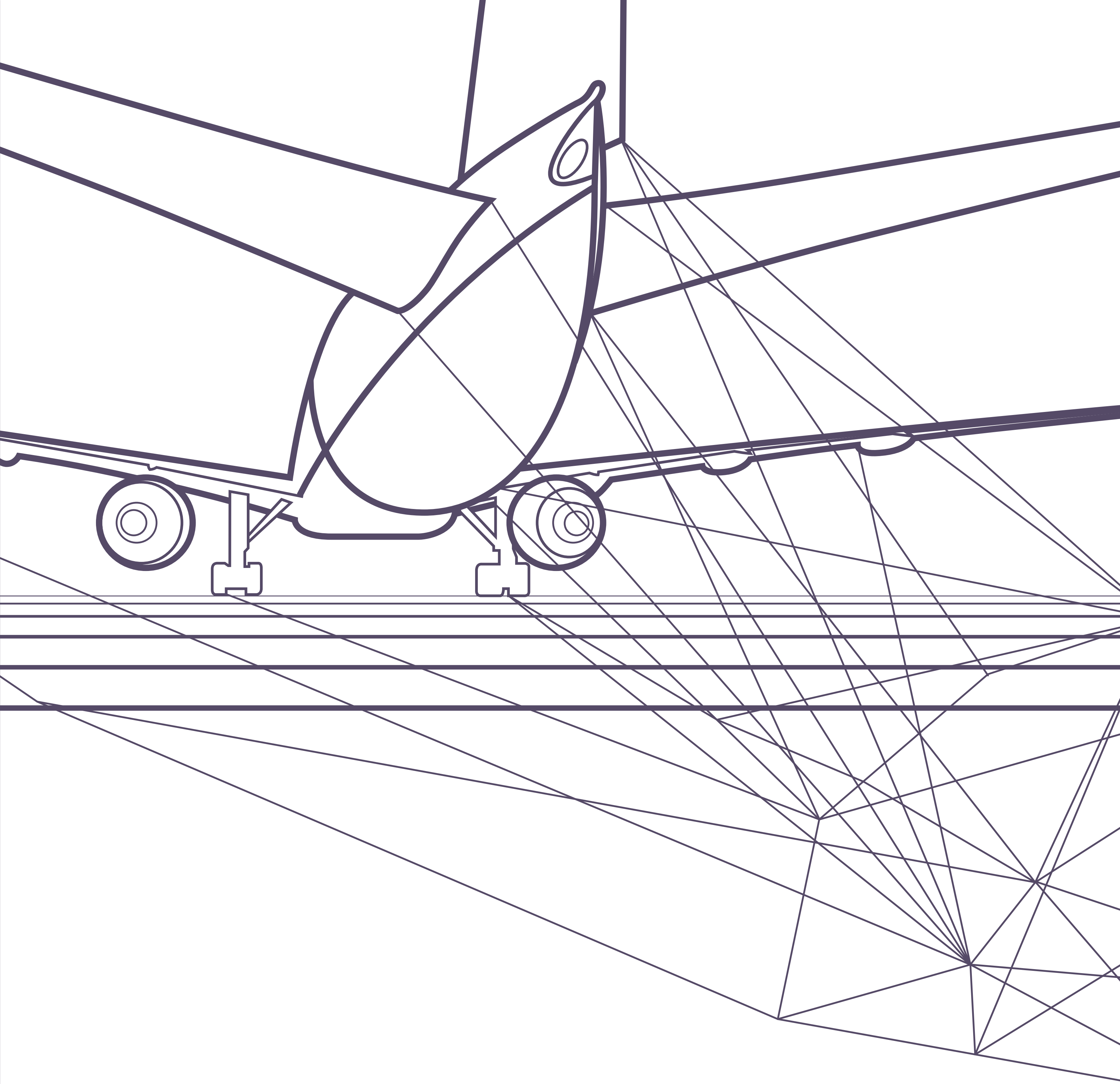
Sapura Resources

ANNUAL REPORT **2018**

CONTENTS

TAKING OFF ON NEW CAPABILITIES



SIXTY-FIRST (61ST) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixty-First (61st) 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 Tuesday, 24 July 2018 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 2018. *[Please refer to Note A]*

2. To re-elect the following Directors who retire by rotation in accordance with Article 88 of the Company's Articles of Association and being eligible, offer themselves for re-election:-

   (i) Dato' Shahriman bin Shamsuddin — **Ordinary Resolution 1**

   (ii) Encik Ahmad Jauhari bin Yahya — **Ordinary Resolution 2**

3. 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 3**

As Special Business

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

4. **Directors' Fees**
   "**THAT** the Directors' fees of RM616,583.50 for the financial year ended 31 January 2018 be hereby approved for payment." **Ordinary Resolution 4** *[Please refer to Note B]*

5. **Directors' Benefits Payable**
   "**THAT** the Directors' benefits payable up to an amount of RM62,570.00 from 25 July 2018 until the next Annual General Meeting in year 2019 of the Company be hereby approved for payment." **Ordinary Resolution 5** *[Please refer to Note C]*

6. **Retention of Independent Non-Executive Director**
   "**THAT** Dato' Muthanna bin Abdullah who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be and is hereby retained as an Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance." **Ordinary Resolution 6** *[Please refer to Note D]*

7. **Retention of Independent Non-Executive Director**
   "**THAT** Tan Sri Datuk Amar (Dr.) Hamid bin Bugo, an Independent Non-Executive Director of the Company who will reach the nine (9) year term limit on 25 August 2018 be and is hereby retained as an Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance." **Ordinary Resolution 7** *[Please refer to Note D]*

8. **Retention of Independent Non-Executive Director**
"**THAT** Dato' Fuziah @ Fauziah binti Dato' Ismail, an Independent Non-Executive Director of the Company who will reach the nine (9) year term limit on 25 August 2018 be and is hereby retained as an Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance."

Ordinary Resolution 8
[Please refer to Note D]

9. **Authority for Directors to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**
"**THAT** subject to the Companies Act 2016, the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, if applicable, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company at any time, at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit, provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being;

Ordinary Resolution 9
[Please refer to Note E]

AND THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("**AGM**") of the Company, at which time it shall lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first;

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."

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 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
31 May 2018

SIXTY-FIRST (61st) ANNUAL GENERAL MEETING (CONTINUED)

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESSES:

A. Audited Financial Statements

This agenda item is meant for discussion only as under the provision of Section 340(1)(a) of the Companies Act 2016, 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 proposed Ordinary Resolution 4, if approved, would authorise the payment of Directors' fees pursuant to Article 93 of the Articles of Association of the Company.

C. Directors' Benefits Payable

The proposed Directors' benefits payable comprises meeting allowances.

The total estimated amount of Directors' benefits payable is calculated based on the number of scheduled Board and Board Committees' meetings for the financial year ending 31 January 2019 until the next Annual General Meeting ("**AGM**") in year 2019. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company.

D. Retention as Independent Non-Executive Directors of the Company pursuant to the Malaysian Code on Corporate Governance

The proposed adoption of Ordinary Resolutions 6 to 8 is to seek shareholders' approval to retain the following Directors as the Independent Non-Executive Directors of the Company:-

(i) Dato' Muthanna bin Abdullah;

(ii) Tan Sri Datuk Amar (Dr.) Hamid bin Bugo; and

(iii) Dato' Fuziah @ Fauziah binti Dato' Ismail.

The Board of Directors has vide the Board Nomination and Remuneration Committee conducted an annual performance evaluation and assessment of the abovementioned Directors and recommended that they continue in office as the Independent Non-Executive Directors based on the following justifications:-

(a) They have fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad, ("**Bursa Securities**") and thus, they would be able to function as check and balance, provide a broader view and bring with them an element of objectivity to the Board.

(b) They have not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or their ability to act in the best interests of the Company.

(c) They have no potential conflict of interest, whether business or non-business related with the Company.

(d) They have not established or maintained any significant personal or social relationship, whether direct or indirect, with the Managing Director, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with their duties and expected of them to carry out their duties as the Independent Directors.

E. Authority for Directors to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 9, if approved, would, subject to the MMLR of Bursa Securities, enable the Directors to issue up to a maximum of ten per centum (10%) of the total number of issued shares of the Company at the date of such issuance for such purpose as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next AGM of the Company.

The mandate will enable the Directors to take swift action in case of a need for corporate exercises or fund-raising activities or in the event business opportunities arise which involve the issuance of new shares and to avoid delay and cost in convening general meetings to approve such issuance of shares. The proceeds raised from the corporate exercises or fund-raising activities will be 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 12 July 2017 which will lapse at the conclusion of the forthcoming 61st AGM.

NOTES ON APPOINTMENT OF PROXY:

1. Only a depositor whose name appears on the Record of Depositors as at 17 July 2018 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 the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. 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. A proxy may but does not need to be a member of the Company and if not a member he need not be a qualified legal practitioner, an approved company auditor or a person approved by the Registrar. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to participate, speak and vote at the Meeting.
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 holding the Meeting or any adjournment thereof.

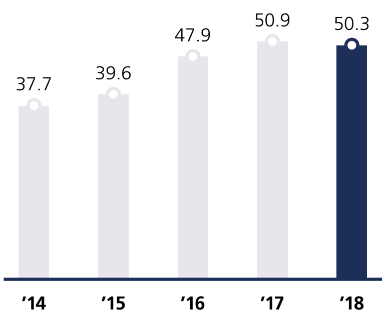
Personal data privacy:

*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.*

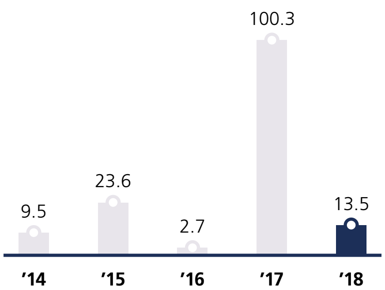
FINANCIAL HIGHLIGHTS

	31 JANUARY 2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
Revenue (RM' million)	37.7	39.6	47.9	50.9	**50.3**
Profit attributable to equity holders of the Company (RM' million)	9.5	23.6	2.7	100.3	**13.5**
Shareholders' fund (RM' million)	346.0	369.6	368.8	448.9	**462.4**
Basic/diluted earnings per share (sen)	6.79	16.91	1.94	71.87	**9.64**
Net asset per share (RM)	2.48	2.65	2.64	3.22	**3.31**

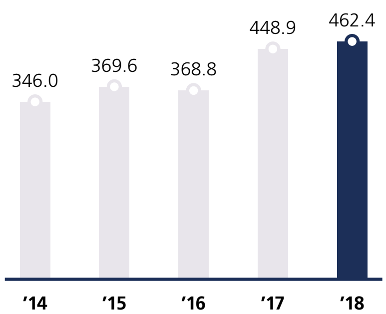
REVENUE
(RM MILLION)



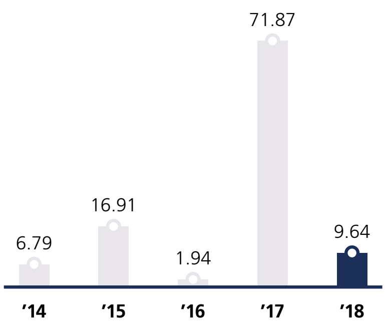
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY
(RM MILLION)



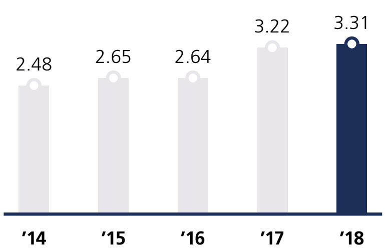
SHAREHOLDERS' FUND
(RM MILLION)



BASIC/DILUTED EARNINGS PER SHARE
(SEN)



NET ASSET PER SHARE
(RM)



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Dato' Shahriman bin Shamsuddin
Managing Director

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

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

Dato' Muthanna bin Abdullah
Independent Non-Executive Director

Ahmad Jauhari bin Yahya
Independent Non-Executive Director

Peter Ho Kok Wai
Independent Non-Executive Director

BOARD AUDIT AND RISK COMMITTEE

Dato' Muthanna bin Abdullah
Chairman

Dato' Fuziah @ Fauziah binti Dato' Ismail
Member

Peter Ho Kok Wai
Member

BOARD NOMINATION AND REMUNERATION COMMITTEE

Tan Sri Datuk Amar (Dr) Hamid bin Bugo
Chairman

Dato' Muthanna bin Abdullah
Member

Ahmad Jauhari bin Yahya
Member

DIRECTOR IN CHARGE OF SHAREHOLDERS' COMMUNICATIONS

Dato' Fuziah @ 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
Email : SeniorIndependentDirectorSRB@sapura.com.my

PRINCIPAL SOLICITORS

Lee Hishammuddin Allen & Gledhill

Skrine & Co.

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

INTERNAL AUDITORS

KPMG Management & Risk Consulting Sdn Bhd
10th Floor, KPMG Tower
No. 8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

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 7849 0777
Fax : 603 7841 8151/52

STOCK EXCHANGE LISTING

Main Market,
Bursa Malaysia Securities Berhad
Stock Name : SAPRES
Stock Code : 4596

COMPANY SECRETARIES

Chua Siew Chuan (MAICSA 0777689)

Yau Jye Yee (MAICSA 7059233)

CORPORATE STRUCTURE

as at 1 May 2018

Sapura Resources

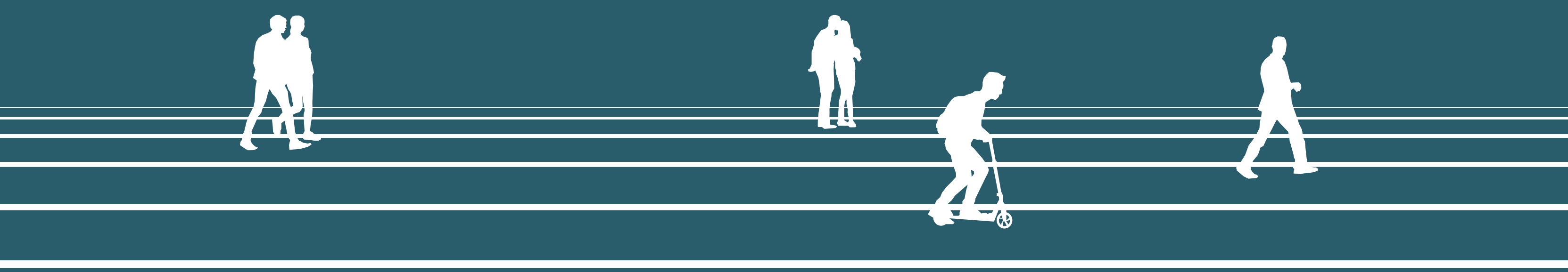
- 100% **SRB VENTURES SDN BHD** (822612-W)
- 100% **DNEST AVIATION SDN BHD** (656291-D)
  - 100% **AERODOME SDN BHD** (71252-X)
- 100% **SAPURA AERO SDN BHD** (963611-P)
  - 100% **AEROHANDLERS SDN BHD** (1036009-X)
  - 100% **AEROMANAGER SDN BHD** (1073204-H)
  - 100% **AERODOME SERVICES SDN BHD** (1079451-D)
  - 100% **ISY AERINA SDN BHD** (989289-X)
  - 50% **INVATION AERO SDN BHD** (formerly known as Urban Fleet Sdn Bhd) (1224337-K)
- 50% **IMPIAN BEBAS SDN BHD** (325183-H)
- 24% **TENAGA CABLE INDUSTRIES SDN BHD** (189423-D)

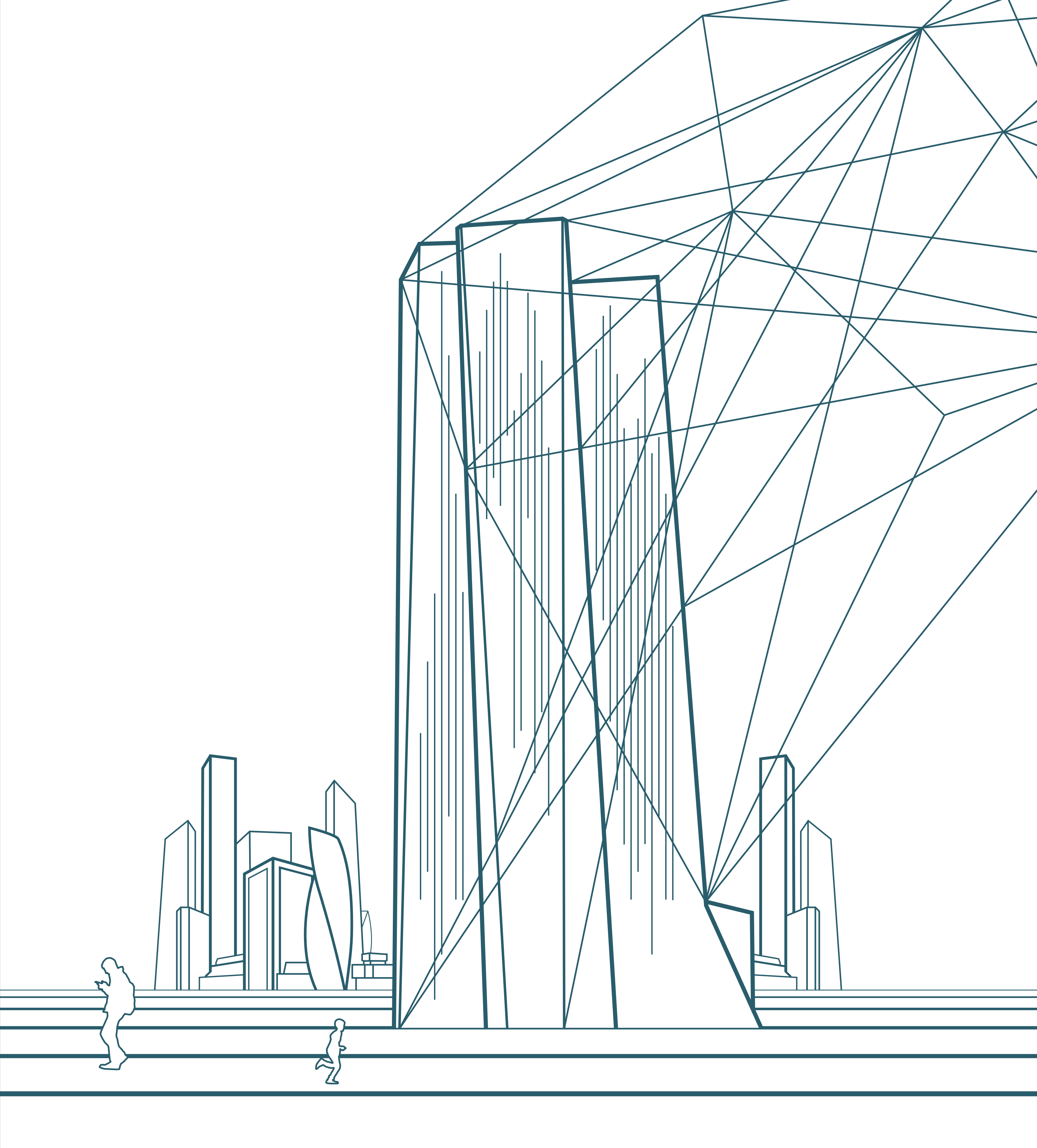
Legend:

- Food & Beverages
- Aviation
- Jointly Controlled Entity
- Associate

* *Active companies only*

DEVELOPING LOCAL EXPERTISE AND A GLOBAL OUTLOOK





MANAGEMENT DISCUSSION & ANALYSIS

Sapura Resources Bhd ("SRB") and its group of companies ("the Group") remain stable with our portfolio of business ventures primarily property investment, private aviation support services and investment holding.

PROPERTY INVESTMENTS

The property investment segment is primarily engaged in the management of three wholly owned commercial and industrial investment properties in the Klang Valley. The Group's property stable consists of a 10-storey office building at Sapura@Mines with a Net Lettable Area ("NLA") of slightly more than 269,000 square feet ("sqft"), warehouses at Jalan Tandang, Petaling Jaya with an NLA of 165,000 sqft and a commercial showroom building at Jalan 219, Petaling Jaya with an NLA of 46,000 sqft.

FY2018 saw the property market, in particular the office sector, continue to remain lackluster, with demand lagging behind supply and existing building owners having to lower their rental expectations to retain tenants (source: Knight Frank Real Estate Highlights 2nd Half 2017). Despite the challenging market for this business segment, all three properties continued to enjoy high occupancy rates above 90% and contributed RM24.9 million revenue to the Group for FY2018, representing 50% of Group revenue. This compares similarly to the revenue of RM24.8 million recorded in the preceding financial year FY2017. However, Profit Before Tax for the property investments segment decreased by 5% to RM11.2 million mainly due to increased maintenance as the age of the buildings are more than 20 years.

GROUP PROPERTY STABLE	NLA
10-Storey Office Building	269,000 sqft
Warehouses	165,000 sqft
Commercial Showroom Building	46,000 sqft
AVIATION SERVICES	**NLA**
Office space rental at Subang and Senai Airports	237,000 sqft

Our Asset Enhancement Initiatives ("AEIs") to upgrade and refurbish the facilities and fixtures of Sapura@Mines, our main property revenue contributor, are in progress and will continue to be carried out in phases over the next years, mainly the replacement or enhancement of the building security systems, lifts and façade. The AEIs ensure that our assets remain current and relevant so as to retain current anchor tenants and to continue generating income in the years to come.

Our property investment business is expected to remain stable with our continuous improvement on tenants' experience and the strong support from our anchor tenants.

AVIATION SERVICES

Our private aviation services mainly comprise hangarage, ground handling and ancillary services, aircraft management and engineering services, charter broker services and some office space rental at Subang and Senai Airports. Our hangars and office floor space totals approximately 237,000 sqft NLA.

The aviation services segment contributed RM25.4 million to the Group's overall revenue in the current financial year FY2018, representing 50% of total Group revenue and a drop of RM0.7 million compared to the preceding financial year FY2017 mainly in aircraft management and engineering services offset by revenue growth in other aviation services.

