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AGILE



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

Overview

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NOTICE OF SIXTY-THIRD (63rd) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixty-Third (63rd) Annual General Meeting (“AGM”) of the Company will be conducted fully virtual for the purpose of considering and if thought fit, passing with or without modifications the resolutions setting out in this notice.

Meeting Platform : <https://web.lumiagm.com> (Remote Participation and Voting Platform)

Day and Date : Monday, 27 July 2020

Time : 10:00 a.m.

Broadcast Venue : Meeting Room 1 and 2, Level 9, Sapura@Mines, No. 7, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan

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 2020. *[Please refer to Note A]*
2. To re-elect Tan Sri Datuk Amar (Dr.) Hamid bin Bugo who retires by rotation in accordance with Clause 116 of the Company’s Constitution and being eligible, has offered himself for re-election. **Ordinary Resolution 1**
[Please refer to Note B]
Dato’ Fuziah @ Fauziah binti Dato’ Ismail who retires in accordance with Clause 116 of the Company’s Constitution, has expressed her intention not to seek for re-election. Hence, she will retain office until the close of the 63rd AGM.
3. To approve the payment of Directors’ fees of RM592,000.00 for the financial year ended 31 January 2020. **Ordinary Resolution 2**
4. To approve the payment of Directors’ benefits payable up to an amount of RM53,510.00 from 28 July 2020 until the date of the next AGM of the Company. **Ordinary Resolution 3**
5. To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions, with or without modifications:

6. **Retention of Independent Non-Executive Director**
“THAT Dato’ Muthanna bin Abdullah, an Independent Non-Executive Director of the Company who will reach the twelve (12)-year term limit on 18 December 2020 be and is hereby retained as an Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance.” **Ordinary Resolution 5**
[Please refer to Note C]
7. **Retention of Independent Non-Executive Director**
“THAT subject to the passing of Ordinary Resolution 1, Tan Sri Datuk Amar (Dr.) Hamid bin Bugo 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 C]

NOTICE OF SIXTY-THIRD (63rd) ANNUAL GENERAL MEETING8. **Authority for Directors to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

"**THAT** subject to the Companies Act 2016, the Constitution of the Company and the approvals of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other governmental and/or regulatory authorities, if applicable, the Directors of the Company 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 to be 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;

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 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 Securities."

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

Ordinary Resolution 7
[Please refer to Note D]

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (MAICSA 0777689) (SSM PC NO. 201908002648)

YAU JYE YEE (MAICSA 7059233) (SSM PC NO. 202008000733)

Company Secretaries

Selangor Darul Ehsan

29 June 2020

NOTICE OF SIXTY-THIRD (63rd) ANNUAL GENERAL MEETING

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. Re-election of retiring Directors in accordance with Clause 116 of the Company's Constitution

Pursuant to Clause 116 of the Company's Constitution, both Tan Sri Datuk Amar (Dr.) Hamid bin Bugo and Dato' Fuziah @ Fauziah binti Dato' Ismail are to retire at the forthcoming 63rd AGM of the Company. Tan Sri Datuk Amar (Dr.) Hamid bin Bugo has indicated his willingness to seek for re-election while Dato' Fuziah @ Fauziah binti Dato' Ismail has expressed her intention not to seek for re-election. Therefore, Dato' Fuziah @ Fauziah binti Dato' Ismail shall retire upon the conclusion of the 63rd AGM of the Company.

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

The proposed Ordinary Resolutions 5 and 6 are to seek shareholders' approval to retain the following Directors as the Independent Non-Executive Directors of the Company:

- (i) Dato' Muthanna bin Abdullah; and
- (ii) Tan Sri Datuk Amar (Dr.) Hamid bin Bugo.

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 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 Securities and thus, they would be able to function as check and balance, provide a broader view and bring with him 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 his 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 his duties and expected of him to carry out his duties as an Independent Director.

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

The proposed Ordinary Resolution 7, 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 Annual General Meeting ("AGM") of the Company.

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

As at the date of this Notice, no new shares in the Company have been issued pursuant to the mandate granted to the Directors at the last AGM held on 20 June 2019 which will lapse at the conclusion of the forthcoming 63rd AGM.

