



ANNUAL REPORT
2016



WHAT'S INSIDE

Fifty-Ninth (59th) Annual General Meeting	02
Financial Highlights	05
Corporate Information	06
Corporate Structure	07
Chairman's Message	10
Board of Directors	16
Board of Directors' Profile	18
Corporate Social Responsibility	24
Corporate Governance Statement	32
Board Audit Committee Report	45
Statement on Risk Management and Internal Control	49
Statement of Directors' Responsibility in Respect of the Audited Financial Statements	51
Additional Compliance Information	52
Financial Statements	53
Particulars of Properties	128
Analysis of Shareholdings	129
Proxy Form	•

FIFTY-NINTH (59TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Ninth (59th) Annual General Meeting of the Company will be held at the Multi-Purpose Hall, Ground Floor, Sapura@Mines, No. 7 Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan on Wednesday, 15 June 2016 at 10.00 a.m. to transact the following business:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements together with the Directors' and Auditors' reports for the financial year ended 31 January 2016. *[Please refer to Note A]*

2. To re-elect Dato' Shahrman bin Shamsuddin who retires by rotation in accordance with Article 88 of the Company's Articles of Association and being eligible, offers himself for re-election. **Ordinary Resolution 1**

3. To re-elect the following Directors who retire in accordance with Article 91 of the Company's Articles of Association and being eligible, offer themselves for re-election:-
 - (i) Ahmad Jauhari bin Yahya **Ordinary Resolution 2**
 - (ii) Peter Ho Kok Wai **Ordinary Resolution 3**

4. To consider and, if thought fit, to pass the following Ordinary Resolutions in accordance with Section 129(6) of the Companies Act, 1965:-
 - (i) "THAT Dato' Fauziah binti Dato' Ismail retiring pursuant to 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." **Ordinary Resolution 4**
 - (ii) "THAT Tan Sri Datuk Amar (Dr) Hamid bin Bugo retiring pursuant to 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." **Ordinary Resolution 5**

5. To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions:-

6. **Directors' Fees**

"THAT the Directors' fees of RM527,959 for the financial year ended 31 January 2016 be hereby approved for payment."

Ordinary Resolution 7
[Please refer to Note B]

7. **Authority for Directors to issue shares under Section 132D of the Companies Act, 1965**

"THAT subject always to the Companies Act, 1965, the Company's Articles of Association and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time and upon such terms and conditions and for such purpose as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as at the date of such issuance and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Ordinary Resolution 8
[Please refer to Note C]

8. To transact any other business for which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (MAICSA 0777689)

YAU JYE YEE (MAICSA 7059233)

Company Secretaries

Selangor Darul Ehsan

24 May 2016

EXPLANATORY NOTES ON SPECIAL BUSINESS:

A. 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, this agenda item will not be put forward for voting.

B. Directors' Fees

The Ordinary Resolution 7, if approved, will authorise the payment of Directors' fees pursuant to Article 93 of the Articles of Association of the Company.

C. Renewal of Authority to issue shares under Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 8, if passed, would, subject to the Main Market Listing Requirements of Bursa Securities Malaysia Berhad, enable the Directors to issue up to a maximum of ten per centum (10%) of the total issued and paid-up share capital of the Company at the date of such issuance for such purpose as the Directors consider would be in the best interest of the Company. 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 utilised 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 25 June 2015 which will lapse at the conclusion of the forthcoming 59th AGM.

NOTES ON APPOINTMENT OF PROXY:

1. Only a depositor whose name appears on the Record of Depositors as at 8 June 2016 shall be entitled to attend and vote at the Meeting or appoint proxy(ies) to attend and vote in his stead.
2. A member of the Company who is entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a Power of Attorney or if such appointer is a corporation, either under its Common Seal or under the hand of an officer or an attorney duly appointed under a Power of Attorney.
3. (a) Where a Member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
(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.
4. 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.
5. 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.

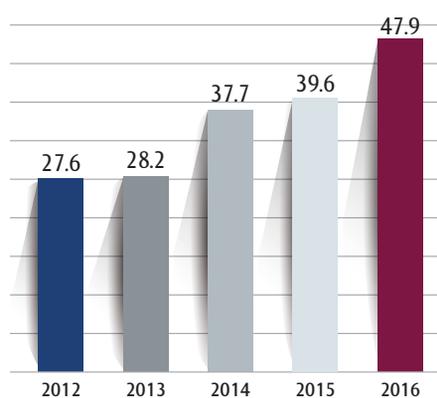
Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) 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.

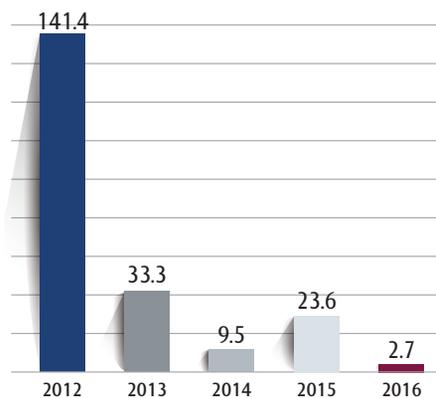
FINANCIAL HIGHLIGHTS

← 31 January →

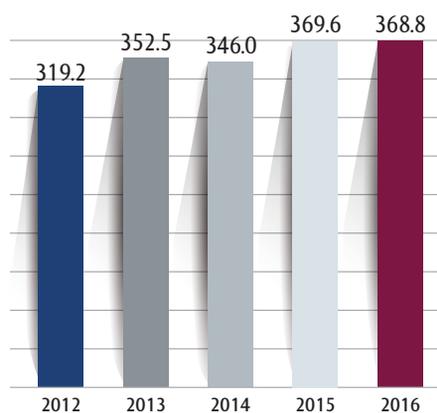
		2012	2013	2014	2015	2016
Revenue	(RM'million)	27.6	28.2	37.7	39.6	47.9
Profit attributable to equity holders of the Company	(RM'million)	141.4	33.3	9.5	23.6	2.7
Shareholders' fund	(RM'million)	319.2	352.5	346.0	369.6	368.8
Basic/diluted earnings per share	(sen)	101.28	23.85	6.79	16.91	1.94
Net asset per share	(RM)	2.29	2.35	2.48	2.65	2.64



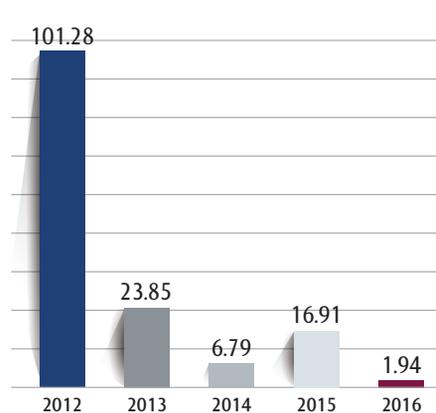
Revenue (RM' million)



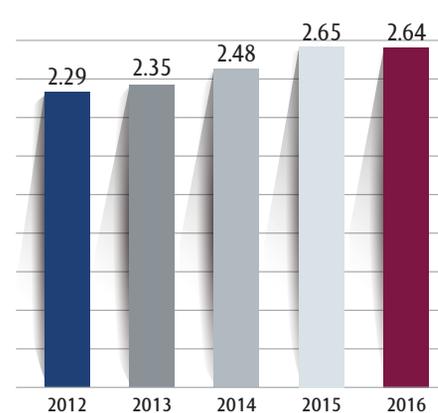
Profit attributable to equity holders of the Company (RM' million)



Shareholder's fund (RM' million)



Basic/diluted earnings per share (sen)



Net asset per share (RM)

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Dato' Shahrman bin Shamsuddin
Managing Director

Tan Sri Dato' Seri Shahril bin Shamsuddin
Non-Independent Non-Executive Director

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

Dato' Muthanna bin Abdullah
Independent Non-Executive Director

Dato' Rodzlan Akib bin Abu Bakar
Executive Director

Ahmad Jauhari bin Yahya
Independent Non-Executive Director

Peter Ho Kok Wai
Independent Non-Executive Director

BOARD AUDIT COMMITTEE

Dato' Muthanna bin Abdullah
Chairman

Dato' Fauziah binti Dato' Ismail

Peter Ho Kok Wai

BOARD NOMINATION AND REMUNERATION COMMITTEE

Tan Sri Datuk Amar (Dr) Hamid bin Bugo
Chairman

Dato' Muthanna bin Abdullah

Ahmad Jauhari bin Yahya

DIRECTOR IN CHARGE OF SHAREHOLDERS' COMMUNICATIONS

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

Mail to:-

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

COMPANY SECRETARIES

Chua Siew Chuan (MAICSA 0777689)
Yau Jye Yee (MAICSA 7059233)

PRINCIPAL SOLICITORS

Abdullah Chan & Co
Lee Hishammuddin Allen & Gledhill
Zul Rafique & Partners

REGISTERED OFFICE

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

PRINCIPAL BANKERS

Malayan Banking Berhad
Affin 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

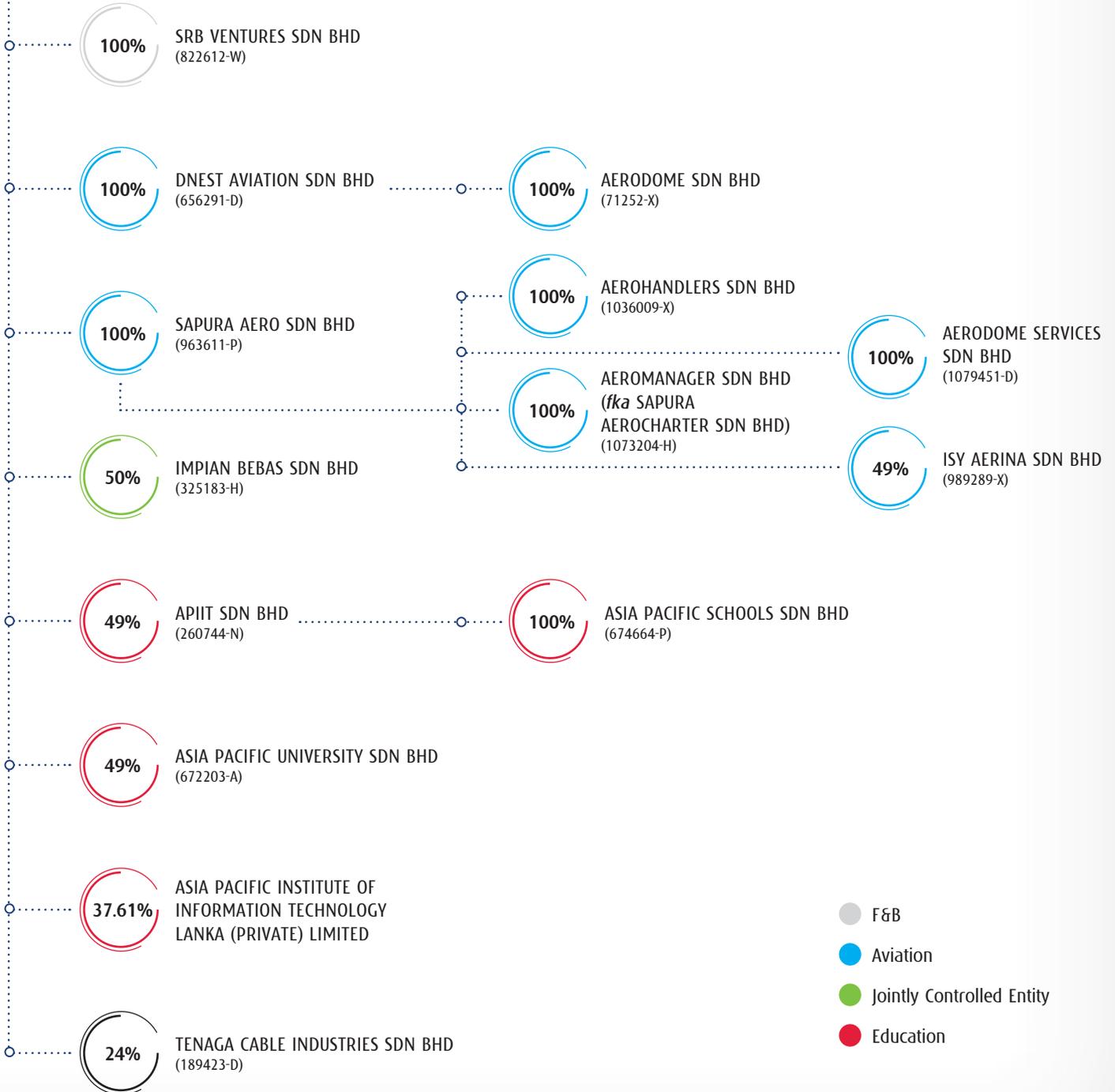
Stock Name: SAPRES
Stock Code: 4596



www.sapura.com.my

CORPORATE STRUCTURE

As at 1 May 2016



- F&B
- Aviation
- Jointly Controlled Entity
- Education

* Active companies only



BRAHM

Sapura

MHC FA



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.

CHAIRMAN'S MESSAGE

Dear Shareholders,

“

On behalf of the Board of Directors, I am pleased to present this Annual Report and Audited Financial Statements of Sapura Resources Berhad (“SRB” or “the Group”) for the financial year ended 31 January 2016 (“FY 2016”).

”

OPERATING ENVIRONMENT

In 2015, growth in the global economy moderated to 3.1% amid a sharp decline in commodity prices and heightened volatility in international financial markets. As a highly open economy, Malaysia was not insulated from the increased uncertainties and risks from external developments. Despite a plunge in oil and commodity prices and the depreciation of the Ringgit, the Malaysian economy grew by 5.0%. (Source: Bank Negara 2015 Annual Report, pages 3 & 12).

In our key Property business, an oversupply of office space has cast a shadow on rental and occupancy rates in the industry. Against a challenging business environment, many firms and businesses were cutting costs and this has contributed towards a depressed demand for office space in general. The immediate impact will be felt more by the old office buildings, which are not strategically located and no longer suit tenants' requirements. Our properties, however, continued to register more than 90% occupancy rate for FY2016.

For our aviation business, there is increasing demand from the Middle East, Asia and North America for private business jets. (Source: Global Business Jet Market Report, 2015-2019) This is because business jets are no longer perceived as a luxury and are increasingly considered an essential business tool for point-to-point travel. However, in the face of the challenging economic environment, many potential buyers in Malaysia have deferred their purchases of business jets for the time being. While this may temporarily affect our aircraft management business going forward, it will be mitigated by the high occupancy rate registered in our hangarage business in Subang in FY2016.

In the education industry, Malaysia has seen several factors affecting the growth in international student enrolment. However, as our education associates are not overly dependent on any particular market the impact on our education associates, namely the Asia Pacific Institute of Information Technology (“APIIT”) and Asia Pacific University of Technology and Innovation (“APU”) has not been as severe as experienced by some of their competitors.

Overall we believe that these are only a temporary set-back to our businesses.

FINANCIAL PERFORMANCE

Notwithstanding the volatile and challenging economic environment, I am pleased to announce that the core Property and Aviation business segments of the Group have met its revenue and Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") targets for FY2016. The Group revenue registered a 21% increase from RM39.6 million to RM47.9 million, attributed mainly to the contribution from our Aviation business. Our Aviation business posted revenue of RM23.0 million, a 42% improvement from RM16.2 million in FY2015.

Profit after tax for the year under review however declined to RM2.7 million, which is 89% lower than last year. The decline in profit after tax was attributed mainly to lower share of results of joint ventures (in FY2015, we had a one-off bargain purchase gain of 50.0% investment in Impian Bebas Sdn Bhd ("IBSB") of RM14.3 million), losses recorded at our cable manufacturing associate company and higher finance costs related to loan for the acquisition of 50.0% equity interest in IBSB (as we are serving the loan for the full 12 months in FY2016).

DIVIDENDS

On 21 May 2015, the Board declared an interim single tier dividend of 2.5 sen per ordinary share of RM1.00 each for the financial year ended 31 January 2016.

CORPORATE DEVELOPMENTS

An ongoing objective of SRB is to deliver long-term sustainable growth and ultimately create shareholder value. In line with this commitment, the Group announced a proposal on 16 March 2016 to divest its entire non-controlling interest in the Education business to ILMU Education Group Sdn Bhd ("ILMU") for a total aggregate amount of RM315.0 million.

The proposed exercise will comprise the following:

- Proposed disposal by SRB of its entire 49.0% equity interest in APIIT Sdn Bhd ("APIIT") to Ilmu Education Group Sdn Bhd ("ILMU") for a total cash consideration of RM58,000,000 after a proposed reorganisation which involves the disposal by APIIT of its entire 100% equity interest in Asia Pacific Schools Sdn Bhd to ILMU for a total consideration of RM138,800,000 and the subsequent declaration of dividends of RM70,788,000 and RM68,012,000 to ILMU and SRB respectively,
- Proposed disposal by SRB of its entire 49.0% equity interest in Asia Pacific University Sdn Bhd ("APU") to ILMU for a total cash consideration of RM161,988,000 and

- Proposed disposal by SRB of its entire 37.61% interest in Asia Pacific Institute of Information Technology Lanka (PVT) Limited ("APIIT Lanka") to ILMU for a total cash consideration of RM27,000,000.

The above proposals (hereinafter referred to as the Proposed Disposals), are conditional upon the approvals obtained from the relevant authorities and other parties, including shareholders of SRB at an Extraordinary General Meeting to be convened right after the Annual General Meeting on 15 June 2016.

