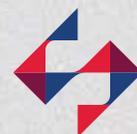


Annual Report  
**2015**

**Investing For The Future**



**Sapura**  
Resources

## • Rationale



### Investing for the Future

The Sapura Resources Annual Report 2015 cover design is abstract in nature, a vivid fluidity of strokes that blend as Sapura's blue and red. They run in an upward surging trend, to reflect strength, dynamism and resilience of a business entity whose name is household to Malaysia. It is only appropriate that our Annual Report this year remains – "Investing For The Future".



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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-Eighth (58<sup>th</sup>) Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifty-Eighth (58th) 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, 25 June 2015 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 2015.   | <i>Please refer to Note 1</i>                           |
| 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:<br>(i) Tan Sri Dato' Seri Shahril bin Shamsuddin<br>(ii) Gee Siew Yoong  | <i>Ordinary Resolution 1<br/>Ordinary Resolution 2</i>  |
| 3. Re-appointment of Director:-<br>"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."  | <i>Special Resolution 1</i>                             |
| 4. To approve the payment of Directors' fees for the financial year ended 31 January 2015.  | <i>Ordinary Resolution 3</i>                            |
| 5. To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.   | <i>Ordinary Resolution 4</i>                            |
| 6. Renewal of authority for the Directors to allot and issue shares under Section 132D of the Companies Act, 1965.<br><br>"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 allot and 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." | <i>Ordinary Resolution 5<br/>Please refer to Note 3</i> |
| 7. To transact any other business for which due notice shall have been given in accordance with the Companies Act, 1965.  |   |

BY ORDER OF THE BOARD

**TAI YIT CHAN (MAICSA 7009143)**

Company Secretary

Selangor Darul Ehsan  
3 June 2015

**NOTES:****1. Audited Financial Statements**

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

**2. Directors' Fees**

The proposed Ordinary Resolution No. 3, if passed, will authorise the payment of Directors' fees for the financial year ended 31 January 2015 amounting to RM225,000.

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

The proposed Ordinary Resolution No. 5, if passed, would, subject to the Main Market Listing Requirements of Bursa Malaysia, enable the Directors to allot and 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 19 June 2014 which will lapse at the conclusion of the forthcoming 58th AGM.

**4. Proxy Form**

- i) Only a depositor whose name appears on the Record of Depositors as at 18 June 2015 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 58TH ANNUAL GENERAL MEETING**

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

1. The Directors retiring by rotation and standing for re-election pursuant to Article 88 of the Company's Articles of Association are:
  - (i) Tan Sri Dato' Seri Shahril bin Shamsuddin
  - (ii) Gee Siew Yoong
2. 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

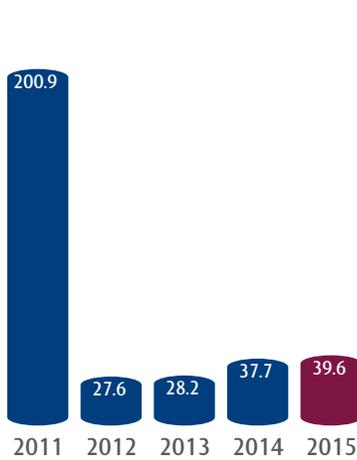
Details of the above Directors who are standing for re-election and re-appointment are provided for in the "Directors' Profile" on pages 18 to 25 of this Annual Report. Details of their interests in the securities of the Company are set out in the "Analysis of Shareholdings" on page 123 of this Annual Report.

**PERSONAL DATA PRIVACY:**

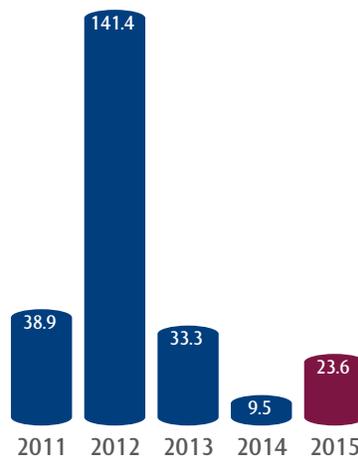
*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

# Financial Highlights

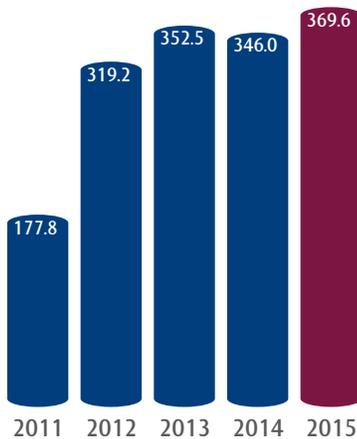
		← 31 January →				
		2011	2012	2013	2014	2015
Revenue	(RM'million)	200.9	27.6	28.2	37.7	39.6
Profit attributable to equity holders of the Company	(RM'million)	38.9	141.4	33.3	9.5	23.6
Shareholders' fund	(RM'million)	177.8	319.2	352.5	346.0	369.6
Basic/diluted earnings per share	(Sen)	27.84	101.28	23.85	6.79	16.91
Net asset per share	(RM)	1.27	2.29	2.35	2.48	2.65



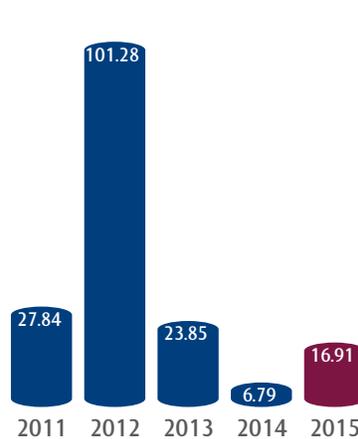
Revenue  
(RM' Million)



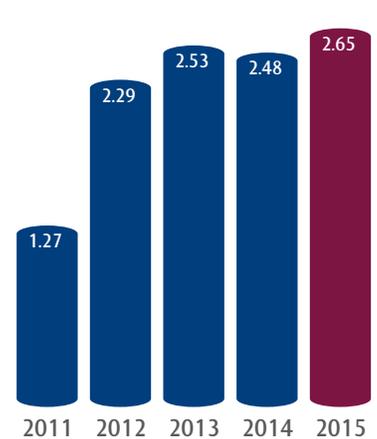
Profit Attributable to Equity Holders of the Company  
(RM' Million)



Shareholder's 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  
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

Dato' Muthanna bin Abdullah  
Gee Siew Yoong  
Dato' Fauziah binti Dato' Ismail

## BOARD NOMINATION AND REMUNERATION COMMITTEE

Tan Sri Datuk Amar (Dr.) Hamid bin Bugo  
Dato' Muthanna bin Abdullah  
Gee Siew Yoong

## DIRECTOR IN CHARGE OF SHAREHOLDERS' COMMUNICATIONS

Tan Sri Datuk Amar (Dr.) Hamid bin Bugo  
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

Tai Yit Chan (MAICSA 7009143)

## PRINCIPAL SOLICITORS

Abdullah Chan  
Lee Hishammuddin Allen & Gledhill

## 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

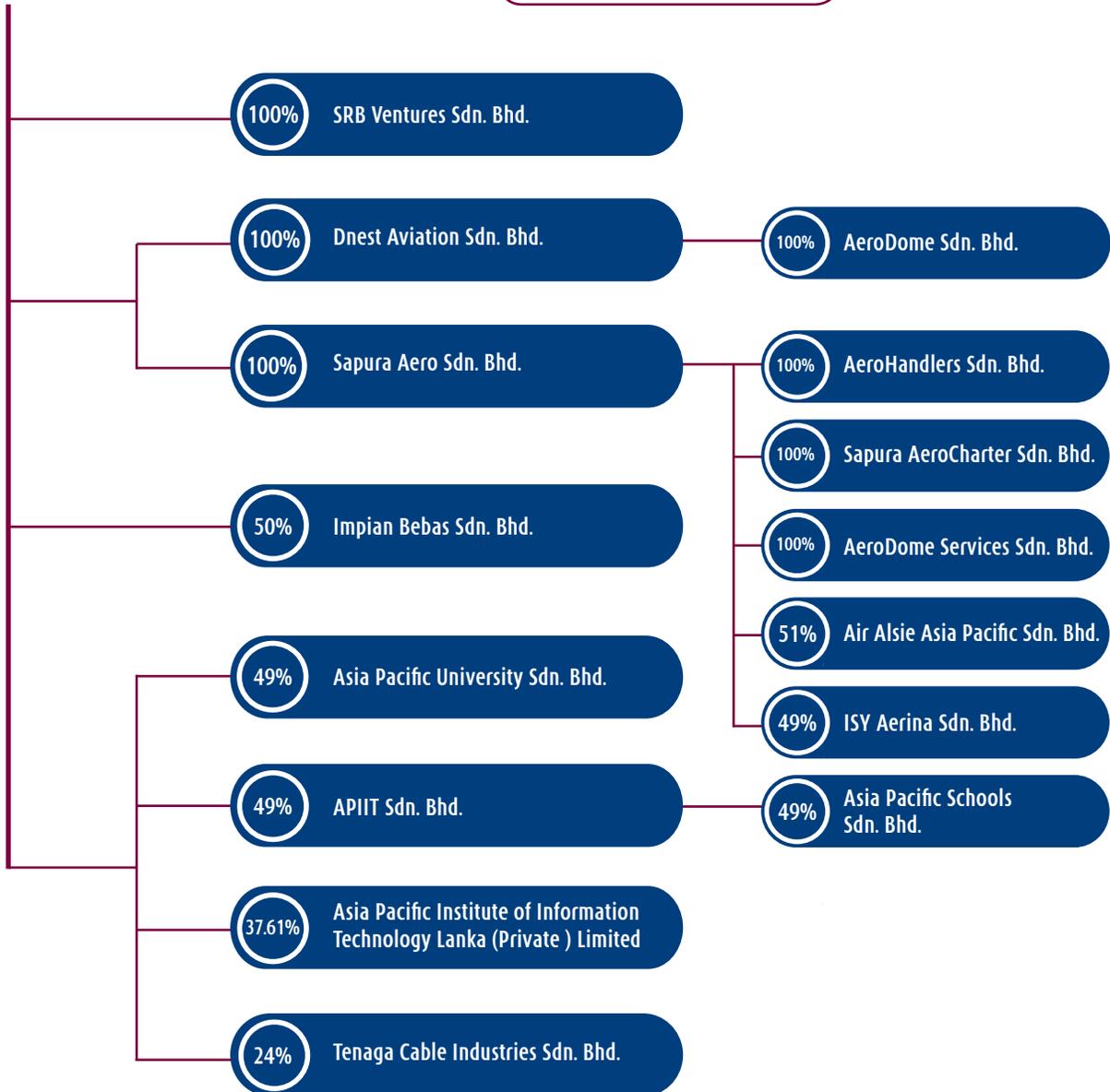
Stock Name: SAPRES  
Stock Code: 4596

# Corporate Structure\*

As at 30 April 2015

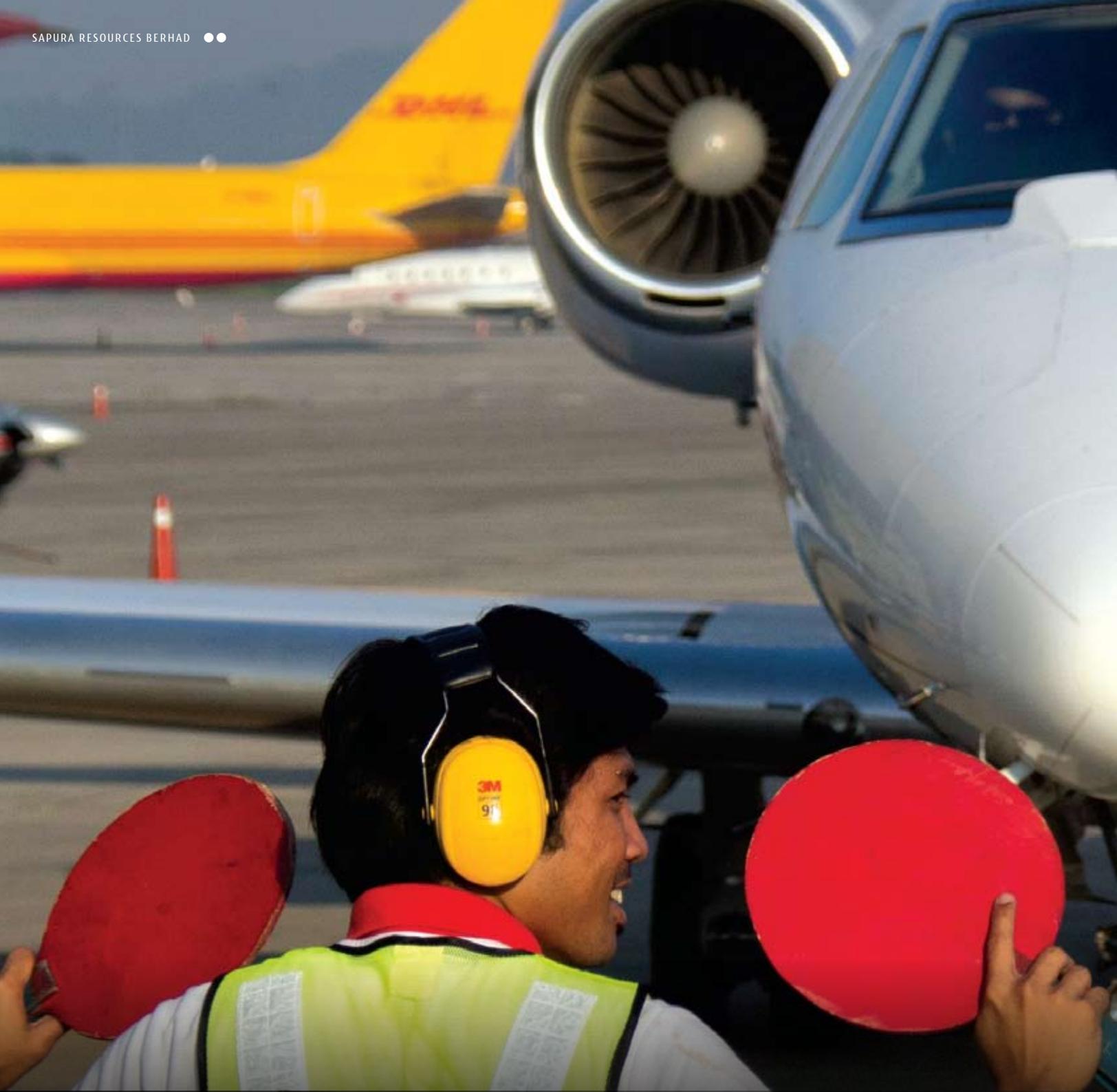


Paid Up Capital : RM139,600,000.00



\* 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,

Sapura Resources Berhad (“SRB” or the “Group”) concluded the financial year ended 31 January 2015 (FY2015) on a satisfactory note. Several key developments on the corporate front have propelled the Group forward towards achieving its prime objective to generate shareholders value through its businesses in property, aviation and education. The year in review saw a 5% increase in revenue to RM39.6 million, which was contributed mainly by our property business, and a rise in profit after tax to RM23.6 million from RM9.5 million last year due to RM14.3 million one-off non-cash bargain purchase gain of investment of 50% in Impian Bebas Sdn Bhd (“IBSB”) from KLCC (Holdings) Sdn Bhd (“KLCCH”).

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 2015.

### OPERATING ENVIRONMENT

Bank Negara Malaysia (“BNM”) has projected that the Malaysian economy would record a stronger growth of 6.0% in 2014 (2013 : 4.7%) driven primarily by the continued strength in private domestic demand. (Source: Bank Negara Malaysia 2014 Annual Report).

