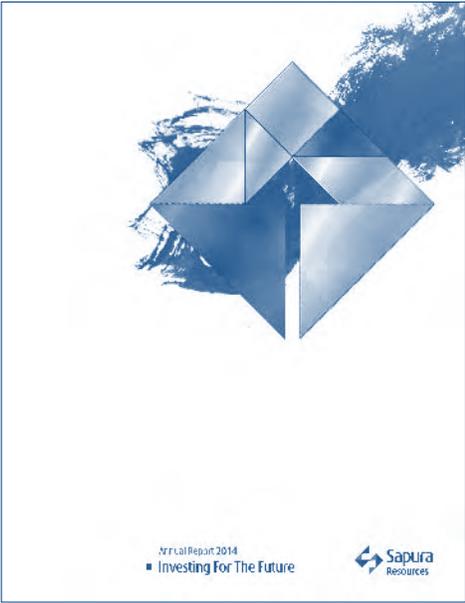




Annual Report 2014
■ Investing For The Future



RATIONALE



INVESTING FOR THE FUTURE

The Sapura Resources Annual Report 2014 cover design is an artistic template that symbolises strength and integral force that drive Sapura Resources to achieve greater heights. This year’s Annual Report is appropriately themed - Investing For The Future.

The overall concept features multiple shapes, resonating Sapura’s vibrant visuality of form and hues denoting the dynamism of each and every key component within the organisations.

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OUR SHARED ATTRIBUTES

Over the years, our people have been defined by a common set of qualities – qualities that collectively differentiate us from our industries peers. They remind us of our heritage and form the foundation in us seeking new road to discover, fresh ideas to unravel – to serve and grow with our customers and stakeholders.

HONOURABLE, PROFESSIONAL, RESOURCEFUL, RESILIENT, AGILE

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-SEVENTH (57TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Seventh (57th) 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 Thursday, 19 June 2014 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 2014. *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) Dato' Shahrman bin Shamsuddin *Ordinary Resolution 1*
 - (ii) Dato' Muthanna bin Abdullah *Ordinary Resolution 2*
3. To re-elect Dato' Rodzlan Akib bin Abu Bakar who retires pursuant to Article 91 of the Articles of Association of the Company and being eligible, offers himself for re-election. *Ordinary Resolution 3*
4. 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 pursuant to the Recommendation 3.2 of the Malaysian Code of Corporate Governance 2012 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*
5. To approve the payment of Directors' fees for the financial year ended 31 January 2014. *Ordinary Resolution 4*
6. 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 5*
7. 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 6*
Please refer to Note 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

HAJAR BINTI SHEIKH ALI (MAICSA 7017229)

Company Secretary

Selangor Darul Ehsan
27 May 2014

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. 4, if passed, will authorise the payment of Directors' fees for the financial year ended 31 January 2014 amounting to RM225,000.

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

The proposed Ordinary Resolution No. 6, if passed, would, subject to the Main Market Listing Requirements of Bursa Malaysia, enable the Directors to issue up to a maximum of ten per centum (10%) of the total issued and paid-up share capital of the Company at the date of such issuance for such purpose as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting (AGM) of the Company.

The 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 at 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 3 July 2013 which will lapse at the conclusion of the forthcoming 57th AGM.

4. Proxy Form

- i) Only a depositor whose name appears on the Record of Depositors as at 12 June 2014 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 Act 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)
 - (a) Where a Member is an Authorised Nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
 - (b) Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. The appointment of two (2) or more proxies in respect of any particular Omnibus shall be invalid unless the Exempt Authorised Nominee specifies the proportion of its shareholding to be represented by each proxy.
- 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 57TH ANNUAL GENERAL MEETING

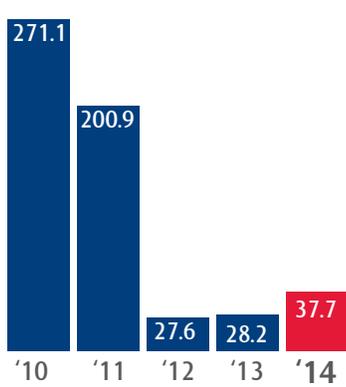
Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1. The Directors retiring by rotation and standing for re-election pursuant to Article 88 of the Company's Articles of Association are:
 - (i) Dato' Shahrman bin Shamsuddin
 - (ii) Dato' Muthanna bin Abdullah
2. The Director retiring by rotation and standing for re-election pursuant to Article 91 of the Company's Articles of Association is:
 - (i) Dato' Rodzlan Akib bin Abu Bakar
3. 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
4. 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

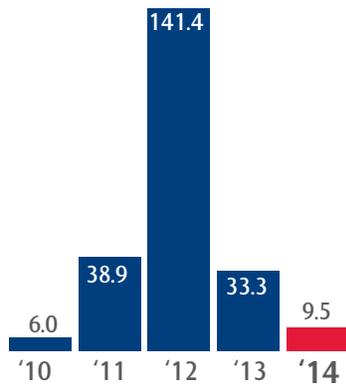
Details of the above Directors who are standing for re-election and re-appointment are provided for in the "Directors' Profile" on pages 18 to 25 of this Annual Report. Details of their interests in the securities of the Company are set out in the "Analysis of Shareholdings" on page 119 of this Annual Report.

FINANCIAL HIGHLIGHTS

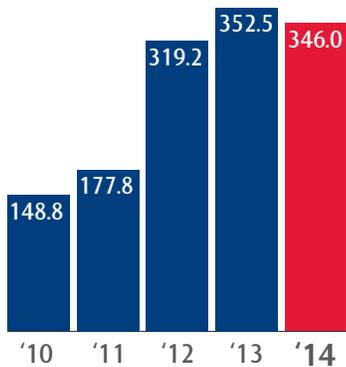
		← 31 January →				
		2010	2011	2012	2013	2014
Revenue	(RM'million)	271.1	200.9	27.6	28.2	37.7
Profit attributable to equity holders of the Company	(RM'million)	6.0	38.9	141.4	33.3	9.5
Shareholders' fund	(RM'million)	148.8	177.8	319.2	352.5	346.0
Basic/diluted earnings per share	(Sen)	4.33	27.84	101.28	23.85	6.79
Net asset per share	(RM)	1.07	1.27	2.29	2.53	2.48



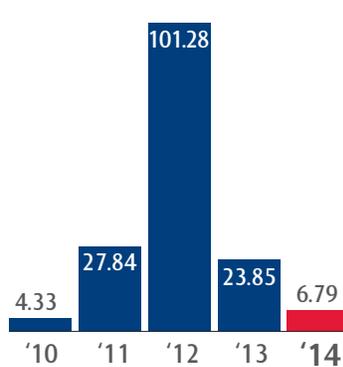
REVENUE
(RM' Million)



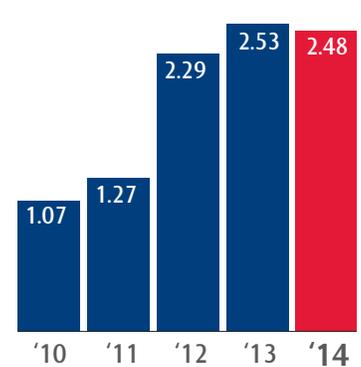
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY
(RM' Million)



SHAREHOLDERS' FUND
(RM' Million)



BASIC/DILUTED EARNINGS PER SHARE
(SEN)



NET ASSET PER SHARE
(RM)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Shahrman bin Shamsuddin
Managing Director

Tan Sri Dato' Seri 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

Dato' Rodzlan Akib bin Abu Bakar
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

Hajar binti Sheikh Ali (MAICSA 7017229)

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
Tel : 603-8949 7000
Fax : 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
Tel : 603-7495 8000
Fax : 603-2095 9076/78

SHARE REGISTRAR

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

STOCK EXCHANGE LISTING

Main Market,
Bursa Malaysia Securities Berhad

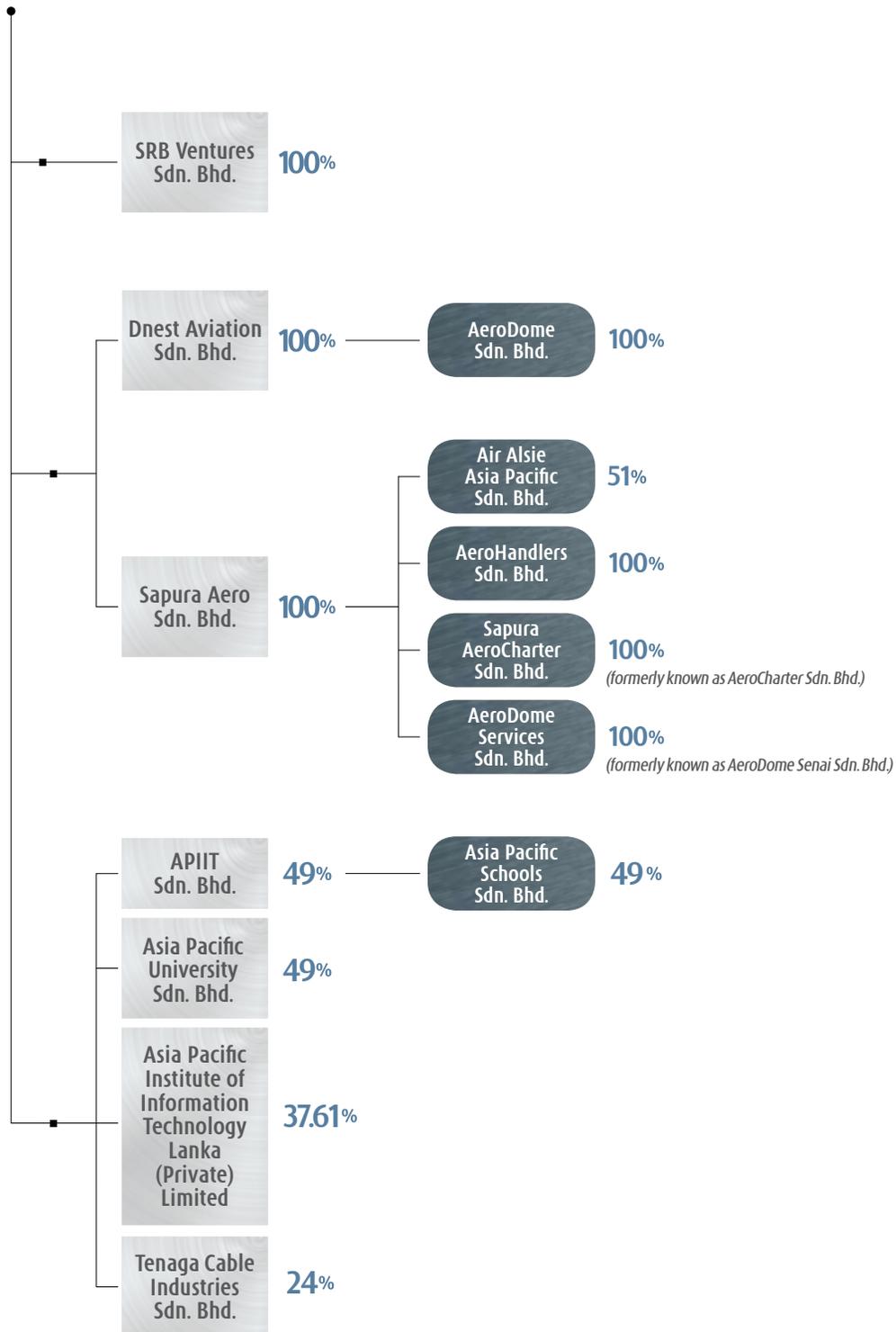
Stock Name: SAPRES
Stock Code: 4596

CORPORATE STRUCTURE*

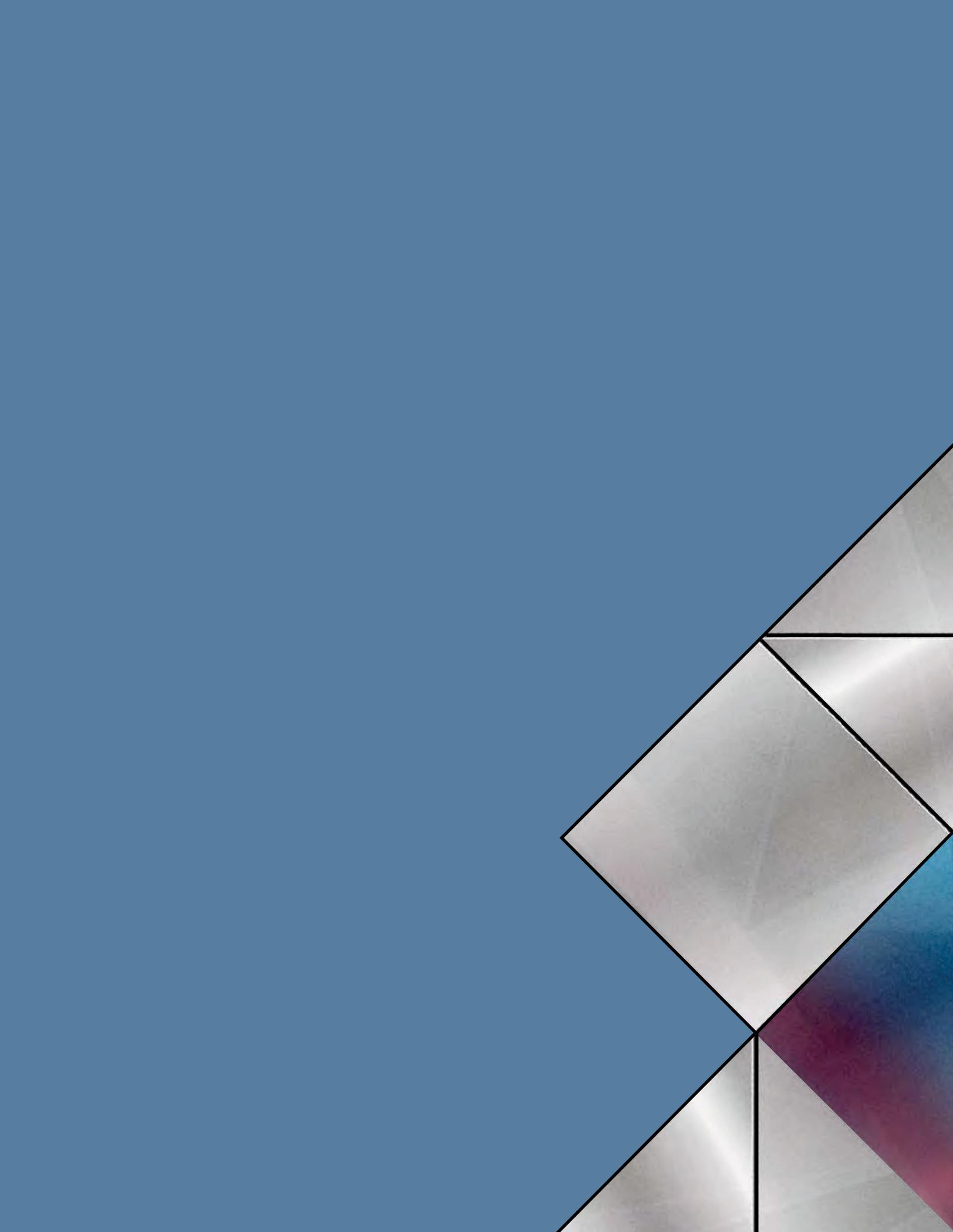
As at 30 April 2014



• 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.

