise a special *Umrah* trip during *Ramadhan* for selected members of the Sapura Community as a way to recognise their hard work and dedication to the Company. We are honoured to be able to fulfil this responsibility as a caring corporate citizen, especially to our own community. This year, 80 Sapura Group members were part of the pilgrimage to Mecca and Medina to join millions of other Muslims from all over the world.

Hari Raya Aidilfitri is always a time for fun and festivity at Sapura Group. The year under review saw us hosting a 'Hari Raya Open House' for staff and family members. The celebration was attended by almost 4,500 individuals and was an excellent opportunity for fellow Sapura Group citizens and their families to bond in order to strengthen the spirit of camaraderie within the Sapura family.

With the 'Ipoh Community Centre' as a flagship programme, special emphasis is placed on education as we understand the importance of empowering the potential of the younger generation in order to develop a nation that is globally competitive. On this premise, the Group is committed to enriching the academic environment of the country through focused initiatives. We are also mindful that the opportunity to pursue education in a conducive environment is something that can be out of reach for many underprivileged students. Thus, during the year under review, we provided orphans with computer facilities and tuition classes in order to assist them with their education.

Anugerah Cendekiawan 2010



Donation to the Tabung Kebajikan Angkatan Tentera Malaysia



Ipoh Community Centre



Family always comes first here in Sapura. On this note, and in line with our commitment to education, we are committed to supporting deserving Sapura Children, children of our employees, who have demonstrated commendable scholastic performance. Anugerah Cendekiawan 2010 saw 52 Sapura children who scored straight A's in the 2009 UPSR, PMR and SPM examinations being recognised and awarded for their achievements by the Group. We laud the children as well as their parents for their hard work and determination in obtaining such commendable results.

On the international front, Rumah Anak Yatim Sapura (RAYS) houses children who were orphaned by the 2004 tsunami tragedy that destroyed Aceh. We make it a point to visit RAYS regularly in order to establish closer contact with the teachers and orphans as well as to check on the progress of the home. Through RAYS, Sapura hopes to build and nurture a 'Knowledge & Excellence Community', comprising of knowledge-seeking individuals who practice compassion for humankind, tolerance for others, have strong faith in God and are highly passionate and committed to excellence in every aspect of their lives. As such, in the seven years that we have been involved in RAYS, we have made it a point to not only take care of the children's welfare. Each child is sent to school, with additional religious classes for them arranged in the afternoons and evenings. We are indeed proud of the fact that as of today, four children have been accepted into local universities in Indonesia.

Here at Sapura, we understand the importance of sports development in order to cultivate a healthy society. As such, Sapura Community organises many sporting events and recreational activities to foster camaraderie and instil a healthy competitive spirit within the Sapura family. This includes bowling, paintball, futsal and swimming classes for Sapura children.

Rumah Anak Yatim Sapura, Aceh



Visit to RAYS



A highlight of our sporting activities was the first Mount Kinabalu expedition by the Sapura Community Expedition Team last year which is a reflection of the tenacious spirit of Sapura family members in weathering the most demanding of situations. The Group also participated in the TNB Malaysia Hockey League where the Sapura team came in second.

Sapura Group is also keen on the development and promotion of sporting events which contribute to the creation of a talent pool that is able to compete at regional and international levels. In the year 2010, the Group supported the development of hockey in Malaysia as one of the sponsors of the Sultan Azlan Shah Cup. We also participated as sponsors in the CIMB Asia Pacific Classic 2010 held at the Mines Resort Golf and Country Club. It was the first PGA sanctioned tournament in Southeast Asia and brought together the best of breed in golf.

In appreciation of those who place the safety of our nation ahead of themselves, Sapura Group recognises the sacrifices made by the country's servicemen, for without them, the peace and prosperity enjoyed by all Malaysians will not be achieved. We remember our respected military men and women who are stationed away from home and are not able to spend time with their family and friends during joyous occasions such as *Hari Raya Aidilfitri*. For this reason, we contributed to the *Hari Raya Aidilfitri* preparations for all the men and women of Angkatan Tentera Malaysia (ATM) who work tirelessly and with much dedication during the *Raya* season.

In the same vein, the Group has always been a staunch supporter of our ATM veterans and we are indeed grateful for their invaluable service to the nation. We are committed to assisting them when they return to civilian life via financial assistance as well as providing assistance to aid them in seeking job opportunities. During the year under review, we supported the launch of 'Kempen Rayuan Hari Pahlawan 2010' by participating as one of the main contributors.

Today, we at Sapura Group continue the journey to improve and nurture a more balanced Sapura Community. We believe in building a close-knit community amongst members of our workforce and foster strong ties with the public, particularly with the less privileged. As such, in the years to come, Sapura Group will endeavour to strive harder to serve our community while creating a conducive environment for the people whom we value – our Big Family.

Sapura Hockey Team



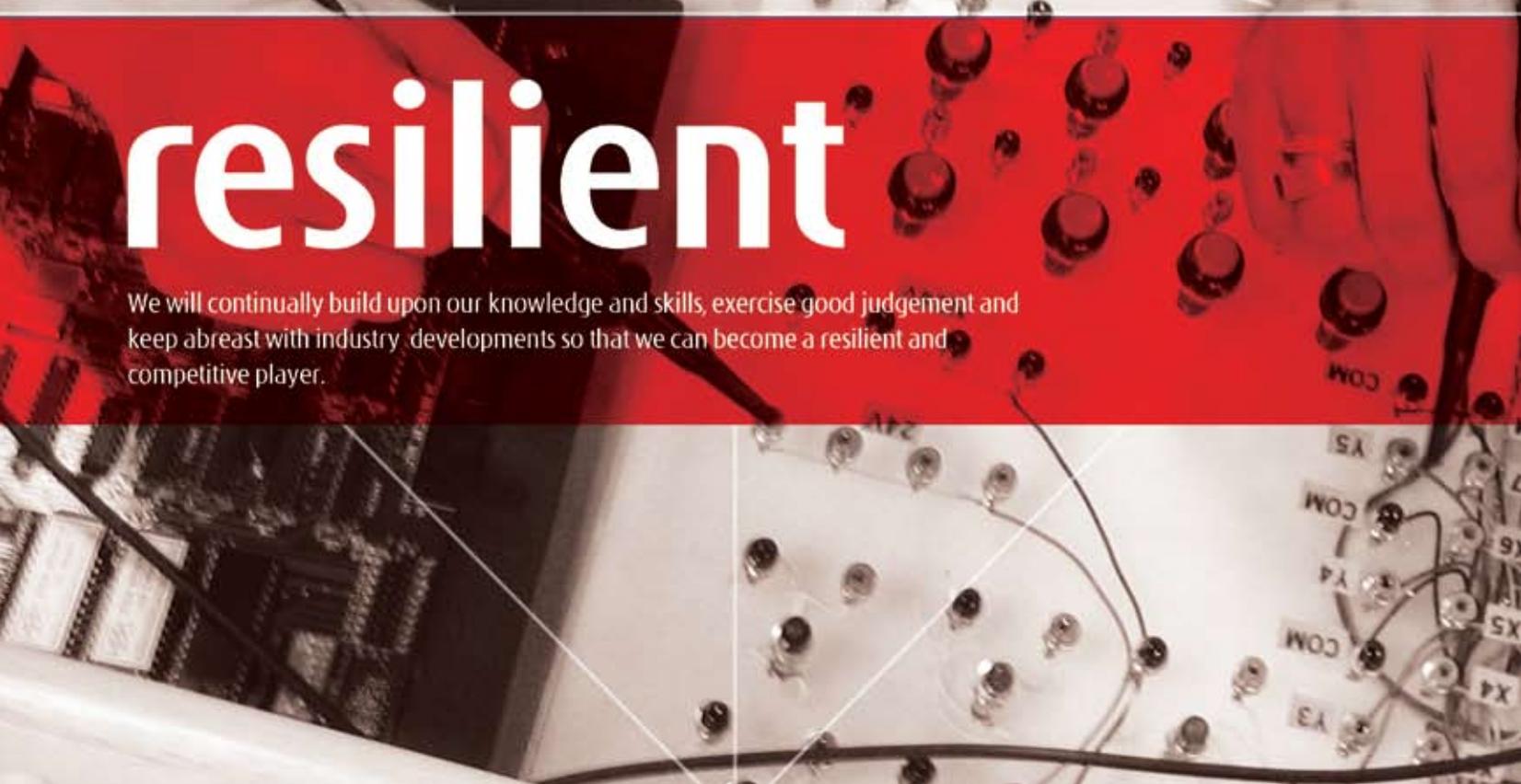
Sapura as one of the Main Sponsors for PGA Tour





resilient

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





CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Sapura Resources Berhad (“SRB or the Company”) recognises the vital importance of good corporate governance and is fully committed in maintaining the highest standards of transparency, accountability and integrity, in line with the Principles and Best Practices set out in the Revised Malaysian Code on Corporate Governance (“the Code”) to ensure the continued growth and success of the Group.

Set out below is the Corporate Governance Statement of the Company, disclosing the Board’s application of the Principles and its compliance with the Best Practices as set out in Parts 1 and 2 of the Code and Paragraph 15.25 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

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 affairs 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 MMLR of Bursa Malaysia 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 Board is of the opinion that the size and balance in the composition of the Board is well balanced. The individual Directors are able to make effective decisions and discharge their principal responsibilities with a sense of personal accountability. The Board supports the highest standards of corporate governance and the development of best practices for the Group.

The profiles of each member of the Board are set out on pages 24 to 31 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 is responsible for leadership of 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, balance of membership on the Board, ensure all relevant issues are on the agenda, all directors receive accurate, timely and clear information relating to the issues on the agenda prior to deliberation at Board meetings, so that they can make an effective contribution 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 affairs, 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.

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 affairs and of Non-Executive Directors who bring a broader perspective on the Group's activities. Together, the Directors and Senior Management 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 Boards 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 2011, 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 Directors	Position	Total
Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir	Chairman Non-Independent Non-Executive	7/8
Encik Shahrman bin Shamsuddin	Managing Director	8/8
Datuk Shahril bin Shamsuddin	Non-Independent Non-Executive Director	6/8
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	Independent Non-Executive Director	7/8
Datuk Khalid bin Abdul Karim	Senior Independent Non-Executive Director	8/8
Dato' Fauziah binti Dato' Ismail	Non-Independent Non-Executive Director	8/8
Encik Muthanna bin Abdullah	Independent Non-Executive Director	7/8
Ms Gee Siew Yoong	Independent Non-Executive Director	8/8

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, investment 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 Secretaries who advise 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 MMLR of Bursa Malaysia, 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' commitments, 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:

- Leadership and Talent Management
- Healthy Eating Among Working Professionals
- Corruption and Its Prevention
- Conflict Resolution & Negotiation Skills
- Post Merger Integration

Board Committees

The Board is augmented by two (2) standing Board Committees, which comprise of 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.

Re-election and Re-appointment of Directors

In compliance with Article 88 of the Articles of Association, Encik Shahrman bin Shamsuddin and Encik Muthanna bin Abdullah shall retire at the Fifty-Fourth (54th) Annual General Meeting (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. Currently, there are two (2) Directors of the Company who shall be seeking re-appointment at this AGM and they are:-

- Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir; and
- Datuk Khalid bin Abdul Karim.