NOTES:

MODE OF MEETING AND VENUE

1. The 63rd AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting by shareholders and proxies via the Remote Participation and Voting ("RPV") Platform. Please follow the steps and procedures provided in the Administrative Notes for the 63rd AGM of the Company in order to register, participate and vote remotely via the RPV Platform.
2. The broadcast venue of the 63rd AGM is the main venue which is strictly for the purpose of compliance with the Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue of the meeting and in accordance with Clause 77 of the Company's Constitution which allows a general meeting to be held at more than one (1) venue, using any technology or method that enables the members of the

Company to participate and to exercise the members' right to speak and vote at the general meeting. Shareholders/proxy(ies) will not be allowed to attend the 63rd AGM in person at the broadcast venue on the day of the 63rd AGM of the Company.

APPOINTMENT OF PROXY

1. In respect of deposited securities, only members whose names appear on the Record of Depositors as at 20 July 2020 (General Meeting Record of Depositors) shall be entitled to participate, speak and vote at this Meeting.
2. A member of the Company who is entitled to participate and vote at the Meeting, shall be entitled to appoint more than one (1) proxy to participate, speak and vote in his stead. Where a member appoints more than one (1) proxy in relation to a meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.
3. A proxy may but need not to be a member of the Company and a member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate and vote at the Meeting shall have the same rights as the member to participate, speak and vote at the Meeting.

As guided by the Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers that was issued on 18 April 2020 (latest version updated on 24 June 2020), the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, the primary mode of communication by shareholders for the 63rd AGM is via text messaging facilities provided under the RPV Platform. In the event of any technical glitch in the primary mode of communication, all other reasonable modes of communication are acceptable for the 63rd AGM.

4. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. of 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the Meeting, i.e. not later than 25 July 2020 at 10:00 a.m. or adjournment thereof.

Alternatively, the form of proxy can be deposited electronically through the Share Registrar's website, Boardroom Smart Investor Online Portal at www.boardroomlimited.my to login and deposit your proxy form electronically not less than forty-eight (48) hours before the time appointed for holding the Meeting, i.e. not later than 25 July 2020 at 10:00 a.m. or adjournment thereof.

All resolutions set out in the Notice of the Meeting are to be voted by poll voting as per paragraph 8.29A(1) of the MMLR of Bursa Securities via the RPV Platform.

7. Corporate Representative

As an alternative to the appointment of a proxy, a corporate member may appoint its corporate representative to attend the 63rd AGM pursuant to Section 333 of the Companies Act 2016. For this purpose and pursuant to Section 333 (5) of the Companies Act 2016, the corporate member shall provide a certificate under its common seal as prima facie evidence of the appointment of the corporate representative.

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.

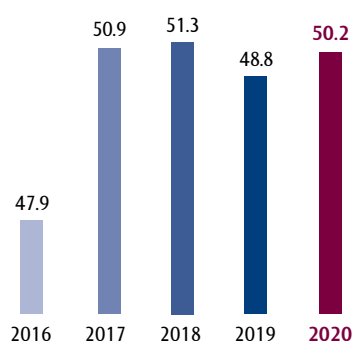
FINANCIAL HIGHLIGHTS



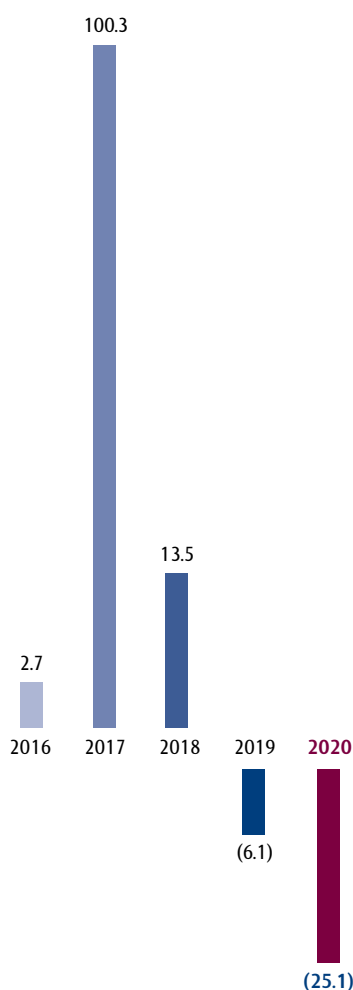
31 January

		2016	2017	2018	2019	2020
Revenue	(RM'million)	47.9	50.9	51.3	48.8	50.2
Profit/(loss) attributable to equity holders of the Company	(RM'million)	2.7	100.3	13.5	(6.1)	(25.1)
Shareholders' fund	(RM'million)	368.8	448.9	462.4	456.3	424.4
Basic/diluted earnings/(loss) per share	(sen)	1.94	71.87	9.64	(4.35)	(17.99)
Net asset per share	(RM)	2.64	3.22	3.31	3.27	3.04

