

Investing For The Future

Annual Report
2013

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RATIONALE

INVESTING FOR THE FUTURE

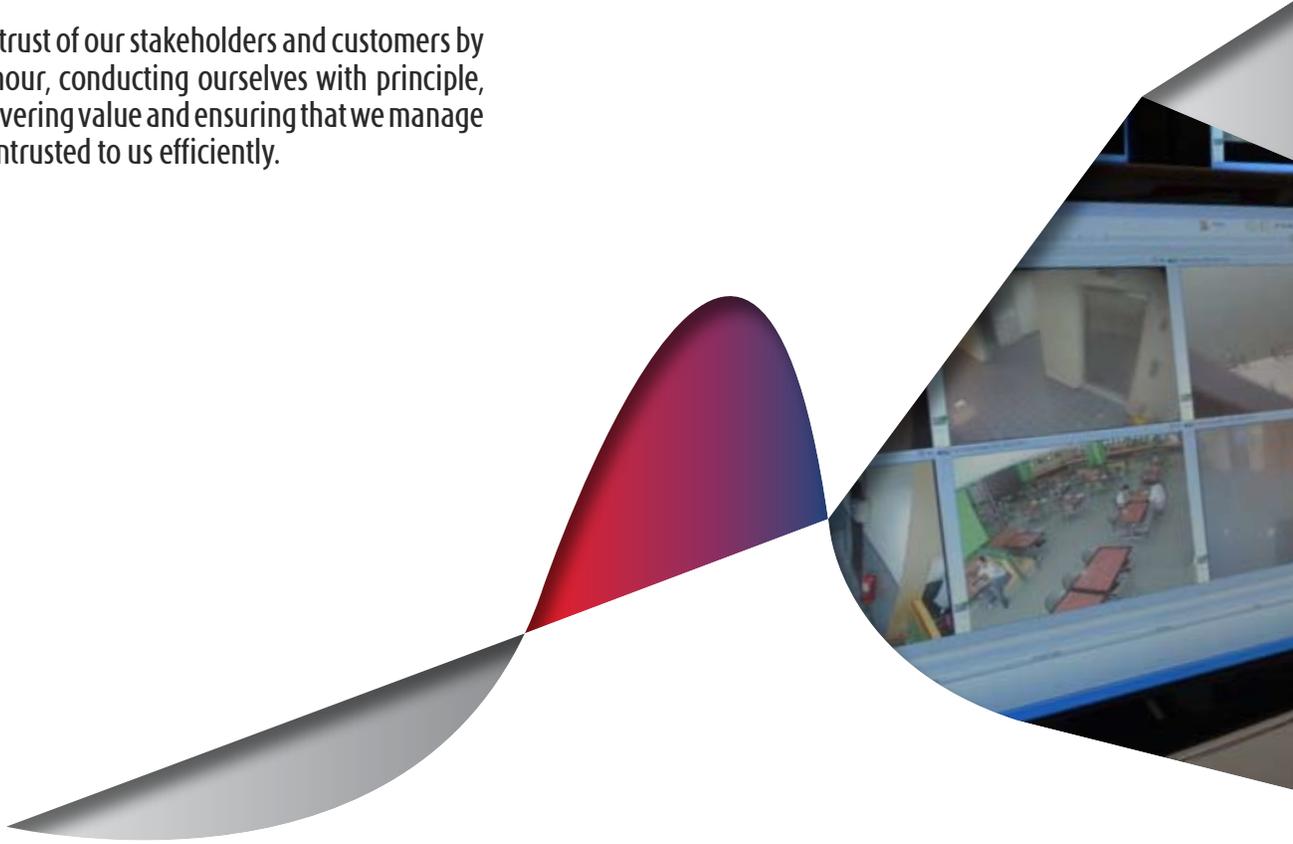
The design is an abstract, within which the prevailing visual elements and colours reflect the ubiquitous Sapura corporate identity nuances.

The conceived angular forms that persist in the design are derived from the Sapura logo equities, forming the core of the design synthesis, while contributing towards the vibrancy and the dynamic pulsations of Sapura Resources Berhad.

To further enhance and strengthen its peripheral characterizations, the design is given dashes of punctuated smooth and organic ellipses within its structure, intended to counter the perceived rigidity in the design, portraying a sense of consolidation for the future.

HONOURABLE

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





FIFTY-SIXTH (56TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Sixth (56th) 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, 3 July 2013 at 11.00 a.m. to transact the following businesses:

AGENDA

1. To receive the Audited Financial Statements together with the Directors' and Auditors' reports for the financial year ended 31 January 2013. *Please refer to Note 1*
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:
 - (i) Tan Sri Shahril bin Shamsuddin *Ordinary Resolution 1*
 - (ii) Tan Sri Datuk Amar (Dr.) Hamid bin Bugo *Ordinary Resolution 2*
3. Re-appointment of Directors:-
 - (i) "THAT Datuk Khalid bin Abdul Karim retiring in accordance with Section 129(6) of the Companies Act, 1965 and who has served as an Independent Director of the Company for more than nine years be and is hereby re-appointed as an Independent Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company. *Special Resolution 1*
 - (ii) "THAT Dato' Fauziah binti Dato' Ismail retiring 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 of the Company. *Special Resolution 2*
4. To approve the Directors' fees for the financial year ended 31 January 2013. *Ordinary Resolution 3*
5. To re-appoint Messrs Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. *Ordinary Resolution 4*
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." *Ordinary Resolution 5*
7. Proposed Amendments to the Articles of Association of the Company
 "THAT the Proposed Amendments to the Articles of Association of the Company contained in the document marked as "Appendix 1" (Proposed Amendments) which is attached to the Annual Report 2013 be and is hereby approved and adopted;
 AND THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities." *Special Resolution 3*
8. To transact any other business for which due notice shall have been given in accordance with the Companies Act, 1965.

BY ORDER OF THE BOARD

EULIS RACHMATIAH BINTI ISKANDAR SASTRAWIDJAJA (LS 8774)

Company Secretary

Selangor Darul Ehsan
11 June 2013

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. Directors' Fees

The proposed Ordinary Resolution No. 3, if passed, will authorise the payment of Directors' fees for the financial year ended 31 January 2013 amounting to RM211,000.

3. Authority to Allot and Issue Shares under Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution No. 5, 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 AGM of the Company.

The mandate will enable the Directors to take swift action in case of a need for corporate exercises or fund raising activities or in the event business opportunities arise which involve the issuance of new shares and to avoid delay and cost in convening general meetings to approve such issuance of shares. The proceeds raised from the corporate exercises or fund raising activities will be utilized for funding future investment projects, working capital and/or acquisitions

As the date of this Notice, no new shares in the Company have been issued pursuant to the mandate granted to the Directors at the last AGM held on 18 July 2012 which will lapse at the conclusion of the forthcoming 56th AGM.

4. Special Resolution 3 – Proposed Amendments to the Articles of Association of the Company

The Proposed Amendments are made principally to ensure that the Articles of Association of the Company comply with the amended Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

5. Proxy Form

- i) Only a depositor whose name appears on the Record of Depositors as at 26 June 2013 shall be entitled to attend and vote at the meeting or appoint proxy(ies) to attend and vote in his stead.
- ii) 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.
- iii) 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.
- iv) 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.
- v) 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.

STATEMENT ACCOMPANYING NOTICE OF THE 56TH ANNUAL GENERAL MEETING

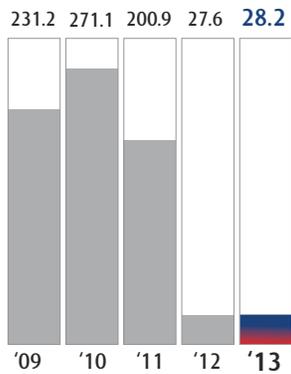
Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1. The Directors retiring by rotation and standing for re-election pursuant to Article 88 of the Company's Articles of Association are:
 - (i) Tan Sri Shahril bin Shamsuddin
 - (ii) Tan Sri Datuk Amar (Dr.) Hamid bin Bugo
2. The Director retiring and standing for re-appointment in accordance with Section 129(6) of the Companies Act, 1965 and Recommendation 3.2 of the Malaysian Code of Corporate Governance 2012 is:
 - (i) Datuk Khalid bin Abdul Karim
3. The Director retiring and standing for re-appointment in accordance with Section 129(6) of the Companies Act, 1965 is:
 - (i) Dato' Fauziah binti Dato' Ismail

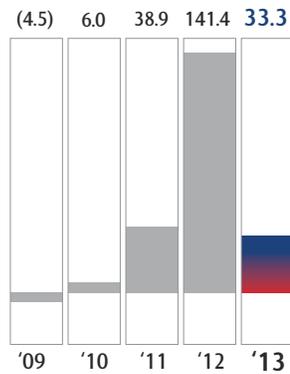
Details of the above Directors who are standing for re-election and re-appointment are provided for in the "Directors' Profiles" on pages 20 to 27 of this Annual Report. Details of their interests in the securities of the Company are set out in the "Analysis of Shareholdings" on page 140 of the Annual Report.

FINANCIAL HIGHLIGHTS

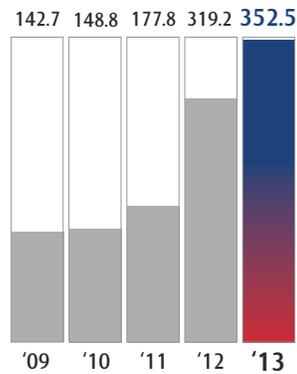
		← 31 January →				
		2009	2010	2011	2012	2013
Revenue	(RM' million)	231.2	271.1	200.9	27.6	28.2
(Loss)/profit attributable to equity holders of the Company	(RM' million)	(4.5)	6.0	38.9	141.4	33.3
Shareholders' fund	(RM' million)	142.7	148.8	177.8	319.2	352.5
Basic/diluted (loss)/earnings per share	(Sen)	(3.3)	4.3	27.8	101.3	23.85
Net asset per share	(RM)	1.0	1.1	1.3	2.3	2.53



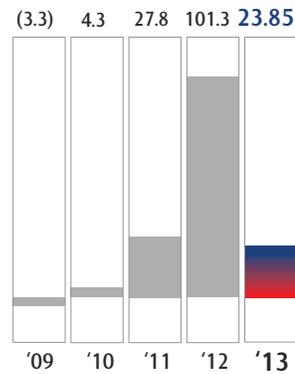
REVENUE (RM' Million)



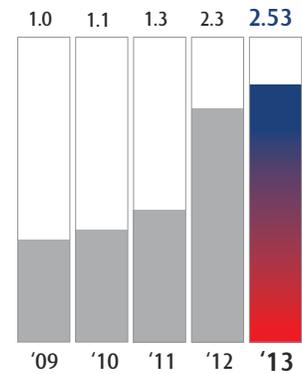
(LOSS)/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM' Million)



SHAREHOLDERS' FUND (RM' Million)



BASIC/DILUTED (LOSS)/EARNINGS PER SHARE (Sen)



NET ASSET PER SHARE (RM)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Shahrizan bin Shamsuddin
Managing Director

Tan Sri 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

Dato' Muthanna bin Abdullah
Independent Non Executive Director

Gee Siew Yoong
Independent Non Executive Director

BOARD AUDIT COMMITTEE

Datuk Khalid bin Abdul Karim
Dato' Muthanna bin Abdullah
Gee Siew Yoong

BOARD NOMINATION AND REMUNERATION COMMITTEE

Tan Sri Datuk Amar (Dr.) Hamid bin Bugo
Datuk Khalid bin Abdul Karim
Dato' 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 SECRETARY

Eulis Rachmatiah binti Iskandar Sastrawidjaja (LS 8774)

PRINCIPAL SOLICITORS

Abdullah Chan
Lee Hishammuddin Allen & Gledhill
ZulRafique & 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