Subject to all the required approvals being obtained, the Proposed Disposals exercise is expected to be completed by the third quarter of 2016.

Rationale for the Proposed Disposals

In 2011, SRB disposed of its 51.0% controlling stake in APIIT and APU to benefit from a tie-up with a strategic investor and spur the growth of its education business. Under the APIIT Group, the education business has proven profitable over the past four years, but it is now entering a new phase of long-term development and growth, in particular its ongoing project to build a new campus at Bukit Jalil with Phase 1 expected to be completed in mid 2016. If a cash call is made by APIIT, SRB will need to make a contribution in line with its equity interest or have its shareholding diluted.

Strategically the Board believes it would be more value accretive for SRB in the long-run to unlock the value of its non-controlling stakes in the Education business. This pro-active strategy will enable the Group to refocus its capital and resources on two lines of businesses that it has control of, namely Property and Aviation.

Proposed Utilisation of Proceeds

Based on the aggregate proceeds of RM315.0 million, SRB intends to utilise the proceeds from the Proposed Disposals in the following manner:

- RM158.82 million to be set aside for future expansion and general working capital requirements of the SRB Group
- RM144.6 million for repayment of bank borrowings
- RM6.98 million will be declared as proposed special dividends
- RM4.6 million as estimated expenses for the Proposed Disposals

OPERATIONAL REVIEW

Property Sector

SRB has entered into a joint venture with KLCC (Holdings) Sdn Bhd ("KLCC") to develop a 81,860 square feet parcel of land known as Lot 91 at the Kuala Lumpur City Centre ("KLCC"). A joint-venture company, IBSB, was incorporated to undertake the construction of a premier office tower, convention centre and the retail component. Piling work on Lot 91 was completed in December 2015, paving the way for the superstructure construction to begin.

SRB also owns a 10-storey building at Sapura@Mines, a property at Jalan Tandang consisting of warehouses cum offices, and a commercial building at Jalan 219 in Petaling Jaya. All three properties remained tenanted during the year in review, with an occupancy rate of over 90%.

Aviation Sector

In the face of volatility and growing competition, SRB's Aviation Segment has remained resilient, especially at its Subang operations. Operating out of our home-base in Subang, the Group provides a suite of private aviation services including hangarage, ground handling, aircraft management, mission planning and charter brokering. With a total office and hangarage space of 172,000 square feet, the hangars can accommodate a range of business jets and helicopter. Notwithstanding the prevailing economic climate, all our hangars in Subang enjoyed a high occupancy rate throughout FY2016.

As mentioned in the last report, the Group has plans to develop a plot of land at Subang known as Bay 14 into a hangar to meet the anticipated growing demand for hangarage and office space. With all four of our operational hangars in Subang now enjoying high occupancy rates, we will expedite the development at the Bay 14 land via our associate company ISY Aerina Sdn Bhd.

The Group is also operating two hangars at the Senai Airport with a total hangar and office space of 65,000 square feet. Operational since June 2015, our Aviation operation at Senai is still in its gestation stage and we expect the first tenant to move in by the middle of 2016.

Education Sector

The Education Sector operates in a very challenging environment currently, especially in the tertiary education segment where there are new universities entering the market and market players are investing heavily in campus facilities to meet the students' requirements for better learning and social space. To mitigate the myriad of challenges,

both APIIT and APU have enhanced promotional activities in Malaysia. This has enabled them to register a slight growth in student numbers to 11,314 as at 31 December 2015. The performance of the Education Sector was also supported by continued growth in Asia Pacific Schools, which saw total student enrolment grow to 1,964 at the end of 2015 compared to 1,560 registered at the end of 2014.

Meanwhile, issues with the Education Malaysia Global Services continue to persist and this has resulted in delays in the approval of student visas. The introduction of new policies of the Ministry of Higher Education, including those governing the use of forecast Sijil Pelajaran Malaysia ("SPM") results for the enrolment of Malaysian students, as well as the implementation of several new Programme Standards by the Malaysian Qualifications Agency, has resulted in reduced eligibility levels of students wishing to enroll for the Higher Education programmes. Delays in obtaining approvals and provisional accreditation have also resulted in delays in rolling out a number of new programmes originally planned for the fourth quarter of 2015.

The year under review also brought its share of awards and achievements. APIIT was accorded the highest possible 6-Star Rating in multiple categories by the Ministry of Higher Education (MOHE) under MyQUEST 2015, the Malaysian Quality Evaluation System that was launched in 2010. The Asia Pacific Language Centre ("APLC") also achieved the top 5-Star ranking under the Ministry of Education's Sistem Kualiti Institusi Pendidikan Swasta. Joining the ranks of high-achievers, APU was rated Number One in Malaysia and Asia for its multicultural learning experience. Students also excelled at international events, taking both the Gold and Bronze Awards at the MOSTI International Invention, Innovation & Technology Exhibition as well as at the International Conference on Information, Systems and Convergence Applications ("ICISCA"). Besides proving themselves academically, students have also excelled sporting, cultural, mathematics and accounting challenges, among others.

OUTLOOK & PROSPECTS

Moving into FY2017, the global economy is still struggling to gain momentum and according to the International Monetary Fund, global growth is projected at 3.4% in 2016 (Source: IMF World Economic Update, January 2016). Bank Negara Malaysia has projected a gross domestic product ("GDP") growth for the Malaysian economy of between 4.0 and 4.5% in 2016 (Source: Bank Negara Malaysia 2015 Annual Report, page 6).

With the impending completion of the Proposed Disposals, SRB will no longer be equity accounting profits attributable from APIIT, APU, APIIT Lanka as well as receive dividends attributable to it from the education business once the Proposed Disposals is completed. However, with about 46% of the gross proceeds from the Proposed Disposals intended for repayment of bank borrowings, SRB will not be required to pay interest on its loans, which currently is more than the loss of dividends from our Education business. Sufficient cash would also be set aside from the proceeds of the Proposed Disposals to fund future expansion, including investment in our Lot 91 KLCC development and working capital for our core Property and Aviation businesses.

In our property business sector, FY2017 will continue to be challenging for the other three investment properties that we own. Generally, with more office space slated for completion in 2016 and with supply expected to grow by 15.3% from 2016 to 2018, it will be more of a tenant's market where occupancy and rental rates are expected to decline. (Source: TheEdgeProperty.com, 17 March 2016) However, according to Knight Frank Malaysia, a leading independent real estate consultancy, "well-located and good-grade buildings are expected to continue to perform well". Fortunately for SRB, the three properties are expected to continue registering high occupancy rates in the coming year. As all three buildings have already passed their prime age, our task is to drive financial discipline and effectively manage costs in order to keep delivering value to our tenants.

The coming year will see the appearance of the Lot 91 superstructure as it begins to transform the KLCC skyline. Our task is to complete the entire project within the targeted completion date of early 2020 and within budget. When completed, our Lot 91 KLCC development is expected to be a key driver of the Group's earnings and cash flow in the future.

SRB is also looking out for other property development projects coming its way, either within the Klang Valley or beyond, taking into account the opportunities available and the resources at its disposal.

The Group continues to move progressively closer to becoming a full-fledged private & business aviation services provider. Among our priorities in Aviation, would be to accelerate our aircraft management business and the development of Bay 14 to accommodate the growing demand for hangar space in Subang. At the Senai Airport, our immediate focus will also be to attract tenants to our two hangars.

We are targeting to obtain an Air Operator's Certificate ("AOC") by 2016, which will allow us to provide aircraft charter. Meanwhile, we have been certified to the Universal Aviation Programme that recognises and distinguishes ground handlers around the world that have proven to meet the network's stringent standards for safety, regulatory compliance and customer satisfaction. This certification is recognised by companies world-wide. We are also going for certification to the International Standard for Business Aircraft Handling (IS-BAH), which is a set of global industry best practices for business aviation ground handlers.

SRB is planning for long-term shareholder value creation and growth. We believe it will be an exciting future but a lot remains to be done. I hope you will continue the journey with us as we propose to unlock the value in our Education business and focus on the Property and Aviation businesses.

ACKNOWLEDGEMENTS

In these challenging times, the directors, management and staff of SRB must be commended for their high levels of commitment and hard work. Let me thank you for all your contributions.

Over the years, SRB has established a strong relationship with its customers, business associates, financiers, respective government agencies and suppliers. Our shareholders deserve special mention for their patience and understanding. Your support has helped us achieve our goals and expand our horizons.

There were several changes in the composition of the Board during the year under review. Ms Gee Siew Siew resigned on 23 November 2015 after serving the Board for over six years. She was also a member of the Board Audit Committee and the Board Nomination and Remuneration Committee. The Board and I thanked her for her contributions and we wish her all the best in her future undertakings. Two new Directors were appointed on 19 January 2016. Mr Peter Ho Kok Wai is a Chartered Accountant by profession while En Ahmad Jauhari bin Yahya has extensive experience, particularly in the oil and gas, airline and power industries. I look forward to working closely with them and the rest of the Board. Together we strive to achieve all we set out to do.

I thank all of you.

TAN SRI DATUK AMAR DR TOMMY BIN BUGO @ HAMID BIN BUGO
Chairman

A photograph of a man in a white shirt operating a red forklift in a warehouse. The man is seen from the back, looking towards the right. The forklift is red with a black seat and a black steering wheel. The background shows a dark, industrial setting with a corrugated metal ceiling. A large, semi-transparent red shape is overlaid on the left side of the image, containing the text.

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.



OPERATIONAL INSTRUCTIONS

OPERATOR

DRIVER

SAFETY

WARNING

CAUTION

NOTICE

REMARKS

1.1

1.2

1.3

1.4

1.5

1.6

1.7

1.8

1.9

1.10

1.11

1.12

1.13

1.14

1.15

1.16

1.17

1.18

1.19

1.20

1.21

1.22

1.23

1.24

1.25

1.26

1.27

1.28

1.29

1.30

1.31

1.32

1.33

1.34

1.35

1.36

1.37

1.38

1.39

1.40

1.41

1.42

1.43

1.44

1.45

1.46

1.47

1.48

1.49

1.50

1.51

1.52

1.53

1.54

1.55

1.56

1.57

1.58

1.59

1.60

1.61

1.62

1.63

1.64

1.65

1.66

1.67

1.68

1.69

1.70

1.71

1.72

1.73

1.74

1.75

1.76

1.77

1.78

1.79

1.80

1.81

1.82

1.83

1.84

1.85

1.86

1.87

1.88

1.89

1.90

1.91

1.92

1.93

1.94

1.95

1.96

1.97

1.98

1.99

1.100

BOARD OF DIRECTORS



From left to right:

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 Chairman/Independent Non-Executive Director
DATO' FAUZIAH BINTI DATO' ISMAIL Senior Independent Non-Executive Director
DATO' MUTHANNA BIN ABDULLAH Independent Non-Executive Director
DATO' RODZLAN AKIB BIN ABU BAKAR Executive Director
ENCIK AHMAD JAUHARI BIN YAHYA Independent Non-Executive Director
MR PETER HO KOK WAI Independent Non-Executive Director





BOARD OF DIRECTORS' PROFILE

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

Chairman/Independent Non-Executive Director

Tan Sri Datuk Amar (Dr.) Hamid bin Bugo, a Malaysian, aged 70, was appointed as the Chairman of Sapura Resources Berhad on 4 March 2016 subsequently to his appointment as an Independent Non-Executive Director on 25 August 2009. Tan Sri Hamid, who was also the Senior Independent Non-Executive Director, was redesignated as an Independent Non-Executive Director on 26 April 2016. He 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, Sarawak Consolidated Industries Berhad and X-Fab Silicon Foundries S.E.

Tan Sri Hamid is a Council member of the Institute of Integrity Malaysia and is also active in charitable activities as Chairman of Yayasan Kemajuan Insan Sarawak and Chairman of the State Library Sarawak.

02. DATO' SHAHRIMAN BIN SHAMSUDDIN

Managing Director

Dato' Shahrman bin Shamsuddin, a Malaysian, aged 47, 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' Shahrman 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' Shahrman 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.

03. DATO' MUTHANNA BIN ABDULLAH

Independent Non-Executive Director

Dato' Muthanna bin Abdullah, a Malaysian, aged 56, 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 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.

04. DATO' FAUZIAH BINTI DATO' ISMAIL

Senior Independent Non-Executive Director

Dato' Fauziah binti Dato' Ismail, a Malaysian, aged 73, was appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 25 August 2009. She was redesignated as the Senior Independent Non-Executive Director on 26 April 2016. She is also a member of 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 Privatisation.

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.

05. TAN SRI DATO' SERI SHAHRIL BIN SHAMSUDDIN

Non-Independent Non-Executive Director

Tan Sri Dato' Seri Shahril bin Shamsuddin, a Malaysian, aged 55, was appointed as Managing Director of Sapura Resources Berhad on 19 February 1990, and later redesignated as a Non-Independent Non-Executive Director on 1 March 2007.

Tan Sri Shahril is also the President and Group Executive Officer of Sapura Group, which manages a diversified portfolio of businesses that include secured communications technologies, aviation, automotive manufacturing as well as property development and education. He is also serving as President and Group Chief Executive Officer and Executive Director of SapuraKencana Petroleum Berhad and is a Non-Executive Director and Deputy Chairman of Sapura Industrial Berhad.

Tan Sri Shahril is a member of the Massachusetts Institute of Technology (MIT) Sloan Asian Executive Board and a member of the Board of Governors for Asia School of Business which is a Bank Negara Malaysia – MIT Sloan collaboration. He is also a member of University Teknologi Malaysia's International Advisory Panel and a member of the Board of Trustees, Treasurer and Executive Committee for the Perdana Leadership Foundation.

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

06. DATO' RODZLAN AKIB BIN ABU BAKAR

Executive Director

Dato' Rodzlan Akib bin Abu Bakar, a Malaysian, aged 64, 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 has 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 the Perdana Leadership Foundation.

07. ENCIK AHMAD JAUHARI BIN YAHYA

Independent Non-Executive Director

Encik Ahmad Jauhari bin Yahya, a Malaysian, aged 61 was appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 19 January 2016. He is also a member of the Board Nomination and Remuneration Committee.

He holds a Bachelor of Science (Hons) Degree in Electrical and Electronics Engineering from University of Nottingham, United Kingdom and has a vast and diverse working experience in various industries which includes oil & gas, publications, engineering, power and energy.

He started his career with ESSO Malaysia Berhad in 1977 before joining The New Straits Times Press (M) Berhad in 1979 where he rose to the rank of Senior Group General Manager, Production and Circulation. He then joined Time Engineering Berhad as Deputy Managing Director in 1992 and subsequently made Managing Director within the same year. He then served as Managing Director of Malaysian Resources Corporation Berhad before taking the role of Managing Director of Malakoff Berhad in 1994 till 2010.

He retired from Malakoff in 2010 and became a Director at Malaysia Airport Holdings Berhad and the Chairman of Destination Resorts and Hotel Sdn Bhd prior to his appointment at Malaysia Airlines.

Encik Ahmad Jauhari was appointed as the Group Chief Executive Officer of Malaysia Airlines on 19 September 2011. He was a member of the Board Tender Committee and sits on the Boards of several subsidiaries within the Malaysia Airlines Group of Companies.

He stepped down from the role of Group Chief Executive Officer of Malaysia Airlines on 30 April 2015 but remained on the Board as a Non-Executive Director till December 2015.

He is also not new in managing organisations on the international front as he had served as Director and Chairman of Executive Committee of Central Electricity Generating Company Limited (Jordan) and Director of Shuaibah Expansion Project Company Limited (Saudi Arabia) and Director of Souk Tieta Independent Water Project (IWP) in Algeria.

He was appointed as Non-Executive Director of Taliworks Corporation Berhad on 2 July 2015. He is also the founder member and the former President of Penjanabebas (Association of Independent Power Producer of Malaysia).

08. MR PETER HO KOK WAI

Independent Non-Executive Director

Mr Peter Ho Kok Wai, a Malaysian, aged 56, was appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 19 January 2016. He is also a member of the Board Audit Committee.

Mr Peter Ho is a Member of the Malaysian Institute of Accountants (MIA), Fellow of The Institute of Chartered Accountants in England and Wales (ICAEW) and Member of the Malaysian Institute of Certified Public Accountants (MICPA).

Mr Peter Ho forged his early career with Everett Pinto & Co., a central London Firm of Chartered Accountants, and qualified as a Chartered Accountant in 1984. Subsequently, in 1987, Mr Peter Ho joined KPMG, Kuala Lumpur (KPMG, KL) where he progressed to Head of Department in 1992. He was transferred to KPMG, Ipoh in 1993 to head the branch and was admitted as Partner 1995. He was transferred back to KPMG, KL in 2005 where he had, at various times, headed the Audit Technical Committee, Audit Function and Marketing Department. He has more than 30 years of auditing experience in a wide range of companies including public listed companies and multinationals, with particular emphasis in manufacturing, distribution and financial services. Mr Peter Ho retired from KPMG, KL in December 2014.

Mr Peter Ho is also an Independent Non-Executive Director of Hong Leong Industries Berhad, GuocoLand (Malaysia) Berhad and Malaysia Smelting Corporation Berhad, the companies listed on the Main Market of Bursa Malaysia Securities Berhad.

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. Tan Sri Dato' Seri Shahril bin Shamsuddin and Dato' Shahrman bin Shamsuddin are major shareholders of the Company.

2. Conflict of Interest

None of the other Directors of the Company has any conflict of interest with the Company other than those disclosed in the financial statements of the Company.