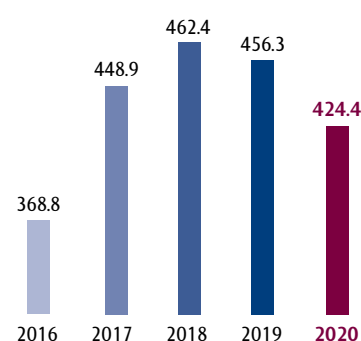
Revenue (RM' Million)



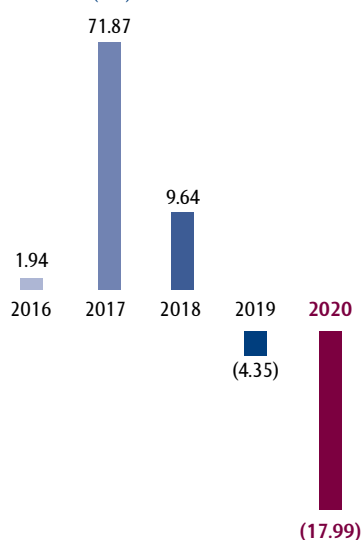
Profit/(loss) attributable to equity holders of the Company (RM' Million)



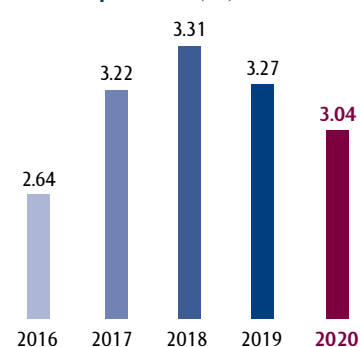
Shareholders' fund (RM' Million)



Basic/diluted earning/(loss) 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

ANDREW HENG

Independent Non-Executive Director

BOARD AUDIT AND RISK COMMITTEE

Dato' Muthanna bin Abdullah
Chairman

**Dato' Fuziah @ Fauziah
binti Dato' Ismail**
Member

Andrew Heng
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 SOLICITOR

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 BANKER

Malayan Banking Berhad

AUDITORS

Ernst & Young PLT
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

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony,
No. 5, Jalan Prof Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7890 4700
Fax : 603-7890 4670