BOARD AUDIT COMMITTEE (BAC)

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

BOARD NOMINATION AND REMUNERATION COMMITTEE (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.

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.

Directors' Remuneration	Salary, Bonus and EPF RM'000	Allowances and Benefit in-Kind RM'000	Fees RM'000	Total RM'000
Executive Director	2,016	45	25	2,086
Non-Executive Directors	–	56	246	302
Total	2,016	101	271	2,388

Range of Remuneration	Number of Directors		Total RM'000
	Executive	Non-Executive	
Below RM50,000	–	6	6
RM50,001 – RM100,000	–	1	1
RM2,000,001 – RM2,100,000	1	–	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 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 2011, 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 MMLR of Bursa Malaysia 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 44 to 46 of the Annual Report.

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 Group's Internal Control Statement pursuant to Paragraph 15.26(b) of the MMLR of Bursa Malaysia is set out on page 47 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.

ANNUAL GENERAL MEETING (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.

This statement is made in accordance with a resolution of the Board of Directors dated **18 May 2011**.

BOARD AUDIT COMMITTEE REPORT

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 Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) 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 with regard 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 an Independent Non-Executive Director appointed by the Board.

The BAC of the Company comprises 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 Chairman shall be an Independent Non-Executive Director appointed by the Board. 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 and 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 Bursa Malaysia 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 coordination 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 Malaysia 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.

- (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 MMLR of Bursa Malaysia, the Committee must promptly report such matters to Bursa Malaysia.
- (p) To consider other topics as defined by the Board.

- The Audited Financial Statements of SRB Group for financial year ended 31 January 2010.
- The quarterly and year-end financial statements before submission to the Board and announcement to Bursa Malaysia.
- 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 a total of six (6) audit reports were submitted for the Committee's to review.

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 the 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.

The cost incurred for Internal Audit Department is RM416,000 for the financial year ended 31 January 2011.

This BAC Report is made in accordance with the resolution of the Board of Directors dated **18 May 2011**.

SUMMARY OF ACTIVITIES OF THE COMMITTEE

For the financial year ended 31 January 2011, six (6) BAC Meetings were held. The following is the record of attendance of the Committee Members:

Directors	Position	Total
Datuk Khalid bin Abdul Karim	Chairman, Senior Independent Non-Executive Director	6/6
Encik Muthanna bin Abdullah	Independent Non-Executive Director	5/6
Ms Gee Siew Yoong	Independent Non-Executive Director	6/6

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.

INTERNAL CONTROL STATEMENT

BOARD 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 associate 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 44 to 46 of the Annual Report.

OTHER KEY ELEMENTS 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.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with Paragraph 9.25 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad as set out in Appendix 9C thereto:

1. Non-Audit Fees

The amount of non-audit fees incurred by the Group and Company for services rendered by the External Auditors for the financial year ended 31 January 2011 amounted to RM236,000 and RM185,000 respectively (2010: RM125,000 and RM63,000).

2. Material Contracts

During the financial year, there were no financial contracts entered into by the Company and its subsidiaries (not being contracts entered into in the ordinary course of business) involving Directors and substantial shareholders.

3. Share Buy-Back

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

4. 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.

5. Option, Warrants and Convertible Securities

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

6. Variation in Results

There was no variance of 10% or more between the audited results of the financial year ended 31 January 2011 and the unaudited results previously announced.

7. 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.

8. Profit Guarantees

There was no profit guarantees given by the Company and its subsidiaries during the financial year under review.

9. 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.

10. Imposition of Sanctions and/or Penalties

During the financial year, no sanctions and/or penalties were imposed on the Company, its subsidiaries, Directors or Management by the relevant regulatory authority.

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

There was no Shareholders' mandate obtained for recurrent related party transactions entered into by the Company and/or its subsidiaries during the financial year.

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

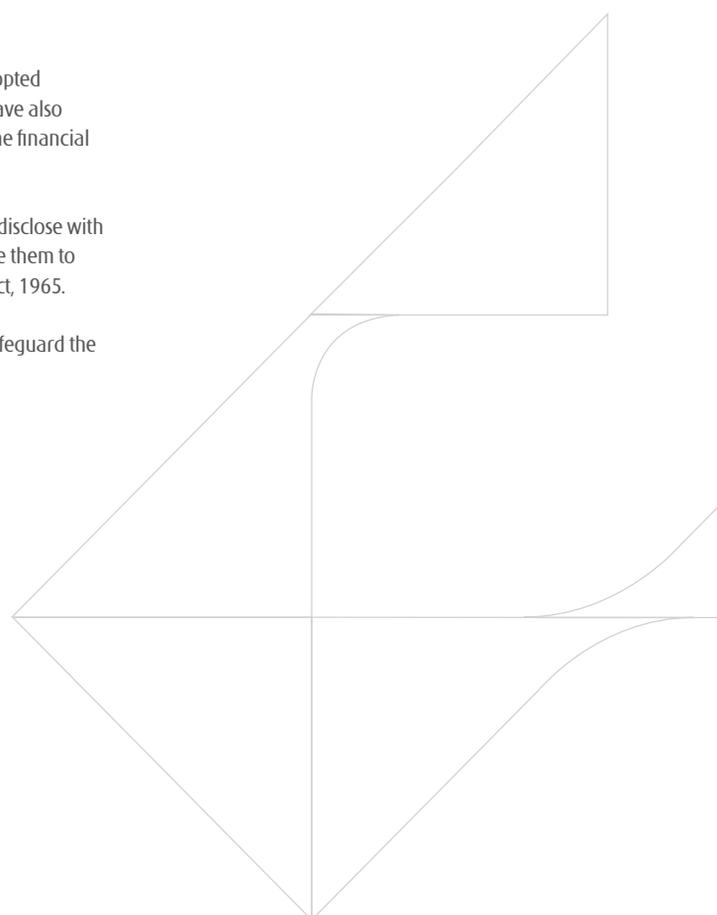
Pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

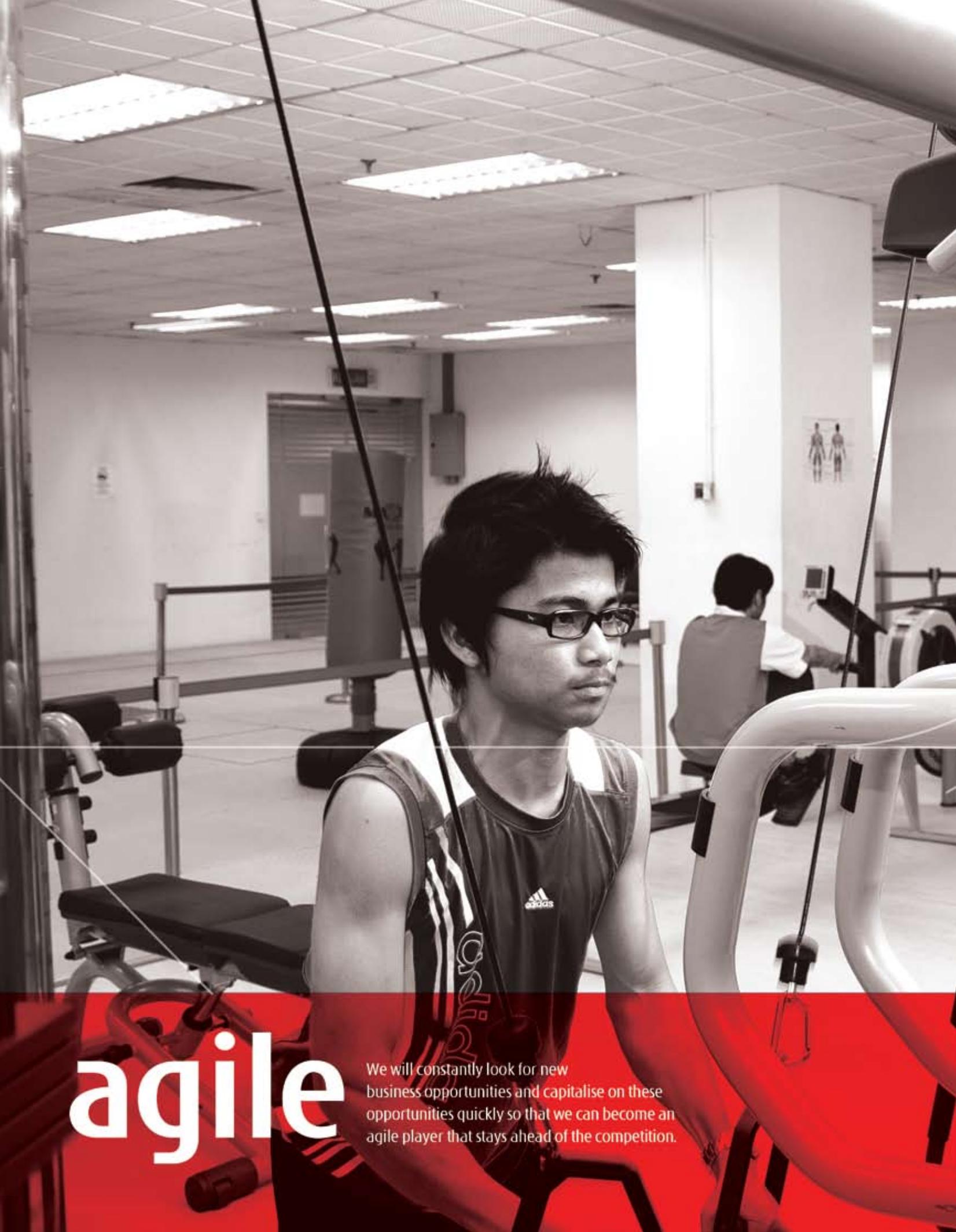
The Directors are required by law to prepare financial statements for each financial year in accordance with the applicable approved accounting standards in Malaysia and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results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





FINANCIAL STATEMENTS

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The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2011.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are described in Note 15 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year except for the discontinuance of the sale and service of premium automobiles and education businesses of the Group as disclosed in Note 10 to the financial statements.

RESULTS

	Group	Company
	RM'000	RM'000
Profit from continuing operations, net of tax	966	13,878
Profit from discontinued operations, net of tax	37,902	—
	<u>38,868</u>	<u>13,878</u>
Profit attributable to:		
Owners of the parent	38,868	13,878
Minority interests	—	—
	<u>38,868</u>	<u>13,878</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

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, other than the followings:

- (i) The effect arising from the discontinuance of the sale and service of premium automobiles and education businesses of the Group as disclosed in Note 10 to the financial statements.
- (ii) Share of results of associates which includes reversal of impairment losses as disclosed in Note 16 to the financial statements.

DIVIDENDS

The amounts of dividends declared by the Company since 31 January 2010 were as follows:

	RM'000
In respect of the financial year ended 31 January 2011:	
Special dividend of 9.35 sen less 25% taxation, on 139,600,000 ordinary shares declared on 24 January 2011	<u>9,789</u>

The directors do not recommend the payment of any final dividend in respect of the current financial year.

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
Shahriman bin Shamsuddin
Datuk Shahril bin Shamsuddin
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo
Datuk Khalid bin Abdul Karim
Dato' Fauziah binti Dato' Ismail
Muthanna bin Abdullah
Gee Siew Yoong

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 or the fixed salary of a full-time employee of the Company as shown in Notes 7 and 8 to the financial statements or other than benefits included in remuneration as director and/or employee of related corporations) 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 30 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 1.2.2010	Acquired	Sold	At 31.1.2011
Sapura Resources Berhad – the Company				
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' INTERESTS (cont'd.)