3. Convictions for Offences

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

4. Number of Board Meetings Attended during the Financial Year

The number of Board Meetings attended by the Directors during the financial year is disclosed in the Corporate Governance Statement of this Annual Report.



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.



CORPORATE

SOCIAL RESPONSIBILITY

At Sapura Resources Berhad (“SRB” or the “Group”), we are clear about the role we play in society to help drive positive change. This means building the business for the long-term by balancing social, environmental and economic considerations in the Group’s businesses and operations and meeting the expectations of stakeholders in a wider society.

Taking our direction from Bursa Malaysia’s Corporate Social Responsibility (“CSR”) Framework, we maintain a strong commitment to developing our people, market-place, the various communities in which we operate and managing our environmental footprint.

Within the Sapura Group of companies, CSR programmes and initiatives are spearheaded by three platforms, namely Sapura Community, Yayasan Shamsuddin Abdul Kadir and Yayasan Siti Sapura Husin. Initially conceived as an employee welfare and social club, Sapura Community has evolved over the years to become a platform for all employees in the Sapura Group to come together and be involved in welfare work as well as participate in sports and recreational activities. The other two foundations serve as alternative platforms for the Group’s various community outreach programmes.

WITHIN THE SAPURA GROUP OF COMPANIES,
CSR PROGRAMMES AND INITIATIVES ARE
SPEARHEADED BY THREE PLATFORMS, NAMELY
SAPURA COMMUNITY, YAYASAN SHAMSUDDIN
ABDUL KADIR AND YAYASAN SITI SAPURA HUSIN



WORKPLACE DEVELOPMENT



MARKETPLACE DEVELOPMENT



COMMUNITY DEVELOPMENT



ENVIRONMENT PRESERVATION

WORKPLACE DEVELOPMENT

SRB is aware that the quality of its people is crucial to deliver on its strategy and ensure its future success. We aim to attract and retain the best talents the market has to offer and our employment proposition includes a competitive remuneration package as well as prospects for professional and career advancement. The safety and health of our employees has always been a main concern and we promote safe work practices as a shared responsibility. To this, many of our staff benefitted from health screening tests organised by the Sapura Community in conjunction with the annual blood donation drive.

As befitting a Group that places a premium on excellence, Sapura Community has initiated an award scheme to recognise and inspire children of staff members who excel in the Malaysian public examinations. More than 300 children have since received this award. For the financial year 2016 ("FY2016"), the much coveted Anugerah Cemerlang Siti Sapura named after the late Puan Sri Siti Sapura Husin, was bestowed upon Muhammad Ali Imran bin Mohamed Kamii from Sekolah Agama Menengah Bestari, Subang Jaya. He scored 11As in the Sijil Pelajaran Malaysia ("SPM") examination and was also actively involved in his school's extra-curricular activities.



The safety and health of our employees has always been a main concern and we promote safe work practices as a shared responsibility



As the Sapura family continues to grow, the Sapura Community continues to play an important role in helping to foster the cross-engagement of staff and their families from different business units. Last year, for example, the Sapura Community made a life-long dream come true for many SRB staff when they joined their colleagues from across the Group to perform the Umrah.

On a regular basis, employees across the Group participated in various recreational activities, including white-water rafting in Kuala Kubu Bharu, besides pitting their skills in the Paintball and Go Kart Challenges. As in previous years, a highlight of the social calendar was the Majlis Berbuka Puasa, which was attended by around 800 employees. The Sapura Group Aidilfitri saw more than 6,000 staff members and their families attended on the celebrated day.



MARKETPLACE DEVELOPMENT

Good corporate governance is essential for the long-term success of the Group and maintaining the trust of our stakeholders. SRB's corporate governance policies and practices are consistent with the Principles and Recommendations set out in the Malaysian Code of Corporate Governance 2012. In our commitment to maintain the highest standards of corporate governance, we are continuously updating and upgrading our governance structures and controls, with a particular focus on risk and compliance procedures.

In this digital age, many investors depend on corporate websites to keep abreast of important news and events concerning a company, so as to be able to make informed and timely investment decisions. The Sapura Group's website, www.sapura.com.my gives an overview of the Sapura Group of Companies, including SRB. Investors can also access Bursa Malaysia Securities Berhad's website for the Company's latest announcements. Our annual report also provides the financial results, review of its operations and the Company's outlook and prospects. All shareholders are encouraged to attend the Company's Annual General Meeting where the Chairman and senior management are present to field questions and clarify issues.

In this digital age, many investors depend on corporate websites to keep abreast of important news and events concerning a company

RECIPIENTS OF ON-THE-JOB TRAINING

33  CANDIDATES (FY2016)



In respect of our contribution to the marketplace, SRB is playing its part in contributing towards the growth of Malaysia's aerospace industry, which is expected to be one of the engines of growth in the nation's aspiration to achieve a developed nation status by 2020. To this end, the Government aims to boost the level of skilled workers needed especially with the aerospace sector expected to generate up to 32,000 high-skilled jobs by 2030. (Source: Malaysian Aerospace Industry Blueprint, 2015-2030) For the past several years, FY2016 being no exception, SRB has opened its aviation facilities at Subang as a training ground for various technical colleges such as the Malaysia Institute of Aviation Technology ("MIAT"), Universiti Kuala Lumpur ("UniKL") and Aviation Management College. During their stint at our facilities, the 33 candidates accepted in FY2016 received on-the-job training in a number of areas, including ground and flight support, supply chain management, human resource and finance.

COMMUNITY DEVELOPMENT

We strive to make a positive difference to the communities in which we live and operate. In all of the Sapura Group's community work, we encourage management and staff to be actively involved, volunteering their time and energy in giving back to the society. One of the Group's most enduring community outreach initiatives is the My Kasih Food Aid Programme. Under the theme "Love My Neighbourhood", the programme aims to bring hope and renewal to the poor and needy in Malaysia. For the past four years, the Sapura Community has been disbursing aid through a cashless payment system to about 300 disadvantaged households in Jerlun Kedah. Recipients can pay for their purchases at participating outlets electronically by using their MyKad.

Meanwhile, Yayasan Shamsuddin Abdul Kadir continued to provide education assistance at the Ipoh Resource Centre, where tuition classes are conducted to benefit orphans and underprivileged children around the Perak state capital. During the Holy Month of Ramadhan, the foundation also organised a Majlis Berbuka Puasa for the children at the resource centre.

Yayasan Siti Sapura Husin has teamed up with Universiti Teknologi PETRONAS ("UTP") in an effort to build sustainable communities at Kampung Aji in Perak. In collaboration with various volunteer groups, the programme is specifically targeted at single mothers, elderly and children and aims to alleviate problems related to poverty, illiteracy and exploitation.

On another note, our aviation facilities at Subang have also offered lower rental rates for the FAS Flying Club. This is to enable the Flying Club to offer competitive packages so that more people can take up flying.



In all of the Sapura Group's community work, we encourage management and staff to be actively involved, volunteering their time and energy in giving back to the society

The Education sector continued to play an important role in community development through its various CSR programmes. In 2015, when Majlis Amanah Rakyat ("MARA") was unable to provide funding for its students who had joined the Asia Pacific Institute of Technology and Innovation ("APU") on MARA-approved programmes, APU has assisted by providing more than 400 of these students with fee waivers and reductions amounting to almost RM5.0 million. The affected students were also provided accommodation at a reduced rates.

APU continued to lend its support to various scholarships, including the Sun-MAPCU, the Sin Chew and Nanyang Scholarship Funds. APU has provided partial or full scholarships in the form of fee waivers to around 30 students in 2015, worth RM1.2 million over four years. APU has also provided support to the Malay Cricket Association by enabling five national junior trainees to further their education in Diploma programmes, at a total value of RM150,000.00.

In addition, the year in review saw staff and students organising various CSR activities, including community service projects in support of the children of Myanmar refugees, fund-raising for the Nepal Earthquake Relief effort and visits to orphanages and homes for the elderly in and around the Klang Valley.

ASIA PACIFIC INSTITUTE OF TECHNOLOGY AND INNOVATION:

ASSISTED MORE THAN
400
MARA STUDENTS WITH
VALUE OF ALMOST
RM5.0
MILLION



ASSISTED AROUND
30
OTHER SCHOLARSHIP
STUDENTS WITH
VALUE OF
RM1.2
MILLION

ENVIRONMENTAL PRESERVATION

The commercial development of Lot 91 at the Kuala Lumpur City Centre incorporates many green components designed to maximise energy performance. Lot 91's location and careful placement of the development components combine maximum panoramic views with functionality by reducing heat gain from the southern exposure.

Floor-to-ceiling glazing will maximise views from within and capture enough natural sunlight. The glass system has been selected for maximum transparency, minimum reflectivity, whilst towering solar gain and thermal transmittance. All proposed sanitary wares and fittings in the development will have efficient water features, such as dual flush mechanisms for toilets and monitoring devices for detecting water leakages within the water distribution system. The adoption of a waste management strategy will ensure sufficient garbage compactors and appropriate facilities for collection, segregation, storage and disposal of waste and recovered materials.



DID YOU KNOW?

NOT ONLY THE RAIN WATER IS HARVESTED FOR LANDSCAPE IRRIGATION BUT THE CONDENSATE WATER FROM AIR CONDITIONERS ARE ALSO RECYCLED IN THE RAIN HARVESTING TANK

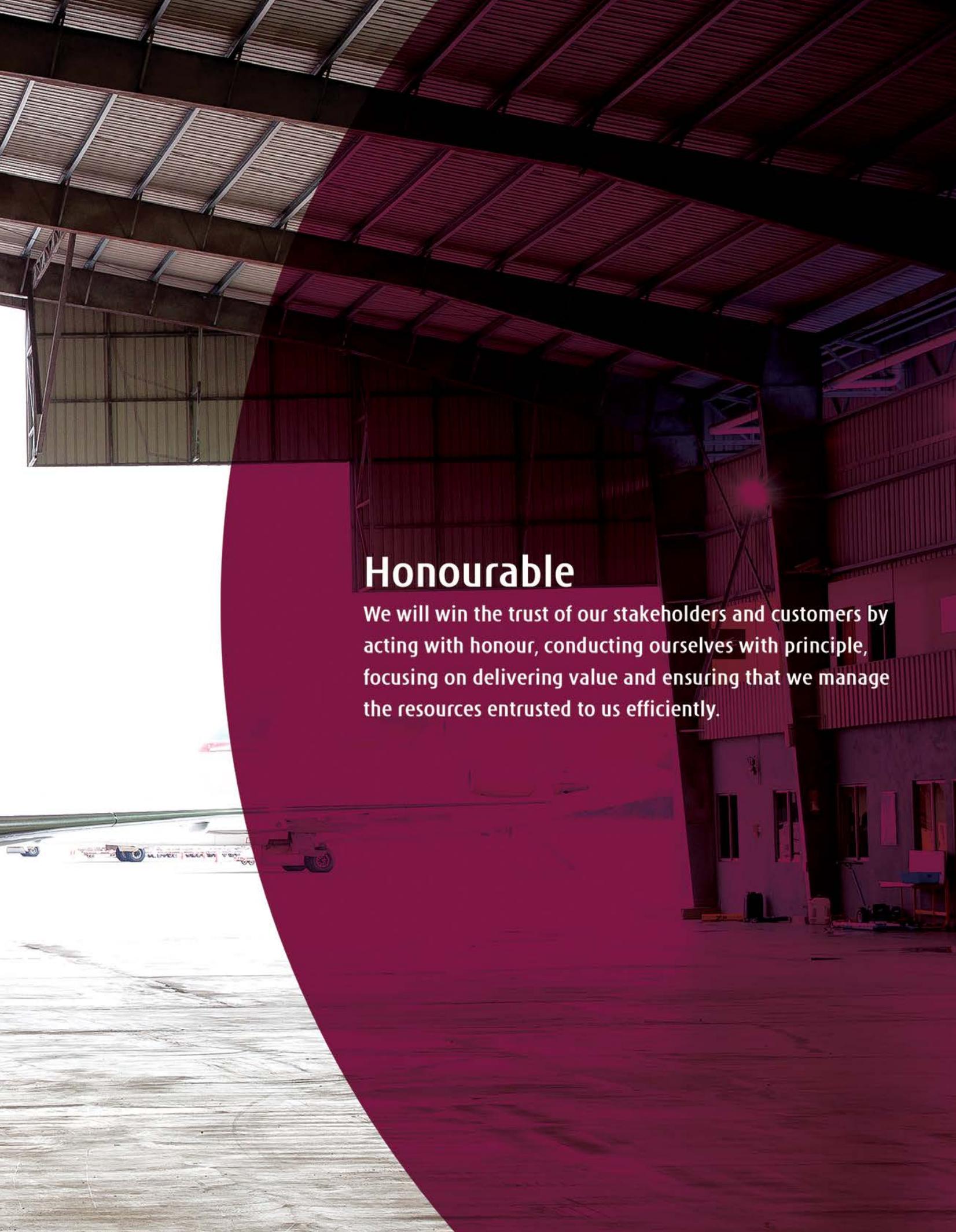


The building will be cooled using a centralised district cooling system. Other green features that will be incorporated include a regenerative lift system that will convert excess energy generated by a lift into electricity, LED lighting that will provide a more sustainable and reliable performance, occupancy and LUX sensors that automatically turn lights on when people enter a space and off when they leave and a digital power meter that will be integrated with the Building Control System. Rain water will be harvested and used for landscape irrigation while condensate water from the air conditioning system will also be accumulated and stored in the rain harvesting tank. Priority parking will be provided for hybrid vehicles and bays set aside for bicycles.

In the Education Sector, a significant portion of research and development ("R&D") activities undertaken at the APU is centred around sustainability, green technologies and the environment. Some of the research projects involve identifying the use of alternative energy in meeting low voltage requirements. Green Computing Policies and Practices have also been deployed at APU's own Data Centre, where significant reductions have been achieved in the overall carbon footprint and power utilisation.

CSR remains a work-in-progress in the Sapura Group. We are constantly reviewing our programmes and initiatives to ensure their relevance in today's rapidly evolving environment.





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.

CORPORATE GOVERNANCE STATEMENT

Over the years, Sapura Resources Berhad (“the Company”) and the Board of Directors (“the Board”) have continued to uphold and ensure that good corporate governance is applied and practiced throughout the Company. The Board duly recognises the importance of good corporate governance in 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.

The Board is pleased to present this Statement on how the Company has applied and adopted the principles and recommendations on corporate governance as set out in the Malaysian Code of Corporate Governance 2012 (“the MCCG 2012”), the corporate governance requirements as prescribed in the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and Corporate Governance Guide Towards Boardroom Excellence – 2nd Edition issued by Bursa Malaysia Berhad.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Roles and Responsibilities of the Board of Directors

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.

To assist in the discharge of its stewardship role, the Board has established Board Committees namely the Board Audit Committee and the Board Nomination and Remuneration Committee. The Board Committees have specific issues within their respective terms of reference and report to the Board with their recommendation. All decisions by the Board Committees are documented and approved by the respective Chairman of the Committees prior to submission to the Board. The ultimate approval lies with the Board.

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 controls 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 aspects during the financial year are set out in the Statement of Corporate Social Responsibility of this Annual Report.

The Board assumes the following major responsibilities in discharging its fiduciary and leadership duties:

- Adopting and reviewing a strategic plan for the Group;
- Overseeing the conduct of the Group’s business and, evaluating whether the business is being properly managed and sustained;
- Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigation measures to address such risks;
- Ensuring that all candidates appointed to the Board are of sufficient calibre, including having succession planning and diversity;
- Developing and implementing an investor relations programme or shareholder communication policy;
- Reviewing the adequacy and integrity of the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- Establishing Board Committees and responsible for all decision-making for the Committees; and
- Deliberating on proposals presented and recommended, including those proposed by its Committees.

There are key matters reserved for the Board for its deliberation and decision to ensure the direction and control of the Group’s business are in its hands.

The key matters reserved for the Board comprises the following:

- Group financial performance and quarterly financial reporting
- Acquisition and disposal of business
- Declaration of dividends and approval of accounting policies
- Establishment of new business
- Adoption of Business Plan and Budget
- Capital investment
- Financing of Group's activities
- Any corporate restructuring

To ensure the effective discharge of its responsibilities, the Board has delegated certain authority to the Board Committees and the Management. The delegations of authority to the Board Committees and the Management are set out in the terms of reference of the respective Committees and the Limits of Authority, respectively.

1.2 Separation of roles of Chairman, Managing Director and Executive Director

There is a clear division of roles and responsibilities between the Chairman, Managing Director and Executive Director, as summarised below:

• **Role of Chairman**

The Board is chaired by an Independent Non-Executive Director. During the year under review, the Board underwent a rigorous process to appoint the Chairman of the Company. Accordingly, on 4 March 2016, the Board had appointed Tan Sri Datuk Amar (Dr.) Hamid bin Bugo as Chairman/Senior Independent Non-Executive Director of the Company. The Board is of the view that Tan Sri Datuk Amar (Dr.) Hamid bin Bugo has a strong presence as Chairman of the Company and is able to provide effective leadership, strategic direction and necessary governance to the Group. On 26 April 2016, Tan Sri Datuk Amar (Dr.) Hamid bin Bugo was redesignated from Chairman/Senior Independent Non-Executive Director to Chairman/Independent Non-Executive Director of the Company.

The Chairman is responsible for the leadership of the Board, controls the orderly and effective functioning of the Board, ensures the integrity and effectiveness of the governance processes of the Board and will consult with the Board promptly over any matter that gives him cause for major concern. He acts as facilitator at meetings of the Board and ensures that no Board Member, whether executive or non-executive, dominates the discussion. He also ensures that appropriate discussion takes place and that relevant opinion among Board Members are forthcoming.