STOCK EXCHANGE LISTING

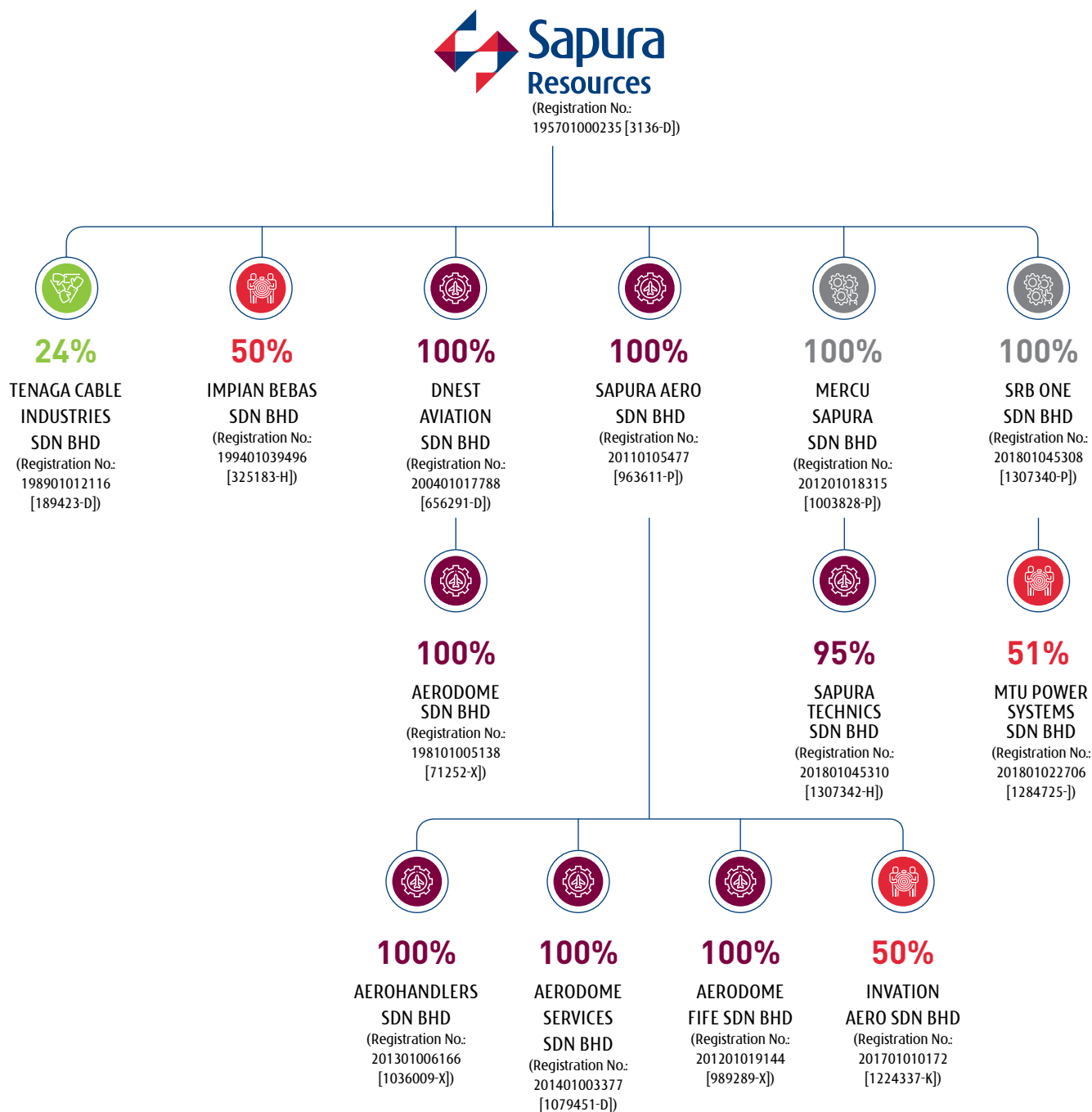
Main Market,
Bursa Malaysia Securities Berhad
Stock Name : SAPRES
Stock Code : 4596

COMPANY SECRETARIES

Chua Siew Chuan (MAICSA 0777689)
SSM PC No. 201908002648
Yau Jye Yee (MAICSA 7059233)
SSM PC No. 202008000733

CORPORATE STRUCTURE

As at 29 May 2020



Aviation



Jointly controlled entity



Associate



Others

* Active companies only

RESOURCEFUL



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

Strategic Review

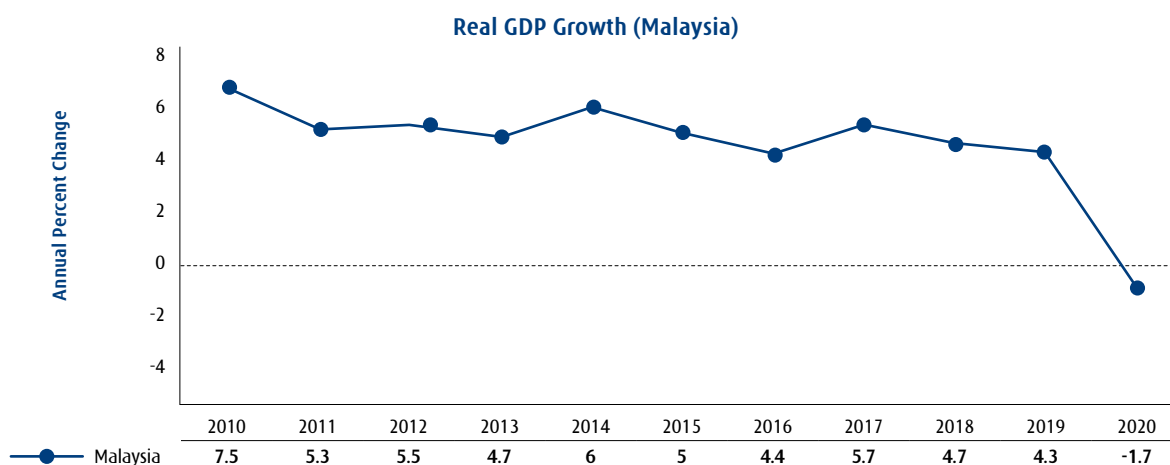
12 Management Discussion & Analysis (MD&A)



MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

INTRODUCTION

Against the backdrop of economic slowdown, Sapura Resources Berhad (“SRB” or the “Company”) and its subsidiaries (collectively referred to as the “Group”), experienced another financial year that was challenging yet filled with dynamic developments and adaptation to stay the course. Trade tensions, geopolitical concerns as well as supply disruptions, have severely weighed on the economy during the preceding year. In the year 2019, Malaysia’s economy registered a modest growth of Gross Domestic Product (“GDP”) at 4.3% (2018: 4.7%) with a value of RM1.42 trillion at constant prices and RM1.51 trillion at current prices¹. Malaysia’s current 10-year low GDP growth and anticipated tapering of GDP growth for the year 2020 is shown below:



Source: International Monetary Fund 2020

Moving into the second half of 2020, the forecasted GDP growth rate for the country has been projected to be on a decline with the Malaysian Institute of Economic Research (“MIER”) estimating a negative 1.02% growth rate under the worst case scenario² and Bank Negara Malaysia (“BNM”) projecting a growth rate between -2% to 0.5%³. This adverse economic outlook is a result of the major worldwide adversities brought about by the pandemic of the novel coronavirus (“COVID-19”), which is taking its toll on the overall economy, especially the aviation, property, retail and tourism sectors.

Although immediately affected sectors such as tourism do not have a direct nexus to SRB, the knock-on consequences to the overall business

environment and the marketplace are far-reaching. This is further aggravated by the nationwide Movement Control Order (“MCO”) instituted by the Malaysian government in an attempt to curb the COVID-19 pandemic, requiring the general public to be confined to their homes. The necessary measure of MCO has greatly dampened all forms of commercial activities, office space usage and commercial supply chains. Apart from the COVID-19 crisis, the domestic economy is also affected by the sharp decline and radical shifts in crude oil prices.

The tepid business environment necessitated a series of cuts in the overnight policy rate as well as injection of a fiscal stimulus package by the Malaysian government to curtail the ongoing domestic economic drag. Globally, the International Monetary Fund is expecting a recession in 2020 that is comparable to the global financial crisis in 2009, with a projected recovery path to occur in mid-2021.

¹ Malaysia Economic Performance Fourth Quarter 2019, Department of Statistics Malaysia

² Malaysia’s GDP to grow -1.02 pct to 3.8 pct this year: MIER, New Straits Times

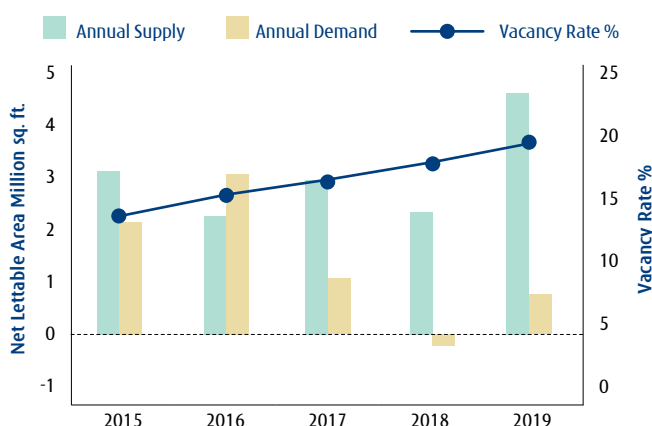
³ BNM Annual Report 2019: Malaysia’s 2020 GDP growth projected at between -2% and 0.5%, The Edge Markets

MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

Notwithstanding the above, as recently reported by Valuation and Property Services Department Malaysia⁴, the property market is capable of demonstrating a rebound despite the expected near-term downside risks.

It should be noted that at present, in the commercial property sector, Klang Valley's purpose-built office market continually remains soft and the high pipeline of office space supply continues to remain. To put matters into perspective, the annual supply of purpose-built office space in Klang Valley during 2019 was about 4.4 million square feet, a major boost from 2018 – refer to the chart below:

Annual Changes in Supply and Demand in Klang Valley



Abbreviation: EST = Estimated, NLA = Net Lettable Area, sq. ft. = square feet

Source: CBRE | WTW Research, 2020

Given that many large-scale properties are expected to be completed in 2020 (refer to the table below)⁵, a supply glut that greatly exceeds the demand of last year will most likely play out. As corporations and financial institutions prepare to relocate to their own buildings in prime business hubs like Tun Razak Exchange ("TRX"), this will increase the void in existing buildings around the Golden Triangle of Kuala Lumpur. Such a scenario will certainly pose a challenge to property players to fill their buildings that were once occupied by large tenants. In weathering this cycle, the Group is continuing with the construction of Lot 91 KLCC (Permata Sapura) that will be characterised by agility, health and safety features. The Group has also taken further steps to improve its existing properties including Sapura@Mines so as to remain competitive amidst the sliding market demand over the years.