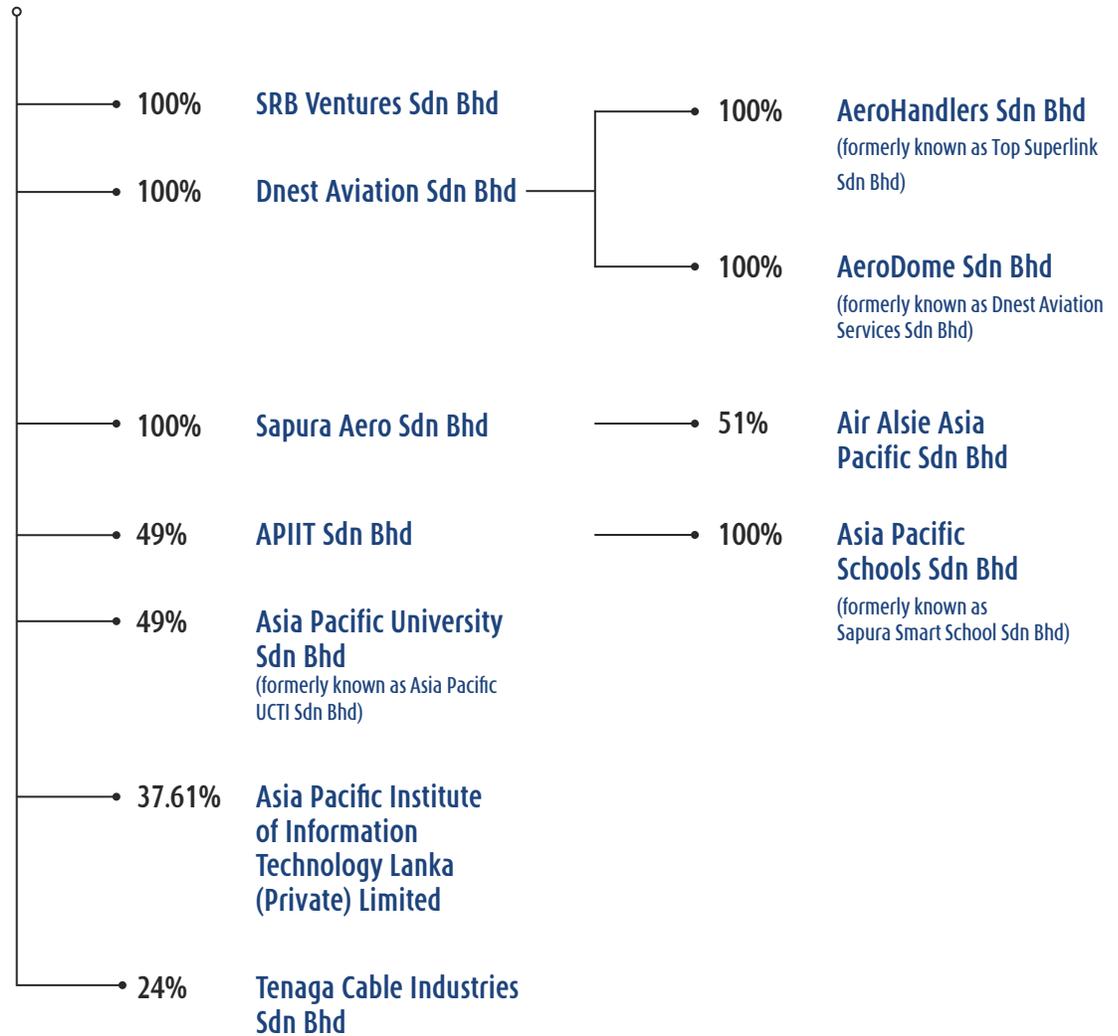
Stock Name: SAPRES
Stock Code: 4596

CORPORATE STRUCTURE*

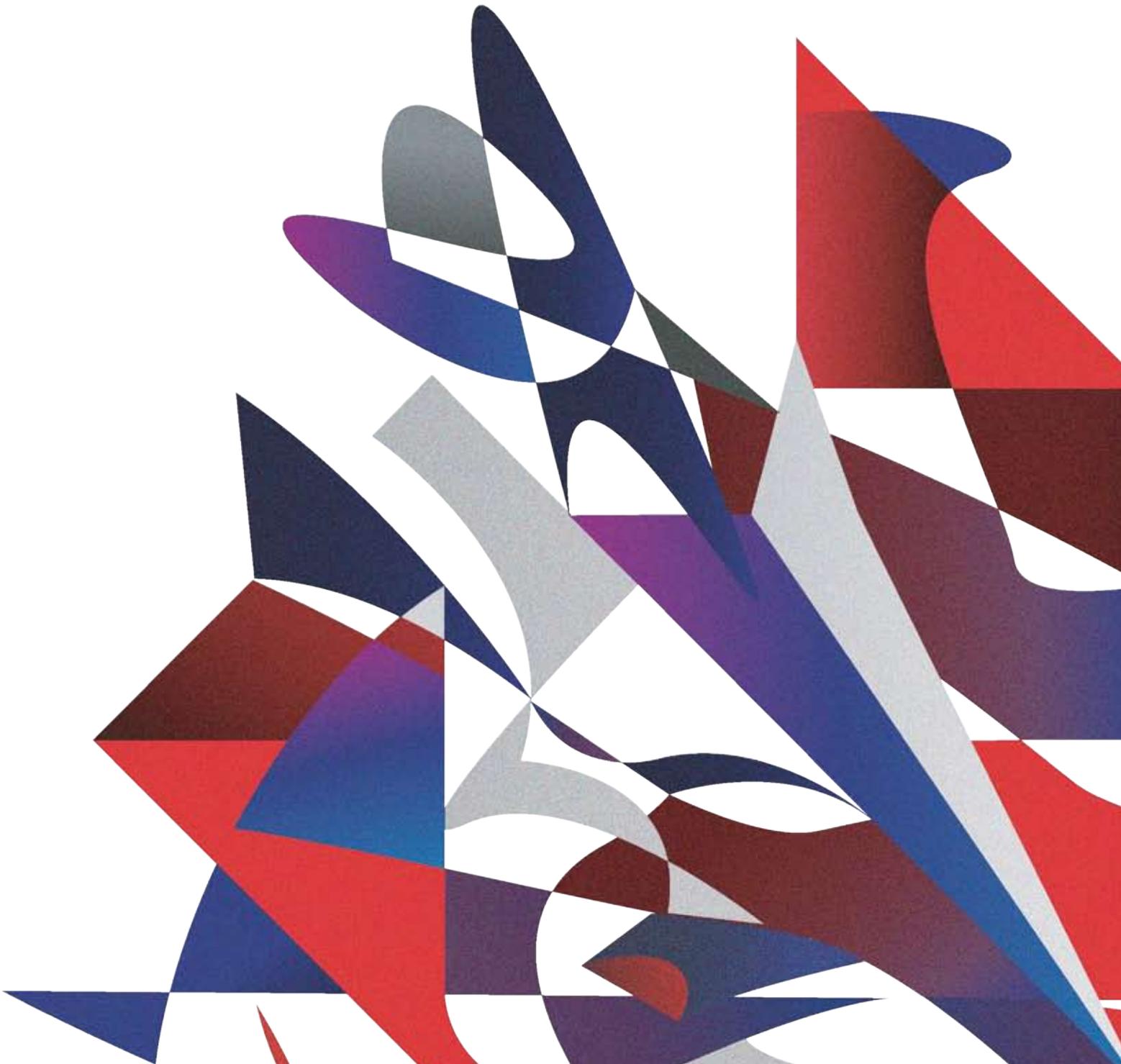
As at 6 May 2013

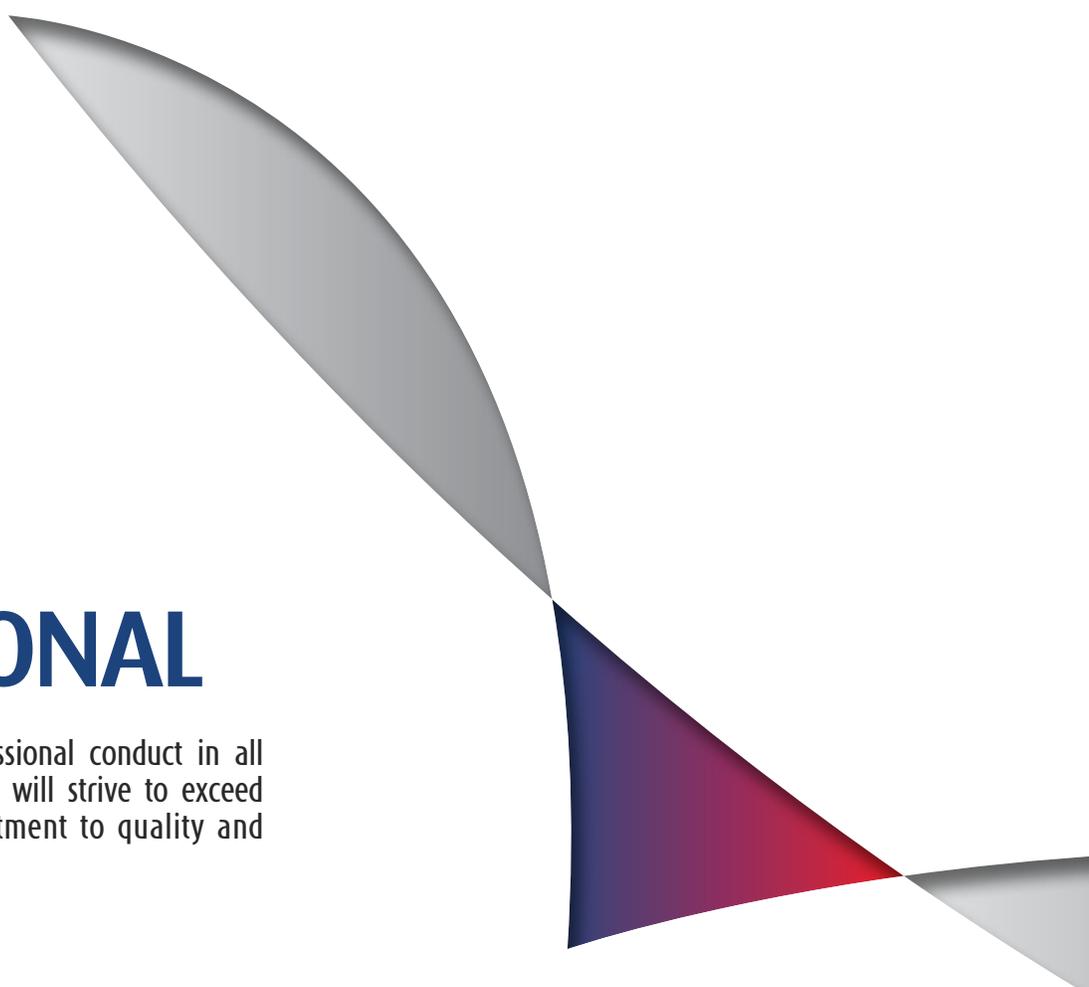


Paid Up Capital : RM139,600,000.00



* active companies only





PROFESSIONAL

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



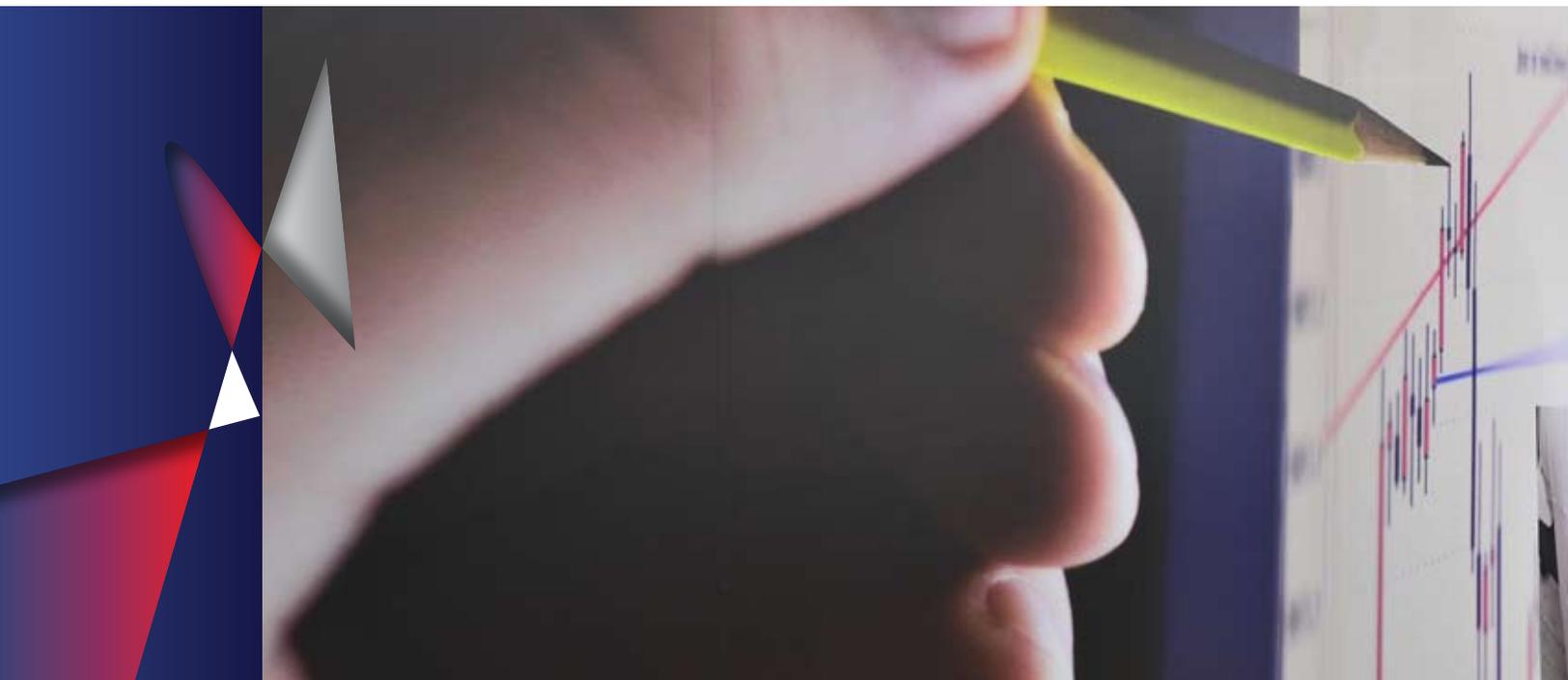
For over three decades, the
in 1975, the Sapura
telecommunications
business areas;

- Oil & Gas
- Secured Technology
- Industrial & Autom
- Knowledge & Educa

Over the years, Sapura
is capability building
producing highly spec
cover the full lifecycle

MESSAGE TO OUR SHAREHOLDERS

INVESTING FOR THE FUTURE



Dear Shareholders,

Sapura Resources Berhad (“SRB”) Group (“the Group”) continued to make measured progress in positioning itself for a new phase of growth and profitability. The recent corporate exercises have added to our portfolio of business activities. Accordingly, the Group is now focused on three core business segments - Property, Education and Aviation.

During the year under review, the Group has been enlarged with the addition of AeroDome Sdn Bhd (“AeroDome”), formerly known as DNest Aviation Services Sdn Bhd (“DASSB”). We take this opportunity to welcome the management and staff of AeroDome to the Group. Your knowledge and experience in the aviation and its related businesses will no doubt be invaluable as we work together to further unlock the value added potential that is inherent in the aviation services business.

The Group is still in an investment phase as we prepare to strengthen our position in our core business segments. We assure you that the overriding goal of our strategy is to provide long-term value and growth to our shareholders.

It is our pleasure to present this Annual Report and Audited Financial Statements of the Group for the financial year ended 31 January 2013.



OPERATING ENVIRONMENT

Notwithstanding a moderation in global economic growth, the Malaysian economy recorded a strong growth of 5.6 % in 2012. Underpinned by higher domestic demand, domestic consumer confidence picked up amidst positive income growth, continued strength in the labour market, a low inflation environment and supportive financing conditions. (Source: Bank Negara Malaysia 2012 Annual Report)

Despite a favourable economic backdrop, Malaysia's property market activities moderated in 2012. According to the Malaysia Real Estate Market Report 2012, with a spike in new supply, the overall market for office space remained soft throughout the year. Although average rental rates held firm in the first three quarters of 2012, it declined in the last quarter as increased vacancy from continuous new supply took its toll. (Source: Citibank Property Insights, Quarter 4, 2012)

In a study undertaken by the Malaysian Administrative Modernisation & Management Planning Unit (MAMPU), the demand for quality private higher education continues to grow in Malaysia. The Group maintains a significant interest in the Education Sector, represented via its 49% interest in Asia Pacific University of Technology and Innovation (APU), Asia Pacific Institute of Information Technology (APIIT) and Asia Pacific Schools.

FINANCIAL PERFORMANCE

For FY 2013, the Group posted revenue of RM28.2 million from RM20.6 million recorded previously. The 37% increase was attributed mainly to revenue generated by the Group's aviation activities, which made its maiden contribution of RM6.7 million for the year in review while the balance of revenue is largely contributed by our Property investment business.

Net profit decreased to RM33.3 million from RM141.4 million posted in the previous year mainly due to the one-off gain of RM128 million recorded last year arising from the disposal of the Group's 51% interest and the fair value gain on revaluation of the 49% interest retained in the Education business.

Two key developments had also impacted on the Group's FY 2013 net profit. On 30 June 2011, SRB announced that its plot of land measuring approximately 86,570.55 square metres at Pekan Sungai Buloh ("Subang Land") was subjected to Compulsory Acquisition under the Land Acquisition Act 1960 for the development of the Universiti Kuala Lumpur Malaysian Institute of Aviation Technology campus (UNIKL MIAT). A compensation of RM63 million was paid by Majlis Amanah Rakyat. SRB had lodged an appeal against the amount compensated and filed an application for a Judicial Review of the acquisition and subsequently the legal action was withdrawn on 20 March 2013. Resulting from the Compulsory Acquisition, SRB recognised RM32.0 million from the gain on disposal of the Subang

MESSAGE TO OUR SHAREHOLDERS (CONTINUED)

Land. SRB's net profit for FY 2013 was also impacted by its share of loss in associate of RM9.1 million from Tenaga Cable Industries Sdn Bhd, (TCI) an associate company which is facing intense competition in the cable manufacturing business.

In tandem with lower net profit, earnings per share declined to 23.85 sen from 101.28 sen recorded in the previous corresponding period.

DIVIDEND

For the financial year ended 31 January 2013, the Board of Directors has declared a special dividend of 6.68 sen per ordinary share of RM1.00 each less income tax of 25%, which was paid to eligible shareholders on 8 May 2013.

CORPORATE DEVELOPMENTS

In July 2011, the Group announced its intention to acquire the business assets of DASSB. This was followed up on 16 August 2012 when the Group signed a Share Sale Agreement and Shareholders Agreement to acquire 85% equity interest in DASSB for a purchase consideration of RM28.0 million, a call option on the remaining equity interest in DASSB at RM1 and 100% equity interest in DNest Aviation Training Centre Sdn Bhd for a purchase consideration of RM1.00. The name of DASSB was subsequently changed to AeroDome Sdn Bhd. On 29 March 2013, SRB acquired the remaining 15% equity in AeroDome, making it a wholly-owned subsidiary of the Group.

AeroDome's principal business is the provision of hangarage and ground handling services at its premises located at the Sultan Abdul Aziz Shah International Airport at Subang. In line with the long-term strategy to enhance its aviation services business, SRB through its wholly-owned subsidiary Sapura Aero Sdn Bhd entered into a Joint Venture Agreement with Air Alsie SA ("Air Alsie") to set up a joint-venture company called Air Alsie Asia Pacific Sdn Bhd on 19 March 2012. Based in Denmark, Air Alsie is a prominent player in aircraft management and aircraft charter services in Northern Europe.

OPERATIONAL REVIEW

Property Sector

For the year under review, despite the challenging environment in office space market, SRB continued to achieve high occupancy rates for the three major properties that it owns. The 10-storey Sapura@ Mines office building and warehouse on a 12.4-acre land located in Petaling Jaya achieved almost full occupancy rate on average while our commercial building at Jalan 219, Petaling Jaya was fully tenanted.

In laying the foundation for new growth, the conditional Joint-Venture Agreement that we have entered into with KLCC (Holdings) Sdn Bhd ("KLCCH") represents a unique opportunity for SRB to become a significant player in the property development business. The plan is for SRB and KLCCH, through a joint-venture company, Impian Bebas Sdn Bhd, to build a premier office tower, convention centre and other commercial components on a 7,605-square meter parcel of land at Kuala Lumpur City Centre or KLCC, one of the most prestigious addresses in the capital city. Currently, both parties are finalising the development plan and the details of the key terms.

Education Sector

With Ekuiti Nasional Bhd ("Ekuinas") as SRB's equity partner, it is our expectation that Ekuinas together with our management in Education business would be in a better position to facilitate a new phase of growth for the Education business. For the year 2012, the Education Group continued to register an increased overall growth in student population. Both the Asia Pacific University of Technology and Innovation (Higher Education) and Asia Pacific Schools (Primary and Secondary Education) saw student numbers increasing by 9% and 16% respectively.

The Asia Pacific University College of Technology also reached a new milestone with its upgrade to full university status by the Ministry of Higher Education in July 2012, thereby taking on the name Asia Pacific University of Technology and Innovation ("APU").

APU also achieved the distinction of being classified as a Tier 5 university in the Ministry of Higher Education's SETARA Ratings System, which measures the quality of teaching and learning in universities and university colleges.

The Asia Pacific International School commenced operations in September 2012, offering the Cambridge International General Certificate of Secondary Education curriculum, thereby expanding the Group's offerings in the Education Sector. The response has been very encouraging, with more than 100 students enrolled in the international school within the first three months.

Aviation Sector

The Group's aviation businesses include hangarage, ground handling, aircraft management and other related aviation services at our premises in Subang. To cater to a niche market of business and private aircraft and helicopters, AeroDome operates four hangars (three owned by AeroDome), which are currently operating at full capacity. During the year, we have invested in various projects to improve on the facilities and security.

The Group's long-term vision is to grow the business to become a leading aviation services provider in the region. Even though these are still early days, we have been making steady progress towards achieving this goal. From what was essentially a business providing only hangarage and ground-handling services, we have now expanded the scope of services provided to include aircraft management and charter brokerage, maintenance and mission planning.

OUTLOOK & PROSPECTS

Based on the global economy outlook is expected to improve slightly in 2013, with the pace of recovery in the advanced economies likely to remain weak. Anchored by the continued resilience of domestic demand, the Malaysian economy is expected to remain on a steady growth path, expanding by between 5% and 6% in 2013. (Source: Bank Negara Malaysia 2012 Annual Report)

The Group will continue to be in an investment phase as we move into the new financial year. The Property and Education Sectors will continue to be the main sources of recurring income for the Group. In general, demand for office space is expected to remain weak in 2013 with a substantial pipeline of new office space launched during the year. However, SRB is fortunate that both Sapura@Mines office building and the commercial property at Jalan 219 are on long term rental until 2016.

FY 2014 will be a challenging one for our Education Sector amidst an environment characterised by intense competition, increased capacity, and tighter regulatory controls. Nonetheless, APU and APIIT are well poised to meet these challenges through the introduction of new academic programmes and continued focus on managing institutional reputation and student retention. These measures will enable the higher education institutions to continue to grow, albeit at a slower pace, while moving ahead in the construction of the main University Campus at Technology Park Malaysia.

In the coming years, we plan to further expand our aviation businesses. Measured progress has already been made, providing the foundation for us to build upon. These are exciting times for the Malaysian aviation industry, which is a sub-set of the country's bigger aerospace industry. The aerospace industry is recognised as a new engine of economic growth in Malaysia's onward march towards achieving developed nation status by the year 2020. According to the Malaysia Industry-Government Group for High Technology's (MIGHT), the country's aerospace industry grew 9.4% in 2012 and contributed 3.23% to Malaysia's gross domestic product (GDP). To further accelerate the growth of Malaysia's aerospace industry, the maintenance, repair and overhaul ("MRO") business is to be accelerated under the Government's Economic Transformation Programme. This is in line with the objective to develop Malaysia into a regional MRO hub. On our part, we will strive to see where we can contribute towards achieving this objective.

MESSAGE TO OUR SHAREHOLDERS (CONTINUED)

As we are still in the early phase of investment, there will be a gestation period between investment and returns. In the intermediate future the Group's requirement for investment capital is expected to increase significantly in view of our Joint Venture with KLCCH as well as expansion plans in Education and Aviation.

While we will continue to explore the most optimal funding structure for capital requirements, it is very likely that this will affect the Group's ability to declare dividends in the immediate future.

ACKNOWLEDGEMENTS

We continue to emphasise that dedicated employees are a vital component of our success, more so in this period of revitalisation and change. During FY2013, our people were called upon to do more than ever and they must be commended for their high levels of professionalism and commitment.

We would also like to express our gratitude to all those who have contributed positively to the performance of the Group during the year in review. These include our customers, business associates, financiers, respective government agencies and suppliers. Not to be left out are our shareholders for another year of believing in us and support of all we were trying to achieve.

A lot of ground has been covered the past year or so in the strategic reorientation of the Group. With the foundations laid and a strategy in place, the task before us is to execute this strategy and deliver long-term value for the Group and our shareholders.

3 June 2013



BOARD OF DIRECTORS



**DATO' SHAHRIMAN
BIN SHAMSUDDIN**
Managing Director

**TAN SRI 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

**DATO' MUTHANNA
BIN ABDULLAH**
Independent
Non Executive Director

GEE SIEW YOONG
Independent
Non Executive Director

DIRECTORS' PROFILE



DATO' SHAHRIMAN BIN SHAMSUDDIN
Managing Director
DIMP

Dato' Shahrizan bin Shamsuddin, a Malaysian aged 44, is the Managing Director of Sapura Resources Berhad since 1 March 2007.

Dato' Shahrizan manages a diversified group portfolio which encompasses education, investment holdings, aviation and property investment. He started his career in 1991 and has since held a number of key senior positions within Sapura Group.

Dato' Shahrizan 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 Sapura Industrial Berhad, Sapura Technology Sdn Bhd, Sapura Holdings Sdn Bhd and SapuraKencana Petroleum Berhad.

Dato' Shahrizan has been conferred the Darjah Indera Mahkota Pahang ("DIMP") which carries the title "Dato" in October 2012.

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

TAN SRI SHAHRIL BIN SHAMSUDDIN
 Non Independent Non Executive Director
 PSM, PJN, SPTJ



Tan Sri Shahril bin Shamsuddin, a Malaysian aged 52, is the President and Group Chief Executive Officer of the Sapura Group, which is involved in the provision of oil & gas support services, secured communications technologies, property development and management, industrial and automotive component manufacturing and education.