According to property consultant CH Williams Talhar & Wong (“WTW”), the general office market in the Klang Valley registered a mixed performance. Demand for prime office space in the city centre remained vibrant. While the rest experienced slower take-up rates, particularly in the second half of the year amidst growing economic uncertainties and lower crude oil prices.

Our aviation business continues to operate in a challenging environment, characterised by increasing competition, including those from neighbouring countries. Perceived economic uncertainties as well as air incidences in FY2015 have also put a dent on individual aircraft ownership resulting in delaying acquisitions.

The external environment has presented the Group’s education segment with challenges posed by weakening economic conditions and internal strife in some key traditional markets for international students. This has impacted student enrolments in Malaysia. On the domestic front, competition from other private higher education providers has intensified and this was compounded with the proliferation of new branch campuses of overseas universities.

## FINANCIAL PERFORMANCE

Despite a challenging operating environment, the Group achieved revenue of RM39.6 million for FY2015, which represents a 5% increase from RM37.7 million posted in the preceding corresponding period. The Group's aviation business contributed RM16.4 million in revenue, a decline of 11% from the previous year due to cessation of fuel supply arrangement with customer. This drop in revenue did not significantly affect profit due to the low margin nature of the fuel supply arrangement business.

Profit after tax increased to RM23.6 million from RM9.5 million last year due to RM14.3 million one-off non-cash bargain purchase gain of investment of 50% in IBSB from KLCCH.

## DIVIDEND

The Board of Directors does not propose any dividend payment for FY2015 as the Group is still in investing mode, and given that the profit after tax achieved in FY2015 is mainly contributed by a one-off non-cash gain.

## CORPORATE DEVELOPMENTS

Several corporate exercises were undertaken during the year, bringing us a step closer towards realising our objectives to be a key player in the property and aviation businesses.

On 4 March 2014, our wholly-owned subsidiary, Sapura Aero Sdn Bhd ("SASB"), entered into a Joint Venture and Shareholders Agreement with ISY Holdings Sdn Bhd ("ISY") to participate in a joint-venture company ("JV Co") called ISY Aerina Sdn Bhd. The JV Co will develop an aircraft hangar on a piece of land measuring 38,750 sq. ft. at Plot C, Bay 14, Sultan Abdul Aziz Shah Airport Subang. SASB will have 49% equity in the JV Co, with the remaining 51% held by ISY. The joint venture is a joint controlled entity and is expected to contribute positively to the future profitability of SRB.

As previously reported, SRB had announced in July 2011 that it had entered into Joint Venture Agreement ("JVA") with KLCCH, whereby both parties will form a joint-venture company called IBSB. The purpose of the JVA is to participate in the development of a 7,605 square metres of land located along Jalan Kia Peng, within the vicinity of Kuala Lumpur City Centre. The land will be developed into a mixed commercial development consisting of an office tower, convention centre and retail area ("Lot 91 development").

On 30 June 2014, SRB announced that all conditions pertaining to the joint-venture have been unconditionally fulfilled. Subsequently, on 29 October, SRB's acquisition of 50 % shares in IBSB was completed for a cash consideration of RM108,507,960.

To part finance the acquisition of its 50% stake in IBSB, on 23 October 2014, SRB has accepted a shareholder's financial assistance from Sapura Holdings Sdn Bhd ("SHSB") in the form of:

- Murabahah or Murabahah-Tawaruq Facility granted by SHSB to SRB for a total sum of up to RM108.5 million ("Shareholder's Advance")
- Issuance of SHSB's Letter of Undertaking to Maybank Islamic Berhad for facilities amounting to RM181.0 million granted to SRB ("Undertaking")

While the Finance Assistance from SHSB will increase the borrowings of SRB, it is expected to contribute positively to the Group's future earnings and cash flows when the project is completed.

## ●● Message to Our Shareholders (cont'd)

### OPERATIONAL REVIEW

#### Property Sector

Other than the Lot 91 development, the Group's property stable consists of a 10-storey office building at Sapura@Mines, a 55,608 square metres property at JalanTandang comprising warehouses-cum-office and a commercial building at Jalan 219, Petaling Jaya. Rental income from these properties contributed 59% of SRB's revenue in FY2015. All three properties continued to enjoy high occupancy rates above 90% as at end January 2015.

#### Aviation Sector

The Group provides a suite of private aviation services including hangarage, ground handling, aircraft management, mission planning and charter broker services. With a total hangar and office floor space of 124,000 square feet, our three hangars can accommodate a range of business jets and helicopters. For the year under review, all the hangars continued to operate at a high occupancy rate.

To cater to the growing demand, SRB is expanding both hangar as well as office space. To this end, the Group has leased a newly completed hangar in Subang from Aerotree Flight Services Sdn Bhd with a total hangar and office floor space of 40,000 square feet. The said hangar is expected to be operational in the second quarter of 2015. As reported last year, the Group has also signed a long-term lease agreement with Senai Airport Terminal Services Sdn Bhd ("SATSSB") to operate two hangars at the Senai Airport with a total hangar and office floor space of 65,000 square feet. The facilities are expected to be operational by the second quarter of 2015. In our latest joint venture with ISY, construction work on the new hangar building is expected to commence by end 2015, with targeted completion within a year.

#### Education Sector

The SRB Group's interest in the education sector is represented by its 49% stake in the APIIT Education Group, made up of the Asia Pacific University of Technology and Innovation ("APU"), Asia Pacific Institute of Information Technology ("APIIT"), Asia Pacific Smart School ("APSS") and Asia Pacific International School ("APIS"). Despite a challenging environment, all the institutions continue to register growth in student enrolment.

The APIIT Education Group has always demonstrated its prowess in national and international competitions and 2014 was no exception to the rule. A team of students from APSS was crowned Champions for the Lower Secondary School Category at the RHB-The Star Mighty Minds National Challenge 2014.

At the CME Group Trading Challenge, an electronic trading competition in a simulated real-time trading environment, the APIIT Education Group was pitted against universities from the United States, Europe and Asia and achieved fourth placing. The APIIT Education Group also walked away with both the Gold and Bronze Awards at the 25th International Invention, Innovation and Technology Exhibition.

The APIIT Education Group did exceptionally well at the Model United Nations ("MUN") Club Competitions, where we outshone all the other private institutions by winning three major awards and an honorary mention. The APIIT Education Group's students also stood out in the Malaysian Materials Lecture Competition 2014 where the students bagged the Second Prize and emerged First Runner-up in the CIMA Global Business Challenge Malaysia. The taekwondo team continued its winning performance at state and national levels, alongside the more experienced national and state level proponents.

APU has always strived to create holistic, entrepreneurial and balanced graduates. To further strengthen APU's focus on producing industry-ready, employable and entrepreneurial graduates, more alliances and collaborations have been forged with notable industry partners in the areas of financial services, technology, manufacturing and logistics, among others. The collaboration with our industry partners covers industry advisory, internships, job placements, career talks and career fairs. Students and staff thus benefit from the inputs, advice and experience of these esteemed industry partners. This is in line with the recently unveiled Malaysian Higher Education Blueprint 2015-2025,

### **OUTLOOK & PROSPECTS**

As an open economy, Malaysia's economic outlook is susceptible to international developments. Notwithstanding the sharp decline in global oil prices, BNM has projected that the Malaysian economy will grow by between 4.5 % and 5.5% in 2015. (Source: Bank Negara Annual Report 2014). Growth is expected to be sustained by strong domestic fundamentals and a resilient export sector.

Rental rates for office space are expected to remain stagnant in 2015 due to an anticipated incoming supply of nearly six million square feet (Source: WTW). With the large supply of office space expected over the next few years, the outlook would remain challenging in the office space sector.

Meanwhile, the proposed Lot 91 development has commenced in April 2015 with piling and other substructure works with an estimated development period of five years and is expected to be fully completed by the end of 2019.

The Group is repositioning its focus in aviation given the competitive environment and long lead-time to secure the management of individual aircraft from private owners. Special emphasis is now being placed on pursuing annuity service contracts for management of aircrafts related to utility and special purpose missions. This includes mission critical operations covering medical evacuation, search & rescue (SAR), maritime & hotspot surveillance, and aircraft charter for tourism and Umrah.

For the Group's Education Sector, the coming financial year will remain challenging. However, the APIIT Group will continue to seek opportunities to open up new markets and diversify its programme offerings, while staying focused on quality enhancement, operational efficiency and capacity expansion.

### **ACKNOWLEDGEMENTS**

The pace of activity in FY2015 has been demanding on our people. We would like to say thank you and we look forward to their continuous support going forward to realise the Group's objectives.

The relationships that we established with our customers, business associates, respective government agencies and suppliers are also crucial to the success of our business. To our shareholders, many of whom have supported us for many years, we appreciate your patience, trust and investment in SRB. To all of you, we say thank you for supporting us over the years.

The Board has the breadth and depth of knowledge and experience to steer the Group forward. During the year, we were saddened by the demise of Datuk Khalid Bin Abdul Karim, who has been a long-time member of the Board, and until his demise was the Chairman of the Board Audit Committee (BAC) as well as Member of the Board Nomination & Remuneration Committee (BNRC). His presence and wise counsel will be deeply missed and the Board extends its heartfelt condolences to his family.

SRB remains an evolving entity and decisions and actions we have taken over the past years have set the Group up for the next chapter of its ongoing development.

## ●● Board of Directors



- **DATO' SHAHRIMAN BIN SHAMSUDDIN**  
Managing Director
- **TAN SRI DATO' SERI SHAHRIL BIN SHAMSUDDIN**  
Non-Independent Non-Executive Director
- **TAN SRI DATUK AMAR (DR.) HAMID BIN BUGO**  
Senior Independent Non-Executive Director

*( From left to right )*



- 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

*(From left to right)*

## ●● Directors' Profile



### ●● **DATO' SHAHRIZAN BIN SHAMSUDDIN** Managing Director

Dato' Shahrizan bin Shamsuddin, a Malaysian, aged 46, was 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 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.

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



● ● **TAN SRI DATO' SERI SHAHRIL BIN SHAMSUDDIN**  
Non-Independent Non-Executive Director

Tan Sri Dato' Seri Shahril bin Shamsuddin, a Malaysian, aged 54, 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.

Tan Sri Shahril is also the President and Group Chief Executive Officer of Sapura Group, a long-established business in Malaysia since 1975 with a diversified portfolio ranging from education, aviation services, property development and management, industrial and automotive component manufacturing as well as secured communications technologies. He is also serving as President and Group Chief Executive Officer and Executive Director of SapuraKencana Petroleum Berhad and is a Non-Independent Non-Executive Director and Deputy Chairman of Sapura Industrial Berhad.

Tan Sri Shahril is a member of the Massachusetts Institute of Technology Sloan Asian Executive Board, a member of Universiti Teknologi Malaysia's International Advisory Panel

as well as an active participant of the World Economic Forum. He is also a member of Board of Trustees, Treasurer and Executive Committee member of the Perdana Leadership Foundation.

In recognition of his achievements and contributions to society, he has been awarded with 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. Tan Sri Shahril was presented the Man of the Year Award 2014 by The Oil and Gas Year.

Tan Sri Shahril holds a MSc in Management of Technology from MIT Sloan School of Management and BSc in Industrial Technology from California Polytechnic State University.

## ●● Directors' Profile (cont'd)



### ●● **TAN SRI DATUK AMAR (DR.) HAMID BIN BUGO** Senior Independent Non-Executive Director

Tan Sri Datuk Amar (Dr.) Hamid bin Bugo, a Malaysian, aged 69, was appointed to the Board of Sapura Resources Berhad as an Senior Independent Non-Executive Director on 25 August 2009. Tan Sri Hamid is also the Chairman 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. Tan Sri Hamid is a recipient of an Excellent Award from the American Association of Conservation Biology.

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. He has sat on the Boards of various companies and statutory bodies including Malaysian Airline System Berhad, Malaysia LNG Sdn. Bhd., Employees Provident Fund Board, Universiti Malaysia Sarawak and Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia) and was also the Founding Chairman of the Sarawak Biodiversity Centre.

Currently Tan Sri Hamid sits on the Board of SapuraKencana Petroleum Berhad and Chairman of Sarawak Consolidated Industries Berhad. Tan Sri Hamid also sits on the board of Sime Darby Berhad Group and X-Fab Silicon Foundries S.E.

Tan Sri Hamid is a Council member of the Institute of Integrity Malaysia and a member of the Malaysian Anti-Corruption Commission Operation Review Committee. Tan Sri Hamid is also active in charitable activities as Chairman of Yayasan Kemajuan Insan Sarawak and Chairman of the State Library Sarawak.



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

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

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 began her career in the Malaysian Administration and Diplomatic Services from 1966 to her retirement in 1997 during which she served numerous departments within the Government, amongst others, the Public Services Department and the Implementation and Coordination Unit of the Prime Minister's Department.

Dato' Fauziah also sits on the Board of KAFSeagroatt & Campbell Berhad.

## ●● Directors' Profile (cont'd)

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

Dato' Muthanna bin Abdullah, a Malaysian, aged 55, was appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 18 December 2008. Dato' Muthanna is also the Chairman of the Board Audit Committee and a member of the 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.



● **MS GEE SIEW YOONG**  
Independent Non-Executive Director

Ms GEE SIEW YOONG, a Malaysian, aged 64, was 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 and Board Nomination and Remuneration Committee.

Ms GEE is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. She began her career with Messrs Price Waterhouse in 1969 and her last position there was as the Senior Audit Manager and Continuing Education Manager before she left in 1981. 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 which was undergoing reorganisation 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 the 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 several boards of public listed companies. Currently she is an Independent Non-Executive Director of SapuraKencana Petroleum Berhad whereby she is a member of its Board Audit Committee and Board Nomination Committee. She is also an Independent Non-Executive Director of Telekom Malaysia Berhad and is the Chairman of its Audit Committee as well as a member of its Risk Committee and Board Investment Committee. In addition, Ms GEE is a board member of Malaysia Smelting Corporation Berhad whereby she is a member of its Audit Committee and Remuneration Committee.

## ● Directors' Profile (cont'd)



### ●● **DATO' RODZLAN AKIB BIN ABU BAKAR** Executive Director

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

Dato' Rodzlan Akib graduated from the University of Malaya 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.

Dato' Rodzlan Akib have had experience in senior management, with exposures in both large local and multinational (MNC) operations. He joined the Sapura Group in 2002 as the 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 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.