MESSAGE TO OUR SHAREHOLDERS

INVESTING FOR THE FUTURE

Dear Shareholders,

The year under review ended 31 January 2014 (FY2014) has been one of significant progress for Sapura Resources Berhad (SRB or the Group) as we continued to lay the foundations for a new phase of growth and profitability. The Group is investing for the future and even though these are still early days, the results to date indicate that we are on the right trajectory. In FY2014, the Group generated a 34% increase in revenue to RM37.7 million, which was attributed mainly to the contribution from our aviation business.

We are stepping up the pace in meeting our growth agenda, through amongst others, Joint Ventures as you will note under the Corporate Developments section. With the progress made during the year, the Group is on track to attain its foremost objective of generating value for our shareholders with long-term sustainable growth.

The Board of Directors is pleased to present this Annual Report and Audited Financial Statements of the Group for the financial year ended 31 January 2014.

OPERATING ENVIRONMENT

Despite lingering uncertainties in the global economy, the Malaysian economy continued to expand by 4.7% in 2013, driven by domestic demand which remained resilient throughout the year. (Source: Bank Negara Malaysia Annual Report 2013) Nonetheless, the Group continued to face challenges in its three core business segments.

In our property sector, the incoming supply of new office space has resulted in overall occupancy rate declining to 85% in 2013, according to CH Williams Talhar & Wong's 2013 Property Market Report. This has in turn affected demand and willingness of potential new tenants to pay for office space.

The private aviation sector remained challenging due to competition, including those from neighbouring countries. However, we believe the market's upside potential is promising as more corporate executives and high net worth individuals come to depend on private jets because of the better value it offers in terms of time savings, privacy, security and time flexibility.

The Group's education sector has been affected by the setting up of Education Malaysia Global Services (EMGS), a new agency set up by the Government and tasked to lead Malaysia's transformation into a leading global education hub by the year 2020. There is also increasing competition from foreign universities and international schools operating in the country.

FINANCIAL PERFORMANCE

Notwithstanding the challenges in the operating environment, the Group delivered revenue of RM37.7 million for FY2014, a 34% increase from RM28.2 million achieved the preceding year. The numbers reflected the full year contribution of the Group's aviation segment of RM17.1 million, whereas in FY2013 revenue was recognised for only 5.5 months.

However, net profit declined to RM9.5 million from RM33.3 million recorded previously. This was mainly due to a one-off gain of RM32.0 million realised in FY2013 from the Compulsory Acquisition of our plot of land measuring approximately 86,570.55 square meters at Pekan Sungai Buloh by Jabatan Ketua Pengarah Tanah dan Galian (Persekutuan) Negeri Selangor.

Meanwhile, our associate company Tenaga Cable Industries Sdn Bhd (TCI) has turned around to contribute RM1.4 million to our bottom line (share of results of associates) in FY2014, compared to a loss of RM9.1 million incurred in the previous year. Our associates in the Education business have also shown an improvement in profitability by contributing RM20.5 million as opposed to RM15.7 million in the previous year.

DIVIDEND

Other than special dividend of 8.63 sen per share declared on 4 July 2013 the Board of Directors does not recommend any dividend to be paid for the financial year ended 31 January 2014 as the Group is still in an investing mode.

CORPORATE DEVELOPMENTS

On the corporate front, FY2014 was a busy and eventful year for the Group as it continued to consolidate its position in the property and aviation sectors.

As announced in previous reports, SRB has entered into a proposed joint venture with KLCC (Holdings) Sdn Bhd (KLCCH) to develop a 7,605-square meter parcel of land at the Kuala Lumpur City Centre. A joint venture company, Impian Bebas Sdn Bhd, has been incorporated and will undertake the construction of a premier office tower, convention centre and retail component on the land. On 31 December 2013, SRB entered into a supplemental joint-venture agreement (Supplemental JVA) with KLCCH to vary the terms of the original Joint Venture Agreement.

The salient terms of the Supplemental JVA will see SRB purchasing 11,474,125 ordinary shares of RM1.00 each in Impian Bebas from KLCCH for a cash consideration of RM108.5 million. Subsequently, both SRB and KLCCH will have an equal 50% shareholding in Impian Bebas. SRB will also guarantee and underwrite the lease of 70% of the net lettable area (NLA) in the Office Tower, with KLCCH taking the remaining 30% NLA as the master tenant. The Supplemental JVA also spells out the role of Impian Bebas as operator and manager of both the Retail Podium and Convention Centre.

In another development, our wholly-owned subsidiary Sapura Aero Sdn Bhd (SASB), has on 4 March 2014 entered into a Joint Venture and Shareholders Agreement with ISY Holdings Sdn Bhd to set up a joint-venture company called ISY Aerina Sdn Bhd (JV Co). The purpose of the JV Co is to develop an aircraft hangar on a 38,750 square feet piece of land at Plot C, Bay 14, located at the Sultan Abdul Aziz Shah Airport in Subang. SASB's total investment in the JV Co is approximately RM4.05 million.

OPERATIONAL REVIEW

Property Sector

The Group derives rental income from its 10-storey office building at Sapura@Mines, a 12.4-acre land at Jalan Tandang comprising warehouses cum office and a commercial building at Jalan 219 in Petaling Jaya, which in total contributed 55% of SRB's revenue in FY2014. Despite an oversupply of office space in the Klang Valley, the Group's properties still enjoyed a high overall occupancy rate of 90%.

The Group has advanced a step closer to becoming a major player in the property development business with the signing of the Supplemental JVA with KLCCH, which will be tabled for shareholders' approval in due course. The Group is at the final stage of securing short to medium-term funding arrangements for this investment.

MESSAGE TO OUR SHAREHOLDERS (CONT'D)

Aviation Sector

The Group provides hangarage, ground handling, aircraft management and other aviation related services at its premises in Subang. Through our wholly-owned AeroDome Sdn Bhd (AeroDome), we operate four (4) highly secure and modern hangar complexes. With a total floor space of 128,000 square feet, our hangars can accommodate a range of aircraft including A320, B737, BE 90, PC 12 and helicopters. In 2013, all four (4) hangars were operating at maximum capacity. Our facilities at Subang also handled close to 1,200 aircraft movements during the year, and provided management services for three (3) aircraft.

Since venturing into aviation services, the Group has steadily expanded its customer base, which consists of individuals, large corporations and business jet operators. In our goal to become a one-stop centre for aviation services, we have expanded the scope of services provided. Besides hangarage and ground handling services, we now have the capabilities to offer aircraft management, charter brokerage, maintenance and mission planning services. The Group is now focused on developing its capabilities in the area of maintenance, repair and overhaul (MRO) in order to provide the full suite of services expected of a one-stop centre. In this regard, we are considering all possibilities including the option to collaborate with existing players or establish strategic tie-ups with various parties simultaneously.

To meet the demand from a growing market especially for hangarage space, the Group is participating in a joint-venture company to develop a piece of land at Subang known as Bay 14 for the purpose of building aircraft hangars and offices which is expected to be completed in FY2016.

In line with the Group's long term strategy to grow its aviation business, we are also looking at opportunities beyond Subang Airport. To this end, the Group has signed a long-term lease agreement with Senai Airport Terminal Services Sdn Bhd (SATSSB) to operate hangars with a total floor space of 62,000 square feet at the Senai Airport. Operations are targeted to commence in the third quarter of FY2015, and will cater not only to customers in Malaysia but from neighbouring countries such as Singapore and Indonesia.

Education Sector

In the education sector, SRB maintains a 49% stake in the APIIT Education Group (APIIT). In 2013, enrolment in the Asia Pacific University (APU) breached 10,000 students, while both the Asia Pacific Smart School and Asia Pacific International School also registered growth to end the year with 1,164 and 301 students respectively. The numbers achieved by the International School were particularly impressive as the school only commenced operations in September 2012.

Among highlights of the year, APU was named the Cybersecurity Training and Education Provider of the Year by Cybersecurity Malaysia. To enhance student enrolment, the APIIT Education Group continued to develop and introduce new collaborative programmes in areas such as creative technologies, journalism and international relations. Meanwhile, 2013 also saw construction begin on a new campus for APU in Technology Park Malaysia. When fully completed, the campus will cater for up to 18,000 students, with sufficient capacity for future growth.

Students from APU continued to shine in national level competitions. APU students emerged champions in the Asia Pacific ICT Awards organised by the Multimedia Development Corporation. In a team effort, staff and students won two Gold and two Silver Awards in the International Invention, Innovation and Technology Exhibition 2013. To top it all, APU students were also champions in two categories at the Makeweekend Engineering Competition, champions in the iHack Forensics Challenge and Champions in the Kopitiam Debate Competition organised by Performance Management & Delivery Unit (PEMANDU).

OUTLOOK & PROSPECTS

The Malaysian economy will continue to benefit from a gradual global recovery, expanding by 4.5% -5.5% in 2014. (Source : Bank Negara Malaysia Annual Report 2013). Domestic demand will continue to be the main driver of growth, with all economic sectors expected to expand.

Moving into 2014, the real estate sector in Malaysia continues to be competitive. There is uncertainty in the market arising from the property cooling measures announced in Budget 2014. Kuala Lumpur's office market is expected to remain competitive over the next two years, with some 7.9 million square feet of new office space scheduled to be launched into the market by end 2014. (Source : CH Williams Talhar & Wong). While some property consultants are confident that the new supply of office space can be taken up, this could be at the expense of older buildings. SRB is therefore fortunate in having secured long-term leases for both its Sapura@Mines office building and the commercial property at Jalan 219.

In our aviation business, the potential for future growth remains promising. We are encouraged by progressive government initiatives such as the Economic Transformation Programme and its commitment to promote high growth sectors such as aviation. In this regard, we have been developing ourselves to be an integrated aviation solutions provider. To strengthen our competitive edge throughout the value-added chain, we plan to boost our capabilities in amongst others, the MRO segment which will also diversify our sources of revenue. According to the global business consultant firm Frost & Sullivan, Malaysia is among the three leading countries for the provision of aviation MRO services in the Asia-Pacific region, after Singapore and Hong Kong.

In an environment marked by intense competition, increased capacity and tighter regulatory controls, FY2015 will continue to be a challenging one for our Education Sector. A new challenge has presented itself with the incorporation of Education Malaysia Global Services (EMGS) as a one-stop centre to attract more international students and to increase the efficiency of the student visa application process. Since EMGS was launched in February 2013, the education group has encountered delays in the approval of student visas, resulting in delays in student arrivals and in some instances, loss of students. The workload has also increased in order to fulfill additional processes. As a mitigating measure, the group has streamlined its internal processes and increased its resources for the processing of student visas. It is also actively engaged with the Ministry of Education and the Immigration Department to address ongoing issues.

In a rapidly evolving aviation landscape, we need to act fast and diligently, hence will continue to consider strategic tie-ups with experienced partners as part of our expansion plan, especially in areas that will complement and/or strengthen our businesses. In addition to strategic tie-ups, we will continue to invest heavily in our people through training as well as systems improvement to deliver value to customers.

The Group is definitely on the brink of a new future, and we are still at the early stage of a long journey to unlock the full potential of SRB. The development stage of the KLCC project, if approved by shareholders in the up-coming EGM, is expected to take around five (5) years to be completed, which will by then be our main platform for the property management business. Our aviation business is expected to make positive contributions to the group within the next five (5) years.

ACKNOWLEDGEMENTS

We have always maintained that our people are the driving force behind our success and ultimate destiny. A lot of ground has been covered over the past three (3) years and we move forward as a cohesive team dedicated to delivering results and the continuing success of the Group.

In this period of transition, we are also fortunate to have a great support group that includes our customers, business associates, financiers, respective government agencies and suppliers. Our relationship with many of our shareholders goes back a long way. As always, we appreciate your investment in SRB and we are grateful for your patience and support of all that we are trying to achieve.

We believe the best years for the Group are just ahead as we step up the pace for the next chapter of its ongoing development.

BOARD OF DIRECTORS



- | | | |
|----------|--|---|
| 1 | DATO' SHAHRIMAN BIN SHAMSUDDIN | Managing Director |
| 2 | TAN SRI DATO' SERI SHAHRIL BIN SHAMSUDDIN | Non-Independent Non-Executive Director |
| 3 | TAN SRI DATUK AMAR (DR.) HAMID BIN BUGO | Independent Non-Executive Director |
| 4 | DATUK KHALID BIN ABDUL KARIM | Senior Independent Non-Executive Director |



5 DATO' FAUZIAH BINTI
DATO' ISMAIL

Independent Non-Executive Director

6 DATO' MUTHANNA
BIN ABDULLAH

Independent Non-Executive Director

7 GEE SIEW YOONG

Independent Non-Executive Director

8 DATO' RODZLAN AKIB
BIN ABU BAKAR

Executive Director

DIRECTORS' PROFILE



DATO' SHAHRIZAN BIN SHAMSUDDIN

Managing Director

Dato' Shahrizan bin Shamsuddin, a Malaysian aged 45, was first appointed to the Board of Sapura Resources Berhad as a Non-Independent Non-Executive Director on 28 July 2005. He was later appointed as the Managing Director of Sapura Resources Berhad on 1 March 2007.

Dato' Shahrizan began his career with Sapura Group in 1991 and has held a number of key senior positions within the Group. As Managing Director of Sapura Resources Berhad, he currently manages a diversified portfolio which includes property investment, business aviation and education. In addition, he is also a director of Sapura Industrial Berhad, SapuraKencana Petroleum Berhad, Sapura Technology Sdn Bhd and Sapura Holdings Sdn Bhd.

Dato' Shahrizan holds a Master of Science in Engineering Business from Warwick University, U.K. and a Bachelor of Science in Industrial Technology from Purdue University, U.S.A.



TAN SRI DATO' SERI SHAHRIL BIN SHAMSUDDIN

Non-Independent
Non-Executive Director

Tan Sri Dato' Seri Shahril Shamsuddin, a Malaysian, was appointed as Managing Director of Sapura Resources Berhad on 19 February 1990, and later re-designated as a Non-Independent Non-Executive Director on 1 March 2007.

The 53-year-old entrepreneur joined the Sapura Group in 1985 and subsequently took on a number of senior positions within the Group before assuming leadership as President and Group CEO in 1997. The Group engages in a wide range of businesses including education, oil and gas services and production, aviation services, property development and management, industrial and automotive component manufacturing, and secured communications technologies.

Other positions held by Tan Sri Shahril at present include that of 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.

Most notably, he established himself in the oil and gas industry when he saw a need in the 1990s for a Malaysian integrated oil and gas services provider, to support the country's development of natural resources. Starting from the provision of modest maintenance services, he has built what is today SapuraKencana Petroleum Berhad, a full-fledged upstream oil and gas player.

SapuraKencana Petroleum has grown into a truly international organisation featuring a multinational workforce of over 12,000 people, with more than half of its operations being undertaken abroad. The Group's client base and operations are far-flung with its presence in Brazil, Mexico, West Africa, the Caribbean, Australia, Malaysia and other Southeast Asian countries.

Tan Sri Shahril is a member of the Board of Trustees, Treasurer and Executive Committee member of the Perdana Leadership Foundation ("Yayasan Kepimpinan Perdana") and is a member of Universiti Teknologi Malaysia's International Advisory Panel.

In recognition of his entrepreneurial prowess and contributions to nation and society, he has been awarded several major honours and titles.

In November 2007, he was awarded the Legion d' Honneur by the Republic of France.

In 2009, he won the Malaysia Ernst&Young Entrepreneur of the Year award, and in 2013 he was conferred an honorary doctorate in Technology Management by Universiti Teknologi Malaysia. Most recently, he was presented the Man of the Year Award 2014, by The Oil and Gas Year publication.