The key roles and accountabilities of the Chairman are as follows:

- Presiding at Board and general meetings of the Company and ensuring all relevant issues are on the agenda with the assistance of the Senior Management and Company Secretaries;
- Managing Board communications, effectiveness and effective supervision over management;
- Creating conditions for good decision making during Board and shareholders meetings;
- Provide reasonable time for discussion of complex and contentious issues, and ensures all discussions reflect the collective views of all Board members;
- Ensuring Board proceedings are in compliance with good conduct and best practices;
- Protecting the interest and provide for the information needs of various Stakeholders;
- Maintaining good contact and effective relationships with external parties, investing public, regulatory agencies and trade associations;
- Ensuring that quality information to facilitate decision-making is delivered to the Board in a timely manner; and
- Ensuring compliance with all relevant regulations and legislation.

- **Role of Managing Director**

Dato' Shahrizan bin Shamsuddin has been the Managing Director of the Group since 1st March 2007. He is responsible for the stewardship of the Group's direction and the day-to-day management of the Group. The Board together with the Managing Director develop 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.

The key role of the Managing Director, amongst others, includes:

- Developing the strategic direction of the Group;
 - Ensuring that the Group's strategies and corporate policies are effectively implemented;
 - Ensuring that Board decisions are implemented and Board directions are adhered to;
 - Providing directions in the implementation of short and long-term business plans;
 - Ensuring compliance with all relevant legislation and regulations by reviewing policies and monitoring compliance; and
 - Ensuring the day-to-day business affairs of the Group are effectively managed.
- **Role of Executive Director**

Dato' Rodzlan Akib bin Abu Bakar was appointed as the Executive Director on 15 July 2013. He 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.

The key role of the Executive Director, amongst others, includes:

- Developing new business models and initiatives;
- Ensuring that the Group's strategies and corporate policies are effectively implemented;
- Ensuring that Board and the Managing Director decisions are implemented and Board as well as Managing Director directions are adhered to;
- Providing directions in the implementation of short and long-term business plans;
- Ensuring compliance with all relevant legislation and regulations by reviewing policies and monitoring compliance;
- Ensuring the day-to-day business affairs of the Group are effectively managed; and
- Take the lead in effecting changes to the Company's business processes, management systems, organisation structure, core competencies and supporting technologies to enhance productivity and efficiency of operations.

1.3 Board Committees

The Board has delegated specific responsibilities to two (2) Board Committees namely the Board Audit Committee ("BAC") and the Board Nomination and Remuneration Committee ("BNRC") 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.

All deliberations, recommendations and decisions of the Board Committees meetings are recorded and minuted and subsequently confirmed by the Board Committees at the subsequent Board Committees meetings.

Further details on the BAC and BNRC are set out in sections 2.2 and 2.3, respectively of this Statement.

1.4 Access to information and Advice

The agenda for the meetings of the Board are set by the Company Secretaries in consultation with the Chairman and the Managing Director. The Board is supplied in a timely manner with the relevant reports and Board Papers 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 Board Committees meetings to enable them to understand the issues and discharge their duties effectively. Minutes of the Board Committees are tabled at the Board meetings for the Board's notation and deliberation.

The Board is assisted by Senior Management and the Company Secretaries 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.

1.5 Company Secretaries

The appointment, resignation or removal of the Company Secretaries of the Board shall be the prerogative of the Board.

The Company Secretaries, who are qualified, experienced and competent, are responsible for providing advice, support and appropriate guidance to the Board on policies and procedures, rules and regulations and relevant laws as well as best practices on governance.

The Company Secretaries are also responsible for advising the Board of their obligations and duties to disclose their interest in securities and disclosure of any conflict of interest in any transactions involving the Company.

The Company Secretaries organises and attend all Board and Board Committees meetings and ensure the meetings are properly convened and deliberations at the Board and Board Committees meetings are properly recorded, minuted and communicated to all relevant management for necessary action. Minutes of the Board and Board Committees meetings, which include records of the decisions of the Board and Board Committees, are properly maintained by the Company Secretaries.

The Board has unrestricted access to the advice of the Company Secretaries to enable them to discharge their duties effectively. All the members of the Board are entitled to obtain independent professional advice, if necessary at the Company's expense from time to time in performance of their duties.

2. STRENGTHEN THE COMPOSITION OF THE BOARD OF DIRECTORS

2.1 Board Composition

As at the date of this Statement, there are eight (8) members of the Board, comprising an Independent Non-Executive Chairman, four (4) Independent Non-Executive Directors, of which one (1) is a Senior Independent Non-Executive Director, one (1) Non-Independent Non-Executive Director, one (1) Managing Director and one (1) Executive Director. The current Board composition is in compliance with the Company's Articles of Association and the requirement mandated by Bursa Securities Listing Requirements which stipulates that at least two (2) or one-third (1/3) of the Directors, whichever is higher, must be independent. The Directors' profiles are set out in this Annual Report.

During the financial year under review, there were several changes in the Board's composition. The changes are as follows:

Name	Designation	Nature of changes	Date of changes
Allahyarham Datuk Khalid bin Abdul Karim	Senior Independent Non-Executive Director	Deceased	12 March 2015
Gee Siew Yoong	Independent Non-Executive Director	Resigned	23 November 2015
Ahmad Jauhari bin Yahya	Independent Non-Executive Director	Appointed	19 January 2016
Peter Ho Kok Wai	Independent Non-Executive Director	Appointed	19 January 2016

The Board is supported by a Managing Director and an 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 is constituted of individuals with wide entrepreneurship and business skills relevant to the direction and activities of the Group.

2.2 Board Audit Committee ("BAC")

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

Dato' Muthanna bin Abdullah Independent Non-Executive Director	– Chairman
Dato' Fauziah binti Dato' Ismail Senior Independent Non-Executive Director	– Member
Peter Ho Kok Wai Independent Non-Executive Director <i>(Member of Malaysian Institute of Accountants (MIA)/Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW)) and Member of the Malaysian Institute of Certified Public Accountants (MICPA). (Appointed as a member of BAC on 19 January 2016.)</i>	– Member

Further details on the summary of the activities of the BAC during the financial year under review and the BAC terms of reference are set out separately in the BAC Report of this Annual Report.

2.3 Board Nomination and Remuneration Committee (“BNRC”)

The BNRC is made up exclusively of Independent Non-Executive Directors. The BNRC is currently chaired by an Independent Non-Executive Director.

The BNRC meets as and when required and at least once in every financial year. During the year under review, the BNRC met three (3) times and the meeting attendance is as follows:

Members	Membership	Meeting Attendance	Percentage
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	Chairman/Independent Non-Executive Director	3/3	100%
Dato’ Muthanna bin Abdullah	Member/Independent Non-Executive Director	3/3	100%
Gee Siew Yoong <i>Appointed as a member on 7 May 2015 and resigned on 23 November 2015</i>	Member/Independent Non-Executive Director	1/1*	100%*
Ahmad Jauhari bin Yahya <i>Appointed on 19 January 2016</i>	Member/Independent Non-Executive Director	N/A	N/A

** Reflects the number of Meetings attended and held during her tenure of appointment.*

The primary objectives of the BNRC are as follows:

- Review the Board composition and recommend to the Board any appointment of new Directors and members of Board Committees;
- Evaluate the effectiveness of the Board, Board Committees and contributions of each individual Director;
- Review the objectives and goals set for the Managing Director and Executive Director and the assessment of performance of these persons against those benchmarks;
- Determine the level and make-up of the Managing Director and Executive Director’s remuneration so as to ensure that the Group attracts and retains the Directors of the appropriate calibre, experience and quality needed to run the Group successfully.
- Develop policies, practices and recommend proposals appropriate to facilitate the recruitment and retention of Executive Directors; and
- In carrying out their duties, members of the BNRC should have no conflict of interest direct or indirect with the outcome of the decision and having due regard to the interest of Shareholders and to the continuing financial and commercial health of the Group.

The functions and duties of BNRC are as follows:

(i) Nomination Functions and Duties

- Select and propose to the Board suitable candidates for appointment as Directors in the Company and its subsidiaries whilst ensuring that they possess the necessary experience and skills;
- Propose to the Board the duties and responsibilities of Non-Executive Directors, including the membership and Chairmanship of Board Committees;
- Review the Board structure, size and composition to ensure that the Board comprises a majority of Non-Executive Directors with the appropriate mix of skills and experience including core competencies which Non-Executive Directors should bring to the Board and other qualities to function effectively and efficiently;
- Review regularly the status of Independent Directors;
- Succession planning for the Managing Director and Executive Director;
- Recommend Directors who are retiring (by rotation) for re-election and termination of membership of individual Directors in accordance with policy, for cause or other appropriate reasons;
- Ensure that all Board appointees undergo the necessary training programmes prescribed by the applicable statutory and regulatory bodies;
- Provide adequate training and orientation of new Directors with respect to the business, structure and management of the Company as well as the expectations of the Board with regard to their contribution to the Board and the Group; and
- Establish and implement processes for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each Director.

(ii) Remuneration Functions and Duties

- Determine remuneration and terms of employment of the Managing Director and the Executive Director;
- Determine performance contracts and targets and the structure of the rewards for the Managing Director and the Executive Director and to assess the Managing Director and Executive Director performance against these targets;
- Recommend to the Board the remuneration framework of the Managing Director and Executive Director. The BNRC may obtain independent professional advice and any other information necessary in determining the framework;
- Recommend to the Board for approval, proposals on the Managing Director and Executive Director remuneration and benefits including pension, share option, service contracts and compensation payment;
- Establish a formal and transparent procedure for developing policy on the Managing Director and Executive Director remuneration and for fixing remuneration packages of individual Directors;
- Review all benefits and entitlements of the Managing Director and Executive Director of the Group;
- Consider compensation commitments/severance payments for the Managing Director and/or Executive Director in the event of early termination of the employment/service contracts; and
- Consider other matters as referred to the BNRC by the Board.

During the year under review, the BNRC considered and made recommendations to the Board on the following matters:

- Proposed Annual Board Assessment of the Board;
- Re-election and Re-appointment of Directors retiring at the Fifty-Eighth (58th) Annual General Meeting (“AGM”);
- Proposed performance bonus of the Managing Director and the Executive Director for the financial year 2015;
- Proposed appointment of Chairman of the Board;
- Proposed new composition of the Board Committees; and
- Proposed appointment of new Independent Directors of the Company.

2.4 Board Diversity

The Board acknowledges the need to enhance Board diversity, as it is essential to the functioning of the Board and indicates good governance practices. The Board endeavours to undertake diversification in terms of experience, skills, expertise, competencies, gender, ethnicity and age to enable the Company to maximise its business and governance performance. The Company practices recruitment of Directors based on meritocracy.

The Board encourages female candidates to take up Board positions in order to promote gender diversity. During the financial year under review, there were two (2) female Independent Non-Executive Directors on Board namely Dato' Fauziah binti Dato' Ismail and Ms Gee Siew Yoong. However, the number of female Directors of the Company was reduced to one (1) following the resignation of Ms Gee Siew Yoong on 23 November 2015. Thus, the Board will endeavour to appoint capable and competent female representatives on the Board in due course in order to reach at least 30% female representation on the Board.

The Board is satisfied with the 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 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.

The current diversity in the race/ethnicity of the existing Board is as follows:

	RACE/ETHNICITY			
	MALAY	CHINESE	INDIAN	OTHERS
Number of Directors	7	1	–	–

The existing Directors' age distribution falling within the respective age groups is as follows:

AGE GROUP (Years)	41 – 50	51 – 60	61 – 70	71 – 80
Number of Directors	1	3	2	2

2.5 Workforce Diversity

The Company is committed to a diverse and inclusive culture which is essential to the Group's future growth. The Company's gender and race/ethnicity diversity are made up of the following:

GENDER	RACE/ETHNICITY			
	MALAY	CHINESE	INDIAN	OTHERS
Male	107	5	16	7
Female	36	3	3	2

The Company's workforce diversity in terms of age is made up of the following:

GENDER	AGE GROUP (Years)				
	Below 21	21 – 30	31 – 40	41 – 50	Above 50
Male	1	57	33	30	14
Female	0	18	14	8	4

2.6 Appointment of New Directors

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; and 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.

The Company practices a clear and transparent nomination process in relation to the appointment of Directors. The process is as follows:

-
- Stage 1 – Identify the vacancy/gaps
 - Stage 2 – Identify the candidates
 - Stage 3 – Evaluation of suitability of candidates
 - Stage 4 – Meeting up with the shortlisted candidates
 - Stage 5 – Final deliberation by the BNRC
 - Stage 6 – Recommend to the Board
-

The appointments of Encik Ahmad Jauhari bin Yahya and Mr Peter Ho Kok Wai on 19 January 2016 to the Board were in accordance with this process. The BNRC had several discussions on the progress and potential candidates during the year, and after a thorough review, both Encik Ahmad Jauhari and Mr Peter Ho were identified as the most suitable candidates that met the Company's requirements.

2.7 Annual Assessment

The BNRC is responsible to review 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 and diversified mix of skills, experience, qualities and core competencies. The BNRC is also satisfied with the effectiveness of the Board as a whole, individual Directors and Board Committees.

2.8 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 are subject to re-appointment by shareholders on an annual basis in accordance with Section 129(6) of the Companies Act 1965.

The Directors who are subject to re-election and re-appointment at the AGM will be assessed by the BNRC whereupon their recommendation will be considered by the Board for recommendation to shareholders for approval at the AGM.

The Directors who are standing for re-election and re-appointment at the forthcoming Fifty-Ninth (59th) AGM of the Company are as stated in the Notice of the AGM set out in this Annual Report.

2.9 Directors' 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.

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 2016 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	3,255	304	118	3,677
Non-Executive Directors*	–	57	410	467
Total	3,255	361	528	4,144

* Includes the remuneration payable to Allahyarham Datuk Khalid bin Abdul Karim and Ms Gee Siew Yoong during their tenure of appointment.

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	–	3	3
RM50,001 – RM100,000	–	4	4
RM100,001 – RM150,000	–	1	1
RM1,800,001 – RM1,850,000	2	–	2

* Includes the remuneration payable to Allahyarham Datuk Khalid bin Abdul Karim and Ms Gee Siew Yoong during their tenure of appointment.

3. REINFORCE INDEPENDENCE

3.1 Independence of Non-Executive Directors

The Board comprises a majority of Independent Non-Executive Directors 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 Non-Executive 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 pivotal 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.

3.2 Senior Independent Director

On 26 April 2016, Dato' Fauziah binti Dato' Ismail was redesignated 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. All queries relating to the Group can be directed to the following address:

Senior Independent Director

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

3.3 Tenure of Independent Director

The MCCG 2012's recommendation on reinforcement of independence, provides a limit of a cumulative term of nine (9) years as the tenure for an Independent Director, after which, the said Director may either seek the shareholders' approval to continue to remain on the Board or be re-designated to a Non-Independent Non-Executive Director. To date, the Independent Non-Executive Directors of the Board have each served for a period of less than nine (9) years.

4. FOSTER COMMITMENT OF DIRECTORS

4.1 Time Commitment

The Board meetings as well as the Board Committees 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 follows 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.

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.

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.

The Board meets at least four (4) times a year at quarterly intervals, with additional meetings convened as and when deemed necessary. During the year under review, seven (7) Board meetings were held. The attendance at Board meetings of the Directors is set out as follows:

Name of Directors	Current Position	Meetings Attendance	Percentage of Attendance
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	Chairman/Independent Non-Executive Director	6/7	86%
Dato' Shahrizan bin Shamsuddin	Managing Director	6/7	86%
Tan Sri Dato' Seri Shahril bin Shamsuddin	Non-Independent Non-Executive Director	5/7	71%
Dato' Fauziah binti Dato' Ismail	Senior Independent Non-Executive Director	7/7	100%
Dato' Muthanna bin Abdullah	Independent Non-Executive Director	7/7	100%
Gee Siew Yoong ¹	Independent Non-Executive Director	6/6*	100%*
Dato' Rodzlan Akib bin Abu Bakar	Executive Director	7/7	100%

Notes:

¹ Resigned on 23 November 2015

* Reflects the number of Meetings attended and held during her tenure of appointment.

All Directors have complied with the minimum 50% requirement on attendance at Board meetings as required under the Bursa Securities Listing Requirements. 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 Chairman 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.

In addition to the schedule meetings, special meetings of the Board are convened after consultation with the Chairman with regard to any decisions that are required to be made urgently from the Board.

Decisions of the Board are made unanimously or by consensus. Where appropriate, decisions may be taken by way of Directors' Circular Resolutions between scheduled and special meeting. For financial year 2016, six (6) resolutions ranging from administrative to operational issues were approved via Directors' Circular Resolutions.

4.2 Directors' Training

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:

- Companies Acts – Updates on the Roles and Responsibilities of Company Directors
- Six Sigma – Overview on How Six Sigma Can Achieve Business Excellence
- Updates of Fraud, Corruption and Money Laundering (FCM), Recognising FCM "Red Flags" and preventing FCM
- Strategy & Risk Management – Updates of Risk and Strategy Planning, Blue Ocean Strategy; Overview of Inverse Risk Logic; and Business Planning and Key Challenges for the Board
- Innovation – A global and country perspective and the Company's innovation strategy

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING BY COMPANY

5.1 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 2016, 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 Bursa Securities Listing Requirements is set out in this Annual Report.