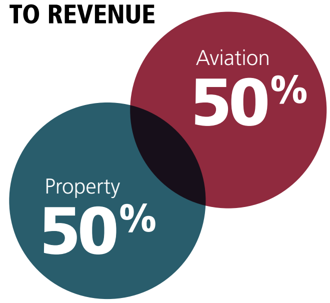
Revenue from hangarage and office space rental increased by 5% to RM10.6 million mainly from growth in occupancy in Senai hangarage partially offset by revenue reduction in Subang resulting from mandatory hangar closures during upgrading work on a fire fighting system. Although the upgrading work affects our results temporarily, with enhanced safety and security, on longer term basis we expect to improve our value to customers.

Ground handling services contributed strongly with a 6% year-on-year growth in revenue to RM10.8 million, mainly attributed to business from large-sized aircrafts.

The aircraft management and engineering services segments experienced a decline in revenue for FY2018 of 48% to RM2.6 million and restructuring measures are being implemented to bring the business to a more competitive level moving forward.

The charter broker services gained 64% in revenue growth in FY2018 to RM1.3 million compared to the previous year as our subsidiary received the Air Operator Certificate licensed by Department of Civil Aviation Malaysia in late FY2017 ie in November 2016. However, as long as illegal charter operators remain active in the market, keeping costs of operations competitive will continue to be a challenge thus undermining the business performance of this segment. At the close of FY2018, we have voluntarily suspended the aircraft charter broker services pending further evaluation.

CONTRIBUTION TO REVENUE



TOTAL REVENUE IN FY2018

Our aviation segment provides positive growth options in the current services provided as well as development of new related areas for example fixed base operations and maintenance, repair and overhaul.

MANAGEMENT DISCUSSION & ANALYSIS
(CONTINUED)

Included in the aviation segment results is a non-cash asset impairment adjustment amounting to RM7.5 million applied to the value of hangars in Subang following an independent valuation conducted on the basis that the lease concession is not renewed upon expiry of the lease. Excluding this non-cash asset impairment adjustment, the aviation segment's loss before tax reduced by 5% or an improvement of RM0.5 million compared to FY2017.

During FY2018, the following announcements were made relating to the aviation services segment.

In November 2017, our subsidiary, Sapura Aero Sdn Bhd incorporated a new wholly-owned subsidiary in Singapore, namely Sapura Aviation Singapore Pte Ltd ("SASPL"). SASPL is a private limited company with a share capital of SGD2 only comprising of 2 ordinary shares fully paid in the capital of SASPL. The intended principal activity of SASPL is to be involved in aviation services which include but not limited to fixed base operations, group handling, aircraft management, hangarage, maintenance repair and overhaul.

Sapura Aero also entered in FY2018 into a 50%-50% joint venture with public listed Destini Bhd which is planned to take on local and regional government and commercial aviation related businesses. The joint venture company has been renamed from Urban Fleet Sdn Bhd to Invation Aero Sdn Bhd.

Both of these ventures are still in the planning stage.

With respect to a Memorandum of Understanding ("MOU") that was entered into between Sapura Aero Sdn Bhd and Lufthansa Technik AG on 21 July 2017, it has been announced that the MOU has expired on 31 March 2018.

The SRB Group will continue our marketing efforts for growth in this segment including building on our current alliances as well as possibly forming new alliances with strategic entity(ies) to compete in the local as well as regional market.

INVESTMENT HOLDINGS

After SRB's disposal of its shareholdings in the education associates in FY2017, the balance unutilised of the disposal proceeds of RM140 million and other surplus funds of SRB have been invested in shariah enhanced cash funds that invest in Islamic money market instruments which earned profit distribution of RM6 million in FY2018. The funds are intended to be utilised on the Group's existing projects and future expansions as well as general working capital.

Relating to the disposal of the education associates, SRB had provided indemnity of RM25 million in FY2017 to APIIT Sdn Bhd ("APIIT") and ILMU Education Group Sdn Bhd against any claims in connection with any failure to comply with specific applicable laws in Sri Lanka prior to the disposal of the associates, provided that any indemnity claim is made by APIIT and/or ILMU within the agreed period. On 20 November 2017, the applicable law in Sri Lanka relating to part of the indemnity was amended resulting in RM22 million reversal of the provision.

Among our current projects is our investment in Impian Bebas Sdn Bhd which is the Group's 50%-50% collaboration with KLCC Holdings Sdn Bhd on commercial space of around 470,000 sqft upon completion, expected in 2020 on Lot 91 KLCC. As at end March 2018, the project has reached 21% completion and is 7 days ahead of schedule. This is a significant investment for the Group requiring careful oversight against any material cost overruns, completion delays, as well as close monitoring of the overall market demand for premium office space and any other risk factors that may affect the return on investment.

Net assets per share was

RM3.31

versus RM3.22 at end FY2017

Our 24% owned associate Tenaga Cable Industries Sdn Bhd ("TCI") continued with stable results contributing RM3.0 million as the Group's share of profit in FY2018. With our non-majority stake in TCI, SRB's involvement is restricted to the Board level.

FINANCIAL REVIEW

The Group revenue stood at RM50.3 million in FY2018 versus RM50.9 million from the previous year (a decrease of RM0.6 million or 1.2%), mainly due to lower revenue registered in Aviation segment.

Profit after tax attributable to the Group decreased to RM13.5 million from a profit of RM100.3 million mainly due to a one off gain recognised last financial year FY2017 on disposal of associates in the education segment. The decrease, however, was partially offset by a one-off reversal of provision for indemnity of RM22.0 million and lower finance costs due to full loan settlement in FY2017 from the proceeds on disposal of the education segment.

VALUE TO SHAREHOLDERS

At end FY2018, net assets per share was RM3.31 versus RM3.22 at end FY2017. The net assets per share has been calculated based on the net tangible assets attributable to the Group divided by the number of ordinary shares in issue of RM139,600,000. The SRB Group's balance sheet remains healthy with shareholders' funds standing at RM 462.9 million for FY2018.

In terms of earnings per share, the value is RM9.64 for FY2018 versus RM71.87 for FY2017 when the education segment was disposed. The earnings per share has been calculated based on the profit attributable to Group, divided by the number of ordinary shares in issue.

This year the Board of Directors did not recommend any dividend for FY2018 taking into account, amongst others, our business plans, financial performance and capital requirements to deliver sustainable shareholder returns.

CAPITAL MANAGEMENT

The Group is currently debt free (with exception of some assets under hire purchase) and has the ability to borrow for capacity expansion. Moving forward, the Group will deliberate on all options available to optimize debt equity proportions and reduce our overall cost of capital.

MANAGING RISKS ON THE HORIZON

On the property investment front, the pressure from increasing supply of commercial space will constantly push us to optimize our property assets and make our offerings more attractive with added value features and strategic differentiation from the competitors. We will continue to monitor the condition and review our position with a long-term view in mind.

As for the aviation segment, safety, security and regulatory compliance while pushing for growth and process improvements will be the focus.

The Board and Management are committed to improving our risk management policy and framework and our risk management activities are reviewed periodically. Please refer to more details in the Statement of Risk Management and Internal Control ("SORMIC") on pages 52 to 54 of this Annual Report.

PROSPECTS

The Group's prospects are driven by two core businesses ie; property and aviation.

Although the property market is softening, we expect our property business to remain stable with the support of our existing large anchor tenants, our continuing investment in improving the quality of our existing assets and monitoring the progress of new assets. The Group takes a long term view on its property investments including constantly reviewing the use mix based on prevailing market conditions.

Our aviation segment provides positive growth options in the current services provided as well as development of new related areas for example fixed base operations and maintenance, repair and overhaul. The segment also presents an exciting platform for the Group to grow beyond Malaysia.

Moving forward, we forecast challenging market conditions especially in the property sector. Nevertheless, we will continue to look for opportunities for growth despite the above.

CREATING A COMPETITIVE BRAND AND REPUTE

BOARD OF DIRECTORS

1

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

2

DATO' SHAHRIMAN BIN SHAMSUDDIN
Managing Director

3

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

4
DATO' FUZIAH @ FAUZIAH BINTI DATO' ISMAIL
Senior Independent Non-Executive Director

5
DATO' MUTHANNA BIN ABDULLAH
Independent Non-Executive Director

6
ENCIK AHMAD JAUHARI BIN YAHYA
Independent Non-Executive Director

7
MR PETER HO KOK WAI
Independent Non-Executive Director

BOARD OF DIRECTORS' PROFILE

TAN SRI DATUK AMAR (DR.) HAMID BIN BUGO

Chairman/Independent Non-Executive Director
Malaysian, Aged 72, Male

DATE OF APPOINTMENT
25 August 2009

LENGTH OF SERVICE (AS AT 30 APRIL 2018)
8 years 8 months

BOARD MEETING ATTENDANCE IN FINANCIAL YEAR
8/8

BOARD COMMITTEES MEMBERSHIP(S)
Board Nomination and Remuneration Committee
– Chairman

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS
- Petroleum Sarawak Berhad
  – Chairman
- Sapura Energy Berhad
  – Senior Independent Non-Executive Director
- Sarawak Consolidated Industries Berhad
  – Non-Independent Non-Executive Chairman

Tan Sri Hamid was appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 25 August 2009 and was later re-designated as a Senior Independent Non-Executive Director on 26 March 2015. Tan Sri Hamid was then re-designated as the Chairman/ Senior Independent Non-Executive Director of the Company on 4 March 2016 and shortly later, he was re-designated as the Chairman/Independent Non-Executive Director on 26 April 2016.

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 (New Zealand) and a Postgraduate Certificate in Business Studies from Harvard Institute of Development Studies, United States of America. 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 previously sat on the Boards of various companies and statutory bodies including Sime Darby Berhad Group, Malaysian Airline System Berhad, Malaysia LNG, Employees Provident Fund Board, Universiti Malaysia Sarawak and Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia). He was a member of The MACC Advisory Council.

Tan Sri Hamid was also the Founding Chairman of the Sarawak Biodiversity Centre. He was actively involved in the listing of Mulu National Park as a World Heritage Site. He was also the first Managing Director of Sarawak Information Systems Sdn Bhd (SAINS).

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

Tan Sri Hamid does not have any family relationship with the other Directors and/or major shareholders of the Company.

TAN SRI DATO' SERI SHAHRIL BIN SHAMSUDDIN

Non-Independent Non-Executive Director
Malaysian, Aged 57, Male

DATE OF APPOINTMENT
19 February 1990

LENGTH OF SERVICE (AS AT 30 APRIL 2018)
28 years 2 months

BOARD MEETING ATTENDANCE IN FINANCIAL YEAR
4/8

BOARD COMMITTEES MEMBERSHIP(S)
Nil

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS
- Sapura Energy Berhad
  – President and Group Chief Executive Officer, Non-Independent Executive Director
- Sapura Industrial Berhad
  – Deputy Chairman and Non-Independent Non-Executive Director

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

Tan Sri Dato' Seri Shahril holds a Master of Science in Management of Technology, MIT Sloan School of Management, United States of America and a Bachelor of Science in Industrial Technology, California Polytechnic State University, United States of America.

Tan Sri Dato' Seri Shahril is also the President and Group Chief Executive Officer of Sapura Group, which manages a diversified portfolio of businesses that include secured communications technologies, aviation, automotive manufacturing as well as property investment.

Tan Sri Dato' Seri Shahril is a member of the Massachusetts Institute of Technology ("MIT") Sloan Asian Executive Board and a member of the Board of Governors for the Asia School of Business. He is an active participant at the World Economic Forum.

Tan Sri Dato' Seri Shahril was conferred an Honorary Doctorate in Technology Management by the Universiti Teknologi Malaysia ("UTM") in May 2013. He is also a member of the Board of Trustees of the UTM Endowment Fund.

Tan Sri Dato' Seri Shahril is a major shareholder of the Company and is also the brother of Dato' Shahriman bin Shamsuddin, the Managing Director and major shareholder of the Company.

BOARD OF DIRECTORS' PROFILE
(CONTINUED)

DATO' SHAHRIMAN BIN SHAMSUDDIN

Managing Director
Malaysian, Aged 49, Male

DATE OF APPOINTMENT
28 July 2005

LENGTH OF SERVICE (AS AT 30 APRIL 2018)
12 years 9 months

BOARD MEETING ATTENDANCE IN FINANCIAL YEAR
7/8

BOARD COMMITTEES MEMBERSHIP(S)
Nil

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS
- Sapura Industrial Berhad
  – Executive Director
- Sapura Energy Berhad
  – Non-Independent Non-Executive Director

Dato' Shahriman 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' Shahriman holds a Master of Science in Engineering Business Management from Warwick University, United Kingdom and a Bachelor of Science in Industrial Technology from Purdue University, United States of America.

Dato' Shahriman 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 and aviation.

Dato' Shahriman is a major shareholder of the Company and is also the brother of Tan Sri Dato' Seri Shahril bin Shamsuddin, the Non-Independent Non-Executive Director and major shareholder of the Company.

DATO' FUZIAH @ FAUZIAH BINTI DATO' ISMAIL

Senior Independent Non-Executive Director
Malaysian, Aged 75, Female

DATE OF APPOINTMENT
25 August 2009

LENGTH OF SERVICE (AS AT 30 APRIL 2018)
8 years 8 months

BOARD MEETING ATTENDANCE IN FINANCIAL YEAR
7/8

BOARD COMMITTEES MEMBERSHIP(S)
Board Audit and Risk Committee

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS
Nil

Dato' Fauziah was appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 25 August 2009. She was re-designated as the Senior Independent Non-Executive Director on 26 April 2016.

Dato' Fauziah holds a Bachelor of Arts (Honours) from Universiti Malaya, a postgraduate Diploma in Development Administration from London School of Economics and Political Sciences, and a Master Degree in Public Administration from University of Houston, United States of America ("**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 does not have any family relationship with the other Directors and/or major shareholders of the Company.

DATO' MUTHANNA BIN ABDULLAH

Independent Non-Executive Director
Malaysian, Aged 58, Male

DATE OF APPOINTMENT
18 December 2008

LENGTH OF SERVICE (AS AT 30 APRIL 2018)
9 years 4 months

BOARD MEETING ATTENDANCE IN FINANCIAL YEAR
6/8

BOARD COMMITTEES MEMBERSHIP(S)
- Board Audit and Risk Committee
  – Chairman
- Board Nomination and Remuneration Committee
  – Member

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS
- Malaysian Rating Corporation Berhad
  – Independent Non-Executive Director
- Malaysian Life Reinsurance Group Berhad
  – Independent Non-Executive Director
- MSIG Insurance (Malaysia) Berhad
  – Independent Non-Executive Director
- KPJ Healthcare Berhad
  – Independent Non-Executive Director

Dato' Muthanna was appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 18 December 2008.

Dato' Muthanna is a lawyer by profession and was previously the Partner of the law firm of Abdullah Chan & Co. He currently a Consultant at Abdullah Chan & Co. 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.

Dato' Muthanna is a Trustee of Yayasan Siti Sapura. He was appointed as Honorary Consul of the Republic of San Marino in Kuala Lumpur on 30 March 2017.

Dato' Muthanna does not have any family relationship with the other Directors and/or major shareholders of the Company.

BOARD OF DIRECTORS' PROFILE
(CONTINUED)

ENCIK AHMAD JAUHARI BIN YAHYA

Independent Non-Executive Director
Malaysian, Aged 64, Male

DATE OF APPOINTMENT
19 January 2016

LENGTH OF SERVICE (AS AT 30 APRIL 2018)
2 years 3 months

BOARD MEETING ATTENDANCE IN FINANCIAL YEAR
8/8

BOARD COMMITTEES MEMBERSHIP(S)
Board Nomination and Remuneration Committee
– Member

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS
- Taliworks Corporation Berhad
  – Independent Non-Executive Director

Encik Ahmad Jauhari was appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 19 January 2016.

He holds a Bachelor of Science (Hons) Degree in Electrical and Electronics Engineering from University of Nottingham, United Kingdom and has vast and diverse working experience in various industries which includes oil and 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 the Deputy Managing Director in 1992 and subsequently became Managing Director within the same year. He then served as the Managing Director of Malaysian Resources Corporation Berhad before taking the role of Managing Director of Malakoff Berhad from 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 Berhad.

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

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

Encik Ahmad Jauhari also has vast experience in managing organisations on the international front as he had served as the Director and Chairman of Executive Committee of Central Electricity Generating Company Limited (Jordan), a Director of Shuaibah Expansion Project Company Limited (Saudi Arabia) and a Director of Souk Tieta Independent Water Project (IWP) in Algeria.

He is also the founder member and the former President of Penjanabebas (Association of Independent Power Producer of Malaysia).

Encik Ahmad Jauhari does not have any family relationship with the other Directors and/or major shareholders of the Company.

MR. PETER HO KOK WAI

Independent Non-Executive Director
Malaysian, Aged 58, Male

DATE OF APPOINTMENT
19 January 2016

LENGTH OF SERVICE (AS AT 30 APRIL 2018)
2 years 3 months

BOARD MEETING ATTENDANCE IN FINANCIAL YEAR
8/8

BOARD COMMITTEES MEMBERSHIP(S)
Board Audit and Risk Committee
– Member

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ISSUERS

- Hong Leong Industries Berhad
  – Independent Non-Executive Director
- GuocoLand (Malaysia) Berhad
  – Independent Non-Executive Director
- HPMT Holdings Berhad
  – Independent Non-Executive Director

Mr Peter Ho was appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 19 January 2016.

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 in 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 in December 2014.

Mr Peter Ho does not have any family relationship with the other Directors and/or major shareholders of the Company.

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

1. **Conflict of Interests**
   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.

2. **Convictions for Offences**
   None of the Directors of the Company has any conviction for offences within the past five (5) years other than traffic offences (if any) or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 January 2018.

SENIOR MANAGEMENT PROFILES

SHAMSUL ANUAR BIN MUSA

Chief Corporate Planning & Business Development Officer (SM 1)

Malaysian, Aged 42, Male

DATE OF APPOINTMENT

1 March 2007

LENGTH OF SERVICE (AS AT 30 APRIL 2018)

11 years and 1 month

Shamsul Anuar Bin Musa is currently the Chief Corporate Planning & Business Development Officer, reporting to the Managing Director. His main responsibility areas include corporate planning, business development, investment management and corporate finance.

His career started as Management Executive in Sime Darby Group. His working experience during his 8 years stint within Sime Darby Group include responsibility areas in internal audit, group finance, management accounting, corporate finance, corporate planning as well as accounts department particularly in motor, oil & gas, healthcare, property and industrial divisions. His last position in Sime Darby was as a Corporate Planning Manager for Sime Darby Motor Group division.

He then joined Sapura Resources Berhad in March 2007 as Chief Financial Controller and has been transferred across Sapura Group of companies during the 2010-2012 period before re-joining Sapura Resources Berhad on October 2012 as its Chief Financial Officer ("**CFO**"). While in Sapura Group, he was directly involved in the corporate finance team for more than RM11 billion merger exercise between SapuraCrest Petroleum Berhad and Kencana Petroleum Berhad back in 2012. His working experiences within Sapura Group are mainly in the areas of accounting & financial management, corporate finance, business development and strategic planning at senior management level.

He graduated from London School of Economics and Political Science, United Kingdom with a Bachelor of Science in Accounting and Finance in 1998.

He has no directorship in other public companies and listed issuers. He does not have any family relationship with any other Director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has no conviction for any offences within the past five (5) years, other than tracffic offences, if any; and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

ROSENAH BINTI MOHD HASSAN

Chief Corporate Officer (SM 2)

Malaysian, Aged 55, Female

DATE OF APPOINTMENT

3 July 2017

LENGTH OF SERVICE (AS AT 30 APRIL 2018)

9 Months

Rosenah Binti Mohd Hassan was appointed as the Chief Corporate Officer on 3 July 2017. Her responsibilities include those of the CFO, as well as overseeing the legal, secretarial and procurement operations.

Rosenah started her career in Price Waterhouse, Audit Division soon after she graduated. She then joined Shell group of companies for 17 years covering various local, regional and global finance roles, including a posting to Shell Australia. She was subsequently engaged by Khazanah Nasional Bhd to join Iskandar Investment Bhd ("**IIB**") as CFO. While in IIB, she also played a business development role for 49.5 acres of land within the Iskandar region covering commercial assets. Thereafter, she joined the Strategic Impact Projects unit within Agensi Inovasi Malaysia, a statutory body established to develop innovation as a source of new wealth for the nation, before joining NAZA TTDI in early 2012 as Director, Finance, overseeing finance and treasury matters.

Rosenah graduated from University of Tasmania Hobart, Australia with a Bachelor Degree of Commence.

She has no directorship in other public companies and listed issuers. She does not have any family relationship with any other Director and/or major shareholder of the Company. She does not have any conflict of interest with the Company and has no conviction for any offences within the past five (5) years, other than tracffic offences, if any; and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

ILYAS ALEX CHAN ABDULLAH

Chief Executive Officer (SM 2)

Malaysian, Aged 49, Male

DATE OF APPOINTMENT

15 November 2016

LENGTH OF SERVICE (AS AT 30 APRIL 2018)

1 year 5 months

Ilyas Alex Chan Abdullah was appointed as the Commercial Director, Sapura Aero Sdn. Bhd. on 15 November 2016. On 15 September 2017, he was promoted to Chief Operating Officer. Thereafter, he was promoted to Chief Executive Officer, Sapura Aero Sdn. Bhd. on 1 February 2018.

His working experience includes Senior Manager, Marketing, Business

Development and Operations at Techno Marine Sdn. Bhd. & Makmur Maritime Sdn. Bhd., Kuala Lumpur; Manager, Product Development at Southern Finance Berhad (Southern Bank Berhad Group); Regional Manager, EUROPE International Business Division at PROTON, Shah Alam; and Business Development Manager at Lotus Cars Asia Pacific, PROTON Shah Alam. He has also worked as Head of Global Market Development at PROTON Shah Alam, Senior Manager, Passenger Car Sales at DaimlerChrysler Malaysia Sdn Bhd, Kuala Lumpur; Director of Sales and Marketing at Volkswagen Group Malaysia Sdn Bhd, Kuala Lumpur; Chief Executive Officer at Cartrade Group Sdn Bhd, Petaling Jaya and was an operator and minor shareholder at Private Venture for Mineral Commodities – Mining, Trading and Investments in Indonesia.

Ilyas Alex Chan Abdullah graduated from Swansea Institute, University of Wales, United Kingdom with a Post-Graduate Diploma in Business Administration. He also holds an Advanced Diploma in Business and Management (United Kingdom) and a Diploma in Business and Management from Swansea Institute, University of Wales, United Kingdom.