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

DIRECTORS' PROFILE (CONT'D)



**TAN SRI DATUK AMAR (DR.)
HAMID BIN BUGO**

Independent Non-Executive Director

Tan Sri Datuk Amar (Dr.) Hamid bin Bugo, a Malaysian aged 69, was first appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 25 August 2009. Tan Sri Hamid is also a member of the Board Nomination and Remuneration Committee.

Tan Sri Hamid graduated from Canterbury University, New Zealand with a Bachelor and a Master of Art in Economics. He also holds a Postgraduate Diploma in Teaching (NZ) and a Postgraduate Certificate in Business Studies from Harvard Institute of Development Studies, U.S.A. He was honoured with a PhD. (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 Berhad, 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, X-Fab AG, 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 and a member of National Water Services Commission (SPAN).

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

Datuk Khalid bin Abdul Karim, a Malaysian aged 77, was first appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 11 July 1997. Datuk Khalid is the Chairman of the Board Audit Committee and is a member of the Board Nomination and Remuneration Committee.

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

DIRECTORS' PROFILE (CONT'D)



**DATO' FAUZIAH BINTI
DATO' ISMAIL**

Independent Non-Executive Director

Dato' Fauziah binti Dato' Ismail, a Malaysian aged 71, was first appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 25 August 2009.

Dato' Fauziah holds a Bachelor of Arts (Honours) from Universiti Malaya, a postgraduate Diploma in Development Administration from London School of Economics & Political Sciences, and a Master Degree in Public Administration from University of Houston, USA. She also attended a certificate course at Harvard Institute of International Development ("HIID") of Harvard University, USA in Public Enterprise Management and 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 54, was first appointed to the Board of Sapura Resources Berhad as an Independent 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 is a Trustee of Yayasan Siti Sapura and also sits on the Board of Malaysia Rating Corporation Berhad.

DIRECTORS' PROFILE (CONT'D)



GEE SIEW YOONG

Independent Non-Executive Director

Ms Gee Siew Yoong, a Malaysian aged 64, was first appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 25 August 2009. She is also a member of the Board Audit Committee.

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

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

Ms Gee also sits on the Board of SapuraKencana Petroleum Berhad and Telekom Malaysia Berhad.



DATO' RODZLAN AKIB BIN ABU BAKAR

Executive Director

Dato' Rodzlan Akib bin Abu Bakar, a Malaysian aged 63, was first appointed to the Board of Sapura Resources Berhad as an Executive Director on 15 July 2013.

Dato' Rodzlan Akib have had extensive experience in senior management, with exposures in both large local and multinational (MNC) operations.

He joined the Sapura Group in 2002 as Chief Operating Officer (COO) of Sapura Technology Bhd. He then became the COO and subsequently Advisor/Chief Executive Mentor for Sapura Secured Technologies Sdn Bhd, the secured communications and IT business of the Sapura Group.

Prior to this, he was the Executive VP for IT at Malaysia Airlines (MAS), and a member of the MAS Group Management Committee. Before that he was Managing Partner of Korn/Ferry International's Kuala Lumpur office, and was with IBM World Trade Corporation for over 20 years, holding various positions in systems engineering, sales and marketing, business planning, consulting and general management. He was IBM Malaysia's

Country Head for over three years before leaving the company in 1996.

He was a Governor of AMCHAM (the American-Malaysian Chamber of Commerce), a past president of MSORSM (Management Science and Operations Research Society of Malaysia), and was Adjunct Professor of IT & Management at the Faculty of Economics & Management, University Putra Malaysia (UPM). He was a member of Malaysia's National IT Council (NITC) from 1995-1998 advising on the national IT agenda and the Multimedia Super Corridor (MSC) initiatives. He is currently an alternate member of the Board of Trustees of Perdana Leadership Foundation.

Dato' Rodzlan Akib graduated from the University of Malaya in Kuala Lumpur with a degree in Economics. He has attended various advanced management courses including the IBM Advanced Management School in Armonk New York, the IBM Global Executive Program at La Hulpe Belgium, and participated in the Executive Program conducted by the University of Virginia's Darden School of Business.

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 Dato' Seri Shahril bin Shamsuddin and Dato' Shahril bin Shamsuddin. None of the Directors of the Company have any conflict of interest in the Company except for Tan Sri Dato' Seri Shahril bin Shamsuddin and Dato' Shahril bin Shamsuddin, by virtue of being shareholders of the Company. Tan Sri Dato' Seri Shahril bin Shamsuddin and Dato' Shahril 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



In today's inter-connected world, no business can operate as an entity unto itself. The Sapura Group has always believed that the way to build a sustainable business is to strike a balance between profitability and social conscience. That is why we have long embraced corporate social responsibility (CSR) as an integral part of our business strategy.

In our ongoing efforts to develop meaningful CSR agendas, policies and initiatives, we strive to give back to society by acting in an environmentally, socially, culturally and ethically responsible manner. Growth with equity is our continuing emphasis and we constantly reshape our programmes of assistance to ensure their relevance in meeting the needs of the communities we serve.

Within the Sapura Group, CSR is championed by two foundations established at the Group level, the Yayasan Shamsuddin Abdul Kadir and Yayasan Siti Sapura Husin. Our programmes include providing education and financial assistance to orphans and children in need.

This is complemented by the CSR programmes and activities drawn up and implemented by

companies within the Group as well as through Sapura Community. Through these efforts, the Group encourages participation from all levels of the Sapura family to take an active role in welfare and charity projects, even in the smallest of gestures.

WORKPLACE DEVELOPMENT

The strength of our business has always been defined by the quality of our people. In this regard, we face real competition from the rest of corporate Malaysia to attract and retain the best and the brightest. We make every effort, therefore, to make SRB an exciting and highly satisfying place to work. It goes without saying that the health and safety of everyone who works for the Group is a priority to us. The Group offers comprehensive guidelines for ensuring

the Health & Safety of the employees and tenants. This includes the quarterly Safety and Health meeting with HSE representatives of our tenants.

In our aviation business, a Safety Management System has been put in place with a full-time Quality and Safety Manager to look into these key areas. Retaining qualified people is an ongoing focus and one of the most important long-term human resource plans for the Group is to develop its personnel at the same rate that it increases the scope, reach and capabilities of its operations.

As a Group, we continuously develop programmes that fosters cross-engagement of staff and their families from the different business units. Last year, we had family groups who



visited Pusat Sains Negara, as well as Legoland, Malaysia's first international theme park. The social calendar also included several sporting activities such as the Bowling Tournament and Go-Kart Challenge that brought out the team spirit of our people. Events like these go a long way to create the bonds of camaraderie and teamwork thereby ensuring a more conducive work environment.

As Sapura places a premium on excellence, our foremost commitment has always been to education. It is for this reason that the Anugerah Cendekiawan was inaugurated to inspire the children of our employees group-wide to strive for academic excellence. In 2013, 59 high achievers in the UPSR, PMR and SPM examinations were presented with the award in the presence of their proud parents.

We constantly look at ways to foster greater understanding and relationships among our employees. Every year, the group's Majlis Berbuka Puasa and Sapura Group Hari Raya Open House brought together all employees throughout the group to share the blessings of the festivities.

In 2013, the group continued a tradition that began almost 20 years ago as we sponsored 33 Sapura staff to perform Umrah. This unique initiative continues to provide our staff with a lifetime experience that builds lasting friendships and precious memories.

MARKETPLACE DEVELOPMENT

As a Group committed to excellence in performance and integrity, sound corporate governance principle is the foundation upon which the trust of investors is built. We maintain the highest standards of transparency, accountability and integrity to ensure the creation, protection and enhancement of shareholder value. The Group's comprehensive corporate governance policies and practices are consistent with the Principles and Recommendations set out in the Malaysian Code of Corporate Governance 2012.

Investors depend on corporate websites for information pertaining to the latest press releases and news, share price movements, earnings calls, company reports and contact details. The Sapura Group's website, www.sapura.com.my

.gives an overview of the Sapura Group of Companies including SRB. It provides information on their core businesses and latest news updates. Investors can also request for a copy of SRB's annual report, which provides the financial results, performance review, strategic directions of the Company and its outlook and prospects. The latest Company announcements can also be accessed through Bursa Malaysia's website.

As part of our contribution to the development of the marketplace, we have opened the doors to our aviation facilities at Subang as a training ground for various technical colleges. During the year, we accepted a total of 30 candidates to undergo their on-job-training (OTJ) and internship programmes at the Group's Subang facilities. OTJ trainees were rotated in a variety of jobs related to ground handling and aircraft maintenance, while for the management interns, their training involved a combination of flight operations, stores, engineering and aircraft management and planning.

COMMUNITY DEVELOPMENT

Among the highlights of the 2013 social calendar were the series of activities organised during the month of Ramadhan. In all the Sapura Group's community work, we increasingly look to involve our staff to reinforce our links with the communities we serve, bringing to life the human dimension of our corporate values. A Majlis Berbuka Puasa was organised at the Ipoh



CORPORATE SOCIAL RESPONSIBILITY (CONT'D)



Resource Centre for 100 orphans from various orphanages around Ipoh, while a similar event in Kedah provided the opportunity for us to meet with families receiving financial support from Sapura. It is also gratifying that our people also turned up in force to support the Sapura Group's annual blood donation drive that saw a show of 300 donors.

Last year, Sapura Community organised a Charity Carnival with the objective of raising funds for identified paediatric wards in selected hospitals. The event was held on 30 November 2013 and received overwhelming support from staff, their families and friends. Sapura Community raised RM200,000 during the event which was then distributed to the paediatric wards of Hospital Tengku Ampuan Rahimah in Klang, Hospital Raja Permaisuri Bainun in Ipoh and Hospital Sultanah Aminah in Johor Bahru.

Of the Sapura Group's many philanthropic endeavours, one that stands out is its support of the MyKasih Foundation. The uniqueness of the MyKasih food aid programme is that aid is disbursed to targeted beneficiaries using an efficient cashless payment system. The system provides beneficiaries with the means to shop

and pay for essential food items using MyKad. Under this programme, the Sapura Group sponsored 300 adopted families in Jerlun, Kedah.

The Group's Education Sector has its own community outreach programmes. As in previous years, it has teamed up with leading Malaysian dailies to award annual scholarships in the form of fee waivers to needy and deserving students. Under the Malaysian Association of Private Colleges and Universities (MAPCU) Scholarship Fund run jointly by The Sun newspaper, Sin Chew Daily Education Fund and the Nanyang Education Fund, scholarships worth more than RM650,000 were awarded to a total of 11 students to pursue their Bachelor of Science (Hons) degree programmes at the Asia Pacific University (APU). Through collaboration with the Malay Cricket Association, a number of talented Bumiputera students were sponsored to pursue their studies at APU.

With busy schedules, it can be hard to find time for community work, but as many students in APU have discovered, volunteering can be a rewarding experience. Some of the more memorable programmes included a visit to





the FELDA settlements in the Peninsular. It was a unique experience for many of the students to stay with their host families and immerse themselves in a vastly different way of life and culture. The Students Welfare Committee also organised visits to various children's homes located in Kuala Lumpur and Petaling Jaya. As those involved discovered, helping others kindles personal happiness and this has been borne out by many studies. When super Typhoon Haiyan cut a devastating path through the Central Philippines in November 2013, APU was quick to organise a Fund Raising Campaign. Almost RM3,500 was raised by staff and students, an amount matched by the University. The year in review saw a total of four blood donation drives, with an impressive turnout of more than 500 staff and students.

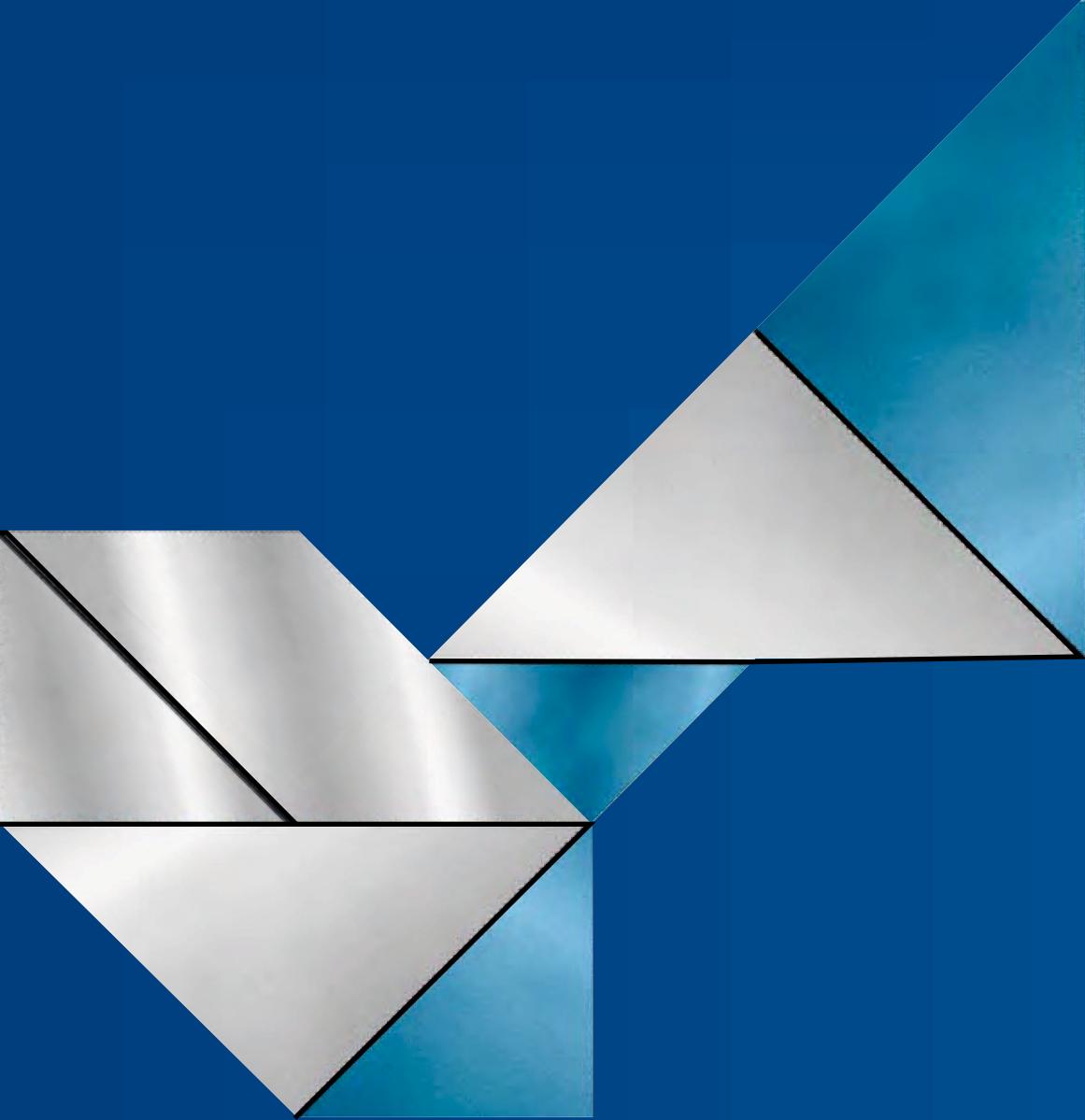
ENVIRONMENTAL PRESERVATION

We have a responsibility to present and future generations to do what we can to minimise our impact on the environment and address the pressing issue of climate change. The APIIT Education Group has stepped up to the plate in inculcating a culture of waste minimisation and resource optimisation. An automated,

smart timetabling and scheduling system has been installed at all its premises to programme, allocate and segment the use of lighting and air conditioning. This has resulted in reduced energy consumption and running costs of the buildings, whilst delivering maximum efficiency and comfort.