Number of ordinary shares of RM1 each

	At 1.2.2010	Acquired	Sold	At 31.1.2011
Sapura Industrial Berhad – a fellow subsidiary				
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
Sapura Holdings Sdn. Bhd. – holding company				
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 statements of comprehensive income and statements of financial position 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 there were no known bad debts 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) it necessary to write off any bad debts or the amount of the provision for doubtful debts 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 and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Notes 10 and 37 to the financial statements.

SUBSEQUENT EVENT

Details of subsequent event are disclosed in Note 38 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 18 May 2011.

Shahriman bin Shamsuddin

Datuk Khalid bin Abdul Karim

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Shahrizan 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 130 are 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 2011 and of their financial performance and cash flows for the year then ended.

Further to the Statement by directors pursuant to Section 169(15) of the Companies Act, 1965, the information set out in Note 39 on page 131 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 May 2011.

Shahrizan 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 131 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 18 May 2011

Zain Azrai bin Zainal Abidin

Before me,

Commissioner for Oaths

Report on the financial statements

We have audited the financial statements of Sapura Resources Berhad, which comprise the statements of financial position as at 31 January 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows 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 130.

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 2011 and of their financial performance and cash flows for the year then ended.

INDEPENDENT AUDITORS' REPORT (cont'd.) TO THE MEMBERS OF SAPURA RESOURCES BERHAD (INCORPORATED IN MALAYSIA)

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 financial statements 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 financial statements 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

The supplementary information set out in Note 39 on page 131 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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
18 May 2011

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



STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Continuing operations:					
Revenue	4	17,486	16,653	52,860	22,362
Operating expenses		(32,084)	(18,243)	(37,627)	(25,691)
Other income		1,109	908	3,564	3,541
(Loss)/profit from operations		(13,489)	(682)	18,797	212
Finance costs	5	(3,881)	(4,025)	(5,467)	(5,337)
Share of result of associates		17,977	321	–	–
Profit/(loss) before tax from continuing operations	6	607	(4,386)	13,330	(5,125)
Taxation	9	359	(1,621)	548	(1,621)
Profit/(loss) from continuing operations, net of tax		966	(6,007)	13,878	(6,746)
Discontinued operations:					
Profit from discontinued operations, net of tax	10	37,902	12,048	–	–
Profit/(loss), net of tax		38,868	6,041	13,878	(6,746)
Other comprehensive income		–	–	–	–
Total comprehensive income for the year		38,868	6,041	13,878	(6,746)
Profit/(loss), representing total comprehensive income attributable to:					
Owners of the parent		38,868	6,041	13,878	(6,746)
Minority interests		–	–	–	–
		38,868	6,041	13,878	(6,746)
Earnings/(loss) per share attributable to owners of the parent (sen):					
Basic/diluted, for profit/(loss) from continuing operations	11	0.69	(4.30)		
Basic/diluted, for profit from discontinued operations	11	27.15	8.63		
Basic/diluted, for profit, net of tax		27.84	4.33		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 JANUARY 2011

	Note	Group			Company		
		2011 RM'000	2010 RM'000 Restated	1.2.2009 RM'000 Restated	2011 RM'000	2010 RM'000 Restated	1.2.2009 RM'000 Restated
Assets							
Non-current assets							
Property, plant and equipment	12	42,624	144,876	144,966	41,927	3,645	2,386
Investment properties	13	144,056	148,125	152,330	144,056	148,125	152,330
Intangible assets	14	–	259	259	–	–	–
Investment in subsidiaries	15	–	–	–	–	58,000	65,000
Investment in associates	16	19,476	1,666	1,345	12,000	–	–
		206,156	294,926	298,900	197,983	209,770	219,716
Current assets							
Inventories	17	1,584	33,555	41,221	–	–	–
Tax recoverable		–	824	322	–	41	41
Trade and other receivables	18	2,747	15,545	17,810	38,758	72,072	73,420
Other current assets	19	358	2,630	1,641	344	299	–
Investment securities	20	307	193	63	307	193	63
Cash and bank balances	21	14,628	19,026	9,026	14,136	6,597	1,355
		19,624	71,773	70,083	53,545	79,202	74,879
Assets of disposal group classified as held for sale	10	128,815	–	–	58,000	–	–
		148,439	71,773	70,083	111,545	79,202	74,879
Total assets		354,595	366,699	368,983	309,528	288,972	294,595

	Note	Group			Company		
		2011 RM'000	2010 RM'000 Restated	1.2.2009 RM'000 Restated	2011 RM'000	2010 RM'000 Restated	1.2.2009 RM'000 Restated
Equity and liabilities							
Current liabilities							
Trade and other payables	22	37,793	70,974	63,465	78,813	60,012	38,772
Loans and borrowings	23	13,182	50,376	61,417	13,182	3,933	21,105
Tax payable		127	–	422	125	–	–
		51,102	121,350	125,304	92,120	63,945	59,877
Liabilities directly associated with disposal group classified as held for sale	10	52,753	–	–	–	–	–
		103,855	121,350	125,304	92,120	63,945	59,877
Net current assets/(liabilities)		44,584	(49,577)	(55,221)	19,425	15,257	15,002
Non-current liabilities							
Deferred tax liabilities	25	2,934	6,257	4,036	2,745	3,459	1,838
Loans and borrowings	23	69,964	90,329	96,921	69,964	80,958	85,524
		72,898	96,586	100,957	72,709	84,417	87,362
Total liabilities		176,753	217,936	226,261	164,829	148,362	147,239
Net assets		177,842	148,763	142,722	144,699	140,610	147,356
Equity attributable to owners of the parent							
Share capital	26	139,600	139,600	139,600	139,600	139,600	139,600
Other reserves	27	4,883	4,883	4,883	3,402	3,402	3,402
Retained profits/(accumulated loss)	28	33,359	4,280	(1,761)	1,697	(2,392)	4,354
		177,842	148,763	142,722	144,699	140,610	147,356
Minority interests		–	–	–	–	–	–
Total equity		177,842	148,763	142,722	144,699	140,610	147,356
Total equity and liabilities		354,595	366,699	368,983	309,528	288,972	294,595

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2011

Note	← Attributable to owners of the parent →							
	← Non-Distributable →				← Distributable →			
	Share capital RM'000	Revaluation reserve RM'000	Capital reserve RM'000	General reserve RM'000	Retained profits/ (accumulated loss) RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
At 1 February 2010	139,600	2,302	1,481	1,100	4,280	148,763	–	148,763
Profit for the year, being total comprehensive income for the year	–	–	–	–	38,868	38,868	–	38,868
Transaction with owners:								
Dividend on ordinary shares	–	–	–	–	(9,789)	(9,789)	–	(9,789)
At 31 January 2011	139,600	2,302	1,481	1,100	33,359	177,842	–	177,842
At 1 February 2009	139,600	2,302	1,481	1,100	(1,761)	142,722	–	142,722
Profit for the year, being total comprehensive income 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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2011

	← Non-distributable →		← Distributable →		
Note	Share capital RM'000	Revaluation reserve RM'000	General reserve RM'000	(Accumulated loss)/ retained profits RM'000	Total equity RM'000
At 1 February 2010	139,600	2,302	1,100	(2,392)	140,610
Profit for the year, being total comprehensive income for the year	–	–	–	13,878	13,878
Transactions with owners:					
Dividend on ordinary shares	–	–	–	(9,789)	(9,789)
At 31 January 2011	139,600	2,302	1,100	1,697	144,699
At 1 February 2009	139,600	2,302	1,100	4,354	147,356
Loss for the year, being total comprehensive loss for the year	–	–	–	(6,746)	(6,746)
At 31 January 2010	139,600	2,302	1,100	(2,392)	140,610

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 JANUARY 2011

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Operating activities				
Profit/(loss) before tax from continuing operations	607	(4,386)	13,330	(5,125)
Profit before tax from discontinued operations	43,118	14,927	–	–
Adjustments for:				
Interest income	(24)	–	(2,479)	(2,633)
Dividend income	(11)	(5)	(11)	(5)
Finance costs				
– Continuing operations	3,881	4,025	5,467	5,337
– Discontinued operations	2,010	2,636	–	–
(Reversal of)/impairment loss on:				
Investment in subsidiaries	–	–	–	7,000
Investment in associates	–	–	(12,000)	–
Net fair value gains on held for trading investment securities	(114)	(130)	(114)	(130)
(Gain)/loss on disposal of property, plant and equipment	(25,020)	284	–	284
Depreciation of investment properties	4,069	4,205	4,069	4,205
Depreciation of property, plant and equipment	7,625	6,833	1,732	683
Write down of inventories	295	2,371	–	–
Reversal of allowances for impairment:				
– Trade receivables	(1,161)	(390)	–	(145)
– Other receivables	(151)	(598)	–	(164)
Impairment loss on financial assets:				
– Trade receivables	1,324	2,614	634	–
– Other receivables	–	–	17,084	513
Share of result of associates	(17,977)	(321)	–	–
Operating profit before working capital changes	18,471	32,065	27,712	9,820
Changes in working capital:				
Inventories	31,659	5,295	–	–
Trade and other receivables	4,193	639	15,596	1,144
Other current assets	(384)	(989)	(45)	(299)
Trade and other payables	6,946	7,509	9,012	21,240
Cash generated from operations carried forward	60,885	44,519	52,275	31,905

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Operating activities (cont'd)				
Cash generated from operations brought forward	60,885	44,519	52,275	31,905
Taxes paid	(4,392)	(3,203)	–	–
Net cash generated from operating activities	56,493	41,316	52,275	31,905
Investing activities				
Purchase of property, plant and equipment	(10,924)	(6,768)	(37,699)	(2,626)
Proceeds from disposal of property, plant and equipment	49,669	461	–	400
Interest received	24	–	2,479	2,633
Dividend received	178	5	11	5
Net cash generated from/(used in) investing activities	38,947	(6,302)	(35,209)	412
Financing activities				
Net repayment of term loans	(14,506)	(3,428)	(3,933)	(1,000)
Repayment of obligations under finance lease	(1,840)	(1,016)	(379)	(738)
Net repayment of other short term borrowings	(43,780)	(13,056)	–	(20,000)
Interest paid	(5,891)	(6,661)	(5,467)	(5,337)
Net cash used in financing activities	(66,017)	(24,161)	(9,779)	(27,075)
Net increase in cash and cash equivalents	29,423	10,853	7,287	5,242
Cash and cash equivalents at beginning of year	19,026	8,173	6,597	1,355
Cash and cash equivalents at end of year (Note 21)	48,449	19,026	13,884	6,597

1. CORPORATE INFORMATION

Sapura Resources Berhad (“the Company”) is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad (“Bursa Malaysia”). 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 15.

There have been no significant changes in the nature of the principal activities during the financial year except for the discontinuance of the sale and service of premium automobiles and education businesses of the Group as disclosed in Note 10.

2. SUMMARY OF 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 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

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 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year except as follows:

On 1 February 2010, the Group and the Company adopted the following applicable new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

- FRS 7 Financial Instruments: Disclosures
- FRS 8 Operating Segments
- 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
- Improvements to FRS issued in 2009
- IC Interpretation 9 Reassessment of Embedded Derivatives
- 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

FRS 4 Insurance Contracts and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual periods beginning on or after 1 January 2010. These FRS are, however, not applicable to the Group or the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.2 Changes in accounting policies (cont'd.)