6. RECOGNISE AND MANAGE RISKS OF THE GROUP

6.1 Risk Management and Internal Control

The Group has in place a Contract and Risk Management Working Committee and maintains an on-going 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 Bursa Securities Listing Requirements is set out in this Annual Report.

6.2 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, Head of Internal Audit 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 all 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 suitability of the 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 requirements. 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 the External Auditors and recommended their reappointment to the Board and for shareholders' approval at the forthcoming AGM.

7. TIMELY AND HIGH QUALITY DISCLOSURE

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

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

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

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 when necessary.

8.1 Annual General Meeting ("AGM")

The AGM provides the principal opportunity for the Board to report on their stewardship of the Company to shareholders and account for the performance of the Company and the Group. All registered shareholders, whatever the size of their shareholdings, have direct access to the Board at such AGM. 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 AGM and will generally carry out resolutions by show of hand, unless otherwise poll voting demanded by shareholders in accordance with the Articles of Association of the Company.

9. COMPLIANCE WITH THE MCCG 2012 ON CORPORATE GOVERNANCE

The Board believes that the principles and recommendations set out in the MCG 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 was presented and approved at the meeting of the Board on 26 April 2016.

BOARD AUDIT COMMITTEE REPORT

The Board Audit Committee (“BAC” or “Committee”) is pleased to present the BAC Report for the financial year ended 31 January 2016 in compliance with paragraph 15.15 of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Malaysian Code on Corporate Governance 2012 (the “Code”).

COMPOSITION OF COMMITTEE AND ATTENDANCE

The composition of the Committee members and its attendance of members at the Committee meetings held during the financial year ended 31 January 2016, are as follows:

Name	Designation	Attendance at BAC Meetings
Dato’ Muthanna bin Abdullah Independent Non-Executive Director	Chairman	5/5
Dato’ Fauziah binti Dato’ Ismail Senior Independent Non-Executive Director	Member	4/4
Gee Siew Yoong Independent Non-Executive Director <i>(Resigned as a member of BAC on 23 November 2015)</i>	Member	4/4
Peter Ho Kok Wai Independent Non-Executive Director <i>(Member of Malaysian Institute of Accountants (MIA)/Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW) and Member of the Malaysian Institute of Certified Public Accountants (MICPA). (Appointed as a member of BAC on 19 January 2016)</i>	Member	NA

The Committee express their appreciation to Ms Gee Siew Yoong for her services and contribution during the tenure.

TERMS OF REFERENCE

The Terms of Reference of the BAC sets out the duties and responsibilities of the BAC as prescribed under the Bursa Securities Listing Requirements and the Code.

- **Membership**

The Committee shall be appointed by the Board from amongst its Directors and comprise only Non-Executive Directors with at least three (3) members, a majority of whom shall be Independent. 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.

PRIMARY OBJECTIVES

The Committee 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.

DUTIES AND RESPONSIBILITIES

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

- (a) To consider the appointment or re-appointment of the External Auditors and to determine their remuneration and any question of resignation or dismissal and to make recommendation to the Board.
- (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, year end annual financial statements of the Group, press release relating to financial matters before submission to the Board and announcements to Bursa Securities focusing on:
 - any change in or implementation of accounting policies and practices.
 - significant and unusual event.
 - significant adjustments arising from the audit.
 - going concern assumption.
 - compliance with accounting standards and other legal requirements.
- (d) To discuss matters 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 review the External Auditors' management letter and Management's response.
- (f) To review the financial statements with Management and auditors prior to approval by the Board.
- (g) To review the Group's business risk management process, including adequacy of the Group's control environment.

- (h) To conduct the following reviews 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.
- (i) 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.
- (j) To consider major findings of internal investigations and Management's response.
- (k) To review Management's monitoring of compliance with the Group's Standard of Business Conduct.
- (l) To review with the Group's counsel, any legal matter that could have a significant impact on the Group's financial statements.
- (m) To review the findings of any examination by the regulatory authorities.
- (n) Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities, the Committee must promptly report such matters to Bursa Securities.
- (o) To consider other topics as defined by the Board.

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 and Management present. The External Auditors may request a meeting if they consider it necessary.

(b) Chairman

The Chairman of the Audit Committee 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 the Chairman.

(c) Notice

Notice of meetings shall be circulated at least seven (7) working days and the agenda for each meeting shall be circulated at least three (3) working days before each meeting to the Committee Members, the External Auditors and all those who are required to attend the meeting. Written materials including information requested by the Committee from Management, Internal Audit and External Auditors shall be received together with the agenda for the meetings.

(d) Quorum and Voting

The quorum for all meetings of the Committee shall be two (2) comprising Independent Non-Executive Directors. All resolutions of the Committee shall be adopted by a simple majority vote, each member having one vote, in case of equality of votes, the Chairman shall have a second or casting vote.

(e) Minutes

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

- **Authority**

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

- (a) investigate any matter within its 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 Securities matters duly reported by it to the Board, which has not been satisfactorily resolved resulting in a breach of any regulatory requirements.

SUMMARY OF THE ACTIVITIES OF THE COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

During the financial year under review, the activities of the Committee were as follows:

- Reviewed the audited financial statements of SRB Group for financial year ended 31 January 2015.
- Reviewed the quarterly and year-end financial statements before submission to the Board and announcement to Bursa Securities.
- Reviewed the Audit Planning Memorandum by the External Auditors covering the nature and scope of audit planned for the financial year under review.
- Reviewed the Internal Audit reports which highlighted Internal Audit observations and recommendations relating to the operations of the Company and its subsidiaries.
- Met with the External Auditors twice during the financial year without the presence of the Management.
- Recommended the re-appointment of the External Auditors to the Board for consideration.

- Reviewed the Corporate Governance Statement, BAC Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report.
- Reviewed the related party transactions within the Group.

During the financial year under review, the Management had taken 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 Committee Meetings. The cost incurred for Internal Audit Department is RM281,247 for the financial year ended 31 January 2016.

The BAC Report was presented and approved at the meeting of the Board of Directors dated 26 April 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

BOARD RESPONSIBILITY

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

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

ASSURANCE MECHANISM

The Board has assigned the Board Audit Committee (BAC) with the duty of reviewing and monitoring the effectiveness of the Group's system of internal control. The BAC reviews the Internal Audit Department's audit plan and current year work, which adopts a compliance, operation and financial audit review. Internal Audit Department adopts 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 45 to 48 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 the primary risks inhibiting the accomplishment of the organisation's goals and objectives. Further, the management evaluates the nature and extent of those risks by putting in place a mitigation action plan and will monitor and manage them efficiently, effectively and economically by way of regular reporting on the 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.
- Limits of authority which determines the approving authorities and authority limits for various transactions. Major capital expenditure, acquisition and disposal of investment interests are approved by the Board before being carried out.
- 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. The management regularly appraises via Quality, Productivity, and Efficiency (QPE) meetings to discuss the Group's businesses, its state of health, operation processes, manpower and resources, efficiency and constraints. In addition, there are also business unit biweekly meetings to update on any operational matters. Other than that, there are also business performance review meetings to discuss the Group's financial performance and results.
- 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 have been regular meetings 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 2016. 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 26th April, 2016.

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 Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards issued by the International Accounting Standards Board, the provisions of the Companies Act, 1965 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible to ensure that the annual audited financial statements of the Group and of the Company are prepared with reasonable accuracy from the accounting records of the Group and of the Company so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 January 2016, and of the results of their operations and cash flows for the financial year then ended.

In preparing the audited 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 also 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 have general responsibility to take such steps that are reasonably open to them to safeguard the assets of the Group and the Company 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 2016 amounted to RM7,000 and RM7,000 (2015: RM101,500 and RM101,500).

2. Material Contracts

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 the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 January 2016 or entered into since the end of the previous financial year.

3. Share Buy-Back

There were no share buy-back transactions undertaken by the Company during the financial year ended 31 January 2016.

4. Depository Receipt ("DR") Programme

The Company did not sponsor any DR programme during the financial year ended 31 January 2016.

5. Option, Warrants and Convertible Securities

The Company did not issue any options, warrants and convertible securities during the financial year ended 31 January 2016.

6. Variation in Results

There was no variance of 10% or more between the audited results for the financial year ended 31 January 2016 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 2016.

8. Profit Guarantees

There were no profit guarantees given by the Company and its subsidiaries for the financial year ended 31 January 2016.

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 bodies for the financial year ended 31 January 2016.

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 2016.

11. Utilisation of Proceeds raised from Corporate Proposals

There were no proceeds raised from any corporate proposals during the financial year ended 31 January 2016.

FINANCIAL STATEMENTS

Directors' Report	54
Statement by Directors	59
Statutory Declaration	59
Independent Auditors' Report	60
Statements of Comprehensive Income	62
Statements of Financial Position	63
Statements of Changes in Equity	64
Statements of Cash Flows	65
Notes to the Financial Statements	67

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 2016.

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	2,713	(9,192)
Profit/(loss) attributable to:		
Owners of the parent	2,713	(9,192)
Non-controlling interest	–	–
	2,713	(9,192)

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

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

DIVIDENDS

The amounts of dividends declared by the Company since 31 January 2015 were as follows:

	RM'000
In respect of the financial year ended 31 January 2016:	
Interim single tier dividend of 2.5 sen, on 139,600,000 ordinary shares declared on 21 May 2015 and paid on 23 June 2015	3,490

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

DIRECTORS

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

Tan Sri Datuk Amar (Dr.) Hamid bin Bugo
Tan Sri Dato' Seri Shahril bin Shamsuddin
Dato' Shahrizan bin Shamsuddin
Dato' Fauziah binti Dato' Ismail
Dato' Muthanna bin Abdullah
Dato' Rodzlan Akib bin Abu Bakar
Ahmad Jauhari bin Yahya (appointed on 19 January 2016)
Peter Ho Kok Wai (appointed on 19 January 2016)
Gee Siew Yoong (resigned on 23 November 2015)

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements or other than benefits included in remuneration as director and/or employee of related corporations) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 32 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 31.1.2016
	At 1.2.2015	Acquired	Transfer	
Sapura Resources Berhad – the Company				
Direct Interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	83,250	–	–	83,250
Dato' Shahrizan bin Shamsuddin	83,250	–	–	83,250
Dato' Rodzlan Akib bin Abu Bakar	15,000	–	–	15,000
Indirect Interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	72,372,772	–	–	72,372,772
Dato' Shahrizan bin Shamsuddin	72,372,772	–	–	72,372,772

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D.)

Number of ordinary shares of RM1 each

	At 1.2.2015	Acquired	Transfer	At 31.1.2016
Sapura Holdings Sdn. Bhd. – holding company				
Ordinary Shares				
Direct Interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	30,147,187	–	–	30,147,187
Dato' Shahriman bin Shamsuddin	30,147,187	–	–	30,147,187
Indirect Interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	11,165,626	–	–	11,165,626
Dato' Shahriman bin Shamsuddin	11,165,626	–	–	11,165,626
Preference Shares (Class "A" at RM0.10 each)				
Direct Interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	10,000	–	–	10,000
Preference Shares (Class "B" at RM0.10 each)				
Direct Interest				
Dato' Shahriman bin Shamsuddin	10,000	–	–	10,000
Brothers Capital Sdn Bhd – related company				
Ordinary shares				
Indirect interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	125,001	–	–	125,001
Dato' Shahriman bin Shamsuddin	125,001	–	–	125,001

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

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

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that 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.
- (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 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.

DIRECTORS' REPORT

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 39 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 April 2016.

Dato' Shahrizan 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 62 to 126 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 2016 and of their financial performance and cash flows for the year then ended.

Further to the Statement by directors pursuant to Section 169(15) of the Companies Act, 1965, the information set out in Note 41 on page 127 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 26 April 2016.

Dato' Shahrman 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 62 to 127 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 26 April 2016.

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 2016 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 62 to 126.

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 judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal 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 2016 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 ("the Act"), we also report the following:

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 41 on page 127 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
26 April 2016

Muhammad Affan Bin Daud
No. 3063/02/18(J)
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 January 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	4	47,939	39,575	27,199	32,699
Operating expenses		(58,308)	(55,823)	(29,262)	(34,765)
Other income		2,576	2,753	3,155	3,332
(Loss)/profit from operations		(7,793)	(13,495)	1,092	1,266
Finance costs	5	(8,935)	(2,155)	(8,916)	(2,084)
Share of result of associates		20,915	24,849	–	–
Share of result of joint venture		(194)	14,198	–	–
Profit/(loss) before tax	6	3,993	23,397	(7,824)	(818)
Taxation	9	(1,280)	211	(1,368)	7
Profit/(loss) after tax, representing total comprehensive income/(loss) for the year		2,713	23,608	(9,192)	(811)
Profit/(loss), representing total comprehensive income/(loss) attributable to:					
Owners of the parent		2,713	23,608	(9,192)	(811)
Non-controlling interest		–	–	–	–
		2,713	23,608	(9,192)	(811)
Earnings per share attributable to owners of the parent (sen):					
Basic/diluted	10	1.94	16.91		

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

STATEMENTS OF FINANCIAL POSITION

As at 31 January 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Assets					
Non-current assets					
Property, plant and equipment	11	42,669	42,651	4,749	6,366
Investment properties	12	124,223	127,401	124,223	127,401
Intangible assets	13	–	–	–	–
Investment in subsidiaries	14	–	–	14,195	14,195
Investment in associates	15	5,439	159,461	12,000	41,596
Investment in joint ventures	16	133,962	134,611	119,508	119,508
		306,293	464,124	274,675	309,066
Current assets					
Inventories	18	22	38	–	–
Trade and other receivables	19	13,974	11,193	55,056	44,081
Prepayments		5,596	3,574	1,557	1,381
Tax recoverable		761	507	–	–
Other current financial assets	20	300	435	300	435
Short term investment	21	32,326	–	32,326	–
Cash and bank balances	22	5,594	44,095	3,886	41,002
		58,573	59,842	93,125	86,899
Non-current assets held for sale	17	174,937	–	29,596	–
		233,510	59,842	122,721	86,899
Total assets		539,803	523,966	397,396	395,965
Equity and liabilities					
Current liabilities					
Trade and other payables	23	19,842	17,748	12,122	13,196
Loans and borrowings	24	91,009	2,501	90,884	2,404
Tax payable		–	–	105	87
		110,851	20,249	103,111	15,687
Net current assets		122,659	39,593	19,610	71,212
Non-current liabilities					
Deferred tax liabilities	26	6,970	6,653	1,911	919
Loans and borrowings	24	53,173	127,478	52,961	127,264
		60,143	134,131	54,872	128,183
Total liabilities		170,994	154,380	157,983	143,870
Net assets		368,809	369,586	239,413	252,095
Equity attributable to owners of the parent					
Share capital	27	139,600	139,600	139,600	139,600
Other reserves	28	2,581	2,581	1,100	1,100
Retained profits	29	226,628	227,405	98,713	111,395
Total equity		368,809	369,586	239,413	252,095
Total equity and liabilities		539,803	523,966	397,396	395,965

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

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 January 2016

	← Attributable to owners of the parent →				
	← Non-Distributable →		← Distributable →		
	Share capital (Note 27) RM'000	Capital reserve (Note 28) RM'000	General reserve (Note 28) RM'000	Retained profits (Note 29) RM'000	Total equity RM'000
Group					
At 1 February 2015	139,600	1,481	1,100	227,405	369,586
Total comprehensive income for the year	–	–	–	2,713	2,713
Dividend on ordinary shares (Note 30)	–	–	–	(3,490)	(3,490)
At 31 January 2016	139,600	1,481	1,100	226,628	368,809
At 1 February 2014	139,600	1,481	1,100	203,797	345,978
Total comprehensive income for the year	–	–	–	23,608	23,608
At 31 January 2015	139,600	1,481	1,100	227,405	369,586
Company					
At 1 February 2015	139,600	–	1,100	111,395	252,095
Total comprehensive loss for the year	–	–	–	(9,192)	(9,192)
Dividend on ordinary shares (Note 30)	–	–	–	(3,490)	(3,490)
At 31 January 2016	139,600	–	1,100	98,713	239,413
At 1 February 2014	139,600	–	1,100	112,206	252,906
Total comprehensive loss for the year	–	–	–	(811)	(811)
At 31 January 2015	139,600	–	1,100	111,395	252,095

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 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Operating activities				
Profit/(loss) before tax	3,993	23,397	(7,824)	(818)
Adjustments for:				
Dividend income from unit trust	–	(173)	–	(173)
Interest income	(967)	(665)	(1,870)	(1,493)
Profits distribution from short term investment	(234)	–	(234)	–
Dividend income	(2)	–	(2)	(7,650)
Finance costs	8,935	2,155	8,916	2,084
Unrealised fair value loss on held for trading investment securities	135	267	135	267
Gain on disposal of property, plant and equipment	(1)	(110)	(1)	(110)
Property, plant and equipment written off	255	–	21	–
Depreciation of investment properties	3,178	3,778	3,178	3,778
Depreciation of property, plant and equipment	6,872	6,874	3,560	3,977
Reversal of allowances for impairment of trade receivables	(223)	(23)	–	–
Impairment loss on trade receivables	59	42	10	28
Share of result of associates	(20,915)	(24,849)	–	–
Impairment loss on investment in joint venture	455	687	–	–
Share of result of joint ventures	194	(14,198)	–	–
Operating profit/(loss) before working capital changes	1,734	(2,818)	5,889	(110)
Inventories	16	(19)	–	–
Trade and other receivables and prepayments	(4,639)	(7,142)	(10,258)	(13,230)
Trade and other payables	2,095	1,843	(1,074)	1,850
Cash used in operations	(794)	(8,136)	(5,443)	(11,490)
Taxes paid	(1,217)	(686)	(358)	(204)
Net cash used in operating activities	(2,011)	(8,822)	(5,801)	(11,694)
Investing activities				
Purchase of property, plant and equipment	(7,016)	(3,117)	(2,007)	(1,070)
Subscription of shares in a joint venture	–	(108,655)	–	(108,508)
Additional investment in a joint venture	–	(11,000)	–	(11,000)
Subscription in short term investment	(32,326)	–	(32,326)	–
Proceeds from disposal of property, plant and equipment	44	205	44	205
Proceeds from redemption of unit trust	–	35,721	–	35,721
Interest received	967	665	967	665
Profits distribution received from short term investment	234	–	234	–
Dividend received from unit trust	–	173	–	173
Dividend received	2	7,650	2	7,650
Net cash used in from investing activities	(38,095)	(78,358)	(33,086)	(76,164)

STATEMENTS OF CASH FLOWS

For the year ended 31 January 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Financing activities				
Net repayment of obligations under finance lease	(550)	(536)	(404)	(724)
Net drawdown of other short term borrowings	13,900	2,000	13,900	2,000
Net drawdown of other long term borrowings	–	126,466	–	126,466
Dividend paid	(3,490)	–	(3,490)	–
Interest paid	(8,255)	(1,693)	(8,235)	(1,971)
Net cash generated from financing activities	1,605	126,237	1,771	125,771
Net (decrease)/increase in cash and cash equivalents	(38,501)	39,057	(37,116)	37,913
Net increase in restricted cash	–	(2,687)	–	(2,687)
Cash and cash equivalents at beginning of year	41,408	5,038	38,315	3,089
Cash and cash equivalents at end of year (Note 22)	2,907	41,408	1,199	38,315

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

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

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 2015, the Group and the Company had adopted new, amendments and revised MFRS (collectively referred to as "pronouncements") that have been issued by the Malaysian Accounting Standards Board ("MASB") as described fully in Note 2.2.