He has no directorship in other public companies and listed issuers. He does not have any family relationship with any other Director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has no conviction for any offences within the past five (5) years, other than tracffic offences, if any; and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Ar. KHAIRIL ANUAR BIN MUHAMAD

Head, Project Management (SM 3)

Malaysian, Aged 49, Male

DATE OF APPOINTMENT

3 October 2011

LENGTH OF SERVICE (AS AT 30 APRIL 2018)

6 Years and 6 months

Ar. Khairil Anuar Bin Muhamad joined Sapura Resources Berhad as Head of Project Management on 3 October 2011.

Ar. Khairil Anuar has more than 22 years of accumulated working experience in architectural consultancy and development in the construction industry; undertaking various categories of job functions starting from the technical architectural design works right up to the overall management of a project. His working experience includes being an Assistant Architect and Project Architect for Omarsham Akitek and Project Architect or Resident Architect, Hasbullah Chan & Associates Architects. He held various positions while attached to KLCC Projeks Sdn. Bhd. (a Project Management Company wholly-owned by PETRONAS) including Assistant Project Manager, Senior Architect for Business Development Unit, Project Architect or Project Manager; Project Manager, Ranhill Bersekutu Sdn. Bhd. (Seconded to ARAMCO, the Saudi Oil Company for the Construction of King Abdullah University of Science & Technology, Saudi Arabia). He was also the Vice President/ Project Manager for Educity Development in Iskandar Development & Management Services Sdn. Bhd.

Ar. Khairil Anuar is a graduate from the University of Huddersfield, England, United Kingdom with a Bachelor of Arts (Honours) Architectural Studies. He also holds a Postgraduate Diploma in Architecture, University of Huddersfield, United Kingdom. On top of that, he has attained Royal Institute of British Architects (RIBA) Part II level. Ar. Khairil Anuar is a Registered Professional Architect (Ar.) with the Malaysian Board of Architects (LAM) and Project Management Professional, PMP. He is a corporate member for the Malaysian Institute of Architects and was a member of Project Management Institute (PMI).

He has no directorship in other public companies and listed issuers. He does not have any family relationship with any other Director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has no conviction for any offences within the past five (5) years, other than tracffic offences, if any; and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

AHMAD KAMAL BIN SHARIFUDDIN

Head, Property Business (SM 3)

Malaysian, Aged 55, Male

DATE OF APPOINTMENT

1 November 2017

LENGTH OF SERVICE (AS AT 30 APRIL 2018)

5 months

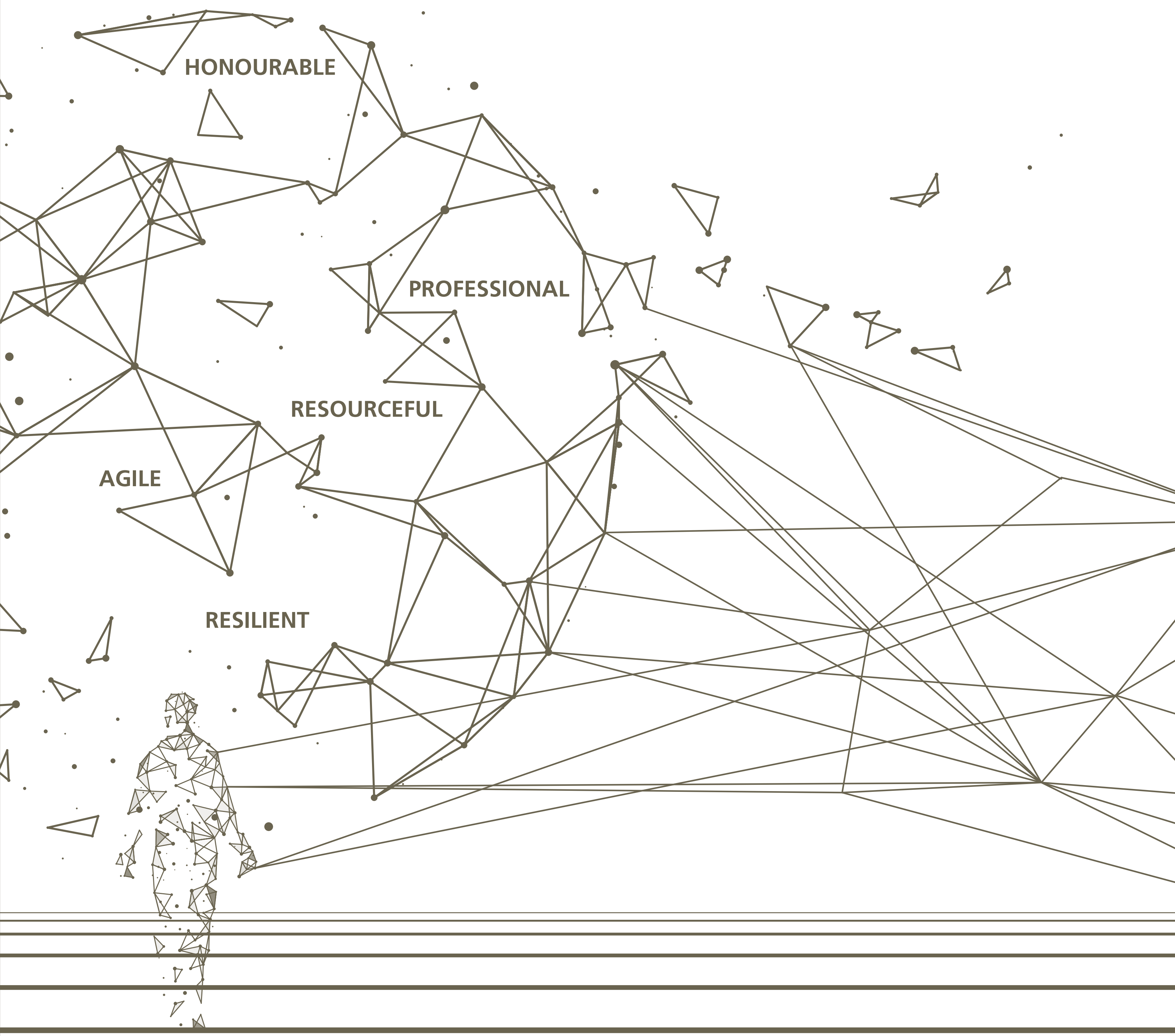
Ahmad Kamal bin Sharifuddin joined Sapura Resources Berhad as Head of Property Business on 1 November 2017.

He has 30 years working experience in general management, financial, corporate and operational management which includes a stint as the Senior Vice President, Asset Management at Iskandar Investment Berhad. He also served as Head and General Manager of Glenmarie Asset Management Sdn. Bhd., a subsidiary company of DRB-HICOM Berhad and the Head of Company and Director of Kesan Suci Sdn Bhd, a subsidiary company of Faber Group Berhad.

Ahmad Kamal is a member of the Chartered Institute of Management Accountants, United Kingdom and a Chartered Accountant registered with the Malaysian Institute of Accountants.

He has no directorship in other public companies and listed issuers. He does not have any family relationship with any other Director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has no conviction for any offences within the past five (5) years, other than tracffic offences, if any; and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

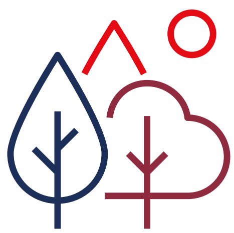
SOLIDLY ANCHORED ON CORE VALUE


HONOURABLE
PROFESSIONAL
RESOURCEFUL
AGILE
RESILIENT

SUSTAINABILITY STATEMENT

This is Sapura Resources Berhad's ("SRB") first Sustainability Statement which covers the financial period from 1 February 2017 to 31 January 2018 for SRB and its subsidiaries ("the Group"). This statement does not cover SRB's joint controlled entities nor associate companies as the Board does not have full management and control over them. This statement focuses on the Group's material sustainability risks and opportunities, and is prepared in accordance with Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

ECONOMIC



ENVIRONMENTAL

SOCIAL

OUR APPROACH TO SUSTAINABILITY

The Group understands that responsible corporate behaviour not only contributes to broad-based future benefits for the community and environment but can also enhance opportunities for business success for the Group as well as our stakeholders including, among others, our investors, customers and vendors.

The Group is committed to developing a sustainability policy and framework over the next financial year in line with our efforts to instill the sustainability mindset and practices into our management, operations and corporate culture. To gauge the effectiveness of our efforts towards transforming the organisation into a more sustainability conscious organisation, relevant performance measures for various departments will be identified and monitored.

Our very first sustainability statement this year is based on our data gathering phase in the broad categories of economic, environmental and social sustainability to help us understand where we are, what we have already done towards sustainability and to determine areas considered material to the Group and its stakeholders in order that we can identify further potential initiatives towards addressing sustainability risks and implementing sustainability opportunities. As we progress along our sustainability journey, we expect to improve our reporting in more depth.

ECONOMIC

Customer Satisfaction

The Group works towards long-term profitability, as well as efficient and effective management of assets and capital. In this regard, the Group values its customers as they are a major reason for its success and profitability. Therefore, our representatives schedule regular meetings, both formal and informal, with tenants and other customers to touch base and build a strong and conducive relationship. The objective is to promote a culture of open communication, trust and reliability. It is hoped that this conducive environment will encourage tenants to opt for long-term tenancy.

We try to cater to the needs of tenants by providing a food court, cafes, clinic, well equipped meeting rooms, gym, event hall as well as facilities for people with special needs. Friday prayers for tenants have been organised within Sapura at Mines building followed by a lunch treat. Education talks are also regularly organised.

We have established a Customer Satisfaction committee for our food court to collect feedback from customers to gauge their satisfaction and find out their needs to assist our food court operater to identify areas for improvement. There is also a Rapid Response Hotline in place for Sapura at Mines building to cater to queries, requests and complaints of customers, so that they may receive the necessary response within an acceptable length of time.

ENVIRONMENTAL

Energy Saving Initiatives

Steps have already been taken to monitor energy consumption usage and patterns. The actual consumption measured in kWh/RM is being tracked.

There are three chillers at Sapura at Mines building where two are used and one is kept on standby. The chillers have been identified as having HIGH energy consumption surge when turned on at the same time. Therefore each chiller has now been scheduled to be turned on or off at 30 minutes interval.

The air handling units ("AHU") on each floor, which regulate and circulate air as part of the ventilation and air-conditioning system, have been identified as having MEDIUM energy consumption when turned on. These have also been scheduled to be turned on based on staggered timing.

Lighting has been identified as having LOW energy consumption. Nevertheless, action has been taken to reduce the overall energy consumed by lighting and scheduling has been done for the common areas and lobby. Furthermore, management will be initiating the provision of reminders to switch off lighting when not in use.

In the indoor parking area where there are 453 light bulbs, timers have been installed to switch the lights on and off at predetermined times. Meanwhile, the removal of fluorescent tubes to reduce their numbers (de-lamping) has been done. The replacement of the electronic ballast is currently in progress.

Similarly, the number of bulbs has been reduced in the stairwells. In addition, we are considering to install motion sensor based lighting in the stairwells in the medium term future.

All lights in and around our hangars have been converted to energy saving light emitting diodes ("LED") including the signages. Where lighting in and around our office facilities and corridors need to be replaced, we have converted them to LED. The process is on going. Moreover, management intends to change all the flood lights to LED.

SUSTAINABILITY STATEMENT
(CONTINUED)

Water Saving Initiatives

In terms of water saving measures, the Group practices planned preventive maintenance ("PPM") and conducts audits to identify leakages in the piping systems of our buildings. As for the flush toilets, there are plans to review the capacity and introduce improvements in terms of water utilisation efficiency by FY2020.

Waste Management

Paper recycling initiatives are already in progress. Additionally, other material such as furnishing (eg carpets) and fixtures (eg workstations and cubicles) are recycled or reused where possible.

Waste segregation has been done by placing different bins in and around our hangars. Waste disposal is also done according to their categories. Spill kits are placed at various locations to manage spillages. Chemicals and excess fuel are disposed according to environmental regulation through third party.

Waste segregation is planned to be implemented in the next financial year throughout the Group where recycling stations will be set up in convenient locations.

Carbon Emissions

The Group is currently exploring ways to reduce its carbon footprint in order to meet the Malaysian Government's commitment of 40% reduction by 2020. This may include upgrading the chillers to magnetic bearing to avoid the usage of fluid lubrication.

Besides that, the Group is also in discussions with providers to install electric vehicle and hybrid vehicle charging stations at Sapura at Mines building.

SOCIAL

Employee Welfare

The Group believes in taking care of its employees and have scheduled several activities for employee engagement and to promote their well-being. Regular informal meet ups and coffee time are organised throughout the year. After working hours, employees are encouraged to engage in healthy sports activities or work out together in the gym. On annual basis, a few staff are selected, based on length of service as well as performance, to go for company sponsored Umrah. These activities help to foster teamwork among employees.

As with previous years, Sapura Group held a Majlis Berbuka Puasa, a ceremony to commemorate Muslim's breaking of fast during the holy month of Ramadhan at our Sapura at Mines building where all employees can meet as one big Sapura family.

On staff development, to assist employees improve their knowledge and skills in order to perform better, on the job coaching and challenge as well as external training is provided. Evaluation and feedback is given throughout the year and formalised during the annual performance appraisal. Exemplary employees are recognised for their outstanding performance and contributions to the organisation through various rewards and awards.

On leadership development, one particular event which we would like to highlight is The Mindful Leaders Programme held in October 2017 which was conducted by a certified mindfulness instructor. The programme's main objective is to build mindfulness, visualization and awareness observation techniques in order to be a successful and empathic leader at work, able to recognise stress levels among staff and to drive a motivated harmonious culture in the workplace.

Occupational Health and Safety

Upgrading work on Fire Fighting System is currently underway at our hangars in Subang. This is in line with the Jabatan Bomba Malaysia regulation.

Fire and emergency response drills are conducted every six months. Fire extinguishers are fixed in strategic places and quarterly and six monthly checks are conducted by our team to ensure the serviceability state.

Work place risks have been identified and our hangars have been fitted with lightning arresters. All round security protection is in place with CCTV monitoring and recording. Workers are equipped with safety protective wear and equipment such as ear muffs for protection against aircraft engine noise, goggles for protection against glare, dust, water and other particles, and gloves for handling of chemicals or other potentially hazardous materials.

Two batches of Occupational First Aid and Cardiopulmonary Resuscitation ("CPR") training were held for our employees in August and September 2017. The programme is designed to train employees to become fully qualified First Aiders in order to provide help and care to any injured or ill person during an emergency and meets the Department of Occupational Safety and Health's guidelines.

Stakeholder Engagement

Stakeholders are important to the Group. Therefore, stakeholder engagement is taken seriously. The Group periodically meets up with authorities such as fire brigade, police, local authorities, the Department of Occupational Safety and Health, Malaysian Aviation Commission, Civil Aviation Authority of Malaysia and Malaysian Airports Berhad to discuss regulatory, safety and licensing matters.

The Sapura Group also organised a Hari Raya open house during the year where more than 6,000 invitees including employees and their families, investment partners, customers, vendors, bankers and other stakeholders gathered and networked socially while enjoying the food.

Community Engagement

The Group is also committed to actively contribute towards Sapura group wide community programmes such as flood relief, programmes for orphanages as well as for the upliftment of those in need.

GROWING A SUSTAINABLE FUTURE ANCHORED ON CORE VALUES

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**the Board**") of Sapura Resources Berhad ("**the Company**" or "**SRB**") is committed to ensure that good corporate governance is practised throughout the Company and its subsidiaries ("**the Group**") in discharging its responsibilities with integrity, transparency and professionalism to protect and enhance shareholders' value and the financial position of the Group. The Board in discharging its responsibilities has always been vigilant of the fiduciary duties entrusted upon the Board.

The Board is pleased to present this Corporate Governance Overview Statement ("**Statement**") to provide investors with an overview of the extent of compliance with three (3) Principles as set out in the Malaysian Code on Corporate Governance ("**MCCG**") under the stewardship of the Board. This Statement also serves as a compliance with Paragraph 15.25 of the Main Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). In addition, the Corporate Governance Report which sets out the application of each Practice is available for viewing in the Company's corporate website at www.sapura-resources.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board is primarily responsible for the proper stewardship of the Company and its subsidiaries ("**the Group**"). The Board provides overall strategic direction and effective control of the Group and has established clear functions reserved for the Board and those delegated to Management.

The Board plays an important role to review the Company's strategic plan and approve any of the Management's proposal on a strategic plan. The Board also sets the values and standards to be achieved by the Group and in doing so the Board ensures the protection and enhancement of shareholders' value.

There are key matters which are reserved for the Board for its deliberation and decision to ensure the direction and control of the Group's business are in its hands, while a capable and experienced Management team headed by the Managing Director is put in charge to oversee the day-to-day operations of the Group.

The Board understands the principal risks of all aspects of the business that the Group is operating in and recognised that business decisions require the consideration of risks. In order to achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are systems in place that effectively monitor and manage these risks with a view to the long-term viability of the Group.

The Board has delegated certain responsibilities to two (2) Board Committees, namely the Board Audit and Risk Committee ("**BARC**") and the Board Nomination and Remuneration Committee ("**BNRC**") to assist the Board in the deliberation of issues within their respective functions and terms of reference ("**TOR**"). These Committees, as entrusted by the Board, will discuss relevant issues and report to the Board with their recommendations. However, this does not absolve the Board's ultimate responsibility of decision-making.

Apart from the above, the Management is also delegated with certain authority to enable them to effectively discharge their responsibilities, as set out in the Company's Limits of Authority.

The Chairman and the Managing Director ("MD")

The roles of the Chairman of the Board and the MD of the Company are exercised by separate individuals and each has a clear accepted division of responsibilities to ensure that there is a balance of power and authority to promote accountability. The Chairman is responsible for ensuring Board effectiveness and conduct, leading the Board in the oversight of management, whilst the MD of the Company has overall responsibilities over the Company's operating units, organisational effectiveness and implementation of Board policies and decisions on a day-to-day basis.

The Board is chaired by Tan Sri Datuk Amar (Dr.) Hamid bin Bugo, an Independent Non-Executive Director who has a strong presence as the Chairman of the Company and is able to provide effective leadership, strategic direction and necessary governance to the Group.

Dato' Shahriman bin Shamsuddin has been the MD of the Group since 1 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 MD develop the corporate objectives, which include performance targets and long-term goals of the business, to be met by the MD. The MD reports to the Board and is primarily responsible for running the business and implementing the policies and strategies adopted by the Board.

Company Secretaries

The Board is supported by suitably qualified, experienced and competent Company Secretaries. The Company Secretaries advise the Board and Board Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and the Group. The Board members have unlimited access to the professional advice and services of the Company Secretaries. The Company Secretaries ensure that all Board and Board Committee Meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained in the statutory register of the Company. During the financial year ended 31 January 2018 ("**FYE 2018**"), the Company Secretaries have updated the Board on material changes in law and tabled the regulatory development at the Board Meetings for Board's notation.

Access to Information and Advice

The Board has unrestricted access to all information within the Company, whether as a full Board or in their individual capacity, as supplied by the Management in a timely manner in order for the Board to discharge its responsibilities efficiently and effectively. The agenda for the Board Meetings, together with the appropriate reports and information on the Company's business operations, and proposal papers for the Board's consideration are circulated to all the Directors at least five (5) business days prior to the Board Meetings. Sufficient time have been provided to the Board to review the information provided, to make enquiries and to obtain further information and clarification, if necessary. During the Meetings, the Management provides further detailed information and clarification on issues raised by Board members.

During the FYE 2018, Senior Management as well as professional advisers were invited to attend the relevant Board and Board Committee Meetings to provide additional insights and professional views, advice and explanation on specific items on the meeting agenda.

Apart from Board Meetings, the Directors are also provided with updates via emails as and when there are any new developments on the Group's business.

The Board may also obtain independent professional advice at the Company's expense in furtherance of its duties. Whenever necessary, consultants and experts are invited to brief the Board on their areas of expertise or their reports.

Nevertheless, the Board members also have unlimited access to the advice of the Group's Head of Legal.

Board Charter

The Company has adopted a Board Charter which governs how the Company conducts its affairs. The Board Charter is applicable to all Directors of the Company and, amongst other things, provides that all Directors must avoid conflicts of interest between their private financial activities and their part in the conduct of Company's business.

The Board Charter sets out the authority, responsibilities, membership and operation of the Board of the Company, adopting principles of good corporate governance and practice, in accordance with applicable laws in Malaysia.

The Board will review the Board Charter from time to time and make any necessary amendments to ensure it remains consistent with the Board's objectives, current law and practices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

On 23 March 2018, the Board reviewed and approved certain revisions to the Board Charter for the purpose of clarity and consistency with the MCCG. The Board Charter is available on SRB's corporate website at www.sapura-resources.com.

Code of Ethics and Conduct

The Board had on 23 March 2018 adopted a Code of Conduct and Ethics for the Directors which set forth the ethical and professional standards of corporate and individual behavior expected by the Board to enhance the standard of corporate governance and corporate behaviour. The Code of Conduct and Ethics is available on SRB's corporate website at www.sapura-resources.com.

The Board is committed in maintaining a corporate culture which engenders trustworthiness, acceptable values, spirit of social responsibility and accountability that permeate throughout the Company.

Whistleblowing Policy

The Board had on 23 March 2018 adopted a Whistleblowing Policy to facilitate the whistle blower to report or disclose through established channels about any violations or wrongdoings they may observe in the Group without fear of retaliation and should they act in good faith when reporting such concerns.

The Whistleblowing Policy will be reviewed by the Board annually or on ad hoc basis to assess its relevance and effectiveness.

A copy of the Whistleblowing Policy is available for viewing at the Company's corporate website at www.sapura-resources.com.

Any employee of the Company or member of the public who has knowledge or is aware about any improper conduct has been, or is being, or is likely to be committed within the Group, may pose their concerns to the designated email address: ChairmanBARCSRB@sapura.com.my.

II. Composition of the Board

The Board's composition currently comprises seven (7) members as set out below:

NAME	DESIGNATION	LENGTH OF SERVICE (AS AT 30 APRIL 2018)
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	Chairman/Independent Non-Executive Director	8 years 8 months
Tan Sri Dato' Seri Shahril bin Shamsuddin	Non-Independent Non-Executive Director	28 years 2 months
Dato' Shahriman bin Shamsuddin	Managing Director	12 years 9 months
Dato' Fuziah @ Fauziah binti Dato' Ismail	Senior Independent Non-Executive Director	8 years 8 months
Dato' Muthanna bin Abdullah	Independent Non-Executive Director	9 years 4 months
Mr. Peter Ho Kok Wai	Independent Non-Executive Director	2 years 3 months
Encik Ahmad Jauhari bin Yahya	Independent Non-Executive Director	2 years 3 months

The Board comprises a majority of Independent Directors representing more than 71% of the Board.