The Group's green initiatives have won APU the Green Technology Award (Higher Education) from the Ministry of Energy, Green Technologies and water in 2012.

For Sapura Group, corporate social responsibility goes beyond industry requirements and practices. It is an inherent part of the Sapura culture and is actively supported by the entire Sapura family. We continue to collectively find ways to contribute and play a positive role in society through various platforms and meaningful initiatives.



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. The Board also 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 are in place and develops 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 eight (8) directors, comprising six (6) Non-Executive Directors, of whom five (5) are Independent, one (1) Managing Director and one (1) Executive 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 18 to 25 of the Annual Report.

Board Independence

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

The presence of Independent Directors, namely Tan Sri Datuk Amar (Dr.) Hamid bin Bugo, Datuk Khalid bin Abdul Karim, Dato' Fauziah binti Dato' Ismail, 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 nine (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 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 Committee 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 57th AGM.

The BNRC and the Board recommends that Dato’ Fauziah binti Dato’ Ismail continues to serve as an Independent Director subject to shareholders’ approval at the forthcoming 57th AGM of the Company pursuant to Section 129 (6) of the Companies Act 1965.

The profiles of the Directors seeking for re-election and re-appointment as Directors are set out on page 18 and 25 of the Annual Report.

THE CHAIRMAN, MANAGING DIRECTOR AND EXECUTIVE 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 for running the business and implementing 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.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

The Executive Director is responsible for developing new business models and initiatives to support realisation of the Group's strategies. With his extensive experience in senior management and exposure in both large local and multinational operations, the Executive Director takes the lead in effecting changes to the Company's business processes, management systems, organization structure, core competencies and supporting technologies to enhance the productivity and efficiency of operations.

Effective mix of the Board

The Board has a good combination of a Managing Director and Executive Director who both have 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 2014, seven (7) 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	Meetings Attendance
Dato' Shahrizan bin Shamsuddin	Managing Director	6 out of 7
Tan Sri Dato' Seri Shahril bin Shamsuddin	Non-Independent Non- Executive Director	4 out of 7
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	Independent Non- Executive Director	6 out of 7
Datuk Khalid bin Abdul Karim	Senior Independent Non- Executive Director	7 out of 7
Dato' Fauziah binti Dato' Ismail	Independent Non-Executive Director	6 out of 7
Dato' Muthanna bin Abdullah	Independent Non- Executive Director	4 out of 7
Gee Siew Yoong	Independent Non- Executive Director	7 out of 7
Dato' Rodzlan Akib bin Abu Bakar*	Executive Director	3 out of 3

* Note:

1. Dato' Rodzlan Akib bin Abu Bakar was appointed on 15 July 2013.

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, Company's compliance with the relevant laws and regulatory requirements. The Directors may take independent advice, at the Company's expense, in furtherance of their duties, if so required.

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

Number of Directorship in 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:

- > The Rationale For Diversification Strategies – The Value Proposition
- > Overview Of Key Processes In Mergers And Acquisition
- > Post- Acquisition Processes
 - Integration Processes / Harvesting The Upside Of Business Integration
 - Risk Management
- > Challenges In Mergers And Acquisition
- > Corporate Governance
- > Ethical Principles And Standards In Organization

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.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Re-election and Re-appointment of Directors

The Company's Articles of Association provides that all directors should submit themselves for re-election at least once every three years, in compliance with MMLR of Bursa Malaysia. The Articles of Association also provide that one-third (1/3) of the Board shall retire from office every year and shall be eligible for re-election at every AGM.

Any Directors aged 70 or above is subject to re-appointment by shareholders on an annual basis in accordance with Section 129(6) of the Companies Act 1965.

The Board makes recommendations to the shareholders concerning the re-election, re-appointment and the continuation in office of the Directors 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 and Executive Director. During the financial year under review, the BNRC had considered the remuneration of the Managing Director and Executive Director.

The BNRC met twice 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 and Executive 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 and Executive 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 Directors	2,769	264	39	3,072
Non-Executive Directors	0	57	186	243
TOTAL	2,769	321	225	3,315

Range of Remuneration (RM)	Executive	Number of Directors Non-Executive	Total
Below RM50,000	0	5	5
RM50,001 – RM100,000	0	1	1
RM1,000,001 – RM2,100,000	2	0	2
TOTAL	2	6	8

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

Quarterly financial results and annual financial statements are reviewed and deliberated upon by the BAC to ensure the accuracy and adequacy of such information, prior to recommendation to the Board for its approval and for public release. Representatives from the External Auditors and Internal Audit of the Company also attended the Company's BAC Meetings held during the financial year ended 31 January 2014, 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 47 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 one (1) meeting with the External Auditors without the presence of Senior Management to deliberate on the comments and views of the External Auditors.

A report on the BAC which includes the BAC's role in relation to the External Auditors is set out on pages 41 to 44 of the Annual Report.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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 page 45 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 Executive 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 30 April 2014.

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 of three (3) members and is composed exclusively of Independent Non-Executive Directors. The BAC members are as follows:-

1. Datuk Khalid bin Abdul Karim - *Chairman, Senior Independent Non-Executive Director*
2. Dato’ Muthanna bin Abdullah - *Independent Non-Executive Director*
3. Gee Siew Yoong - *Independent Non-Executive Director*

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.

BOARD AUDIT COMMITTEE REPORT (CONT'D)

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 Executive Director, 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 of 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. The Head of Internal Audit of SRB reports directly to the Committee;
- (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.
- (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 finding of internal investigations and Management's response.
- (l) To review Management's monitoring of compliance with the Group's Standard of Business Conduct.
- (m) To review with the Group's counsel, any legal matter that could have a significant impact on the Group's financial statements.
- (n) To review the findings of any examination by regulatory authorities.
- (o) Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR of Bursa Malaysia, the Committee must promptly report such matters to the Bursa Malaysia.
- (p) To consider other topics as defined by the Board.

BOARD AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES OF THE COMMITTEE

For the financial year ended 31 January 2014, five (5) BAC Meetings were held. The following is the record of attendance of the Committee Members:

Members	Meetings Attendance
Datuk Khalid bin Abdul Karim <i>Chairman, Senior Independent Non-Executive Director</i>	5 out of 5
Dato' Muthanna bin Abdullah <i>Independent Non-Executive Director</i>	4 out of 5
Gee Siew Yoong <i>Independent Non-Executive Director</i>	5 out of 5

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

- The audited financial statements of SRB Group for financial year ended 31 January 2014.
- 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.
- Internal Audit report which highlighted Internal Audit observations and recommendations relating to the operations of the Company and its subsidiaries.

During the financial year under review, Committee has instructed Management to take corrective actions to address the weaknesses raised in the said reports.

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT DEPARTMENT FOR THE FINANCIAL YEAR

The Internal Audit Department conducts 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 establishes 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 and Executive Director, relevant Heads of Department and subsequently tabled at the BAC Meeting.

The cost incurred for Internal Audit Department is RM203,157 for the financial year ended 31 January 2014.

The BAC Report made in accordance with the resolution of the Board of Directors dated 30 April 2014.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance 2012 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 the Main Market Listing Requirements of Bursa Malaysia Securities Berhad 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 current year work, which adopts a compliance audit review. Going forward Internal Audit department's will adopt the 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 41 to 44 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

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 periodically.
- 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, the Executive Director and the Chief Financial Officer have provided the Board with assurance that the Group risk management and internal control systems are adequate and management is taking proactive steps to further improve the systems.

Taking into consideration the assurance from the management team, the Board is of the view that the system of risk management and internal controls are in place for the year under review.

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 2014. 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 30 April 2014.

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

Pursuant to Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

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 2014 amounted to RM6,000 and RM6,000 (2013 : RM95,000 and RM95,000).

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 2014 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

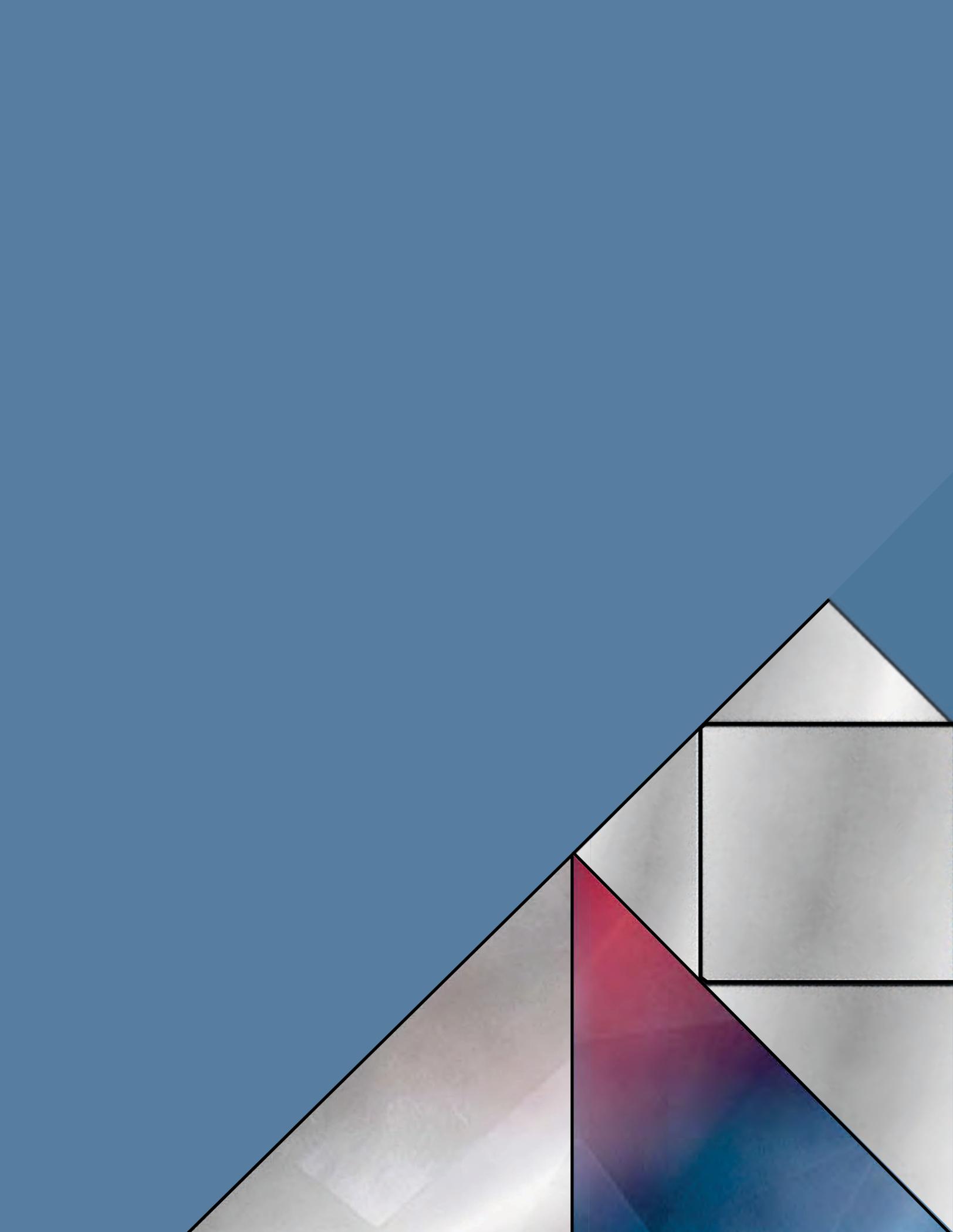
There was no profit guarantees given by the Company and its subsidiaries during the financial year under review.

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

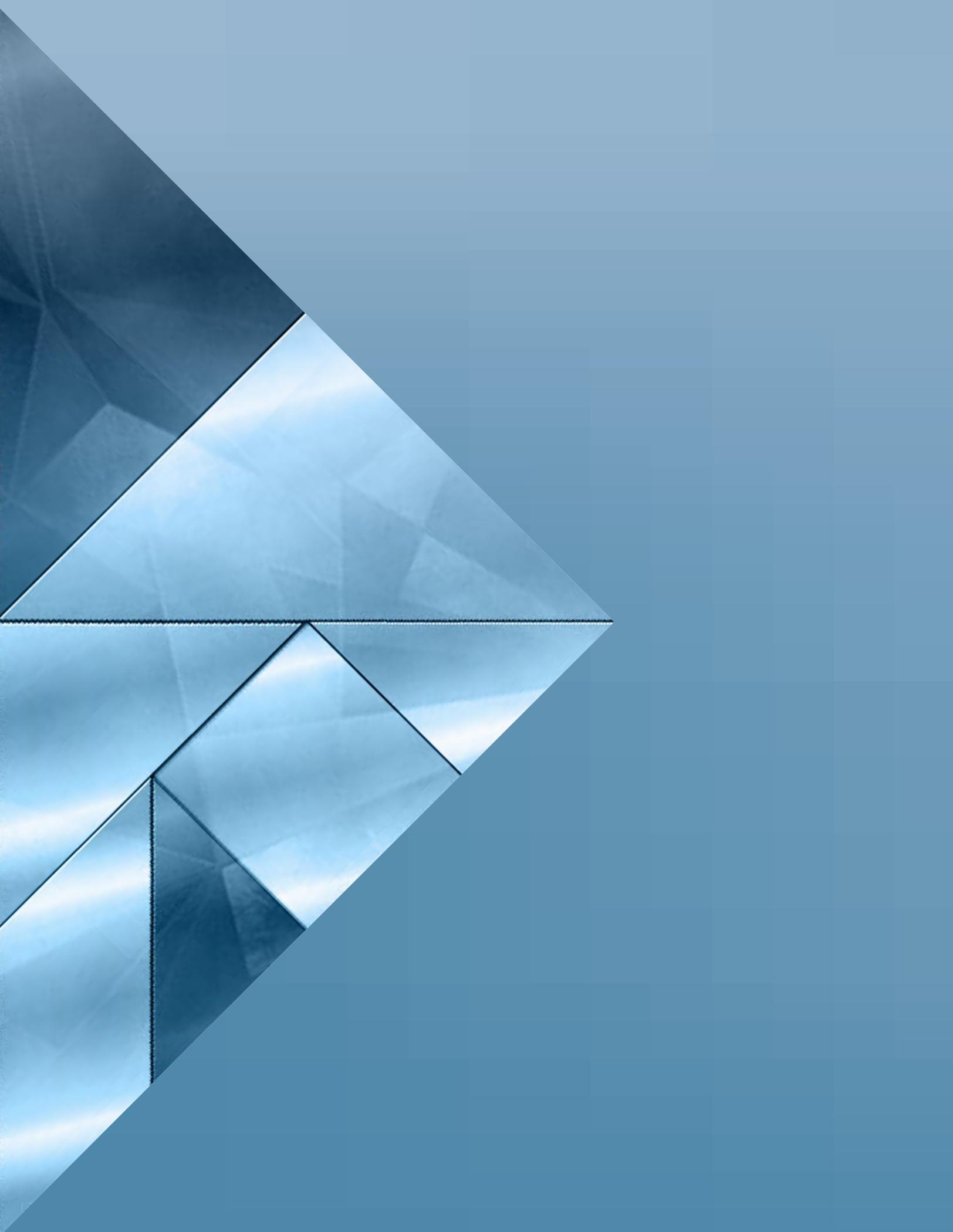
There was no Shareholders' mandate obtained for recurrent related party transactions entered into by the Company and/or its subsidiaries during the financial year.