## •• Additional Information on Board of Directors

### 1. FAMILY RELATIONSHIP WITH DIRECTOR AND/OR MAJOR SHAREHOLDER

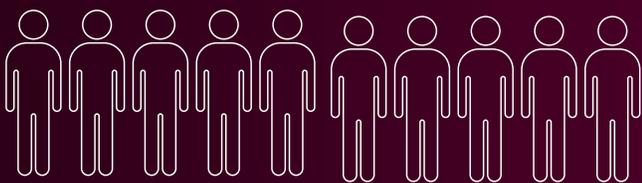
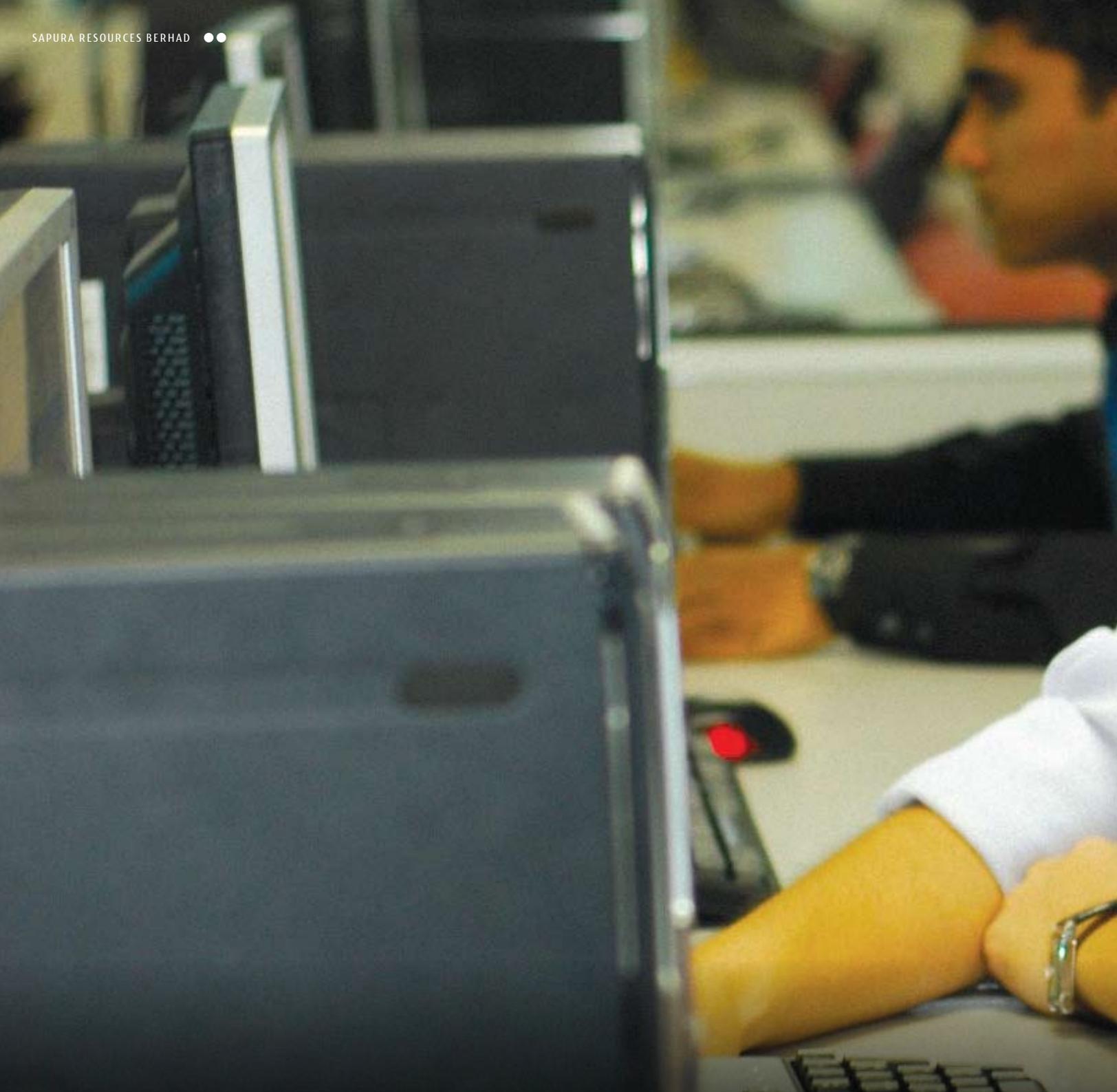
None of the Directors of the Company has any family relationship with the other Directors and/ or Major shareholders of the Company save for Tan Sri Dato' Seri Shahril bin Shamsuddin and Dato' Shahrman bin Shamsuddin who are brothers. None of the Directors of the Company have any conflict of interest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

### 2. CONFLICT OF INTEREST

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

### 3. CONVICTIONS FOR OFFENCES

None of the Directors of the Company has 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 – Reaching Out



Sapura Flood Relief



From our early days, Sapura Group's corporate social responsibility programmes (CSR) have always centred around our collective compassion for others. We believe that CSR extends beyond any corporate regulations, as it is something that we practise on a daily basis. It is a moral obligation to do whatever we can to improve the quality of life for our employees, their families as well as the local community and society as a whole. We never take CSR for granted and we place the highest priority

on helping people in need. A great deal of thought and effort have gone into translating this goal into the many CSR programmes that we undertake each year either as a Group or as individual companies.

**Sapura Community.** Formed as an employee welfare and social club, Sapura Community is a common thread that binds our people together as we realise our CSR objectives both internally and externally. It is a platform for our management and staff to come together and be engaged in welfare work, charity projects as well as a host of sports and recreation activities.



Anugerah Cendekiawan Sapura



Sapura Community White Water Rafting

**Flood Relief Mission.** When the worst floods in decades battered the east coast of Peninsular Malaysia in December 2014, the Group was quick to respond in setting up the Sapura Group Flood Relief Mission. Volunteers from the Group packed emergency flood relief supplies which included packages of basic food items for the various relief centres set up in the affected states. The Group also provided medical supplies as requested by medical volunteers as well as walkie-talkies for the emergency response team. All supplies were transported to relief centres in Kelantan, Terengganu as well as Pahang.

Sapura volunteers were also mobilised to assist in the clean-up efforts of schools and public areas after the floods had subsided. As it was also the start of a new school term, we also helped families with school-going children with back-to-school necessities such as uniforms, shoes and stationery items.

**Inspiring Future Generations.** As a Group that aspires towards excellence, Anugerah Cendekiawan Sapura honours the best and the brightest among the children of our employees. For the past five years, the award has been conferred to more than 300 students who have demonstrated tremendous potential in the Malaysian public examinations.

Anugerah Cendekiawan Sapura has now evolved to emphasise and encourage the development of holistic individuals who not only excel academically but also actively commits themselves in extra-curricular, society-engagement activities and displays strong leadership qualities.

To this end, Sapura Community introduced a new award aptly named Anugerah Cemerlang Siti Sapura. It is in honour of the late Puan Sri Siti Sapura Husin who was a great believer in nurturing the potential of our future generations.

**Team Building.** Sapura Community is also a medium where we organise activities to promote the spirit of camaraderie and teamwork among employees. Last year, employees across the Group participated in a White Water Rafting Challenge that took place at Sungai Slim, Perak.

## ● Corporate Social Responsibility – Reaching Out (cont'd)



Ipoh Resource Centre



Kampung Aji, Perak



Sapura Community Blood Donation Drive

**Disadvantaged Communities.** Now into its third year, the Group continues to support the MyKasih 'Love My Neighbourhood' Programme to benefit some 300 disadvantaged households in Jerlun, Kedah. The unique feature of the programme is that aid is disbursed to targeted beneficiaries through a cashless payment system. At selected participating outlets, beneficiaries can pay for their items electronically by using their MyKad.

This small contribution to their personal households is meant to assist in purchasing much-needed basic food items for the families identified.

**Sapura Foundations.** Our two foundations, Yayasan Shamsuddin Abdul Kadir and Yayasan Siti Sapura Husin continue to support underprivileged communities including orphans, single mothers, the blind and other disadvantaged groups.

While we continue to support various causes over the course of the year, our longer-term projects are the true test of our commitment. Yayasan Siti Sapura Husin together with Universiti Teknologi Petronas strive to develop surrounding communities with sustainable economic growth, social well-being and nurture a knowledge-driven culture.



Sapura Group Aidilfitri Open House

Our pilot project was launched in Kampung Aji, Perak to benefit single mothers, the elderly and children. This project focuses on alleviating their hardship from issues related to women exploitation, illiteracy, poverty and breakdowns in the family unit.

The Kampung Aji project has since provided a platform for single mothers to participate in activities which generate sustainable income for them.

**A Tradition of Sharing.** The Sapura Group has a long tradition of celebrating and sharing the many festivities in the country with the less fortunate. Last year, we were delighted to share the joys and bliss of Ramadhan and Syawal



APU Volunteers and Community Service Group

with our employees and orphans from various homes around Selangor at the Sapura Majlis Berbuka Puasa and Aidilfitri Open House.

**Annual Scholarships.** For many years, the APIIT Education Group has teamed up with leading Malaysian media and sports associations to award scholarships to deserving students. In FY2015, scholarships were awarded to 13 students to enable them to pursue their Bachelor of Science (Hons) degrees. These awards were through The Sun -MAPCU (Malaysian Association of Private Colleges and Universities) Higher Education Scholarship Fund, the Sin Chew Daily Education Fund and the Nanyang Education Fund. The Group is also collaborating with the Malay Cricket Association of Malaysia to sponsor talented Bumiputra students to pursue their studies at Asia Pacific University (APU).

**The spirit of volunteerism.** During the year, the teachers and students of the APIIT Education Group also volunteered their time and effort in support of many community projects. This includes a volunteering programme at Zoo Negara where students and staff helped to spruce up animal enclosures and surrounding areas. The APU Volunteer & Community Service Group also participated in a community and village adoption programme, aimed at promoting eco-tourism for the Masliba Community in Balingian, Sarawak.

**Moving forward.** Our various community development and outreach programmes are a manifestation of Sapura Group's philosophy of sharing its success with those in need. We have come a long way and our CSR programmes will continue to evolve as we strive to empower individuals and communities and support activities that deliver a meaningful and sustainable impact.





# “Agile

We will constantly look for new business 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 supports the Principles and Recommendations as set out in the Malaysian Code of Corporate Governance 2012 (“the MCCG 2012”). The Board recognises the importance of protecting and enhancing shareholders’ value through building a sustainable business by implementing and maintaining high standards of corporate governance in managing the business affairs of the Company. This Statement sets out the key aspects of how the Company has applied the principles and recommendations of MCCG 2012 during the financial year ended 31 January 2015.

## THE BOARD OF DIRECTORS

### Board Roles and Responsibilities

The Board is responsible in establishing corporate goals and strategic direction and assuming responsibility for effective stewardship of the business and affairs of the Company to enhance long term shareholders’ value. 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 and implements investor relations programmes for the Group. The Group is mindful of the importance of business sustainability in developing the business operation and corporate strategies which have direct or indirect impact to the workplace, community and environment. The Group’s efforts on environmental and social during the financial year are set out in the Statement of Corporate Social Responsibilities of this Annual Report.

### Board Composition

Throughout the financial year under review the Board had eight (8) members comprising six (6) Non-Executive Directors, of whom five (5) are Independent, one (1) Managing Director and one (1) Executive Director. The composition of Independent Non-Executive Directors is higher than the minimum prescribed in the Main Market Listing Requirements (“MMLR”) of at least one-third (1/3) of the Board. The number of Directors was reduced to seven (7) with the passing of Datuk Khalid bin Abdul Karim on 12 March 2015.

The Board has a good combination of a Managing Director and Executive Director who both have in-depth knowledge of the Group’s business and affairs and of Non-Executive Directors who bring a broader perspective on the Group’s activities such as policy and strategy, performance monitoring, governance and controls. Together, the Board constituted of individuals with wide entrepreneurship and business skills relevant to the direction and activities of the Group.

With regard to diversity of the Board, the Company endeavours to have a balanced representation in terms of gender, ethnicity and age. Currently the Board has two (2) female Independent Non-Executive Directors on Board namely Dato’ Fauziah binti Dato’ Ismail and Ms Gee Siew Yoong. The Company practices recruitment of Directors based on meritocracy.

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.

The Directors’ profile is set out on pages 18 to 25 of this Annual Report.

## ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### The roles of the Chairman, Managing Director and Executive Director

Following the retirement of Tan Sri Dato’ Seri Ir. Shamsuddin bin Abdul Kadir as the Chairman of the Company on 31 January 2012, no Chairman has been appointed to replace him. The Board is of the view that the strong presence of Independent Directors aided by the Directors in their executive roles enables an orderly and effective functioning Board to provide effective leadership, strategic direction and necessary governance to the Group.

The Board is assisted by Senior Management and the Company Secretary in terms of ensuring that the Board meets regularly throughout the year and all Directors are to 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.

In terms of proceedings 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 Board develops 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 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.

The Executive Director is responsible for developing new business models and initiatives to support realisation of the Group's strategies. With his 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, organisation structure, core competencies and supporting technologies to enhance the productivity and efficiency of operations.

#### **Senior Independent Director**

During the financial year under review, Datuk Khalid bin Abdul Karim was the Senior Independent Non-Executive Director of the Board. With his demise on 12 March 2015, Tan Sri Datuk Amar (Dr) Hamid bin Bugo has been appointed 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.

#### **Independence of Directors**

The Independent Non-Executive Directors comprise a majority of the Board members 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 the Independent Directors confers a strong independent element on the Board especially in areas where the interests of the Management, the Company and shareholders may diverge. They play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision making process.

#### **Board Meetings and Procedure**

Board meetings for the ensuing financial year are scheduled in advance to facilitate the Directors to plan and organise their respective schedules for the year. The 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.

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

## Corporate Governance Statement (cont'd)

### Time Commitment

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 2015, ten (10) Board meetings were held. The attendance at Board meetings of the Directors is set out as follows:

Name of Directors	Position	Meetings Attendance
Dato' Shahriman bin Shamsuddin	Managing Director	8/10
Tan Sri Dato' Seri Shahril bin Shamsuddin	Non-Independent Non- Executive Director	6/10
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	Independent Non- Executive Director	10/10
Datuk Khalid bin Abdul Karim	Senior Independent Non- Executive Director	6/10
Dato' Fauziah binti Dato' Ismail	Independent Non-Executive Director	8/10
Dato' Muthanna bin Abdullah	Independent Non-Executive Director	7/10
Gee Siew Yoong	Independent Non- Executive Director	10/10
Dato' Rodzlan Akib bin Abu Bakar	Executive Director	10/10

All Directors have complied with the minimum 50% requirement on attendance at Board meetings as provided for under the MMLR. Each member of the Board holds not more than five (5) directorships in public listed companies. This ensures that the Board's commitment, resources and time are focused on the affairs of the Group to enable them to discharge their duties effectively. The Directors shall notify the Company before accepting any new directorships in other public listed companies.

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities.

### 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, as well as the 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.

### Training and Development of Directors

The Board, via the BNRC continues to identify training programmes based on an assessment of the training needs of the directors to keep abreast on changes in the business, legislations and regulations affecting the Group. All Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Securities.

The Directors have participated in many training programs, seminars and briefings in areas of governance, industry, finance and regulatory developments. During the financial year under review the Board members attended at least one of the training programs, seminars and briefings as follows:

- In house training program covering:
  - o Corporate Governance
  - o Whistle Blowing & Cyber Fraud
  - o Crisis Management – A Practical Approach
  - o Common mistakes made by Directors – real life examples
  - o Best practices in promoting boardroom effectiveness and accountability
  - o Challenges in relation to financial reporting
- Anti Money Laundering & Anti Terrorism Financing for Directors & Senior Management
- Minda Breakfast Talk: Building Excellent, Ethical and Enduring Organisations
- Corporate Directors Advanced Programme (CDAP) 2014 : Ethics in Business
- GST & Income Tax briefing

## STRENGTHEN COMPOSITION

### Board Committees

The Board has delegated specific responsibilities to two (2) board committees namely the Board Audit Committee and the Board Nomination and Remuneration Committee which operate their functions within their respective defined terms of reference. The board committees have the authority to examine particular issues and will report to the Board with their recommendations. The Board, however, makes the final decision on all matters in the best interest of the Company.

### Board Audit Committee (“BAC”)

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

### Board Nomination and Remuneration Committee (“BNRC”)

During the financial year under review, 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 (A member of the BNRC prior his appointment as the Chairman of BNRC on 7 May 2015)
2. Dato’ Muthanna bin Abdullah (A member of the BNRC)
3. Gee Siew Yoong (Appointed as a member of BNRC on 7 May 2015)

### Appointment process

The BNRC is empowered by the Board and its terms of reference to bring to the Board recommendations as to the appointment of new Directors and Board Committees; evaluate the effectiveness of the Board as a whole, Board Committees and individual Director; assess the required mix of skills, experience, diversity and other qualities of the Director, including core competencies. In assessing the suitability of candidates, considerations are given to the character, competencies, commitment, experience and diversity on Board.