Tan Sri Shahril joined the Sapura Group in 1985 and subsequently took on a number of senior positions within the Group before assuming the leadership as President and Group CEO in 1997. He steered the Sapura Group through the restructuring of its businesses portfolio and financials and 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 to boost business growth.

Tan Sri Shahril was first appointed as the Managing Director of Sapura Resources Berhad on 19 February 1990 and was re-designated as a Non Independent Non Executive Director effective 1 March 2007.

Appointments held by Tan Sri Shahril at present include Executive Director and President and Group CEO of SapuraKencana 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, Tan Sri Shahril is also a member of the Board of Trustees of the Perdana Leadership Foundation. He is also a member of the Universiti Teknologi Malaysia International Advisory Panel.

Among the honours that Tan Sri Shahril has been conferred 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) and the Panglima Setia Mahkota ("PSM") which carries the title "Tan Sri" (June 2013).

In 2009, Tan Sri Shahril was awarded the prestigious Malaysia's Ernst & Young Entrepreneur of the Year Award.

In May 2013, Tan Sri Shahril was conferred an Honorary Doctorate in Technology Management by Universiti Teknologi Malaysia.

Tan Sri Shahril graduated with a Master of Science in Management of Technology from the prestigious MIT Sloan School of Management and a Bachelor of Science degree in Industrial Technology from California Polytechnic State University.

DIRECTORS' PROFILE (CONTINUED)



TAN SRI DATUK AMAR (DR.) HAMID BIN BUGO
Independent Non Executive Director

Tan Sri Datuk Amar (Dr.) Hamid bin Bugo, a Malaysian aged 67, was first appointed to the Board of Sapura Resources Berhad as an Independent and Non Executive Director on 25 August 2009. He is also a member of the Board Nomination and Remuneration Committee.

Tan Sri Hamid graduated from Canterbury University, New Zealand with a Bachelor and a Master of 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, Universiti Malaysia Sarawak and Universiti Pertanian Malaysia.

Currently Tan Sri Hamid sits on the Board of SapuraKencana Petroleum Berhad, Sarawak Consolidated Industries Berhad, Permodalan Sarawak Berhad, Zecon Berhad and Sime Darby Berhad.

Tan Sri Hamid is a Council member of the Institute of Integrity Malaysia and a member of the Malaysian Anti Corruption Commission Advisory Committee.

Tan Sri Hamid is also active in charitable activities as Chairman of Yayasan Kemajuan Insan Sarawak and Chairman of the State Library Sarawak.

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



Datuk Khalid bin Abdul Karim, a Malaysian aged 76, was first appointed to the Board of Sapura Resources Berhad as an Independent and Non Executive Director on 11 July 1997. Datuk Khalid is the Chairman of the Board Audit Committee and is a member of the Board Nomination and Remuneration Committee.

Datuk Khalid graduated from the 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.

DIRECTORS' PROFILE (CONTINUED)



DATO' FAUZIAH BINTI DATO' ISMAIL
Independent Non Executive Director

Dato' Fauziah binti Dato' Ismail, a Malaysian aged 70, was first appointed to the Board of Sapura Resources Berhad as an Independent and Non Executive Director on 25 August 2009.

Dato' Fauziah holds a Bachelor of Arts (Honours) from Universiti Malaya, a postgraduate Diploma in Development Administration from 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 Privatization.

Dato' Fauziah served in the Malaysian Administration and Diplomatic Services from 1966 to her retirement in 1997 in various positions and capacities. She served, amongst others, in the Public Services Department, the Implementation and Coordination Unit of the Prime Minister's Department.

After leaving the public service she had served on the Board of listed companies namely UEM Builders Berhad, CCK Consolidated Holdings Berhad and SapuraCrest Petroleum Berhad.

Dato' Fauziah also sits on the Board of KAF-Seagroatt & Campbell Berhad.

DATO' MUTHANNA BIN ABDULLAH
Independent Non-Executive Director



Dato' Muthanna bin Abdullah, a Malaysian aged 53, was first appointed to the Board of Sapura Resources Berhad as an Independent and Non-Executive Director on 18 December 2008. Dato' Muthanna is a member of the Board Audit Committee and Board Nomination and Remuneration Committee.

Dato' Muthanna is a lawyer by profession, and is the Partner of the law firm of Abdullah Chan. 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, publicly listed as well as private, on privatizations, joint ventures, corporate structures, mergers and acquisitions, public issues and listings, offshore investments and corporate loans. He also advises private clients on offshore trusts.

Dato' Muthanna also sits on the Board of Malaysian Rating Corporation Berhad.

DIRECTORS' PROFILE (CONTINUED)



GEE SIEW YOONG
Independent Non Executive Director

Ms Gee Siew Yoong, a Malaysian aged 63, was first appointed to the Board of Sapura Resources Berhad as an Independent and Non Executive Director on 25 August 2009. She is also a member of the Board Audit Committee.

Ms Gee is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. She started 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.

She was a Director of SapuraCrest Petroleum Berhad from 2001 until 15 May 2012.

ADDITIONAL INFORMATION ON BOARD OF DIRECTORS

1. Family relationship with Director and/or Major Shareholder

None of the Directors of the Company have any family relationship with the other Directors and/or Major shareholders of the Company except for Tan Sri Shahril bin Shamsuddin and Dato' Shahrman bin Shamsuddin. None of the Directors of the Company have any conflict of interest in the Company except for Tan Sri Shahril bin Shamsuddin and Dato' Shahrman bin Shamsuddin, by virtue of being shareholders of the Company. Tan Sri Shahril bin Shamsuddin and Dato' Shahrman bin Shamsuddin are also deemed to be substantial shareholders of the Company pursuant to Section 6A of the Companies Act, 1965 by virtue of their direct and indirect interests in Sapura Holdings Sdn Bhd and its relevant wholly-owned subsidiaries.

2. Conflict of Interest

Save as stated above, none of the other Directors of the Company have any conflict of interest with the Company.

3. Convictions for Offences

None of the Directors of the Company have any conviction for offences within the past 10 years.

RESOURCEFUL

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





CORPORATE SOCIAL RESPONSIBILITY



Caring comes naturally for the Sapura Group of companies. We have always believed that the way towards a sustainable business is to strike a balance between profitability and our social conscience. Whether it is employee welfare, fulfilling our responsibilities to our various constituencies in the marketplace, improving the quality of life in the community or ensuring that the benefits of our business activities are not negated by any adverse effects on the environment, these are the bedrock elements of the Sapura Group's road-map to sustainability. Building on this rich tradition of caring, holistic Corporate Social Responsibility (CSR) is something we practice on a daily basis and is always given due importance alongside mainstream business issues.

Our Corporate Social Responsibility (CSR) initiatives are carried out at both the Group and subsidiary levels. At Group level, the Yayasan Shamsuddin Abdul Kadir and Yayasan Siti Sapura are the vehicles to roll out CSR programmes to provide for those less fortunate. We have always stressed personal involvement in our CSR outreach projects and the Sapura Community is a platform for our management and staff to be engaged in welfare work and charity projects.

In a world of change, our CSR emphasis will continue to evolve with the times. A great deal of thought and planning is given to ensure that

new programmes rolled-out are relevant and meaningful to current needs. Wherever possible, we strive to ensure that the benefits of our CSR efforts will be enjoyed not only by present but future generations to come.

WORKPLACE DEVELOPMENT

Charity begins at home and the Sapura Group demonstrates its commitment to this old adage in many ways. The Group has always focused on the development of youth, and where better to start



than with the kids of our own people, whom we affectionately call the Sapura children. Sapura Community's annual Anugerah Cendekiawan was held for the third successive year in FY2013 to acknowledge the outstanding academic achievements of 82 recipients. Sapura children aged between 11 and 17 years were also inspired by a motivational talk delivered by Malaysian astronaut, Major Dr Faiz Khaleed who shared his thoughts on goal setting and imparted words of wisdom on achieving success in today's highly competitive world. Continuing a tradition that began in 2009 when it was launched, Sapura Community also made it possible for 45 employees to perform their religious duty as part of the Sapura Group Umrah contingent last year.

We recognise that our workforce is the Group's most important asset and we demonstrate this commitment by providing a conducive work

environment. The Group's commitment to its people also involves the upgrade of human capital and a significant slice of the annual operating budget is channeled towards the training effort.

Our people are known for working hard, but believe that time must also be set aside for sports and other recreational activities. During the month of Ramadhan, more than 650 staff attended the Majlis Buka Puasa while the Sapura Group Hari Raya Open House brought together over 5000 people, comprising employees of the Group, their families and invited guests. Sports and other recreational activities have always been mainstays of our corporate calendar and serve as a useful platform for team-building. Sapura Community organised several activities during the year, which included white water rafting, ATV and Go-Kart racing. It is in a convivial setting such as these, away from the hustle and bustle of the workplace, that positive inter-departmental cooperation is fostered.

MARKET DEVELOPMENT

For the Sapura Group, good corporate governance is core to ensuring the creation, protection and enhancement of shareholder value. The Board of Directors at the Group's respective subsidiaries ensures that the Management maintains the highest level of corporate ethics. All business activities of the Group are conducted with full transparency, integrity and professionalism. They are also committed to maintaining a robust system of Risk Management and Internal Control, and have responsibility for the risk management processes in place and appropriate control functions. We have also established a channel of communication for shareholders to address any concerns or issues with a senior Independent

Non-Executive Director either through our website or via email.

We understand that shareholders need accurate and timely information to arrive at a considered and informed decision about their investments. The Sapura Group has a website, www.sapura.com.my, which gives an overview of the Sapura Group of Companies, including Sapura Resources Berhad (SRB), their core businesses and recent news updates. Another useful source of information on SRB is its Annual Report, which provides the financial results, performance review, strategic directions of the Company and its outlook and prospects. Prospective investors can also access Bursa Malaysia's website, which contains all the company announcements.

With the expansion of SRB's core business to include aviation services, we have opened our premises at Subang to provide on the job training for a number of technical colleges, namely, UniKL Malaysian Institute of Aviation Technology (MIAT), MEATECH and Innovative Engineering Design College. Training sessions are conducted in groups of between 8 and 10 trainees. Apart from the induction programme, trainees will be trained in aviation safety, towing and aircraft marshalling procedures and will also be attached to an aircraft to gain hands-on experience. When trainees are deemed sufficiently competent to handle an aircraft, they will be dispatched to assist in ground handling activities and carry out physical work in an aircraft.

Since January 2013, SRB has also accepted three management interns from MIAT. As part of their internship programme, the candidates will be given the necessary management training via job rotation at various departments. To increase their

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)



all round exposure, they also participate in in-house classroom training as well as aviation forums and briefing sessions. Opening our doors to these technical aviation institutions is a win-win situation for all. On the one hand, the institutions are assured of a first-rate training ground for its students while we look on them as a pipeline to future talents as we continue to expand our aviation related business.

COMMUNITY DEVELOPMENT

The Sapura Group has a proud tradition of being involved in community development and in FY2013 we reinforced this commitment through a number of high profile events. The Sapura Group was one of the two title sponsors for the Red Ribbon GP Ball to raise funds for the Malaysian Aids Foundation (MAF) as well as the Global Poverty Project (GPP). Under the patronage of the Prime Minister's wife, YABhg Datin Paduka Seri Rosmah Mansor, MAF has a three-fold objective of educating the public about HIV, preventing the spread

of the disease in Malaysia and supporting those unfortunate enough to be afflicted with the HIV virus. About 1.4 billion people on our planet live in extreme poverty and GPP is an international education and advocacy organisation working to catalyse a global movement to end extreme poverty.

Extending our long involvement in the promotion of sporting excellence and for the second year running, the Sapura Group was also the title sponsor of the CIMB Classic Professional Golfers' Association (PGA) Tournament. In support of the Junior Golf Development Programme, the Group made it possible for 20 of the nation's most promising junior golfers to participate in a golf clinic conducted by one of the PGA golfers. Meanwhile, our very own Sapura Junior Hockey Team has given the Group something to shout about by emerging as the Division Two champion of the Malaysian Junior Hockey League 2012. This is no mean feat when we consider the fact that our team, comprising players below 19 years of age, was only formed in November 2011.

The Group's two foundations, Yayasan Shamsuddin Abdul Kadir and Yayasan Siti Sapura continued to play a key role in championing the cause of charity at home and abroad. While we support many charitable organisations, the more enduring are the scholarships we have set up to assist orphans in Malaysia and Aceh, one of the towns badly affected by the tsunami disaster of 2004.

As we have demonstrated with our Sapura children, we are continually striving to ignite the passion to excel amongst Malaysian students. Among the many educational organisations that we have supported are the Nurul Yaqeen and Rahmah Foundations. The Nurul Yaqeen Foundation is a non-profit institution that is actively organising programmes to promote academic excellence, while the Rahmah Foundation is dedicated to the education of Muslim women. The Sapura Group also donated the sum of RM200,000 to Sekolah Jenis Kebangsaan Tamil Vivekananda to assist them in setting up their computer lab facilities.



SRB's Education Sector also provides annual scholarships to needy and deserving children, giving them an opportunity to realise their academic and career goals. These scholarships are provided in conjunction with leading Malaysian dailies and scholarship bodies such as the MACPU Scholarship Fund run jointly by The Sun and the Malaysian Association of Private Colleges and Universities, Sin Chew Daily Education Fund and the Nanyang Education Fund. For FY2013, scholarships totalling more than RM550,000 were awarded in the form of fee waivers to a total of 11 successful students pursuing their Bachelor of Science (Hons) Degree programmes conducted by the Asia Pacific University of Technology & Innovation ("APU").

Each year, APU staff and students show their caring side by organising and supporting a number of community initiatives. Staff and students of APU organised three community engagement projects at various locations throughout Peninsular Malaysia.

These projects involved students staying in rural communities as a cultural immersion experience for a better understanding of life on the other side. The Students Welfare Committee also organised visits to various children's homes in the Klang Valley, where the children were feted with entertainment, refreshments and other treats.

Our people continued to demonstrate their generosity in contributing their time and effort towards various charity events organised by Sapura Community. A toys and children's book drive was organised among staff and items collected were donated to the Paediatric Ward of Hospital Kuala Lumpur. A blood donation drive was also organised during the year and more than 200 staff members from the Group turned up to help replenish the dwindling supplies of the national blood bank. At SRB, three blood donation campaigns were organised during FY2013, with more than 400 staff and children participating in these campaigns.

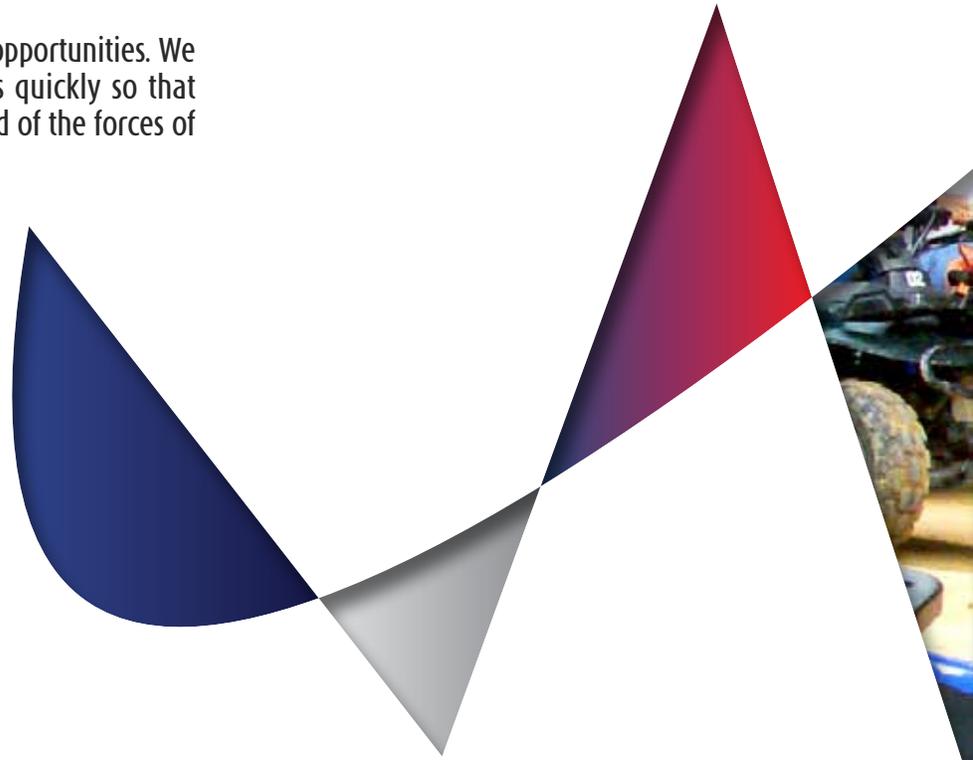
ENVIRONMENTAL PRESERVATION

The Asia Pacific Institute of Information Technology ("APIIT") Education Group practices a culture of waste minimisation and resource optimisation. Lighting and air-conditioning resources are optimised through an automated, smart time-tabling and scheduling system. The smart system analyses all resource variables to come up with optimised resource allocation. This allows the Group to programme, allocate and segment the use of lighting and air-conditioning that in turn results in reduced emissions to the environment.

As a result of its active involvement in implementing green technology, APU was awarded the Green Technology Award (Higher Education) by the Ministry of Energy, Green Technologies and Water in 2012.

AGILE

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





CORPORATE GOVERNANCE STATEMENT

The Board of Directors recognises the vital importance of good corporate governance in protecting and enhancing shareholders' value and financial performance of the Group and is fully committed in maintaining the highest standards of transparency, accountability and integrity, in line with the Principles and Recommendations set out in the Malaysian Code of Corporate Governance 2012 ("the Code").

Set out below is the Corporate Governance Statement of the Company, disclosing the Board's application of the eight (8) Principles having regard to the twenty-six (26) Recommendations laid down in the Code and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

BOARD BALANCE AND COMPOSITION

Board Composition

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 has established clear functions reserved for the Board and those delegated to it.

The Board, in discharging its stewardship responsibilities, determines the overall strategic direction for the Group premised on sustainability and oversees the conduct of the Group's businesses, promotes ethical conduct in business dealings, 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 develops and agrees with the Managing Director, the corporate objectives, which include performance targets and long-term goals of the business, to be met by the Managing Director.

The Board, as at the date of this Annual Report, has an effective composition of seven (7) directors, comprising six (6) Non Executive Directors, 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 (1/3) of the Board to be Independent Directors.

The Board is of the opinion that the size and 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 profiles of each member of the Board are set out on pages 20 to 27 of the Annual Report.

Board Independent

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 Board continually assess the independence of its Independent Directors. The presence of Independent Directors, namely Tan Sri Datuk Amar (Dr.) Hamid bin Bugo, Datuk Khalid bin Abdul Karim, Dato' Fauziah binti Dato' Ismail, Dato' Muthanna bin Abdullah and 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 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. Datuk Khalid bin Abdul Karim has served as an Independent Director for more than 9 years cumulatively.

Recommendation 3.2 of the Code states that the tenure of Independent Directors shall not exceed a cumulative term of nine (9) years. Following an assessment by the Board Nomination and Remuneration Committee ("BNRC") and the Board, the Board recommends that Datuk Khalid bin Abdul Karim continues to serve as an Independent Director subject to shareholders' approval at the forthcoming 56th Annual General Meeting ("AGM") of the Company on the basis of the following justifications:-

- i. His appointment is made in accordance with the requirements of the MMLR of Bursa Malaysia and therefore is able to bring independent and objective judgement to the Board;
- ii. He is able to provide proper check and balance in the proceedings of the Board and the Committees;
- iii. He understands the Company's business operations which allows him to participate actively and contribute during the deliberations or discussions at the Board and Committees meetings; and
- iv. He exercises due care as senior Independent Non Executive Director of the Company and carries out his professional and fiduciary duties in the interest of the Company and shareholders.