Propose-Built Office Developments to be Completed in 2020

DEVELOPMENT	LOCATION	EST. NLA (sq. ft.)
Exchange 106		2,500,000
HSBC HQ (TRX)	Tun Razak Exchange (TRX)	570,000
Affin HQ (TRX)		580,000
Menara Hap Seng 3	Jalan Sultan Ismail	240,000
Permata Sapura	KLCC	500,000
TCM Tower	Jalan Tun Razak	380,000
Tropicana Gardens	Kota Damansara	219,000
HCK Tower @ Empire City	Damansara	347,000

Abbreviation: EST = Estimated, NLA = Net Lettable Area, sq. ft. = square feet

Source: CBRE | WTW Research, 2020

As for the aviation industry, it has taken a hit with the recent slew of global events that saw a decline in tourism, the accompanying demand for long haul flights and the cancellation of the "Visit Malaysia 2020" campaign. Nevertheless, with the fiscal stimulus package introduced by the Malaysian government, it is hoped that the adverse consequences can be somewhat mitigated.

The market for business aviation has been anticipated to increase, particularly in Malaysia, due to its central location within the region of South East Asia and the presence of a city airport ecosystem at Subang Airport. Subject to the dynamic occurrences in the "next new-normal" environment shaped by the COVID-19 pandemic, the push for growth of the business aviation sector in Malaysia is aided through ongoing initiatives such as the Subang Airport Regeneration program, which is set to remodel the airport as a business aviation hub in the region with a full suite of value chain and services linked to the business aviation sector.⁶

In a recently released market research report, it was projected that under the assumption of an accelerated recovery scenario, demand for MRO services in key countries across Asia Pacific will bounce back slowly beginning May 2020, having bottomed in early March, with a quicker recovery that lasts nine months⁷. On top of that, Asia-Pacific is set to host the largest fleet base going forward and as a result, MRO demand for the highly popular narrow-body platforms is expected to see a parallel trajectory⁸. The Group remains cautiously optimistic

⁴ Valuation and Property Services Department Report 2020

⁵ Real Estate Market Outlook 2020, Williams Talhar Wong & Yeo ("WTW Group")

⁶ Business Aviation on the rise in Malaysia 2019, Business Airport International

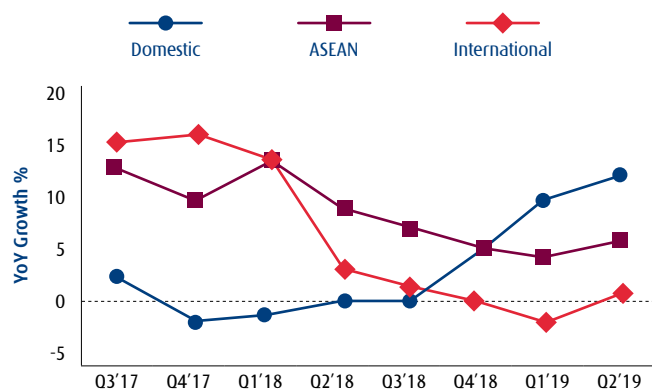
⁷ Impact of COVID-19 on Commercial MRO 2020, Oliver Wyman

⁸ Commercial Aircraft Production to Hit Record High with Renewed Competition between Airbus and Boeing 2019, Frost & Sullivan

MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

that the strong momentum of domestic flights flowing from 2019 will continue to afford MRO businesses for the Group to capitalise on (refer to the chart below).

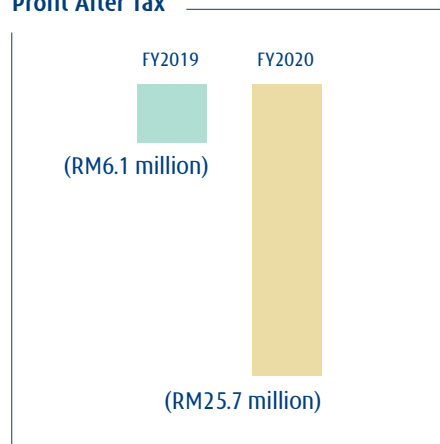
Quarterly Passenger Traffic Trend by Regions, 2017 - 2019



Source: Malaysian Aviation Commission, 2019

In terms of profit/loss, the Group registered a loss of RM25.7 million in FYE 31 January 2020, as compared to last year, of which losses amounted to RM6.1 million. As FY2020 saw the expansion of the fledgling MRO line of business for the Group, operating expenses increased accordingly given that the MRO business is still in its set-up phase. Overall losses were minimised through savings generated from centralisation of shared resources.