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 2014.

PRINCIPAL ACTIVITIES

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

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

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

RESULTS

	Group RM'000	Company RM'000
Profit/(loss) for the year	9,477	(1,720)
Profit/(loss) attributable to:		
Owners of the parent	9,477	(1,720)
Non-controlling interest	–	–
	<u>9,477</u>	<u>(1,720)</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.

DIVIDENDS

The amounts of dividends declared by the Company since 31 January 2013 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 and paid on 8 May 2013	6,994
In respect of the financial year ended 31 January 2014:	
Special dividend of 8.63 sen less 25% taxation, on 139,600,000 ordinary shares declared on 4 July 2013 and paid on 6 August 2013	9,036
The directors do not recommend the payment of any final dividend in respect of the current financial year.	

DIRECTORS

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

Tan Sri Dato' Seri 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
Dato' Rodzlan Akib bin Abu Bakar (appointed on 15 July 2013)

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 7 and 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 30 to the financial statements.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1 each			At 31.1.2014
	At 1.2.2013	Acquired	Transfer	
Sapura Resources Berhad - the Company				
Direct Interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	83,250	—	—	83,250
Dato' Shahrman bin Shamsuddin	83,250	—	—	83,250
Dato' Rodzlan Akib bin Abu Bakar	15,000	—	—	15,000
Indirect Interest				
Tan Sri 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				
Tan Sri Dato' Seri Shahril bin Shamsuddin	1,426,875	—	—	1,426,875
Dato' Shahrman bin Shamsuddin	663,175	—	—	663,175

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares of RM1 each			At 31.1.2014
	At 1.2.2013	Acquired	Transfer	
Sapura Industrial Berhad - a fellow subsidiary (cont'd)				
Indirect Interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	32,420,391	–	(32,420,391)	–
Dato' Shahrman bin Shamsuddin	32,420,391	–	(32,420,391)	–
Sapura Holdings Sdn. Bhd. - holding company				
Ordinary Shares				
Direct Interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	30,147,187	–	–	30,147,187
Dato' Shahrman bin Shamsuddin	30,147,187	–	–	30,147,187
Indirect Interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	11,165,626	–	–	11,165,626
Dato' Shahrman bin Shamsuddin	11,165,626	–	–	11,165,626
Preference Shares (Class "A" at RM0.10 each)				
Direct Interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	10,000	–	–	10,000
Preference Shares (Class "B" at RM0.10 each)				
Direct Interest				
Dato' Shahrman bin Shamsuddin	10,000	–	–	10,000

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

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

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (CONT'D)

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of 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 30 April 2014.

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 60 to 117 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 2014 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 41 on page 117 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 30 April 2014.

DATO' SHAHRIZAN 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 60 to 117 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 30 April 2014

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 2014 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 information, as set out on pages 60 to 117.

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 entity'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 2014 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.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 41 on page 117 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

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
30 April 2014

Muhammad Affan Bin Daud
No. 3063/02/16(J)
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 January 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Continuing operations:					
Revenue	4	37,691	28,203	26,870	26,496
Operating expenses		(53,536)	(41,462)	(32,449)	(27,558)
Other income		3,333	39,627	4,056	36,216
(Loss)/profit from operations		(12,512)	26,368	(1,523)	35,154
Finance costs	5	(852)	(524)	(844)	(522)
Share of result of associates		22,205	7,368	–	–
Share of result of joint venture		35	(95)	–	–
Profit/(loss) before tax	6	8,876	33,117	(2,367)	34,632
Taxation	9	601	184	647	(53)
Profit/(loss) after tax, representing total comprehensive income/(loss) for the year		<u>9,477</u>	<u>33,301</u>	<u>(1,720)</u>	<u>34,579</u>
Profit/(loss), representing total comprehensive income/(loss) attributable to:					
Owners of the parent		9,477	33,301	(1,720)	34,579
Non-controlling interest		–	–	–	–
		<u>9,477</u>	<u>33,301</u>	<u>(1,720)</u>	<u>34,579</u>
Earnings per share attributable to owners of the parent (sen):					
Basic/diluted	10	<u>6.79</u>	<u>23.85</u>		

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

STATEMENTS OF FINANCIAL POSITION

As at 31 January 2014

	Note	2014 RM'000	Group 2013 RM'000	2014 RM'000	Company 2013 RM'000
Assets					
Non-current assets					
Property, plant and equipment	11	46,303	48,872	9,368	11,217
Investment properties	12	131,179	134,957	131,179	134,957
Intangible assets	13	–	–	–	–
Investment in subsidiaries	14	–	–	14,195	14,195
Investment in associates	15	142,262	126,393	41,596	41,596
Investment in joint venture	16	1,445	1,410	–	–
		<u>321,189</u>	<u>311,632</u>	<u>196,338</u>	<u>201,965</u>
Current assets					
Inventories	17	19	10	–	–
Trade and other receivables	18	7,540	5,855	32,145	25,905
Prepayments		91	92	88	82
Tax recoverable		97	–	–	–
Other current financial assets	19	36,451	70,136	36,451	70,136
Cash and bank balances	20	5,038	7,640	3,089	6,061
		<u>49,236</u>	<u>83,733</u>	<u>71,773</u>	<u>102,184</u>
Total assets		<u>370,425</u>	<u>395,365</u>	<u>268,111</u>	<u>304,149</u>
Equity and liabilities					
Current liabilities					
Trade and other payables	21	15,359	14,467	12,061	11,616
Loans and borrowings	22	490	18,442	462	18,420
Tax payable		–	190	–	–
		<u>15,849</u>	<u>33,099</u>	<u>12,523</u>	<u>30,036</u>
Net current assets		<u>33,387</u>	<u>50,634</u>	<u>59,250</u>	<u>72,148</u>
Non-current liabilities					
Deferred tax liabilities	24	7,039	8,082	1,216	1,863
Loans and borrowings	22	1,559	1,653	1,466	1,594
		<u>8,598</u>	<u>9,735</u>	<u>2,682</u>	<u>3,457</u>
Total liabilities		<u>24,447</u>	<u>42,834</u>	<u>15,205</u>	<u>33,493</u>
Net assets		<u>345,978</u>	<u>352,531</u>	<u>252,906</u>	<u>270,656</u>
Equity attributable to owners of the parent					
Share capital	25	139,600	139,600	139,600	139,600
Other reserves	26	2,581	2,581	1,100	1,100
Retained profits	27	203,797	210,350	112,206	129,956
Total equity		<u>345,978</u>	<u>352,531</u>	<u>252,906</u>	<u>270,656</u>
Total equity and liabilities		<u>370,425</u>	<u>395,365</u>	<u>268,111</u>	<u>304,149</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 2014

	← Attributable to owners of the parent →				Total equity RM'000
	Share capital RM'000	< Non-Distributable > Capital reserve RM'000	← Distributable → General reserve RM'000	Retained profits RM'000	
At 1 February 2013	139,600	1,481	1,100	210,350	352,531
Total comprehensive income for the year	—	—	—	9,477	9,477
Dividend on ordinary shares (Note 28)	—	—	—	(16,030)	(16,030)
At 31 January 2014	139,600	1,481	1,100	203,797	345,978
At 1 February 2012	139,600	1,481	1,100	177,049	319,230
Total comprehensive income for the year	—	—	—	33,301	33,301
At 31 January 2013	139,600	1,481	1,100	210,350	352,531

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

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 January 2014

	Share capital RM'000	← Distributable →		Total equity RM'000
		General reserve RM'000	Retained profits RM'000	
At 1 February 2013	139,600	1,100	129,956	270,656
Total comprehensive loss for the year	—	—	(1,720)	(1,720)
Dividend on ordinary shares (Note 28)	—	—	(16,030)	(16,030)
At 31 January 2014	139,600	1,100	112,206	252,906
At 1 February 2012	139,600	1,100	95,377	236,077
Total comprehensive income for the year	—	—	34,579	34,579
At 31 January 2013	139,600	1,100	129,956	270,656

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

STATEMENTS OF CASH FLOWS

For the year ended 31 January 2014

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Operating activities				
Profit/(loss) before tax	8,876	33,117	(2,367)	34,632
Adjustments for:				
Dividend income from unit trust	(1,693)	(2,519)	(1,693)	(2,519)
Interest income	–	–	(883)	(350)
Dividend income	–	–	(6,336)	(5,610)
Finance costs	852	524	844	522
Bargain purchase gain	–	(3,287)	–	–
Impairment loss on investment in subsidiary	–	–	–	11
Unrealised fair value gains on held for trading investment securities	(14)	–	(14)	–
Loss/(gain) on disposal of property, plant and equipment	12	(32,043)	12	(32,043)
Depreciation of investment properties	3,778	3,778	3,778	3,778
Depreciation of property, plant and equipment	6,379	5,372	3,952	4,114
Property, plant and equipment written off	–	3	–	–
Impairment loss on property, plant and equipment	28	241	–	–
Reversal of allowances for impairment:				
- Trade receivables	(60)	–	–	–
- Other receivables	–	–	–	(988)
Impairment loss on financial assets:				
- Trade receivables	42	252	–	–
- Other receivables	–	6	–	6
Share of result of associates	(22,205)	(7,368)	–	–
Share of result of joint venture	(35)	95	–	–
Operating (loss)/profit before working capital changes carried forward	(4,040)	(1,829)	(2,707)	1,553

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Operating activities (cont'd)				
Operating (loss)/profit before working capital changes brought forward	(4,040)	(1,829)	(2,707)	1,553
Changes in working capital:				
Inventories	(9)	1	–	–
Trade and other receivables	(1,665)	(717)	(6,240)	(19,219)
Other current assets	(1)	413	(6)	248
Trade and other payables	893	1,203	445	(826)
Taxes paid	(730)	(91)	–	–
Net cash used in operating activities	(5,552)	(1,020)	(8,508)	(18,244)
Investing activities				
Purchase of property, plant and equipment	(3,444)	(1,893)	(1,782)	(1,421)
Net cash outflow on acquisition of subsidiaries	–	(28,000)	–	–
Subscription of shares in jointly controlled entity	–	(1,505)	–	–
Proceeds from disposal of property, plant and equipment	141	–	141	–
Subscription of shares in subsidiaries	–	–	–	(14,005)
Proceeds from redemption of unit trust	33,699	12,605	33,699	12,605
Interest received	–	–	883	350
Dividend received from unit trust	1,693	2,519	1,693	2,519
Dividend received	6,336	5,610	6,336	5,610
Net cash generated from/(used in) investing activities	38,425	(10,664)	40,970	5,658
Financing activities				
Repayment of obligations under finance lease	(593)	(166)	(560)	(159)
Net (repayment)/drawdown of other short term borrowings	(18,000)	18,000	(18,000)	18,000
Dividend paid	(16,030)	–	(16,030)	–
Interest paid	(852)	(524)	(844)	(522)
Net cash (used in)/generated from financing activities	(35,475)	17,310	(35,434)	17,319
Net (decrease)/increase in cash and cash equivalents	(2,602)	5,626	(2,972)	4,733
Cash and cash equivalents at beginning of year	7,640	2,014	6,061	1,328
Cash and cash equivalents at end of year (Note 20)	5,038	7,640	3,089	6,061

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

NOTES TO THE FINANCIAL STATEMENTS

31 January 2014

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 14.

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.

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.

As of 1 February 2013, the Group and the Company had adopted new, amendments and revised MFRS (collectively referred to as “pronouncements”) that have been issued by the Malaysian Accounting Standards Board (“MASB”) as described fully in Note 2.2.

2.2 Changes in accounting policies and effects arising from adoption of new and revised MFRSs

On 1 February 2013, the Group and the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 February 2013.

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
MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)	1 January 2013
MFRS 10 Consolidated Financial Statements	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 (IAS 19 as amended by IASB in June 2011)	1 January 2013
MFRS 127 Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
MFRS 128 Investment in Associate and Joint Ventures (IAS 28 as amended by IASB in May 2011)	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
Annual Improvements to 2009-2011 Cycle	1 January 2013
Amendments to MFRS 1: Government Loans	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies and effects arising from adoption of new and revised MFRSs (cont'd)

Adoption of the above standards and interpretations did not have any significant financial impact to the Group and the Company except for those discussed below:

(a) 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 investment 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 that owns less than 50 per cent of the voting shares in an investee has control over the investee. MFRS 10 requires the investor to take into account all relevant facts and circumstances, particularly the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders. The adoption of MFRS 10 did not have any significant financial impact to the Group and the Company.

(b) 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. The adoption of MFRS 11 did not have any significant financial impact to the Group and the Company.

(c) 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.

(d) 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. MFRS 13 defines fair value as an exit price. As a result of the guidance in MFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. MFRS 13 also requires additional disclosures.

Application of MFRS 13 has not materially impacted the fair value measurement of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 January 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 New and revised pronouncements yet in effect

The following pronouncements that have been issued by the MASB will become effective in future financial reporting periods and have not been adopted by the Group and/or the Company:

Description	Effective for annual periods beginning on or after
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
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011-2013 Cycle	1 July 2014
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
MFRS 9 Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139	To be announced

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

2.4 Basis of consolidation

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

The Company controls an investee if and only if the Company has the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (cont'd)

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expenses and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.8(a).

2.5 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 January 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Foreign currency (Cont'd)

(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.

2.6 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Property, plant and equipment (cont'd)

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%
Motor vehicles	20%
Aircraft	5% to 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.

2.7 Investment properties

Investment properties are properties that are held either to earn rental income or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, including transaction costs.

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 2.6 up to the date of change in use.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 January 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 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 2.5.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 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.

2.10 Subsidiaries

Subsidiaries are entities controlled by the Company.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Since the beginning of the financial year, the Group has adopted MFRS 10: Consolidated Financial Statements, where control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

In the Company's separate financial statements, investments in Subsidiaries are accounted for at cost less any impairment charges. Dividends received from subsidiaries are recorded as a component of revenue in the Company's separate income statement.

The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 January 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Investments in associates and joint ventures

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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 joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of 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 or joint venture's profit or loss for the period in which the investment is acquired.

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payment on behalf of the associate or joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates and joint ventures 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.

After application of the equity method, the Group applies MFRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates and joint ventures are accounted for 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.

2.12 Financial assets

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial assets (cont'd)

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

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

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

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that 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.

The Group and the Company designate their investment in units as financial assets at fair value through profit or loss.

(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.

The Group and the Company designate trade and other receivables and cash and bank balances as loans and receivables.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 January 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial assets (cont'd)

(d) Available-for-sale financial assets

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

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

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

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

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

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.

2.13 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Impairment of financial assets (cont'd)

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

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

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

2.14 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.

2.15 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.

2.16 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.

2.17 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 January 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Financial liabilities (cont'd)

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

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

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

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

(b) Other financial liabilities

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

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

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

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

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

2.18 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.

2.19 Borrowing costs

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 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.

2.21 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 2.22(f).

2.22 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 professional services is recognised net of service taxes and discounts as and when the services are performed.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 January 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Revenue

(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.

(g) **Hangarage and ground handling services**

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

2.23 Income taxes

(a) **Current tax**

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

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

(b) **Deferred tax**

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Income taxes(cont'd)

(b) Deferred tax (cont'd)

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

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

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

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

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

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

2.24 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.

2.25 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 January 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Fair value measurements

The Group measures non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (a) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (b) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (c) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for investment properties.