In consideration of the above, the Board has concluded to seek shareholders' approval to retain Datuk Khalid bin Abdul Karim as senior Independent Non Executive Director of the Company at the forthcoming 56th AGM.

The BNRC and the Board also has performed an assessment of Dato' Fauziah binti Dato' Ismail and the Board recommends that Dato' Fauziah binti Dato' Ismail continues to serve as an Independent Director subject to shareholders approval at the forthcoming 56th AGM of the Company pursuant to Section 129 (6) of the Companies Act 1965.

The Board has concluded to seek shareholders' approval to retain Dato' Fauziah binti Dato' Ismail as an Independent Non Executive Director of the Company at the forthcoming 56th AGM.

Pursuant to recommendation of the Code, the Board has made an assessment of Tan Sri Shahril bin Shamsuddin and Tan Sri Datuk Amar (Dr.) Hamid bin Bugo and collectively agree that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Director, as prescribed in the MMLR of Bursa Malaysia.

The profiles of the Directors seeking for re-election and re-appointment as Directors are set out on pages 20 and 27 of the Annual Report.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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, maintain the balance of membership on the Board, ensures 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.

The Chairman is 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.

Following the retirement of Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir as Chairman of the Company on 31 January 2012, no Chairman has been appointed to replace him and at each Board meeting, a Chairman is appointed from amongst the Directors to chair the meeting.

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.

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 Board discussion and deliberation.

For the year under review, the Board is satisfied with the existing number and composition of its members and is of the view that with the current mix of skills, knowledge, experience and strength, the Board is able to discharge its duties effectively and in a competent manner.

MEETINGS OF THE BOARD

Board Structure and Procedure

The Board meets at least four (4) times a year at quarterly intervals, with additional meetings convened as and when deemed necessary. During the financial year ended 31 January 2013, ten (10) Board Meetings were held. The attendance at Board Meetings of the Directors during the financial year under review is set out hereunder:

Name of Directors	Position	Total
Dato' Shahrizan bin Shamsuddin	Managing Director	10/10
Tan Sri Shahril bin Shamsuddin	Non Independent Non Executive Director	8/10
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	Independent Non Executive Director	9/10
Datuk Khalid bin Abdul Karim	Senior Independent Non Executive Director	10/10
Dato' Fauziah binti Dato' Ismail	Independent Non Executive Director	10/10
Dato' Muthanna bin Abdullah	Independent Non Executive Director	8/10
Gee Siew Yoong	Independent Non Executive Director	10/10

Board meetings

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

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

Supply of information to the Board

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

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

All Directors have full and unrestricted access to all information within the Group and direct access to the advice and services of the Company Secretary who advises the Board on the Company's policies and procedures, Directors' responsibilities under the respective legislations and regulations and 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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Number of Directorship in public listed companies

In compliance with Paragraph 15.06 of the MMLR of Bursa Malaysia, each of the Directors of the Company holds not more than five (5) directorships in public 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 drawn up based on an assessment of the training needs of the directors. During the financial year under review, members of the Board and Management team had attended the following 'in-house' training programme:

- 1) Business & Brand Leadership - A New Approach to Success for Asian Business
- 2) Strategy Execution - The Role of Culture and Organisation
- 3) Emerging Issues on Corporate Governance
- 4) Directors' Duties

Board Committees

The Board is augmented by two (2) standing Board Committees, which comprise of the Board Audit Committee and the Board Nomination and Remuneration Committee. 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

The Company's Articles of Association provides that one-third (1/3) of the Board shall retire from office every year and shall be eligible for re-election at every AGM. The Board makes recommendations concerning the re-election/re-appointment of any Director by the shareholders at the AGM.

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 made up exclusively of Independent Non Executive Directors. Currently, the members of BNRC are as follows:-

1. Tan Sri Datuk Amar (Dr.) Hamid bin Bugo
2. Datuk Khalid bin Abdul Karim
3. Dato' Muthanna bin Abdullah

The BNRC makes recommendations to the Board on the appointments of candidates for directorships. In assessing the suitability of candidates, considerations are given to the competencies, commitment, contribution and performance. 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 Recommendations relating to the appointment of new Directors as contained in the Code. The BNRC also reviews on a periodic basis, the size and composition of the Board having regard to the mix of skills, independence, competencies and diversity (including gender diversity) 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. During the financial year under review, the BNRC had considered the remuneration of the Managing Director.

The BNRC met once during the financial year.

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 caliber, 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	1,953	119	25	2,097
Non Executive Directors	–	68	186	254
TOTAL	1,953	187	211	2,351

Range of Remuneration (RM)	Number of Directors		
	Executive	Non Executive	Total
Below RM50,000	–	5	5
RM50,001 – RM100,000	–	1	1
RM2,000,001 – RM2,100,000	1	-	1
TOTAL	1	6	7

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

Quarterly financial results and annual financial statements are reviewed and deliberated upon by the BAC to ensure the accuracy and adequacy of such information, prior to recommendation to the Board for its approval and for public release. Representatives from the External Auditors and Internal Audit of the Company also attended the Company's BAC Meetings held during the financial year ended 31 January 2013, 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 50 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 two (2) meetings 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 47 of the Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board determines the Company's level of risk tolerance and actively identifies, assess and monitor key business risks to safeguard shareholders' investments and the Company's assets.

Internal controls are important for risk management and the Board is committed to articulating, implementing and reviewing the Company's internal controls system.

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 Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the MMLR of Bursa Malaysia is set out on pages 48 to 49 of this Annual Report.

SHAREHOLDERS RELATIONS

The Board considers communication 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 Board is committed to achieving timely and high quality disclosure in accordance with the spirit, intention and purpose of the applicable regulatory requirements.

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 20 May 2013.

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 2012 (“the Code”).

PRIMARY OBJECTIVE

The BAC has been formed with the following objectives:-

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

MEMBERSHIP

The Committee shall be appointed by the Board from amongst its Directors and shall consist of not less than three (3) members, a majority of whom shall be Independent and all members to be Non Executive Directors. No Alternate Directors shall be appointed as a member of the Committee. The Chairman shall be an Independent Non Executive Director appointed by the Board.

The BAC of the Company comprises three (3) members and is composed exclusively of Independent Non Executive Directors.

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

MEETING PROCEDURE

(a) Meeting and Attendance

Meetings shall be held not less than four (4) times a year, and will normally be attended by the Chief Operating Officer, 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, in case of equality of votes, the Chairman shall have a second or casting vote.

(e) Minutes

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

AUTHORITY

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

- (a) investigate any matter within the terms of reference;
- (b) obtain external legal or other independent professional advice or other necessary resources to perform its duties;
- (c) secure full and unrestricted access to any information pertaining to the Group;
- (d) communicate directly with the External Auditors, Internal Auditors and all employees of the Group;
- (e) convene meetings with the External and Internal Auditors, or both excluding the attendance of the other directors and employees, whenever deemed necessary; and
- (f) report to the Bursa 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.

BOARD AUDIT COMMITTEE REPORT (CONTINUED)

- (c) To review the quarterly financial statements, interim financial announcements 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 annual 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 findings 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 the Bursa Malaysia.
- (p) To consider other topics as defined by the Board.

SUMMARY OF ACTIVITIES OF THE COMMITTEE

For the financial year ended 31 January 2013, five (5) BAC Meetings were held. The following is the record of attendance of the Committee Members:

Directors	Position	Total
Datuk Khalid bin Abdul Karim	Senior Independent Non Executive Director	5/5
Dato' Muthanna bin Abdullah	Independent Non Executive Director	4/5
Gee Siew Yoong	Independent Non Executive Director	5/5

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

- Internal Audit reports which highlighted Internal Audit observations and recommendations relating to the operations of the Company and its subsidiaries. Where necessary, the Committee has instructed Management to take corrective actions to address the weaknesses raised in the said reports.
- The audited financial statements of SRB Group for financial year ended 31 January 2013.
- 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, significant audit issues and control weaknesses were highlighted to the Committee.

In addition, the Committee also issued directives from time to time on internal control matters to highlight various common weaknesses within the Group with a view to overcome the said weaknesses.

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT DEPARTMENT FOR THE FINANCIAL YEAR

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

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

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

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

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

The cost incurred for Internal Audit Department is RM257,096 for the financial year ended 31 January 2013.

The BAC Report made in accordance with the resolution of the Board of Directors dated 20 May 2013.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The “Malaysian Code on Corporate Governance 2012” (MCCG) requires the Board to maintain a sound system of risk management and internal control to safeguard shareholders’ investments and the Group’s assets. Pursuant to Paragraph 15.26 (b) of Bursa Malaysia Securities Berhad (BMSB) Main Market Listing Requirements (MMLR) and Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Companies, the Board is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of internal controls of the Group during the financial year under review and up to the date of approval of this statement for inclusion in the annual report.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for the Group’s system of risk management and internal control as well as reviewing its effectiveness, adequacy and integrity. While acknowledging their responsibility for the system of risk management and 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 risk management and 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 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 areas for improvements 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 47 of the Annual Report.

RISK MANAGEMENT

Risk management has been embraced as part of the Group’s business process and business plan. Hence, the management is accountable to the Board for the implementation of the processes in identifying, evaluating, monitoring, managing and reporting of risk and internal control.

INTERNAL CONTROLS

The 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.

ADEQUACY AND EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL

The Managing Director and the Chief Financial Officer have provided the Board with assurance that the Group risk management and internal control systems are operating adequately and effectively, in all material aspect, to ensure achievement of corporate objective.

Taking into consideration the assurance from the management team, the Board is of the view that the system of risk management and internal controls in place for the year under review is sound and adequate to safeguard the Group's assets.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 January 2013. The review was conducted in accordance with the "Recommended Practice Guide 5: Guidance for Auditors on the Review of Directors' Statement on Internal Control ("RPG 5") issued by the Malaysian Institute of Accountants. The review has been conducted to assess whether the Statement on Risk Management and Internal Control is both supported by the documentation prepared by or for the Board and appropriately reflects the processes the Directors had adopted in reviewing the adequacy and integrity of the system of internal controls of the Group.

RPG 5 does not require the external auditors to consider whether the Directors' Statement on Internal Control covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. RPG 5 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant matters disclosed in the annual report will, in fact, mitigate the risks identified or remedy the potential problems.

Based on their review, the external auditors have reported to the Board that nothing had come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the risk management and internal controls of the Group.

Statement made in accordance with a resolution of the Board of Directors dated 20 May 2013.

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 responsible for the preparation of the audited 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.

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 2013 amounted to RM157,000 and RM94,000(2012: RM271,000 and RM258,000).

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 2013 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. 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.

10. 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.

RESILIENT

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







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DIRECTORS' REPORT

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 2013.

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.

RESULTS

	Group RM'000	Company RM'000
Profit from continuing operations, net of tax	33,301	34,579
Profit attributable to:		
Owners of the parent	33,301	34,579
Non-controlling interest	–	–
	<u>33,301</u>	<u>34,579</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 effects arising from the disposal of a land in Subang which has resulted in an increase in the Group's and the Company's profit net of tax by RM32 million.

DIVIDENDS

The amounts of dividends declared by the Company since 31 January 2012 were as follows:

	RM'000
In respect of the financial year ended 31 January 2013:	
Special dividend of 6.68 sen less 25% taxation, on 139,600,000 ordinary shares declared on 29 March 2013	<u>6,994</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:

Dato' Seri Shahril bin Shamsuddin
 Dato' Shahrman bin Shamsuddin
 Tan Sri Datuk Amar (Dr.) Hamid bin Bugo
 Datuk Khalid bin Abdul Karim
 Dato' Fauziah binti Dato' Ismail
 Dato' 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 Note 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 31 to the financial statements.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1 each			At 31.1.2013
	At 1.2.2012	Acquired	Sold	
Sapura Resources Berhad - the Company				
Direct Interest				
Dato' Seri Shahril bin Shamsuddin	83,250	—	—	83,250
Dato' Shahrman bin Shamsuddin	83,250	—	—	83,250
Indirect Interest				
Dato' Seri Shahril bin Shamsuddin	72,372,772	—	—	72,372,772
Dato' Shahrman bin Shamsuddin	72,372,772	—	—	72,372,772
Sapura Industrial Berhad - a fellow subsidiary				
Direct Interest				
Dato' Seri Shahril bin Shamsuddin	1,426,875	—	—	1,426,875
Dato' Shahrman bin Shamsuddin	663,175	—	—	663,175

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS (CONTINUED)

	Number of ordinary shares of RM1 each			At 31.1.2013
	At 1.2.2012	Acquired	Sold	
Indirect Interest				
Dato' Seri Shahril bin Shamsuddin	32,420,391	–	–	32,420,391
Dato' Shahriman bin Shamsuddin	32,420,391	–	–	32,420,391
Sapura Holdings Sdn. Bhd. - holding company				
Ordinary Shares				
Direct Interest				
Dato' Seri Shahril bin Shamsuddin	30,147,187	–	–	30,147,187
Dato' Shahriman bin Shamsuddin	30,147,187	–	–	30,147,187
Indirect Interest				
Dato' Seri Shahril bin Shamsuddin	11,165,626	–	–	11,165,626
Dato' Shahriman bin Shamsuddin	11,165,626	–	–	11,165,626
Preference Shares				
Direct Interest				
Dato' Seri Shahril bin Shamsuddin	–	10,000	–	10,000
Dato' Shahriman bin Shamsuddin	–	10,000	–	10,000

Dato' Seri Shahril bin Shamsuddin and Dato' 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 all known bad debts has been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (CONTINUED)

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group 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 Note 38 to the financial statements.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 39 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 20 May 2013.

DATO' SHAHRIMAN BIN SHAMSUDDIN

DATUK KHALID BIN ABDUL KARIM

STATEMENT BY DIRECTORS

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

We, Dato' 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 63 to 138 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2013 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 42 on page 138 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 20 May 2013.

DATO' SHAHRIMAN BIN SHAMSUDDIN

DATUK KHALID BIN ABDUL KARIM

STATUTORY DECLARATION

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

I, Shamsul Anuar bin Musa, 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 63 to 138 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 Shamsul Anuar bin Musa
at Kuala Lumpur in the Federal Territory
on 20 May 2013.

SHAMSUL ANUAR BIN MUSA

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the Members of Sapura Resources Berhad (Incorporated in Malaysia)

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 2013 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 63 to 138.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 judgment, 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 controls relevant to the entity's preparation of financial statements that give a true and fair view 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 Company's internal controls. 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 give a true and fair view of the financial position of the Group and of the Company as at 31 January 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of Sapura Resources Berhad (Incorporated in Malaysia)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 42 on page 111 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. 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.

OTHER MATTERS

1. As stated in Note 2.2 to the financial statements, Sapura Resources Berhad adopted Malaysian Financial Reporting Standards on 1 February 2012 with a transition date of 1 February 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 January 2012 and 1 February 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 January 2012 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 31 January 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 February 2012 do not contain misstatements that materially affect the financial position as of 31 January 2013 and financial performance and cash flows for the year then ended.
2. 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
20 May 2013

TEOH SOO HOCK
No. 2477/10/13(J)
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 January 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Continuing operations:					
Revenue	4	28,203	20,616	26,496	41,096
Operating expenses		(41,462)	(27,834)	(27,558)	(25,977)
Other income		39,612	131,874	36,216	75,811
Profit from operations		26,353	124,656	35,154	90,930
Finance costs	5	(509)	(612)	(522)	(612)
Share of result of associates		7,368	15,002	–	–
Share of result of joint venture		(95)	–	–	–
Profit before tax from continuing operations	6	33,117	139,046	34,632	90,318
Taxation	9	184	1,060	(53)	1,060
Profit from continuing operations, net of tax		33,301	140,106	34,579	91,378
Discontinued operations:					
Profit from discontinued operations, net of tax	10	–	1,282	–	–
Profit after tax, representing total comprehensive income for the year		33,301	141,388	34,579	91,378
Profit, representing total comprehensive income attributable to:					
Owners of the parent		33,301	141,388	34,579	91,378
Non-controlling interest		–	–	–	–
		33,301	141,388	34,579	91,378
Earnings per share attributable to owners of the parent (sen):					
Basic/diluted, for profit from continuing operations	11	23.85	100.36		
Basic/diluted, for profit from discontinued operations	11	–	0.92		
Basic/diluted, for profit, net of tax		23.85	101.28		

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 January 2013

	Note	31.1.2013 RM'000	Group 31.1.2012 RM'000	1.2.2011 RM'000
Assets				
Non-current assets				
Property, plant and equipment	12	48,872	45,718	42,624
Investment properties	13	134,957	138,735	144,056
Intangible assets	14	–	–	–
Investment in associates	16	126,393	124,633	19,476
Investment in joint venture	17	1,410	–	–
		<u>311,632</u>	<u>309,086</u>	<u>206,156</u>
Current assets				
Inventories	18	10	11	1,584
Trade and other receivables	19	5,855	5,214	2,747
Other current assets	20	92	330	358
Investment securities	21	476	405	307
Cash and bank balances	22	77,300	84,279	14,628
		<u>83,733</u>	<u>90,239</u>	<u>19,624</u>
Assets of disposal group classified as held for sale	10	–	–	128,815
		<u>83,733</u>	<u>90,239</u>	<u>148,439</u>
Total assets		<u>395,365</u>	<u>399,325</u>	<u>354,595</u>
Equity and liabilities				
Current liabilities				
Trade and other payables	23	14,467	75,882	37,793
Loans and borrowings	24	18,442	333	13,182
Tax payable		190	–	127
		<u>33,099</u>	<u>76,215</u>	<u>51,102</u>
Liabilities directly associated with disposal group classified as held for sale	10	–	–	52,753
		<u>33,099</u>	<u>76,215</u>	<u>103,855</u>
Net current assets		<u>50,634</u>	<u>14,024</u>	<u>44,584</u>

	Note	31.1.2013 RM'000	Group 31.1.2012 RM'000	1.2.2011 RM'000
Equity and liabilities (continued)				
Non-current liabilities				
Deferred tax liabilities	26	8,082	2,040	2,934
Loans and borrowings	24	1,653	1,840	69,964
		<u>9,735</u>	<u>3,880</u>	<u>72,898</u>
Total liabilities		<u>42,834</u>	<u>80,095</u>	<u>176,753</u>
Net assets		<u>352,531</u>	<u>319,230</u>	<u>177,842</u>
Equity attributable to owners of the parent				
Share capital	27	139,600	139,600	139,600
Other reserves	28	2,581	2,581	2,581
Retained profits	29	210,350	177,049	35,661
		<u>352,531</u>	<u>319,230</u>	<u>177,842</u>
Non-controlling interest		–	–	–
Total equity		<u>352,531</u>	<u>319,230</u>	<u>177,842</u>
Total equity and liabilities		<u>395,365</u>	<u>399,325</u>	<u>354,595</u>