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 January 2011.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 36 to the financial statements.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

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 classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 35).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

Amendments to FRS 117 Leases

Prior to 1 January 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.2 Changes in accounting policies (cont'd.)

Amendments to FRS 117 Leases (cont'd.)

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated. The following are effects to the statements of financial position as at 31 January 2011 arising from the above change in accounting policy:

	Group 31.1.2011 RM'000	Company 31.1.2011 RM'000
Increase/(decrease) in:		
Property, plant and equipment	30,782	30,782
Investment properties	40,202	40,202
Land use rights	(70,984)	(70,984)

The following comparatives have been restated:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Statement of financial position			
Group			
31 January 2010			
Property, plant and equipment	100,947	43,929	144,876
Investment properties	107,089	41,036	148,125
Land use rights	84,965	(84,965)	—
1 February 2009			
Property, plant and equipment	100,447	44,519	144,966
Investment properties	110,463	41,867	152,330
Land use rights	86,386	(86,386)	—

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.2 Changes in accounting policies (cont'd.)

Amendments to FRS 117 Leases (cont'd.)

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Statement of financial position (cont'd.)			
Company			
31 January 2010			
Investment properties	107,089	41,036	148,125
Land use rights	41,036	(41,036)	–
1 February 2009			
Investment properties	110,463	41,867	152,330
Land use rights	41,867	(41,867)	–

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- **Equity instruments**

Prior to 1 January 2010, the Group classified its investments in equity instruments which were held for trading purposes as marketable securities. Such investments were carried at the lower of cost and market value, determined on an aggregate basis. Upon the adoption of FRS 139, these investments are designated at 1 February 2010 as financial assets at fair value through profit or loss and accordingly are stated at their fair values as at that date amounting to RM193,000.

- **Impairment of receivables**

Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 February 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139. However, the difference is not material to be adjusted against opening balance of retained profits as at that date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)**2.3 Standards issued but not yet effective**

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 Business Combinations (Revised)	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132 Classification of Rights Issues	1 March 2010
Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1 Additional Exemptions for First-time Adopters	1 January 2011
FRS 1 First-time Adoption of Financial Reporting Standards [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 2 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 3 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 7 Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 7 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 101 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 121 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 128 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 131 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 132 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 134 [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 139 [Improvements to FRSs (2010)]	1 January 2011
Amendments to IC Interpretation 13 [Improvements to FRSs (2010)]	1 January 2011
IC Interpretation 4 Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to FRS 124 Related Party Disclosure	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the amendments to FRS 127 are described below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination 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 business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.9(a). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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.

2.5 Transactions with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.6 Foreign currency

(a) 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 Ringgit Malaysia (RM), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss 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.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations 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 reporting date.

2.7 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, property, plant and equipment except for freehold land, are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold lands are depreciated over the period of the respective leases which range from 19 years to 82 years. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Investment properties

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 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 gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.9 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation 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 in accordance with the accounting policy set out in Note 2.6.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.9 Intangible assets (cont'd.)

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 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.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.11 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses.

2.12 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An 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.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. 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 profit or loss for 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, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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 profit or loss.

2.13 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.13 Financial assets (cont'd.)

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

The Group and the Company have not designated any financial assets as held-to-maturity investments.

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

The Group and the Company have not designated any financial assets as available-for-sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.13 Financial assets (cont'd.)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.14 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Food and beverages, trading books and vehicle parts and accessories: purchase costs on a first-in first-out basis.
- Trading vehicles: purchase costs on specific identification basis.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.19 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.21 Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.22 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.23(f).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.23 Revenue

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. Revenue is measured at the fair value of consideration received or receivable.

(a) **Sale of goods**

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership of the goods to the customer. 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.

(b) **Rendering of services**

Revenue from provision of consultancy services is recognised net of service taxes and discounts as and when the services are performed.

(c) **Interest income**

Interest income is recognised using the effective interest method.

(d) **Management fees**

Management fees are recognised when services are rendered.

(e) **Dividend income**

Dividend income is recognised when the Group's right to receive payment is established.

(f) **Rental income**

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.24 Income taxes

(a) **Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) **Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.24 Income taxes (cont'd.)

(b) Deferred tax (cont'd.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.26 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.27 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 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 Group which may have significant effects on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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.

(a) Impairment of investment in subsidiaries

The management determines whether the carrying amounts of its investments are impaired at reporting 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 rate applied to the respective cash flow projections range is 8.0%. 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.

The Company recognised impairment losses of RM7,000,000 on investment in subsidiaries in the previous year as further disclosed in Note 6. Based on management's latest review and assessment, no further adjustment to the impairment on investment in subsidiaries is required during the current year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd.)

3.2 Key sources of estimation uncertainty (cont'd.)

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's and of the Company's loans and receivable at the reporting date is disclosed in Note 18.

(c) Useful lives of property, plant and equipment and investment properties

The cost of property, plant and equipment and investment properties is depreciated on a straight-line basis over the assets' estimated economic useful lives. The useful lives and annual depreciation rates of these assets are disclosed in Notes 2.7 and 2.8. These are common life expectancies applied in the respective industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment and investment properties at the reporting date are disclosed in Notes 12 and 13.

(d) 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 approximately RM12,368,000 (2010: RM24,592,000) and RM12,012,000 (2010: RM8,852,000) respectively. The unrecognised tax losses, capital allowances and other deductible temporary differences of the Group were approximately RM45,822,000 (2010: RM46,454,000).

4. REVENUE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Rental income from investment properties	17,259	16,541	17,259	16,541
Management fees	–	–	4,788	5,821
Dividend income from subsidiary	–	–	30,813	–
Others	227	112	–	–
	17,486	16,653	52,860	22,362

5. FINANCE COSTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest expense on:				
Term loans	3,787	3,677	3,787	3,677
Overdrafts	1	1	1	1
Revolving credits	54	325	54	325
Obligations under finance leases	39	22	39	22
Related parties advances	–	–	1,586	1,312
	3,881	4,025	5,467	5,337



6. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

The following items have been included in arriving at profit/(loss) before tax from continuing operations:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Employee benefits expense (Note 7)	9,265	5,750	9,091	5,673
Non-executive directors' remuneration (Note 8)	295	231	295	231
(Reversal of)/impairment loss on:				
Investment in subsidiaries	–	–	–	7,000
Investment in associates	–	–	(12,000)	–
Loss on disposal of property, plant and equipment	–	284	–	284
Auditors' remuneration:				
– Statutory audit	43	43	37	37
– Other services	193	69	185	63
Depreciation of investment properties	4,069	4,205	4,069	4,205
Depreciation of property, plant and equipment	1,763	697	1,732	683
Reversal of allowances for impairment:				
– Trade receivables	–	(43)	–	(145)
– Other receivables	–	(342)	–	(164)
Impairment loss on financial assets:				
– Trade receivables	634	–	634	–
– Other receivables	–	–	17,084	513
Bad debts recovered				
– Due from related parties	–	400	–	400
Rental of premises	79	12	79	12
Rental of equipment	14	141	14	3
Corporate service fee payable to holding company	173	165	173	165
Advertising and marketing expenses	868	408	868	408
Maintenance and cleaning expenses	1,253	770	1,253	770
Utilities	2,662	2,508	2,662	2,508
Net fair value gains on held for trading investment securities	(114)	(130)	(114)	(130)

6. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS (cont'd.)

The following items have been included in arriving at profit/(loss) before tax from continuing operations (cont'd.):

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest income:				
Related parties	–	–	(2,455)	(2,633)
Financial institutions	(24)	–	(24)	–
Other dividend income	(11)	(5)	(11)	(5)

7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Wages and salaries	5,856	3,186	5,707	3,109
Social security contributions	21	16	20	16
Contributions to defined contribution plan	664	382	658	382
Other benefits	2,724	2,166	2,706	2,166
	9,265	5,750	9,091	5,673

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM6,567,000 (2010: RM2,545,000) and RM2,086,000 (2010: RM1,035,000) respectively as disclosed in Note 8.



8. DIRECTORS' REMUNERATION

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors of the Company				
Executive:				
Fees	25	25	25	25
Salaries and other emoluments	2,061	1,010	2,061	1,010
	2,086	1,035	2,086	1,035
Non-Executive:				
Fees	246	203	246	203
Other emoluments	49	28	49	28
Benefits-in-kind	7	28	7	28
	302	259	302	259
	2,388	1,294	2,388	1,294
Directors of subsidiaries				
Executive:				
Salaries and other emoluments	4,481	1,510	–	–
	6,869	2,804	2,388	1,294
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration, excluding benefits-in-kind (Note 7)	6,567	2,545	2,086	1,035
Total non-executive directors' remuneration, excluding benefits-in-kind (Note 6)	295	231	295	231
Total directors' remuneration excluding benefits-in-kind	6,862	2,776	2,381	1,266

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	
	2011	2010
Executive:		
RM2,000,001 – RM2,100,000	1	–
RM1,000,001 – RM1,100,000	–	1
Non-executive:		
Below RM50,000	6	6
RM50,001 – RM100,000	1	1

9. TAXATION

Major components of income tax expense

The major components of income tax expense for the years ended 31 January 2011 and 2010 are:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Statement of comprehensive income:				
Current income tax - continuing operations:				
Malaysian income tax	166	—	166	—
Deferred income tax - continuing operations (Note 25):				
Origination and reversal of temporary differences	(163)	1,749	(352)	1,749
Overprovision in prior years	(362)	(128)	(362)	(128)
	(525)	1,621	(714)	1,621
Income tax attributable to continuing operations	(359)	1,621	(548)	1,621
Income tax attributable to discontinued operations (Note 10)	5,216	2,879	—	—
Income tax expense/(credit) recognised in profit or loss	4,857	4,500	(548)	1,621



9. TAXATION (cont'd.)

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 January 2011 and 2010 are as follows:

	2011 RM'000	2010 RM'000
Group		
Profit/(loss) before tax from continuing operations	607	(4,386)
Profit before tax from discontinued operations	43,118	14,927
Accounting profit before tax	43,725	10,541
Tax at Malaysian statutory tax rate of 25% (2010: 25%)	10,931	2,635
Income not subject to tax	(5,699)	(1,251)
Non-deductible expenses	6,219	1,651
Effect of tax incentives	(1,286)	–
Share of result of associates	(4,494)	(80)
Utilisation of previously unrecognised deferred tax assets	(871)	–
Deferred tax assets not recognised during the year	713	3,565
Overprovision of income tax in prior years	(83)	(1,964)
Overprovision of deferred tax in prior years	(573)	(56)
	4,857	4,500
Company		
Profit/(loss) before tax from continuing operations	13,330	(5,125)
Tax at Malaysian statutory tax rate of 25% (2010: 25%)	3,333	(1,281)
Income not subject to tax	(11,354)	–
Non-deductible expenses	7,835	3,030
Overprovision of deferred tax in prior years	(362)	(128)
	(548)	1,621

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

10. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

(a) Sale and service of premium automobiles business

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 for a cash consideration of RM49,054,503 ("Property Disposal").

The SPA has become unconditional on 28 September 2010, and thereafter the Property Disposal was completed on 9 December 2010.