Tenure of Independent Director

Practice 4.2 of the MCCG recommended that the tenure of an Independent Director does not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to service on the Board as a Non-Independent Director.

If the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after twelfth (12) year, the Board should seek annual shareholders' approval through a two-tier voting process (subject to the Articles of Association of the Company be amended to provide the same).

The Board subscribes to an open policy on the tenure of Independent Director whereby there should not be an arbitrary tenure imposed on the Independent Directors. The Board believes that the length of tenure of Independent Directors on the Board does not interfere with their objective and independent judgement or their ability to act in the best interest of the Company.

In view thereof, the Board shall provide justifications and seek shareholders' approval in the event it proposes to retain an Independent Director who has served the Board in that capacity for more than nine (9) years, upon the prior review and relevant recommendation from the BNRC.

The Company will be seeking shareholders' approval at the forthcoming Annual General Meeting ("**AGM**") for the retention of following three (3) Independent Non-Executive Directors ("**INEDs**"):-

(i) Dato' Muthanna Bin Abdullah who has served the Board for more than nine (9) years as an INED since 18 December 2008;

(ii) Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo will reach the nine (9) year term limit on 25 August 2018; and

(iii) Dato' Fuziah @ Fauziah Binti Dato' Ismail will reach the nine (9) year term limit on 25 August 2018 as well.

The Board through the BNRC has undertaken relevant assessments and recommended for the three (3) INEDs to continue to serve as INEDs based on the following justifications:

(1) They have met the criteria set in the annual assessment of their independence in line with the Listing Requirements of Bursa Securities;

(2) All of them have vast experience, knowledge and skills in a diverse range of businesses and therefore provide constructive opinion, counsel, oversight and guidance as Directors;

(3) Their financial management, accounting and legal background have provided support to enable the Board to discharge its duties effectively and in a competent manner;

(4) All of them actively participate and contribute to the discussion and deliberation of the Board and Board Committees. They have diligently attended all of the Meetings held for the Board and Board Committees for FYE 2018; and

(5) They have exercised due care and diligence and acted in the best interest of the Company by providing independent view to the deliberations and decision making of the Board and Board's Committee Meetings.

BNRC

The BNRC is currently chaired by Tan Sri Datuk Amar (Dr.) Hamid bin Bugo, an Independent Non-Executive Director.

The BNRC was established with clearly defined TOR, and comprised exclusively of three (3) non-executive directors, all of whom are independent.

The BNRC meets as and when required and at least once in every financial year. During the financial year under review, the BNRC met four (4) times for FYE 2018 and the meeting attendances are as follows:-

MEMBERS	MEMBERSHIP/DESIGNATION	NO. OF MEETINGS ATTENDED	%
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	Chairman *Independent Non-Executive Director*	4/4	100
Dato' Muthanna bin Abdullah	Member *Independent Non-Executive Director*	4/4	100
Encik Ahmad Jauhari bin Yahya	Member *Independent Non-Executive Director*	4/4	100

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

For FYE 2018, the BNRC has undertaken the following activities:-

(1) Reviewed and recommended to the Board the proposed Directors' fees in respect of the FYE 2018;

(2) Reviewed and recommended the re-election and re-appointment of Directors to the Board for recommendation of the same to the shareholders for approval at the 60th AGM; and

(3) Reviewed and recommended the retention of an Independent Director to the Board for recommendation of the same to the shareholders for approval at the 60th AGM;

(4) Reviewed the proposed Directors' benefits payable from 1 January 2017 until the next AGM of the Company and to recommend the same to the Board for recommendation to the shareholders for approval at the 60th AGM;

(5) Reviewed and recommended the Board Charter to the Board for approval and adoption;

(6) Reviewed the Key Results Areas/Key Performance Indicators of the MD of the Company;

(7) Reviewed and assessed the effectiveness of the Board of Directors as a whole and contribution of the BARC and BNRC; and each individual Director of the Company;

(8) Assessed the independence of the Independent Directors;

(9) Reviewed and recommended the appointment of the Chief Corporate Officer of the Company;

(10) Reviewed and recommended the appointment of General Manager of AeroManager Sdn. Bhd.;

(11) Reviewed the revised TOR of the BNRC;

(12) To consider, review and recommend to the Board of Directors for approval, the bonus payment to the MD for the financial year 2017;

(13) To consider and to recommend to the Board of Directors for approval, the re-organisation of Sapura Resources Berhad and re-designation of Encik Shamsul Anuar bin Musa;

(14) To consider and recommend to the Board of Directors for approval, the re-organisation of Sapura Aero Sdn. Bhd. and re-designation of Ilyas Alex Chan Abdullah and Major Rasaletchumi a/p Ratnasingam; and

(15) Reviewed and recommended the organisation chart of the Group; re-designation of some Key Senior Management and approved the recruitment proposal for new Head, Property Business.

The TOR of the BNRC is available for viewing at the Company's corporate website at www.sapura-resources.com.

Annual Evaluation

The Board has conducted self-assessment and peer review and the results have been tabled to the BNRC for review and discussion. The Board evaluation is to evaluate the Board in terms of their capability, character, integrity and commitment towards the Company.

During the FYE 2018, the Board had convened a total of eight (8) Board of Directors' Meetings for the purposes of deliberating on the Company's quarterly financial results at the end of every quarter and discussing important matters which demanded immediate attention and decision-making. During the Board of Directors' Meetings, the Board reviewed the operation and performance of the Company and other strategic issues that may affect the Company's business. Relevant senior management were invited to attend some of the Board of Directors' Meetings to provide the Board with their views and clarifications on issues raised by the Directors.

The BNRC has been tasked to review the attendance of the Directors at Board and/or Board Committee Meetings. Upon review, the BNRC noted the Board members have devoted sufficient time and effort to attend Board and/or Board Committee Meetings for FYE 2018.

For the FYE 2018, majority of the Board members had achieved a 75% attendance at the Board and Committees Meetings held. The attendance record of each Director at Board Meetings during the last financial year is as follows:-

NAME OF DIRECTORS	DESIGNATION	NO. OF MEETINGS ATTENDED	%
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	Chairman/Independent Non-Executive Director	8/8	100
Dato' Shahriman bin Shamsuddin	Managing Director	7/8	87
Tan Sri Dato' Seri Shahril bin Shamsuddin	Non-Independent Non-Executive Director	4/8	50
Dato' Fuziah @ Fauziah binti Dato' Ismail	Senior Independent Non-Executive Director	7/8	87
Dato' Muthanna bin Abdullah	Independent Non-Executive Director	6/8	75
Mr. Peter Ho Kok Wai	Independent Non-Executive Director	8/8	100
Encik Ahmad Jauhari bin Yahya	Independent Non-Executive Director	8/8	100

The Board also met on an ad-hoc basis to deliberate urgent issues and matters that required expeditious Board direction or approval. In the intervals between Board Meetings, any matters requiring urgent Board decisions and/or approval were sought via circular resolutions which were supported with all the relevant information and explanations required for an informed decision to be made.

The Board is pleased with the time and commitment rendered by the Directors to the Group. None of the Directors have more than five (5) directorships in listed issuers listed on Bursa Securities.The members of the Board are required to notify the Independent Non-Executive Chairman and/or the Company Secretaries in writing prior to accepting any new directorship. Such notification also includes an indication of time that will be spent on the new appointment.

In order for the Group to remain competitive, the Board ensures that the Directors continuously enhance their skills and expand their knowledge to meet the challenges of the Board.

After assessing the training needs of the Directors, the Board recognised that continuing education would be the way forward in ensuring its members are continually equipped with the necessary skills and knowledge to meet the challenges ahead.

As at the date of this Statement, the Board has participated various continuing education programmes as indicated in the Corporate Governance Report.

Upon review of the training needs of the Directors for the FYE 2018 and recognising the need to keep abreast with the fast changing business and regulatory environment, the Board has encouraged its members to attend at least two (2) continuing education programmes, whereby one of those should be in relation to the Bursa Securities' Listing Requirements.

In addition, the Company Secretaries and the External Auditors update the Board on a regular basis the respective changes and amendments to regulatory requirements and laws and accounting standards to help Directors keep abreast of such developments.

III Remuneration

The Board had on 23 March 2018 adopted the Board Remuneration Policy to support business strategy which is more long term and strategic in nature. It is aimed at motivating the Directors to achieve Company's business objectives. The Board Remuneration Policy is available on the Company's corporate website at www.sapura-resources.com.

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract, develop and retain its Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

The BNRC is responsible for reviewing and making recommendations to the Board for approval, the framework and remuneration packages of the Non-Executive Directors in all forms, drawing from outside advice whenever necessary prior to making the relevant recommendations to the Board such that the levels of remuneration are sufficient to attract and retain the Directors needed to run the Company successfully. In its review, the BNRC considers various factors including the Directors' fiduciary duties, time commitments expected of them and the Company's performance.

For the FYE 2018, a total Directors' fees payable to the Non-Executive Directors, of RM616,583.50 have been recommended to the shareholders for approval at the forthcoming AGM of the Company.

Remuneration Committee

The Board is satisfied that the BNRC has effectively and efficiently discharged its roles and responsibilities with respect to its nomination and remuneration functions. As such, it is not necessary to separate the nomination and remuneration functions into distinct nomination and remuneration committees.

Details of the remuneration of the Directors and the top five (5) Key Senior Management for the FYE 2018 are disclosed in the Corporate Governance Report which is available on the Company's website at www.sapura-resources.com.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

BARC

The Board is responsible for ensuring that the quarterly and annual audited financial statements of the Company present a balanced and clear view and assessment of the Company's financial position, performance and prospects and in compliance with the applicable financial reporting standards. The Board is assisted by the BARC 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 in giving the true situation of the Group's performance.

The BARC assists the Board in reviewing the Group's financial reporting process and accuracy of its financial results and scrutinising information for disclosure to ensure reliability and compliance with the applicable financial reporting standards. The BARC reviewed the unaudited quarterly financial reports and year-end financial statements of the Company prior to recommendation of the same to the Board for approval and submission to Bursa Securities and/or shareholders (where relevant).

The BARC is chaired by Dato' Muthanna bin Abdullah, who is an Independent Non-Executive Director of the Company. The BARC consists of all Independent Non-Executive Directors. The composition of the BARC is as follows:-

NAME	POSITION	DESIGNATION
Dato' Muthanna bin Abdullah	Chairman	Independent Non-Executive Director
Dato' Fuziah @ Fauziah binti Dato' Ismail	Member	Senior Independent Non-Executive Director
Mr. Peter Ho Kok Wai	Member	Independent Non-Executive Director

The TOR of the BARC has been amended on 3 May 2018 to be in line with the recent changes in the MCCG. The revised TOR of the BARC is available on the Company's corporate website at www.sapura-resources.com.

None of the members of the Board were former key audit partners and notwithstanding that in order to uphold the utmost independence, the Board has no intention to appoint any former key audit partner as a member of the Board.

Assessment of Sustainability and Independence of External Auditors

For the FYE 2018, the BARC has assessed the suitability and independence of the External Auditors vide an annual assessment of the suitability and independence of the External Auditors.

In its assessment, the BARC considered, inter alia, the following factors:-

For "**Suitability**" of External Auditors:-

- The External Auditors have the adequate resources, skills, knowledge and experience to perform their duties with professional competence and due care in accordance with the approved professional auditing standards and applicable regulatory and legal requirements;

- To the knowledge of the BARC, the External Auditors do not have any record of disciplinary actions taken against them for unprofessional conduct by the Malaysian Institute of Accountants ("**MIA**") which has not been reversed by the Disciplinary Board of MIA;
- The external audit firm has the geographical coverage required to audit the Group;
- The external audit firm advises the BARC on significant issues and new developments pertaining to risk management, corporate governance, financial reporting standards and internal controls on a timely basis;
- The external audit firm consistently meets the deadlines set by the Group;
- The level of quality control procedures in the external audit firm, including the audit review procedures; and
- The external audit scope is adequate to cover the key financial and operational risks of the Group.

For "**Independence**" of the External Auditors:-

- The engagement partner has not served for a continuous period of more than five (5) years with the Company;
- The BARC receives written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and
- Tenure of the current Auditors.

Upon completion of the said assessment, the BARC was satisfied with Messrs. Ernst & Young's technical competency and audit independence during the FYE 2018.

Risk Management and Internal Control Framework

The Board is committed to determine the Company's level of risk tolerance and to actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Company's assets by monitoring the internal controls in place with the assistance of the BARC, the External Auditors and the outsourced Internal Auditors, who will report on the effectiveness and efficiency of the internal control processes and procedures periodically to ensure that the system is viable and robust.

The Board has approved the Group's Risk Management Policy and Framework which include:

- roles and responsibilities in relation to risk management at SRB;
- the level of risk appetite at SRB;
- the process to identify, assess, mitigate and monitor the key business risks and related internal controls within SRB; and
- key internal controls that shall be in place to mitigate and manage overall risk within SRB.

KPMG Management and Risk Consulting Sdn. Bhd. ("**KPMG**"), the outsourced internal auditors was appointed during the financial year due to turnover issues in the Internal Audit Department and they are responsible to evaluate and improve the effectiveness of risk management, internal control and governance processes of the Group.

Details pertaining to the Group's internal control system and its effectiveness are set out in the Statement on Risk Management and Internal Control of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

Communication with Stakeholders

The Board ensures that all material information and corporate disclosures are discussed with the Management prior to dissemination to ensure compliance with Bursa Securities' Listing Requirements. In deciding on the necessary disclosures and announcements, the Board is also guided by Bursa Securities' corporate disclosure guides as published by Bursa Securities from time to time.

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

The Board has adopted the following measures with regard to communication with the Company's stakeholders:-

(i) Announcements to Bursa Securities

Material information, updates and periodic financial reports are published on a timely basis through announcements to Bursa Securities. Shareholders and investors can obtain the Company's latest announcements such as quarterly financial results in the dedicated website of Bursa Securities at www.bursamalaysia.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

(ii) Corporate Website

A corporate website (www.sapura-resources.com) is maintained and the said website contains relevant information on the Group's activities, financial results, major strategic development and other matters affecting stakeholders' interests for the shareholders, potential investors, suppliers and the general public.

(iii) Annual Reports

The Company's Annual Reports to the shareholders remain the central means of communicating to the shareholders, amongst others, the Company's operations, activities and performance for the past financial year end as well as the status of compliance with applicable rules and regulations.

(iv) AGMs/General Meetings

The AGM/General Meetings which are used as the main forum of dialogue for shareholders to raise any issues pertaining to the Company.

(v) Investor Relations

Shareholders and other interested parties are welcome to contact the Company should they have any comments, questions or concerns, by writing in, via telephone, facsimile or email, details of which are as follows:-

Address	:	Sapura@Mines No. 7, Jalan Tasik, The Mines Resort City 43300 Seri Kembangan Selangor Darul Ehsan Malaysia
Telephone No.	:	603 8949 7000
Fax No.	:	603 8949 7046
Email address	:	SeniorIndependentDirectorSRB @sapura.com.my

Conduct of General Meetings

The AGM provides an opportunity for the shareholders to seek and clarify any issues pertaining to the Group and to have a better understanding of the Group's activities and performance. Both individuals and institutional shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. The Board is always available to meet members of the press after the AGM.

The notice of AGM together with the Annual Report are despatched to shareholders at least twenty-eight (28) days prior to the meeting date. Sufficient notice period is given to the shareholders in order for them to schedule their time to attend the Company's AGM.

All the members of the Board will be present to provide better opportunity for the shareholders to engage in person with each Board member. In view of good corporate governance practice, the Notice of the 61st AGM was issued at least 28 days before the AGM date. For the convenience of the shareholders, the Board endeavor to ensure the venue of the general meetings is to be held in Klang Valley area which has sufficient parking and is accessible by public transport. This will not hinder the shareholders or their proxies from attending the general meetings.

In line with paragraph 8.29A of the Listing Requirements of Bursa Securities on the requirement for poll voting for any resolution set out in the notice of general meetings, during the 60th AGM held last year, poll voting was used to facilitate the voting process for resolutions tabled. An independent scrutineer was also appointed to scrutinise the polling process.

KEY FOCUS AREAS AND FUTURE PRIORITIES

Looking ahead to the financial year ending 2019, the Board and its respective Board Committees will:-

- Focus on major strategic issues to ensure sustainability and growth;
- Continue to monitor succession planning for the senior leadership team, to ensure a healthy pipeline of talent is emerging for future senior executive management;
- Consider other variety of approaches and independent sources to identify suitable candidate for appointment of Directors, should the need arise; and
- Continue to review the balance, experience and skills of the Board.

CONCLUSION

The Board is satisfied that for the FYE 2018, it complies substantially with the principles and practices of the MCCG.

This Statement and the Corporate Governance Report have been approved by the Board on 3 May 2018.

BOARD AUDIT AND RISK COMMITTEE REPORT

The Board Audit Committee, which has been renamed to Board Audit and Risk Committee ("**BARC**") with effect from 20 April 2018 was established by the Board of Directors ("**the Board**") with the primary objective to assist the Board in fulfilling its fiduciary responsibilities relating to corporate governance, system of internal controls, risk management processes and management of financial reporting practices of the Group.

The BARC is pleased to present the BARC Report for the financial year ended 31 January 2018 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 ("**MCCG**").

COMPOSITION OF THE BARC

The BARC comprises the following members:

Dato' Muthanna bin Abdullah
Chairman, Independent Non-Executive Director

Dato' Fuziah @ Fauziah binti Dato' Ismail
Member, Senior Independent Non-Executive Director

Mr. Peter Ho Kok Wai
Member, Independent Non-Executive Director

NUMBER OF BARC MEETINGS AND DETAILS OF ATTENDANCE

During the financial year ended 31 January 2018, the BARC held a total of six (6) meetings. The details of the attendance of each BARC member are as follows:-

BARC MEMBERS	NO. OF MEETINGS ATTENDED	%
Dato' Muthanna bin Abdullah	6/6	100
Dato' Fuziah @ Fauziah binti Dato' Ismail	6/6	100
Mr. Peter Ho Kok Wai	6/6	100

AUTHORITY AND DUTIES OF THE BARC

The BARC is governed by a terms of reference ("**TOR**") on its duties and responsibilities.

In view of the recent amendments of the Listing Requirements of Bursa Securities and MCCG, the TOR of the BARC has been reviewed and revised to be in line with these changes and the same has been recommended by the BARC to the Board for adoption. Accordingly, the revised TOR of the BARC was approved by the Board of Directors on 3 May 2018.

BOARD AUDIT AND RISK COMMITTEE REPORT (CONTINUED)

The updated TOR of the BARC is available on the Company's website at www.sapura-resources.com.

SUMMARY OF WORK OF THE BARC

During the financial year ended 31 January 2018, the BARC carried out the following activities which are in line with its responsibilities as set out in the TOR:-

(1) Financial Reporting

(a) Reviewed the unaudited quarterly financial reports and the audited year-end financial statements of Sapura Resources Berhad Group for the financial year ended 31 January 2018 before they were presented to the Board for approval and release to Bursa Securities accordingly; and

(b) In its review of the unaudited quarterly financial reports and the audited year-end financial statements, discussed with Management and the external auditors on the:-

- changes in or implementation of accounting policies and practices;
- significant adjustments arising from the audit;
- significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed;
- going concern assumption; and
- compliance with accounting standards and other legal requirements.

(c) The dates of which the BARC met during the financial year ended 31 January 2018 to deliberate on financial reporting matters are as appended below:-

DATE OF MEETINGS	FINANCIAL REPORTING STATEMENTS REVIEWED
20 March 2017	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the fourth quarter ended 31 January 2017
25 April 2017	Audited Financial Statements for the financial year ended 31 January 2017 ("**AFS**")
15 June 2017	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the first quarter ended 30 April 2017
25 September 2017	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the second quarter ended 31 July 2017
30 November 2017	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the third quarter ended 31 October 2017

(2) Audit Reports

(a) Received and reviewed the internal and external audit reports together with Management's responses in ensuring that appropriate and prompt remedial actions are taken by Management on major deficiencies in controls or procedures that have been identified including status of previous audit recommendations.

(b) Discussed thoroughly and made enquiries on internal audit findings and Management's relevant responses to resolve those findings.

(3) External Audit

(a) Reviewed the terms of engagement and Audit Planning Memorandum of the external auditors, Messrs. Ernst & Young ("**EY**") covering the nature and scope of audit planned for the financial year under review.

(b) Reviewed the external auditors' audit report and the significant audit findings underlying their report.

(c) Reviewed key audit matters raised by EY from its annual audit and management letter including Management's responses/actions taken on the resolution of such issues.

(d) Reviewed the annual AFS of the Company and of the Group prior to submission of the same to the Board for approval.

(e) Met with the external auditors twice without the presence of the Management, on 25 April 2017 and 30 November 2017, respectively, in order to provide the external auditors an avenue to candidly express any concerns they might have, including those relating to their ability to perform their work without restraint or interference.

(f) Evaluated the external auditors' independence and objectivity, as well as their ability to serve the Group in terms of technical competencies and manpower resource sufficiency and reviewed the reasonableness of the proposed audit fees charged against the size and complexity of the Group.

(g) Reviewed the audit and non-audit fees payable to the external auditors for the financial year ended 31 January 2017 to ensure the level of non-audit services rendered by the external auditors would not impair their objectivity and independence as external auditors of the Company.

(h) Assessed and is satisfied with the performance and effectiveness of the external auditors and recommended to the Board on their re-appointment as the external auditors of the Company for the ensuing year at the Annual General Meeting.

(4) Internal Audit

(a) Reviewed the Internal Audit Reports which were presented by the Internal Audit Department ("**IAD**") in three (3) BARC meetings held during the financial year ended 31 January 2018 in respect of the state of internal control of the Group as well as the steps taken by Management in response to the audit findings.

(b) Reported the internal audit annual budget, internal audit plans and the significant matters in respect of all internal audit findings of the Group to the Board.