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

STATEMENT OF FINANCIAL POSITION

As at 31 January 2013

	Note	Company		1.2.2011 RM'000
		31.1.2013 RM'000	31.1.2012 RM'000	
Assets				
Non-current assets				
Property, plant and equipment	12	11,217	44,879	41,927
Investment properties	13	134,957	138,735	144,056
Investment in subsidiaries	15	14,195	201	–
Investment in associates	16	41,596	41,596	12,000
		<u>201,965</u>	<u>225,411</u>	<u>197,983</u>
Current assets				
Trade and other receivables	19	25,905	5,816	38,758
Other current assets	20	82	330	344
Investment securities	21	476	405	307
Cash and bank balances	22	75,721	83,593	14,136
		<u>102,184</u>	<u>90,144</u>	<u>53,545</u>
Assets of disposal group classified as held for sale	10	–	–	58,000
		<u>102,184</u>	<u>90,144</u>	<u>111,545</u>
Total assets		<u>304,149</u>	<u>315,555</u>	<u>309,528</u>
Equity and liabilities				
Current liabilities				
Trade and other payables	23	11,616	75,454	78,813
Loans and borrowings	24	18,420	333	13,182
Tax payable		–	–	125
		<u>30,036</u>	<u>75,787</u>	<u>92,120</u>
Net current assets		<u>72,148</u>	<u>14,357</u>	<u>19,425</u>
Non-current liabilities				
Deferred tax liabilities	26	1,863	1,851	2,745
Loans and borrowings	24	1,594	1,840	69,964
		<u>3,457</u>	<u>3,691</u>	<u>72,709</u>
Total liabilities		<u>33,493</u>	<u>79,478</u>	<u>164,829</u>
Net assets		<u>270,656</u>	<u>236,077</u>	<u>144,699</u>
Equity attributable to owners of the parent				
Share capital	27	139,600	139,600	139,600
Other reserves	28	1,100	1,100	1,100
Retained profits	29	129,956	95,377	3,999
Total equity		<u>270,656</u>	<u>236,077</u>	<u>144,699</u>
Total equity and liabilities		<u>304,149</u>	<u>315,555</u>	<u>309,528</u>

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 2013

	← Attributable to owners of the parent →					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	← Non distributable → Revaluation reserve RM'000	Capital reserve RM'000	← Distributable → General reserve RM'000	Retained profits RM'000			
At 1 February 2012	139,600	–	1,481	1,100	177,049	319,230	–	319,230
Profit for the year, being total comprehensive income for the year	–	–	–	–	33,301	33,301	–	33,301
At 31 January 2013	139,600	–	1,481	1,100	210,350	352,531	–	352,531
At 1 February 2011	139,600	–	1,481	1,100	35,661	177,842	–	177,842
Profit for the year, being total comprehensive income for the year	–	–	–	–	141,388	141,388	–	141,388
At 31 January 2012	139,600	–	1,481	1,100	177,049	319,230	–	319,230

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 January 2013

	Share capital RM'000	← Distributable →		Total equity RM'000
		General reserve RM'000	Retained profits RM'000	
At 1 February 2012	139,600	1,100	95,377	236,077
Profit for the year, being total comprehensive income for the year	–	–	34,579	34,579
At 31 January 2013	139,600	1,100	129,956	270,656
At 1 February 2011	139,600	1,100	3,999	144,699
Profit for the year, being total comprehensive income for the year	–	–	91,378	91,378
At 31 January 2012	139,600	1,100	95,377	236,077

STATEMENTS OF CASH FLOWS

For the year ended 31 January 2013

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Operating activities				
Profit before tax from continuing operations	33,117	139,046	34,632	90,318
Profit before tax from discontinued operations (Note 10)	–	1,880	–	–
Adjustments for:				
Interest income	(2,519)	(1,965)	(2,869)	(1,965)
Dividend income				
- Continuing operations	–	–	(5,610)	(21,085)
- Discontinued operations	–	(22)	–	–
Finance costs				
- Continuing operations	509	612	522	612
Bargain purchase gain	(3,287)	–	–	–
Impairment loss on:				
Investment in subsidiary	–	–	11	20
Gain on re-measurement of interest retained in investment in associates	–	(63,088)	–	–
Net fair value gains on held for trading investment securities	(71)	(98)	(71)	(98)
Gain on disposal of investment in subsidiary company	–	(65,404)	–	(72,420)
(Gain)/loss on disposal of property, plant and equipment	(32,043)	37	(32,043)	–
Depreciation of investment properties	3,778	3,438	3,778	3,438
Depreciation of property, plant and equipment	5,372	3,944	4,114	3,797
Property, plant and equipment written off	3	–	–	–
Impairment loss on property, plant and equipment	241	–	–	–
Reversal of allowances for impairment:				
- Trade receivables	–	(739)	–	(634)
- Other receivables	–	–	(988)	–
Impairment loss on financial assets:				
- Trade receivables	252	–	–	–
- Other receivables	6	–	6	–
Share of result of associates	(7,368)	(15,002)	–	–
Share of result of joint venture	95	–	–	–
Operating (loss)/profit before working capital changes	(1,915)	2,639	1,482	1,983
Changes in working capital:				
Inventories	1	1,573	–	–
Trade and other receivables	(646)	(1,728)	(19,148)	33,576
Other current assets	413	28	248	14
Trade and other payables	1,203	(13,565)	(826)	(54,921)
Taxes (refunded)/paid	(91)	(559)	–	41
Net cash used in operating activities	(1,035)	(11,612)	(18,244)	(19,307)

STATEMENTS OF CASH FLOWS (CONTINUED)

For the year ended 31 January 2013

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Investing activities				
Purchase of property, plant and equipment	(1,893)	(6,625)	(1,421)	(6,199)
Proceeds from disposal of investment in subsidiaries (Note 10)	–	67,927	–	102,000
Net cash outflow on acquisition of subsidiaries (Note 15)	(28,000)	–	–	–
Subscription of shares in jointly controlled entity	(1,505)	–	–	–
Proceeds from disposal of property, plant and equipment	–	100	–	–
Subscription of shares in subsidiaries	–	–	(14,005)	–
Investment in associates	–	–	–	(1,176)
Cash received for Subang land (Note 22 (b))	–	63,013	–	63,013
Settlement of cash at completion from disposal of subsidiaries	–	4,867	–	–
Interest received	2,519	1,965	2,869	1,965
Dividend received	5,610	7,867	5,610	21,085
Net cash (used in)/generated from investing activities	(23,269)	139,114	(6,947)	180,688
Financing activities				
Net repayment of term loans	–	(80,958)	–	(80,958)
Repayment of obligations under finance lease	(166)	(313)	(159)	(313)
Net drawdown of other short term borrowings	18,000	–	18,000	–
Cash generated from/(used in) financing activities brought forward	17,834	(81,271)	17,841	(81,271)
Cash generated from/(used in) financing activities carried forward	17,834	(81,271)	17,841	(81,271)
Dividend paid	–	(9,789)	–	(9,789)
Interest paid	(509)	(612)	(522)	(612)
Net cash generated from/(used in) financing activities	17,325	(91,672)	17,319	(91,672)
Net (decrease)/increase in cash and cash equivalents	(6,979)	35,830	(7,872)	69,709
Cash and cash equivalents at beginning of year	84,279	48,449	83,593	13,884
Cash and cash equivalents at end of year (Note 22)	77,300	84,279	75,721	83,593

NOTES TO THE FINANCIAL STATEMENTS

31 January 2013

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

For all periods up to and including the year ended 31 January 2012, the Company prepared its financial statements in accordance with Financial Reporting Standard (“FRS”). These financial statements for the year ended 31 January 2013 are the first the Company has prepared in accordance with MFRS.

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 First-time adoption of MFRS

The financial statements for the year ended 31 January 2013 are the first financial statements prepared in accordance with MFRS. MFRS 1 First Time Adoption of MFRS has been applied. For periods up to and including the year ended 31 January 2012, the Company prepared its financial statements in accordance with Financial Reporting Standards (“FRS”).

In preparing its opening MFRS Statement of Financial Position as at 1 February 2011 (which is also the date of transition), the Group and the Company have adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group’s and the Company’s statements of financial position, statements of comprehensive income, statements of changes in equity and cash flows is set out in Note 2.3. These notes include reconciliations of financial positions, total comprehensive income and equity for comparative periods and of financial positions at the date of transition under MFRS. The transition from FRS to MFRS has not had material impact on the statement of cash flows of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Explanation of transition to MFRSs

The audited financial statements of the Group and the Company for the period ended 31 January 2012 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. There are no adjustments arising from the transition to MFRSs, except for those discussed below. Accordingly, notes related to the statement of financial position as at date of transition to MFRSs are only presented for those items.

(a) Business Combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition;

- (i) the classification of former business combinations under FRS is maintained;
- (ii) there is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (iii) the carrying amount of goodwill recognised under FRS is not adjusted.

(b) Investment properties

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS 16 (Revised) Property, Plant and Equipment which was effective for periods ending on or after 1 September 1998. By virtue of this transitional provision, the Group had recorded certain buildings at revalued amounts but had not adopted a policy of revaluation and continued to carry those buildings on the basis of their previous revaluations subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

Upon transition to MFRS, the Group has elected to regard the revalued amounts of leasehold land and buildings as at 31 January 2004 as deemed cost. As a result, a revaluation surplus of RM2,302,000 was transferred to retained profits on the date of transition to MFRS.

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Explanation of transition to MFRSs (continued)

(i) Reconciliation adjustments to consolidated statement of financial position

	FRS RM'000	Effect of transition to MFRSs RM'000	MFRS RM'000
As at 1 February 2011			
ASSETS			
Non-Current Assets			
Property, plant and equipment	42,624	–	42,624
Investment properties	144,056	–	144,056
Intangible assets	–	–	–
Investment in associates	19,476	–	19,476
	<u>206,156</u>	<u>–</u>	<u>206,156</u>
Current Assets			
Inventories	1,584	–	1,584
Trade and other receivables	2,747	–	2,747
Other current assets	358	–	358
Investment securities	307	–	307
Cash and cash equivalents	14,628	–	14,628
	<u>19,624</u>	<u>–</u>	<u>19,624</u>
Assets of disposal group classified as held for sale	128,815	–	128,815
	<u>148,439</u>	<u>–</u>	<u>148,439</u>
TOTAL ASSETS	<u>354,595</u>	<u>–</u>	<u>354,595</u>
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Company			
Share capital	139,600	–	139,600
Other reserves	4,883	(2,302)	2,581
Retained profits	33,359	2,302	35,661
	<u>177,842</u>	<u>–</u>	<u>177,842</u>
Non-controlling interests	–	–	–
Total Equity	<u>177,842</u>	<u>–</u>	<u>177,842</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.3 Explanation of transition to MFRSs (continued)****(i) Reconciliation adjustments to consolidated statement of financial position (continued)**

	FRS RM'000	Effect of transition to MFRSs RM'000	MFRS RM'000
As at 1 February 2011 (continued)			
EQUITY AND LIABILITIES (continued)			
Non-Current Liabilities			
Deferred tax liabilities	2,934	–	2,934
Loans and borrowings	69,964	–	69,964
	<u>72,898</u>	<u>–</u>	<u>72,898</u>
Current Liabilities			
Trade and other payables	37,793	–	37,793
Loans and borrowings	13,182	–	13,182
Tax payable	127	–	127
	<u>51,102</u>	<u>–</u>	<u>51,102</u>
Liabilities directly associated with disposal group classified as held for sale	52,753	–	52,753
	<u>103,855</u>	<u>–</u>	<u>103,855</u>
Total Liabilities	<u>176,753</u>	<u>–</u>	<u>176,753</u>
TOTAL EQUITY AND LIABILITIES	<u>354,595</u>	<u>–</u>	<u>354,595</u>
As at 31 January 2012			
ASSETS			
Non-Current Assets			
Property, plant and equipment	45,718	–	45,718
Investment properties	138,735	–	138,735
Intangible assets	–	–	–
Investment in associates	124,633	–	124,633
	<u>309,086</u>	<u>–</u>	<u>309,086</u>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Explanation of transition to MFRSs (continued)

(i) Reconciliation adjustments to consolidated statement of financial position (continued)

	FRS RM'000	Effect of transition to MFRSs RM'000	MFRS RM'000
As at 31 January 2012 (continued)			
ASSETS (CONTINUED)			
Current Assets			
Inventories	11	–	11
Trade and other receivables	5,214	–	5,214
Other current assets	330	–	330
Investment securities	405	–	405
Cash and cash equivalents	84,279	–	84,279
	<u>90,239</u>	<u>–</u>	<u>90,239</u>
TOTAL ASSETS	<u>399,325</u>	<u>–</u>	<u>399,325</u>
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Company			
Share capital	139,600	–	139,600
Other reserves	4,883	(2,302)	2,581
Retained profits	174,747	2,302	177,049
	<u>319,230</u>	<u>–</u>	<u>319,230</u>
Non-controlling interests	–	–	–
Total Equity	<u>319,230</u>	<u>–</u>	<u>319,230</u>
Non-Current Liabilities			
Deferred tax liabilities	2,040	–	2,040
Loans and borrowings	1,840	–	1,840
	<u>3,880</u>	<u>–</u>	<u>3,880</u>
Current Liabilities			
Trade and other payables	75,882	–	75,882
Loans and borrowings	333	–	333
	<u>76,215</u>	<u>–</u>	<u>76,215</u>
Total Liabilities	<u>80,095</u>	<u>–</u>	<u>80,095</u>
TOTAL EQUITY AND LIABILITIES	<u>399,325</u>	<u>–</u>	<u>399,325</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.3 Explanation of transition to MFRSs (continued)****(ii) Reconciliation adjustments to consolidated statement of changes in equity**

The effect of the adoption of MFRS from 1 February 2011 to 31 January 2012 can be reconciled as follows:

	Retained profit RM'000	Other reserves RM'000
Impact as at 1 February 2011	33,359	4,883
Movement during the year	143,690	(2,302)
Impact as at 31 January 2012	<u>177,049</u>	<u>2,581</u>

(iii) Reconciliation adjustments to the statement of financial position

	FRS RM'000	Effect of transition to MFRSs RM'000	MFRS RM'000
As at 1 February 2011			
ASSETS			
Non-Current Assets			
Property, plant and equipment	41,927	–	41,927
Investment properties	144,056	–	144,056
Investment in associates	12,000	–	12,000
	<u>197,983</u>	<u>–</u>	<u>197,983</u>
Current Assets			
Trade and other receivables	38,758	–	38,758
Other current assets	344	–	344
Investment securities	307	–	307
Cash and cash equivalents	14,136	–	14,136
	<u>53,545</u>	<u>–</u>	<u>53,545</u>
Assets of disposal group classified as held for sale	58,000	–	58,000
	<u>111,545</u>	<u>–</u>	<u>111,545</u>
TOTAL ASSETS	<u>309,528</u>	<u>–</u>	<u>309,528</u>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Explanation of transition to MFRSs (continued)

(iii) Reconciliation adjustments to the statement of financial position (continued)

	FRS RM'000	Effect of transition to MFRSs RM'000	MFRS RM'000
As at 1 February 2011 (continued)			
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Company			
Share capital	139,600	–	139,600
Other reserves	3,402	(2,302)	1,100
Retained profits	1,697	2,302	3,999
Total Equity	144,699	–	144,699
Non-Current Liabilities			
Deferred tax liabilities	2,745	–	2,745
Loans and borrowings	69,964	–	69,964
	72,709	–	72,709
Current Liabilities			
Trade and other payables	78,813	–	78,813
Loans and borrowings	13,182	–	13,182
Tax payable	125	–	125
	92,120	–	92,120
Total Liabilities	164,829	–	164,829
TOTAL EQUITY AND LIABILITIES	309,528	–	309,528
As at 31 January 2012			
ASSETS			
Non-Current Assets			
Property, plant and equipment	44,879	–	44,879
Investment properties	138,735	–	138,735
Investment in subsidiaries	201	–	201
Investment in associates	41,596	–	41,596
	225,411	–	225,411

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.3 Explanation of transition to MFRSs (continued)****(iii) Reconciliation adjustments to the statement of financial position (continued)**

	FRS RM'000	Effect of transition to MFRSs RM'000	MFRS RM'000
As at 31 January 2012 (continued)			
ASSETS (CONTINUED)			
Current Assets			
Trade and other receivables	5,816	–	5,816
Other current assets	330	–	330
Investment securities	405	–	405
Cash and cash equivalents	83,593	–	83,593
	<u>90,144</u>	<u>–</u>	<u>90,144</u>
TOTAL ASSETS	<u>315,555</u>	<u>–</u>	<u>315,555</u>
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Company			
Share capital	139,600	–	139,600
Other reserves	3,402	(2,302)	1,100
Retained profits	93,075	2,302	95,377
Total Equity	<u>236,077</u>	<u>–</u>	<u>236,077</u>
Non-Current Liabilities			
Deferred tax liabilities	1,851	–	1,851
Loans and borrowings	1,840	–	1,840
	<u>3,691</u>	<u>–</u>	<u>3,691</u>
Current Liabilities			
Trade and other payables	75,454	–	75,454
Loans and borrowings	333	–	333
	<u>75,787</u>	<u>–</u>	<u>75,787</u>
Total Liabilities	<u>79,478</u>	<u>–</u>	<u>79,478</u>
TOTAL EQUITY AND LIABILITIES	<u>315,555</u>	<u>–</u>	<u>315,555</u>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Explanation of transition to MFRSs (continued)

(iv) Reconciliation adjustments to consolidated statement of changes in equity

The effect of the adoption of MFRS from 1 February 2011 to 31 January 2012 can be reconciled as follows:

	Retained profit RM'000	Other reserves RM'000
Impact as at 1 February 2011	1,697	3,402
Movement during the year	93,680	(2,302)
Impact as at 31 January 2012	<u>95,377</u>	<u>1,100</u>

2.4 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
MFRS 101 Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)	1 July 2012
Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)	1 January 2013
MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investment in Associate and Joint Ventures	1 January 2013
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)	1 January 2013
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans	1 January 2013
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to MFRS 11: Joint Arrangements: Transition Guidance	1 January 2013
Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
MFRS 9 Financial Instruments	1 January 2015

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards issued but not yet effective (continued)

The directors expect the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 10 Consolidated Financial Statements

MFRS 10 replaces part of MFRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under MFRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under MFRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

MFRS 10 includes detailed guidance to explain when an investor has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances.

MFRS 11 Joint Arrangements

MFRS 11 replaces MFRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-Controlled Entities – Non-monetary Contributions by Venturers.

The classification of joint arrangements under MFRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under MFRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

MFRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

MFRS 11 will be applied in accordance with the relevant transitional provisions set out in MFRS 11. The initial investment as at 1 February 2012 for the purposes of applying the equity method will be measured as the aggregate of the carrying amounts of the assets and liabilities.

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

MFRS 127 Separate Financial Statements

As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards issued but not yet effective (continued)

MFRS 128 Investments in Associates and Joint Ventures

As a consequence of the new MFRS 11 and MFRS 12, MFRS 128 is renamed as MFRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS when fair value is required or permitted.

Upon adoption of MFRS 13, the Group will take into consideration the highest and best use of certain properties in measuring the fair value of such properties. The adoption of MFRS 13 is expected to result in higher fair value of certain properties of the Group.

MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004) and MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)

An entity shall apply these earlier versions of MFRS 3 and MFRS 127 only if the entity has elected to do so as allowed in MFRS 10 Consolidated Financial Statements. The adoptions of these standards are not expected to have any significant impact to the Group and the Company.

Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

MFRS 119 Employee Benefits

The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor approach" as permitted under the previous version of MFRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to MFRS 119 require retrospective application with certain exceptions. The directors anticipate that the application of the amendments to MFRS 119 may have impact on amounts reported in respect of the Group's defined benefit plans. However, the Group is currently assessing the impact that this standard will have on the financial position and performance of the Group.

MFRS 9 Financial Instruments: Classification and Measurement

MFRS 9 reflects the first phase of the work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 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 except for unrealised losses for which indication of impairment exists.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 2.10(a). In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

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.

2.6 Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.7 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Foreign currency (continued)

(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.

2.8 Property, plant and equipment

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment (continued)

Leasehold lands are depreciated over the period of the respective leases which range from 34 years to 91 years. Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Buildings	1.4% – 4.0%
Hangars and containers	3% – 20%
Office equipment, furniture and fittings	12% – 25%
Aircraft and motor vehicles	20%
Renovation	10% – 20%

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 property, 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.

2.9 Investment properties

The Group previously 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.

Upon transition to MFRS, the Group has elected to regard the revalued amounts of leasehold land and buildings as at 31 January 2004 as deemed cost.

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 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 2.8 up to the date of change in use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 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 off 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 2.7.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 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.

2.12 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.

2.13 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 statements of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Where subsidiaries become associates and the control over the subsidiaries is lost, any interest retained is remeasured at fair value with the corresponding gain or loss recognised in profit or loss. The remeasurement is included in the investment in 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Associates (continued)

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 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.

2.14 Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in joint venture using the equity method. Under the equity method, the investment in joint venture is measured in the statements of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and its jointly controlled entity.

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

In the Company's separate financial statements, its investment in joint venture is stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and the carrying amount is included in profit or loss.

2.15 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial assets (continued)

(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 are held primarily for trading purposes are presented as current whereas financial assets that are 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial assets (continued)

(d) Available-for-sale financial assets (continued)

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.

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.

2.16 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 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.

2.18 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 on a first-in first-out 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.

2.19 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.

2.20 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 MFRS 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Financial liabilities (continued)

(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.

2.21 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.

2.22 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company.

(ii) 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.

2.24 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 2.25(f).

2.25 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Revenue (continued)

(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 term. 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.

(g) Ground handling services

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

2.26 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Income taxes (continued)

(b) Deferred tax (continued)

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.

2.27 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 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.29 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.

2.30 Discontinued operation

A component of the Group is classified as a “discontinued operation” when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

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

There are no critical judgements made by management in the process of applying the Group’s accounting policies that 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 investments in subsidiaries, associates and joint venture

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 carrying amounts of investments in subsidiaries, associates and joint venture as at the reporting date are disclosed in Notes 15, 16 and 17.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

3.2 Key sources of estimation uncertainty (continued)

(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 19.

(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 2.8 and 2.9. 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 amounts of the Group's and of the Company'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 RM7,432,000 (2012: RM8,668,000) and RM7,820,000 (2012: RM9,176,000) respectively. The unrecognised tax losses, capital allowances and other deductible temporary differences of the Group were approximately RM1,737,000 (2012: RM35,047,000).

4. REVENUE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Rental income from investment properties	20,867	19,991	20,886	20,011
Rental of hangar	2,901	–	–	–
Ground handling services	3,578	–	–	–
Management fees	222	–	–	–
Dividend income	–	–	5,610	21,085
Others	635	625	–	–
	<u>28,203</u>	<u>20,616</u>	<u>26,496</u>	<u>41,096</u>

5. FINANCE COSTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest expense on:				
Term loans	–	341	–	341
Overdrafts	56	2	56	2
Revolving credits	339	142	354	142
Obligations under finance leases	114	127	112	127
	<u>509</u>	<u>612</u>	<u>522</u>	<u>612</u>

6. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Employee benefits expense (Note 7)	13,452	11,135	8,736	10,009
Non-executive directors' remuneration (Note 8)	226	289	226	289
Impairment loss on:				
- Investment in subsidiary	–	–	11	20
Auditors' remuneration:				
- Statutory audit	117	50	50	37
- Other services	157	271	94	258
Direct operating expense arising from investment properties	6,050	6,901	6,050	6,901
Depreciation of investment properties (Note 13)	3,778	3,438	3,778	3,438
Depreciation of property, plant and equipment (Note 12)	5,372	3,944	4,114	3,797
Reversal of allowances for impairment:				
- Trade receivables (Note 19(a))	–	(739)	–	(634)
- Other receivables (Note 19(b))	–	–	(988)	–
Bargain purchase gain on acquisition	3,287	–	–	–
Impairment loss on plant and equipment	241	–	–	–
Impairment loss on financial assets:				
- Trade receivables (Note 19(a))	252	–	–	–
- Other receivables (Note 19(b))	6	–	6	–
Rental of premises	80	79	80	79
Rental of equipment	21	17	21	17
Corporate service fee payable to holding company	273	200	273	200
Bad debts written off	–	5	–	5
Property, plant and equipment written off	3	–	–	–
Net fair value gains on held for trading investment securities	(71)	(98)	(71)	(98)
Interest income:				
Subsidiaries	–	–	(350)	–
Financial institutions	(2,519)	(1,965)	(2,519)	(1,965)
(Gain)/loss on disposal of property, plant and equipment	(32,043)	37	(32,043)	–
Gain on disposal of investment in subsidiaries (Note 10)	–	(65,404)	–	(72,420)
Gain on re-measurement of interest retained in investment in associates (Note 10)	–	(63,088)	–	–
	<u>–</u>	<u>(63,088)</u>	<u>–</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Wages and salaries	10,383	8,203	6,515	7,209
Social security contributions	45	29	29	25
Contributions to defined contribution plan	1,136	1,002	888	975
Other benefits	1,888	1,901	1,304	1,800
	<u>13,452</u>	<u>11,135</u>	<u>8,736</u>	<u>10,009</u>

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,097,000 (2012: RM2,096,000) and RM2,097,000 (2012: RM2,096,000) respectively as disclosed in Note 8.

8. DIRECTORS' REMUNERATION

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors of the Company				
Executive:				
Fees	25	25	25	25
Salaries and other emoluments	2,072	2,071	2,072	2,071
	<u>2,097</u>	<u>2,096</u>	<u>2,097</u>	<u>2,096</u>
Non-Executive:				
Fees	186	246	186	246
Other emoluments	40	43	40	43
Benefits-in-kind	28	56	28	56
	<u>254</u>	<u>345</u>	<u>254</u>	<u>345</u>
	<u>2,351</u>	<u>2,441</u>	<u>2,351</u>	<u>2,441</u>
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration, excluding benefits-in-kind (Note 7)	2,097	2,096	2,097	2,096
Total non-executive directors' remuneration, excluding benefits-in-kind (Note 6)	226	289	226	289
Total directors' remuneration excluding benefits-in-kind	<u>2,323</u>	<u>2,385</u>	<u>2,323</u>	<u>2,385</u>

8. DIRECTORS' REMUNERATION (CONTINUED)

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	
	2013	2012
Executive:		
RM2,000,001 - RM2,100,000	1	1
Non-executive:		
Below RM50,000	5	5
RM50,001 - RM100,000	1	2

9. TAXATION

Major components of income tax expense

The major components of income tax expense for the years ended 31 January 2013 and 2012 are:

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Statement of comprehensive income:				
Current income tax - continuing operations:				
Malaysian income tax	36	–	–	–
Under/(over)provision in prior years	40	(166)	40	(166)
	<u>76</u>	<u>(166)</u>	<u>40</u>	<u>(166)</u>
Deferred income tax - continuing operations (Note 26):				
Origination and reversal of temporary differences	(86)	(331)	143	(331)
Under/(over)provision in prior years	(174)	(563)	(130)	(563)
	<u>(260)</u>	<u>(894)</u>	<u>13</u>	<u>(894)</u>
Income tax attributable to continuing operations	(184)	(1,060)	53	(1,060)
Income tax attributable to discontinued operations (Note 10)	–	598	–	–
Income tax (credit)/expense	<u>(184)</u>	<u>(462)</u>	<u>53</u>	<u>(1,060)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

9. TAXATION (CONTINUED)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2013 RM'000	2012 RM'000
Group		
Profit before tax from continuing operations	33,117	139,046
Profit before tax from discontinued operations (Note 10)	–	1,880
Accounting profit before tax	<u>33,117</u>	<u>140,926</u>
Tax at Malaysian statutory tax rate of 25% (2012: 25%)	8,279	35,232
Income not subject to tax	(8,984)	(33,805)
Non-deductible expenses	2,168	2,459
Share of result of associates	(1,847)	(3,751)
Deferred tax assets not recognised during the year	334	132
Under/(over)provision of income tax in prior years	40	(166)
Overprovision of deferred tax in prior years	(174)	(563)
Income tax credit	<u>(184)</u>	<u>(462)</u>
Company		
Profit before tax from continuing operations	<u>34,632</u>	<u>90,318</u>
Tax at Malaysian statutory tax rate of 25% (2012: 25%)	8,658	22,580
Income not subject to tax	(10,059)	(25,086)
Non-deductible expenses	1,544	2,175
Under/(over)provision of income tax in prior years	40	(166)
Overprovision of deferred tax in prior years	(130)	(563)
Income tax expense/(credit) recognised in profit or loss	<u>53</u>	<u>(1,060)</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year.

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

On 4 November 2010, the Company had announced that it had entered into a conditional share sale and purchase agreement (“SSPA”) with Ontime Direction Sdn Bhd (“Ontime”) for the proposed disposal of 1,275,001 APIIT Shares and 1,275,001 UCTI Shares representing 51% equity interest each in APIIT and UCTI (“Education Group”) for a total cash consideration of RM102,000,000.

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.

The acquisition by the Company from APIIT of a parcel of leasehold land was completed in 2011 while the Proposed Subsidiaries Disposal was completed on 18 February 2011.

The acquisition of all subsidiaries and associates from APIIT and UCTI was completed in prior financial year, except for the acquisition of the associates of APIIT, namely Asia Pacific Institute of Information Technology Pakistan (Private) Limited and Asia Pacific Information Management Services (Private) Limited which was called off.

The results of Education Group from 1 February 2011 to 18 February 2011 have been treated as results of discontinued operations, while its results after 18 February 2011, have been equity accounted for pursuant to MFRS 128 Investments in Associates and Joint Ventures and reported as part of share of results of associates in the statement of comprehensive income.

Statement of comprehensive income disclosures

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

	Group	
	2013 RM’000	2012 RM’000
Revenue	–	7,004
Operating expenses	–	(6,658)
Other income	–	1,534
Profit from operations	–	1,880
Finance costs	–	–
Profit before tax from discontinued operations (Note 9) #	–	1,880
Taxation (Note 9)	–	(598)
Profit from discontinued operations, net of tax	–	1,282

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

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

Statement of comprehensive income disclosures (continued)

	Group	
	2013 RM'000	2012 RM'000
Changes in inventories	–	1,575
Employee benefits expense	–	2,194
Auditors' remuneration:		
- Statutory audit	–	3
- Other services	–	48
Depreciation of property, plant and equipment	–	257
Reversal of allowances for impairment:		
- Trade receivables	–	(105)
Rental of premises	–	407
Rental of equipment	–	1
Loss on disposal of property, plant and equipment	–	11
Rental receivable from operating leases, other than those relating to investment properties	–	(42)
Other dividend income	–	(22)
	<hr/>	<hr/>

Statement of cash flows disclosures

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

	Group	
	2013 RM'000	2012 RM'000
Operating	–	(435)
Investing	–	87
	<hr/>	<hr/>
Net cash outflows	–	(348)
	<hr/>	<hr/>

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

Disposal of subsidiaries

The disposal of Education Group had the following effects on the financial position of the Group as at the end of prior year.

	18 February 2011 RM'000
Net assets of Education Group	71,249
Net assets of Education Group disposed	36,337
Attributable goodwill	259
Disposal proceeds settled by cash	36,596 (102,000)
Gain on disposal to the Group (Note 6)	(65,404)
Gain on re-measurement of interest retained in investment in Education Group (Note 6)	(63,088)
Total gain on disposal recognised in profit or loss	(128,492)
Cash inflow arising from disposals:	
Cash consideration	102,000
Cash and cash equivalents of subsidiaries disposed	(34,073)
Net cash inflow to the Group	67,927

11. EARNINGS PER SHARE

(a) Basic:

Basic earnings per share amounts are calculated by dividing profit 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.

	2013	2012
Profit attributable to owners of the parent from continuing operations (RM'000)	33,301	140,106
Profit attributable to owners of the parent from discontinued operations (RM'000)	–	1,282
	<u>33,301</u>	<u>141,388</u>
Weighted average number of ordinary shares in issue ('000)	139,600	139,600
Basic, profit per share from continuing operations (sen)	23.85	100.36
Basic, profit per share from discontinued operations (sen)	–	0.92
	<u>23.85</u>	<u>101.28</u>

(b) Diluted:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land RM'000	Hangars and containers RM'000	Office equipment, renovation, furniture and fittings RM'000	Aircraft and Motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
Group						
At 31 January 2013						
Cost						
At 1 February 2012	33,319	–	28,280	3,583	–	65,182
Acquisition of subsidiaries	–	40,111	1,186	931	343	42,571
Additions	–	–	1,893	–	–	1,893
Disposals	(33,319)	–	–	–	–	(33,319)
Write off	–	–	(107)	–	–	(107)
Provision for impairment	–	–	–	(241)	–	(241)
At 31 January 2013	–	40,111	31,252	4,273	343	75,979
Accumulated depreciation						
At 1 February 2012	1,964	–	16,551	949	–	19,464
Acquisition of subsidiaries	–	3,267	961	497	–	4,725
Depreciation charge (Note 6)	386	852	3,281	853	–	5,372
Disposals	(2,350)	–	–	–	–	(2,350)
Write off	–	–	(104)	–	–	(104)
At 31 January 2013	–	4,119	20,689	2,299	–	27,107
Net carrying amount	–	35,992	10,563	1,974	343	48,872

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land RM'000	Office equipment, renovation, furniture and fittings RM'000	Aircraft and Motor vehicles RM'000	Total RM'000
Group (continued)				
At 31 January 2012				
Costs				
At 1 February 2011	32,367	23,481	2,419	58,267
Additions	952	4,954	1,269	7,175
Disposals	–	(155)	(105)	(260)
At 31 January 2012	33,319	28,280	3,583	65,182
Accumulated depreciation				
At 1 February 2011	1,585	13,669	389	15,643
Depreciation charge (Note 6)	379	2,970	595	3,944
Disposals	–	(88)	(35)	(123)
At 31 January 2012	1,964	16,551	949	19,464
Net carrying amount	31,355	11,729	2,634	45,718
Company				
At 31 January 2013				
Cost				
At 1 February 2012	31,765	27,387	3,269	62,421
Additions	–	1,421	–	1,421
Disposal	(31,765)	–	–	(31,765)
At 31 January 2013	–	28,808	3,269	32,077
Accumulated depreciation				
At 1 February 2012	410	16,197	935	17,542
Depreciation charge (Note 6)	386	3,090	638	4,114
Disposal	(796)	–	–	(796)
At 31 January 2013	–	19,287	1,573	20,860
Net carrying amount	–	9,521	1,696	11,217

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land RM'000	Office equipment, renovation, furniture and fittings RM'000	Aircraft and Motor vehicles RM'000	Total RM'000
Company (continued)				
At 31 January 2012				
Cost				
At 1 February 2011	30,813	22,463	2,396	55,672
Additions	952	4,924	873	6,749
At 31 January 2012	31,765	27,387	3,269	62,421
Accumulated depreciation				
At 1 February 2011	31	13,372	342	13,745
Depreciation charge (Note 6)	379	2,825	593	3,797
At 31 January 2012	410	16,197	935	17,542
Net carrying amount	31,355	11,190	2,334	44,879

- (a) During the financial year, the Group acquired property, plant and equipment at aggregate costs of RM1,893,000 (2012: RM7,175,000) of which RM Nil (2012: RM550,000) were acquired by means of hire purchase and finance lease arrangements.

The net carrying amounts of motor vehicles held under hire purchase and finance lease arrangements of the Group and of the Company are RM1,757,354 (2012: RM2,145,855) respectively.

- (b) 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Office equipment, renovation, furniture and fittings	16,844	15,026	16,004	14,996
Aircraft and motor vehicles	798	85	170	82
Hangars and containers	12	—	—	—

13. INVESTMENT PROPERTIES

	Leasehold land RM'000	Buildings RM'000	Total RM'000
Group/Company			
At 31 January 2013			
Cost			
At 1 February 2012/ 31 January 2013	55,541	137,083	192,624
Accumulated depreciation			
At 1 February 2012	16,171	37,718	53,889
Depreciation charge (Note 6)	832	2,946	3,778
At 31 January 2013	17,003	40,664	57,667
Net carrying amount	38,538	96,419	134,957
At 31 January 2012			
Cost			
At 1 February 2011	55,541	138,966	194,507
Over-accrual of cost	—	(1,883)	(1,883)
At 31 January 2012	55,541	137,083	192,624
Accumulated depreciation			
At 1 February 2011	15,339	35,112	50,451
Depreciation charge (Note 6)	832	2,606	3,438
At 31 January 2012	16,171	37,718	53,889
Net carrying amount	39,370	99,365	138,735

Investment properties comprise commercial property leased to related parties and third parties (Note 32(b)).

The fair value of investment properties of the Group and of the Company, which have been determined by an independent valuer is RM199,300,000 (2012: RM222,785,000).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

14. INTANGIBLE ASSETS

	Intellectual property right RM'000	Goodwill RM'000	Total RM'000
Group			
Cost			
At 1 February 2011	49	2,389	2,438
Written-off	(49)	–	(49)
At 31 January 2012/ 31 January 2013	–	2,389	2,389
Accumulated impairment			
At 1 February 2011	49	2,389	2,438
Written-off	(49)	–	(49)
At 31 January 2012/ 31 January 2013	–	2,389	2,389
Net carrying amount			
At beginning and end of the year	–	–	–

(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	
	2013 RM'000	2012 RM'000
Premium automotive	2,389	2,389

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

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2013 RM'000	2012 RM'000
Unquoted shares in Malaysia, at cost	14,195	7,221
Less: Accumulated impairment losses	–	(7,020)
	14,195	201

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

Name of subsidiaries	Principal activities	Group's effective interest	
		2013 %	2012 %
Held by the Company			
Sapura Auto Sdn. Bhd.	Dormant.	100	100
Uniphone Properties Sdn. Bhd.	Dormant.	100	100
SRB Ventures Sdn. Bhd.	Sale of food and beverages.	100	100
DNest Aviation Sdn. Bhd.	Investment holding.	100	100
Sapura Aero Sdn. Bhd.	Investment holding.	100	–
Inter-Flex Assets Sdn. Bhd.	Dormant.	51	51
Kudos Asia Pacific Sdn. Bhd.	Dormant.	51	51
Held by Dnest Aviation Sdn. Bhd.			
AeroDome Sdn. Bhd. (formerly known as Dnest Aviation Services Sdn. Bhd.)	Hangarage, ground handling and other aviation related services.	100	–
DNest Aviation Training Centre Sdn. Bhd.	Education training institute related to aviation technology and aircraft maintenance engineering.	100	–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

15. INVESTMENT IN SUBSIDIARIES (CONTINUED)**Acquisition of subsidiaries****(a) AeroDome Sdn. Bhd. (formerly known as Dnest Aviation Services Sdn. Bhd.) ("AeroDome")**

On 16 August 2012, the Company acquired 100% equity interest in AeroDome. Upon the acquisition, AeroDome became a subsidiary of the Group. AeroDome, an unlisted company incorporated in Malaysia, is involved in the provision of air transport and fixed base operator services.