### Board Evaluation

The BNRC is responsible to review 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 acknowledged that the Board members have the required mix of skills, experience, diversity and other qualities of the Director, including core competencies. The BNRC is also satisfied with the effectiveness of the Board and evaluation of the Board as a whole, individual Director and Board Committees.

## Corporate Governance Statement (cont'd)

During the financial year under review, no BNRC meeting was held and matters for consideration of the BNRC namely the re-election and re-appointment of Directors were considered and engaged in informal meetings, telephone/email discussions and their recommendations were subsequently reduced to circular resolutions of the BNRC. There was also no consideration on the remuneration of the Managing Director, Executive Director and fees for Directors as they were not subject to annual adjustments.

### Re-election and Re-appointment of Directors

In accordance with the Company's Articles of Association, one third (1/3) of the directors shall retire from office and be eligible for re-election at each 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.

### Diversity

The Board is committed to provide fair and equal opportunities within the Group and acknowledges the importance of boardroom and workplace diversity. The Company is committed to workplace diversity and that the workplace is fair, accessible, flexible and inclusive and free from discrimination.

### 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 calibre, experience and quality needed to lead the Group successfully.

#### Remuneration Procedure

The BNRC recommends to the Board the framework and remuneration packages of the Managing Director and Executive Director whilst the Non-Executive Directors' remuneration will be a matter to be decided by the Board as a whole.

The details of remuneration of the Directors of the Company for the financial year ended 31 January 2015 are as follows:

Directors' Remuneration	Salary, Bonus and EPF RM'000	Allowances and Benefits in Kind RM'000	Fees RM'000	Total RM'000
Executive Directors	2,964	332	50	3,346
Non-Executive Directors	–	65	186	251
Total	2,964	397	236	3,597

The number of Directors of the Company in each remuneration band is as follows:

Range of Remuneration (RM)	Executive	Number of Directors Non-Executive	Total
Below RM50,000	0	5	5
RM50,001 – RM100,000	0	1	1
RM1,550,001 – RM1,600,000	1	0	1
RM1,750,001 – RM1,800,000	1	0	1
TOTAL	2	6	8

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Board aims to present a balanced and clear assessment of the Group's financial performance and prospects in presenting the annual financial statements and quarterly reports as well as announcements to the Bursa Securities. The Board is assisted by the BAC in reviewing the Group's financial reporting process and accuracy of its financial results, and scrutinising information for disclosure to ensure compliance with the accounting standards, accuracy, adequacy and completeness.

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 2015, 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 is set out on page 48 of this Annual Report.

### Risk Management and Internal Control

The Group has in place a Contract and Risk Management Working Committee and maintains an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. 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 under review, 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 is set out on page 46 – 47 of this Annual Report.

### External 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.

The BAC is empowered to review the resignation and suitability of re-appointment of External Auditors. The External Auditors had confirmed in their annual audit plan on their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirement. The External Auditors were invited to attend the BAC meetings where the Group's final quarter and annual financial results are considered and discussed. The Group works closely with External Auditors and seeks their professional advice to ensure compliance with applicable accounting standards and statutory requirements. The BAC is satisfied with the competency and independence of External Auditors and recommended their reappointment to the Board and shareholders' approval at the forthcoming Annual General Meeting

## ● Corporate Governance Statement (cont'd)

### 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 and/or the Chief Financial Officer 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](http://www.sapura.com.my) where shareholders and stakeholders can access for information regarding the Group.

#### General Meetings

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. The Board encourages participation at general meetings and will generally carry out resolutions by show of hand, unless otherwise demanded by shareholders in accordance with the Articles of Association of the Company.

During the financial year under review, an Extraordinary General Meeting of the Company ("EGM") was held on 19 June 2014 in relation to the acquisition of the 50% equity interest in Impian Bebas Sdn Bhd as well as the diversification into property development. The EGM provided shareholders with the opportunity to participate in discussions relating to the acquisition and subsequently to vote on the same.

### COMPLIANCE WITH THE MCCG 2012 ON CORPORATE GOVERNANCE

The Board believes that the principles and recommendations set out in the MCCG 2012 have, in all material respects, been adhered to and complied with as set out in this statement and to the extent that they were found to be suitable and appropriate to the Company's circumstances.

This statement is made in accordance with a resolution of the Board of Directors dated 7 May 2015.

# Board Audit Committee Report

## COMPOSITION

The Board Audit Committee ("BAC" or "Committee") comprises the following:-

	Position
Datuk Khalid bin Abdul Karim Senior Independent Non-Executive Director (Chairman of the BAC throughout the financial year under review demised on 12 March 2015)	Chairman
Dato' Muthanna bin Abdullah Independent Non-Executive Director (A member of the BAC prior to his appointment as the Chairman of BAC on 26 March 2015)	Chairman & Member
Gee Siew Yoong Independent Non-Executive Director (A member of the BAC)	Member
Dato' Fauziah binti Dato' Ismail Independent Non-Executive Director (Appointed as a member of BAC on 26 March 2015)	Member

The Committee express their appreciation to late Datuk Khalid bin Abdul Karim for his services and contribution during the tenure.

## MEETINGS

For the financial year ended 31 January 2015, five (5) BAC meetings were held. Details of attendance of each member at the Committee meetings are as follows:

Members	Meetings Attendance
Datuk Khalid bin Abdul Karim	2 out of 5
Dato' Muthanna bin Abdullah	5 out of 5
Gee Siew Yoong	5 out of 5

## TERMS OF REFERENCE

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").

## ● Board Audit Committee Report (cont'd)

### 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.

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

### MEETING PROCEDURE

#### (a) Meeting and Attendance

Meetings shall be held not less than four (4) times a year, and will normally be attended by the 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 announcement 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.

## ● Board Audit Committee Report (cont'd)

- (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.

### SUMMARY OF ACTIVITIES OF THE COMMITTEE

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

- The audited financial statements of SRB Group for financial year ended 31 January 2015.
- 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 reports which highlighted Internal Audit observations and recommendations relating to the operations of the Company and its subsidiaries.

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

## INTERNAL AUDIT FUNCTION

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 reports and Management's responses are circulated to the Managing Director and Executive Director, relevant Heads of Department and subsequently tabled at the BAC Meetings. The cost incurred for Internal Audit Department is RM308,039 for the financial year ended 31 January 2015.

The BAC Report is made in accordance with the resolution of the Board of Directors dated 7 May 2015.

# • 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 recognises its responsibility for the Group's system of risk management and internal control as well as reviewing its effectiveness, adequacy and integrity. While recognising their responsibility for the system of risk management and internal control, the Directors are aware that such a system is designed to manage instead of eliminating risks, hence are not able to 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 and joint controlled entity companies as the Board does not have full management and control over them. The Group's interest is served through representations on the boards of the respective associate and joint controlled companies. These representations also provide the Board with information for timely decision-making on the continuity of the Group's investments based on the performance of the associate and joint controlled 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 audit plan and current year work, which adopts a compliance, operation and financial audit review. Internal Audit department 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 improvement identified during the course of the statutory audit by External Auditors are brought to the attention of the BAC through management letters or are articulated at the BAC meetings.

Minutes and/or matters arising from the BAC meetings are brought to the attention of the Board. The Report of the BAC is set out on pages 41 to 45 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 risk management process in identifying, evaluating, monitoring, managing and reporting of risk and internal control. Management through its Risk Management Working Committee in particular will meet periodically to cover the whole Group's risk management process.

## 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 and business plans.
- There is a management reporting system whereby operations and 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 CONTROLS

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. There is a regular meeting by management through the Risk Management Working Committee to discuss matters relating to risks and risk management.

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 2015. 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 7 May 2015.

# • 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 ensuring that the financial statements of the Group are drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 January 2015 and the results and cashflows of the Group and the Company for the financial year ended on that date.

In preparing the financial statements, the Directors have:

- a. Adopted suitable accounting policies and applied them consistently;
- b. Made judgements and estimates that are reasonable and prudent;
- c. Ensured the adoption of applicable approved accounting standards; and
- d. Used the going concern basis for the preparation of the financial statements.

The Directors are responsible for ensuring proper accounting records are kept which disclose with reasonable accuracy of the financial position of the Group and Company and are kept in accordance with 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

### 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 2015 amounted to RM101,500 and RM101,500 (2014 : RM6,000 and RM6,000).

### 2. MATERIAL CONTRACTS

During the financial year ended 31 January 2015, there were no material 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 were no share buy-back transactions undertaken by the Company during the financial year ended 31 January 2015.

### 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 ended 31 January 2015.

### 5. OPTION, WARRANTS AND CONVERTIBLE SECURITIES

There were no exercise of options, warrants and convertible securities during the financial year ended 31 January 2015.

### 6. VARIATION IN RESULTS

There was no variance of 10% or more between the audited results of the financial year ended 31 January 2015 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 ended 31 January 2015.

### 8. PROFIT GUARANTEES

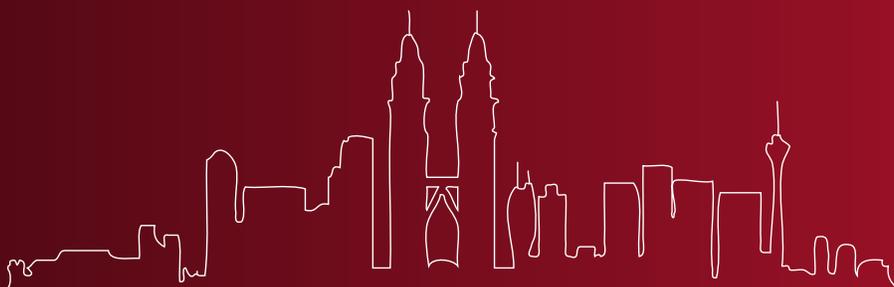
There were no profit guarantees given by the Company and its subsidiaries during the financial year ended 31 January 2015.

### 9. IMPOSITION OF SANCTIONS AND /OR PENALTIES

There were no sanctions and/or penalties imposed on the Company, its subsidiaries, Directors or Management by the relevant regulatory authority during the financial year ended 31 January 2015.

### 10. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

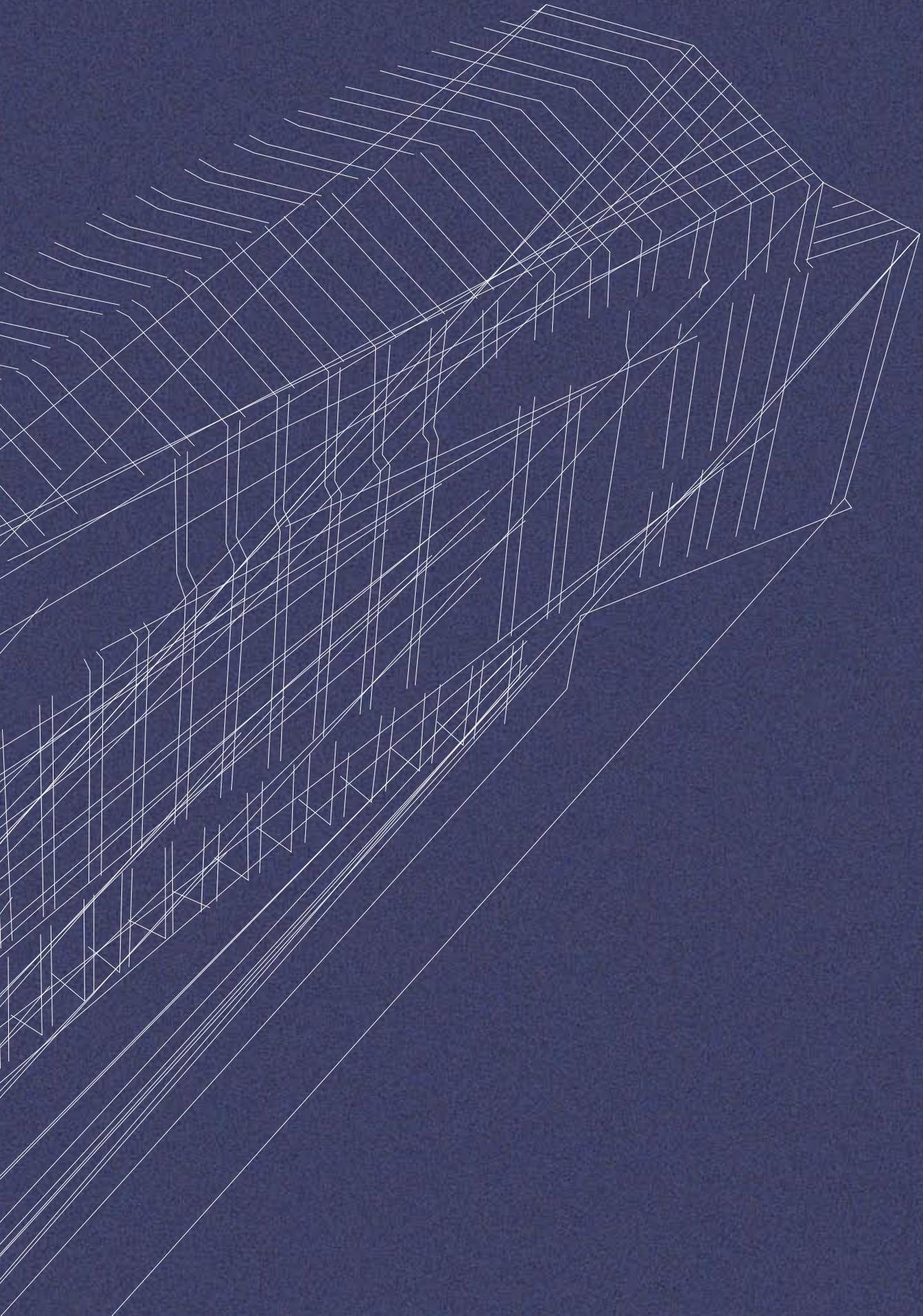
There was no shareholders' mandate obtained for recurrent related party transactions entered into by the Company and/ or its subsidiaries during the financial year ended 31 January 2015.





# “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 2015.

## 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	23,608	(811)
Profit/(loss) attributable to:		
Owners of the parent	23,608	(811)
Non-controlling interest	–	–
	<u>23,608</u>	<u>(811)</u>

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the bargain purchase gain arising from the acquisition of a joint venture stated in Note 16(a) of the financial statements.

## DIVIDENDS

The amounts of dividends declared by the Company since 31 January 2014 were as follows:

	RM'000
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	<u>9,036</u>

The directors do not recommend the payment of any 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 (demised on 12 March 2015)  
 Dato' Fauziah binti Dato' Ismail  
 Dato' Muthanna bin Abdullah  
 Gee Siew Yoong  
 Dato' Rodzlan Akib bin Abu Bakar

## 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 31.1.2015
	At 1.2.2014	Acquired	Transfer	
<b>Sapura Resources Berhad - the Company</b>				
<b>Direct Interest</b>				
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
<b>Indirect Interest</b>				
Tan Sri Dato' Seri Shahril bin Shamsuddin	72,372,772	—	—	72,372,772
Dato' Shahrman bin Shamsuddin	72,372,772	—	—	72,372,772

## ● Directors' Report (cont'd)

	Number of ordinary shares of RM1 each			At 31.1.2015
	At 1.2.2014	Acquired	Transfer	
<b>Sapura Holdings Sdn. Bhd. - holding company</b>				
<b>Ordinary Shares</b>				
<b>Direct Interest</b>				
Tan Sri Dato' Seri Shahril bin Shamsuddin	30,147,187	—	—	30,147,187
Dato' Shahrman bin Shamsuddin	30,147,187	—	—	30,147,187
<b>Indirect Interest</b>				
Tan Sri Dato' Seri Shahril bin Shamsuddin	11,165,626	—	—	11,165,626
Dato' Shahrman bin Shamsuddin	11,165,626	—	—	11,165,626
<b>Preference Shares (Class "A" at RM0.10 each)</b>				
<b>Direct Interest</b>				
Tan Sri Dato' Seri Shahril bin Shamsuddin	10,000	—	—	10,000
<b>Preference Shares (Class "B" at RM0.10 each)</b>				
<b>Direct Interest</b>				
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 37 to the financial statements.