(c) Reviewed and considered the adequacy of scope, functions, resources and fees for an outsourced or in-house internal audit function due to the resignation of in-house internal auditors.

(d) Deliberated and recommended the appointment of KPMG Management & Risk Consulting Sdn. Bhd. ("**KPMG**") as the outsourced internal auditors to undertake the internal audit function of the Company having considered KPMG's extensive audit experience and knowledge in aviation and property sectors.

Reviewed the Internal Audit Plan and the fees of KPMG and subsequent updates on the Internal Audit Plan in respect of the changes to the plan and timeline.

(e) Reviewed the Internal Audit Report on the overall risk management, control and governance processes of the Aviation and Property Management for the financial year ended 31 January 2018 as presented by KPMG.

(f) Approved several recommendations proposed by KPMG to be put in place to strengthen the internal control of the Group.

BOARD AUDIT AND RISK COMMITTEE REPORT (CONTINUED)

(5) Risk Management and Internal Control

(a) Reviewed the Statement on Risk Management and Internal Control of the Group for inclusion in the Annual Report for the financial year ended 31 January 2018.

(b) Received and reviewed quarterly reports from Management on key strategic and operational risks to ensure these were being managed effectively.

(c) Ensured that the proper risk management framework of the Group is in place.

(6) Related Party Transactions

(a) Reviewed Related Party Transactions entered into by the Company or the Group and to determine if such transactions were undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of Management's integrity.

(b) Reviewed the related party transactions entered into by the Group on a quarterly basis and ensure all transactions are carried out on arm's length basis.

(7) Annual Reporting

Reviewed the BARC Report and Statement on Risk Management and Internal Control to ensure compliance with relevant regulatory reporting requirements, prior to recommending the same to the Board for approval.

(8) Others

Conducted a self-assessment exercise to evaluate the BARC's overall effectiveness in discharging its responsibilities.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The BARC is assisted by the internal audit function in discharging its duties and responsibilities for the period from 1 February 2017 until 30 June 2017. The internal audit function is established and performed in-house by the IAD who reports directly to the BARC on a quarterly basis.

The primary responsibility of the internal audit function is to assist the Board to oversee that Management has in place sound risk management, internal control and governance systems and to provide independent and objective assessment of the adequacy and effectiveness of the risk management, internal control and governance processes established by Management and/or the Board within the Group.

The internal audit reports and Management's responses are first circulated to the Managing Director and relevant Heads of Department prior to tabling them at the BARC meetings.

During the financial year ended 31 January 2018, the Head of the IAD and/or his representatives attended the BARC meetings to report to the BARC on a quarterly basis, at a minimum, on their findings of the effectiveness of the governance, risk management and internal control processes within the Group.

Due to the staff turnover issue in IAD, the BARC had on 24 October 2017 conducted a meeting to deliberate and consider either to outsource or in-house the internal audit function of the Company. After due deliberation, the BARC agreed to outsource the internal audit function of the Company weighing the current needs of the Company.

Subsequently, KPMG was appointed as the outsourced internal auditors to undertake the internal audit function of the Company on 31 October 2017.

The internal audit work carried out by the IAD and KPMG for the financial year under reviewed included the following:

IAD

(a) Conducted audit works in the following areas during the financial year ended 31 January 2018:-

Human Resource and Administration

- Industrial relation; and
- Group organisational development.

Information Technology

- Control environment; and
- Operational and administrative.

Special Report on Related Party Transactions for the Aviation Division

(b) Prepared the Three (3)-Year Group Internal Audit Plan for the financial years ending 31 January 2018 to 2020 and tabled to the BARC during the meeting.

(c) Prepared the revised Group Internal Audit Charter and tabled to the BARC during the meeting.

(d) Presented audit findings and recommendation of corrective actions to be taken by Management in the quarterly BARC meetings.

(e) Conducted follow-up audit reviews to monitor and ensure that audit recommendations and suggestions by the IAD as well as by the BARC for improvement have been effectively implemented.

(f) Ascertained the extent of compliance of the operations within the Group with the established Group policies, procedures and statutory requirements.

KPMG

(g) Prepared the Group Internal Audit Plan for the financial years ending 31 January 2018 to 2019 and tabled to the BARC during the meeting.

(h) Conducted audit works in the overall risk management, control and governance processes of the Aviation and Property Management segments for the financial year ended 31 January 2018.

The total cost incurred in maintaining the internal audit function for the financial year ended 31 January 2018 was RM207,408/- (2017: RM299,102/-).

BOARD'S CONCLUSION

The Board is satisfied that the BARC and its members have carried out their functions, duties and responsibilities in accordance with the TOR of the BARC and there were no material misstatements, frauds and deficiencies in the systems of internal control not addressed by Management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance 2017 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: Guidelines for Directors of Listed Issuers, 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 joint controlled entities nor 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 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 companies.

ASSURANCE MECHANISM

The Board has assigned the Board Audit Committee with the duty of reviewing and monitoring the effectiveness of the Group's system of risk management and internal control. The Board Audit Committee was renamed by the Board to the Board Audit and Risk Committee ("BARC") on 20 April 2018 to better reflect the BARC's role and responsibility in the governance of risk management matters.

Management, the Internal Audit function and the External Auditors, regularly reported to the BARC on the effectiveness and efficiency of the internal control processes and procedures. A permanent quarterly agenda has been set in BARC meetings for Management to report on any changes in the current status of risks identified, associated controls and mitigating plans, as well as any material control breaches or losses.

During the financial year under review, upon BARC's recommendation, the Board outsourced the Internal Audit function to KPMG Management and Risk Consulting Sdn Bhd ("KPMG") after having considered KPMG's audit experience and knowledge in property and aviation sectors. The Internal Audit function, both the inhouse Internal Audit Department prior to KPMG, as well as KPMG, adopted a risk-based approach in identifying areas of priority for the audit plan. The BARC approves the Internal Audit function's audit plan and reviews the findings which adopts a compliance, operation and financial audit approach.

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 the external auditors are brought to the attention of the BARC through their report or are articulated at the BARC meetings.

Minutes and/or matters arising from the BARC meetings are brought to the attention of the Board. The Report of the BARC is set out in this 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 meets periodically to review and update the Group's risk evaluation taking into account any changes in the business processes and the market environment. Management also reviews the existing structure and framework of risk management for continuous improvement.

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. The limits of authority are regularly reviewed for continuous improvement.
- There is a strategic planning, annual budgeting and target setting process, which includes forecasts for each area of business with detailed reviews at all, levels of operations. The Board reviews and approves the annual budget.
- There is a management reporting system whereby operations and management accounts are prepared and reviewed periodically. Management regularly conducts Business Performance Review meetings to review the Group's financial performance and results. In addition, meetings are held at business unit and subsidiary levels to update on any operational matters.
- Internal policies and procedures are documented and are implemented throughout the Group. These documents are continuously updated and subject to regular review and improvement.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONTINUED)

ADEQUACY AND EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROLS

The Managing Director and the Chief Financial Officer have provided the Board with assurance that the Group's risk management and internal control systems are adequate and Management is taking proactive steps to further improve the systems. There has been regular meetings by Management through the risk challenge sessions with respective departments and business units 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 control is in place for the year under review.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have conducted a limited assurance engagement on the above Statement on Risk Management and Internal Control ("SORMIC") included in the Annual Report for the financial year ended 31 January 2018. The review was conducted in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit Assurance Practice Guide 3 ("AAPG3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report. The review has been conducted to assess whether the SORMIC appropriately reflects the disclosures required by paragraphs 41 and 42 of the SRMICG and is supported by the documentation prepared by or for the Board and has appropriately reflected the processes that the Directors had adopted in reviewing the adequacy and integrity of the system of internal control of the Group.

The external auditors are not required to consider whether the SORMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Based on their limited assurance procedures performed and evidence obtained, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the SORMIC is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the SRMICG, nor is the SORMIC factually inaccurate.

This Statement was approved by the Board on 3 May 2018.

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 2016 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 2018, 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 applicable 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 2016.

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. AUDIT AND NON-AUDIT FEES

The details of the audit and non-audit fees paid/payable to the external auditors or a firm or corporation affiliated to the external auditors' firm for the financial year ended 31 January 2018 are as follows:-

	COMPANY (RM)	GROUP (RM)
Fees paid/payable to Messrs. Ernst & Young		
• Audit	80,300	223,600
• Non-audit	261,100	439,150
Fees paid/payable to other auditors		
• Audit	52,000	52,000
• Non-audit	–	–
Grand Total	**393,400**	**714,750**

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 interests of Directors, chief executive and/or major shareholders, either still subsisting at the end of the financial year ended 31 January 2018 or entered into since the end of the previous financial year.

3. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")

The Company did not enter into nor seek mandate from its shareholders on any RRPT during the financial year ended 31 January 2018.

4. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

At the Extraordinary General Meeting held on 15 June 2016, the shareholders of the Company had approved the following proposals:-

I. Proposed Disposal by Sapura Resources Berhad ("**SRB**") of its Entire 49% Equity Interest in APIIT Sdn Bhd ("**APIIT**") to ILMU Education Group Sdn Bhd ("**ILMU**") after the Proposed Reorganisation for a Total Cash Consideration of RM58,000,000;

II. Proposed Disposal by SRB of its Entire 49% Equity Interest In Asia Pacific University Sdn Bhd ("**APU**") to ILMU for a Total Cash Consideration of RM161,988,000; and

III. 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.

(collectively referred to as the "Proposed Disposals")

As at 31 January 2018, the status of the utilisation of proceeds from the Proposed Disposals which were completed on 24 August 2016, amounting to RM315.0 million is as follows:-

PURPOSE	PROPOSED UTILISATION RM'000	ACTUAL UTILISATION RM'000	BALANCE UNUTILISED RM'000	INTENDED TIMEFRAME FOR UTILISATION FROM RECEIPTS OF PROCEEDS
(i) Existing projects and future expansions	119,746	(4,500)	115,246	Within 48 months
(ii) General working capital requirements	30,000	(5,000)	25,000	Within 48 months
(iii) Repayments of borrowings	144,600	(144,600)	–	–
(iv) Proposed special dividend	16,054	(16,054)	–	–
(v) Estimated expenses	4,600	(4,600)	–	–
	315,000	**(174,754)**	**140,246**	

FINANCIAL STATEMENTS

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 2018.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries and other information relating to the subsidaries are described in Note 14 to the financial statements.

HOLDING COMPANY

The holding company is Sapura Holdings Sdn. Bhd., which is incorporated in Malaysia.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	13,454	14,126
Profit attributable to:		
Owners of the parent	13,454	14,126
Non-controlling interest	-	-
	13,454	14,126

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in Noted 23.

DIVIDENDS

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

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Tan Sri Datuk Amar (Dr.) Hamid bin Bugo

Tan Sri Dato' Seri Shahril bin Shamsuddin

Dato' Shahriman bin Shamsuddin*

Dato' Fauziah binti Dato' Ismail

Dato' Muthanna bin Abdullah

Ahmad Jauhari bin Yahya

Peter Ho Kok Wai

Dato' Rodzlan Akib Bin Abu Bakar* (Resigned on 25 June 2017)

* Directors of the Company and subsidiaries

The names of the directors of the subsidiaries of the Company since the beginning of the financial year to the date of this report are disclosed in Note 14 to the financial statements.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements or other than benefits included in remuneration as director and/or employee of related corporations) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 31 to the financial statements.

The Company maintains a liability insurance for the directors and officers of the Group. The total amount of sum insured for the directors and officers of the Group for the financial year amounted to RM10,000,000 (2017: RM5,000,000).

The total amount of insurance premium effected for any director and officer of the Group during the financial year is RM16,000 (2017: RM9,500).

DIRECTORS' REPORT (CONTINUED)

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			
	At 1.2.2017	Acquired	Transfer	At 31.1.2018
Sapura Resources Berhad - the Company				
Direct Interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	83,250	-	-	83,250
Dato' Shahriman bin Shamsuddin	83,250	-	-	83,250
Indirect Interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	72,372,772	-	-	72,372,772
Dato' Shahriman bin Shamsuddin	72,372,772	-	-	72,372,772
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")				
Direct Interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	10,000	-	-	10,000
Preference Shares (Class "B")				
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 all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company in adequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 39 to the financial statements.

DIRECTORS' REPORT (CONTINUED)

AUDITORS

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

Auditors' remuneration are disclosed in Note 6 to the financial statements.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young for the financial year ended 31 January 2018.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 May 2018.

Dato' Shahriman bin Shamsuddin

Dato' Muthanna bin Abdullah

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

We, Dato' Shahriman bin Shamsuddin and Dato' Muthanna bin Abdullah, 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 69 to 138 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 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 2018 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 May 2018.

Dato' Shahriman bin Shamsuddin

Dato' Muthanna bin Abdullah

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Rosenah binti Mohd Hassan, 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 69 to 138 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960

Subscribed and solemnly declared by the abovenamed Rosenah binti Mohd Hassan at Kuala Lumpur in the Federal Territory on 15 May 2018.

Rosenah binti Mohd Hassan

Before me,

INDEPENDENT AUDITORS' REPORT

to the members of Sapura Resources Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sapura Resources Berhad, which comprise the statements of financial position as at 31 January 2018 of the Group and of the Company, and statements of profit or loss and other 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 69 to 138.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 January 2018, and of their financial performance and their 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 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Impairment of property, plant and equipment for aviation segment

(Refer to Note 11 to the financial statements)

In accordance with MFRS136: Impairment of Assets, the Group is required to perform impairment test of cash generating unit ("CGU") whenever there is an indication that the CGU may by impaired by comparing the carrying amount with its recoverable amount.

The aviation segment of the Group continuously reported losses for the past financial years, indicating that the carrying amount of the related property, plant and equipment of the segment ("said properties") may be impaired. Accordingly, the Group estimated the recoverable amount of the said properties based on fair value less cost of disposal. The Group had engaged an independent valuer to determine the fair value of the said properties. When estimating the fair value of a property, the objective is to estimate the price that would be received from the sale of property in the current market. The aforementioned impairment test had resulted in the recognition of impairment loss of RM7,495,000 for the financial year ended 31 January 2018.

Key audit matters (continued)

Impairment of property, plant and equipment for aviation segment (continued)

We considered this as an area of audit focus because the assessment process is complex and is based on assumptions that are highly judgmental.

Our audit procedures focused on the valuations performed by the independent valuer, which included amongst others the following procedures:

(a) We considered the objectivity, independence, reputation and expertise of the independent valuer;

(b) We obtained an understanding of the methodology adopted by the independent valuer in estimating the fair value of the property and assessed whether such methodology is consistent with those used in the industry;

(c) As part of our evaluations of the fair values of the properties, we discussed the valuation with the independent valuer to obtain an understanding of the property related data used as input to the valuation models.

Valuation of Investment Properties

(Refer to Note 12 to the financial statements)

The Group is required to disclose the fair value of its investment properties in the financial statements. Rental income and changes in fair value are often linked as integral components of financial performance of an investment property and accordingly, the fair value disclosures provide useful information to the users of financial statements.

When estimating the fair value of a property, the objective is to estimate the price that would be received from the sale of the investment property in an orderly transaction between market participants at the reporting date under current market conditions. In addition, the fair value should reflect, among other things, rental income from current leases and other assumptions that market participants would use when pricing the investment property under current market conditions, which are highly judgmental. Accordingly, we consider this to be an area of audit focus.

Our audit procedures focused on the valuations performed by firms of independent valuers, which included amongst others the following procedures:

(a) We considered the objectivity, independence, reputation and expertise of the firms of independent valuers;

(b) We obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry;

(c) As part of our evaluations of the fair values of investment properties, we discussed the valuation with the independent valuers to obtain an understanding of the property related data used as input to the valuation models; and

(d) We also assessed whether the discount rate used to determine the present value of the cash flows reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive.

Impairment of investments in subsidiaries and amounts due from subsidiaries-Company Level

(a) Cost of investment in subsidiaries

    (Refer to Note 14 to the financial statements)

    The Company is required to perform impairment test of its investments whenever there is an indication that the investment may be impaired. The history of continued losses and depleting shareholders' funds reported by certain subsidiaries of the Company indicate that the carrying amounts of the investments in subsidiaries may be impaired.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

to the members of Sapura Resources Berhad (Incorporated in Malaysia)

Impairment of investments in subsidiaries and amounts due from subsidiaries-Company Level (continued)

(a) Cost of investment in subsidiaries (continued)

The Company estimated the recoverable amounts of the costs of investment in subsidiaries based on value in use ("VIU") method. Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the investments and discounting them at an appropriate discount rate. Such estimations are highly subjective and accordingly we consider this to be an area of audit focus.

In addressing this area of audit focus, amongst others:

(a) We obtained an understanding of the relevant internal controls of the Company over the estimation of recoverable amounts of investments in subsidiaries.

(b) We evaluated the assumptions used in the determination of discounted cash flows (such as occupancy rates, rental rates, ground handling, transient and ancillary rates, monthly aircraft management fees, as well as the expenses related to the respective revenue streams to the agreements with aircraft owners) by making comparisons to historical trends; and

(c) We assessed whether the rates used in discounting the future cash flows to its present value were appropriate.

(b) Amounts due from subsidiaries

(Refer to Note 18 to the financial statements)

The history of continued losses and the depleting shareholders' funds reported by certain subsidiaries are viewed as objective evidence that the amounts due from subsidiaries may be impaired. Accordingly, the Company performed impairment reviews in respect of the amounts due from subsidiaries by comparing the assets' carrying amounts and the present value of estimated future cash flows receivable from the subsidiaries. The estimated future cash flows that are included in the impairment reviews are the contractual cash of the financial assets, reduced or delayed based on the current expectations of the amounts and timing of these cash flows as a result of losses incurred at the reporting date. Those cash flows are discounted at the original effective interest rate of the financial assets.

The aforementioned estimation of future cash flows involves significant judgment and estimates which are highly subjective.

In addressing this area of concern, amongst others:

(a) We obtained an understanding of the relevant internal controls of the Company over the estimation of recoverable amounts due from subsidiaries; and

(b) We evaluated the assumptions applied in the determination of the amounts and timing of receipts from the subsidiaries in light of the estimation of profits and the resulting cash flows to be derived from the operations of the subsidiaries.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's of the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

to the member of Sapura Resources Berhad (Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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

Ismed Darwis Bin Bahatiar
No. 2921/04/2020(J)
Chartered Accountant

Kuala Lumpur, Malaysia
15 May 2018

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 January 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	4	**50,264**	50,896	**27,598**	96,150
Operating expenses		**(69,935)**	(66,618)	**(42,381)**	(80,025)
Other income		**29,536**	121,545	**30,173**	198,330
Profit from operations		**9,865**	105,823	**15,390**	214,455
Finance costs	5	**(30)**	(6,083)	**(17)**	(6,069)
Share of result of an associate		**2,985**	4,905	**-**	-
Share of result of joint ventures		**(447)**	(274)	**-**	-
Profit before tax	6	**12,373**	104,371	**15,373**	208,386
Taxation	9	**1,081**	(4,034)	**(1,247)**	(3,791)
Profit after tax, representing total comprehensive income for the year		**13,454**	100,337	**14,126**	204,595
Profit, representing total comprehensive income attributable to:					
Owners of the parent		**13,454**	100,337	**14,126**	204,595
Non-controlling interest		**-**	-	**-**	-
		13,454	100,337	**14,126**	204,595
Earnings per share attributable to the owners of the parent (sen):					
Basic/diluted	10	**9.64**	71.87		

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

STATEMENTS OF FINANCIAL POSITION

as at 31 January 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Assets					
Non-current assets					
Property, plant and equipment	11	**45,229**	39,608	**15,733**	5,360
Investment properties	12	**117,900**	121,061	**117,900**	121,061
Intangible assets	13	**-**	-	**-**	-
Investment in subsidiaries	14	**-**	-	**12,690**	12,690
Investment in an associate	15	**13,329**	10,344	**12,000**	12,000
Investment in joint ventures	16	**139,931**	135,378	**125,308**	120,808
		316,389	306,391	**283,631**	271,919
Current assets					
Inventories	17	**18**	21	**-**	-
Trade and other receivables	18	**9,493**	9,785	**11,416**	13,433
Prepayments		**350**	1,230	**228**	195
Tax recoverable		**1,769**	1,034	**-**	-
Other current financial assets	19	**122**	280	**122**	280
Short term investment	20	**160,348**	171,691	**160,348**	171,691
Cash and bank balances	21	**4,402**	14,425	**1,257**	9,213
		176,502	198,466	**173,371**	194,812
Total assets		**492,891**	504,857	**457,002**	466,731
Equity and liabilities					
Current liabilities					
Trade and other payables	22	**22,934**	23,070	**14,107**	15,103
Provisions	23	**3,000**	25,000	**3,000**	25,000
Loans and borrowings	24	**139**	321	**61**	246
Tax payable		**124**	940	**124**	940
		26,197	49,331	**17,292**	41,289
Net current assets		**150,305**	149,135	**156,079**	153,523

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current liabilities					
Deferred tax liabilities	26	**4,148**	6,414	**1,818**	1,615
Loans and borrowings	24	**188**	208	**-**	61
		4,336	6,622	**1,818**	1,676
Total liabilities		**30,533**	55,953	**19,110**	42,965
Net assets		**462,358**	448,904	**437,892**	423,766
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	**320,177**	306,723	**297,192**	283,066
Total equity		**462,358**	448,904	**437,892**	423,766
Total equity and liabilities		**492,891**	504,857	**457,002**	466,731

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 2018

	← 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 2017	139,600	1,481	1,100	306,723	448,904
Total comprehensive income for the year	-	-	-	13,454	13,454
At 31 January 2018	**139,600**	**1,481**	**1,100**	**320,177**	**462,358**
At 1 February 2016	139,600	1,481	1,100	226,628	368,809
Total comprehensive income for the year	-	-	-	100,337	100,337
Dividend on ordinary shares (Note 30)	-	-	-	(20,242)	(20,242)
At 31 January 2017	139,600	1,481	1,100	306,723	448,904
Company					
At 1 February 2017	139,600	-	1,100	283,066	423,766
Total comprehensive income for the year	-	-	-	14,126	14,126
At 31 January 2018	**139,600**	**-**	**1,100**	**297,192**	**437,892**
At 1 February 2016	139,600	-	1,100	98,713	239,413
Total comprehensive income for the year	-	-	-	204,595	204,595
Dividend on ordinary shares (Note 30)	-	-	-	(20,242)	(20,242)
At 31 January 2017	139,600	-	1,100	283,066	423,766