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

On 1 February 2015, the Group and the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 July 2014.

Description	Effective for annual period beginning on or after
Amendments to MFRS 2: Share-based Payment (Annual Improvements 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 3: Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)	1 July 2014
Amendments to MFRS 8: Operating Segments (Annual Improvements 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 13: Fair Value Measurement (Annual Improvements 2011-2013 Cycle)	1 July 2014
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 119: Employee Benefits-Defined Benefit Plans: Employee Contributions	1 July 2014
Amendments to MFRS 124: Related Party Disclosures (Annual Improvements 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 138: Intangible Assets (Annual Improvements 2010-2012 Cycle)	1 July 2014
Amendments to MFRS 140: Investment Property (Annual Improvements 2010-2013 Cycle)	1 July 2014

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

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

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

2.3 New and revised pronouncements yet in effect

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

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, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11	Joint Arrangements: Accounting for Acquisition of Interests in Joint Operations
Amendments to MFRS 101	Presentation of Financial Statements (Disclosure Initiative)
Amendments to MFRS 116 and MFRS 138	Property, Plant and Equipment (Clarification of Acceptable Methods of Depreciation and Amortisation)
Amendments to MFRS 116 and MFRS 141	Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants
Amendments to MFRS 119	Employee Benefits (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 127	Separate Financial Statements (Equity Method in Separate Financial Statements)
Amendments to MFRS 134	Amendments to MFRS 134 Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)
MFRS 14	Regulatory Deferral Accounts

Effective for annual periods beginning on or after 1 January 2017

MFRS 107	Statement of Cash Flows (Disclosure Initiative)
Amendments to MFRS 112	Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses

Effective for annual periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (2015)
MFRS 15	Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2019

MFRS 16	Leases
---------	--------

Deferred yet to be effective

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
------------------------------------	---

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

2.3 New and revised pronouncements yet in effect (cont'd.)

The Group and the Company are expected to apply the abovementioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the abovementioned pronouncements are not expected to have any material impacts to the financial statements of the Group and the Company except as mentioned below:

(i) **MFRS 15 Revenue from Contracts with Customers**

MFRS 15 replaces the guidance in MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Interpretation 13 *Customer Loyalty Programmes*, IC Interpretation 15 *Agreements for Construction of Real Estate*, IC Interpretation 18 *Transfers of Assets from Customers* and IC Interpretation 131 *Revenue - Barter Transactions Involving Advertising Services*. The Group and the Company is currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) **MFRS 9 Financial Instruments**

MFRS 9 replaces the guidance in MFRS 139 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting. The Group and the Company is currently assessing the financial impact that may arise from the adoption of MFRS 9.

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 subsidiaries 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.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

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

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.

(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.

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

2.6 Property, plant and equipment (cont'd.)

Subsequent to recognition, property, plant and equipment 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.

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	3% – 20%
Office equipment, furniture and fittings	12% – 25%
Motor vehicles	20%
Aircraft	5% – 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 leasehold land classified as 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.

Depreciation of leasehold building classified as investment properties is provided for on a straight-line basis to write off the cost of the asset to its residual value over the shorter of its lease term period or 50 years.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.6 up to the date of change in use.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

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

2.8 Intangible assets

(a) Goodwill

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

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

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

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

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

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

(b) Other intangible assets

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

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

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

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

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

2.9 Impairment of non-financial assets

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

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

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

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

2.10 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.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

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

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

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

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

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

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

In the Company's separate financial statements, investments in associates and joint ventures are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.11 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.

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

2.11 Financial assets (cont'd.)

(a) Financial assets at fair value through profit or loss (cont'd.)

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 short term investment and investment in quoted shares as financial assets at fair value through profit or loss.

(b) Loans and receivables

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

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

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

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

(c) Held-to-maturity investments

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

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

2.11 Financial assets (cont'd.)

(d) Available-for-sale financial assets

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

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

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

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

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

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

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

2.12 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.

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

2.12 Impairment of financial assets (cont'd.)

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

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

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.

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

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.

(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).

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

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

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 goods and services 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 goods and services taxes and discounts as and when the services are performed.

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.

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

2.22 Income taxes (cont'd.)

(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

31 January 2016

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 38, 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.

2.26 Non-current assets held for sales

A component of the Company and the Group is classified as non-current asset held for sale when the criteria to be classified as held for sales have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather through continuing used.

Upon classification as held for sale, non-current assets are measured at the lower of carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's accounting policies that may have significant effects on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

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

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

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

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

(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 19.

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

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

During the year, the Group and the Company revised certain estimated useful life of leasehold land and buildings following the extension of lease period from 34 to 45 years. The revision in estimates has been applied on a prospective basis from 1 February 2015 and this has resulted in a lower depreciation charges by RM600,000 in the current year.

(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 RM1,617,000 (2015: RM9,160,000) and RM1,313,000 (2015: RM8,300,000) respectively. The unrecognised tax losses, capital allowances and other deductible temporary differences of the Group were approximately RM11,719,000 (2015: RM6,887,000).

4. REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Rental income from investment properties	24,124	22,396	24,178	22,611
Rental of hangar and office	9,841	9,137	–	–
Ground handling services	12,250	6,724	–	–
Aircraft management	905	–	–	–
Management fees	–	300	3,019	2,438
Dividend income	2	–	2	7,650
Others	817	1,018	–	–
	47,939	39,575	27,199	32,699

5. FINANCE COSTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest expense on:				
Overdrafts	46	20	46	20
Revolving credits	384	157	384	157
Obligations under finance leases	68	153	49	82
Loan and borrowings	8,437	1,825	8,437	1,825
	8,935	2,155	8,916	2,084

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

6. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Employee benefits expense (Note 7)	19,658	19,920	11,496	12,672
Non-executive directors' remuneration (Note 8)	439	223	439	223
Direct operating expense arising from investment properties	5,707	5,861	5,707	5,861
Auditors' remuneration:				
– Statutory audit				
Auditor of the Group and of the Company	183	196	98	60
Other auditor	146	–	146	–
– Other services				
Auditor of the Group and of the Company	7	101	7	101
Depreciation of investment properties (Note 12)	3,178	3,778	3,178	3,778
Depreciation of property, plant and equipment (Note 11)	6,872	6,874	3,560	3,977
Reversal of allowances for impairment of trade receivables (Note 19(a))	(223)	(23)	–	–
Bargain purchase gain on acquisition (Note 16(a))	–	(14,292)	–	–
Impairment loss on trade receivables (Note 19(a))	59	42	10	28
Impairment loss on investment in joint venture (Note 16)	455	687	–	–
Rental of premises	55	204	305	446
Rental of hangars	4,096	1,008	–	–
Rental of equipment	107	118	78	78
Corporate service fee payable to holding company	217	205	217	205
Realised fair value loss/(gains) on held for trading investment securities	–	14	–	14
Unrealised fair value loss on held for trading investment securities	135	267	135	267
Interest income	(967)	(665)	(1,870)	(1,493)
Profits distribution from short term investment	(234)	–	(234)	–
Property, plant and equipment written off	255	–	21	–
Dividend income from unit trust	–	(173)	–	(173)
Gain on disposal of property, plant and equipment	(1)	(110)	(1)	(110)

7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Wages and salaries	15,287	14,465	8,865	8,885
Social security contributions	93	74	33	36
Contributions to defined contribution plan	1,918	1,619	1,108	1,140
Other benefits	2,360	3,762	1,490	2,611
	19,658	19,920	11,496	12,672

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration, excluding benefits-in-kind amounting to RM3,638,000 (2015: RM3,925,000) as disclosed in Note 8.

8. DIRECTORS' REMUNERATION

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors of the Company				
Executive:				
Fees	118	50	118	50
Salaries and other emoluments	3,520	3,875	3,520	3,875
Benefits-in-kind	39	67	39	67
	3,677	3,992	3,677	3,992
Non-Executive:				
Fees	410	186	410	186
Other emoluments	29	37	29	37
Benefits-in-kind	28	28	28	28
	467	251	467	251
	4,144	4,243	4,144	4,243
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration, excluding benefits-in-kind	3,638	3,925	3,638	3,925
Total non-executive directors' remuneration, excluding benefits-in-kind	439	223	439	223
Total directors' remuneration excluding benefits-in-kind	4,077	4,148	4,077	4,148

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

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	
	2016	2015
Executive:		
RM1,550,001 – RM1,600,000	–	1
RM1,750,001 – RM1,800,000	–	1
RM1,800,001 – RM1,850,000	2	–
Non-executive:		
Below RM50,000	3	5
RM50,001 – RM100,000	4	1
RM100,001 – RM150,000	1	–

9. TAXATION

Major components of income tax expense/(credit)

The major components of income tax expense/(credit) for the years ended 31 January 2016 and 2015 are:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	753	874	666	290
Under/(over) provision in prior years	210	(699)	(290)	–
	963	175	376	290
Deferred income tax (Note 26):				
Origination and reversal of temporary differences	765	(91)	1,289	170
Overprovision in prior years	(448)	(295)	(297)	(467)
	317	(386)	992	(297)
Income tax credit	1,280	(211)	1,368	(7)

Domestic current income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year.

9. TAXATION (CONTD.)

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

	2016 RM'000	2015 RM'000
Group		
Profit before tax	3,993	23,397
Tax at Malaysian statutory tax rate of 24% (2015: 25%)	958	5,849
Income not subject to tax	(1)	(2,171)
Effect of opening deferred tax on reduction in Malaysian income tax rate	(216)	–
Non-deductible expenses	4,590	5,917
Share of result of associates and joint ventures	(4,973)	(9,762)
Deferred tax assets not recognised during the year	1,160	950
Under/(over)provision of income tax in prior years	210	(699)
Overprovision of deferred tax in prior years	(448)	(295)
Income tax expense/(credit)	1,280	(211)
Company		
Loss before tax	(7,824)	(818)
Tax at Malaysian statutory tax rate of 24% (2015: 25%)	(1,878)	(205)
Income not subject to tax	(1)	(2,162)
Effect of opening deferred tax on reduction in Malaysian income tax rate	(25)	–
Non-deductible expenses	3,859	2,827
Overprovision of income tax in prior years	(290)	–
Overprovision of deferred tax in prior years	(297)	(467)
Income tax expense/(credit)	1,368	(7)

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.

	2016	2015
Profit attributable to owners of the parent (RM'000)	2,713	23,608
Weighted average number of ordinary shares in issue ('000)	139,600	139,600
Basic, profit per share (sen)	1.94	16.91

(b) Diluted:

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

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

11. PROPERTY, PLANT AND EQUIPMENT

	Hangars RM'000	Office equipment, renovation, furniture and fittings RM'000	Aircraft and motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
Group					
At 31 January 2016					
Cost					
At 1 February 2015	40,111	36,682	5,370	343	82,506
Reclassifications	343	–	–	(343)	–
Additions	–	6,989	199	–	7,188
Disposals	–	(49)	–	–	(49)
Write off	–	(361)	(92)	–	(453)
At 31 January 2016	40,454	43,261	5,477	–	89,192
Accumulated depreciation and impairment losses					
At 1 February 2015	7,773	28,319	3,763	–	39,855
Depreciation charge (Note 6)	2,195	4,035	642	–	6,872
Disposals	–	(6)	–	–	(6)
Write off	–	(127)	(71)	–	(198)
At 31 January 2016	9,968	32,221	4,334	–	46,523
Net carrying amount	30,486	11,040	1,143	–	42,669
At 31 January 2015					
Cost					
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
Accumulated depreciation and impairment losses					
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
Net carrying amount	32,338	8,363	1,607	343	42,651

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

	Office equipment, renovation, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Company			
At 31 January 2016			
Cost			
At 1 February 2015	31,606	3,016	34,622
Additions	2,007	–	2,007
Disposal	(49)	–	(49)
Write off	–	(92)	(92)
At 31 January 2016	33,564	2,924	36,488
Accumulated depreciation			
At 1 February 2015	25,865	2,391	28,256
Depreciation charge (Note 6)	3,240	320	3,560
Disposal	(6)	–	(6)
Write off	–	(71)	(71)
At 31 January 2016	29,099	2,640	31,739
Net carrying amount	4,465	284	4,749
At 31 January 2015			
Cost			
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
Accumulated depreciation			
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
Net carrying amount	5,741	625	6,366

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

- (a) During the financial year, the Group acquired property, plant and equipment at aggregate costs of RM7,188,000 (2015: RM3,317,000) of which RM172,000 (2015: RM200,000) were acquired by means of hire purchase and finance lease arrangements, and the Company acquired property, plant and equipment at aggregate costs of RM2,007,000 (2015: RM1,070,000) of which RM Nil (2015: RM Nil) were acquired by means of hire purchase and finance lease arrangements.

The net carrying amounts of motor vehicles held under hire purchase and finance lease arrangements of the Group and the Company are RM652,000 (2015: RM869,000) and RM284,000 (2015: RM594,000) 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Office equipment, renovation, furniture and fittings	22,992	20,458	21,728	19,473
Aircraft and motor vehicles	3,416	1,101	2,484	170

12. INVESTMENT PROPERTIES

Group/Company	Leasehold land RM'000	Buildings RM'000	Total RM'000
At 31 January 2016			
Cost			
At 1 February 2015/31 January 2016	55,541	137,083	192,624
Accumulated depreciation			
At 1 February 2015	18,669	46,554	65,223
Depreciation charge (Note 6)	531	2,647	3,178
At 31 January 2016	19,200	49,201	68,401
Net carrying amount	36,341	87,882	124,223
At 31 January 2015			
Cost			
At 1 February 2014/31 January 2015	55,541	137,083	192,624
Accumulated depreciation			
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
Net carrying amount	36,872	90,529	127,401

12. INVESTMENT PROPERTIES (CONT'D.)

The net carrying amounts of investment properties pledged as securities for a term loan from a financial institution (Note 24) are as follows:

	Group/Company	
	2016 RM'000	2015 RM'000
Lot 5, Jalan 219, Lebuhraya Persekutuan, 46100 Petaling Jaya, Selangor Darul Ehsan.	2,271	2,345
Lot No 10 and PT No 10A, Jalan Tandang, Seksyen 28, 46050 Petaling Jaya, Selangor Darul Ehsan.	3,329	3,454
	5,600	5,799

The investment properties were valued on 31 January 2016 by Rahim & Co., and KGV International Property Consultants (M) Sdn. Bhd., independent professional valuers. The market value of the investment properties is RM219,920,000 (2015: RM218,245,000) 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 RM25,675,200.</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>(d) 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>

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

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	(a) Rental of office buildings located within Seri Kembangan ranges from RM3.00 to RM4.50 per square feet. (b) Net yield from comparable buildings ranges from 5.00% to 6.81%.	The estimated fair value would increase/ (decrease) if (cont'd.): – rental per square feet were higher/ (lower) – net yield were lower/(higher)
Lot 5, Jalan 219, Lebuhraya Persekutuan, 46100 Petaling Jaya, Selangor Darul Ehsan. – land & building	Comparison method	(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. (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. (c) A detached factory at Lot No PT 11, Section 51/51A, Petaling Jaya, with a land area of approximately 123,576 square feet was transacted on 24 July 2015 for RM41,500,000.	– 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	(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. (b) 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. (c) A detached factory at Lot No PT 2305/62, Section 51/51A, Petaling Jaya, with a land area of approximately 28,313 square feet was transacted on 14 July 2015 for RM14,500,000.	– Transacted price were higher/(lower)

12. INVESTMENT PROPERTIES (CONT'D.)

Comparison method

Entails analysing recent transactions of similar properties in the vicinity or within similar localities for comparison purposes to derive the market value with adjustments made for differences in location, physical characteristics and time element 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 optimisation to arrive at the market value.