**SUBSEQUENT EVENTS**

Details of subsequent events are disclosed in Note 38 to the financial statements.

**AUDITORS**

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 7 May 2015.

DATO' SHAHRIMAN BIN SHAMSUDDIN

DATO' RODZLAN AKIB BIN ABU BAKAR

## Statement by Directors

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

We, Dato' Shahrman bin Shamsuddin and Dato' Rodzlan Akib bin Abu Bakar, 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 121 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 2015 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 40 on page 121 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 7 May 2015.

DATO' SHAHRIMAN BIN SHAMSUDDIN

DATO' RODZLAN AKIB BIN ABU BAKAR

## 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 121 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 7 May 2015

SHAMSUL ANUAR BIN MUSA

Before me,

# 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 2015 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 121.

#### *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 2015 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 40 on page 121 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  
7 May 2015

MUHAMMAD AFFAN BIN DAUD  
No. 3063/02/16(J)  
Chartered Accountant

# Statements of Comprehensive Income

For the year ended 31 January 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Continuing operations:					
Revenue	4	39,575	37,691	32,699	26,870
Operating expenses		(55,823)	(53,536)	(34,765)	(32,000)
Other income		2,753	3,333	3,332	3,607
(Loss)/profit from operations		(13,495)	(12,512)	1,266	(1,523)
Finance costs	5	(2,155)	(852)	(2,084)	(844)
Share of result of associates		24,849	22,205	–	–
Share of result of joint venture		14,198	35	–	–
Profit/(loss) before tax	6	23,397	8,876	(818)	(2,367)
Taxation	9	211	601	7	647
Profit/(loss) after tax, representing total comprehensive income/(loss) for the year		23,608	9,477	(811)	(1,720)
Profit/(loss), representing total comprehensive income/(loss) attributable to:					
Owners of the parent		23,608	9,477	(811)	(1,720)
Non-controlling interest		–	–	–	–
		23,608	9,477	(811)	(1,720)
Earnings per share attributable to owners of the parent (sen):					
Basic/diluted	10	16.91	6.79		

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

# Statements of Financial Position

As at 31 January 2015

	Note	2015 RM'000	Group 2014 RM'000	2015 RM'000	Company 2014 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	11	42,651	46,303	6,366	9,368
Investment properties	12	127,401	131,179	127,401	131,179
Intangible assets	13	–	–	–	–
Investment in subsidiaries	14	–	–	14,195	14,195
Investment in associates	15	159,461	142,262	41,596	41,596
Investment in joint venture	16	134,611	1,445	119,508	–
		<u>464,124</u>	<u>321,189</u>	<u>309,066</u>	<u>196,338</u>
<b>Current assets</b>					
Inventories	17	38	19	–	–
Trade and other receivables	18	11,193	7,540	44,081	32,145
Prepayments		3,574	91	1,381	88
Tax recoverable		507	97	–	–
Other current financial assets	19	435	36,451	435	36,451
Cash and bank balances	20	44,095	5,038	41,002	3,089
		<u>59,842</u>	<u>49,236</u>	<u>86,899</u>	<u>71,773</u>
<b>Total assets</b>		<u>523,966</u>	<u>370,425</u>	<u>395,965</u>	<u>268,111</u>
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	21	17,748	15,359	13,196	12,061
Loans and borrowings	22	2,501	490	2,404	462
Tax payable		–	–	87	–
		<u>20,249</u>	<u>15,849</u>	<u>15,687</u>	<u>12,523</u>
<b>Net current assets</b>		<u>39,593</u>	<u>33,387</u>	<u>71,212</u>	<u>59,250</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities	24	6,653	7,039	919	1,216
Loans and borrowings	22	127,478	1,559	127,264	1,466
		<u>134,131</u>	<u>8,598</u>	<u>128,183</u>	<u>2,682</u>
<b>Total liabilities</b>		<u>154,380</u>	<u>24,447</u>	<u>143,870</u>	<u>15,205</u>
<b>Net assets</b>		<u>369,586</u>	<u>345,978</u>	<u>252,095</u>	<u>252,906</u>
<b>Equity attributable to owners of the parent</b>					
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	227,405	203,797	111,395	112,206
<b>Total equity</b>		<u>369,586</u>	<u>345,978</u>	<u>252,095</u>	<u>252,906</u>
<b>Total equity and liabilities</b>		<u>523,966</u>	<u>370,425</u>	<u>395,965</u>	<u>268,111</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 2015

	← 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	
<b>At 1 February 2014</b>	139,600	1,481	1,100	203,797	345,978
Total comprehensive income for the year	–	–	–	23,608	23,608
<b>At 31 January 2015</b>	<u>139,600</u>	<u>1,481</u>	<u>1,100</u>	<u>227,405</u>	<u>369,586</u>
<b>At 1 February 2013</b>	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)
<b>At 31 January 2014</b>	<u>139,600</u>	<u>1,481</u>	<u>1,100</u>	<u>203,797</u>	<u>345,978</u>

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 2015

	Share capital RM'000	← Distributable →		Total equity RM'000
		General reserve RM'000	Retained profits RM'000	
<b>At 1 February 2014</b>	139,600	1,100	112,206	252,906
Total comprehensive loss for the year	–	–	(811)	(811)
<b>At 31 January 2015</b>	<u>139,600</u>	<u>1,100</u>	<u>111,395</u>	<u>252,095</u>
<b>At 1 February 2013</b>	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)
<b>At 31 January 2014</b>	<u>139,600</u>	<u>1,100</u>	<u>112,206</u>	<u>252,906</u>

*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 2015

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Operating activities</b>				
Profit/(loss) before tax	23,397	8,876	(818)	(2,367)
Adjustments for:				
Dividend income from unit trust	(173)	(1,693)	(173)	(1,693)
Interest income	(665)	–	(1,493)	(883)
Dividend income	–	–	(7,650)	(6,336)
Finance costs	2,155	852	2,084	844
Unrealised fair value loss/(gains) on held for trading investment securities	267	(14)	267	(14)
(Gain)/loss on disposal of property, plant and equipment	(110)	12	(110)	12
Depreciation of investment properties	3,778	3,778	3,778	3,778
Depreciation of property, plant and equipment	6,874	6,379	3,977	3,952
Impairment loss on property, plant and equipment	–	28	–	–
Reversal of allowances for impairment of trade receivables	(23)	(60)	–	–
Impairment loss on trade receivables	42	42	28	–
Share of result of associates	(24,849)	(22,205)	–	–
Impairment loss on investment in joint venture	687	–	–	–
Share of result of joint ventures	(14,198)	(35)	–	–
Operating loss before working capital changes	(2,818)	(4,040)	(110)	(2,707)
Changes in working capital:				
Inventories	(19)	(9)	–	–
Trade and other receivables and prepayments	(7,142)	(1,665)	(13,230)	(6,240)
Other current assets	–	(1)	–	(6)
Trade and other payables	1,843	893	1,850	445
Taxes paid	(686)	(730)	(204)	–
Net cash used in operating activities	(8,822)	(5,552)	(11,694)	(8,508)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Investing activities</b>				
Purchase of property, plant and equipment	(3,117)	(3,444)	(1,070)	(1,782)
Subscription of shares in a joint venture	(108,655)	–	(108,508)	–
Additional investment in a joint venture	(11,000)	–	(11,000)	–
Proceeds from disposal of property, plant and equipment	205	141	205	141
Proceeds from redemption of unit trust	35,721	33,699	35,721	33,699
Interest received	665	–	665	883
Dividend received from unit trust	173	1,693	173	1,693
Dividend received	7,650	6,336	7,650	6,336
Net cash (used in)/generated from investing activities	(78,358)	38,425	(76,164)	40,970
<b>Financing activities</b>				
Net repayment of obligations under finance lease	(536)	(593)	(724)	(560)
Net drawdown/(repayment) of other short term borrowings	2,000	(18,000)	2,000	(18,000)
Net drawdown of other long term borrowings	126,466	–	126,466	–
Dividend paid	–	(16,030)	–	(16,030)
Interest paid	(1,693)	(852)	(1,971)	(844)
Net cash generated from/(used in) financing activities	126,237	(35,475)	125,771	(35,434)
Net increase/(decrease) in cash and cash equivalents	39,057	(2,602)	37,913	(2,972)
Net increase in restricted cash	(2,687)	–	(2,687)	–
Cash and cash equivalents at beginning of year	5,038	7,640	3,089	6,061
Cash and cash equivalents at end of year (Note 20)	41,408	5,038	38,315	3,089

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

# Notes to the Financial Statements

## 31 January 2015

### 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 2014, 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 Adoption of new and revised pronouncements

##### Effective for annual periods beginning on or after 1 January 2014

Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities
Amendments to MFRS 136	Impairment of Assets - Recoverable Amount Disclosures for Non-financial Assets
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

The adoption of the above Amendments to MFRS and IC Interpretation did not have any significant financial impact to the Group and the Company.

## 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 Malaysian Accounting Standards Board will become effective in future financial reporting periods and have not been adopted by the Group and the Company in these financial statements:

#### Effective for annual periods beginning on or after 1 July 2014

Amendments to MFRS 3	Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
Amendments to MFRS 8	Operating Segments (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 13	Fair Value Measurement (Annual Improvements 2011-2013 Cycle)
Amendments to MFRS 116	Amendments to MFRS 116 Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 119	Employee Benefits - Defined Benefit Plans: Employee Contributions
Amendments to MFRS 124	Related Party Disclosures (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 138	Intangible Assets (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 140	Investment Property (Annual Improvements 2010-2013 Cycle)

#### Effective for annual periods beginning on or after 1 January 2016

Amendments to MFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Annual Improvement 2012-2014 Cycle)
Amendments to MFRS 7	Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 10	Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 11	Joint Arrangements: Accounting for Acquisition of Interests in Joint Operations
Amendments to MFRS 116	Property, Plant and Equipment: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 119	Employee Benefits (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 127	Amendments to MFRS 127 Separate Financial Statements: Equity Method in Separate Financial Statements
Amendments to MFRS 128	Amendments to MFRS 128 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 134	Amendments to MFRS 134 Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 138	Amendments to MFRS 138 Intangible Assets: Clarification of Acceptable Method of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants
Amendments to MFRS 101	Disclosure Initiatives
MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception

#### Effective for annual periods beginning on or after 1 January 2017

MFRS 15	Revenue from Contracts with Customers
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#### Effective for annual periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (2014)
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The adoption of the above pronouncements is not expected to have material impact on the financial statements of the Group and the Company.

## ● Notes to the Financial Statements (cont'd)

31 January 2015

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

#### 2.4 Subsidiary and Basis of Consolidation

##### (i) Subsidiary

Subsidiaries are entities controlled by the Company.

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

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.

##### (ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at and for the year ended 31 January of each year.

The financial statements of the subsidiary is prepared for the same reporting period as the Company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full. Subsidiary is the entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls an entity.

Subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Acquisitions of subsidiaries are accounted for using the acquisition method of accounting. The identifiable assets acquired and the liabilities assumed are measured at their fair values at the acquisition date. Acquisition costs incurred are expensed and included in administrative expenses. The difference between these fair values and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

#### 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.

## 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.

## ● Notes to the Financial Statements (cont'd)

31 January 2015

### 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 99 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.

## 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 of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.5.

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.

## ● Notes to the Financial Statements (cont'd)

31 January 2015

### 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 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.

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

### 2.10 Investments in associates and joint ventures (cont'd)

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.

### 2.11 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.

#### (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 its investment in units as financial assets at fair value through profit or loss.

## ● Notes to the Financial Statements (cont'd)

31 January 2015

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

#### 2.11 Financial assets (cont'd)

##### (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.

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

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

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

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

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

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

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

### 2.11 Financial assets (cont'd)

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

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

### 2.12 Impairment of financial assets

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

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

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

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

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

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

### 2.13 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, and balances and deposits with banks. For the purpose of cash flow statements, cash and cash equivalents include cash on hand and short term deposits with banks with an original maturity of 3 months or less, less restricted cash held in designated accounts on behalf of clients.

### 2.14 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.

## ● Notes to the Financial Statements (cont'd)

31 January 2015

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

#### 2.15 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.

#### 2.16 Financial liabilities

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

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

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

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

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

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

##### (b) Other financial liabilities

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

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

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

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

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

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

### 2.17 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.

### 2.18 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.

### 2.19 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.

### 2.20 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.

## ● Notes to the Financial Statements (cont'd)

31 January 2015

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

#### 2.20 Leases (cont'd)

##### (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 2.21(f).

#### 2.21 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.

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

### 2.22 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.

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.

## ● Notes to the Financial Statements (cont'd)

31 January 2015

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

#### 2.23 Segment reporting

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

#### 2.24 Share capital and share issuance expenses

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

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

#### 2.25 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

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

### 2.25 Fair value measurements (cont'd)

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.

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.

## ● Notes to the Financial Statements (cont'd)

31 January 2015

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

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

##### (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 RM9,112,000 (2014: RM9,656,000) and RM8,448,000 (2014: RM9,136,000) respectively. The unrecognised tax losses, capital allowances and other deductible temporary differences of the Group were approximately RM6,169,000 (2014: RM2,369,000).

### 4. REVENUE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Rental income from investment properties	22,396	20,029	22,611	20,534
Rental of hangar	9,137	8,177	–	–
Ground handling services	6,724	8,592	–	–
Management fees	300	250	–	–
Dividend income	–	–	7,650	6,336
Others	1,018	643	2,438	–
	<u>39,575</u>	<u>37,691</u>	<u>32,699</u>	<u>26,870</u>

## 5. FINANCE COSTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest expense on:				
Overdrafts	20	77	20	77
Revolving credits	157	666	157	666
Obligations under finance leases	101	109	82	101
Loan and borrowings	1,877	–	1,825	–
	<u>2,155</u>	<u>852</u>	<u>2,084</u>	<u>844</u>

## 6. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Employee benefits expense (Note 7)	19,920	17,442	12,672	10,827
Non-executive directors' remuneration (Note 8)	251	243	251	243
Auditors' remuneration:				
- Statutory audit	196	162	60	55
- Other services	101	166	101	6
Direct operating expense arising from investment properties	5,861	5,214	5,861	5,214
Depreciation of investment properties (Note 12)	3,778	3,778	3,778	3,778
Depreciation of property, plant and equipment (Note 11)	6,874	6,379	3,977	3,952
Reversal of allowances for impairment: trade receivables (Note 18(a))	(23)	(60)	–	–
Bargain purchase gain on acquisition (Note 16(a))	(14,292)	–	–	–
Impairment loss on property, plant and equipment	–	28	–	–
Impairment loss on trade receivables (Note 18(a))	42	42	28	–
Impairment loss on investment in joint venture (Note 16)	687	–	–	–
Rental of premises	1,382	1,728	446	136
Rental of equipment	118	108	78	85
Corporate service fee payable to holding company	205	183	205	183
Realised fair value loss/(gains) on held for trading investment securities	14	(435)	14	(435)
Unrealised fair value loss/(gains) on held for trading investment securities	253	(14)	253	(14)
Interest income	(665)	–	(1,493)	(883)
Dividend income from unit trust	(173)	(1,693)	(173)	(1,693)
(Gain)/loss on disposal of property, plant and equipment	(110)	12	(110)	12
	<u></u>	<u></u>	<u></u>	<u></u>

## Notes to the Financial Statements (cont'd)

31 January 2015

### 7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Wages and salaries	14,465	13,303	8,885	8,036
Social security contributions	74	76	36	32
Contributions to defined contribution plan	1,619	1,435	1,140	1,115
Other benefits	3,762	2,628	2,611	1,644
	<u>19,920</u>	<u>17,442</u>	<u>12,672</u>	<u>10,827</u>

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM3,279,000 (2014: RM3,025,000) as disclosed in Note 8.