The fair values of the identifiable assets and liabilities of Aerodome at the date of acquisition were:

	Fair value RM'000	Carrying amount RM'000
Property, plant and equipment	37,808	35,046
Trade debtors	127	127
Deposit and prepayment	170	170
Staff advances	5	5
Amount due from director	130	130
	<u>38,240</u>	<u>35,478</u>
Deposit payable	(394)	(394)
Obligations under finance lease	(87)	(87)
Tax payable	(205)	(205)
Deferred taxation	(6,302)	(5,611)
	<u>(6,988)</u>	<u>(6,297)</u>
Net identifiable assets	<u>31,252</u>	<u>29,181</u>

The total cost of the business combination and net cash outflow on acquisition is RM28,000,000.

Bargain purchase gain arising on acquisition;

	RM'000
Fair value of net identifiable assets representing Group's interest	31,252
Cost of business combination	(28,000)
Bargain purchase gain on acquisition	<u>3,252</u>

15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition of subsidiaries (continued)

(b) Dnest Aviation Training Centre Sdn. Bhd.

On 16 August 2012, the Company acquired 100% equity interest in Dnest Aviation Training Centre Sdn. Bhd. ("DATC"). Upon the acquisition, DATC became a subsidiary of the Group. DATC, an unlisted company incorporated in Malaysia, is involved in the operations of an education training institute related to aviation technology and aircraft maintenance engineering.

The fair values of the identifiable assets and liabilities of DATC at the date of acquisition were:

	Fair value RM'000	Carrying amount RM'000
Property, plant and equipment, representing net identifiable assets	35	35

The total cost of the business combination and net cash outflow on acquisition is RM1.

Bargain purchase gain arising on acquisition

	RM'000
Fair value of net identifiable assets representing Group's interest	35
Cost of business combination	-
Bargain purchase gain on acquisition	35

Impact of acquisitions in statement of comprehensive income

From the date of acquisition, AeroDome and DATC have contributed losses totalling RM929,834 to the Group's profit net of tax. If the combination had taken place at the beginning of the financial year, the Group's profit from continuing operations, net of tax would have been RM33,947,000 and revenue from continuing operations would have been RM36,587,000.

16. INVESTMENT IN ASSOCIATES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unquoted shares at cost:				
In Malaysia	40,420	40,420	40,420	40,420
Outside Malaysia	1,902	1,902	1,176	1,176
	42,322	42,322	41,596	41,596
Gain on re-measurement of interest retained in Education Group	63,088	63,088	-	-
Share of post-acquisition reserves	20,983	19,223	-	-
	126,393	124,633	41,596	41,596

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

16. INVESTMENT IN ASSOCIATES (CONTINUED)

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Group's effective interest	
			2013 %	2012 %
Held by the Company				
APIIT Sdn. Bhd.	Malaysia	Provision of information technology related educational courses.	49	49
Asia Pacific University Sdn. Bhd. (formerly known as Asia Pacific UCTI Sdn. Bhd.)	Malaysia	Provision of higher educational courses	49	49
Asia Pacific Schools Sdn. Bhd. (formerly known as Sapura Smart School Sdn. Bhd.)	Malaysia	Provision of smart teaching and learning curriculum.	49	49
Tenaga Cable Industries Sdn. Bhd.	Malaysia	Manufacture and distribution of telephone, power and general cables, aluminium wires, aluminium rods and related activities.	24	24
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

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

	2013 RM'000	2012 RM'000
Assets and liabilities:		
Total assets	400,817	438,589
Total liabilities	246,807	270,953
Results:		
Revenue	356,685	403,730
Profit for the year	3,872	25,150

17. INVESTMENT IN JOINT VENTURE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unquoted shares at cost:				
In Malaysia	1,505	–	–	–
Share of post-acquisition reserves	(95)	–	–	–
	<u>1,410</u>	<u>–</u>	<u>–</u>	<u>–</u>

Details of the joint venture are as follows:

Name of joint venture	Country of incorporation	Principal activities	Group's effective interest	
			2013 %	2012 %
Held by Sapura Aero Sdn. Bhd.				
Air Alsie Asia Pacific Sdn. Bhd.	Malaysia	Provision of aircraft charter brokerage and aircraft management.	51	–

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

	2013 RM'000	2012 RM'000
Assets and liabilities:		
Total assets	2,186	–
Total liabilities	<u>634</u>	<u>–</u>
Results:		
Revenue	757	–
Profit for the year	<u>(187)</u>	<u>–</u>

18. INVENTORIES

	Group	
	2013 RM'000	2012 RM'000
Cost		
Food and beverages	<u>10</u>	<u>11</u>

During the year, the amount of inventories recognised as an expense in operating expenses of the Group was RM361,180 (2012: RM1,616,916).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade receivables				
Third parties	2,836	2,879	682	884
Amounts due from related companies	637	1,058	592	166
	<u>3,473</u>	<u>3,937</u>	<u>1,274</u>	<u>1,050</u>
Less: Allowance for impairment				
Third parties	(412)	(2,112)	(160)	(160)
Trade receivables, net	<u>3,061</u>	<u>1,825</u>	<u>1,114</u>	<u>890</u>
Other receivables				
Amounts due from:				
Subsidiaries	–	–	22,920	21,990
Joint venture	428	–	122	–
	<u>428</u>	<u>–</u>	<u>23,042</u>	<u>21,990</u>
Deposits	945	3,240	497	385
Sundry receivables	1,428	110	1,259	109
Tax recoverable	–	40	–	40
	<u>2,801</u>	<u>3,390</u>	<u>24,798</u>	<u>22,524</u>
Less: Allowance for impairment				
Subsidiaries	–	–	–	(17,597)
Sundry receivables	(7)	(1)	(7)	(1)
	<u>(7)</u>	<u>(1)</u>	<u>(7)</u>	<u>(17,598)</u>
Other receivables, net	<u>2,794</u>	<u>3,389</u>	<u>24,791</u>	<u>4,926</u>
Total trade and other receivables	<u>5,855</u>	<u>5,214</u>	<u>25,905</u>	<u>5,816</u>
Total trade and other receivables	5,855	5,214	25,905	5,816
Less: Tax recoverable	–	(40)	–	(40)
Add: Cash and bank balances (Note 22)	77,300	84,279	75,721	83,593
Total loans and receivables	<u>83,155</u>	<u>89,453</u>	<u>101,626</u>	<u>89,369</u>

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 (2012: 30 to 90) days terms except for overdue balances in the property investments business which attract interest at average rate of 1.5% (2012: 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		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Neither past due nor impaired	1,250	1,548	421	656
1 to 30 days past due not impaired	1,133	22	449	22
31 to 60 days past due not impaired	198	205	40	205
61 to 90 days past due not impaired	300	4	24	4
> 90 days past due not impaired	180	3	180	3
> 365 days past due not impaired	–	43	–	–
Impaired	1,811	277	693	234
	412	2,112	160	160
	<u>3,473</u>	<u>3,937</u>	<u>1,274</u>	<u>1,050</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.

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM1,871,000 (2012: RM277,000) and RM693,000 (2012: RM234,000) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Individually impaired:				
Trade receivables- nominal amounts	412	2,112	160	160
Less: Allowance for impairment	(412)	(2,112)	(160)	(160)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

Movement in allowance accounts:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At the beginning of year	2,112	2,870	160	794
Charge for the year (Note 6)	252	–	–	–
Written off	(1,952)	(19)	–	–
Reversal of impairment losses (Note 6)	–	(739)	–	(634)
At the end of year	<u>412</u>	<u>2,112</u>	<u>160</u>	<u>160</u>

Trade receivables that are 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.

(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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Individually impaired:				
Other receivables - nominal value	7	1	7	17,598
Less: Allowance for impairment	(7)	(1)	(7)	(17,598)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Other receivables (continued)

Movement in allowance accounts:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At the beginning of year	1	110	17,598	17,598
Charge for the year (Note 6)	6	–	6	–
Reversal of impairment losses (Note 6)	–	–	(988)	–
Written off	–	(109)	(16,609)	–
At the end of year	<u>7</u>	<u>1</u>	<u>7</u>	<u>17,598</u>

(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.

20. OTHER CURRENT ASSETS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Prepayments	<u>92</u>	<u>330</u>	<u>82</u>	<u>330</u>

21. INVESTMENT SECURITIES

	Group/Company	
	2013 RM'000	2012 RM'000
<i>Held for trading investments</i>		
Equity instruments (quoted in Malaysia) at market value		
At beginning of the year	405	307
Net gains on fair value	71	98
At 31 January	<u>476</u>	<u>405</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

22. CASH AND BANK BALANCES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash at banks and on hand	7,640	2,014	6,061	1,328
Short term deposits with licensed banks	69,660	82,265	69,660	82,265
Cash and bank balances	<u>77,300</u>	<u>84,279</u>	<u>75,721</u>	<u>83,593</u>

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 2013 for the Group and for the Company were 3.69% (2012: 4.29%) and 3.69% (2012: 4.29%) respectively.

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade payables				
Third parties	388	5	–	–
Other payables				
Amounts due to:				
Holding company	904	405	897	398
Related companies	821	–	822	–
Joint Venture	96	–	–	–
Associates	240	240	240	240
Deposits	2,061	645	1,959	638
Accruals	5,510	67,813	4,868	67,502
Other payables	207	80	83	68
	6,301	7,339	4,706	7,246
	<u>14,079</u>	<u>75,877</u>	<u>11,616</u>	<u>75,454</u>
Total trade and other payables	<u>14,467</u>	<u>75,882</u>	<u>11,616</u>	<u>75,454</u>
Total trade and other payables	14,467	75,882	11,616	75,454
Add: Loans and borrowings (Note 24)	20,095	2,173	20,014	2,173
Total financial liabilities carried at amortised cost	<u>49,029</u>	<u>153,937</u>	<u>43,246</u>	<u>153,081</u>

23. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 (2012: 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 (2012: 90) days.

(c) Related companies

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

The amounts due to related companies are unsecured, non-interest bearing and are repayable upon demand, except for amounts due to subsidiaries which bore interest at 4.65% per annum in prior year.

24. LOANS AND BORROWINGS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current				
Secured:				
Obligations under finance leases (Note 25)	442	333	420	333
Unsecured:				
Revolving credits	18,000	–	18,000	–
	<u>18,442</u>	<u>333</u>	<u>18,420</u>	<u>333</u>
Non-current				
Secured:				
Obligations under finance leases (Note 25)	1,653	1,840	1,594	1,840
Total				
Revolving credits	18,000	–	18,000	–
Obligations under finance leases	2,095	2,173	2,014	2,173
	<u>20,095</u>	<u>2,173</u>	<u>20,014</u>	<u>2,173</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

24. LOANS AND BORROWINGS (CONTINUED)

The remaining maturities of the loans and borrowings as at 31 January 2013 are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
On demand or within 1 year	18,442	333	18,420	333
More than 1 year and less than 2 years	467	353	444	353
More than 2 years and less than 5 years	1,172	1,181	1,150	1,181
5 years or more	14	306	–	306
	<u>20,095</u>	<u>2,173</u>	<u>20,014</u>	<u>2,173</u>

Loans and borrowings of the Group and of the Company bore weighted average interest rate at the reporting date as follows:

	Group		Company	
	2013 %	2012 %	2013 %	2012 %
Bank overdrafts	7.10	–	7.10	–
Revolving Credit	4.65	–	4.65	–
Obligations under finance leases	2.78	2.79	2.78	2.79

Obligations under finance leases are secured by a charge over the leased assets (Note 12).

25. OBLIGATIONS UNDER FINANCE LEASES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Minimum lease payments:				
Not later than 1 year	543	439	514	439
Later than 1 year but not later than 2 years	534	439	515	439
Later than 2 years but not later than 5 years	1,273	1,318	1,227	1,318
Later than 5 years	–	313	–	313
	<u>2,350</u>	<u>2,509</u>	<u>2,256</u>	<u>2,509</u>
Less: Amounts representing finance charges	(255)	(336)	(242)	(336)
	<u>2,095</u>	<u>2,173</u>	<u>2,014</u>	<u>2,173</u>

25. OBLIGATIONS UNDER FINANCE LEASES (CONTINUED)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Present value of payments:				
Not later than 1 year	442	333	420	333
Later than 1 year but not later than 2 years	467	353	444	353
Later than 2 years but not later than 5 years	1,172	1,181	1,150	1,181
Later than 5 years	14	306	–	306
Present value of minimum lease payments	2,095	2,173	2,014	2,173
Less: Amount due within 12 months (Note 24)	(442)	(333)	(420)	(333)
Amount due after 12 months (Note 24)	<u>1,653</u>	<u>1,840</u>	<u>1,594</u>	<u>1,840</u>

26. DEFERRED TAX

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At the beginning of year	2,040	2,934	1,851	2,745
Recognised in profit or loss:				
Continuing operations (Note 9)	(260)	(894)	12	(894)
Acquisition of subsidiary	6,302	–	–	–
At the end of year	<u>8,082</u>	<u>2,040</u>	<u>1,863</u>	<u>1,851</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	(1,858)	(2,167)	(1,955)	(2,294)
Deferred tax liabilities	9,940	4,207	3,818	4,145
	<u>8,082</u>	<u>2,040</u>	<u>1,863</u>	<u>1,851</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

26. DEFERRED TAX (CONTINUED)

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 allowances RM'000	Other payables RM'000	Total RM'000
At 1 February 2011	(2,706)	(386)	(3,092)
Recognised in profit or loss:			
Continuing operations	890	35	925
At 31 January 2012	(1,816)	(351)	(2,167)
Recognised in profit or loss:			
Continuing operations	55	254	309
At 31 January 2013	(1,761)	(97)	(1,858)

Deferred tax liabilities of the Group:

	Revaluation surplus RM'000	Trade receivables RM'000	Accelerated capital allowances RM'000	Total RM'000
At 1 February 2011	–	–	6,026	6,026
Recognised in profit or loss:				
Continuing operations	–	40	(1,859)	(1,819)
At 31 January 2012	–	40	4,167	4,207
Recognised in profit or loss:				
Continuing operations	5,461	–	272	5,733
At 31 January 2013	5,461	40	4,439	9,940

26. DEFERRED TAX (CONTINUED)

Deferred tax assets of the Company:

	Tax losses and unabsorbed capital allowances RM'000	Other payables RM'000	Total RM'000
At 1 February 2011	(2,443)	(560)	(3,003)
Recognised in profit or loss	679	30	709
At 31 January 2012	(1,764)	(530)	(2,294)
Recognised in profit or loss	21	318	339
At 31 January 2013	<u>(1,743)</u>	<u>(212)</u>	<u>(1,955)</u>

Deferred tax liabilities of the Company:

	Trade receivables RM'000	Accelerated capital allowances RM'000	Total RM'000
At 1 February 2011	–	5,748	5,748
Recognised in profit or loss	40	(1,643)	(1,603)
At 31 January 2012	40	4,105	4,145
Recognised in profit or loss	–	(327)	(327)
At 31 January 2013	<u>40</u>	<u>3,778</u>	<u>3,818</u>

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

	Group	
	2013 RM'000	2012 RM'000
Unused tax losses	1,291	26,440
Unabsorbed capital allowances	446	6,640
Others	–	1,967
	<u>1,737</u>	<u>35,047</u>

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

27. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2013 '000	2012 '000	2013 RM'000	2012 RM'000
Authorised				
At beginning and end of the year	250,000	250,000	250,000	250,000
Issued and fully paid				
At beginning and end of the year	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.

28. OTHER RESERVES

	31.1.2013 RM'000	31.1.2012 RM'000	1.2.2011 RM'000
Group			
Non-distributable:			
Capital reserve	1,481	1,481	1,481
Distributable:			
General reserve	1,100	1,100	1,100
	<u>2,581</u>	<u>2,581</u>	<u>2,581</u>
Company			
Distributable:			
General reserve	<u>1,100</u>	<u>1,100</u>	<u>1,100</u>

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

(a) Capital reserve

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

(b) General reserve

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

29. 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 2013 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

As at 31 January 2013, the Company has tax exempt profits available for distribution of approximately RM11,828,000 (2012: RM11,828,000), subject to the agreement of the Inland Revenue Board.

As at 31 January 2013, the Company has 108 balance amounted to RM5,342,000 (2012: RM5,342,000). The Company has sufficient credit in the 108 balance to pay franked dividends amounting to RM16,026,000 out of its retained earnings. If the balance of the retained earnings of RM115,030,000 were to be distributed as dividends, the Company may distribute such dividends under single tier system.

30. DIVIDENDS

The amounts of dividends declared by the Company since 31 January 2012 were as follows:

	RM'000
In respect of the financial year ended 31 January 2013:	
Special dividend of 6.68 sen less 25% taxation, on 139,600,000 ordinary shares declared on 29 March 2013	6,994
The directors do not recommend the payment of any final dividend in respect of the current financial year.	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

31. RELATED PARTY DISCLOSURES

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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Holding company				
Corporate service fee payable	273	200	273	200
Purchase of motor vehicle	–	230	–	230
Sale of goods	–	(1,122)	–	–
Subsidiaries				
Sale of goods	–	–	70	75
Rental income	–	–	19	17
Recoverability of electricity	–	–	28	26
Interest income receivable	–	–	(335)	–
Related parties				
SapuraKencana Petroleum Berhad and its subsidiaries				
Rental income receivable	(7,608)	(8,141)	(7,608)	(8,141)
Purchase of office equipments	–	1,140	–	1,140
Sapura Industrial Berhad and its subsidiaries				
Rental income receivable	(80)	(113)	(80)	(113)
Sapura Technology Sdn. Bhd. and its subsidiaries				
Rental income receivable	(1,199)	(1,340)	(1,199)	(1,340)
Services rendered payable	–	131	–	131
Management fee payable	1,663	(2,350)	1,663	(2,350)

32. COMMITMENTS

(a) Capital commitments - Continuing operations

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	1,073	480	633	480
Approved but not contracted for:				
Property, plant and equipment	11,435	4,550	5,884	4,550
	12,508	5,030	6,517	5,030

32. COMMITMENTS (CONTINUED)

(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	
	2013 RM'000	2012 RM'000
Future minimum lease receivables:		
Not later than 1 year	16,494	16,204
Later than 1 year and not later than 5 years	16,075	7,788
	<u>32,569</u>	<u>23,992</u>

(c) Finance lease commitments

The Group and the Company have finance leases for certain 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.

Future minimum lease payments under finance lease with the present value of the net minimum lease payments are as disclosed in Note 25.

33. FINANCIAL GUARANTEES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unsecured:				
Guarantees given to third parties in respect of utility facilities granted to the Company	410	410	410	410

34. 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

	Note	Group		Company	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial liabilities					
At 31 January 2013:					
Obligations under finance leases (non-current)	25	1,653	1,648	1,594	1,591
At 31 January 2012:					
Obligations under finance leases (non-current)	25	1,840	1,861	1,840	1,861

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(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)	19
Trade and other payables (current)	23
Loans and borrowings (current)	24

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 approximation 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.