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

13. INTANGIBLE ASSETS – GOODWILL

	2016 RM'000	2015 RM'000
Group		
Cost		
At beginning/end of year	2,389	2,389
Accumulated impairment		
At beginning/end of year	2,389	2,389
Net carrying amount	–	–

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

	Group	
	2016 RM'000	2015 RM'000
Premium automotive	2,389	2,389

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

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

14. INVESTMENT IN SUBSIDIARIES

	Group	
	2016 RM'000	2015 RM'000
Unquoted shares in Malaysia, at cost	21,195	21,195
Less: Accumulated impairment losses	(7,000)	(7,000)
	14,195	14,195

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	
		2016 %	2015 %
Held by the Company			
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
Held by DNest Aviation Sdn. Bhd.			
AeroDome Sdn. Bhd.	Hangarage and other aviation related services.	100	100
DNest Aviation Training Centre Sdn. Bhd.	Dormant.	100	100
Held by Sapura Aero Sdn. Bhd.			
Aerohandlers Sdn. Bhd.	Ground handling and other aviation related services.	100	100
Aerodome Services Sdn. Bhd.	Hangarage and other aviation related services.	100	100
AeroManager Sdn. Bhd. (f.k.a Sapura AeroCharter Sdn. Bhd.)	Aircraft management services and other aviation related services.	100	100

15. INVESTMENT IN ASSOCIATES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unquoted shares at cost:				
In Malaysia	40,420	40,420	40,420	40,420
Outside Malaysia	1,902	1,902	1,176	1,176
	42,322	42,322	41,596	41,596
Gain on re-measurement of interest retained in Education Group	63,088	63,088	–	–
Share of post-acquisition reserves	74,966	54,051	–	–
	180,376	159,461	41,596	41,596
Less: Transfer to non-current assets held for sale (Note 17)	(174,937)	–	(29,596)	–
	5,439	159,461	12,000	41,596

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Group's effective interest	
			2016 %	2015 %
Held by the Company				
APIIT Sdn. Bhd.	Malaysia	Provision of information technology related educational courses.	49	49
Asia Pacific University Sdn. Bhd.	Malaysia	Provision of higher educational courses.	49	49
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
City Asia Pacific Institute of Information Technology Pakistan (Private) Limited*#	Pakistan	Dormant.	41.17	41.17
Held by the APIIT Sdn. Bhd.				
Asia Pacific Schools Sdn. Bhd.	Malaysia	Provision of smart teaching and learning curriculum.	49	49

* Audited by firms of auditors other than Ernst & Young

The legal ownership of these associates is registered under APIIT Sdn. Bhd. and the beneficial ownership is vested with the Company

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

15. INVESTMENT IN ASSOCIATES (CONT'D.)

The Group regards APIIT Sdn Bhd, Asia Pacific University Sdn. Bhd. and Asia Pacific Schools Sdn. Bhd. as material 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	Asia Pacific Schools Sdn. Bhd. RM'000
At 31 January 2016			
Dividends received	–	–	–
Current assets	86,600	83,016	12,293
Non-current assets	35,419	214,324	39,268
Total assets	122,019	297,340	51,561
Current liabilities	19,001	82,410	70,314
Non-current liabilities	4,571	80,791	–
Total liabilities	23,572	163,201	70,314
Results:			
Revenue	21,201	90,914	26,945
Profit for the year representing total comprehensive income for the year	8,018	26,151	7,378
Group's share of profit for the year	3,929	12,814	3,615
Reconciliation of net carrying amount as at 31 January 2016			
Group's share of net assets	48,239	65,728	(9,189)
Gain on re-measurement of interest	29,842	21,486	11,760
	78,081	87,214	2,571

Aggregate information of associates that are not individually material:

	RM'000
Share of profit after tax, representing share of total comprehensive income	557

15. INVESTMENT IN ASSOCIATES (CONT'D.)

The Group regards APIIT Sdn Bhd, Asia Pacific University Sdn. Bhd. and Asia Pacific Schools Sdn. Bhd. as material 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	Asia Pacific Schools Sdn. Bhd. RM'000
At 31 January 2015			
Dividends received	–	7,650	–
Current assets	72,188	70,240	3,658
Non-current assets	32,341	129,873	39,963
Total assets	104,529	200,113	43,621
Current liabilities	9,991	50,746	69,752
Non-current liabilities	4,109	41,379	–
Total liabilities	14,100	92,125	69,752
Results:			
Revenue	19,862	56,474	24,314
Profit for the year representing total comprehensive income for the year	11,370	27,272	7,536
Group's share of profit for the year	5,571	13,363	3,693
Reconciliation of net carrying amount as at 31 January 2015			
Group's share of net assets	44,310	52,914	(12,804)
Gain on re-measurement of interest retained in Education Group	29,842	21,486	11,760
	74,152	74,400	(1,044)

Aggregate information of associates that are not individually material:

	RM'000
Share of profit after tax, representing share of total comprehensive income	2,222

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

16. INVESTMENT IN JOINT VENTURES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unquoted shares at cost:				
In Malaysia	121,160	121,160	119,508	119,508
Share of post-acquisition reserves	13,944	14,138	–	–
Accumulated impairment losses	(1,142)	(687)	–	–
	133,962	134,611	119,508	119,508

Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Principal activities	Group's effective interest	
			2016 %	2015 %
Held by Sapura Resources Berhad				
Impian Bebas Sdn. Bhd.	Malaysia	Property investment.	50	50
Held by Sapura Aero Sdn. Bhd.				
Air Alsie Asia Pacific Sdn. Bhd. ("AAP")	Malaysia	Dormant.	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	49

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.

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

Acquisition of joint ventures (cont'd.)

(a) Impian Bebas Sdn. Bhd. ("IBSB") (cont'd.)

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
	124,045	68,637
Accruals	14	14
Other payables	1,231	1,231
	1,245	1,245
Net identifiable assets	122,800	67,392

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)
Bargain purchase gain on acquisition (Note 6)	14,292

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

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

The Group regards Impian Bebas Sdn. Bhd. as a material joint venture. The summarised financial information of the joint venture, not adjusted for the proportion of the ownership interest held by the Group, is as follows:

	Impian Bebas Sdn Bhd	
	2016 RM'000	2015 RM'000
Current assets	150,227	21,356
Non-current assets	14,186	69,673
Total assets	164,413	91,029
Current liabilities	16,485	23,923
Non-current liabilities	56,105	–
Total liabilities	72,590	23,923
Results:		
Revenue	–	–
Depreciation and amortisation	–	–
Profit/(Loss) for the year representing total comprehensive profit/(loss) for the year	32	(51)
Group's share of profit/(loss) for the year	16	(26)
Group's share of net assets	133,771	133,755

Aggregate information of joint ventures that are not individually material:

	2016 RM'000	2015 RM'000
Share of loss after tax, representing share of total comprehensive income	(210)	(68)

17. NON-CURRENT ASSETS HELD FOR SALE

On 16 March 2016, the Company had announced that it had entered into a conditional share sale agreement with ILMU Education Group Sdn. Bhd. in relation to the proposed disposal of certain associates as disclosed in Note 39.

Non-current asset held for sale of the Group and the Company represents investment in associates with a carrying amount of RM174,937,000 and RM29,596,000 respectively.

18. INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
At cost		
Food and beverages	22	38

During the year, the amount of inventories recognised as an expense in operating expenses of the Group was RM458,000 (2015: RM403,000).

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables				
Third parties	6,953	2,837	713	367
Amount due from related companies	1,549	2,019	1,505	1,944
	8,502	4,856	2,218	2,311
Less: Allowance for impairment				
Third parties	(249)	(413)	(198)	(188)
Trade receivables, net	8,253	4,443	2,020	2,123
Other receivables				
Amounts due from:				
Subsidiaries	–	–	46,809	35,614
Joint venture companies	2,052	1,351	1,427	869
	2,052	1,351	48,236	36,483
Deposits	2,888	3,213	1,582	1,673
Sundry receivables	788	2,193	3,225	3,809
	5,728	6,757	53,043	41,965
Less: Allowance for impairment				
Sundry receivables	(7)	(7)	(7)	(7)
Other receivables, net	5,721	6,750	53,036	41,958
Total trade and other receivables	13,974	11,193	55,056	44,081
Total trade and other receivables	13,974	11,193	55,056	44,081
Add: Cash and bank balances (Note 22)	5,594	44,095	3,886	41,002
Total loans and receivables	19,568	55,288	58,942	85,083

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

19. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 (2015: 30 to 90) days terms except for overdue balances in the property investments business which attract interest at average rate of 1.5% (2015: 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Neither past due nor impaired	5,513	2,223	1,748	976
1 to 30 days past due not impaired	1,140	1,269	206	800
31 to 60 days past due not impaired	678	334	25	230
61 to 90 days past due not impaired	437	201	2	100
> 90 days past due not impaired	485	416	39	17
	2,740	2,220	272	1,147
Impaired	249	413	198	188
	8,502	4,856	2,218	2,311

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 RM2,740,000 (2015: RM2,220,000) and RM272,000 (2015: RM1,147,000) 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.

19. 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Individually impaired:				
Trade receivables – nominal amounts	249	413	198	188
Less: Allowance for impairment	(249)	(413)	(198)	(188)
	–	–	–	–
Movement in allowance accounts:				
At the beginning of year	413	394	188	160
Charge for the year (Note 6)	59	42	10	28
Reversal of impairment losses (Note 6)	(223)	(23)	–	–
At the end of year	249	413	198	188

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Individually impaired:				
Other receivables – nominal value	7	7	7	7
Less: Allowance for impairment	(7)	(7)	(7)	(7)
	–	–	–	–
Movement in allowance accounts:				
At the beginning of year/end of year	7	7	7	7

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

19. TRADE AND OTHER RECEIVABLES (CONT'D.)

(c) Related companies balances

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

The amounts due from related companies are unsecured, non-interest bearing and are repayable upon demand.

(d) Amounts due from joint venture companies

Amounts due from joint venture companies arose under normal course of business.

The amounts are unsecured, non-interest bearing and are repayable upon demand.

20. OTHER CURRENT FINANCIAL ASSETS

	Group/Company	
	2016 RM'000	2015 RM'000
Held for trading investments		
Quoted equity shares	300	435
Add: Short term investments (Note 21)	32,326	–
Total financial assets at fair value through profit or loss	32,626	435

21. SHORT TERM INVESTMENT

	Group/Company	
	2016 RM'000	2015 RM'000
Mudharabah investment	32,326	–

Short term investment represents investment in Mudharabah investment account with a financial institution with maturity period of 12 months and profit rate of 4.00% (2015: Nil) per annum, with no penalty on early withdrawal.

22. CASH AND BANK BALANCES

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash in hand and banks	5,594	8,279	3,886	5,186
Deposits with licensed institutions	–	35,816	–	35,816
	5,594	44,095	3,886	41,002
Less: Restricted cash	(2,687)	(2,687)	(2,687)	(2,687)
Cash and cash equivalents	2,907	41,408	1,199	38,315

Deposits of the Group and of the Company have an average maturity period of Nil (2015: 30 days) and the effective interest rate is Nil (2015: 3.45%) per annum.

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade payables				
Third parties	2,583	190	65	7
Other payables				
Amounts due to:				
Holding company	345	47	339	40
Related companies	1,350	321	1,267	321
Joint venture companies	115	–	–	–
Associates	240	240	240	240
	2,050	608	1,846	601
Deposits	7,065	6,745	5,886	5,747
Accruals	3,500	6,899	2,722	4,478
Other payables	4,644	3,306	1,603	2,363
	17,259	17,558	12,057	13,189
Total trade and other payables	19,842	17,748	12,122	13,196
Total trade and other payables	19,842	17,748	12,122	13,196
Add: Loans and borrowings (Note 24)	144,182	129,979	143,845	129,668
Total financial liabilities carried at amortised cost	164,024	147,727	155,967	142,864

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

23. TRADE AND OTHER PAYABLES (CONT'D.)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 (2015: 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 (2015: 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.

(d) Amounts due to holding company, joint venture companies and associates

Amounts due to holding company, joint venture companies and associates arose in normal course of business.

The amounts are unsecured, non-interest bearing and are repayable upon demand.

24. LOANS AND BORROWINGS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current				
Secured:				
Obligations under finance leases (Note 25)	549	501	424	404
Term loan from a financial institution	74,560	–	74,560	–
	75,109	501	74,984	404
Unsecured:				
Revolving credits	15,900	2,000	15,900	2,000
	91,009	2,501	90,884	2,404
Non-current				
Secured:				
Obligations under finance leases (Note 25)	586	1,012	374	798
Term loan from holding company	37,324	37,358	37,324	37,358
Term loan from a financial institution	15,263	89,108	15,263	89,108
	53,173	127,478	52,961	127,264
Total loans and borrowings				
Revolving credits	15,900	2,000	15,900	2,000
Obligations under finance leases	1,135	1,513	798	1,202
Term loan from holding company	37,324	37,358	37,324	37,358
Term loan from a financial institution	89,823	89,108	89,823	89,108
	144,182	129,979	143,845	129,668

24. LOANS AND BORROWINGS (CONT'D.)

The remaining maturities of the loans and borrowings as at 31 January 2016 are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
On demand or within 1 year	91,009	2,501	90,884	2,404
More than 1 year and less than 2 years	38,793	111,734	38,718	111,636
More than 2 years and less than 5 years	14,371	15,726	14,243	15,628
More than 5 years	9	18	–	–
	144,182	129,979	143,845	129,668

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

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Revolving credit	5.01	4.80	5.01	4.80
Term loan from holding company	6.26	6.35	6.26	6.35
Term loan from a financial institution	6.05	5.92	6.05	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.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

25. OBLIGATIONS UNDER FINANCE LEASES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Minimum lease payments:				
Not later than 1 year	589	563	452	452
Later than 1 year but not later than 2 years	408	563	324	452
Later than 2 years but not later than 5 years	200	486	62	382
Later than 5 years	10	19	–	–
Total minimum lease payments	1,207	1,631	838	1,286
Less: Amounts representing finance charges	(72)	(118)	(40)	(84)
Present value of minimum lease payments	1,135	1,513	798	1,202
Present value of payments:				
Not later than 1 year	549	501	424	404
Later than 1 year but not later than 2 years	390	521	315	423
Later than 2 years but not later than 5 years	187	473	59	375
Later than 5 years	9	18	–	–
Present value of minimum lease payments	1,135	1,513	798	1,202
Less: Amount due within 12 months (Note 24)	(549)	(501)	(424)	(404)
Amount due after 12 months (Note 24)	586	1,012	374	798

The finance leases of the Group and the Company attract interest rate during the year varying between 2.30% to 4.25% (2015: 2.30% to 4.25%) and 2.30% to 3.10% (2015: 2.30% to 3.10%) per annum respectively.

26. DEFERRED TAX LIABILITIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At the beginning of year	6,653	7,039	919	1,216
Recognised in profit or loss	317	(386)	992	(297)
At the end of year	6,970	6,653	1,911	919
Presented after appropriate offsetting as follows:				
Deferred tax assets	(388)	(2,290)	(315)	(2,122)
Deferred tax liabilities	7,358	8,943	2,226	3,041
	6,970	6,653	1,911	919

26. DEFERRED TAX LIABILITIES (CONT'D.)

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	Provisions RM'000	Trade receivables RM'000	Total RM'000
At 1 February 2014	(2,245)	(169)	40	(2,374)
Recognised in profit or loss	607	(471)	(52)	84
At 31 January 2015	(1,638)	(640)	(12)	(2,290)
Recognised in profit or loss	1,556	382	(36)	1,902
At 31 January 2016	(82)	(258)	(48)	(388)

Deferred tax liabilities of the Group:

	Revaluation surplus RM'000	Accelerated capital allowances RM'000	Total RM'000
At 1 February 2014	5,366	4,047	9,413
Recognised in profit or loss	–	(470)	(470)
At 31 January 2015	5,366	3,577	8,943
Recognised in profit or loss	(127)	(1,458)	(1,585)
At 31 January 2016	5,239	2,119	7,358

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

26. DEFERRED TAX LIABILITIES (CONT'D.)

Deferred tax assets of the Company:

	Tax losses and unabsorbed capital allowances RM'000	Provisions RM'000	Trade receivables RM'000	Total RM'000
At 1 February 2014	(2,227)	(57)	40	(2,244)
Recognised in profit or loss	578	(416)	7	169
At 31 January 2015	(1,649)	(473)	47	(2,075)
Recognised in profit or loss	1,571	284	(95)	1,760
At 31 January 2016	(78)	(189)	(48)	(315)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000	Total RM'000
At 1 February 2014	3,460	3,460
Recognised in profit or loss	(466)	(466)
At 31 January 2015	2,994	2,994
Recognised in profit or loss	(768)	(768)
At 31 January 2016	2,226	2,226

26. DEFERRED TAX LIABILITIES (CONT'D.)

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

	Group	
	2016 RM'000	2015 RM'000
Unused tax losses	10,006	5,971
Unabsorbed capital allowances	1,313	427
Others	400	489
	11,719	6,887

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.

27. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2016 '000	2015 '000	2016 RM'000	2015 RM'000
Authorised				
At beginning and end of the year	250,000	250,000	250,000	250,000
Issued and fully paid				
At beginning and end of the year	139,600	139,600	139,600	139,600

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

28. OTHER RESERVES

	2016 RM'000	2015 RM'000
Group		
Capital reserve	1,481	1,481
General reserve	1,100	1,100
	2,581	2,581
Company		
General reserve	1,100	1,100

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

(a) Capital reserve

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

(b) General reserve

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

29. RETAINED PROFITS

As at 31 January 2016, the Company has tax exempt profits available for distribution of approximately RM11,828,000 (2015: RM11,828,000), subject to the agreement of the Inland Revenue Board.

As at 31 January 2016, the Company may distribute the entire balance of the retained profits.

30. DIVIDENDS

	RM'000
In respect of the financial year ended 31 January 2016:	
Interim single tier dividend of 2.5 sen, on 139,600,000 ordinary shares declared on 21 May 2015 and paid on 23 June 2015	3,490

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

31. RELATED PARTY DISCLOSURES

Significant related party transactions

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(Income)/Expense				
Holding company				
Corporate service fee	217	205	217	205
Subsidiaries				
Rental income	–	–	(21)	(19)
Rental expense	–	–	275	49
Recoverability of electricity	–	–	(34)	(33)
Electricity	–	–	29	–
Interest income	–	–	(903)	(881)
Purchase of goods	–	–	72	80
Related companies				
SapuraKencana Petroleum Berhad and its subsidiaries				
Rental income	(9,434)	(9,769)	(9,434)	(9,769)
Sapura Technology Sdn. Bhd. and its subsidiaries				
Rental income	(696)	(826)	(696)	(826)
Sapura Secured Technologies Sdn. Bhd. and its subsidiaries				
Information technology outsourcing services	1,109	319	864	317
Sapura Industrial Berhad and its subsidiaries				
Rental income	(207)	(80)	(207)	(80)
Directors' related company				
Rental of hangar and office	(3,271)	–	–	–
Ground handling and other aviation related services	(1,086)	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

32. 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	
	2016 RM'000	2015 RM'000
Remuneration and benefits	3,677	3,992

33. COMMITMENTS

(a) Capital commitments

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	1,041	562	886	350
Approved but not contracted for:				
Property, plant and equipment	11,934	14,175	2,403	22,452
Investment in joint venture	89,284	89,284	89,284	89,284
	102,259	104,021	92,573	112,086

(b) Operating lease commitments – the Group as lessor

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

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Future minimum lease receivables:				
Not later than 1 year	20,978	20,176	11,244	14,481
Later than 1 year and not later than 5 years	7,414	9,010	2,684	7,639
	28,392	29,186	13,928	22,120

33. 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 ranges from 1 to 15 years.

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

	Group	
	2016	2015
	RM'000	RM'000
Future minimum lease receivables:		
Not later than 1 year	5,020	928
Later than 1 year and not later than 5 years	11,044	3,938
More than 5 years	13,676	14,740
	29,740	19,606

(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 25.

34. CONTINGENT LIABILITIES

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Unsecured guarantees given to third parties in respect of utility facilities granted to the Company	490	490	490	490

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

35. 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 reasonable approximate of their fair values due to the relatively short term nature of these financial instruments.

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

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

The equity shares of the Group and the Company amounting to RM300,000 (2015: RM435,000) are measured as Level 1 hierarchy based on unadjusted quoted prices in active market for identical financial instrument.

The short term investment of the Group and the Company amounting to RM32,326,000 (2015: RMNil) 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
Financial liabilities					
At 31 January 2016:					
Obligations under finance leases (non-current)	25	586	575	374	365
Term loans (non-current)	24	52,587	48,556	52,587	48,556
At 31 January 2015:					
Obligations under finance leases (non-current)	25	1,012	971	798	772
Term loans (non-current)	24	126,466	113,092	126,466	113,092

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).

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

(a) Credit risk

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

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

Exposure to credit risk

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

Credit risk concentration profile

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

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19. 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 19.

(b) Liquidity risk

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

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

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

(b) Liquidity risk (cont'd.)

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.

	← 2016 →			
	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	19,842	–	–	19,842
Loans and borrowings	94,586	56,532	10	151,128
Total undiscounted financial liabilities	114,428	56,532	10	170,970
	← 2016 →			
	On demand or within one year RM'000	One to five years RM'000		Total RM'000
Company				
Financial liabilities:				
Trade and other payables		12,122	–	12,122
Loans and borrowings		94,449	56,310	150,759
Total undiscounted financial liabilities		106,571	56,310	162,881

36. 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	More than five years RM'000	Total RM'000
Group				
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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

36. 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 short term investment. Short term investment is investment in fund with a financial institution of which the fund is invested into a portfolio of the financial institution's assets 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 fund at fair value was RM300,000 (2015: RM435,000) and RM32,326,000 (2015: RM Nil) respectively. An increase or decrease of 10% on the market index of listed equity securities and investment in fund could have an impact of approximately RM30,000 (2015: RM43,500) and RM3,232,600 (2015: RM Nil) on the profit or loss of the Group.

37. 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 2016 and 2015.

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

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Loans and borrowings	24	144,182	129,979	143,845	129,668
Trade and other payables	23	19,842	17,748	12,122	13,196
Less: Cash and bank balances	22	(5,594)	(44,095)	(3,886)	(41,002)
Less: Short term investment	21	(32,326)	–	(32,326)	–
Net debt		126,104	103,632	119,755	101,862
Equity attributable to the owners of the parent		368,809	369,586	239,413	252,095
Less: Non-distributable reserves	28	(1,481)	(1,481)	–	–
Total capital		367,328	368,105	239,413	252,095
Capital and net debt		493,432	471,737	359,168	353,957
Gearing ratio		26%	22%	33%	29%

38. 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 management 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.

	Investment holdings RM'000	Corporate services RM'000	Property investments RM'000	Aviation RM'000	Adjustments and eliminations RM'000	Note	Per consolidated financial statements RM'000
At 31 January 2016							
Revenue:							
External customers	2	–	24,940	22,997	–		47,939
Inter-segment	–	3,019	126	751	(3,896)	A	–
Total revenue	2	3,019	25,066	23,748	(3,896)		47,939
Results:							
Interest income	1,870	–	–	–	(903)		967
Profits distribution for short term investment	234	–	–	–	–		234
Net fair value loss on held for trading investment securities	(135)	–	–	–	–		(135)
Depreciation	–	(861)	(5,914)	(3,275)	–		(10,050)
Share of results of associates	20,915	–	–	–	–		20,915
Share of results of joint venture	(194)	–	–	–	–		(194)
Other non-cash expenses	(455)	(20)	(10)	(60)	–	B	(545)
Segment profit/(loss)	23,125	(24,515)	10,860	(4,072)	(1,405)		3,993
Assets:							
Investment in associates	5,439	–	–	–	–		5,439
Investment in joint venture	133,770	–	–	192	–		133,962
Additions to non-current assets	–	1,144	865	5,179	–	C	7,188
Segment assets	395,020	7,504	148,048	101,218	(111,987)	D	539,803
Segment liabilities	145,424	1,039	13,483	82,121	(71,073)	E	170,994

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

38. SEGMENT INFORMATION (CONT'D.)

	Investment holdings RM'000	Corporate services RM'000	Property investments RM'000	Aviation RM'000	Adjustments and eliminations RM'000	Note	Per consolidated financial statements RM'000
At 31 January 2015							
Revenue:							
External customers	–	100	23,314	16,161	–		39,575
Inter-segment	7,650	2,338	198	216	(10,402)	A	–
Total revenue	7,650	2,438	23,512	16,377	(10,402)		39,575
Results:							
Interest income	1,493	–	–	–	(828)		665
Dividend income from unit trust	173	–	–	–	–		173
Net fair value loss on held for trading investment securities	(281)	–	–	–	–		(281)
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/(expenses)	–	110	(17)	(689)	–	B	(596)
Segment profit/(loss)	44,262	(11,962)	7,942	(6,857)	(9,988)		23,397
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
Segment assets	355,948	3,139	155,341	77,393	(67,855)	D	523,966
Segment liabilities	144,225	1,202	379	50,036	(41,462)	E	154,380

38. SEGMENT INFORMATION (CONT'D.)

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	2016 RM'000	2015 RM'000
Impairment loss on trade receivables	6	59	42
Impairment loss on investment in joint venture	6	455	687
Reversal of allowances for impairment of trade receivables	6	(223)	(23)
Gain on disposal of property, plant and equipment	6	(1)	(110)
Property, plant and equipment written off	6	255	—
		545	596

C Additions to non-current assets consist of:

	2016 RM'000	2015 RM'000
Property, plant and equipment	7,188	3,317

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

	2016 RM'000	2015 RM'000
Inter-segment assets	(111,987)	(67,855)

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

	2016 RM'000	2015 RM'000
Inter-segment liabilities	(71,073)	(41,462)

NOTES TO THE FINANCIAL STATEMENTS

31 January 2016

39. SUBSEQUENT EVENTS

On 16 March 2016, the Company announced that it had entered into a conditional share sale agreement with ILMU Education Group Sdn. Bhd. ("ILMU") in relation to the following:

- (i) the proposed disposal by SRB of its entire 49% equity interest in APIIT Sdn. Bhd. ("APIIT") comprising 1,225,001 ordinary shares of RM1.00 each in APIIT ("APIIT Shares") plus 1,225,000 new APIIT Shares to be issued pursuant to the Proposed Reorganisation (as set out below), to ILMU for a total cash consideration of RM58,000,000;
- (ii) the proposed disposal by SRB of its entire 49% equity interest in Asia Pacific University Sdn. Bhd. ("APU") comprising 9,800,001 ordinary shares of RM1.00 each in APU ("APU Shares"), to ILMU for a total cash consideration of RM161,988,000; and
- (iii) the proposed disposal by SRB of its entire 37.61% interest in Asia Pacific Institute of Information Technology Lanka (PVT) Limited ("APIIT Lanka") comprising its beneficial interest in 4,343,401 ordinary shares in APIIT Lanka ("APIIT Lanka Shares"), to ILMU for a total cash consideration of RM27,000,000.

The Proposed Reorganisation will involve the disposal by APIIT to ILMU of 100% equity interest in Asia Pacific Schools Sdn. Bhd. ("APS") comprising 2,500,002 ordinary shares of RM1.00 each in APS held by APIIT representing 100% of the issued and paid up share capital in APS ("APS Shares") for a total cash consideration of RM138,800,000. Thereafter, APIIT will declare dividends to its shareholders (i.e. ILMU and SRB), whereby ILMU and SRB will be entitled to dividends of RM70,788,000 and RM68,012,000, respectively. Subsequently, APIIT will undertake a bonus issue of 2,500,000 new APIIT Shares to its shareholders.

40. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 January 2016 were authorised for issue in accordance with a resolution of the directors on 26 April 2016.

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

The breakdown of the retained profits of the Group and of the Company as at 31 January 2016 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained profits of the Company and its subsidiaries				
– Realised	70,747	92,480	96,802	110,476
– Unrealised	6,208	5,765	1,911	919
	76,955	98,245	98,713	111,395
Total share of retained profits from associates				
– Realised	71,574	50,659	–	–
– Unrealised	(2,189)	(2,188)	–	–
	69,385	48,471	–	–
Total share of retained profits from joint ventures				
– Realised	(328)	(94)	–	–
– Unrealised	14,292	14,292	–	–
	13,964	14,198	–	–
Add: Consolidation adjustments	66,324	66,491		
Retained profits as per financial statements	226,628	227,405	98,713	111,395

PARTICULARS OF PROPERTIES

As at 31 January 2016

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	26-55	408/06.05.1988
P.T. No. 10A Jalan Tandang Seksyen 28 46050 Petaling Jaya Selangor Darul Ehsan	Warehouse and store	5,681	03.01.2057	39	2,921/06.05.1988
Lot 5, Jalan 219 Lebuhraya Persekutuan 46100 Petaling Jaya Selangor Darul Ehsan	Commercial Building	4,047	16.03.2068	34	2,271/13.09.1988
No. 7 Jalan Tasik The Mines Resort City 43300 Seri Kembangan Selangor Darul Ehsan	Office Building	22,379	20.03.2091	17	118,623/16.12.1999

ANALYSIS OF SHAREHOLDINGS

As at 29 April 2016

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	: 5,611

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
Less than 100	170	3.03	2,317	0.00
100 – 1,000	2,242	39.96	2,106,587	1.51
1,001 – 10,000	2,512	44.77	10,161,874	7.28
10,001 – 100,000	585	10.42	18,324,950	13.13
100,001 to less than 5%	101	1.80	39,150,000	28.04
5% and above of issued shares	1	0.02	69,854,272	50.04
Total	5,611	100.00	139,600,000	100.00

DIRECTORS' SHAREHOLDINGS AS AT 29 APRIL 2016

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	–	–	–	–
Dato' Rodzlan Akib bin Abu Bakar	15,000	0.01	–	–
Ahmad Jauhari bin Yahya	–	–	–	–
Peter Ho Kok Wai	–	–	–	–

* 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 29 APRIL 2016

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Sapura Holdings Sdn. Bhd.	71,244,272	51.03	1,128,500 ⁽¹⁾	0.81
Tan Sri Dato' Seri Shahril bin Shamsuddin	83,250	0.06	72,372,772 ⁽²⁾	51.84
Dato' Shahrman bin Shamsuddin	83,250	0.06	72,372,772 ⁽²⁾	51.84
Brothers Capital Sdn. Bhd.	–	–	72,372,772 ⁽³⁾	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.

⁽³⁾ Deemed interested by virtue of its direct interest in Sapura Holdings Sdn. Bhd. pursuant to Section 6A of the Act.

ANALYSIS OF SHAREHOLDINGS

As at 29 April 2016

THIRTY (30) LARGEST SHAREHOLDERS BASED ON RECORD OF DEPOSITORS AS AT 29 APRIL 2016

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.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiaw Lik Chiat	2,057,900	1.47
4.	Choot Ewe Hin	2,034,500	1.46
5.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Too Boon Siong	1,906,600	1.37
6.	ABB Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Sapura Holdings Sdn Bhd (1119019194)	1,390,000	1.00
7.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Parmjit Singh A/L Meva Singh (PBCL-000032)	1,291,100	0.92
8.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Bong Lee Min	1,118,000	0.80
9.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Sapura Capital Sdn Bhd (PB)	1,098,500	0.79
10.	Leong Hon Wah	1,000,000	0.72
11.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Brahmaj A/L Vasudevan (M73106)	890,000	0.64
12.	Chow Soon Fong	810,000	0.58
13.	Yow Wang Yip	750,000	0.54
14.	Lam Pun Ying	727,100	0.52
15.	CIMEC Nominees (Asing) Sdn Bhd Pledged Securities Account for Noble Plan Sdn Bhd	700,000	0.50
16.	Lee Kim Seng	700,000	0.50
17.	Tan Seow Cheng	695,000	0.50
18.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Bong Lee Min (MK0082)	606,000	0.43
19.	Tan Yee Kong	536,000	0.38
20.	Saw Guat Ngoh	481,000	0.34
21.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Too Boon Siong	480,200	0.34
22.	Yong Siew Yoon	480,000	0.34
23.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Shaiful Hamidi bin Basirdin	470,000	0.34
24.	Eu Soon Keat	430,000	0.31
25.	Peh Sew Chong	430,000	0.31
26.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiang Yit Chan	423,000	0.30
27.	Tan Yee Seng	410,000	0.29
28.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Chin Hock (8058312)	407,500	0.29
29.	Pook Swee Han	404,000	0.29
30.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ahmad Faez bin Mohd Soffi (Margin)	395,000	0.28

PROXY FORM

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

I/We, _____ (NRIC/Passport/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/Passport No.) _____ of _____
(FULL ADDRESS)

and/or failing him/her, _____ (NRIC/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-Ninth (59th) Annual General Meeting of the Company to be held at Multi-Purpose Hall, Ground Floor, Sapura@Mines, No. 7 Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan on Wednesday, 15 June 2016 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below:

Resolution No.	Resolutions	For	Against
Ordinary Business:			
Ordinary Resolution 1	Re-election of Dato' Shahrman bin Shamsuddin		
Ordinary Resolution 2	Re-election of Ahmad Jauhari bin Yahya		
Ordinary Resolution 3	Re-election of Peter Ho Kok Wai		
Ordinary Resolution 4	Re-appointment of Dato' Fauziah binti Dato' Ismail		
Ordinary Resolution 5	Re-appointment of Tan Sri Datuk Amar (Dr) Hamid bin Bugo		
Ordinary Resolution 6	Re-appointment of Messrs. Ernst & Young as Auditors of the Company		
Special Business:			
Ordinary Resolution 7	Payment of Directors' Fees of RM527,959		
Ordinary Resolution 8	Authority for Directors to 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 _____ 2016

Notes:

- Only a depositor whose name appears on the Record of Depositors as at 8 June 2016 shall be entitled to attend and vote at the Meeting or appoint proxy(ies) to attend and vote in his stead.
- A member of the Company who is entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a Power of Attorney or if such appointer is a corporation, either under its Common Seal or under the hand of an officer or an attorney duly appointed under a Power of Attorney.
- (a) Where a Member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
(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.
- Where a member appoints two (2) proxies to attend and vote in the same meeting, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
- The instrument appointing the proxy must be deposited at the Company's Share Registrar, Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty eight (48) hours before the time appointed for the holding of the Meeting or any adjournment thereof.

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 24 May 2016.

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: +60(3) 8949 7000 Fax: +60(3) 8949 7046

www.sapura.com.my