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 2018

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Operating activities				
Profit before tax	**12,373**	104,371	**15,373**	208,386
Adjustments for:				
Interest income	**-**	(359)	**(848)**	(1,231)
Profits distribution from short term investment	**(6,016)**	(2,426)	**(6,016)**	(2,426)
Profits distribution from money market instruments	**(22)**	(1,136)	**(22)**	(1,136)
Dividend income	**(2)**	-	**(2)**	(68,560)
Finance costs	**30**	6,083	**17**	6,069
Unrealised foreign exchange loss	**196**	26	**-**	-
Unrealised fair value loss on held for trading investment securities	**158**	20	**158**	20
Gain on disposal of associates	**-**	(115,611)	**-**	(192,392)
Gain on disposal of property, plant and equipment	**(27)**	(179)	**(5)**	(130)
Depreciation of investment properties	**3,161**	3,162	**3,161**	3,162
Depreciation of property, plant and equipment	**6,300**	5,830	**2,843**	2,300
Property, plant and equipment written off	**43**	-	**-**	-
Reversal of provision for indemnity	**(22,000)**	-	**(22,000)**	-
Reversal for impairment of trade receivables	**(386)**	(8)	**(17)**	-
Reversal for impairment of investment in joint venture	**-**	(390)	**-**	-
Impairment loss on trade receivables	**448**	544	**61**	49
Impairment loss on other receivables	**34**	-	**-**	-
Impairment loss on investment in subsidiary	**-**	-	**996**	1,505
Impairment loss on amount due from subsidiaries	**-**	-	**11,353**	44,974
Impairment loss on property, plant and equipment	**7,495**	-	**-**	-
Loss on acquisition of a subsidiary	**-**	1,233	**-**	-
Share of result of an associate	**(2,985)**	(4,905)	**-**	-
Share of result of joint ventures	**447**	274	**-**	-
Operating (loss)/profit before working capital changes	**(753)**	(3,471)	**5,052**	590
Inventories	**3**	1	**-**	-
Trade and other receivables and prepayments	**1,076**	8,019	**(9,413)**	(2,038)
Trade and other payables	**(583)**	1,984	**(1,144)**	3,853
Cash (used in)/generated from operations	**(257)**	6,533	**(5,505)**	2,405
Taxes paid	**(2,736)**	(3,923)	**(1,860)**	(3,252)
Net cash (used in)/generated from operating activities	**(2,993)**	2,610	**(7,365)**	(847)

STATEMENTS OF CASH FLOWS (CONTINUED)

For the year ended 31 January 2018

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Investing activities				
Purchase of property, plant and equipment	**(19,329)**	(2,773)	**(13,216)**	(2,911)
Additional investment in a joint venture	**(5,000)**	(1,300)	**(4,500)**	(1,300)
Acquisition of a subsidiary	**-**	(15)	**-**	-
Net withdrawal/(subscription) in short term investment	**11,343**	(139,365)	**11,343**	(139,365)
Proceeds from disposal of property, plant and equipment	**148**	183	**5**	130
Proceeds from disposal of associates	**-**	246,988	**-**	246,988
Interest received	**-**	359	**-**	359
Profits distribution received from short term investment	**6,016**	2,426	**6,016**	2,426
Profits distribution received from money market instruments	**22**	1,136	**22**	1,136
Dividend received	**2**	68,560	**2**	68,560
Net cash (used in)/generated from investing activities	**(6,798)**	176,199	**(328)**	176,023
Financing activities				
Net repayment of obligations under finance lease	**(202)**	(606)	**(246)**	(491)
Net repayment of other short term borrowings	**-**	(15,900)	**-**	(15,900)
Net repayment of other long term borrowings	**-**	(127,147)	**-**	(127,147)
Dividend paid	**-**	(20,242)	**-**	(20,242)
Interest paid	**(30)**	(6,083)	**(17)**	(6,069)
Net cash used in from financing activities	**(232)**	(169,978)	**(263)**	(169,849)
Net (decrease)/increase in cash and cash equivalents	**(10,023)**	8,831	**(7,956)**	5,327
Net decrease in restricted cash	**-**	2,687	**-**	2,687
Cash and bank balances beginning of year	**14,425**	2,907	**9,213**	1,199
Cash and bank balances at end of year (Note 21)	**4,402**	14,425	**1,257**	9,213

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

NOTES TO THE FINANCIAL STATEMENTS

31 January 2018

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 of the financial statements

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 2016 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 2017, 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 2017, 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 January 2017.

Description	Effective for annual period beginning on or after
Amendments to MFRS 107: Statement of Cash Flows (Disclosure Initiative)	1 January 2017
Amendments to MFRS 12: Disclosure of Interests in Other Entities	1 January 2017
Amendments to MFRS 112: Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses	1 January 2017

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 (CONTINUED)

31 January 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 New and revised pronouncements yet in effect

The following pronouncements that have been issued by the Malaysian Accounting Standards Board will become effective in future financial reporting periods and have not been adopted by the Company in these financial statements:

Effective for annual periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 15	Revenue from Contracts with Customers: Clarification to MFRS 15
Amendments to MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 140	Investment Property: Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

Effective for annual periods beginning on or after 1 January 2019

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 11	Annual Improvements to MFRS Standards 2015 – 2017 Cycle
Amendments to MFRS 112	Annual Improvements to MFRS Standards 2015 – 2017 Cycle
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015 – 2017 Cycle	

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

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 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group plans to adopt the new standard on the required effective date using the full retrospective method. The Group have assessed the effects of applying the new standard on the Group's financial statements and have identified the following areas that will be affected.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 New and revised pronouncements yet in effect (continued)

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

(a) Presentation and disclosure requirements

The presentation and disclosure requirements in MFRS 15 are more detailed than the current standard. Many of the disclosure requirements in MFRS 15 are new and the Group has assessed that the impact of some of these disclosures will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of revenue by its nature and performance obligations especially revenue derived from aviation segment. MFRS 15 also required revenue recognised to be disaggregated into categories that depict the nature, amount, timing and uncertainty of revenue and cash flows.

In financial year 2019, the Group continued testing the appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

(ii) MFRS 9 *Financial Instruments*

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. During 2018, the Group has performed a detailed impact assessment of all three aspects of MFRS 9. The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in financial year 2019 when the Group adopts MFRS 9.

Based on the analysis of the Group's financial assets and liabilities as at 31 January 2018 on the basis of facts and circumstances that exist at that date, the directors of the Company have assessed the impact of MFRS 9 to the Group's financial statements as follows:

(a) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of MFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment

The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. The Group has assessed that since impairment of trade receivables are done based on individual customer basis, there will be no significant difference in loss allowance other than the timing of recognition of such loss allowance.

(iii) MFRS 140 *Transfers of Investment Property (Amendments to MFRS 140)*

The amendments clarify that when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of change in use.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 New and revised pronouncements yet in effect (continued)

(iii) MFRS 140 *Transfers of Investment Property (Amendments to MFRS 140)* (continued)

Entities can apply these amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Earlier application of the amendments is permitted and must be disclosed. The Group will apply these amendments when they become effective. However, since the Group's current practice is in line with the clarifications issued, the Group does not expect any effect on its consolidated financial statements.

(iv) MFRS 16 *Leases*

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease- Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The standard will affect primarily the accounting for the Group's operating leases. As at 31 January 2018, the Group has non-cancellable operating lease commitments of RM29,770,000. MFRS 117 does not require the recognition of any right-of-use asset or liability for future payments for these non-cancellable operating leases. Instead, certain disclosures are made in Note 33(c). A preliminary assessment indicates that these arrangements will meet the definition of a lease under MFRS 16 and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of these leases. The new requirements to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements and the Group is currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the Group completes the review.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency (continued)

(b) Foreign currency transactions (continued)

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

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

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

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment 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%
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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment (continued)

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 off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

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

2.8 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 off, the goodwill associated with the operation disposed off 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 off 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets (continued)

(a) Goodwill (continued)

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.

2.9 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets (continued)

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

2.10 Investments in associates and joint ventures

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

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets

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

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

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

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

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

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

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

The Group and the Company designate its 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (continued)

(c) Held-to-maturity investments (continued)

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

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

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

(d) Available-for-sale financial assets

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

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

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

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

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

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of financial assets

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

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

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

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

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

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

2.13 Cash and cash equivalents

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

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a first-in first-out basis.

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

2.15 Provisions

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue (continued)

(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 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.

(h) Aircraft management

Revenue from aircraft management is recognised as and when the services are performed.

(i) Engineering services

Revenue from engineering services is recognised as and when the services are performed.

(j) Charter services

Revenue from charter services is recognised 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Income taxes (continued)

(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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 available-for-sale 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Fair value measurements (continued)

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.

(a) Impairment of investments and amounts due from in subsidiaries, associate and joint ventures

The management determines whether the carrying amounts of its investments and amounts due from subsidiaries, associate and joint ventures 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, associate and joint ventures as at the reporting date are disclosed in Notes 14, 15, 16 and 18.

(b) Impairment of property, plant and equipment

Considering the net losses reported in the aviation segment, this indicates that the carrying amount of the related property, plant and equipment ("said properties") may be impaired. The Group carried out an impairment assessment comparing the carrying value of the said properties against its recoverable amount where the recoverable amount is determine based on fair value less cost to sell method.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

(b) Impairment of property, plant and equipment (continued)

The Group engaged an external independent valuer to estimate the fair value of the said properties. When estimating the fair value of a property, the objective is to estimate the price that would be received from the sale of property in the current market. Based on the impairment test performed, the recoverable amount of the said properties is estimated to be RM25,985,000 resulting in an impairment loss of RM 7,495,000 recorded for the year ended 31 January 2018 as disclosed in Note 6. The fair value estimated by the independent valuer is 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.

(c) Fair value disclosure of investment properties

The Group is required to disclose the fair value of its investment properties in the financial statements. Rental income and changes in fair value are often linked as integral components of financial performance of an investment property and accordingly, the fair value disclosures provide useful information to the users of the financial statements.

Accordingly, the Group estimated the fair value of investment properties by engaging with the external independent valuer. When estimating the fair value of the investment properties, the objective is to estimate the price that would be received from the sale of the investment property in an orderly transaction between market participants at the reporting date under current market conditions.

The carrying amount and the fair value disclosures of the Group's investment properties at the reporting date is disclosed in Note 12.

4. REVENUE

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Rental income from investment properties	**24,171**	24,178	**24,192**	24,234
Rental of hangar and office	**10,606**	10,132	**-**	-
Ground handling services	**10,777**	10,160	**-**	-
Aircraft management	**1,159**	2,224	**-**	-
Engineering services	**1,408**	2,725	**-**	-
Charter services	**1,338**	817	**-**	-
Management fees	**46**	-	**3,404**	3,356
Dividend income	**2**	-	**2**	68,560
Others	**757**	660	**-**	-
	50,264	50,896	**27,598**	96,150

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

5. FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest expense on:				
Overdrafts	**9**	41	**9**	41
Revolving credits	**-**	546	**-**	546
Obligations under finance leases	**21**	45	**8**	31
Loan and borrowings	**-**	5,451	**-**	5,451
	30	6,083	**17**	6,069

6. PROFIT BEFORE TAX

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Employee benefits expense (Note 7)	**22,979**	21,764	**12,561**	12,089
Non-executive directors' remuneration - excluding benefits-in-kind (Note 8)	**572**	576	**572**	576
Direct operating expense arising from investment properties	**5,956**	5,467	**5,956**	5,467
Auditors' remuneration:				
- Statutory audit				
Auditor of the Group & the Company	**224**	245	**80**	73
Other auditors	**52**	81	**52**	81
- Other services				
Tax fees	**107**	87	**28**	24
Tax advisory services	**243**	162	**145**	45
Assurance related services	**9**	143	**9**	143
Advisory services	**80**	230	**80**	230
Depreciation of investment properties (Note 12)	**3,161**	3,162	**3,161**	3,162
Depreciation of property, plant and equipment (Note 11)	**6,300**	5,830	**2,843**	2,300
Property, plant and equipment written off	**43**	-	**-**	-
Reversal of allowances for impairment of trade receivables (Note 18(a))	**(386)**	(8)	**(17)**	-
Impairment loss on trade receivables (Note 18(a))	**448**	544	**61**	49

6. PROFIT BEFORE TAX (CONTINUED)

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

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Impairment loss on other receivables	**34**	-	**-**	-
Reversal of allowances for impairment of investment in joint venture	**-**	(390)	**-**	-
Impairment loss on investment in subsidiary	**-**	-	**996**	8,505
Impairment loss on amount due from subsidiaries (Note 18(b))	**-**	-	**11,353**	44,974
Impairment loss on property, plant and equipment	**7,495**	-	**-**	-
Net unrealised foreign exchange loss	**196**	26	**-**	-
Net realised foreign exchange loss/(gain)	**125**	(532)	**-**	-
Loss on acquisition of a subsidiary (Note 14)	**-**	1,233	**-**	-
Rental of premises	**608**	562	**678**	783
Rental of hangars	**5,904**	4,937	**-**	-
Rental of equipment	**411**	178	**144**	26
Corporate service fee payable to holding company	**220**	228	**220**	228
Unrealised fair value loss on held for trading investment securities	**158**	20	**158**	20
Interest income	**-**	(359)	**(848)**	(1,231)
Profits distribution from short term investment	**(6,016)**	(2,426)	**(6,016)**	(2,426)
Profits distribution from money market instruments	**(22)**	(1,136)	**(22)**	(1,136)
Reversal of provision for indemnity	**(22,000)**	-	**(22,000)**	-
Gain on disposal of associates	**-**	(115,611)	**-**	(192,392)
Gain on disposal of property, plant and equipment	**(27)**	(179)	**(5)**	(130)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Wages and salaries	**18,273**	17,749	**10,096**	10,001
Social security contributions	**137**	114	**45**	38
Contributions to defined contribution plan	**2,262**	2,074	**1,151**	1,019
Other benefits	**2,307**	1,827	**1,269**	1,031
	22,979	21,764	**12,561**	12,089

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration, excluding benefits-in-kind amounting to RM3,768,000 (2017: RM4,160,000) as disclosed in Note 8.

8. DIRECTORS' REMUNERATION

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Directors of the Company				
Executive:				
Fees	**84**	118	**84**	118
Salaries and other emoluments	**3,684**	4,042	**3,684**	4,042
Benefits-in-kind	**23**	39	**23**	39
	3,791	4,199	**3,791**	4,199
Non-Executive:				
Fees	**533**	533	**533**	533
Other emoluments	**39**	43	**39**	43
Benefits-in-kind	**-**	12	**-**	12
	572	588	**572**	588
	4,363	4,787	**4,363**	4,787

8. DIRECTORS' REMUNERATION (CONTINUED)

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Directors of the Company (continued)				
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration, excluding benefits-in-kind	**3,768**	4,160	**3,768**	4,160
Total non-executive directors' remuneration, excluding benefits-in-kind	**572**	576	**572**	576
Total directors' remuneration excluding benefits-in-kind	**4,340**	4,736	**4,340**	4,736

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	
	2018	**2017**
Executive:		
RM750,001 - RM800,000	**1**	-
RM1,650,001 - RM1,700,000	**-**	1
RM2,500,001 - RM2,550,000	**-**	1
RM3,000,001 - RM3,050,000	**1**	-
Non-executive:		
Below RM100,000	**4**	4
RM100,001 - RM150,000	**2**	2

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

9. TAXATION

Major components of income tax (credit)/expense

The major components of income tax (credit)/expense for the years ended 31 January 2018 and 2017 are:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	**1,547**	2,717	**1,292**	2,302
(Over)/under provision in prior years	**(362)**	133	**(248)**	45
	1,185	2,850	**1,044**	2,347
Deferred income tax (Note 26):				
Origination and reversal of temporary differences	**(2,047)**	(333)	**440**	(174)
Overprovision in prior years	**(219)**	(223)	**(237)**	(122)
	(2,266)	(556)	**203**	(296)
Real property gain tax	**-**	1,740	-	1,740
Income tax (credit)/expense	**(1,081)**	4,034	**1,247**	3,791

Domestic current income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year.

9. TAXATION (CONTINUED)

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

	2018 RM'000	**2017 RM'000**
Group		
Profit before tax	**12,373**	104,371
Tax at Malaysian statutory tax rate of 24% (2017: 24%)	**2,970**	25,049
Income not subject to tax	**(7,075)**	(27,973)
Non-deductible expenses	**2,599**	4,778
Share of result of associates and joint ventures	**(609)**	(1,111)
Real property gain tax	**-**	1,740
Deferred tax assets not recognised during the year	**1,615**	1,641
(Over)/underprovision of income tax in prior years	**(362)**	133
Overprovision of deferred tax in prior years	**(219)**	(223)
Income tax (credit)/expense	**(1,081)**	4,034
Company		
Profit before tax	**15,373**	208,386
Tax at Malaysian statutory tax rate of 24% (2017: 24%)	**3,690**	50,013
Income not subject to tax	**(6,772)**	(63,095)
Non-deductible expenses	**4,814**	15,210
Real property gain tax	**-**	1,740
(Over)/underprovision of income tax in prior years	**(248)**	45
Overprovision of deferred tax in prior years	**(237)**	(122)
Income tax expense	**1,247**	3,791

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

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.

	2018	2017
Profit attributable to owners of the parent (RM'000)	**13,454**	100,337
Weighted average number of ordinary shares in issue ('000)	**139,600**	139,600
Basic, earnings per share (sen)	**9.64**	71.87

(b) Diluted:

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

11. PROPERTY, PLANT AND EQUIPMENT

	Hangars RM'000	Office equipment, renovation, furniture and fittings RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Group					
At 31 January 2018					
Cost					
At 1 February 2017	**40,110**	**46,239**	**3,427**	**131**	**89,907**
Reclassifications	**215**	**(350)**	**135**	**-**	**-**
Additions	**-**	**8,579**	**251**	**10,750**	**19,580**
Disposals	**-**	**(34)**	**(381)**	**-**	**(415)**
Write off	**-**	**(46)**	**-**	**-**	**(46)**
At 31 January 2018	**40,325**	**54,388**	**3,432**	**10,881**	**109,026**

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Hangars RM'000	Office equipment, renovation, furniture and fittings RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Group					
At 31 January 2018 (continued)					
Accumulated depreciation and impairment losses					
At 1 February 2017	**11,789**	**35,867**	**2,643**	**-**	**50,299**
Depreciation charge (Note 6)	**1,726**	**4,187**	**387**	**-**	**6,300**
Impairment loss charge (Note 6)	**7,495**	**-**	**-**	**-**	**7,495**
Disposals	**-**	**(31)**	**(263)**	**-**	**(294)**
Write off	**-**	**(3)**	**-**	**-**	**(3)**
At 31 January 2018	**21,010**	**40,020**	**2,767**	**-**	**63,797**
Net carrying amount	**19,315**	**14,368**	**665**	**10,881**	**45,229**
At 31 January 2017					
Cost					
At 1 February 2016	40,454	43,261	5,477	-	89,192
Reclassifications	(344)	344	-	-	-
Additions	-	2,642	-	131	2,773
Disposals	-	(8)	(1,944)	-	(1,952)
Write off	-	-	(106)	-	(106)
At 31 January 2017	40,110	46,239	3,427	131	89,907
Accumulated depreciation and impairment losses					
At 1 February 2016	9,968	32,221	4,334	-	46,523
Depreciation charge (Note 6)	1,821	3,650	359	-	5,830
Disposals	-	(4)	(1,944)	-	(1,948)
Write off	-	-	(106)	-	(106)
At 31 January 2017	11,789	35,867	2,643	-	50,299
Net carrying amount	28,321	10,372	784	131	39,608

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office equipment, renovation, furniture and fittings RM'000	Motor vehicles RM'000	Work in progress RM'000	Total RM'000
Company				
At 31 January 2018				
Cost				
At 1 February 2017	**36,250**	**1,685**	**131**	**38,066**
Additions	**8,352**	**-**	**4,864**	**13,216**
Disposal	**(31)**	**-**	**-**	**(31)**
At 31 January 2018	**44,571**	**1,685**	**4,995**	**51,251**
Accumulated depreciation				
At 1 February 2017	**31,199**	**1,507**	**-**	**32,706**
Depreciation charge (Note 6)	**2,737**	**106**	**-**	**2,843**
Disposal	**(31)**	**-**	**-**	**(31)**
At 31 January 2018	**33,905**	**1,613**	**-**	**35,518**
Net carrying amount	**10,666**	**72**	**4,995**	**15,733**
At 31 January 2017				
Cost				
At 1 February 2016	33,474	3,014	-	36,488
Additions	2,780	-	131	2,911
Disposal	(4)	(1,223)	-	(1,227)
Write off	-	(106)	-	(106)
At 31 January 2017	36,250	1,685	131	38,066
Accumulated depreciation				
At 1 February 2016	29,009	2,730	-	31,739
Depreciation charge (Note 6)	2,194	106	-	2,300
Disposal	(4)	(1,223)	-	(1,227)
Write off	-	(106)	-	(106)
At 31 January 2017	31,199	1,507	-	32,706
Net carrying amount	5,051	178	131	5,360

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) During the financial year, the Group acquired property, plant and equipment ("PPE") at aggregate costs of RM19,580,000 (2017: RM2,773,000) of which RM251,000 (2017: RM Nil) were acquired by means of hire purchase and finance lease arrangements, and the Company acquired property, plant and equipment at aggregate costs of RM13,216,000 (2017: RM2,911,000) of which RM Nil (2017: 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 RM391,000 (2017: RM465,000) and RM72,000 (2017: RM178,000) respectively.

(b) Included in PPE of the Group and the Company are the following cost of fully depreciated assets which are still in use:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Office equipment, renovation, furniture and fittings	**27,431**	24,106	**25,630**	22,856
Motor vehicles	**1,572**	1,460	**1,156**	1,156

(c) Impairment losses

Considering the net losses reported in the aviation segment, this indicates that the carrying amount of the related property, plant and equipment ("said properties") may be impaired. The Group carried out an impairment assessment comparing the carrying value of the said properties against its recoverable amount where the recoverable amount is determine based on fair value less cost to sell method.