External valuers are involved for valuation of significant assets, such as properties and AFS financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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 10.0%. 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 14, 15 and 16.

(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 the Company's loans and receivable at the reporting date is disclosed in Note 18.

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

The cost of property, plant and equipment and investment properties is depreciated on a straight-line basis over the assets' estimated economic useful lives. The useful lives and annual depreciation rates of these assets are disclosed in Notes 2.6 and 2.7. 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 the Company's property, plant and equipment and investment properties at the reporting date are disclosed in Notes 11 and 12.

(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 the Company were approximately RM9,656,000 (2013: RM7,432,000) and RM9,136,000 (2013: RM7,820,000) respectively. The unrecognised tax losses, capital allowances and other deductible temporary differences of the Group were approximately RM3,457,000 (2013: RM1,737,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 January 2014

4. REVENUE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Rental income from investment properties	20,029	20,867	20,534	20,886
Rental of hangar	8,177	2,901	–	–
Ground handling services	8,592	3,578	–	–
Management fees	250	222	–	–
Dividend income	–	–	6,336	5,610
Others	643	635	–	–
	<u>37,691</u>	<u>28,203</u>	<u>26,870</u>	<u>26,496</u>

5. FINANCE COSTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest expense on:				
Overdrafts	77	56	77	56
Revolving credits	666	354	666	354
Obligations under finance leases	109	114	101	112
	<u>852</u>	<u>524</u>	<u>844</u>	<u>522</u>

6. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Employee benefits expense (Note 7)	17,442	13,452	10,827	8,736
Non-executive directors' remuneration (Note 8)	243	254	243	254
Impairment loss on investment in subsidiary	–	–	–	11
Auditors' remuneration:				
- Statutory audit	162	189	55	50
- Other services	166	95	6	95

6. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Direct operating expense arising from investment properties	5,214	6,050	5,214	6,050
Depreciation of investment properties (Note 12)	3,778	3,778	3,778	3,778
Depreciation of property, plant and equipment (Note 11)	6,379	5,372	3,952	4,114
Reversal of allowances for impairment:				
- Trade receivables (Note 18(a))	(60)	—	—	—
- Other receivables (Note 18(b))	—	—	—	(988)
Bargain purchase gain on acquisition	—	3,287	—	—
Impairment loss on property, plant and equipment	28	241	—	—
Impairment loss on financial assets:				
- Trade receivables (Note 18(a))	42	252	—	—
- Other receivables (Note 18(b))	—	6	—	6
Rental of premises	1,728	80	136	80
Rental of equipment	108	21	85	21
Corporate service fee payable to holding company	183	273	183	273
Property, plant and equipment written off	—	3	—	—
Realised fair value gains on held for trading investment securities	(435)	(71)	(435)	(71)
Unrealised fair value gains on held for trading investment securities	(14)	—	(14)	—
Interest income	—	—	(883)	(350)
Dividend income from unit trust	(1,693)	(2,519)	(1,693)	(2,519)
Loss/(gain) on disposal of property, plant and equipment	12	(32,043)	12	(32,043)

7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Wages and salaries	13,303	10,383	8,036	6,515
Social security contributions	76	45	32	29
Contributions to defined contribution plan	1,435	1,136	1,115	888
Other benefits	2,628	1,888	1,644	1,304
	<u>17,442</u>	<u>13,452</u>	<u>10,827</u>	<u>8,736</u>

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM3,072,000 (2013: RM2,097,000) as disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 January 2014

8. DIRECTORS' REMUNERATION

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Directors of the Company				
Executive:				
Fees	39	25	39	25
Salaries and other emoluments	2,986	2,037	2,986	2,037
Benefits-in-kind	47	35	47	35
	<u>3,072</u>	<u>2,097</u>	<u>3,072</u>	<u>2,097</u>
Non-Executive:				
Fees	186	186	186	186
Other emoluments	29	40	29	40
Benefits-in-kind	28	28	28	28
	<u>243</u>	<u>254</u>	<u>243</u>	<u>254</u>
	<u>3,315</u>	<u>2,351</u>	<u>3,315</u>	<u>2,351</u>
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration, excluding benefits-in-kind	3,025	2,062	3,025	2,062
Total non-executive directors' remuneration, excluding benefits-in-kind	215	226	215	226
Total directors' remuneration excluding benefits-in-kind	<u>3,240</u>	<u>2,288</u>	<u>3,240</u>	<u>2,288</u>

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	
	2014	2013
Executive:		
RM1,000,001 - RM2,100,000	2	1
Non-executive:		
Below RM50,000	5	5
RM50,001 - RM100,000	1	1
	<u>1</u>	<u>1</u>

9. TAXATION

Major components of income tax (credit)/expense

The major components of income tax (credit)/expense for the years ended 31 January 2014 and 2013 are:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	706	36	–	–
(Over)/underprovision in prior years	(264)	40	–	40
	<u>442</u>	<u>76</u>	<u>–</u>	<u>40</u>
Deferred income tax (Note 24):				
Origination and reversal of temporary differences	(747)	(86)	(430)	143
Overprovision in prior years	(296)	(174)	(217)	(130)
	<u>(1,043)</u>	<u>(260)</u>	<u>(647)</u>	<u>13</u>
Income tax (credit)/expense	<u>(601)</u>	<u>(184)</u>	<u>(647)</u>	<u>53</u>

Domestic current income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective year of assessment 2016.

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

	2014 RM'000	2013 RM'000
Group		
Profit before tax	8,876	33,117
Tax at Malaysian statutory tax rate of 25% (2013: 25%)	2,219	8,279
Income not subject to tax	(1,169)	(8,984)
Effect of opening deferred tax of reduction in Malaysian income tax rate	(80)	–
Non-deductible expenses	4,119	2,168
Share of result of associates	(5,560)	(1,847)
Deferred tax assets not recognised during the year	430	334
(Over)/underprovision of income tax in prior years	(264)	40
Overprovision of deferred tax in prior years	(296)	(174)
Income tax credit	<u>(601)</u>	<u>(184)</u>
Company		
(Loss)/profit before tax	(2,367)	34,632
Tax at Malaysian statutory tax rate of 25% (2013: 25%)	(592)	8,658
Income not subject to tax	(2,068)	(10,059)
Non-deductible expenses	2,230	1,544
Underprovision of income tax in prior year	–	40
Overprovision of deferred tax in prior years	(217)	(130)
Income tax (credit)/expense	<u>(647)</u>	<u>53</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit/(loss) for the year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 January 2014

10. 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 Group by the weighted average number of ordinary shares in issue during the financial year.

	2014	2013
Profit attributable to owners of the parent (RM'000)	9,477	33,301
Weighted average number of ordinary shares in issue ('000)	139,600	139,600
Basic, profit per share (sen)	6.79	23.85

(b) Diluted:

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

11. PROPERTY, PLANT AND EQUIPMENT

Group	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
At 31 January 2014					
Cost					
At 1 February 2013	40,111	31,252	4,273	343	75,979
Additions	–	3,463	528	–	3,991
Disposals	–	–	(230)	–	(230)
At 31 January 2014	40,111	34,715	4,571	343	79,740
Accumulated depreciation and impairment losses					
At 1 February 2013	4,119	20,689	2,299	–	27,107
Depreciation charge (Note 6)	1,942	3,747	690	–	6,379
Disposals	–	–	(77)	–	(77)
Impairment loss	–	28	–	–	28
At 31 January 2014	6,061	24,464	2,912	–	33,437
Net carrying amount	34,050	10,251	1,659	343	46,303

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

Group	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
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)
Impairment loss	—	—	—	(241)	—	(241)
At 31 January 2013	—	40,111	31,252	4,273	343	75,979
Accumulated depreciation and impairment losses						
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 January 2014

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

Company	Leasehold land RM'000	Office equipment, renovation, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
At 31 January 2014				
Cost				
At 1 February 2013	–	28,808	3,269	32,077
Additions	–	1,728	528	2,256
Disposal	–	–	(230)	(230)
At 31 January 2014	–	30,536	3,567	34,103
Accumulated depreciation				
At 1 February 2013	–	19,287	1,573	20,860
Depreciation charge (Note 6)	–	3,298	654	3,952
Disposal	–	–	(77)	(77)
At 31 January 2014	–	22,585	2,150	24,735
Net carrying amount	–	7,951	1,417	9,368
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

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

- (a) During the financial year, the Group acquired property, plant and equipment at aggregate costs of RM3,991,000 (2013: RM1,893,000) of which RM547,000 (2013: RM Nil) were acquired by means of hire purchase and finance lease arrangements, and the Company acquired property, plant and equipment at aggregate costs of RM2,256,000 (2013: RM1,421,000) of which RM474,000 (2013: RM Nil) 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 the Company are RM1,559,000 (2013: RM1,974,000) and RM1,417,000 (2013: RM1,696,000) respectively.

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Office equipment, renovation, furniture and fittings	17,035	16,844	16,403	16,004
Aircraft and motor vehicles	864	798	170	170
Hangars and containers	12	12	–	–

12. INVESTMENT PROPERTIES

Group/Company	Leasehold land RM'000	Buildings RM'000	Total RM'000
At 31 January 2014			
Cost			
At 1 February 2013/ 31 January 2014	55,541	137,083	192,624
Accumulated depreciation			
At 1 February 2013	17,003	40,664	57,667
Depreciation charge (Note 6)	833	2,945	3,778
At 31 January 2014	17,836	43,609	61,445
Net carrying amount	37,705	93,474	131,179
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

The investment properties are in relation to freehold land which was valued on 31 January 2014 by Abu Hassan & Co., an independent professional valuer. The market value of the investment properties is RM199,300,000 (2013: RM199,300,000) using the comparison and depreciated replacement cost methods.

Fair value disclosed in the financial statements are categorised within the Level 3 fair value hierarchy which is described as inputs for the assets or liabilities that are based on unobservable market data.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 January 2014

12. INVESTMENT PROPERTIES (CONT'D)

Investment property	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sapura @ Mines, No 7, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan Selangor Darul Ehsan - land	Comparison method	<p>a) A parcel of land Lot 3405, Mukim of Kajang, District of Hulu Langat with a land area of approximately 2.78 acres was transacted on 5 April 2011 for RM8,480,588.</p> <p>b) A parcel of Lot 15285, G 132634, Pekan Kajang, District of Hulu Langat with a land area of approximately 5.48 acres was transacted on 4 November 2010 for RM22,327,545.</p>	The estimated fair value would increase / (decrease) if: - Transacted price were higher/(lower)
- building	Depreciated replacement cost method	<p>a) Cost of building range from RM220 to RM260 per square feet.</p> <p>b) Range of allowance for physical deterioration from RM30 to RM50 per square feet.</p>	- Cost of building were higher/(lower) - Allowance for physical deterioration were (lower)/higher
Lot 5, Jalan 219, Lebuhraya Persekutuan, 46100 Petaling Jaya, Selangor Darul Ehsan - land	Comparison method	<p>a) A parcel of PT 9, Town of Petaling Jaya, District of Petaling with a land area of approximately 1.36 acres was transacted on 15 March 2011 for RM13,327,943.</p> <p>b) A parcel of PT 2, Town of Petaling Jaya, District of Petaling with a land area of approximately 0.51 acre was transacted on 8 April 2011 for RM2,900,000.</p>	The estimated fair value would increase / (decrease) if: - Transacted price were higher/(lower)
- building	Depreciated replacement cost method	<p>a) Cost of building range from RM120 to RM150 per square feet.</p> <p>b) Range of allowance for physical deterioration from RM15 to RM30 per square feet.</p>	- Cost of building were higher/(lower) - Allowance for physical deterioration were (lower)/higher
Lot No 10 and PT No 10A, Jalan Tandang, Seksyen 28, 46050 Petaling Jaya, Selangor Darul Ehsan - land	Comparison method	<p>a) A parcel of Lot 73, Town of Petaling Jaya, District of Petaling with a land area of approximately 7.66 acres was transacted on 17 August 2010 for RM28,700,000.</p> <p>b) A parcel of PT 85, G 160389, Town of Petaling Jaya, District of Petaling with a land area of approximately 5.04 acres was transacted on 25 June 2010 for RM19,000,000.</p>	The estimated fair value would increase / (decrease) if: - Transacted price were higher/(lower)
- building	Depreciated replacement cost method	<p>a) Cost of building range from RM120 to RM150 per square feet.</p> <p>b) Range of allowance for physical deterioration from RM10 to RM30 per square feet.</p>	- Cost of building were higher/(lower) - Allowance for physical deterioration were (lower)/higher

12. INVESTMENT PROPERTIES (CONT'D)

Comparison method to value the land

Entails analysing recent transactions of similar properties in and around the locality for comparison purposes to derive the market value with adjustments made for differences in time, shape, size and condition and location to arrive at the market value.

Depreciated replacement cost method to value the building

Entails analysing current gross replacement (or reproduction costs) of building and improvements, less allowance for physical deterioration and all relevant forms of obsolescence and optimization to arrive at the market value.

The investment property is at its highest and current best use.

13. INTANGIBLE ASSETS

	Goodwill RM'000
Group	
Cost	
At 1 February 2012/1 February 2013/ 31 January 2014	2,389
Accumulated impairment	
At 1 February 2012/1 February 2013/ 31 January 2014	2,389
Net carrying amount	
At 1 February 2012/1 February 2013/ 31 January 2014	–

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

	Group	
	2014 RM'000	2013 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).

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2014 RM'000	2013 RM'000
Unquoted shares in Malaysia, at cost	14,195	14,206
Less: Accumulated impairment losses	–	(11)
	<u>14,195</u>	<u>14,195</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 January 2014

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

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	
		2014 %	2013 %
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	100
Mercu Sapura Sdn. Bhd.	Dormant.	100	–
Kudos Asia Pacific Sdn. Bhd.	Dormant.	51	51
Interflex Assets Sdn. Bhd.	Dormant.	–	51
Held by Dnest Aviation Sdn. Bhd.			
AeroDome Sdn. Bhd.	Hangarage, ground handling and other aviation related services.	100	100
Aerohandlers Sdn. Bhd.	Dormant.	100	–
DNest Aviation Training Centre Sdn. Bhd.	Dormant.	100	100
Held by Sapura Aero Sdn. Bhd.			
Sapura AeroCharter Sdn. Bhd.	Dormant.	100	–

During the year, the Company acquired 100% equity interest in Mercu Sapura Sdn. Bhd., Aerohandlers Sdn. Bhd. and Sapura AeroCharter Sdn. Bhd. for RM2 each respectively.