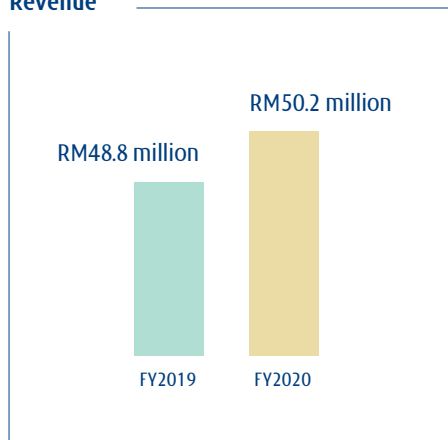
Profit After Tax



FINANCIAL REVIEW

The revenue of the Group stood at RM50.2 million for the Financial Year Ended ("FYE") 31 January 2020 vis-à-vis RM48.8 million during the preceding year equivalent to an increase of RM1.4 million or 3%, notwithstanding the marginal decreases in revenue for the investment holding and aviation segments. The property segment was the Group's largest revenue contributor at 54%. The increase in property revenue is mainly attributable to a slight upward revision in rental rates, and an increase in occupancy from the existing tenants.

Revenue



The Group recorded a net assets per share of RM3.04, a decrease of 7% as compared to the RM3.27 in the preceding year. The net asset per share is determined based on the quotient of the net tangible asset attributable to the Group against the number of ordinary shares in issue of 139,600,000. Whilst the net assets per share figure has registered a decline, the financial health of the Group is supported by a total equity of RM424.4 million with very low gearing and readily available cash and bank balances of RM41.1 million.

As for earnings per share, the Group recorded a loss of RM0.180 per share for FYE 31 January 2020, which was lower by RM0.136 per share as compared to the immediate preceding period which recorded a loss of RM0.044 per share. Earnings per share is determined based on the profit attributable to the Group divided by the number of ordinary shares in issue. Based on the adoption of a long-term view and anchored on the vision of delivering sustainable returns over a period of time, the Board of Directors did not recommend any dividend for FYE 31 January 2020 so as to free cash flow to meet its future capital requirements which now is adversely affected by the COVID-19 pandemic and deteriorating economic environment. To reiterate, the Group is steadfast in its quest to generate value for its shareholders in a sustainable manner.

MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

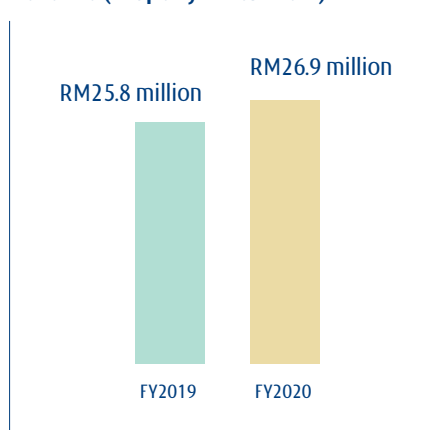
OPERATIONAL HIGHLIGHTS

PROPERTY INVESTMENT SEGMENT

SRB currently has three wholly-owned investment properties under its portfolio, as detailed below:

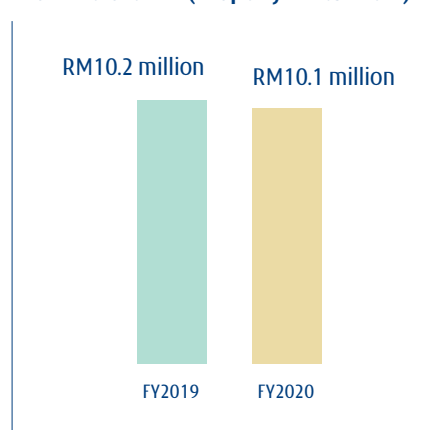
- 10-storey office building at Sapura@Mines with a Net Lettable Area ("NLA") of 260,000 square feet;
- Warehouses with a NLA of 165,000 square feet at Jalan Tandang; and
- Commercial showroom building with a NLA of 46,000 square feet at Jalan 219, Petaling Jaya.