Prior to the completion of the Property Disposal, SASB and BMW Malaysia Sdn. Bhd. ("BMW Malaysia") had on 28 August 2010 mutually terminated the Dealer Agreements previously entered into between SASB and BMW Malaysia for the selling of "BMW" and "MINI" brand automotive products and related after sales services. SASB ceased its operations in the sale and service of premium automobile business effective from 28 August 2010.

The results of SASB, together with the results of APIIT Sdn. Bhd., Asia Pacific UCTI Sdn. Bhd. and Sapura Smart School Sdn. Bhd. (Note 10(b)), are presented separately on the consolidated statement of comprehensive income as "Profit from discontinued operations, net of tax".

(b) Education businesses

On 4 November 2010, the Company announced that it had entered into a share sale and purchase agreement with Ontime Direction Sdn. Bhd. for the disposal of 1,275,001 ordinary shares of RM1 each in APIIT Sdn. Bhd. ("APIIT") and 1,275,001 ordinary shares of RM1 each in Asia Pacific UCTI Sdn. Bhd. ("UCTI"), representing the Company's 51% equity interest in APIIT and UCTI, for a total cash consideration of RM102,000,000 ("Proposed Subsidiaries Disposal"). Both APIIT and UCTI are wholly-owned subsidiaries of the Company.

The Proposed Subsidiaries Disposal also entails the following transactions ("Transactions"):

- (i) the acquisition by the Company from APIIT of a parcel of leasehold land measuring approximately 86,570 square meters at its net carrying amount;
- (ii) the acquisition by the Company from APIIT of all APIIT's subsidiaries and associates, except for Sapura Smart School Sdn. Bhd. ("Smart School"), a wholly-owned subsidiary of APIIT, at a consideration which represents the Group's share of their respective net assets positions; and
- (iii) the acquisition by the Company from UCTI of all UCTI's subsidiaries at a consideration which represents the Group's share of their respective net assets positions.

On an effective basis, the Proposed Subsidiaries Disposal will result in the disposal by the Company of its 51% effective interest in APIIT, UCTI and Smart School ("Education Group").

The acquisition by the Company from APIIT of a parcel of leasehold land was completed during the financial year while the Proposed Subsidiaries Disposal was completed after the reporting date at 18 February 2011 (Note 38).

As at 31 January 2011, the assets and liabilities related to the Education Group and the costs of investments in the Education Group have been presented in the statements of financial position as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale", and their results, together with SASB's results (Note 10(a)) are presented separately on the consolidated statement of comprehensive income as "Profit from discontinued operations, net of tax".

Effective from the completion date of the Proposed Subsidiaries Disposal on 18 February 2011, the Group will equity account for the results of the Education Group via the Company's 49% equity interest in the Education Group for the financial year ending 31 January 2012.

10. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (cont'd.)

Statement of financial position disclosures

The major classes of assets and liabilities of Education Group classified as held for sale as at 31 January 2011 are as follows:

	Group RM'000
Assets:	
Property, plant and equipment (Note 12)	83,217
Goodwill (Note 14)	259
Inventories	17
Trade and other receivables	8,593
Other current assets	2,656
Cash and bank balances	34,073
Assets of disposal group classified as held for sale	<u>128,815</u>
Liabilities:	
Trade and other payables	49,916
Deferred tax liabilities (Note 25)	2,837
Liabilities directly associated with disposal group classified as held for sale	<u>52,753</u>
Net assets directly associated with disposal group classified as held for sale	<u>76,062</u>

Included in property, plant and equipment are buildings with net carrying amount of RM58,692,000 pledged as securities for borrowings (Note 23).

The non-current asset classified as held for sale on the Company's statement of financial position as at 31 January 2011 is as follows:

	Company RM'000
Assets:	
Investment in subsidiaries (Note 15)	<u>58,000</u>

10. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (cont'd.)

Statement of comprehensive income disclosures

The results of SASB and Education Group for the year ended 31 January 2011 are as follows:

	Group	
	2011 RM'000	2010 RM'000
Revenue	183,377	254,416
Operating expenses	(173,780)	(250,634)
Other income	35,531	13,781
Profit from operations	45,128	17,563
Finance costs	(2,010)	(2,636)
Profit before tax from discontinued operations #	43,118	14,927
Taxation	(5,216)	(2,879)
Profit from discontinued operations, net of tax	37,902	12,048

The following items have been included in arriving at profit before tax from discontinued operations:

	Group	
	2011 RM'000	2010 RM'000
Purchases	53,293	165,918
Changes in inventories	34,412	7,649
Employee benefits expense	43,653	32,017
Auditors' remuneration:		
– Statutory audit	62	62
– Other services	43	56
Depreciation of property, plant and equipment	5,862	6,136
Write down of inventories	295	2,371
Reversal of allowances for impairment:		
– Trade receivables	(1,161)	(347)
– Other receivables	(151)	(256)
Impairment loss on financial assets:		
– Trade receivables	690	2,614
Rental of premises	7,414	5,420
Rental of equipment	18	138
Corporate service fee payable to holding company	967	759

10. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (cont'd.)

Statement of comprehensive income disclosures (cont'd.)

The following items have been included in arriving at profit before tax from discontinued operations (cont'd.):

	Group	
	2011 RM'000	2010 RM'000
Advertising and marketing expenses	5,202	5,462
Maintenance and cleaning expenses	2,906	2,633
Utilities	1,979	2,299
Students related expenses:		
Student recruitment costs	1,806	3,135
Student medical insurance	1,544	1,009
Student functions	508	436
Course materials	256	304
Others	414	415
Royalty and technical fees	1,197	3,121
Interest income from financial institution	(195)	(40)
Incentive income *	(2,938)	(5,865)
Gain on disposal of property, plant and equipment	(25,020)	—
Rental receivable from operating leases, other than those relating to investment properties	(1,966)	(1,899)
Other dividend income	(292)	—

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

Statement of cash flows disclosures

The cash flows attributable to SASB and Education Group are as follows:

	Group	
	2011 RM'000	2010 RM'000
Operating	34,030	1,999
Investing	46,751	(466)
Financing	(58,625)	554
Net cash inflows	22,156	2,087

11. 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.

	2011	2010
Profit/(loss) attributable to owners of the parent from continuing operations (RM'000)	966	(6,007)
Profit attributable to owners of the parent from discontinued operations (RM'000)	37,902	12,048
	<u>38,868</u>	<u>6,041</u>
Weighted average number of ordinary shares in issue ('000)	<u>139,600</u>	139,600
Basic, profit/(loss) per share from continuing operations (sen)	0.69	(4.30)
Basic, profit per share from discontinued operations (sen)	27.15	8.63
	<u>27.84</u>	<u>4.33</u>

(b) Diluted:

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



12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Office equipment, renovation furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Group						
At 31 January 2011						
Cost						
At 1 February 2010	11,963	–	83,439	48,779	2,094	146,275
Effects of adopting the amendments to FRS 117	–	46,201	–	–	–	46,201
At 1 February 2010, as restated	11,963	46,201	83,439	48,779	2,094	192,476
Additions	–	–	65	10,677	2,497	13,239
Disposals	(11,963)	–	(14,351)	(3,422)	(146)	(29,882)
Attributable to discontinued operations (Note 10)	–	(13,834)	(69,153)	(32,553)	(2,026)	(117,566)
At 31 January 2011	–	32,367	–	23,481	2,419	58,267
Accumulated depreciation						
At 1 February 2010	–	–	10,835	33,078	1,415	45,328
Effects of adopting the amendments to FRS 117	–	2,272	–	–	–	2,272
At 1 February 2010, as restated	–	2,272	10,835	33,078	1,415	47,600
Depreciation charge (Notes 6 and 10)	–	616	2,178	4,360	471	7,625
Disposals	–	–	(2,552)	(2,611)	(70)	(5,233)
Attributable to discontinued operations (Note 10)	–	(1,303)	(10,461)	(21,158)	(1,427)	(34,349)
At 31 January 2011	–	1,585	–	13,669	389	15,643
Net carrying amount	–	30,782	–	9,812	2,030	42,624

12. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Office equipment, renovation furniture and fittings RM'000	Motor vehicles RM'000	Work in progress RM'000	Total RM'000
Group (cont'd.)							
At 31 January 2010							
Cost							
At 1 February 2009, as previously stated	11,963	—	74,909	42,219	2,433	8,354	139,878
Effects of adopting the amendments to FRS 117	—	46,201	—	—	—	—	46,201
At 1 February 2009, as restated	11,963	46,201	74,909	42,219	2,433	8,354	186,079
Additions	—	—	176	6,663	649	—	7,488
Transfer	—	—	8,354	—	—	(8,354)	—
Disposals	—	—	—	(103)	(988)	—	(1,091)
At 31 January 2010	11,963	46,201	83,439	48,779	2,094	—	192,476
Accumulated depreciation							
At 1 February 2009, as previously stated	—	—	8,535	29,493	1,403	—	39,431
Effects of adopting the amendments to FRS 117	—	1,682	—	—	—	—	1,682
At 1 February 2009, as restated	—	1,682	8,535	29,493	1,403	—	41,113
Depreciation charge (Notes 6 and 10)	—	590	2,300	3,667	276	—	6,833
Disposals	—	—	—	(82)	(264)	—	(346)
At 31 January 2010	—	2,272	10,835	33,078	1,415	—	47,600
Net carrying amount							
At 31 January 2010	11,963	43,929	72,604	15,701	679	—	144,876
At 1 February 2009	11,963	44,519	66,374	12,726	1,030	8,354	144,966

12. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

Company

At 31 January 2011

Cost

	Leasehold land RM'000	Office equipment, renovation furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
At 1 February 2010	–	15,576	82	15,658
Additions	30,813	6,887	2,314	40,014
At 31 January 2011	30,813	22,463	2,396	55,672

Accumulated depreciation

At 1 February 2010	–	11,931	82	12,013
Depreciation charge (Note 6)	31	1,441	260	1,732
At 31 January 2011	31	13,372	342	13,745

Net carrying amount

	30,782	9,091	2,054	41,927
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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
Depreciation charge (Note 6)		572	111	683
Disposals		–	(249)	(249)
At 31 January 2010		11,931	82	12,013

Net carrying amount

At 31 January 2010		3,645	–	3,645
At 1 February 2009		1,591	795	2,386

12. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

- (a) During the financial year, the Group acquired property, plant and equipment at aggregate costs of RM13,239,000 (2010: RM7,488,000) of which RM2,315,000 (2010: RM182,673) 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 RM40,014,000 (2010: RM2,626,000) of which RM2,315,000 (2010: Nil) were acquired by means of hire purchase and finance lease arrangements. The current year additions of the Company include a parcel of leasehold land of net carrying amount of RM30,813,000 acquired from a wholly-owned subsidiary, APIIT Sdn. Bhd.

The net carrying amounts of motor vehicles held under hire purchase and finance lease arrangements of the Group and of the Company are RM2,054,234 (2010: RM162,574) and RM2,054,234 (2010: Nil) respectively.