15. INVESTMENT IN ASSOCIATES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 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
	<u>42,322</u>	<u>42,322</u>	<u>41,596</u>	<u>41,596</u>
Gain on re-measurement of interest retained in Education Group	63,088	63,088	-	-
Share of post-acquisition reserves	36,852	20,983	-	-
	<u>142,262</u>	<u>126,393</u>	<u>41,596</u>	<u>41,596</u>

15. INVESTMENT IN ASSOCIATES (CONT'D)

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Group's effective interest	
			2014 %	2013 %
Held by the Company				
APIIT Sdn. Bhd.	Malaysia	Provision of information technology related educational courses.	49	49
Asia Pacific University Sdn. Bhd.	Malaysia	Provision of higher educational courses.	49	49
Asia Pacific Schools 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 following table illustrates the summarised financial information of the Group's investment in associates:

	APIIT Sdn Bhd RM'000	Asia Pacific University Sdn Bhd RM'000	Others RM'000	Total RM'000
At 31 January 2014				
Dividends received	—	6,125	211	6,336
Current assets	63,463	48,331	108,568	220,362
Non-current assets	33,663	74,357	96,101	204,121
Total assets	97,126	122,688	204,669	424,483
Current liabilities	15,598	27,066	186,687	229,351
Non-current liabilities	2,991	35	2,143	5,169
Total liabilities	18,589	27,101	188,830	234,520
Results:				
Revenue	24,878	49,972	359,458	434,308
Profit or loss for the year representing total comprehensive income/(loss) for the year	10,395	29,387	10,230	50,012
Group's share of profit/(loss) for the year	5,094	14,400	2,711	22,205

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 January 2014

15. INVESTMENT IN ASSOCIATES (CONT'D)

The following table illustrates the summarised financial information of the Group's investment in associates (cont'd):

	APIIT Sdn Bhd RM'000	Asia Pacific University Sdn Bhd RM'000	Others RM'000	Total RM'000
At 31 January 2014 (Contd.)				
Reconciliation of net assets to carrying amount as at 31 January 2014				
Group's share of net assets/(liabilities)	(3,119)	25,352	56,941	79,174
Gain on re-measurement of interest retained in Education Group	41,602	21,486	–	63,088
	<u>38,483</u>	<u>46,838</u>	<u>56,941</u>	<u>142,262</u>
At 31 January 2013				
Dividends received	5,292	–	318	5,610
Current assets	65,770	92,383	96,331	254,484
Non-current assets	35,244	13,769	97,320	146,333
Total assets	<u>101,014</u>	<u>106,152</u>	<u>193,651</u>	<u>400,817</u>
Current liabilities	29,702	28,068	184,261	242,031
Non-current liabilities	2,990	35	1,751	4,776
Total liabilities	<u>32,692</u>	<u>28,103</u>	<u>186,012</u>	<u>246,807</u>
Results:				
Revenue	27,235	74,367	255,393	356,995
Profit or loss for the year representing total comprehensive income/(loss) for the year	9,359	28,544	(34,031)	3,872
Group's share of profit/(loss) for the year	<u>4,586</u>	<u>13,987</u>	<u>(11,205)</u>	<u>7,368</u>
Reconciliation of net assets to carrying amount as at 31 January 2013				
Group's share of net assets/(liabilities)	(8,124)	16,758	54,671	63,305
Gain on re-measurement of interest retained in Education Group	41,602	21,486	–	63,088
	<u>33,478</u>	<u>38,244</u>	<u>54,671</u>	<u>126,393</u>

16. INVESTMENT IN JOINT VENTURE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unquoted shares at cost:				
In Malaysia	1,505	1,505	–	–
Share of post-acquisition reserves	(60)	(95)	–	–
	<u>1,445</u>	<u>1,410</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	
			2014 %	2013 %
Held by Sapura Aero Sdn. Bhd.				
Air Alsie Asia Pacific Sdn. Bhd.	Malaysia	Provision of aircraft charter brokerage and aircraft management.	51	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:

	2014 RM'000	2013 RM'000
Current assets, including cash and cash equivalents RM2,192,286 (2013: RM1,470,691)	2,475	2,085
Non-current assets	68	79
Total assets	<u>2,543</u>	<u>2,164</u>
Current liabilities	<u>889</u>	<u>562</u>
Results:		
Revenue	1,931	744
Depreciation and amortisation	19	10
Profit or loss for the year representing total comprehensive loss for the year	<u>69</u>	<u>(187)</u>
Group's share of profit/(loss) for the year	<u>35</u>	<u>(95)</u>
Group's share of net assets	<u>1,445</u>	<u>1,410</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 January 2014

17. INVENTORIES

	Group	
	2014 RM'000	2013 RM'000
Cost		
Food and beverages	19	10

During the year, the amount of inventories recognised as an expense in operating expenses of the Group was RM403,328 (2013: RM361,180).

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables				
Third parties	3,960	2,836	1,105	682
Amounts due from related companies	424	637	352	592
	<u>4,384</u>	<u>3,473</u>	<u>1,457</u>	<u>1,274</u>
Less: Allowance for impairment				
Third parties	(394)	(412)	(160)	(160)
Trade receivables, net	<u>3,990</u>	<u>3,061</u>	<u>1,297</u>	<u>1,114</u>
Other receivables				
Amounts due from:				
Subsidiaries	–	–	28,451	22,920
Joint venture	509	428	200	122
	<u>509</u>	<u>428</u>	<u>28,651</u>	<u>23,042</u>
Deposits	1,213	945	441	497
Sundry receivables	1,835	1,428	1,763	1,259
	<u>3,557</u>	<u>2,801</u>	<u>30,855</u>	<u>24,798</u>
Less: Allowance for impairment				
Sundry receivables	(7)	(7)	(7)	(7)
Other receivables, net	<u>3,550</u>	<u>2,794</u>	<u>30,848</u>	<u>24,791</u>
Total trade and other receivables	<u>7,540</u>	<u>5,855</u>	<u>32,145</u>	<u>25,905</u>

18. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total trade and other receivables	7,540	5,855	32,145	25,905
Add: Cash and bank balances (Note 20)	5,038	7,640	3,089	6,061
Total loans and receivables	<u>12,578</u>	<u>13,495</u>	<u>35,234</u>	<u>31,966</u>

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 (2013: 30 to 90) days terms except for overdue balances in the property investments business which attract interest at average rate of 1.5% (2013: 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Neither past due nor impaired	1,515	1,250	758	421
1 to 30 days past due not impaired	1,079	1,133	424	449
31 to 60 days past due not impaired	579	198	50	40
61 to 90 days past due not impaired	298	300	47	24
> 90 days past due not impaired	519	180	18	180
Impaired	2,475	1,811	539	693
	394	412	160	160
	<u>4,384</u>	<u>3,473</u>	<u>1,457</u>	<u>1,274</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 RM2,635,000 (2013: RM1,811,000) and RM539,000 (2013: RM693,000) 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 (CONT'D)

31 January 2014

18. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (cont'd)

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Individually impaired:				
Trade receivables- nominal amounts	394	412	160	160
Less: Allowance for impairment	(394)	(412)	(160)	(160)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Movement in allowance accounts:				
At the beginning of year	412	2,112	160	160
Charge for the year (Note 6)	42	252	-	-
Written off	-	(1,952)	-	-
Reversal of impairment losses (Note 6)	(60)	-	-	-
At the end of year	<u>394</u>	<u>412</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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Individually impaired:				
Other receivables - nominal value	7	7	7	7
Less: Allowance for impairment	(7)	(7)	(7)	(7)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Movement in allowance accounts:				
At the beginning of year	7	1	7	17,598
Charge for the year (Note 6)	-	6	-	6
Reversal of impairment losses (Note 6)	-	-	-	(988)
Written off	-	-	-	(16,609)
At the end of year	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</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.

19. OTHER CURRENT FINANCIAL ASSETS

	Group/Company	
	2014 RM'000	2013 RM'000
Held for trading investments		
Quoted equity shares	716	476
Quoted investment in units	35,735	69,660
Total financial assets at fair value through profit or loss	<u>36,451</u>	<u>70,136</u>

20. CASH AND BANK BALANCES

Cash at banks earn interest at floating rates based on daily bank deposit rates.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade payables				
Third parties	<u>145</u>	<u>388</u>	<u>–</u>	<u>–</u>
Other payables				
Amounts due to:				
Holding company	7	904	–	897
Related companies	123	821	123	822
Joint Venture	42	96	–	–
Associates	240	240	240	240
	<u>412</u>	<u>2,061</u>	<u>363</u>	<u>1,959</u>
Deposits	6,341	5,510	5,397	4,868
Accruals	5,393	207	139	83
Other payables	3,068	6,301	6,162	4,706
	<u>15,214</u>	<u>14,079</u>	<u>12,061</u>	<u>11,616</u>
Total trade and other payables	<u>15,359</u>	<u>14,467</u>	<u>12,061</u>	<u>11,616</u>
Total trade and other payables	15,359	14,467	12,061	11,616
Add: Loans and borrowings (Note 22)	2,049	20,095	1,928	20,014
Total financial liabilities carried at amortised cost	<u>17,408</u>	<u>34,562</u>	<u>13,989</u>	<u>31,630</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 January 2014

21. TRADE AND OTHER PAYABLES (CONT'D)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 (2013: 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 (2013: 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.

22. LOANS AND BORROWINGS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current				
Secured:				
Obligations under finance leases (Note 23)	490	442	462	420
Unsecured:				
Revolving credits	–	18,000	–	18,000
	<u>490</u>	<u>18,442</u>	<u>462</u>	<u>18,420</u>
Non-current				
Secured:				
Obligations under finance leases (Note 23)	1,559	1,653	1,466	1,594
	<u>1,559</u>	<u>1,653</u>	<u>1,466</u>	<u>1,594</u>
Total loans and borrowings				
Revolving credits	–	18,000	–	18,000
Obligations under finance leases	2,049	2,095	1,928	2,014
	<u>2,049</u>	<u>20,095</u>	<u>1,928</u>	<u>20,014</u>

22. LOANS AND BORROWINGS (CONT'D)

The remaining maturities of the loans and borrowings as at 31 January 2014 are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
On demand or within 1 year	490	18,442	462	18,420
More than 1 year and less than 2 years	514	467	486	444
More than 2 years and less than 5 years	984	1,172	980	1,150
More than 5 years	61	14	–	–
	<u>2,049</u>	<u>20,095</u>	<u>1,928</u>	<u>20,014</u>

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

	Group		Company	
	2014 %	2013 %	2014 %	2013 %
Revolving Credit	–	4.65	–	4.65
Obligations under finance leases	<u>2.76</u>	<u>2.78</u>	<u>2.76</u>	<u>2.78</u>

Obligations under finance leases are secured by a charge over the leased assets (Note 11).

23. OBLIGATIONS UNDER FINANCE LEASES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Not later than 1 year	579	543	545	514
Later than 1 year but not later than 2 years	579	534	545	515
Later than 2 years but not later than 5 years	1,033	1,273	1,026	1,227
Later than 5 years	62	–	–	–
Total minimum lease payments	<u>2,253</u>	<u>2,350</u>	<u>2,116</u>	<u>2,256</u>
Less: Amounts representing finance charges	<u>(204)</u>	<u>(255)</u>	<u>(188)</u>	<u>(242)</u>
Present value of minimum lease payments	<u>2,049</u>	<u>2,095</u>	<u>1,928</u>	<u>2,014</u>
Present value of payments:				
Not later than 1 year	490	442	462	420
Later than 1 year but not later than 2 years	514	467	486	444
Later than 2 years but not later than 5 years	984	1,172	980	1,150
Later than 5 years	61	14	–	–
Present value of minimum lease payments	<u>2,049</u>	<u>2,095</u>	<u>1,928</u>	<u>2,014</u>
Less: Amount due within 12 months (Note 22)	<u>(490)</u>	<u>(442)</u>	<u>(462)</u>	<u>(420)</u>
Amount due after 12 months (Note 22)	<u>1,559</u>	<u>1,653</u>	<u>1,466</u>	<u>1,594</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 January 2014

24. DEFERRED TAX

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At the beginning of year	8,082	2,040	1,863	1,850
Recognised in profit or loss:				
Continuing operations (Note 9)	(1,043)	(260)	(647)	13
Acquisition of subsidiary	–	6,302	–	–
At the end of year	<u>7,039</u>	<u>8,082</u>	<u>1,216</u>	<u>1,863</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	(2,414)	(1,858)	(2,284)	(1,955)
Deferred tax liabilities	9,453	9,940	3,500	3,818
	<u>7,039</u>	<u>8,082</u>	<u>1,216</u>	<u>1,863</u>

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 2012	(1,816)	(351)	(2,167)
Recognised in profit or loss	55	254	309
At 31 January 2013	(1,761)	(97)	(1,858)
Recognised in profit or loss	(484)	(72)	(556)
At 31 January 2014	<u>(2,245)</u>	<u>(169)</u>	<u>(2,414)</u>

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 2012	–	40	4,167	4,207
Recognised in profit or loss	5,461	–	272	5,733
At 31 January 2013	5,461	40	4,439	9,940
Recognised in profit or loss	(95)	–	(392)	(487)
At 31 January 2014	<u>5,366</u>	<u>40</u>	<u>4,047</u>	<u>9,453</u>

24. DEFERRED TAX (CONT'D)

Deferred tax assets of the Company:

	Tax losses and unabsorbed capital allowances RM'000	Other payables RM'000	Total RM'000
At 1 February 2012	(1,764)	(530)	(2,294)
Recognised in profit or loss	21	318	339
At 31 January 2013	(1,743)	(212)	(1,955)
Recognised in profit or loss	(484)	155	(329)
At 31 January 2014	(2,227)	(57)	(2,284)

Deferred tax liabilities of the Company:

	Trade receivables RM'000	Accelerated capital allowances RM'000	Total RM'000
At 1 February 2012	40	4,105	4,145
Recognised in profit or loss	–	(327)	(327)
At 31 January 2013	40	3,778	3,818
Recognised in profit or loss	–	(318)	(318)
At 31 January 2014	40	3,778	3,500

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

	Group	
	2014 RM'000	2013 RM'000
Unused tax losses	3,426	1,291
Unabsorbed capital allowances	31	446
	<u>3,457</u>	<u>1,737</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 (CONT'D)

31 January 2014

25. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2014 '000	2013 '000	2014 RM'000	2013 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.

26. OTHER RESERVES

	2014 RM'000	2013 RM'000
Group		
Non-distributable:		
Capital reserve	1,481	1,481
Distributable:		
General reserve	1,100	1,100
	<u>2,581</u>	<u>2,581</u>
Company		
Distributable:		
General reserve	<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.

27. RETAINED PROFITS

As at 31 January 2014, the Company has tax exempt profits available for distribution of approximately RM11,828,000 (2013: RM11,828,000), subject to the agreement of the Inland Revenue Board.

As at 31 January 2014, the Company may distribute the entire balance of the retained profits under the single tier system.

28. DIVIDENDS

The amounts of dividends declared by the Company since 31 January 2013 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 and paid on 8 May 2013	6,994
In respect of the financial year ended 31 January 2014:	
Special dividend of 8.63 sen less 25% taxation, on 139,600,000 ordinary shares declared on 4 July 2013 and paid on 6 August 2013	9,036

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

29. 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Holding company				
Corporate service fee payable	183	273	183	273
Subsidiaries				
Rental income	–	–	(19)	(19)
Recoverability of electricity	–	–	(28)	(28)
Interest income receivable	–	–	(883)	(335)
Related parties				
SapuraKencana Petroleum Berhad and its subsidiaries				
Rental income receivable	(10,803)	(7,608)	(10,803)	(7,608)
Sapura Technology Sdn. Bhd. and its subsidiaries				
Rental income receivable	(963)	(1,199)	(963)	(1,199)
Sapura Industrial Berhad and its subsidiaries				
Rental income receivable	(81)	(80)	(81)	(80)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 January 2014

30. COMPENSATION OF KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director of the entity.

	Group/Company	
	2014 RM'000	2013 RM'000
Remuneration and benefits	2,753	1,890
Post employment benefits	319	207
	<u>3,072</u>	<u>2,097</u>

31. COMMITMENTS

(a) Capital commitments - Continuing operations

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	–	1,073	–	633
Approved but not contracted for:				
Property, plant and equipment	706	11,435	262	5,884
	<u>706</u>	<u>12,508</u>	<u>262</u>	<u>6,517</u>

(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	
	2014 RM'000	2013 RM'000
Future minimum lease receivables:		
Not later than 1 year	21,724	16,494
Later than 1 year and not later than 5 years	15,616	16,075
	<u>37,340</u>	<u>32,569</u>

31. COMMITMENTS (CONT'D)

(c) Finance lease commitments

The Group and the Company have finance leases for certain motor vehicles (Note 11). 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 23.