The Group engaged an external independent valuer to estimate the fair value of the said properties. When estimating the fair value of a property, the objective is to estimate the price that would be received from the sale of property in the current market. Based on the impairment test performed, the recoverable amount of the said properties is estimated to be RM25,985,000 resulting in an impairment loss of RM 7,495,000 recorded for the year ended 31 January 2018 as disclosed in Note 6. The fair value estimated by the independent valuer is categorised within the Level 3 fair value hierarchy which is described as inputs for the assets or liabilities that are based on unobservable market data.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

12. INVESTMENT PROPERTIES

	Leasehold land RM'000	Buildings RM'000	Total RM'000
Group/Company			
At 31 January 2018			
Cost			
At 1 February 2017/ 31 January 2018	**55,541**	**137,083**	**192,624**
Accumulated depreciation			
At 1 February 2017	**19,733**	**51,830**	**71,563**
Depreciation charge (Note 6)	**532**	**2,629**	**3,161**
At 31 January 2018	**20,265**	**54,459**	**74,724**
Net carrying amount	**35,276**	**82,624**	**117,900**
At 31 January 2017			
Cost			
At 1 February 2016/ 31 January 2017	55,541	137,083	192,624
Accumulated depreciation			
At 1 February 2016	19,200	49,201	68,401
Depreciation charge (Note 6)	533	2,629	3,162
At 31 January 2017	19,733	51,830	71,563
Net carrying amount	35,808	85,253	121,061

The investment properties were valued on 31 January 2018 by Rahim & Co., and KGV International Property Consultants (M) Sdn. Bhd., independent professional valuers. The market value of the investment properties is RM212,485,000 (2017: RM217,375,000) 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.

12. INVESTMENT PROPERTIES (CONTINUED)

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	(a) A 16-storey office building with 4-storey basement car parks with 99-years leasehold interest expiring on 11 May 2100 located at Shah Alam was transacted on 23 October 2017 for RM43,500,000. (b) A 32-storey office building with 3 basement car parks with 99-years leasehold interest expiring on 9 February 2111 located at Petaling Jaya was transacted on 11 November 2016 for RM347,000,000. (c) A 12 1/2-storey purpose-built office building with 2 basement car parks with 99-years leasehold interest expiring on 28 May 2068 located at Petaling Jaya was transacted on 31 May 2013 for RM49,000,000.	The estimated fair value would increase/(decrease) if: - Transacted price were higher/(lower)
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 RM4.00 to RM4.50 per square feet. (b) Net yield from comparable buildings ranges from 5.50% to 6.25%.	- rental per square feet were higher/(lower) - net yield were lower/(higher)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

12. INVESTMENT PROPERTIES (CONTINUED)

Investment property	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Lot 5, Jalan 219, Lebuhraya Persekutuan, 46100 Petaling Jaya, Selangor Darul Ehsan. **- land & building**	Comparison method	(a) A five-storey detached factory at Lot No 129, Section 51/51A, Petaling Jaya, with a land area of approximately 32,622 square feet was transacted on 13 March 2017 for RM29,245,283. (b) A two-storey detached factory at Lot No 32, Section 51/51A, Petaling Jaya, with a land area of approximately 33,648 square feet was transacted on 7 November 2016 for RM18,000,000. (c) A two-storey detached factory at Lot No 27, Section 51/51A, Petaling Jaya, with a land area of approximately 79,957 square feet was transacted on 24 October 2016 for RM40,000,000.	The estimated fair value would increase/(decrease) if (continued.): - 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 four-storey detached factory at Lot 1, Section 19, Petaling Jaya, with a land area of approximately 185,539 square feet was transacted on 8 June 2016 for RM218,000,000. (b) A two-storey detached factory at Lot No 54, Section 51/51A, Petaling Jaya, with a land area of approximately 6,784 square feet was transacted on 2 July 2017 for RM12,000,000. (c) A two-storey detached factory at Lot No 402, Section 51/51A, Petaling Jaya, with a land area of approximately 42,900 square feet was transacted on 21 June 2016 for RM30,188,679.	- Transacted price were higher/(lower)

12. INVESTMENT PROPERTIES (CONTINUED)

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 the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income. The annual income is capitalised using a rate of interest to arrive at the capital value of the property.

The fair value of the investment property is at its highest and current best use.

13. INTANGIBLE ASSETS - GOODWILL

	2018 RM'000	2017 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	
	2018 RM'000	2017 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 (CONTINUED)

31 January 2018

14. INVESTMENT IN SUBSIDIARIES

	Company 2018 RM'000	Company 2017 RM'000
Unquoted shares in Malaysia, at cost	**22,191**	21,195
Less: Accumulated impairment losses	**(9,501)**	(8,505)
	12,690	12,690

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

Name of subsidiaries	Name of Directors	Principal activites	Country of incorporation	Proportion of interest 2018 %	Proportion of interest 2017 %
Held by the Company					
SRB Ventures Sdn. Bhd.	Shamsul Anuar bin Musa Mai Eliza binti Mior Mohamad Zubir Ainun Mardziah binti Hashim (Alternate Director to Shamsul Anuar bin Musa)	Sale of food and beverages	Malaysia	**100**	100
DNest Aviation Sdn. Bhd.	Shamsul Anuar bin Musa Mai Eliza binti Mior Mohamad Zubir Ainun Mardziah binti Hashim (Alternate Director to Shamsul Anuar bin Musa) Dr Parmjit Singh A/L Meva Singh (resigned on 11 April 2017)	Investment holding	Malaysia	**100**	100
Sapura Aero Sdn. Bhd.	Dato' Wan Shaharuddin bin Wan Mahmood Shamsul Anuar bin Musa	Investment holding	Malaysia	**100**	100
Mercu Sapura Sdn. Bhd.	Shamsul Anuar bin Musa Mai Eliza binti Mior Mohamad Zubir (Alternate Director to Shamsul Anuar bin Musa)	Dormant	Malaysia	**100**	100
Sapura Auto Sdn. Bhd.	Shamsul Anuar bin Musa Mai Eliza binti Mior Mohamad Zubir Ainun Mardziah binti Hashim (Alternate Director to Shamsul Anuar bin Musa)	Dormant	Malaysia	**100**	100

14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

Name of subsidiaries	Name of Directors	Principal activites	Country of incorporation	Proportion of interest 2018 %	Proportion of interest 2017 %
Held by the Company (continued)					
Uniphone Properties Sdn. Bhd.#	Kwan Chuk Keng Shamsul Anuar bin Musa Ainun Mardziah binti Hashim (Alternate Director to Shamsul Anuar bin Musa)	Dormant	Malaysia	**-**	100
Held by DNest Aviation Sdn. Bhd.					
AeroDome Sdn. Bhd.	Dato' Shahriman bin Shamsuddin Dato' Wan Shaharuddin bin Wan Mahmood	Hangarage and other aviation related services	Malaysia	**100**	100
DNest Aviation Training Centre Sdn.Bhd.#	Shamsul Anuar bin Musa Mai Eliza binti Mior Mohamad Zubir	Dormant	Malaysia	**-**	100
Held by Sapura Aero Sdn. Bhd.					
Aerohandlers Sdn. Bhd.	Dato' Shahriman bin Shamsuddin Dato' Wan Shaharuddin bin Wan Mahmood Shamsul Anuar bin Musa Mai Eliza binti Mior Mohamad Zubir (Alternate Director to Shamsul Anuar bin Musa)	Ground handling and other aviation related services	Malaysia	**100**	100
Aerodome Services Sdn. Bhd.	Dato' Shahriman bin Shamsuddin Dato' Wan Shaharuddin bin Wan Mahmood Shamsul Anuar bin Musa Mai Eliza binti Mior Mohamad Zubir (Alternate Director to Shamsul Anuar bin Musa)	Hangarage and other aviation related services	Malaysia	**100**	100

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

Name of subsidiaries	Name of Directors	Principal activites	Country of incorporation	Proportion of interest 2018 %	Proportion of interest 2017 %
Held by Sapura Aero Sdn. Bhd. (continued)					
Aeromanager Sdn. Bhd.	Dato' Wan Shaharuddin bin Wan Mahmood Shamsul Anuar bin Musa Ahmad Najhan bin Mohamad Jamil Mai Eliza binti Mior Mohamad Zubir (Alternate Director to Shamsul Anuar bin Musa)	Aircraft management services and other aviation related services	Malaysia	**100**	100
ISY Aerina Sdn. Bhd.	Dato' Shahriman bin Shamsuddin Shamsul Anuar bin Musa	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	Malaysia	**100**	100
Sapura Aviation Singapore Pte. Ltd.@	Syed Hassan Saifud-deen Abdul-Basseer AlSagoff Shamsul Anuar bin Musa	Involve in aviation business which include but not limited to fixed base operations, ground handling, aircraft management, hangarage, maintenance repair and overhaul	Singapore	**100**	-

Striked off during the year
@ Audited by affiliate of Ernst & Young, Malaysia

On 21 November 2017, the Group via its wholly-owned subsidiary, Sapura Aero Sdn. Bhd. has incorporated a new wholly-owned subsidiary in Singapore namely, Sapura Aviation Pte. Ltd.

On 19 October 2016, the Group via its wholly-owned subsidiary, Sapura Aero Sdn. Bhd. acquired from ISY Holding Sdn. Bhd. the remaining 153,000 ordinary shares of RM 1.00 each of ISY Aerina Sdn. Bhd., representing 51% interest for a cash consideration of RM 100,000. As a result, ISY Aerina Sdn. Bhd. become a wholly owned subsidiary.

14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The effect arising from acquisition the subsidiary in prior year is as follows:

	Group RM'000
Other receivables	155
Cash and cash equivalents	85
Other payables	(1,469)
Fair value of identifiable net assets	(1,229)
Fair value of previously held equity	96
Net liabilities acquired	(1,133)
Consideration paid	100
Loss on acquisition of a subsidiary (Note 6)	1,233
Consideration paid	(100)
Cash and cash equivalents acquired	85
Net cash outflow on acquisition, net of cash acquired	(15)

15. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Unquoted shares at cost:				
In Malaysia	**12,000**	12,000	**12,000**	12,000
Outside Malaysia	**-**	-	**-**	-
	12,000	12,000	**12,000**	12,000
Share of post-acquisition reserves	**1,329**	(1,656)	**-**	-
	13,329	10,344	**12,000**	12,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

15. INVESTMENT IN AN ASSOCIATE (CONTINUED)

Details of the associate is as follows:

Name of associates	Country of incorporation	Principal activities	Proportion of interest 2018 %	Proportion of interest 2017 %
Held by the Company				
Tenaga Cable Industries Sdn. Bhd.*	Malaysia	Manufacture and distribution of telephone, power and general cables, aluminium wires, aluminium rods and related activities	**24**	24

* Audited by firms of auditors other than Ernst & Young

The following table illustrates the summarised financial information of the Group's investment in associate:

	2018 RM'000	2017 RM'000
Dividends received	**-**	-
Current assets	**127,609**	126,015
Non-current assets	**70,866**	67,705
Total assets	**198,475**	193,720
Current liabilities	**129,742**	122,952
Non-current liabilities	**13,195**	27,666
Total liabilities	**142,937**	150,618
Results:		
Revenue	**426,816**	165,711
Profit for the year representing total comprehensive income for the year	**12,438**	20,438
Group's share of profit for the year	**2,985**	4,905
Reconciliation of net carrying amount		
Group's share of net assets	**13,329**	10,344

16. INVESTMENT IN JOINT VENTURES

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Unquoted shares at cost:				
In Malaysia	**127,313**	122,313	**125,308**	120,808
Share of post-acquisition reserves	**13,370**	13,817	**-**	-
Accumulated impairment losses	**(752)**	(752)	**-**	-
	139,931	135,378	**125,308**	120,808

Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Principal activities	Proportion of interest 2018 %	Proportion of interest 2017 %
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. ("AAAP")#	Malaysia	Dormant	**51**	51
Invation Aero Sdn. Bhd.	Malaysia	Export and Import of variety of goods without any particular specialisation	**50**	-

\# In the process of liquidation

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	
	2018 RM'000	**2017 RM'000**
Current assets	**17,668**	17,021
Non-current assets	**495,854**	402,320
Total assets	**513,522**	419,341

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

16. INVESTMENT IN JOINT VENTURES (CONTINUED)

	Impian Bebas Sdn Bhd	
	2018 RM'000	**2017 RM'000**
Current liabilities	**34,810**	22,771
Non-current liabilities	**200,596**	126,726
Total liabilities	**235,406**	149,497
Results:		
Revenue	**-**	-
Depreciation and amortisation	**-**	-
Loss for the year representing total comprehensive loss for the year	**(727)**	(337)
Group's share of loss for the year	**(364)**	(169)
Group's share of net assets:		
Cost of investment	**125,308**	120,808
Bargain purchase gain	**14,292**	14,292
Share of results	**(542)**	(178)
	139,058	134,922

Aggregate information of joint ventures that are not individually material:

	2018 RM'000	**2017 RM'000**
Share of loss after tax, representing share of total comprehensive income	**(83)**	(105)

17. INVENTORIES

	Group	
	2018 RM'000	**2017 RM'000**
At cost		
Food and beverages	**18**	21

During the year, the amount of inventories recognised as an expense in operating expenses of the Group was RM386,000 (2017: RM374,000).

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Trade receivables				
Third parties	**4,430**	5,733	**538**	1,342
Amount due from related companies	**1,064**	737	**1,053**	708
Amount due from directors' related companies	**1,183**	764	**-**	-
	6,677	7,234	**1,591**	2,050
Less: Allowance for impairment				
Third parties	**(587)**	(750)	**(63)**	(235)
Amount due from related companies	**(67)**	(2)	**(56)**	-
Total allowance for impairment	**(654)**	(752)	**(119)**	(235)
Trade receivables, net	**6,023**	6,482	**1,472**	1,815
Other receivables				
Amounts due from:				
Subsidiaries	**-**	-	**65,565**	56,109
Joint venture companies	**87**	23	**23**	23
Related company	**12**	-	**-**	-
	99	23	**65,588**	56,132
Deposits	**2,039**	2,087	**408**	404
Sundry receivables	**1,373**	1,200	**252**	63
	3,511	3,310	**66,248**	56,599
Less: Allowance for impairment				
Amount due from subsidiaries	**-**	-	**(56,297)**	(44,974)
Sundry receivables	**(41)**	(7)	**(7)**	(7)
Total allowance for impairment	**(41)**	(7)	**(56,304)**	(44,981)
Other receivables, net	**3,470**	3,303	**9,944**	11,618
Total trade and other receivables	**9,493**	9,785	**11,416**	13,433
Total trade and other receivables	**9,493**	9,785	**11,416**	13,433
Add: Cash and bank balances (Note 21)	**4,402**	14,425	**1,257**	9,213
Total loans and receivables	**13,895**	24,210	**12,673**	22,646

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days credit terms. 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	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Neither past due nor impaired	**5,414**	3,727	**1,410**	840
1 to 30 days past due not impaired	**451**	1,145	**12**	549
31 to 60 days past due not impaired	**37**	1,002	**5**	354
61 to 90 days past due not impaired	**32**	397	**3**	49
> 90 days past due not impaired	**89**	211	**42**	23
	609	2,755	**62**	975
Impaired	**654**	752	**119**	235
	6,677	7,234	**1,591**	2,050

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 RM609,000 (2017: RM2,755,000) and RM62,000 (2017: RM975,000) respectively that are past due at the reporting date but not impaired. These relate mostly to corporate customers with slower repayment patterns, for whom there is no history of default.

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

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

Receivables that are impaired

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Individually impaired:				
Trade receivables- nominal amounts	**654**	752	**119**	235
Less: Allowance for impairment	**(654)**	(752)	**(119)**	(235)
	-	-	**-**	-
Movement in allowance accounts:				
At the beginning of year	**752**	249	**235**	198
Charge for the year (Note 6)	**448**	544	**61**	49
Bad debts written off	**(160)**	(33)	**(160)**	(12)
Reversal of impairment losses (Note 6)	**(386)**	(8)	**(17)**	-
At the end of year	**654**	752	**119**	235

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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Individually impaired:				
Amount due from subsidiaries	**-**	-	**56,297**	44,974
Other receivables - nominal value	**41**	7	**7**	7
Less: Allowance for impairment	**(41)**	(7)	**(56,304)**	(44,981)
	-	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 January 2018

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Other receivables (continued)

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Movement in allowance accounts:				
At the beginning of year	**7**	7	**44,981**	7
Charge for the year (Note 6)	**34**	-	**11,353**	44,974
Bad debts written off	**-**	-	**(30)**	-
At the end of year	**41**	7	**56,304**	44,981

(c) Related companies

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) Directors' related companies

Directors' related companies refer to companies where directors has direct or indirect interest.

The amounts due from directors related companies arose under normal course of business.

(e) Amount 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.

19. OTHER CURRENT FINANCIAL ASSETS

	Group/Company	
	2018 RM'000	**2017 RM'000**
Held for trading investments		
Quoted equity shares	**122**	280
Add: Short term investments (Note 20)	**160,348**	171,691
Total financial assets at fair value through profit or loss	**160,470**	171,971

20. SHORT TERM INVESTMENT

	Group/Company	
	2018 RM'000	2017 RM'000
Shariah Enhanced Cash Fund	**160,348**	171,691
Total short term investment	**160,348**	171,691

Current year short term investment represents investment in Shariah Enhanced Cash Fund, that invest in islamic money market instruments.

21. CASH AND BANK BALANCES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	**4,402**	14,425	**1,257**	9,213

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

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade payables				
Third parties	**1,834**	1,220	**905**	272
Amount due to directors' related company	**1,014**	-	**-**	-
	2,848	1,220	**905**	272

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

22. TRADE AND OTHER PAYABLES (CONTINUED)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other payables				
Amounts due to:				
Holding company	**36**	35	**36**	28
Related companies	**822**	1,094	**146**	763
Joint venture companies	**-**	-	**-**	-
Associates	**-**	240	**-**	240
	858	1,369	**182**	1,031
Deposits	**10,632**	10,470	**8,823**	8,489
Accruals	**6,382**	7,456	**3,149**	4,482
Other payables	**2,214**	2,555	**1,048**	829
	20,086	21,850	**13,202**	14,831
Total trade and other payables	**22,934**	23,070	**14,107**	15,103
Total trade and other payables	**22,934**	23,070	**14,107**	15,103
Add: Loans and borrowings (Note 24)	**327**	529	**61**	307
Total financial liabilities carried at amortised cost	**23,261**	23,599	**14,168**	15,410

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 (2017: 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 (2017: 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) Amount due to holding company, joint venture companies and associates

Amount 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.

23. PROVISIONS

	Group/Company	
	2018 RM'000	**2017 RM'000**
Provision for indemnity		
At the beginning of year	**25,000**	-
Current year provision	**-**	25,000
Reversal in the current year	**(22,000)**	-
At the end of year	**3,000**	25,000

As part of the disposal of associates, in prior year, SRB have indemnified APIIT Sdn. Bhd. ("APIIT") and ILMU Education Group Sdn. Bhd ("ILMU") against any claims in connection with any failure to comply with specific applicable laws in Sri Lanka prior to the disposal of the associates, provided that any indemnity claim is made by APIIT and/or ILMU within the agreed period.

On 20 November 2017, the applicable law in Sri Lanka relating to the indemnity was amended resulting in RM22,000,000 reversal of the provision. The remaining indemnity relates to ongoing legal case by Asia Pacific Institute of Information Technology Lanka Ltd.

24. LOANS AND BORROWINGS

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Current				
Secured:				
Obligations under finance leases (Note 25)	**139**	321	**61**	246
Non-current				
Secured:				
Obligations under finance leases (Note 25)	**188**	208	**-**	61
Total loans and borrowings				
Obligations under finance leases	**327**	529	**61**	307

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

24. LOANS AND BORROWINGS (CONTINUED)

The remaining maturities of the loans and borrowings as at 31 January 2018 are as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
On demand or within 1 year	**139**	321	**61**	246
More than 1 year and less than 2 years	**61**	127	**-**	61
More than 2 years and less than 5 years	**127**	81	**-**	-
	327	529	**61**	307

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

25. OBLIGATIONS UNDER FINANCE LEASES

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Minimum lease payments:				
Not later than 1 year	**149**	338	**62**	254
Later than 1 year but not later than 2 years	**67**	129	**-**	63
Later than 2 years but not later than 5 years	**132**	88	**-**	-
Total minimum lease payments	**348**	555	**62**	317
Less: Amounts representing finance charges	**(21)**	(26)	**(1)**	(10)
Present value of minimum lease payments	**327**	529	**61**	307
Present value of payments:				
Not later than 1 year	**139**	321	**61**	246
Later than 1 year but not later than 2 years	**61**	127	**-**	61
Later than 2 years but not later than 5 years	**127**	81	**-**	-
Later than 5 years	**-**	-	**-**	-
Present value of minimum lease payments	**327**	529	**61**	307
Less: Amount due within 12 months (Note 24)	**(139)**	(321)	**(61)**	(246)
Amount due after 12 months (Note 245)	**188**	208	**-**	61

The finance leases of the Group and the Company attract interest rate during the year varying between 1.88% to 4.25% (2017: 2.30% to 4.25%) and 2.30% (2017: 2.30% to 3.10%) per annum respectively.