### 8. DIRECTORS' REMUNERATION

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Directors of the Company</b>				
<b>Executive:</b>				
Fees	50	39	50	39
Salaries and other emoluments	3,229	2,986	3,229	2,986
Benefits-in-kind	67	47	67	47
	<u>3,346</u>	<u>3,072</u>	<u>3,346</u>	<u>3,072</u>
<b>Non-Executive:</b>				
Fees	186	186	186	186
Other emoluments	37	29	37	29
Benefits-in-kind	28	28	28	28
	<u>251</u>	<u>243</u>	<u>251</u>	<u>243</u>
	<u>3,597</u>	<u>3,315</u>	<u>3,597</u>	<u>3,315</u>
<b>Analysis excluding benefits-in-kind:</b>				
Total executive directors' remuneration, excluding benefits-in-kind	3,279	3,025	3,279	3,025
Total non-executive directors' remuneration, excluding benefits-in-kind	223	215	223	215
	<u>3,502</u>	<u>3,240</u>	<u>3,502</u>	<u>3,240</u>
Total directors' remuneration excluding benefits-in-kind	3,502	3,240	3,502	3,240

## 8. DIRECTORS' REMUNERATION (CONT'D)

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

	Number of Directors	
	2015	2014
<b>Executive:</b>		
RM1,050,001 – RM1,100,000	–	1
RM1,550,001 – RM1,600,000	1	–
RM1,750,001 – RM1,800,000	1	–
RM1,950,001 – RM2,000,000	–	1
<b>Non-executive:</b>		
Below RM50,000	5	5
RM50,001 - RM100,000	1	1
	1	1

## 9. TAXATION

### Major components of income tax (credit)/expense

The major components of income tax (credit)/expense for the years ended 31 January 2015 and 2014 are:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Statement of comprehensive income:</b>				
Current income tax:				
Malaysian income tax	874	706	290	–
Overprovision in prior years	(699)	(264)	–	–
	175	442	290	–
Deferred income tax (Note 24):				
Origination and reversal of temporary differences	(91)	(747)	170	(430)
Overprovision in prior years	(295)	(296)	(467)	(217)
	(386)	(1,043)	(297)	(647)
Income tax credit	(211)	(601)	(7)	(647)

Domestic current income tax is calculated at the statutory tax rate of 25% (2014: 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.

## Notes to the Financial Statements (cont'd)

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### 9. TAXATION (CONT'D)

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:

	2015 RM'000	2014 RM'000
<b>Group</b>		
Profit before tax	23,397	8,876
Tax at Malaysian statutory tax rate of 25%	5,849	2,219
Income not subject to tax	(2,171)	(1,169)
Effect of opening deferred tax of reduction in Malaysian income tax rate	-	(80)
Non-deductible expenses	5,917	4,119
Share of result of associates	(9,762)	(5,560)
Deferred tax assets not recognised during the year	950	430
Overprovision of income tax in prior years	(699)	(264)
Overprovision of deferred tax in prior years	(295)	(296)
Income tax credit	(211)	(601)
<b>Company</b>		
Loss before tax	(818)	(2,367)
Tax at Malaysian statutory tax rate of 25%	(205)	(592)
Income not subject to tax	(2,162)	(2,068)
Non-deductible expenses	2,827	2,230
Overprovision of deferred tax in prior years	(467)	(217)
Income tax credit	(7)	(647)

### 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.

	2015	2014
Profit attributable to owners of the parent (RM'000)	23,608	9,477
Weighted average number of ordinary shares in issue ('000)	139,600	139,600
Basic, profit per share (sen)	16.91	6.79

#### (a) 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
<b>At 31 January 2015</b>					
<b>Cost</b>					
At 1 February 2014	40,111	34,715	4,571	343	79,740
Additions	–	1,967	1,350	–	3,317
Disposals	–	–	(551)	–	(551)
At 31 January 2015	40,111	36,682	5,370	343	82,506
<b>Accumulated depreciation and impairment losses</b>					
At 1 February 2014	6,061	24,464	2,912	–	33,437
Depreciation charge (Note 6)	1,712	3,855	1,307	–	6,874
Disposals	–	–	(456)	–	(456)
At 31 January 2015	7,773	28,319	3,763	–	39,855
<b>Net carrying amount</b>	<b>32,338</b>	<b>8,363</b>	<b>1,607</b>	<b>343</b>	<b>42,651</b>
<b>At 31 January 2014</b>					
<b>Cost</b>					
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
<b>Accumulated depreciation and impairment losses</b>					
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
<b>Net carrying amount</b>	<b>34,050</b>	<b>10,251</b>	<b>1,659</b>	<b>343</b>	<b>46,303</b>

## ● Notes to the Financial Statements (cont'd)

31 January 2015

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

	Office equipment, renovation, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
<b>Company</b>			
<b>At 31 January 2015</b>			
<b>Cost</b>			
At 1 February 2014	30,536	3,567	34,103
Additions	1,070	–	1,070
Disposal	–	(551)	(551)
At 31 January 2015	31,606	3,016	34,622
<b>Accumulated depreciation</b>			
At 1 February 2014	22,585	2,150	24,735
Depreciation charge (Note 6)	3,280	697	3,977
Disposal	–	(456)	(456)
At 31 January 2015	25,865	2,391	28,256
<b>Net carrying amount</b>	5,741	625	6,366
<b>At 31 January 2014</b>			
<b>Cost</b>			
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
<b>Accumulated depreciation</b>			
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
<b>Net carrying amount</b>	7,951	1,417	9,368

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

- (a) During the financial year, the Group acquired property, plant and equipment at aggregate costs of RM3,317,000 (2014: RM3,991,000) of which RM200,000 (2014: RM547,000) were acquired by means of hire purchase and finance lease arrangements, and the Company acquired property, plant and equipment at aggregate costs of RM1,070,000 (2014: RM1,421,000) of which RM Nil (2014: RM474,000) were acquired by means of hire purchase and finance lease arrangements.

The net carrying amounts of motor vehicles held under hire purchase and finance lease arrangements of the Group and the Company are RM869,000 (2014: RM1,559,000) and RM594,000 (2014: RM1,417,000) 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Office equipment, renovation, furniture and fitting	20,458	17,035	19,473	16,403
Aircraft and motor vehicles	1,101	864	170	170
Hangars and containers	12	12	–	–

## 12. INVESTMENT PROPERTIES

Group/Company	Leasehold land RM'000	Buildings RM'000	Total RM'000
<b>At 31 January 2015</b>			
<b>Cost</b>			
At 1 February 2014/ 31 January 2015	55,541	137,083	192,624
<b>Accumulated depreciation</b>			
At 1 February 2014	17,836	43,609	61,445
Depreciation charge (Note 6)	833	2,945	3,778
At 31 January 2015	18,669	46,554	65,223
<b>Net carrying amount</b>	<b>36,872</b>	<b>90,529</b>	<b>127,401</b>
<b>At 31 January 2014</b>			
<b>Cost</b>			
At 1 February 2013/ 31 January 2014	55,541	137,083	192,624
<b>Accumulated depreciation</b>			
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
<b>Net carrying amount</b>	<b>37,705</b>	<b>93,474</b>	<b>131,179</b>

## Notes to the Financial Statements (cont'd)

31 January 2015

### 12. INVESTMENT PROPERTIES (CONT'D)

The net carrying amounts of investment properties pledged as securities for a term loan from a financial institution (Note 22) are as follows:

	Group/Company	
	2015 RM'000	2014 RM'000
Lot 5, Jalan 219, Lebuhraya Persekutuan, 46100 Petaling Jaya, Selangor Darul Ehsan	2,345	2,396
Lot No 10 and PT No 10A, Jalan Tandang, Seksyen 28, 46050 Petaling Jaya, Selangor Darul Ehsan	3,454	4,367
	<b>5,799</b>	<b>6,763</b>

The investment properties are in relation to freehold lands which were valued on 31 January 2015 by Rahim & Co., and KGV International Property Consultants (M) Sdn. Bhd., independent professional valuers. The market value of the investment properties is RM218,245,000 (2014: RM199,300,000) using the comparison and investment 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.

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 24 units of office lots located on levels 2 to 7, Tower 3 with a 99-years leasehold interest expiring on 29 June 2087 located at Bandar Tasik Selatan was transacted on 23 July 2013 for RM25,675,20.</p> <p>b) A 12 1/2-storey purpose built office building together with 2 levels of basement car park with 99-years leasehold interest expiring on 28 May 2068 located at Petaling Jaya was transacted on 31 May 2013 for RM49,000,000.</p> <p>c) A freehold 7 storey office building together with 2 basement levels of car park located at Cyberjaya was transacted on 10 June 2011 for RM72,000,000.</p> <p>c) A freehold 7 storey office building together with 2 basement levels of car park located at Cyberjaya was transacted on 10 June 2011 for RM61,000,000.</p>	<p>The estimated fair value would increase / (decrease) if:</p> <p>- Transacted price were higher/(lower)</p>

## 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 - building	Investment method	<p>a) Rental of office buildings located within Seri Kembangan ranges from RM3.00 to RM4.50 per square feet.</p> <p>b) Net yield from comparable buildings ranges from 5.00% to 6.81%.</p>	<p>The estimated fair value would increase / (decrease) if (cont'd):</p> <p>- rental per square fee were higher/(lower)</p> <p>- net yield were (higher)/lower</p>
Lot 5, Jalan 219, Lebuhraya Persekutuan, 46100 Petaling Jaya, Selangor Darul Ehsan - land & building	Comparison method	<p>a) A detached factory at Lot No 391, Section 51/51A, Petaling Jaya, with a land area of approximately 43,635 square feet was transacted on 27 December 2013 for RM9,800,000.</p> <p>b) A detached factory/showroom at Lot No PT 1, Section 51/51A, Petaling Jaya, with a land area of approximately 43,559 square feet was transacted on 8 June 2013 for RM28,500,000.</p> <p>c) A detached factory at Lot 321, Section 51/51A, Petaling Jaya, with a land area of approximately 46,684 square feet was transacted on 7 February 2013 for RM14,500,000.</p>	- Transacted price were higher/(lower)
Lot No 10 and PT No 10A, Jalan Tandang Seksyen 28, 46050 Petaling Jaya, Selangor Darul Ehsan - land & building	Comparison method	<p>a) A detached factory at Lot 391, Section 51/51A, Petaling Jaya, with a land area of approximately 43,635 square feet was transacted on 27 December 2013 for RM9,800,000.</p> <p>b) A detached factory at Lot No 77, Section 51/51A, Petaling Jaya, with a land area of approximately 17,506 square feet was transacted on 28 February 2013 for RM3,000,000.</p> <p>c) A detached factory at Lot No 2, Section 51/51A, Petaling Jaya, with a land area of approximately 43,559 square feet was transacted on 2 July 2013 for RM8,500,000.</p>	- Transacted price were higher/(lower)

## Notes to the Financial Statements (cont'd)

31 January 2015

### 12. INVESTMENT PROPERTIES (CONT'D)

#### Comparison method

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.

#### Investment method

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

	<b>Goodwill RM'000</b>
<b>Group</b>	
<b>Cost</b>	
At 1 February 2014/ 31 January 2015	2,389
<b>Accumulated impairment</b>	
At 1 February 2014/ 31 January 2015	2,389
<b>Net carrying amount</b>	
At 1 February 2014/ 31 January 2015	–

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

	<b>Group</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Premium automotive	<u>2,389</u>	<u>2,389</u>

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

	<b>Company</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Unquoted shares in Malaysia, at cost	14,195	14,195
Less: Accumulated impairment losses	–	–
	<u>14,195</u>	<u>14,195</u>

#### 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	
		2015 %	2014 %
<b>Held by the Company</b>			
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	100
Sapura Auto Sdn. Bhd.	Dormant.	100	100
Uniphone Properties Sdn. Bhd.	Dormant.	100	100
<b>Held by Dnest Aviation Sdn. Bhd.</b>			
AeroDome Sdn. Bhd.	Hangarage and other aviation related services.	100	100
DNest Aviation Training Centre Sdn. Bhd.	Dormant.	100	100
<b>Held by Sapura Aero Sdn. Bhd.</b>			
Aerohandlers Sdn. Bhd.	Ground handling and other aviation related services.	100	100
Aerodome Services Sdn. Bhd.	Dormant.	100	—
Sapura AeroCharter Sdn. Bhd.	Dormant.	100	—

## Notes to the Financial Statements (cont'd)

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### 15. INVESTMENT IN ASSOCIATES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Unquoted shares at cost:</b>				
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	54,051	36,852	–	–
	<u>159,461</u>	<u>142,262</u>	<u>41,596</u>	<u>41,596</u>

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Group's effective interest	
			2015 %	2014 %
<b>Held by the Company</b>				
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
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
<b>Held by the APIIT Sdn. Bhd.</b>				
Asia Pacific Schools Sdn. Bhd.	Malaysia	Provision of smart teaching and learning curriculum.	49	49

\* Audited by firms of auditors other than Ernst & Young

## 15. INVESTMENT IN ASSOCIATES

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
<b>At 31 January 2015</b>				
Dividends received	–	7,650	–	7,650
Current assets	72,188	70,240	99,426	241,854
Non-current assets	32,341	129,873	58,760	220,974
Total assets	104,529	200,113	158,186	462,828
Current liabilities	13,452	55,271	106,438	175,161
Non-current liabilities	4,109	41,379	1,523	47,011
Total liabilities	17,561	96,650	107,961	222,172
<b>Results:</b>				
Revenue	19,862	56,474	230,147	306,483
Profit for the year representing total comprehensive income for the year	11,370	28,981	6,929	47,280
Group's share of profit for the year	5,571	14,201	5,077	24,849
<b>Reconciliation of net assets to carrying amount as at 31 January 2015</b>				
Group's share of net assets	1,012	29,211	66,150	96,373
Gain on re-measurement of interest retained in Education Group	41,602	21,486	–	63,088
	42,614	50,697	66,150	159,461

## Notes to the Financial Statements (cont'd)

31 January 2015

### 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
<b>At 31 January 2014</b>				
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
<b>Total assets</b>	<b>97,126</b>	<b>122,688</b>	<b>204,669</b>	<b>424,483</b>
Current liabilities	15,598	27,066	186,687	229,351
Non-current liabilities	2,991	35	2,143	5,169
<b>Total liabilities</b>	<b>18,589</b>	<b>27,101</b>	<b>188,830</b>	<b>234,520</b>
<b>Results:</b>				
Revenue	24,878	49,972	359,458	434,308
Profit for the year representing total comprehensive income for the year	10,395	29,387	10,230	50,012
<b>Group's share of profit for the year</b>	<b>5,094</b>	<b>14,400</b>	<b>2,711</b>	<b>22,205</b>
<b>Reconciliation of net assets to carrying amount as at 31 January 2014</b>				
Group's share of net (liabilities)/assets	(3,119)	25,352	56,941	79,174
Gain on re-measurement of interest retained in Education Group	41,602	21,486	—	63,088
	<b>38,483</b>	<b>46,838</b>	<b>56,941</b>	<b>142,262</b>

## 16. INVESTMENT IN JOINT VENTURES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted shares at cost:				
In Malaysia	121,160	1,505	119,508	—
Share of post-acquisition reserves	14,138	(60)	—	—
Accumulated impairment losses	(687)	—	—	—
	<u>134,611</u>	<u>1,445</u>	<u>119,508</u>	<u>—</u>

Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Principal activities	Group's effective interest	
			2015 %	2014 %
<b>Held by Sapura Resources Berhad</b>				
Impian Bebas Sdn. Bhd.	Malaysia	Property investment.	50	—
<b>Held by Sapura Aero Sdn. Bhd.</b>				
Air Alsie Asia Pacific Sdn. Bhd. ("AAAP")	Malaysia	Provision of aircraft charter brokerage and aircraft management.	51	51
ISY Aerina Sdn. Bhd.	Malaysia	Design, fabricate and construct aircraft hangars, workshops and offices either inside hangar or as a lean including the installation of aerial or aeronautical facilities and to do all such the civil works, maintenance, servicing and repairs in relation there to and leasing out of hangar.	49	—

## ● Notes to the Financial Statements (cont'd)

31 January 2015

### 16. INVESTMENT IN JOINT VENTURES (CONT'D)

#### Acquisition of joint ventures

##### (a) Impian Bebas Sdn Bhd ("IBSB")

On 29 October 2014, the Company acquired 50% equity interest in IBSB. Upon the acquisition, IBSB became a joint venture of the Group. IBSB, an unlisted company incorporated in Malaysia, is involved in property investment.