- (b) The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 23) are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Freehold land	–	11,963	–	–
Leasehold land	30,782	43,929	30,782	–
Buildings	–	72,604	–	–
	30,782	128,496	30,782	–

- (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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Office equipment, renovation, furniture and fittings	14,984	18,568	14,949	10,864
Motor vehicles	82	82	82	82

13. INVESTMENT PROPERTIES

Group/Company

At 31 January 2011

Cost

At 1 February 2010	–	138,966	138,966
Effects of adopting the amendments to FRS 117	55,541	–	55,541
At 1 February 2010, as restated/At 31 January 2011	55,541	138,966	194,507

Accumulated depreciation

At 1 February 2010	–	31,877	31,877
Effects of adopting the amendments to FRS 117	14,505	–	14,505
At 1 February 2010, as restated	14,505	31,877	46,382
Depreciation charge (Note 6)	834	3,235	4,069
At 31 January 2011	15,339	35,112	50,451

Net carrying amount

40,202 103,854 144,056

At 31 January 2010

Cost

At 1 February 2009, as previously stated	–	138,966	138,966
Effects of adopting the amendments to FRS 117	55,541	–	55,541
At 1 February 2009, as restated/At 31 January 2010	55,541	138,966	194,507

Accumulated depreciation

At 1 February 2009, as previously stated	–	28,503	28,503
Effects of adopting the amendments to FRS 117	13,674	–	13,674
At 1 February 2009, as restated	13,674	28,503	42,177
Depreciation charge (Note 6)	831	3,374	4,205
At 31 January 2010	14,505	31,877	46,382

Net carrying amount

At 31 January 2010	41,036	107,089	148,125
At 1 February 2009	41,867	110,463	152,330

Investment properties comprise commercial property leased to related parties and third parties (Note 31(b)).

The fair values of investment properties of the Group and of the Company, which have been determined by an independent valuer are RM208,372,000 (2010: RM215,239,000).

14. INTANGIBLE ASSETS

Group

Cost

At 1 February 2009/31 January 2010

Transfer to assets of disposal group classified as held for sale (Note 10)

At 31 January 2011

Accumulated impairment

At 1 February 2009/31 January 2010/31 January 2011

Net carrying amount

At 31 January 2011

At 31 January 2010

	Intellectual property right RM'000	Goodwill RM'000	Total RM'000
At 1 February 2009/31 January 2010	49	2,648	2,697
Transfer to assets of disposal group classified as held for sale (Note 10)	–	(259)	(259)
At 31 January 2011	49	2,389	2,438
At 1 February 2009/31 January 2010/31 January 2011	49	2,389	2,438
At 31 January 2011	–	–	–
At 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.

(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	
	2011 RM'000	2010 RM'000
Premium automotive	2,389	2,389
Education	–	259
	2,389	2,648

The recoverable amounts of CGU for both the Automotive and Education segments are determined based on fair value less cost to sell (determined by management based on best information available on recoverable amount of the CGU).

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2011 RM'000	2010 RM'000
Unquoted shares in Malaysia, at cost *	65,000	65,000
Transfer to non-current asset classified as held for sale (Note 10)	(58,000)	—
	7,000	65,000
Less: Accumulated impairment loss	(7,000)	(7,000)
	—	58,000

* Included in investment in subsidiaries at cost is RM4 (2010: RM4) representing cost of investment of RM2 each in Uniphone Properties Sdn. Bhd. and SRB Ventures Sdn. Bhd. respectively.

Details of the subsidiaries, all of which are incorporated in Malaysia and audited by Ernst & Young, are as follows:

Name of subsidiaries	Principal activities	Group's effective interest	
		2011 %	2010 %
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.	Sale of food and beverages.	100	100
Held by APIIT Sdn. Bhd.			
Sapura 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

The Company has completed the disposal of 51% equity interest in these subsidiaries subsequent to the reporting date pursuant to the Proposed Subsidiaries Disposal as disclosed in Note 10.

16. INVESTMENT IN ASSOCIATES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 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	791	(9,398)	–	–
	20,574	10,385	12,000	12,000
Less: Accumulated impairment losses #	(1,098)	(8,719)	–	(12,000)
	19,476	1,666	12,000	–

The reversal of impairment losses of the Group during the financial year was accounted for as part of the share of results of associates as presented on the face of the consolidated statement of comprehensive income.

Details of the associates are as follows:

Name of associates	Country of Incorporation	Principal activities	Group's effective interest	
			2011 %	2010 %
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 of auditors other than Ernst & Young

16. INVESTMENT IN ASSOCIATES (cont'd.)

The summarised financial information of the associates, not adjusted for the proportion of the ownership interest held by the Group, is as follows:

	2011 RM'000	2010 RM'000
Assets and liabilities:		
Total assets	160,157	115,419
Total liabilities	76,609	49,286
Results:		
Revenue	249,168	153,412
Profit for the year	18,362	4,942

17. INVENTORIES

	Group	
	2011 RM'000	2010 RM'000
At cost		
Food and beverages	9	–
Trading books	–	81
Vehicle parts and accessories	–	3,031
Trading vehicles	–	22,169
	9	25,281
At net realisable value		
Trading vehicles	1,575	8,274
	1,584	33,555

Trading vehicles with net carrying amounts of RM1,212,755 in the previous financial year were held under finance leases. These leased assets were pledged as security for the related finance lease liabilities (Note 24).

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade receivables				
Third parties	3,206	16,579	831	1,120
Amounts due from related companies	1,414	787	1,414	787
	4,620	17,366	2,245	1,907
Less: Allowance for impairment				
Third parties	(2,236)	(3,829)	(160)	(160)
Amounts due from related companies	(634)	–	(634)	–
	(2,870)	(3,829)	(794)	(160)
Trade receivables, net	1,750	13,537	1,451	1,747
Other receivables				
Amounts due from:				
Subsidiaries	–	–	54,634	70,741
Other related companies	75	326	–	–
Associates	222	186	–	–
	297	512	54,634	70,741
Deposits	476	1,602	163	69
Sundry receivables	334	844	108	29
	1,107	2,958	54,905	70,839
Less: Allowance for impairment				
Subsidiaries	–	–	(17,597)	(513)
Other related companies	(75)	(318)	–	–
Sundry receivables	(35)	(632)	(1)	(1)
	(110)	(950)	(17,598)	(514)
Other receivables, net	997	2,008	37,307	70,325
Total trade and other receivables	2,747	15,545	38,758	72,072
Total trade and other receivables	2,747	15,545	38,758	72,072
Add: Cash and bank balances (Note 21)	14,628	19,026	14,136	6,597
Total loan and receivables	17,375	34,571	52,894	78,669

18. TRADE AND OTHER RECEIVABLES (cont'd.)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 (2010: 30 to 90) days terms except for overdue balances in the property investments business which attract interest rate of 1.5% (2010: 1.5%) per annum. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's and of the Company's trade receivables for the financial year are as follows:

	Group RM'000	Company RM'000
Neither past due nor impaired	1,167	1,080
1 to 30 days past due not impaired	191	30
31 to 60 days past due not impaired	53	53
61 to 90 days past due not impaired	12	12
> 90 days past due not impaired	16	16
> 365 days past due not impaired	311	260
	583	371
Impaired	2,870	794
	<u>4,620</u>	<u>2,245</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

18. TRADE AND OTHER RECEIVABLES (cont'd.)

(a) Trade receivables (cont'd.)

Receivables that are past due but not impaired

The Group and the Company has trade receivables amounting to RM583,000 and RM371,000 respectively that are past due at the reporting date but not impaired. These relate mostly to corporate customers with slower repayment patterns, for whom there is no history of default.

The trade receivables that are past due but not impaired are unsecured.

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade receivables:				
Nominal value	2,870	3,829	794	160
Less: Allowance for impairment	(2,870)	(3,829)	(794)	(160)
	–	–	–	–

Movement in allowance accounts:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At the beginning of year	3,829	2,654	160	316
Charge for the year	1,324	2,614	634	–
Written off	(1,122)	(1,049)	–	(11)
Reversal of impairment losses	(1,161)	(390)	–	(145)
At the end of year	2,870	3,829	794	160

Trade receivables that are collectively and individually determined to be impaired at the reporting date mainly relate to balances which have been significantly long outstanding. These receivables are not secured by any collateral or credit enhancements.

18. TRADE AND OTHER RECEIVABLES (cont'd.)

(b) Other receivables

The Group's and the Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other receivables:				
Nominal value	110	950	17,598	514
Less: Allowance for impairment	(110)	(950)	(17,598)	(514)
	–	–	–	–

Movement in allowance accounts:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At the beginning of year	950	1,748	514	870
Charge for the year (Note 6)	–	–	17,084	513
Written off	(689)	(200)	–	(705)
Reversal of impairment losses	(151)	(598)	–	(164)
At the end of year	110	950	17,598	514

(c) Related party balances

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 upon demand, except for an amount due from subsidiaries of RM54,573,000 (2010: RM52,696,000) which attract interest rates ranging from 4.91% to 6.30% (2010: 4.10% to 6.05%) per annum.

19. OTHER CURRENT ASSETS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Prepayments	358	2,630	344	299

20. INVESTMENT SECURITIES

	Group/Company	
	2011 RM'000	2010 RM'000
<i>Held for trading investments</i>		
Equity instruments (quoted in Malaysia):		
At fair value	307	193

21. CASH AND BANK BALANCES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash at banks and on hand	2,328	12,026	1,836	6,597
Deposits with licensed banks	12,300	7,000	12,300	–
Cash and bank balances	14,628	19,026	14,136	6,597

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and of the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 January 2011 for the Group and for the Company were 2.5% (2010: 1.0%) and 2.2% (2010: Nil) respectively.

21. CASH AND BANK BALANCES (cont'd.)

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash and bank balances				
Continuing operations	14,628	19,026	14,136	6,597
Discontinued operations (Note 10)	34,073	–	–	–
	48,701	19,026	14,136	6,597
Bank overdrafts (Note 23)	(252)	–	(252)	–
Cash and cash equivalents	48,449	19,026	13,884	6,597

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade payables – third parties	153	5,072	–	–
Other payables				
Amounts due to:				
Holding company	620	291	611	284
Subsidiaries	–	–	42,228	42,175
Related companies	–	136	–	–
Associates	241	241	–	–
	861	668	42,839	42,459
Deposits	5,037	10,249	4,201	3,844
Accruals	128	6,096	–	–
Other payables	21,825	25,774	21,984	13,709
Dividend payable	9,789	–	9,789	–
Deferred income	–	23,115	–	–
	37,640	65,902	78,813	60,012
	37,793	70,974	78,813	60,012
Total trade and other payables	37,793	70,974	78,813	60,012
Add: Loans and borrowings (Note 23)	83,146	140,705	83,146	84,891
Total other financial liabilities carried at amortised cost	120,939	211,679	161,959	144,903

22. TRADE AND OTHER PAYABLES (cont'd.)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 (2010: 30 to 60) days terms.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 90 (2010: 90) days.

(c) Related party balances

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 upon demand, except for the amount due to subsidiaries which attract interest rate ranging from 2.80% to 3.92% (2010: 2.80% to 3.60%) per annum.