32. FINANCIAL GUARANTEES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unsecured:				
Guarantees given to third parties in respect of utility facilities granted to the Company	410	410	410	410

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and current portion of loans and borrowings are reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The following table analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. The different levels have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable input).

The equity shares of the Group and the Company amounting to RM716,000 (2013: RM476,000) are measured as Level 1 hierarchy based on unadjusted quoted prices in active market for identical financial instrument.

The investments in units of the Group and the Company amounting to RM35,735,000 (2013: RM69,660,000) are measured as Level 2 hierarchy based on reference to fair value provided by the bank at the close of business on the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 January 2014

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

Fair values below are categorised within the Level 3 fair value hierarchy which is described as inputs for the asset or liability that are not based on unobservable market data (unobservable input).

	Note	Carrying amount RM'000	Group Fair value RM'000	Carrying amount RM'000	Company Fair value RM'000
Financial liabilities					
At 31 January 2014:					
Obligations under finance leases (non-current)	23	1,559	1,419	1,466	1,326
At 31 January 2013:					
Obligations under finance leases (non-current)	23	1,653	1,648	1,594	1,591

Inter-relationship between significant unobservable inputs and fair value measurement are as follows:

- (a) The estimated fair value of the obligations under finance leases would increase/(decrease) if the interest rate applied to the borrowings increase/(decrease).

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and market 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 the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(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.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the business segment of its trade receivables on an ongoing basis. The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets at the reporting date.

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

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

(b) Liquidity risk

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

At the reporting date, the Group's and the Company's trade and other payables (Note 21) 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 22.

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.

	← 2014 →			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	15,359	–	–	15,359
Loans and borrowings	579	1,612	62	2,253
Total undiscounted financial liabilities	15,938	1,612	62	17,612
Company				
Financial liabilities:				
Trade and other payables	12,061	–	–	12,061
Loans and borrowings	545	1,571	–	2,116
Total undiscounted financial liabilities	12,606	1,571	–	14,177

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 January 2014

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES(CONT'D)

(b) Liquidity risk (cont'd)

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

	← 2013 →		
	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Group			
Financial liabilities:			
Trade and other payables	14,467	–	14,467
Loans and borrowings	18,543	1,807	20,350
	<hr/>	<hr/>	<hr/>
Total undiscounted financial liabilities	33,010	1,807	34,817
	<hr/>	<hr/>	<hr/>
Company			
Financial liabilities:			
Trade and other payables	11,616	–	11,616
Loans and borrowings	18,514	1,742	20,256
	<hr/>	<hr/>	<hr/>
Total undiscounted financial liabilities	30,130	1,742	31,872
	<hr/>	<hr/>	<hr/>

(c) 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.

(d) Market risk

Market 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 and investment in unit trust. Investment in unit trust comprises of combination of money market instruments and institutional bonds which have lower risk as compared to equity and commodity investment. These instruments are classified as held for trading financial assets. The Group does not have exposure to commodity price risk.

At the reporting date, the exposure to listed equity securities and investment in units at fair value was RM716,000 (2013: RM476,000) and RM35,735,000 (2013: RM69,660,000) respectively. An increase or decrease of 10% on the market index could have an impact of approximately RM71,600 (2013: RM47,600) and RM3,573,500 (2013: RM6,960,000) on the profit or loss of the Group.

35. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 January 2014 and 2013.

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	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Loans and borrowings	22	2,049	20,095	1,928	20,014
Trade and other payables	21	15,359	14,467	12,061	11,616
Less: Cash and bank balances	20	(5,038)	(7,640)	(3,089)	(6,061)
Net debt		12,370	26,922	10,900	25,569
Equity attributable to the owners of the parent		345,978	352,531	252,906	270,656
Less: Non-distributable reserves	26	(1,481)	(1,481)	–	–
Total capital		344,497	351,050	252,906	270,656
Capital and net debt		356,867	377,972	263,806	296,225
Gearing ratio		3%	7%	4%	9%

36. COMPARATIVES

The following comparative amounts have been reclassified to conform with current year presentation:

	2013 RM'000	Reclass- ification RM'000	2013 Restated RM'000
Group			
Statements of comprehensive income			
Other income	39,612	15	39,627
Finance costs	(509)	(15)	(524)
Statements of financial position			
Cash at bank	77,300	(69,660)	7,640
Other current financial assets	476	69,660	70,136
Company			
Statements of financial position			
Cash at bank	75,721	(69,660)	6,061
Other current financial assets	476	69,660	70,136

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 January 2014

37. SEGMENT INFORMATION

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

- (i) Property investment - rental of investment properties.
- (ii) Corporate services - Group-level corporate services and business development functions.
- (iii) Investment holding - equity investment.
- (iv) 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.

	← Continuing →				Adjustments and eliminations	Note	Per consolidated financial statements
	Investment holdings RM'000	Corporate services RM'000	Property investments RM'000	Aviation RM'000	RM'000		RM'000
At 31 January 2014							
Revenue:							
External customers	–	–	20,667	17,024	–		37,691
Inter-segment	6,335	–	608	1,466	(8,409)	A	–
Total revenue	6,335	–	21,275	18,490	(8,409)		37,691
Results:							
Dividend income from unit trust	1,693	–	–	–	–		1,693
Net fair value gains on held for trading investment securities	449	–	–	–	–		449
Depreciation and amortisation	–	847	7,002	2,219	(92)		9,976
Share of results of associates	22,205	–	–	–	–		22,205
Share of results of joint venture	35	–	–	–	–		35
Other non-cash expense	(12)	–	–	–	–	B	(12)
Segment profit/(loss)	26,906	(11,523)	2,998	(6,034)	(3,471)		8,876
Assets:							
Investment in associates	142,262	–	–	–	–		142,262
Investment in joint venture	–	–	–	1,445	–		1,445
Additions to non-current assets	–	645	2,258	1,088	–	C	3,991
Segment assets	222,912	1,419	145,183	75,738	(74,827)	D	370,425
Segment liabilities	351	2,001	14,700	41,774	(34,379)	E	24,447

37. SEGMENT INFORMATION (CONT'D)

	← Continuing →				Adjustments and eliminations RM'000	Note	Per consolidated financial statements RM'000
	Investment holdings RM'000	Corporate services RM'000	Property investments RM'000	Aviation 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:							
Dividend income from unit trust	2,519	–	–	–	–		2,519
Net fair value gains on held for trading investment securities	71	–	–	–	–		71
Depreciation and amortisation	–	1,184	8,086	1,064	–		10,334
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)	23,918	(11,969)	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	192,783	1,696	172,079	68,464	(39,657)	D	395,365
Segment liabilities	21,957	2,001	9,657	8,355	864	E	42,834

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	2014 RM'000	2013 RM'000
Impairment loss on financial assets	6	–	6
Loss/(gain) on disposal of property, plant and equipment	6	12	(32,043)
		12	(32,037)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 January 2014

37. SEGMENT INFORMATION (CONT'D)

C Additions to non-current assets consist of:

	2014 RM'000	2013 RM'000
Property, plant and equipment	3,991	1,893

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

	2014 RM'000	2013 RM'000
Inter-segment assets	(74,827)	(39,657)

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

	2014 RM'000	2013 RM'000
Inter-segment liabilities	(34,379)	864

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. ("Proposed Joint Venture") 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 18 December 2013, the Company announced that both Parties have mutually agreed to an extension of 6 months commencing from 19 December 2013 for the Parties to fulfill the conditions precedent in accordance with the terms of the JVA.

On 31 December 2013, the Company announced that they have entered into a supplemental joint venture agreement with KLCC ("Supplemental JVA") for the Proposed Joint Venture to vary certain terms of the JVA.

On 21 April 2014, the Company announced that the Board has approved the Proposed Joint Venture.

(b) 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.

(c) On 29 March 2013, the Company announced that its wholly-owned subsidiary, DASB has acquired the remaining 15% equity in AeroDome Sdn Bhd from Captain Earnest Kunasingh a/l Koilpillai, making AeroDome Sdn Bhd a wholly-owned subsidiary of DASB.

39. SUBSEQUENT EVENTS

- (a) On 24 February 2014, the Company had acquired shelf private limited company incorporated in Malaysia known as AeroDome Senai Sdn Bhd (“ASSB”) for a cash consideration of RM2. ASSB has not commenced operations since that date. ASSB’s intended principal activities shall be in the aviation business.
- (b) On 4 March 2014, the Company announced that Sapura Aero Sdn Bhd (“SASB”), a wholly-owned subsidiary of the Company, had on 4 March 2014 entered into a Joint Venture and Shareholders Agreement (“JVSA”) with ISY Holdings Sdn Bhd (“ISY”) for the purpose of participating in a joint-venture company called ISY Aerina Sdn Bhd (“the JV Co”).

The purpose of the JV Co is to develop an aircraft hangar building on a piece of land measuring 38,750 sq.ft. at Plot C, Bay 14, Sultan Abdul Aziz Shah Airport Subang, Selangor which comprises compartments of aircraft hangars for housing aircraft and units of offices (collectively referred as “the Aircraft Hangar”).

On 4 April 2014, the Company announced that all Conditions Precedent in relation to the JVSA have been unconditionally fulfilled and fully satisfied as of 4 April 2014 and, subsequently, the subscription of 147,000 shares and 153,000 shares by SASB and ISY respectively in ISY Aerina have been effected accordingly.

- (c) On 8 April 2014, the Company announced that the name of its subsidiaries, AeroDome Senai Sdn Bhd and Sajjan Seribayu Sdn Bhd, have been changed to AeroDome Services Sdn Bhd and Mercu Sapura Sdn Bhd respectively.
- (d) On 8 April 2014, the Company announced that its subsidiary, Kudos Asia Pacific Sdn. Bhd. has been struck-off from the Register of the Suruhanjaya Syarikat Malaysia (“SSM”) in accordance with Section 308(4) of the Companies Act, 1965 with effect from 30 October 2013, of which the Notice of Striking-Off was received from SSM on 9 April 2014.
- (e) On 17 April 2014, the Company announced that the name of its subsidiary, AeroCharter Sdn Bhd, has been changed to Sapura AeroCharter Sdn Bhd.

40. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 January 2014 were authorised for issue in accordance with a resolution of the directors on 30 April 2014.

41. 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 2014 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	
	2014 RM’000	2013 RM’000	2014 RM’000	2013 RM’000
Total retained profits of the Company and its subsidiaries				
- Realised	112,795	139,271	113,423	131,819
- Unrealised	(6,297)	(5,840)	(1,217)	(1,863)
	<u>106,498</u>	<u>133,431</u>	<u>112,206</u>	<u>129,956</u>
Total share of retained profits from associates				
- Realised	32,413	15,113	—	—
- Unrealised	(1,441)	(5,420)	—	—
	<u>30,971</u>	<u>9,693</u>	<u>—</u>	<u>—</u>
Add: Consolidation adjustments	66,327	67,226	—	—
Retained profits as per financial statements	<u>203,797</u>	<u>210,350</u>	<u>112,206</u>	<u>129,956</u>

PARTICULARS OF PROPERTIES

As at 31 January 2014

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	24-53	762/ 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	37	3605/ 06.05.1988
Lot 5, Jalan 219 Lebuhraya Persekutuan 46100 Petaling Jaya Selangor Darul Ehsan	Commercial Building	4,047	16.03.2068	32	2396/ 13.09.1988
No. 7 Jalan Tasik The Mines Resort City 43300 Seri Kembangan Selangor Darul Ehsan	Office Building	22,379	20.03.2091	15	124,414/ 16.12.1999

ANALYSIS OF SHAREHOLDINGS

As at 30 April 2014

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	:	6,211

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
Less Than 100	76	1.22	1,653	0.00
100 to 1,000	2,415	38.88	2,322,814	1.66
1,001 to 10,000	2,929	47.16	12,147,611	8.70
10,001 to 100,000	692	11.14	21,227,250	15.21
100,001 to Less than 5%	98	1.58	34,046,400	24.39
5% and above	1	0.02	69,854,272	50.04
TOTAL	6,211	100.00	139,600,000	100.00

DIRECTORS' SHAREHOLDINGS

As at 30 April 2014

Name of Directors	Direct Interest	%	Deemed Interest	%
Dato' Shahrman bin Shamsuddin	83,250	0.06	72,372,772*	51.84
Tan Sri Dato' Seri Shahril 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	–	–	–	–
Dato' Rodzlan Akib bin Abu Bakar	15,000	0.01	–	–

* 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 30 April 2014

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

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

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

ANALYSIS OF SHAREHOLDINGS (CONT'D)

As at 30 April 2014

THIRTY (30) LARGEST SHAREHOLDERS

Based on Record of Depositors as at 30 April 2014

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 Bank for Parmjit Singh A/L Meva Singh (PBCL-0G0032)	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	Chow Soon Fong	800,000	0.57
10	Yow Wang Yip	750,000	0.54
11	Lam Pun Ying	727,100	0.52
12	Lee Kim Seng	700,000	0.50
13	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Leong Chin Chye (472268)	685,000	0.49
14	Chua Sim Neo @ Diana Chua	628,000	0.45
15	Tan Seow Cheng	580,000	0.42
16	Tan Yee Kong	536,000	0.38
17	Wong Siew Chin	481,500	0.34
18	Yong Siew Yoon	480,000	0.34
19	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Sarah Pauline A/P Melkees (M&A)	446,000	0.32
20	Saw Guat Ngoh	439,000	0.31
21	Peh Sew Chong	430,000	0.31
22	Tan Yee Seng	410,000	0.29
23	Pook Swee Han	404,000	0.29
24	Yow Chit Wai	400,000	0.29
25	Maybank Nominees (Tempatan) Sdn Bhd for Lam Choy Choo	398,000	0.29
26	Sushil Kaur A/P Dulla Singh	372,200	0.27
27	Chan Wing Kit	370,000	0.27
28	Yong Chai Lee	341,000	0.24
29	Lim Kam Yoke	310,000	0.22
30	Phan Choon Lean	300,000	0.21

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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, _____
(FULL NAME IN CAPITAL LETTERS)

of _____
(FULL ADDRESS)

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the Fifty-Seventh (57th) 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 Thursday, 19 June 2014 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 Dato' Shahrman bin Shamsuddin		
Ordinary Resolution 2	Re-election of Dato' Muthanna bin Abdullah		
Ordinary Resolution 3	Re-election of Dato' Rodzlan Akib bin Abu Bakar		
Special Resolution 1	Re-appointment of Datuk Khalid bin Abdul Karim		
Special Resolution 2	Re-appointment of Dato' Fauziah binti Dato' Ismail		
Ordinary Resolution 4	Payment of Directors' fees		
Ordinary Resolution 5	Re-appointment of Messrs. Ernst & Young as Auditors of the Company		
Ordinary Resolution 6	To authorise the Directors under Section 132D of the Companies Act 1965, to allot and issue new shares in the Company		

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

Signature / Common Seal of Shareholder

Dated this _____ day of _____, 2014

NOTES:

- i) Only a depositor whose name appears on the Record of Depositors as at 12 June 2014 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 Act 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) (a) Where a Member is an Authorised Nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
(b) Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. The appointment of two (2) or more proxies in respect of any particular Omnibus shall be invalid unless the Exempt Authorised Nominee specifies the proportion of its shareholding to be represented by each proxy.
- 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.

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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)

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