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

	Fair value RM'000	Carrying amount RM'000
Property, plant and equipment	123,477	68,069
Deposit and prepayment	244	244
Tax recoverable	7	7
Cash at bank	317	317
	<hr/> 124,045	<hr/> 68,637
Accruals	14	14
Other payables	1,231	1,231
	<hr/> 1,245	<hr/> 1,245
Net identifiable assets	<hr/> <u>122,800</u>	<hr/> <u>67,392</u>

The total cost of the business combination and net cash outflow on acquisition is RM108,508,000.

Bargain purchase gain arising on acquisition;

	RM'000
Fair value of net identifiable assets representing Group's interest	122,800
Cost of business combination	(108,508)
	<hr/> 14,292

## 16. INVESTMENT IN JOINT VENTURES (CONT'D)

### (b) ISY Aerina Sdn Bhd ("ISY Aerina")

On 4 March 2014, the Company acquired 49% equity interest in ISY Aerina. Upon the acquisition, ISY Aerina became a joint venture of the Group. ISY Aerina, an unlisted company incorporated in Malaysia, is involved in the activities as disclosed above.

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

	Fair value RM'000	Carrying amount RM'000
Cash and bank balances, representing net identifiable assets	147	147

The total cost of the business combination and net cash outflow on acquisition is RM147,000.

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

	IBSB RM'000	Others RM'000	Total RM'000
At 31 January 2015			
Current assets	21,356	5,346	26,702
Non-current assets	69,673	48	69,721
Total assets	<u>91,029</u>	<u>5,394</u>	<u>96,423</u>
Current liabilities	<u>23,923</u>	<u>5,403</u>	<u>29,326</u>
Results:			
Revenue	–	7,332	7,332
Depreciation and amortisation	–	19	19
(Loss)/profit for the year representing total comprehensive (loss)/income for the year	<u>(51)</u>	<u>155</u>	<u>104</u>
Group's share of loss for the year	<u>(26)</u>	<u>(68)</u>	<u>(94)</u>
Group's share of net assets	<u>133,755</u>	<u>856</u>	<u>134,611</u>

## ● Notes to the Financial Statements (cont'd)

31 January 2015

### 16. INVESTMENT IN JOINT VENTURES (CONT'D)

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

	AAAP RM'000
<b>At 31 January 2014</b>	
Current assets	2,475
Non-current assets	68
Total assets	<u>2,543</u>
Current liabilities	<u>889</u>
Results:	
Revenue	1,931
Depreciation and amortisation	19
Profit for the year representing total comprehensive income for the year	69
Group's share of profit for the year	<u>35</u>
Group's share of net assets	<u>1,445</u>

### 17. INVENTORIES

	2015 RM'000	Group 2014 RM'000
Cost		
Food and beverages	<u>38</u>	<u>19</u>

During the year, the amount of inventories recognised as an expense in operating expenses of the Group was RM403,328 (2014: RM361,180).

## 18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Trade receivables</b>				
Third parties	2,837	3,960	367	1,105
Amounts due from related companies	2,019	424	1,944	352
	<u>4,856</u>	<u>4,384</u>	<u>2,311</u>	<u>1,457</u>
Less: Allowance for impairment				
Third parties	(413)	(394)	(188)	(160)
Trade receivables, net	<u>4,443</u>	<u>3,990</u>	<u>2,123</u>	<u>1,297</u>
<b>Other receivables</b>				
Amounts due from:				
Subsidiaries	–	–	35,614	28,451
Joint venture companies	1,351	509	869	200
	<u>1,351</u>	<u>509</u>	<u>36,483</u>	<u>28,651</u>
Deposits	3,213	1,213	1,673	441
Sundry receivables	2,193	1,835	3,809	1,763
	<u>6,757</u>	<u>3,557</u>	<u>41,965</u>	<u>30,855</u>
Less: Allowance for impairment				
Sundry receivables	(7)	(7)	(7)	(7)
Other receivables, net	<u>6,750</u>	<u>3,550</u>	<u>41,958</u>	<u>30,848</u>
Total trade and other receivables	<u>11,193</u>	<u>7,540</u>	<u>44,081</u>	<u>32,145</u>
Total trade and other receivables	11,193	7,540	44,081	32,145
Add: Cash and bank balances (Note 20)	44,095	5,038	41,002	3,089
Total loans and receivables	<u>55,288</u>	<u>12,578</u>	<u>85,083</u>	<u>35,234</u>

## Notes to the Financial Statements (cont'd)

31 January 2015

### 18. TRADE AND OTHER RECEIVABLES (CONT'D)

#### (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 (2014: 30 to 90) days terms except for overdue balances in the property investments business which attract interest at average rate of 1.5% (2014: 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Neither past due nor impaired	2,223	1,515	976	758
1 to 30 days past due not impaired	1,269	1,079	800	424
31 to 60 days past due not impaired	334	579	230	50
61 to 90 days past due not impaired	201	298	100	47
> 90 days past due not impaired	416	519	17	18
	2,220	2,475	1,147	539
Impaired	413	394	188	160
	<u>4,856</u>	<u>4,384</u>	<u>2,311</u>	<u>1,457</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 RM2,220,000 (2014: RM2,475,000) and RM1,147,000 (2014: RM539,000) 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.

**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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Individually impaired:				
Trade receivables- nominal amounts	413	394	188	160
Less: Allowance for impairment	(413)	(394)	(188)	(160)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Movement in allowance accounts:				
At the beginning of year	394	412	160	160
Charge for the year (Note 6)	42	42	28	—
Reversal of impairment losses (Note 6)	(23)	(60)	—	—
At the end of year	<u>413</u>	<u>394</u>	<u>188</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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 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/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.

## Notes to the Financial Statements (cont'd)

31 January 2015

### 19. OTHER CURRENT FINANCIAL ASSETS

	Group/Company	
	2015 RM'000	2014 RM'000
<b>Held for trading investments</b>		
Quoted equity shares	435	716
Quoted investment in units	–	35,735
Total financial assets at fair value through profit or loss	<u>435</u>	<u>36,451</u>

### 20. CASH AND BANK BALANCES

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash in hand and banks	8,279	5,038	5,186	3,089
Deposits with licenced institutions	35,816	–	35,816	–
	<u>44,095</u>	<u>5,038</u>	<u>41,002</u>	<u>3,089</u>
Less: Restricted cash	(2,687)	–	(2,687)	–
Cash and cash equivalents	<u>41,408</u>	<u>5,038</u>	<u>38,315</u>	<u>3,089</u>

Deposits of the Group and of the Company have an average maturity period of 30 days (2014: 30 days) and the effective interest rate is 3.45% (2014: Nil %) per annum.

**21. TRADE AND OTHER PAYABLES**

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade payables				
Third parties	190	145	7	–
Other payables				
Amounts due to:				
Holding company	47	7	40	–
Related companies	321	123	321	123
Joint venture companies	–	42	–	–
Associates	240	240	240	240
	<b>608</b>	<b>412</b>	<b>601</b>	<b>363</b>
Deposits	6,745	6,341	5,747	5,397
Accruals	6,899	5,393	4,478	139
Other payables	3,306	3,068	2,363	6,162
	<b>17,558</b>	<b>15,214</b>	<b>13,189</b>	<b>12,061</b>
Total trade and other payables	<b>17,748</b>	<b>15,359</b>	<b>13,196</b>	<b>12,061</b>
Total trade and other payables	<b>17,748</b>	<b>15,359</b>	<b>13,196</b>	<b>12,061</b>
Add: Loans and borrowings (Note 22)	<b>129,979</b>	<b>2,049</b>	<b>129,668</b>	<b>1,928</b>
Total financial liabilities carried at amortised cost	<b>147,727</b>	<b>17,408</b>	<b>142,864</b>	<b>13,989</b>

**(a) Trade payables**

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 (2014: 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 (2014: 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.

## Notes to the Financial Statements (cont'd)

31 January 2015

### 22. LOANS AND BORROWINGS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Current</b>				
Secured:				
Obligations under finance leases (Note 23)	501	490	404	462
	<u>501</u>	<u>490</u>	<u>404</u>	<u>462</u>
Unsecured:				
Revolving credits	2,000	–	2,000	–
	<u>2,501</u>	<u>490</u>	<u>2,404</u>	<u>462</u>
<b>Non-current</b>				
Secured:				
Obligations under finance leases (Note 23)	1,012	1,559	798	1,466
Term loan from holding company	37,358	–	37,358	–
Term loan from a financial institution	89,108	–	89,108	–
	<u>127,478</u>	<u>1,559</u>	<u>127,264</u>	<u>1,466</u>
<b>Total loans and borrowings</b>				
Revolving credits	2,000	–	2,000	–
Obligations under finance leases	1,513	2,049	1,202	1,928
Term loan from holding company	37,358	–	37,358	–
Term loan from a financial institution	89,108	–	89,108	–
	<u>129,979</u>	<u>2,049</u>	<u>129,668</u>	<u>1,928</u>

The remaining maturities of the loans and borrowings as at 31 January 2015 are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
On demand or within 1 year	2,501	490	2,404	462
More than 1 year and less than 2 years	111,734	514	111,636	486
More than 2 years and less than 5 years	15,726	984	15,628	980
More than 5 years	18	61	–	–
	<u>129,979</u>	<u>2,049</u>	<u>129,668</u>	<u>1,928</u>

## 22. LOANS AND BORROWINGS (CONT'D)

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

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
Revolving Credit	4.80	–	4.80	–
Obligations under finance leases	2.77	2.76	2.69	2.76
Term loan from holding company	6.35	–	6.35	–
Term loan from a financial institution	5.92	–	5.92	–

- (a) Obligations under finance leases are secured by a charge over the leased assets (Note 11).
- (b) Term loan from a holding company is secured by Memorandum of deposit in respect of the ordinary shares in IBSB.
- (c) Term loan from a financial institution is secured by certain investment properties as disclosed in Note 12.

## 23. OBLIGATIONS UNDER FINANCE LEASES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Minimum lease payments:				
Not later than 1 year	563	579	452	545
Later than 1 year but not later than 2 years	563	579	452	545
Later than 2 years but not later than 5 years	486	1,033	382	1,026
Later than 5 years	19	62	–	–
Total minimum lease payments	1,631	2,253	1,286	2,116
Less: Amounts representing finance charges	(118)	(204)	(84)	(188)
Present value of minimum lease payments	1,513	2,049	1,202	1,928
Present value of payments:				
Not later than 1 year	501	490	404	462
Later than 1 year but not later than 2 years	521	514	423	486
Later than 2 years but not later than 5 years	473	984	375	980
Later than 5 years	18	61	–	–
Present value of minimum lease payments	1,513	2,049	1,202	1,928
Less: Amount due within 12 months (Note 22)	(501)	(490)	(404)	(462)
Amount due after 12 months (Note 22)	1,012	1,559	798	1,466

## Notes to the Financial Statements (cont'd)

31 January 2015

### 24. DEFERRED TAX

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At the beginning of year	7,039	8,082	1,216	1,863
Recognised in profit or loss	(386)	(1,043)	(297)	(647)
At the end of year	<u>6,653</u>	<u>7,039</u>	<u>919</u>	<u>1,216</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	(2,278)	(2,414)	(2,122)	(2,284)
Deferred tax liabilities	8,931	9,453	3,041	3,500
	<u>6,653</u>	<u>7,039</u>	<u>919</u>	<u>1,216</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 2013	(1,761)	(97)	(1,858)
Recognised in profit or loss	(484)	(72)	(556)
At 31 January 2014	(2,245)	(169)	(2,414)
Recognised in profit or loss	607	(471)	136
At 31 January 2015	<u>(1,638)</u>	<u>(640)</u>	<u>(2,278)</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 2013	5,461	40	4,439	9,940
Recognised in profit or loss	(95)	–	(392)	(487)
At 31 January 2014	5,366	40	4,047	9,453
Recognised in profit or loss	–	(52)	(470)	(522)
At 31 January 2015	<u>5,366</u>	<u>(12)</u>	<u>3,577</u>	<u>8,931</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 2013	(1,743)	(212)	(1,955)
Recognised in profit or loss	(484)	155	(329)
At 31 January 2014	(2,227)	(57)	(2,284)
Recognised in profit or loss	578	(416)	162
At 31 January 2015	(1,649)	(473)	(2,122)

## Deferred tax liabilities of the Company:

	Trade receivables RM'000	Accelerated capital allowances RM'000	Total RM'000
At 1 February 2013	40	3,778	3,818
Recognised in profit or loss	–	(318)	(318)
At 31 January 2014	40	3,460	3,500
Recognised in profit or loss	7	(466)	(459)
At 31 January 2015	47	2,994	3,041

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

	Group	
	2015 RM'000	2014 RM'000
Unused tax losses	5,851	2,290
Unabsorbed capital allowances	318	79
	<b>6,169</b>	<b>2,369</b>

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 2015

### 25. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2015 '000	2014 '000	2015 RM'000	2014 RM'000
Authorise				
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

	2015 RM'000	2014 RM'000
<b>Group</b>		
Non-distributable:		
Capital reserve	1,481	1,481
Distributable:		
General reserve	1,100	1,100
	<u>2,581</u>	<u>2,581</u>
<b>Company</b>		
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 2015, the Company has tax exempt profits available for distribution of approximately RM11,828,000 (2014: RM11,828,000), subject to the agreement of the Inland Revenue Board.

As at 31 January 2015, the Company may distribute the entire balance of the retained profits.

**28. DIVIDENDS**

	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
	<u>16,030</u>

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Holding company</b>				
Corporate service fee payable	205	183	205	183
<b>Subsidiaries</b>				
Rental income	–	–	(19)	(19)
Rental payable	–	–	49	–
Recoverability of electricity	–	–	(33)	(28)
Interest income receivable	–	–	(881)	(883)
Purchase of goods	–	–	(80)	–
<b>Related parties</b>				
SapuraKencana Petroleum Berhad and its subsidiaries				
Rental income receivable	(9,769)	(10,803)	(9,769)	(10,803)
Sapura Technology Sdn. Bhd. and its subsidiaries				
Rental income receivable	(826)	(963)	(826)	(963)

## Notes to the Financial Statements (cont'd)

31 January 2015

### 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	
	2015 RM'000	2014 RM'000
Remuneration and benefits	3,346	3,072

### 31. COMMITMENTS

#### (a) Capital commitments - Continuing operations

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	562	–	350	–
Approved but not contracted for:				
Property, plant and equipment	32,092	706	22,452	262
	<u>32,654</u>	<u>706</u>	<u>22,802</u>	<u>262</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	
	2015 RM'000	2014 RM'000
Future minimum lease receivables:		
Not later than 1 year	20,176	21,724
Later than 1 year and not later than 5 years	9,010	15,616
	<u>29,186</u>	<u>37,340</u>

### 31. COMMITMENTS (CONT'D)

#### (c) Operating lease commitments - the Group as lessee

The Group has entered into commercial property leases on its hangars. These non-cancellable leases have remaining non-cancellable lease terms of 16 years.