26. DEFERRED TAX LIABILITIES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At the beginning of year	**6,414**	6,970	**1,615**	1,911
Recognised in profit or loss (Note 9)	**(2,266)**	(556)	**203**	(296)
Deferred tax liabilities	**4,148**	6,414	**1,818**	1,615

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	Accruals RM'000	Trade receivables RM'000	Total RM'000
At 1 February 2016	(82)	(258)	(48)	(388)
Recognised in profit or loss	(76)	(63)	(9)	(148)
At 31 January 2017	(158)	(321)	(57)	(536)
Recognised in profit or loss	(82)	10	28	(44)
At 31 January 2018	**(240)**	**(311)**	**(29)**	**(580)**

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM'000	Total RM'000
At 1 February 2016	7,358	7,358
Recognised in profit or loss	(408)	(408)
At 31 January 2017	6,950	6,950
Recognised in profit or loss	(2,222)	(2,222)
At 31 January 2018	**4,728**	**4,728**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

26. DEFERRED TAX LIABILITIES (CONTINUED)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (continued)

Deferred tax assets of the Company:

	Tax losses and unabsorbed capital allowances RM'000	Accruals RM'000	Trade receivables RM'000	Total RM'000
At 1 February 2016	(78)	(189)	(48)	(315)
Recognised in profit or loss	(80)	(213)	(9)	(302)
At 31 January 2017	(158)	(402)	(57)	(617)
Recognised in profit or loss	(82)	164	28	110
At 31 January 2018	**(240)**	**(238)**	**(29)**	**(507)**

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000	Total RM'000
At 1 February 2016	2,226	2,226
Recognised in profit or loss	6	6
At 31 January 2017	2,232	2,232
Recognised in profit or loss	93	93
At 31 January 2018	**2,325**	**2,325**

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

	Group	
	2018 RM'000	**2017 RM'000**
Unused tax losses	**24,045**	17,337
Unabsorbed capital allowances	**1,531**	1,188
Others	**660**	981
	26,236	19,506

26. DEFERRED TAX LIABILITIES (CONTINUED)

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

	No. of Shares		Group/Company Amount	
	2018 Unit'000	**2017 Unit'000**	**2018 RM'000**	**2017 RM'000**
Issued and fully paid				
At beginning and end of the year	**139,600**	139,600	**139,600**	139,600

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

28. OTHER RESERVES

	2018 RM'000	**2017 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 2018, the Company may distribute the entire balance of the retained profits under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

30. DIVIDENDS

	2018 RM'000	2017 RM'000
In respect of the financial year ended 31 January 2017:		
Interim single tier dividend of 3.0 sen, on 139,600,000 ordinary shares declared on 31 May 2017 and paid on 1 July 2017	-	4,188
Special single tier dividend of 11.5 sen, on 139,600,000 ordinary shares declared on 1 September 2017 and paid on 23 September 2017	-	16,054
	-	20,242

The directors do not recommend the payment of any 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(Income)/Expense				
Holding company				
Corporate service fee	**220**	228	**220**	228
Subsidiaries				
Rental income	**-**	-	**(21)**	(20)
Rental expense	**-**	-	**70**	221
Recoverability of electricity	**-**	-	**(35)**	(35)
Electricity	**-**	-	**13**	39
Interest income	**-**	-	**(848)**	(871)
Purchase of goods	**-**	-	**31**	17

31. RELATED PARTY DISCLOSURES (CONTINUED)

Significant related party transactions (continued)

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: (continued)

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Related companies				
Sapura Energy Berhad				
Rental income	**(11,290)**	(10,753)	**(11,290)**	(10,753)
Sapura Technology Sdn. Bhd. and its subsidiaries				
Rental income	**(359)**	(570)	**(359)**	(570)
Sapura Secured Technologies Sdn. Bhd. and its subsidiaries				
Information technology outsourcing services	**796**	698	**460**	405
Directors' related companies				
Rental income	**(200)**	(200)	**(200)**	(200)
Rental of hangar and office	**(3,490)**	(3,577)	**-**	-
Ground handling and other aviation related services	**(3,424)**	(3,180)	**-**	-
Directors' related firm				
Legal fees	**66**	-	**-**	-

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	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Short-term employee benefit	**5,210**	10,827	**4,777**	6,926

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

33. COMMITMENTS

(a) Capital commitments

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	**6,042**	401	**502**	200
Approved but not contracted for:				
Property, plant and equipment	**9,741**	13,729	**7,059**	2,955
Investment in joint venture	**93,984**	89,284	**93,984**	89,284
	109,767	103,414	**101,545**	92,439

(b) Operating lease commitments - the Group as lessor

The Group and the Company have entered into commercial property leases on its investment properties and hangars. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 2 years. Most 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Future minimum lease receivables:				
Not later than 1 year	**24,973**	20,910	**17,312**	15,525
Later than 1 year and not later than 5 years	**8,831**	16,218	**6,676**	15,071
	33,804	37,128	**23,988**	30,596

33. COMMITMENTS (CONTINUED)

(c) Operating lease commitments - the Group as lessee

The Group has entered into commercial property leases on its hangars, office and equipments. 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	
	2018 RM'000	**2017 RM'000**
Future minimum lease receivables:		
Not later than 1 year	**4,338**	4,841
Later than 1 year and not later than 5 years	**8,469**	10,862
More than 5 years	**16,963**	18,581
	29,770	34,284

(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	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Unsecured guarantees given to third parties in respect of utility facilities granted to the Company	**540**	500	**540**	500

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

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 RM122,000 (2017: RM280,000) 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 RM160,348,000 (2017: RM171,691,000) are measured as Level 2 hierarchy based on reference to fair value provided by the bank at the close of business on the reporting date.

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

		Group		Company	
	Note	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial liabilities					
At 31 January 2018:					
Obligations under finance leases	25	**327**	**316**	**61**	**61**
At 31 January 2017:					
Obligations under finance leases	25	529	516	307	305

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.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including short term investment 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.

<u>Exposure to credit risk</u>

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.

<u>Credit risk concentration profile</u>

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.

<u>Financial assets that are neither past due nor impaired</u>

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

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

(b) Liquidity risk

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

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

	2018		
	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Group			
Financial liabilities:			
Trade and other payables	**22,934**	**-**	**22,934**
Loans and borrowings	**149**	**199**	**348**
Total undiscounted financial liabilities	**23,083**	**199**	**23,282**

	2018		
	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Company			
Financial liabilities:			
Trade and other payables	**14,107**	**-**	**14,107**
Loans and borrowings	**62**	**-**	**62**
Total undiscounted financial liabilities	**14,169**	**-**	**14,169**

	2017			
	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	23,070	-	-	23,070
Loans and borrowings	338	217	-	555
Total undiscounted financial liabilities	23,408	217	-	23,625

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	2017			
	On demand or within one year RM'000	**One to five years RM'000**	**More than five years RM'000**	**Total RM'000**
Company				
Financial liabilities:				
Trade and other payables	15,103	-	-	15,103
Loans and borrowings	254	63	-	317
Total undiscounted financial liabilities	15,357	63	-	15,420

(c) Foreign currency risk

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

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

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

(d) Market risk

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

The Group is exposed to equity price risk arising from its investment in quoted equity instruments in Malaysia which are listed on the Bursa Malaysia and 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 direct exposure to commodity price risk.

At the reporting date, the exposure to listed equity securities and investment in fund at fair value was RM122,000 (2017: RM280,000) and RM160,348,000 (2017: RM171,691,000) 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 RM12,200 (2017: RM28,000) and RM16,034,800 (2017: RM17,169,100) respectively on the profit or loss of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

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 2018 and 2017.

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.

		Group		Company	
	Note	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Loans and borrowings	24	**327**	529	**61**	307
Trade and other payables	22	**22,934**	23,070	**14,107**	15,103
Less: Cash and bank balances	21	**(4,402)**	(14,425)	**(1,257)**	(9,213)
Less: Short term investment	20	**(160,348)**	(171,691)	**(160,348)**	(171,691)
Net debt		**(141,489)**	(162,517)	**(147,437)**	(165,494)
Equity attributable to the owners of the parent		**462,358**	448,904	**437,892**	423,766
Less: Non-distributable reserves	28	**(1,481)**	(1,481)	**-**	-
Total capital		**460,877**	447,423	**437,892**	423,766
Capital and net debt		**460,877**	447,423	**437,892**	423,766
Gearing ratio		**0%**	0%	**0%**	0%

38. SEGMENT INFORMATION

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

(i) Property investment - rental of investment properties.

(ii) Investment holding - equity investment, including group-level corporate services and business development functions.

(iii) Aviation - Provision of hangarage services, ground handling, aircraft management, engineering services, charter services 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.

38. SEGMENT INFORMATION (CONTINUED)

	Investment holdings RM'000	Property investments RM'000	Aviation RM'000	Adjustments and eliminations RM'000	Note	Per consolidated financial statements RM'000
At 31 January 2018						
Revenue:						
External customers	2	24,928	25,334	-		50,264
Inter-segment	3,404	-	83	(3,487)	A	-
Total revenue	3,406	24,928	25,417	(3,487)		50,264
Results:						
Interest income	848	-	-	(848)		-
Profits distribution for short term investment	6,016	-	-	-		6,016
Profits distribution from money market instruments	22	-	-	-		22
Net fair value loss on held for trading investment securities	(158)	-	-	-		(158)
Depreciation of investment properties	-	(3,161)	-	-		(3,161)
Depreciation of property, plant and equipment	(714)	(2,169)	(3,417)	-		(6,300)
Share of results of associates	2,985	-	-	-		2,985
Share of results of joint venture	(364)	-	(83)	-		(447)
Other non-cash (expenses)/income	9,653	(52)	(7,710)	12,349	B	14,240
Segment profit/(loss) before tax	6,385	11,248	(17,612)	12,352		12,373
Assets:						
Investment in associates	13,329	-	-	-		13,329
Investment in joint venture	139,058	-	873	-		139,931
Additions to non-current assets	300	12,929	6,351	-	C	19,580
Segment assets	308,648	149,305	83,682	(48,744)	D	492,891
Segment liabilities	4,868	16,735	102,884	(93,954)	E	30,533

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

38. SEGMENT INFORMATION (CONTINUED)

	Investment holdings RM'000	Property investments RM'000	Aviation RM'000	Adjustments and eliminations RM'000	Note	Per consolidated financial statements RM'000
At 31 January 2017						
Revenue:						
External customers	68,860	24,837	26,059	(68,860)		50,896
Inter-segment	3,356	17	260	(3,633)	A	-
Total revenue	72,216	24,854	26,319	(72,493)		50,896
Results:						
Interest income	1,231	-	-	(872)		359
Profits distribution for short term investment	2,426	-	-	-		2,426
Profits distribution from money market instruments	1,136	-	-	-		1,136
Net fair value loss on held for trading investment securities	(20)	-	-	-		(20)
Depreciation of investment properties	-	(3,162)	-	-		(3,162)
Depreciation of property, plant and equipment	(522)	(5,052)	(3,418)	-		(8,992)
Gain on disposal of associates	192,392	-	-	(76,781)		115,611
Share of results of associates	4,905	-	-	-		4,905
Share of results of joint venture	(169)	-	(105)	-		(274)
Other non-cash (expenses)/income	(47,328)	(55)	(68)	47,458	B	7
Segment profit/(loss) before tax	152,302	11,842	(9,638)	(50,135)		104,371
Assets:						
Investment in associates	10,344	-	-	-		10,344
Investment in joint venture	134,922	-	456	-		135,378
Additions to non-current assets	981	1,930	(138)	-	C	2,773
Segment assets	318,835	146,125	76,318	(37,361)	D	503,917
Segment liabilities	28,760	15,530	69,808	(59,085)	E	55,013

38. SEGMENT INFORMATION (CONTINUED)

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	2018 RM'000	2017 RM'000
Reversal of provision for indemnity	6	**(22,000)**	-
Impairment loss on trade receivables	6	**448**	544
Impairment loss on other receivables	6	**34**	-
Impairment loss on property, plant and equipment	6	**7,495**	-
Reversal of impairment on investment in joint venture	6	**-**	(390)
Reversal of allowances for impairment of trade receivables	6	**(386)**	(8)
Unrealised foreign exchange loss	6	**196**	26
Gain on disposal of property, plant and equipment	6	**(27)**	(179)
		(14,240)	(7)

C Additions to non-current assets consist of:

	2018 RM'000	2017 RM'000
Property, plant and equipment	**19,580**	2,773

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

	2018 RM'000	2017 RM'000
Inter-segment assets	**(48,744)**	(37,361)

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

	2018 RM'000	2017 RM'000
Inter-segment liabilities	**(93,954)**	(59,085)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 January 2018

39. SIGNIFICANT EVENTS

(a) On 20 June 2017, the Company announced that Sapura Aero Sdn. Bhd. (''SASB"), a wholly-owned subsidiary of the Company had entered into a Joint Venture and Shareholders Agreement with Destini Aviation Sdn. Bhd. ("DASB") and Urban Fleet Sdn. Bhd. ("UFSB"), the proposed joint venture company, to effectively collaborate by drawing upon skills, expertise, experience and capabilities of each other for all parties' mutual benefits and profits in the undertaking of the business of sale of rotary wing and fixed wing aircraft, supply and provision of maintenance, repair and overhaul services in relation to aircraft and helicopters and the provision of programs such as wet leasing and dry leasing of aircraft.

(b) On 22 November 2017, the Company announced that the wholly-owned subsidiary of the Company, Sapura Aero Sdn. Bhd. had on 21 November 2017 incorporated a new wholly-owned subsidiary in Singapore, namely Sapura Aviation Singapore Pte. Ltd. ("SASPL") with the registration number of 201733489K.

    SASPL is a private limited company with a share capital of SGD2.00 only comprising of 2 ordinary shares fully paid in the capital of SASPL.

    The intended principal activity of SASPL is to be involved in Aviation business which includes but not limited to fixed base operations, ground handling, aircraft management, hangarage, maintenance repair and overhaul.

40. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 January 2018 were authorised for issue in accordance with a resolution of the directors on 15 May 2018.

PARTICULARS OF PROPERTIES

as at 31 January 2018

ADDRESS	DESCRIPTION OF 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	28 – 57	377/ 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	41	2,699/ 06.05.1988
Lot 5, Jalan 219 Lebuhraya Persekutuan 46100 Petaling Jaya Selangor Darul Ehsan	Commercial building	4,047	16.03.2068	36	2,130/ 13.09.1988
No. 7 Jalan Tasik The Mines Resort City 43300 Seri Kembangan Selangor Darul Ehsan	Office building	22,379	20.03.2091	19	112,694/ 16.12.1999

ANALYSIS OF SHAREHOLDINGS

as at 30 April 2018

Total Number of Issued Shares : 139,600,000 ordinary shares
Class of Shares : Ordinary Shares
Voting rights : One vote per ordinary share
No. of shareholders : 5,796

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
Less than 100	395	6.82	4,558	0.00
100 - 1,000	2,265	39.08	2,027,887	1.45
1,001 - 10,000	2,412	41.61	9,962,933	7.14
10,001 - 100,000	625	10.78	19,847,850	14.22
100,001 to less than 5%	98	1.69	37,902,500	27.15
5% and above of issued shares	1	0.02	69,854,272	50.04
Total	**5,796**	**100.00**	**139,600,000**	**100.00**

DIRECTORS' SHAREHOLDINGS AS AT 30 APRIL 2018

Name of Directors	Direct Interest	%	Deemed Interest	%
Tan Sri Dato' Seri Shahril bin Shamsuddin	83,250	0.06	72,372,772*	51.84
Dato' Shahriman bin Shamsuddin	83,250	0.06	72,372,772*	51.84
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	-	-	-	-
Dato' Fuziah @ Fauziah binti Dato' Ismail	-	-	-	-
Dato' Muthanna bin Abdullah	-	-	-	-
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 8 of the Companies Act 2016 ("**the Act**").

SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2018

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' Shahriman 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 8 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 8 of the Act.

[3] Deemed interested by virtue of its direct interest in Sapura Holdings Sdn. Bhd. pursuant to Section 8 of the Act.

THIRTY (30) LARGEST SHAREHOLDERS BASED ON RECORD OF DEPOSITORS AS AT 30 APRIL 2018

No.	Name of Shareholders	No. of Shares	%
1.	Sapura Holdings Sdn. Bhd.	69,854,272	50.04
2.	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt AN for DBS Bank Ltd (SFS)	2,537,800	1.82
3.	Lim Boon Liat	2,497,500	1.79
4.	Choot Ewe Hin	2,034,500	1.46
5.	ABB Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Sapura Holdings Sdn. Bhd. (1119019194)	1,390,000	1.00
6.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Too Boon Siong	1,388,500	0.99
7.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Sapura Capital Sdn. Bhd. (PB)	1,098,500	0.79
8.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. Exempt AN for Deutsche Bank AG Singapore (DBIL GSY NON-MY)	1,050,000	0.75
9.	Leong Hon Wah	1,005,000	0.72
10.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chiaw Lik Chiat	1,000,400	0.72
11.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Parmjit Singh A/L Meva Singh (PBCL-0G0032)	1,000,000	0.72
12.	Chow Soon Fong	810,000	0.58
13.	Yow Wang Yip	750,000	0.54
14.	Tan Seow Cheng	728,000	0.52
15.	Lam Pun Ying	727,100	0.52

ANALYSIS OF SHAREHOLDINGS (CONTINUED)

as at 30 April 2018

THIRTY (30) LARGEST SHAREHOLDERS BASED ON RECORD OF DEPOSITORS AS AT 30 APRIL 2018 (CONTINUED)

No.	Name of Shareholders	No. of Shares	%
16.	Chow Soon Meng	700,000	0.50
17.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hay Hwee Lian	671,200	0.48
18.	Lee Kim Seng	660,000	0.47
19.	HSBC Nominees (Asing) Sdn. Bhd. BPSS Sin for Inclusif Value Fund	565,200	0.40
20.	Tan Yee Kong	536,000	0.38
21.	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Leong Chin Chye (472268)	500,000	0.36
22.	Yong Siew Yoon	480,000	0.34
23.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	468,400	0.34
24.	Eu Soon Keat	430,000	0.31
25.	Peh Sew Chong	430,000	0.31
26.	Life Enterprise Sdn. Bhd.	412,100	0.30
27.	Tan Yee Seng	410,000	0.29
28.	Yow Chit Wai	400,000	0.29
29.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Too Boon Siong	389,500	0.28
30.	Chua Kok Yong	370,000	0.27

ADMINISTRATIVE DETAILS FOR SHAREHOLDERS/PROXIES

attending the Sixty-First Annual General Meeting ("61st AGM")

DATE, TIME AND VENUE OF AGM

Date : **Tuesday, 24 July 2018**

Time : **10:00 a.m.**

Venue : **Multi-Purpose Hall, Ground Floor, Sapura@Mines, No. 7, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan**

REGISTRATION

(a) The registration will commence at 8:00 am and will close for registration at a time as directed by the Chairman of the AGM. At the closure thereof, no person will be allowed to register for the AGM and to enter the meeting venue and no identification tag (as referred to under item (f) hereinafter) will be allocated.

(b) Please read the signage to ascertain the registration counter to register yourself for the AGM and join the queue accordingly.

(c) Please produce your original identity card ("IC")/passport to the Share Registrar for verification and registration in the system. Kindly make sure you collect your IC/passport thereafter.

(d) After the verification, you are required to write your name and sign on the Attendance List placed at the registration counter.

(e) No person will be allowed to register on behalf of another person even with the original IC/Passport of that person.

(f) You will be given an identification tag upon verification and registration. Strictly only person with the identification tag and above the age of 18 will be allowed to enter the meeting venue. There will be no replacement in the event that you lost or misplaced the identification tag.

(g) If you have any questions, please proceed to the Help Desk Counter.

SEATING ARRANGEMENTS FOR THE AGM

(a) Shareholders and proxies are free to sit anywhere they please.

(b) Shareholders and proxies will be allowed to enter the meeting venue upon registration.

(c) All shareholders and proxies are encouraged to be seated at least ten (10) minutes before the commencement of the AGM.

MOBILE DEVICES

Kindly switch off or turn to silent mode all mobile devices (i.e. phones/pagers/other sound emitting devices) during the AGM to ensure smooth proceedings.

PERSONAL BELONGINGS

Kindly take care of your personal belongings. The organiser will not be held responsible for any loss of items.

PARKING

Outdoor parking is available all around the Sapura Building. The Security Guards on duty will guide you on your parking. Kindly park at your conveniences.

ADMINISTRATIVE DETAILS FOR SHAREHOLDERS/PROXIES
(CONTINUED)

DOOR GIFT AND FOOD COUPON ENTITLEMENT

(a) As a token of appreciation, each shareholder/proxy attending the AGM shall be entitled to one (1) door gift and food coupon irrespective of whether he/she attends as member and proxy or proxy for multiple members.

(b) The food coupon and door gift will be provided upon successful registration.

(c) There will be no replacement in the event that you lost or misplaced your door gift and/or food coupon.

(d) If the proxy (proxies) has (have) obtained the door gift and food coupon earlier, shareholders registering subsequently will not be entitled to redeem the same.

REFRESHMENTS

The food coupon must be redeemed at Mayang@Sapura located at the 1st Floor, North Wing, Sapura@Mines, No. 7 Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan.

The food coupon must be redeemed on the AGM day from 8:00 a.m. to 12:00 noon and is not exchangeable for cash in part or full.

VOTING PROCEDURE

The voting at the AGM will be conducted by way of poll.

ENQUIRIES

If you have any enquiries prior to the AGM, please contact the following persons from Mondays to Fridays during office hours:-

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
Telephone No. : +603 7849 0777 (Helpdesk)
Fax No. : +603 7841 8151/8152
Email : ssr.helpdesk@symphony.com.my

Sapura Resources Berhad

Puan Zalifah binti Zambrose/Puan Nora'shikin binti Badariah
Telephone No. : +603 8949 7000
Fax No. : +603 8949 7046

Sapura Resources

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 ________________________________

____ (NRIC/Passport No.) ______________________
(FULL NAME IN CAPITAL LETTERS)

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 Sixty-First (61st) Annual General Meeting of the Company to 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 Tuesday, 24 July 2018 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' Shahriman bin Shamsuddin		
Ordinary Resolution 2	Re-election of Encik Ahmad Jauhari bin Yahya		
Ordinary Resolution 3	Re-appointment of Messrs. Ernst & Young as Auditors of the Company		
	Special Business:		
Ordinary Resolution 4	Payment of Directors' Fees of RM616,583.50		
Ordinary Resolution 5	Payment of Directors' Benefits Payable of RM62,570.00		
Ordinary Resolution 6	Retention of Dato' Muthanna bin Abdullah as an Independent Non-Executive Director		
Ordinary Resolution 7	Retention of Tan Sri Datuk Amar (Dr.) Hamid bin Bugo as an Independent Non-Executive Director		
Ordinary Resolution 8	Retention of Dato' Fuziah @ Fauziah binti Dato' Ismail as an Independent Non-Executive Director		
Ordinary Resolution 9	Authority for Directors to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016		

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 ________________ 2018

Notes:

1. Only a depositor whose name appears on the Record of Depositors as at 17 July 2018 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 the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. 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. A proxy may but does not need to be a member of the Company and if not a member he need not be a qualified legal practitioner, an approved company auditor or a person approved by the Registrar. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to participate, speak and vote at the Meeting.
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 holding 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 31 May 2018.

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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

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

www.sapura-resources.com