23. LOANS AND BORROWINGS

Current

Secured:

Term loans

12,667 6,315 12,667 3,933

Floor stocking

– 24,127 – –

Obligations under finance leases (Note 24)

263 281 263 –

12,930 30,723 12,930 3,933

Unsecured:

Bank overdrafts

252 – 252 –

Revolving credits

– 17,528 – –

Bankers acceptances

– 2,125 – –

252 19,653 252 –

13,182 50,376 13,182 3,933

Non-current

Secured:

Term loans

68,291 89,149 68,291 80,958

Obligations under finance leases (Note 24)

1,673 1,180 1,673 –

69,964 90,329 69,964 80,958

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current				
Secured:				
Term loans	12,667	6,315	12,667	3,933
Floor stocking	–	24,127	–	–
Obligations under finance leases (Note 24)	263	281	263	–
	12,930	30,723	12,930	3,933
Unsecured:				
Bank overdrafts	252	–	252	–
Revolving credits	–	17,528	–	–
Bankers acceptances	–	2,125	–	–
	252	19,653	252	–
	13,182	50,376	13,182	3,933
Non-current				
Secured:				
Term loans	68,291	89,149	68,291	80,958
Obligations under finance leases (Note 24)	1,673	1,180	1,673	–
	69,964	90,329	69,964	80,958

23. LOANS AND BORROWINGS (cont'd.)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Total				
Bank overdrafts (Note 21)	252	—	252	—
Revolving credits	—	17,528	—	—
Floor stocking	—	24,127	—	—
Bankers acceptances	—	2,125	—	—
Term loans	80,958	95,464	80,958	84,891
Obligations under finance leases	1,936	1,461	1,936	—
	83,146	140,705	83,146	84,891

The remaining maturities of the loans and borrowings as at 31 January 2011 are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Within 1 year	13,182	50,376	13,182	3,933
More than 1 year and less than 2 years	20,596	14,793	20,596	12,667
More than 2 years and less than 5 years	48,843	72,968	48,843	68,291
5 years or more	525	2,568	525	—
	83,146	140,705	83,146	84,891

Loans and borrowings of the Group and of the Company attracted interest rate during the year as follows:

	Group		Company	
	2011 %	2010 %	2011 %	2010 %
Bank overdrafts	6.30	—	6.30	—
Revolving credits	—	4.02	—	—
Bankers' acceptances	—	3.81	—	—
Floor stocking	—	6.25	—	—
Term loans	4.91	4.21	4.91	4.10
Finance leases	2.84	3.26	2.84	—

23. LOANS AND BORROWINGS (cont'd.)

The term loans are secured by the following:

- (i) a first party fixed legal charge over a parcel of leasehold land of the Group as disclosed in Note 12 and certain property, plant and equipment of the Group as disclosed in Note 10;
- (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.

24. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Minimum lease payments:				
Not later than 1 year	347	351	347	—
Later than 1 year but not later than 2 years	347	351	347	—
Later than 2 years but not later than 5 years	1,040	919	1,040	—
Later than 5 years	564	23	564	—
Total minimum lease payments	2,298	1,644	2,298	—
Less: Amounts representing finance charges	(362)	(183)	(362)	—
Present value of minimum lease payments	1,936	1,461	1,936	—
Present value of payments:				
Not later than 1 year	263	281	263	—
Later than 1 year but not later than 2 years	263	298	263	—
Later than 2 years but not later than 5 years	885	859	885	—
Later than 5 years	525	23	525	—
	1,936	1,461	1,936	—
Less: Amount due within 12 months (Note 23)	(263)	(281)	(263)	—
Amount due after 12 months (Note 23)	1,673	1,180	1,673	—

The Group and the Company have finance leases for certain trading vehicles (Note 17) and motor vehicles (Note 12). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

25. DEFERRED TAX

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At the beginning of year	6,257	4,036	3,459	1,838
Recognised in profit or loss				
Continuing operations (Note 9)	(525)	1,621	(714)	1,621
Discontinued operations	39	600	–	–
Reclassified as held for sale (Note 10)	(2,837)	–	–	–
At the end of year	2,934	6,257	2,745	3,459

Presented after appropriate offsetting as follows:

Deferred tax assets	–	–	–	–
Deferred tax liabilities	2,934	6,257	2,745	3,459
	2,934	6,257	2,745	3,459

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 RM'000	Trade and other receivables RM'000	Other payables RM'000	Total RM'000
At 1 February 2009	(5,037)	(172)	(2,411)	(7,620)
Recognised in profit or loss	1,487	110	(125)	1,472
At 31 January 2010	(3,550)	(62)	(2,536)	(6,148)
Recognised in profit or loss				
Continuing operations	(312)	60	(371)	(623)
Discontinued operations	(3,880)	2	1,085	(2,793)
Reclassified as held for sale	5,036	–	1,436	6,472
At 31 January 2011	(2,706)	–	(386)	(3,092)

25. DEFERRED TAX (cont'd.)

Deferred tax liabilities of the Group:

	Accelerated capital allowance RM'000
At 1 February 2009	11,656
Recognised in the income statement	749
At 31 January 2010	12,405
Recognised in profit or loss	
Continuing operations	98
Discontinued operations	2,832
Reclassified as held for sale	(9,309)
At 31 January 2011	6,026

Deferred tax assets of the Company:

	Tax losses and unabsorbed capital allowance RM'000	Trade receivables RM'000	Other payables RM'000	Total RM'000
At 1 February 2009	(3,898)	(60)	–	(3,958)
Recognised in profit or loss	1,745	–	–	1,745
At 31 January 2010	(2,153)	(60)	–	(2,213)
Recognised in profit or loss	(290)	60	(560)	(790)
At 31 January 2011	(2,443)	–	(560)	(3,003)

25. DEFERRED TAX (cont'd.)

Deferred tax liabilities of the Company:

	Accelerated capital allowance RM'000
At 1 February 2009	5,796
Recognised in profit or loss	(124)
At 31 January 2010	5,672
Recognised in profit or loss	76
At 31 January 2011	5,748

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

	Group	
	2011 RM'000	2010 RM'000
Unused tax losses	38,193	36,802
Unabsorbed capital allowances	5,400	5,354
Others	2,229	4,298
	45,822	46,454

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.

26. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2011 '000	2010 '000	2011 RM'000	2010 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 and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

27. OTHER RESERVES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 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. RETAINED PROFITS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 January 2011 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

As at 31 January 2011, the Company has tax exempt profits available for distribution of approximately RM11,828,000 (2010: RM11,828,000), subject to the agreement of the Inland Revenue Board.

The Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained profits as at 31 January 2011.

29. DIVIDENDS

	Group/Company	
	2011 RM'000	2010 RM'000
Recognised during the financial year:		
Dividend on ordinary shares:		
Special dividend of 9.35 sen less 25% taxation, on 139,600,000 ordinary shares declared on 24 January 2011	9,789	—

The directors do not recommend the payment of any final dividend in respect of the current financial year.

30. RELATED PARTY DISCLOSURES

(a) Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Holding company				
Corporate service fee	173	165	173	165
Subsidiaries				
Management fees	–	–	(4,788)	(5,821)
Interest expense	–	–	1,586	1,312
Interest income	–	–	(2,455)	(2,633)
Rental of motor vehicles	–	–	100	224
Transfer of motor vehicle	–	–	–	400
Related parties				
SapuraCrest Petroleum Berhad and its subsidiaries				
Rental income	(5,501)	(4,997)	(5,501)	(4,997)
Sales of goods	–	(397)	–	–
Sapura Industrial Berhad and its subsidiaries				
Rental income	(81)	(109)	(81)	(109)
Sales of goods	(1,133)	(464)	–	–
Sapura Technology Berhad and its subsidiaries				
Rental income	(1,798)	(2,829)	(1,798)	(2,829)
Services rendered	149	82	140	82

30. RELATED PARTY DISCLOSURES (cont'd.)

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors				
Directors of the Company				
Services rendered	(110)	(31)	–	–
Director of a subsidiary				
Sales of goods	–	(400)	–	–

(b) Compensation of key management personnel

The key management personnels comprised executive and non-executive directors of the Group and of the Company and their remuneration is disclosed in Note 8.

31. COMMITMENTS

(a) Capital commitments – Continuing operations

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Capital expenditure				
Approved but not contracted for:				
Property, plant and equipment	3,278	5,232	3,278	1,150

(b) Operating lease commitments – the Group as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 2 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group/Company	
	2011 RM'000	2010 RM'000
Future minimum lease receivables:		
Not later than 1 year	16,826	10,303
Later than 1 year and not later than 5 years	13,002	8,367
	29,828	18,670

32. CONTINGENT LIABILITIES

Unsecured:

Guarantees given to third parties in respect of:

- utility facilities granted to subsidiaries
- utility facilities granted to the Company

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
	256	1,095	256	115
	380	380	380	380
	636	1,475	636	495

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

- (a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

Financial liabilities

At 31 January 2011:

	Note	Group		Company	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Term loans	23	68,291	66,388	68,291	66,388
Obligations under finance leases	23	1,673	1,859	1,673	1,859

At 31 January 2010:

Term loans	23	89,149	83,187	80,958	79,227
Obligations under finance leases	23	1,180	1,335	–	–

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd.)

(b) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	18
Trade and other payables (current)	22
Loans and borrowings (current)	23

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Amounts due from related parties and finance lease obligations

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 18.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the business segment of its trade receivables on an ongoing basis. 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 at the reporting date.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 18. Deposits with banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the reporting date, the Group's and the Company's trade and other payables (Note 22) will mature in less than one year based on carrying amount reflected in financial statements.

The maturity profile of the Group's and the Company's loans and borrowings is disclosed in Note 23.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

	← 2011 →			Total RM'000
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	
Group				
Financial liabilities:				
Trade and other payables	37,793	–	–	37,793
Loans and borrowings	13,827	72,825	540	87,192
Total undiscounted financial liabilities	51,620	72,825	540	124,985
Company				
Financial liabilities:				
Trade and other payables	78,813	–	–	78,813
Loans and borrowings	13,827	72,825	540	87,192
Total undiscounted financial liabilities	92,640	72,825	540	166,005

(c) 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 2011. 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.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax and total equity would have been RM152,000 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

If interest rates had been 25 basis points lower/higher, with all other variables held constant, the Company's profit net of tax and total equity would have been RM129,000 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings and advances from related parties, and higher/lower interest income from floating rate advances to related parties.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

(d) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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.

(e) **Market price risk**

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments in Malaysia which are listed on the Bursa Malaysia. These instruments are classified as held for trading financial assets. The Group does not have exposure to commodity price risk.

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 January 2011 and 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio at an acceptable limits. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent, less non-distributable reserves.

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Loans and borrowings		83,146	140,705	83,146	84,891
Trade and other payables		37,793	70,974	78,813	60,012
Financial liabilities, attributable to discontinued operation, net of cash and bank balances	10	15,843	—	—	—
Less: Cash and bank balances		(14,628)	(19,026)	(14,136)	(6,597)
Net debt		122,154	192,653	147,823	138,306
Equity attributable to the owners of the parent		177,842	148,763	144,699	140,610
Less: Non-distributable reserves		(3,783)	(3,783)	(2,302)	(2,302)
Total capital		174,059	144,980	142,397	138,308
Capital and net debt		296,213	337,633	290,220	276,614
Gearing ratio		41%	57%	51%	50%

36. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has 3 reportable operating segments as follows:

- (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. This segment has been classified as a discontinued operation during the financial year (Note 10).
- (iii) Premium Automotive-sales and after-sales services of BMW and MINI vehicles. This segment has been classified as a discontinued operation during the financial year (Note 10).