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

	Group	
	2015 RM'000	2014 RM'000
Future minimum lease receivables:		
Not later than 1 year	928	793
Later than 1 year and not later than 5 years	3,938	3,845
More than 5 years	14,740	15,761
	19,606	20,399

#### (d) 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. CONTINGENT LIABILITIES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unsecured guarantees given to third parties in respect of utility facilities granted to the Company	490	410	490	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).

## Notes to the Financial Statements (cont'd)

31 January 2015

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

The equity shares of the Group and the Company amounting to RM435,000 (2014: RM716,000) 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 RM Nil (2014: RM35,375,000) 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.

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	Group		Company	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Financial liabilities</b>					
At 31 January 2015:					
Obligations under finance leases (non-current)	23	1,012	971	798	772
Term loans (non-current)	22	126,466	113,092	126,466	113,092
At 31 January 2014:					
Obligations under finance leases (non-current)	23	1,559	1,419	1,466	1,326

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.

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

#### a) Credit risk (cont'd)

##### Exposure to credit risk

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

##### Credit risk concentration profile

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

##### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 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.

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.

	2015			Total RM'000
	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	
<b>Group</b>				
Financial liabilities:				
Trade and other payables	17,748	—	—	17,748
Loans and borrowings	10,392	137,411	19	147,822
Total undiscounted financial liabilities	28,140	137,411	19	165,570

## Notes to the Financial Statements (cont'd)

31 January 2015

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

#### b) Liquidity risk (cont'd)

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

	2015		
	On demand or within one year RM'000	One to five years RM'000	Total RM'000
<b>Company</b>			
Financial liabilities:			
Trade and other payables	13,196	–	13,196
Loans and borrowings	10,281	137,196	147,477
Total undiscounted financial liabilities	<u>23,477</u>	<u>137,196</u>	<u>160,673</u>

	2014			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>Group</b>				
Financial liabilities:				
Trade and other payables	15,359	–	–	15,359
Loans and borrowings	579	1,612	62	2,253
Total undiscounted financial liabilities	<u>15,938</u>	<u>1,612</u>	<u>62</u>	<u>17,612</u>
<b>Company</b>				
Financial liabilities:				
Trade and other payables	12,061	–	–	12,061
Loans and borrowings	545	1,571	–	2,116
Total undiscounted financial liabilities	<u>12,606</u>	<u>1,571</u>	<u>–</u>	<u>14,177</u>

#### (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.

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

#### (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 RM435,000 (2014: RM716,000) and RM Nil (2014: RM35,735,000) respectively. An increase or decrease of 10% on the market index of listed equity securities and investment in units could have an impact of approximately RM43,500 (2014: RM71,600) and RM Nil (2014: RM3,573,500) 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 2015 and 2014.

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 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Loans and borrowings	22	129,979	2,049	129,668	1,928
Trade and other payables	21	17,748	15,359	13,196	12,061
Less: Cash and bank balances	20	(44,095)	(5,038)	(41,002)	(3,089)
Net debt		103,632	12,370	101,862	10,900
Equity attributable to the owners of the parent		369,586	345,978	252,095	252,906
Less: Non-distributable reserves	26	(1,481)	(1,481)	–	–
Total capital		368,105	344,497	252,095	252,906
Capital and net debt		471,737	356,867	353,957	263,806
Gearing ratio		28%	4%	40%	4%

## Notes to the Financial Statements (cont'd)

31 January 2015

### 36. 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.

	← 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			
<b>At 31 January 2015</b>							
Revenue:							
External customers	–	100	23,314	16,161	–		39,575
Inter-segment	7,650	2,338	198	216	(10,402)	A	–
<b>Total revenue</b>	<b>7,650</b>	<b>2,438</b>	<b>23,512</b>	<b>16,377</b>	<b>(10,402)</b>		<b>39,575</b>
Results:							
Dividend income from unit trust	173	–	–	–	–		173
Net fair value loss on held for trading investment securities	(267)	–	–	–	–		(267)
Depreciation	–	861	7,150	2,641	–		10,652
Share of results of associates	24,849	–	–	–	–		24,849
Share of results of joint venture	14,198	–	–	–	–		14,198
Other non-cash income	–	110	(17)	(712)	–	B	(619)
<b>Segment profit/(loss)</b>	<b>44,262</b>	<b>(11,962)</b>	<b>7,942</b>	<b>(6,857)</b>	<b>(9,988)</b>		<b>23,397</b>
Assets:							
Investment in associates	159,461	–	–	–	–		159,461
Investment in joint venture	133,755	–	–	856	–		134,611
Additions to non-current assets	–	404	891	2,013	9	C	3,317
<b>Segment assets</b>	<b>355,948</b>	<b>3,139</b>	<b>155,341</b>	<b>77,393</b>	<b>(67,855)</b>	D	<b>523,966</b>
<b>Segment liabilities</b>	<b>380</b>	<b>1,202</b>	<b>144,224</b>	<b>50,036</b>	<b>(41,462)</b>	E	<b>154,380</b>

## 36. 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			
<b>At 31 January 2014</b>							
Revenue:							
External customers	–	–	20,667	17,024	–		37,691
Inter-segment	6,335	–	608	1,466	(8,409)	A	–
<b>Total revenue</b>	<b>6,335</b>	<b>–</b>	<b>21,275</b>	<b>18,490</b>	<b>(8,409)</b>		<b>37,691</b>
Results:							
Dividend income from unit trust	1,693	–	–	–	–		1,693
Net fair value gains on held for trading investment securities	449	–	–	–	–		449
Depreciation	–	847	7,002	2,219	89		10,157
Share of results of associates	22,205	–	–	–	–		22,205
Share of results of joint venture	35	–	–	–	–		35
Other non-cash income	(12)	–	17	(59)	–	B	(54)
<b>Segment profit/(loss)</b>	<b>26,906</b>	<b>(11,523)</b>	<b>2,998</b>	<b>(6,034)</b>	<b>(3,471)</b>		<b>8,876</b>
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
<b>Segment assets</b>	<b>222,912</b>	<b>1,419</b>	<b>145,183</b>	<b>75,738</b>	<b>(74,827)</b>	D	<b>370,425</b>
<b>Segment liabilities</b>	<b>351</b>	<b>2,001</b>	<b>14,700</b>	<b>41,774</b>	<b>(34,379)</b>	E	<b>24,447</b>

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.

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	2015 RM'000	2014 RM'000
Impairment loss on financial assets	6	42	42
Impairment loss on investment in joint venture	6	687	–
(Gain)/loss on disposal of property, plant and equipment	6	(110)	12
		<b>619</b>	<b>54</b>

## Notes to the Financial Statements (cont'd)

31 January 2015

### 36. SEGMENT INFORMATION (CONT'D)

C Additions to non-current assets consist of:

	2015 RM'000	2014 RM'000
Property, plant and equipment	<u>3,317</u>	<u>3,991</u>

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

	2015 RM'000	2014 RM'000
Inter-segment assets	<u>(67,855)</u>	<u>(74,827)</u>

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

	2015 RM'000	2014 RM'000
Inter-segment liabilities	<u>(41,462)</u>	<u>(34,379)</u>

### 37. SIGNIFICANT EVENTS

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

- (a) On 29 October 2014, the Company completed its acquisition of its 50% interest in Impian Bebas Sdn. Bhd. ("IBSB") for a purchase consideration of RM108,507,960. IBSB is a joint venture with KLCC (Holdings) Sdn. Bhd. that is involved in the construction of 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 a land in the KLCC area and leasing of the Commercial Buildings upon the completion thereof.
- (b) On 4 March 2014, Sapura Aero Sdn. Bhd. a wholly-owned subsidiary of the Company completed its acquisition of its 49% interest in ISY Aerina Sdn. Bhd. ("ISY Aerina") for a purchase consideration of RM147,000. ISY Aerina is a joint venture with ISY Holdings Sdn. Bhd. that is involved in the design and construction of an aircraft hangar cum office 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.
- (c) On 23 October 2014, the Company announced that it has accepted a shareholder's financial assistance from Sapura Holdings Sdn. Bhd. ("SHSB") in the form of:
  - (i) Murabahah or Murabahah-Tawaruq Facility granted by SHSB to the Company for a total sum of RM108,500,000 ("Shareholder's Advance");
  - (ii) Issuance of SHSB's Letter of Undertaking to Maybank Islamic Berhad for facilities amounting to RM181,000,000 granted to the Company ("Undertaking").

(hereinafter collectively referred to as "Financial Assistance").

The purpose of the Financial Assistance is for SRB's joint venture investment in IBSB (Note a). The security for the Financial Assistance is a Memorandum of Deposit with SHSB in respect of the deposit of 11,474,125 ordinary shares in IBSB, representing fifty per cent (50%) of the shareholding of IBSB.

**38. SUBSEQUENT EVENTS**

- (a) On 20 April 2015, the Company announced that Impian Bebas Sdn. Bhd. ("IBSB"), a jointly controlled company of the Company has accepted the following financing facilities granted by Maybank Islamic Berhad, Public Islamic Bank Berhad and RHB Islamic Bank Berhad for the following purpose:

Facility	Amount	Purpose
Syndicated Commodity Murabahah Term Financing-I	Up to RM1.08 billion	To part finance up to 80% of the total construction costs and land costs of the proposed construction and development of a premier office tower, a convention centre, a retail podium and basement carpark located at Lot 91, Kuala Lumpur.

**39. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE**

The financial statements for the year ended 31 January 2015 were authorised for issue in accordance with a resolution of the directors on 7 May 2015.

**40. 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 2015 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained profits of the Company and its subsidiaries				
- Realised	92,480	112,795	110,476	113,423
- Unrealised	5,765	(6,297)	919	(1,217)
	<u>98,245</u>	<u>106,498</u>	<u>111,395</u>	<u>112,206</u>
Total share of retained profits from associates				
- Realised	50,659	32,453	-	-
- Unrealised	(2,188)	(1,441)	-	-
	<u>48,471</u>	<u>31,012</u>	<u>-</u>	<u>-</u>
Total share of retained profits from joint ventures				
- Realised	(94)	(40)	-	-
- Unrealised	14,292	-	-	-
	<u>14,198</u>	<u>(40)</u>	<u>-</u>	<u>-</u>
Add: Consolidation adjustments	66,491	66,327	-	-
Retained profits as per financial statements	<u>227,405</u>	<u>203,797</u>	<u>111,395</u>	<u>112,206</u>

# Particulars of Properties

As at 31 January 2015

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	25 – 54	432/ 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	38	3,022/ 06.05.1988
Lot 5, Jalan 219 Lebuhraya Persekutuan 46100 Petaling Jaya Selangor Darul Ehsan	Commercial Building	4,047	16.03.2068	33	2,345/ 13.09.1988
No. 7 Jalan Tasik The Mines Resort City 43300 Seri Kembangan Selangor Darul Ehsan	Office Building	22,379	20.03.2091	16	121,602/ 16.12.1999

# Analysis of Shareholdings

As at 30 April 2015

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	:	5,925

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
Less than 100	80	1.35	1,628	0.00
100-1,000	2,305	38.90	2,204,276	1.58
1,001-10,000	2,759	46.57	11,460,074	8.21
10,001-100,000	679	11.46	20,756,050	14.87
100,001 to less than 5%	101	1.70	35,323,700	25.30
5% and above	1	0.02	69,854,272	50.04
<b>TOTAL</b>	<b>5,925</b>	<b>100.00</b>	<b>139,600,000</b>	<b>100.00</b>

## DIRECTORS' SHAREHOLDINGS

As at 30 April 2015

Name of Directors	Direct Interest	%	Deemed Interest	%
Tan Sri Dato' Seri Shahril bin Shamsuddin	83,250	0.06	72,372,772*	51.84
Dato' Shahrman bin Shamsuddin	83,250	0.06	72,372,772*	51.84
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	–	–	–	–
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 2015

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Sapura Holdings Sdn. Bhd.	71,244,272	51.03	1,128,500 <sub>+1</sub>	0.81
Tan Sri Dato' Seri Shahril bin Shamsuddin	83,250	0.06	72,372,772 <sub>+2</sub>	51.84
Dato' Shahrman bin Shamsuddin	83,250	0.06	72,372,772 <sub>+2</sub>	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 2015

### THIRTY (30) LARGEST SHAREHOLDERS

Based on Record of Depositors as at 30 April 2015

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	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Adenan Bin Abdul Rasyid	674,000	0.48
14	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Leong Chin Chye (472268)	673,400	0.48
15	Tan Seow Cheng	626,000	0.45
16	Chua Sim Neo @ Diana Chua	603,500	0.43
17	Ngoh Ah Chye	598,000	0.43
18	Tan Yee Kong	536,000	0.38
19	Wong Siew Chin	481,500	0.34
20	Yong Siew Yoon	480,000	0.34
21	Saw Guat Ngoh	464,000	0.33
22	Peh Sew Chong	430,000	0.31
23	Tan Yee Seng	410,000	0.29
24	Pook Swee Han	404,000	0.29
25	Yow Chit Wai	400,000	0.29
26	Lim Kam Yoke	340,000	0.24
27	Maybank Nominees (Tempatan) Sdn Bhd for Lam Choy Choo	330,000	0.24
28	Chua Kok Yong	328,000	0.23
29	Chiang Yit Chan	327,800	0.23
30	Irene Eu Siew Gaik	326,500	0.23

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# Proxy Form



Sapura Resources Berhad (3136-D)

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 \_\_\_\_\_ (NRIC No./Passport No./Company No.) \_\_\_\_\_  
(FULL NAME IN CAPITAL LETTERS)

of \_\_\_\_\_  
(FULL ADDRESS)

being a Member/Members of SAPURA RESOURCES BERHAD hereby appoint \_\_\_\_\_  
(FULL NAME IN CAPITAL LETTERS)

(NRIC No./Passport No.) \_\_\_\_\_ of \_\_\_\_\_  
(FULL ADDRESS)

and/or failing him/her, \_\_\_\_\_ (NRIC No./Passport No.) \_\_\_\_\_  
(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-Eighth (58th) 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, 25 June 2015 at 11.00 a.m. or at any adjournment thereof and to vote as indicated below:

Resolution		For	Against
Ordinary Resolution 1	Re-election of Tan Sri Dato' Seri Shahril bin Shamsuddin		
Ordinary Resolution 2	Re-election of Gee Siew Yoong		
Special Resolution 1	Re-appointment of Dato' Fauziah binti Dato' Ismail		
Ordinary Resolution 3	Payment of Directors' fees		
Ordinary Resolution 4	Re-appointment of Messrs. Ernst & Young as Auditors of the Company		
Ordinary Resolution 5	Renewal of authority for the Directors to allot and issue shares under Section 132D of the Companies Act 1965.		

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 \_\_\_\_\_, 2015

## NOTES:

- i) Only a depositor whose name appears on the Record of Depositors as at 18 June 2015 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 Account 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.

## PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 3 June 2015.

FOLD HERE

FOLD HERE

STAMP

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





Sapura Resources Berhad (3136-D)  
Sapura @ Mines, No. 7, Jalan Tasik, The Mines Resort City  
43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia  
Tel : 603 8949 7000 Fax : 603 8949 7046

[www.sapura.com.my](http://www.sapura.com.my)