(c) Fair value hierarchy

The investment securities of the Group and of the Company amounting to RM476,000 (2012: RM405,000) are measured as Level 1 hierarchy based on unadjusted quoted prices in active market for identical financial instrument.

The Group and the Company do not have any financial assets or financial liabilities measured at Level 2 and Level 3 hierarchy.

35. 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.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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.

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 19. 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 19.

(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 23) 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 24.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(b) Liquidity risk (continued)****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.

	← 2013 →			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	14,467	–	–	14,467
Loans and borrowings	18,543	1,807	–	20,350
Total undiscounted financial liabilities	33,010	1,807	–	34,817
Company				
Financial liabilities:				
Trade and other payables	11,451	–	–	11,451
Loans and borrowings	8,514	1,742	–	20,256
Total undiscounted financial liabilities	29,965	1,742	–	31,707
	← 2012 →			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	75,882	–	–	75,882
Loans and borrowings	439	1,757	313	2,509
Total undiscounted financial liabilities	76,321	1,757	313	78,391
Company				
Financial liabilities:				
Trade and other payables	75,454	–	–	75,454
Loans and borrowings	439	1,757	313	2,509
Total undiscounted financial liabilities	75,893	1,757	313	77,963

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their interest-bearing loans and borrowings as the Group has no long term interest-bearing assets as at 31 January 2013. 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 RM99,000 (2012: RM36,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

At the prior reporting date, 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 RM103,000 (2012: RM36,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings and advances from subsidiaries, and higher/lower interest income from floating rate advances to subsidiaries.

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

(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 has transactional currency exposures arising from provision of services that are denominated in a currency other than the respective functional currencies of the Group's entities operating, primarily RM. The foreign currency in which these transactions are denominated are mainly United States Dollar.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. As such, it is not exposed to any significant foreign currency risk.

(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.

The Group's exposure to changes in market prices are kept to an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

36. 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 2013 and 2012.

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 level. 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	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Loans and borrowings	24	20,095	2,173	20,014	2,173
Trade and other payables	23	14,467	75,882	11,616	75,454
Less: Cash and bank balances	22	(77,300)	(84,279)	(75,721)	(83,593)
Net debt		(42,738)	(6,224)	(44,091)	(5,966)
Equity attributable to the owners of the parent		352,531	319,230	270,656	236,077
Less: Non-distributable reserves	28	(1,481)	(1,481)	–	–
Total capital		351,050	317,749	270,656	236,077
Capital and net debt		351,050	317,749	270,656	236,077
Gearing ratio		0%	0%	0%	0%

37. SEGMENT INFORMATION

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

- (i) Property investment - rental of investment properties.
- (ii) Investment holding - equity investment.
- (iii) Aviation - Provision of hangarage services, ground handling, aircraft charter brokerage and other aviation related services.

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.

37. SEGMENT INFORMATION (CONTINUED)

	←	Continuing	→			
	Investment	Property	Aviation	Adjustments	Note	Per consolidated
	holdings	investments	RM'000	and		financial
	RM'000	RM'000	RM'000	eliminations		statements
				RM'000		RM'000
At 31 January 2013						
Revenue:						
External customers	635	20,867	6,701	–		28,203
Inter-segment	5,699	–	1,584	(7,283)	A	–
Total revenue	6,334	20,867	8,285	(7,283)		28,203
Results:						
Interest income	2,519	–	–	–		2,519
Net fair value gains on held for trading investment securities	71	–	–	–		71
Depreciation and amortisation	–	8,086	1,064	–		9,150
Share of results of associates	7,368	–	–	–		7,368
Share of results of joint venture	–	–	(95)	–		(95)
Other non-cash income	–	32,037	–	–	B	32,037
Segment profit/(loss)	11,949	39,120	(5,192)	(12,760)		33,117
Assets:						
Investment in associates	126,393	–	–	–		126,393
Investment in joint venture	–	–	1,410	–		1,410
Additions to non-current assets	–	1,421	472	–	C	1,893
Segment assets	194,479	172,079	68,464	(39,657)	D	395,365
Segment liabilities	23,958	9,657	8,355	864	E	42,834

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

37. SEGMENT INFORMATION (CONTINUED)

	←	Continuing	→	←	Discontinued	→	Adjustments and eliminations	Note	Pre consolidated financial statements
	Investment holdings RM'000	Property investments RM'000	Aviation RM'000	Education RM'000	Premium automotive RM'000	RM'000	RM'000		RM'000
At 31 January 2012									
Revenue									
External customers	–	20,616	–	5,732	1,272	(7,004)			20,616
Inter-segment	21,085	–	–	–	–	(21,085)	A		–
Total revenue	21,085	20,616	–	5,732	1,272	(28,089)			20,616
Results:									
Interest income	1,965	–	–	–	–	–			1,965
Gain on disposal of investment in subsidiaries	65,404	–	–	–	–	–			65,404
Gain on re-measurement of interest retained in investment in associates	63,088	–	–	–	–	–			63,088
Net fair value gains on held for trading investment securities	98	–	–	–	–	–			98
Depreciation and amortisation	–	7,382	–	257	–	(257)			7,382
Share of results of associates	15,002	–	–	–	–	–			15,002
Other non-cash income	–	592	–	–	–	–	B		592
Segment profit/ (loss)	155,248	6,023	–	2,323	(443)	(24,105)			139,046
Assets:									
Investment in associates	124,633	–	–	–	–	–			124,633
Additions to non-current assets	–	7,175	–	–	–	–	C		7,175
Segment assets	210,215	188,203	–	–	1,173	(266)	D		399,325
Segment liabilities	63,012	16,575	–	–	318	190	E		80,095

37. SEGMENT INFORMATION (CONTINUED)

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

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses/(income) consist of the following items as presented in the respective notes to the financial statements:

	Note	2013 RM'000	2012 RM'000
Bad debt written off	6	–	5
Reversal of allowances for impairment on financial assets	6	–	(634)
Impairment loss on financial assets	6	6	–
(Gain)/loss on disposal of property, plant and equipment	6	(32,043)	37
		<u>(32,037)</u>	<u>(592)</u>

C Additions to non-current assets consist of:

	2013 RM'000	2012 RM'000
Property, plant and equipment	<u>1,893</u>	<u>7,175</u>

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

	2013 RM'000	2012 RM'000
Inter-segment assets	<u>(39,657)</u>	<u>(266)</u>

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

	2013 RM'000	2012 RM'000
Inter-segment liabilities	<u>864</u>	<u>190</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

38. 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:

- (a) On 19 July 2011, the Company announced that it had entered into a joint venture agreement (“JVA”) with KLCC (Holdings) Sdn. Bhd. (“KLCC”) whereby both the Company and KLCC (“Parties”) have agreed to collaborate with each other, via a joint venture vehicle known as Impian Bebas Sdn. Bhd. for the following:
- (i) to construct a premier Grade A office tower (“Office Tower”) together with a convention centre or exhibition hall (“Convention Centre”) and a retail podium (“Retail Podium”) (collectively referred to as “Commercial Buildings”) on the Land; and
 - (ii) leasing of the Commercial Buildings upon the completion thereof.

On 4 December 2012, the Company announced that both Parties have mutually agreed to an extension of 6 months commencing from 18 December 2012 for the Parties to fulfill the conditions precedent in accordance with the terms of the JVA.

- (b) On 7 July 2011, the Company announced that its wholly owned-subsiidiary, Nova Embun Sdn. Bhd. (now known as “DNest Aviation Sdn Bhd”) (“DASB”) had entered into Sale of Business Agreements (“the Agreement”) with DNest Aviation Services Sdn. Bhd. (now known as “AeroDome Sdn. Bhd.”) (“DASSB”) and DNest Aviation Training Centre Sdn. Bhd. (“DATC”) (“collectively referred to as “DNest Group”) to acquire their business assets (“Proposed Acquisition”) for a total purchase consideration of RM28.0 million (“Purchase Price”), subject to the terms and conditions stated on the Agreement.

On 16 August 2012, DASB entered into the following agreements;

- (i) DASSB Share Sale Agreement (“DASSB SSA”) to acquire 2,002,600 shares of RM1 each (“DASSB sale shares”) representing 85% of the total issued and paid capital of DASSB from Captain Earnest Kunasingh a/l Koilpillai and Mrs. Prema Daniel a/p J. G. Daniel (“DASSB’s vendors”) for a cash consideration of RM28 million (“DASSB acquisition”).
- (ii) DATC Share Sale Agreement (“DATC SSA”) to acquire 200,000 shares of RM1 each (“DATC sale shares”) representing 100% of the total issued and paid capital of DATC from Captain Earnest Kunasingh a/l Koilpillai and Encik Azmi bin Ishak (“DATC vendors”) for a cash consideration of RM1 (“DATC acquisition”); and
- (iii) Shareholders Agreement between DASSB, DASB and Captain Earnest Kunasingh a/l Koilpillai.

The acquisition of DASSB and DATC are in substitution to the initial acquisition of business assets vide 2 Sale of Business Agreements both dated 7 July 2012 duly executed by DASB with DASSB and DATC respectively. The said Sale of Business Agreements have been terminated on even date upon mutual consensus.

- (c) On 13 February 2012, the Company acquired the entire issued share capital of Teratai Pinang Sdn. Bhd. (“TPSB”) for a total cash consideration of RM2. TPSB subsequently changed its name to Sapura Aero Sdn. Bhd. (“Sapura Aero”).

On 20 March 2012, the Company announced that Sapura Aero had on 19 March 2012 entered into a JVA with Air Alsie SA (“AA”) for the purpose of collaboration between Sapura Aero and AA via a joint venture vehicle known as Air Alsie Asia Pacific Sdn. Bhd. (“AAAP”).

All Conditions Precedent in relation to the JVA have been fulfilled and fully satisfied during the financial year ended 31 January 2013.

39. SUBSEQUENT EVENTS

- (a) On 19 February 2013, the Company had acquired the entire issued shares of Sajjan Seribayu Sdn Bhd (“SSSB”) a shelf private limited company at a cash consideration of RM2, to be utilized in furtherance to the future strategic plans of the Company. SSSB has not commenced operations since its incorporation.
- (b) On 6 March 2013, the Company announced that the name of its subsidiary, Dnest Aviation Services Sdn Bhd, has been changed to AeroDome Sdn Bhd.
- (c) On 30 June 2011, the Company had issued Judicial Review and Land Reference proceedings against the compulsory acquisition of its land by the Pentadbir Tanah Daerah Petaling.

On 20 March 2013, the Company announced that the two legal actions have been withdrawn.

- (d) On 28 March 2013, the Company had acquired the entire issued shares of AeroHandlers Sdn Bhd (formerly known as Top Superlink Sdn Bhd) a shelf private limited company at a cash consideration of RM2, (hereinafter referred to as “ASB”). ASB has not commenced operations since its incorporation. ASB’s principal activities shall be ground handling and other aviation related activities.
- (e) On 29 March 2013, the Company announced that its wholly-owned subsidiary, DASB has acquired the remaining 15% equity in AeroDome Sdn Bhd (formerly known as Dnest Aviation Services Sdn Bhd) from Captain Earnest Kunasingh a/l Koilpillai, making AeroDome Sdn Bhd a wholly-owned subsidiary of DASB.
- (f) On 29 March 2013, the Company announced a special dividend of 6.68 sen per ordinary share less income tax of 25%.

40. MATERIAL LITIGATION

On 30 June 2012, the Company had announced that its land held under PT 40446 H.S. (D) 259959 Pekan Sungai Buluh, Daerah Petaling measuring approximately 86,570.55 square meters (“Subang Land”) is subject to compulsory acquisition under the Land Acquisition Act 1960 (“Act”) for Majlis Amanah Rakyat (“MARA”) for the development of Universiti Kuala Lumpur Malaysian Institute of Aviation Technology campus (“UNIKL MIAT”). Compensation of RM63,012,404 was paid by MARA and received under protest by the Company as provided by the Act. On 1 August 2012, the Company via Form N, filed a land reference application to appeal for the amount of compensation granted (“Land Reference”). The Company has obtained a stay order resulting in the Land Reference proceeding to be stayed until the final disposal of the Judicial Review. The mention date for the Land Reference is fixed on 13 June 2013.

Concurrently, the Company also on 22 July 2012 filed an application for Judicial Review to challenge the acquisition of the Subang Land. The hearing date for the Judicial Review Leave application is fixed on 6 June 2013. In this respect, the Company has not recognised any gain/(loss) in the Company’s Statement of Comprehensive Income arising from the acquisition pending the outcome of the decision of the Judicial Review.

The Company has on 20 March 2013 announced that the two legal actions have been withdrawn.

41. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 January 2013 were authorised for issue in accordance with a resolution of the directors on 20 May 2013.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2013

42. 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 2013 into realised and unrealised profits/(losses) is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2011 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		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained profits of the Company and its subsidiaries				
- Realised	139,271	70,663	131,819	97,228
- Unrealised	(5,840)	262	(1,863)	(1,851)
	<u>133,431</u>	<u>70,925</u>	<u>129,956</u>	<u>95,377</u>
Total share of retained profits from associates				
- Realised	15,113	34,843	-	-
- Unrealised	(5,420)	6,479	-	-
	<u>9,693</u>	<u>41,322</u>	<u>-</u>	<u>-</u>
Add: Consolidation adjustments	67,226	64,802	-	-
	<u>67,226</u>	<u>64,802</u>	<u>-</u>	<u>-</u>
Retained profits as per financial statements	<u>210,350</u>	<u>177,049</u>	<u>129,956</u>	<u>95,377</u>

PARTICULARS OF PROPERTIES

As at 31 January 2013

Address	Description/ Existing Use	Land Area (In Square Meter)	Lease Expiry Date	Approximate Age of Building (Years)	Net Book Value (RM'000)/ Date of Acquisition/ (Revaluation)
L.O. No. 10 Jalan Tandang Seksyen 28 46050 Petaling Jaya Selangor Darul Ehsan	Warehouse, office and store	49,927	20.06.2033	23-52	1,094 / 06.05.1988
P.T. No. 10A Jalan Tandang Seksyen 28 46050 Petaling Jaya Selangor Darul Ehsan	Warehouse and store	5,681	03.01.2057	36	4,189 / 06.05.1988
Lot 5, Jalan 219 Lebuhraya Persekutuan 46100 Petaling Jaya Selangor Darul Ehsan	Commercial Building	4,047	16.03.2068	31	2,449 / 13.09.1988
No. 7 Jalan Tasik The Mines Resort City 43300 Seri Kembangan Selangor Darul Ehsan	Office Building	22,379	20.03.2091	14	127,225 / 16.12.1999

ANALYSIS OF SHAREHOLDINGS

As at 6 May 2013

Authorised share capital	:	RM250,000,000.00
Issued and paid-up capital	:	RM139,600,000.00 comprising of 139,600,000 ordinary shares of RM1.00 each
Class of shares	:	Ordinary shares of RM1.00 each
Voting rights	:	One vote per ordinary share
No. of shareholders	:	6,478

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
Less than 100	63	0.97	1,403	0.00
100-1,000	2,548	39.33	2,465,514	1.77
1,001-10,000	3,085	47.62	12,627,661	9.05
10,001-100,000	682	10.53	20,611,850	14.76
100,001 to less than 5%	99	1.53	34,039,300	24.38
5% and above	1	0.02	69,854,272	50.04
TOTAL	6,478	100.00	139,600,000	100.00

DIRECTORS' SHAREHOLDINGS AS AT 6 MAY 2013

Name of Directors	Direct Interest	%	Deemed Interest	%
Tan Sri Shahril bin Shamsuddin	83,250	0.06	72,372,772*	51.84
Dato' Shahrman bin Shamsuddin	83,250	0.06	72,372,772*	51.84
Tan Sri Datuk Amar (Dr.) Hamid Bugo	—	—	—	—
Datuk Khalid bin Abdul Karim	—	—	—	—
Dato' Fauziah binti Dato' Ismail	—	—	—	—
Dato' 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 6 MAY 2013

Name of Shareholders	Direct Interest	%	Deemed Interest	%
Sapura Holdings Sdn. Bhd.	71,244,272	51.03	1,128,500* ¹	0.81
Tan Sri Shahril bin Shamsuddin	83,250	0.06	72,372,772* ²	51.84
Dato' Shahrman 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 6 May 2013

No.	Name of Shareholders	No. of Shares	%
1	Sapura Holdings Sdn Bhd	69,854,272	50.04
2	Lim Boon Liat	2,497,500	1.79
3	Choot Ewe Hin	2,034,500	1.46
4	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Parmjit Singh A/L Meva Singh (PB)	1,900,000	1.36
5	ABB Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Sapura Holdings Sdn Bhd (1119019194)	1,390,000	1.00
6	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Parmjit Singh A/L Meva Singh (SFC)	1,250,000	0.90
7	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Sapura Capital Sdn Bhd (PB)	1,098,500	0.79
8	Leong Hon Wah	1,000,000	0.72
9	Yow Wang Yip	750,000	0.54
10	Lee Kim Seng	740,000	0.53
11	Chow Soon Fong	710,000	0.51
12	Lam Pun Ying	707,100	0.51
13	Sushil Kaur A/P Dulla Singh	697,200	0.50
14	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chew Hoy Ping	632,700	0.45
15	Tan Yee Kong	536,000	0.38
16	Wong Siew Chin	481,500	0.34
17	Yong Siew Yoon	480,000	0.34
18	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Choong Foong Ming (CEB)	470,200	0.34
19	CitiGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Leong Chin Chye (472268)	468,600	0.34
20	Saw Guat Ngoh	439,000	0.31
21	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Kiam Lam (001)	406,700	0.29
22	Maybank Nominees (Tempatan) Sdn Bhd Lam Choy Choo	398,000	0.29
23	Peh Sew Chong	382,300	0.27
24	Chan Wing Kit	370,000	0.27
25	Tan Yee Seng	370,000	0.27
26	Yong Chai Lee	341,000	0.24
27	Tai Kiam Joo	302,000	0.22
28	Goh Thong Beng	295,000	0.21
29	Tan Seow Cheng	291,000	0.21
30	Phan Choon Lean	288,000	0.21

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PROXY FORM



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/her, _____ NRIC No. _____
(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-Sixth (56th) 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, 3 July 2013 at 11.00 a.m. or at any adjournment thereof and to vote as indicated below:

Resolution		For	Against
Ordinary Resolution 1	Re-election of Tan Sri Shahril bin Shamsuddin		
Ordinary Resolution 2	Re-election of Tan Sri Datuk Dr. (Amar) Hamid bin Bugo		
Special Resolution 1	Re-appointment of Datuk Khalid bin Abdul Karim		
Special Resolution 2	Re-appointment of Dato' Fauziah binti Dato' Ismail		
Ordinary Resolution 3	Payment of Directors' fees		
Ordinary Resolution 4	Re-appointment of Messrs. Ernst & Young as Auditors of the Company		
Ordinary Resolution 5	To authorise the Directors under Section 132D of the Companies Act 1965, to allot and issue new shares in the Company		
Special Resolution 3	To approve the Proposed Amendments to the Articles of Association of 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 _____, 2013

Notes:

- Only a depositor whose name appears on the Record of Depositors as at 26 June 2013 shall be entitled to attend and vote at the meeting or appoint proxy(ies) to attend and vote in his stead.
- 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 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.

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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



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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