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	Continuing	← Discontinued →				
	Investment holdings/ property investments RM'000	Education RM'000	Premium Automotive RM'000	Eliminations RM'000	Note	Total RM'000
At 31 January 2011						
Revenue:						
External customers	17,486	96,579	86,798	–	A	200,863
Inter-segment	4,788	–	–	(4,788)	B	–
Total revenue	<u>22,274</u>	<u>96,579</u>	<u>86,798</u>	<u>(4,788)</u>		<u>200,863</u>
Results:						
Interest income	24	195	–	–		219
Dividend income	11	292	–	–		303
Depreciation and amortisation	5,832	4,939	923	–	A	11,694
Share of results of associates	18,299	(322)	–	–		17,977
Other non-cash expenses	520	460	(787)	–	C	193
Segment profit/(loss)	<u>13,260</u>	<u>32,676</u>	<u>10,442</u>	<u>(55,771)</u>	D	<u>607</u>
Assets:						
Investment in associates	19,476	–	–	–		19,476
Additions to non-current assets	9,825	3,384	30	–	E	13,239
Segment assets	<u>203,352</u>	<u>128,815</u>	<u>2,793</u>	<u>19,635</u>	F	<u>354,595</u>
Segment liabilities	<u>122,283</u>	<u>52,753</u>	<u>1,472</u>	<u>245</u>	G	<u>176,753</u>

36. SEGMENT INFORMATION (cont'd.)

	Continuing	← Discontinued →			
Investment holdings/ property investments RM'000	Education RM'000	Premium Automotive RM'000	Eliminations RM'000	Note	Total RM'000
At 31 January 2010					
Revenue:					
External customers	16,653	75,773	178,643	–	A 271,069
Inter-segment	5,821	–	–	(5,821)	B –
Total revenue	22,474	75,773	178,643	(5,821)	271,069
Results:					
Interest income	–	672	–	(672)	–
Depreciation and amortisation	4,904	4,657	1,477	–	A 11,038
Share of results of associates	–	321	–	–	321
Other non-cash expenses	(515)	(284)	2,295	–	C 1,496
Segment profit/(loss)	(5,087)	23,422	(8,495)	(14,226)	D (4,386)
Assets:					
Investment in associates	1,666	–	–	–	1,666
Additions to non-current assets	2,626	4,216	646	–	E 7,488
Segment assets	160,735	136,555	67,550	1,859	F 366,699
Segment liabilities	106,216	47,036	64,443	241	G 217,936

36. SEGMENT INFORMATION (cont'd.)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

- A** The amounts relating to the education and premium automotive segments have been excluded to arrive at amounts shown in the consolidated statement of comprehensive income as they are presented separately in the statement of comprehensive income within one line item, "profit from discontinued operation, net of tax".
- B** Inter-segment revenues are eliminated on consolidation.
- C** Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2011 RM'000	2010 RM'000
Write down of inventories	10	295	—
Impairment of financial assets	6, 10	1,324	2,614
Reversal of allowances for impairment on financial assets	10	(1,312)	(988)
Net fair value gains on held for trading investment securities	6	(114)	(130)
		193	1,496

- D** The following items are added to/(deducted from) segment profit/(loss) to arrive at "profit/(loss) before tax from continuing operations" presented in the consolidated statement of comprehensive income:

	2011 RM'000	2010 RM'000
Segment results of discontinued operations	(43,118)	(14,927)
Share of results of associates	17,977	321
(Profit)/loss from inter-segment sales	(28,154)	1,325
Finance costs	(2,476)	(945)
	(55,771)	(14,226)

36. SEGMENT INFORMATION (cont'd.)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

E Additions to non-current assets consist of:

	2011 RM'000	2010 RM'000
Property, plant and equipment	13,239	7,488

F The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2011 RM'000	2010 RM'000
Investment in associates	19,476	1,666
Inter-segment assets	159	193
	<u>19,635</u>	<u>1,859</u>

G The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2011 RM'000	2010 RM'000
Inter-segment liabilities	245	241

37. SIGNIFICANT EVENTS

In addition to the significant events detailed elsewhere in the financial statements, the Group had the following significant events during the financial year:

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 sums payable in respect of the construction of Sapura@Mines building. BFJV filed an application for summary judgement on their claim. Summary judgment was entered in the High Court on 18 January 2010 in favour of BFJV for the sum of RM8 million, together with interest and costs. The Company's appeal to the Court of Appeal was dismissed with costs on 8 October 2010. On 22 October 2010, the Company filed an application to the Federal Court for leave to appeal to the Federal Court, and for a stay pending appeal.

On 22 March 2011 the Federal Court dismissed with costs the Company's application for leave to appeal against the decision of the Court of Appeal. The Company subsequently on 28 March 2011 applied to the High Court for a stay of execution of the summary judgment entered against the Company pending full and final disposal of the Company's counter claim against BFJV. The hearing for the stay of execution of application was held on 12 May 2011. At the hearing the Court reserved its decision. The decision of the Court in relation to the above has been fixed on 20 May 2011. In the interim, BFJV has agreed not to execute the summary judgement pending disposal of the Company's application to stay.

38. SUBSEQUENT EVENT

On 18 February 2011, the Company announced the completion of the Proposed Subsidiaries Disposal (Note 10 (b)) as all the Conditions Precedent in relation to the Proposed Subsidiaries Disposal have been unconditionally fulfilled and fully satisfied.

39. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained profits of the Group and of the Company as at 31 January 2011 into realised and unrealised profits/(losses) is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Listing Requirements of Bursa Malaysia Securities Berhad, as issued by the Malaysian Institute of Accountants.

	Group RM'000	Company RM'000
Total retained profits of the Company and its subsidiaries		
– Realised	62,520	4,442
– Unrealised	(6,032)	(2,745)
	56,488	1,697
Less: Consolidation adjustments	(23,129)	–
Retained profits as per financial statements	33,359	1,697

PARTICULARS OF PROPERTIES

31 JANUARY 2011

Address	Existing Use	Land Area (In Square Meter)	Lease Expiry Date	Approximate Age of Building (years) as at 31/01/11	Net Carrying Amount RM'000
L.O. No. 10 Jalan Tandang Seksyen 28 46050 Petaling Jaya Selangor Darul Ehsan	Warehouse, office and store	49,927	20.06.2033	21-50	1,755
P.T. No. 10A Jalan Tandang Seksyen 28 46050 Petaling Jaya Selangor Darul Ehsan	Warehouse and store	5,681	03.01.2057	34	5,357
Lot 5, Jalan 219 Lebuhraya Persekutuan 46100 Petaling Jaya Selangor Darul Ehsan	Commercial Building	4,047	16.03.2068	29	2,553
No. 7 Jalan Tasik The Mines Resort City 43300 Seri Kembangan Selangor Darul Ehsan	Office Building	22,379	20.03.2091	12	134,391
Lot 6, Technology Park Malaysia 57000 Kuala Lumpur	College and Office Building	6,718	5.08.2029	11	21,404
Lot 33366, Jalan Padang Tembak Off Jalan Subang 47200 Subang Selangor Darul Ehsan	(i) Smart School	30,234	17.04.2093	5	49,820
	(ii) Vacant Land	86,571	17.04.2093	—	30,782

Authorised share capital	:	RM250,000,000
Issued and paid-up capital	:	RM139,600,000
Class of shares	:	Ordinary shares of RM1.00 each
Voting rights	:	One vote per ordinary share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
Less than 100	58	0.87	1,337	0.00
100 – 1,000	2,759	41.28	2,692,741	1.93
1,001 – 10,000	3,179	47.56	12,465,922	8.93
10,001 – 100,000	591	8.84	17,638,828	12.63
100,001 To Less Than 5%	96	1.44	36,946,900	26.47
5% and above	1	0.01	69,854,272	50.04
Total	6,684	100.00	139,600,000	100.00

DIRECTORS' SHAREHOLDINGS AS AT 31 MAY 2011

Name of Directors	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 31 MAY 2011

Name of Shareholders	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.

THIRTY (30) LARGEST SHAREHOLDERS

Based on Record of Depositors as at 31 May 2011

No.	Name of Shareholders	No. of Shares	%
1.	Sapura Holdings Sdn. Bhd.	69,854,272	50.04
2.	Lim Boon Liat	2,476,000	1.77
3.	AmanahRaya Trustees Berhad – Public Smallcap Fund	2,168,500	1.55
4.	Choot Ewe Hin	2,034,500	1.46
5.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Choong Foong Ming (CEB)	1,989,100	1.42
6.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB For Parmjit Singh A/L Meva Singh (PB)	1,950,000	1.40
7.	ABB Nominee (Tempatan) Sdn Bhd Pledged Securities Account For Sapura Holdings Sdn Bhd (1119019194)	1,390,000	1.00
8.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For Parmjit Singh A/L Meva Singh (SFC)	1,250,000	0.90
9.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB For Sapura Capital Sdn Bhd (PB)	1,098,500	0.79
10.	Leong Hon Wah	1,000,000	0.72
11.	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Oh Kim Sun (M12)	855,700	0.61
12.	Lee Kim Seng	770,000	0.55
13.	Yow Wang Yip	750,000	0.54
14.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Parmjit Singh A/L Meva Singh	737,300	0.53
15.	Chow Soon Fong	680,000	0.49
16.	Lam Pun Ying	510,000	0.37
17.	Tan Yee Kong	503,000	0.36
18.	Wong Siew Chin	481,500	0.34
19.	Yong Siew Yoon	480,000	0.34
20.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chew Hoy Ping	473,700	0.34
21.	Saw Guat Ngoh	439,000	0.31
22.	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Kiam Lam (001)	406,700	0.29
23.	Wong Teck Siong	400,000	0.29
24.	Chan Wing Kit	370,000	0.27
25.	Lim Kian Wat	341,000	0.24
26.	Lam Choy Choo	338,000	0.24
27.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Oh Kim Sun	322,500	0.23
28.	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Agrobulk Holdings Sdn Bhd (M12)	300,000	0.21
29.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ngan Bee Poh	300,000	0.21
30.	Goh Thong Beng	295,000	0.21

PROXY FORM



Sapura Resources Berhad (3136-D)
(Incorporated in Malaysia)

Total number of proxy(ies) appointed		
Proportion of holdings to be represented by each proxy	Proxy 1 %	Proxy 2 %
Total of number of ordinary shares held		
CDS Account No.		

I/We, _____
(full name in capital letters)

of _____
(full address)

being a Member/Members of SAPURA RESOURCES BERHAD hereby appoint _____
(full name in capital letters)

of _____
(full address)

and/or failing him, _____
(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-Fourth (54th) 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, 20 July 2011 at 11.00 am or at any adjournment thereof and to vote as indicated below:

RESOLUTIONS		FOR	AGAINST
ORDINARY RESOLUTION 1	Re-election of Shahrman bin Shamsuddin		
ORDINARY RESOLUTION 2	Re-election of Muthanna bin Abdullah		
ORDINARY RESOLUTION 3	Re-appointment of Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir		
ORDINARY RESOLUTION 4	Re-appointment of Dato' Khalid bin Abdul Karim		
ORDINARY RESOLUTION 5	Payment of Directors' fees		
ORDINARY RESOLUTION 6	Re-appointment of Messrs. Ernst & Young as Auditors of the Company		
ORDINARY RESOLUTION 7	To authorise the Directors under Section 132D of the Companies Act, 1965, to allot and issue new shares in the Company		

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 _____ 2011

NOTES:-

1. 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.
2. 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.
3. 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.
4. 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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Sapura Resources Berhad (3136-D)

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