Revenue (Property Investment)



Despite the softening in the property market, the Group continues to maximise value for its shareholders through its Asset Enhancement Initiatives ("AEI") projects, having attained 100% completion status during the year under review. The asset enhancement work was primarily targeted towards the upgrading and refurbishment of the fixtures and facilities of Sapura@Mines, which remains as SRB's main property revenue contributor. Since the market demand continues to change from time to time, SRB is determined to be attuned to the market offerings by incorporating value-added features over the existing properties under its portfolio.

Profit Before Tax (Property Investment)



Despite market stagnation and stiff competition, the Group has managed to sustain a competitive occupancy rate for all three investment properties. The total revenue generated from the property segment amounted to RM26.9 million, representing a 4.3% increase from last year. Similar to last year, the property segment was the only segment that registered a profit, amounting to RM10.1 million FYE 31 January 2020. As compared to last year, profits from this segment experienced a decrease of 1%, as a result of higher depreciation charges.

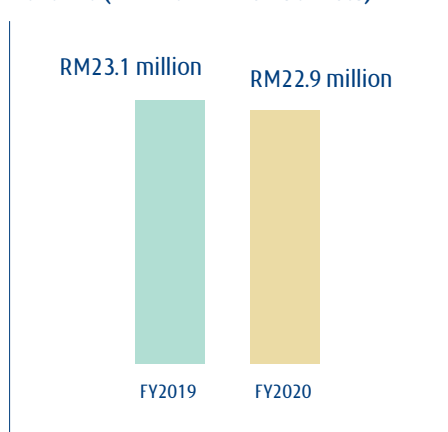
Despite the current challenging climate hanging over the property segment, the Group remains optimistic that its investments in AEI projects and new property construction will be rewarding in the long term. As Lot 91 KLCC is at the last stage of construction, the Group will continue to attract the potential tenants while keeping a close monitoring of the market's ever changing offerings and office space demand.

AVIATION SEGMENT

The Group provides a suite of aviation services including ground handling, ancillary services, hangarage, aircraft management, and engineering services.

MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

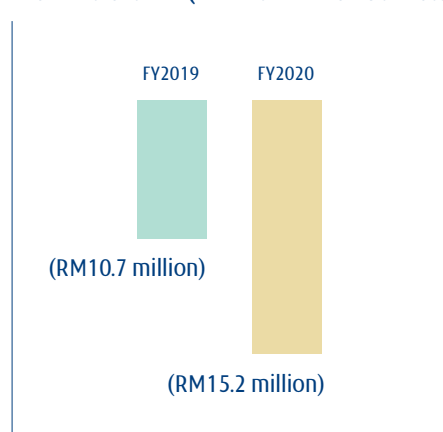
Revenue (Private Aviation Services)



In relation to the segment's performance, the Group noted a marginal decrease in revenue as compared to last year armed with a contribution of 45.6% of the Group's total revenue, the segment recorded a revenue of RM22.9 million during the year under review (2019: RM23.1 million). This can be seen as a slight drop of 0.9%, due to lower revenue in hangarage rental and ground handling services.

In relation to profits, the segment recorded a loss before taxation of RM15.2 million which is a substantial 42% increase (2019: RM10.7 million). Such a result is due to the provision made during the year under review. Specifically, Aerodome Sdn Bhd, a 100%-owned subsidiary of DNest Aviation Sdn Bhd, which in turn is a wholly-owned subsidiary of SRB has been served with a writ of summons and statement of claims amounting to USD2.010 million. The claim is occasioned by an alleged breach of contractual terms of the Aircraft Management and Maintenance Agreement between Aerodome Sdn Bhd and Pan-Asia Property Management Sdn Bhd relating to the damage sustained by an aircraft. Accordingly, the Group has made a full provision to reflect the claim made. SRB will nevertheless obtain necessary legal advice from its solicitors with regards to this matter and have instructed its solicitors to defend the said claim. This loss is in part offset by the reduced operating expenses.

Profit Before Tax (Private Aviation Services)



Despite the decline in revenue, the aviation services segment continues to demonstrate resilience, with Sapura Aero Sdn Bhd leading the business aviation in Subang through the Group's key competencies in providing hangarage and ground handling. In addition, to aid recovery and maximise operational efficiency in the aviation services segment, the Group remains committed in enhancing customer experience through improvements in safety and security.

INVESTMENT HOLDING SEGMENT

The investment holding operating segment comprises equity investment and group-level corporate services and business development functions.

The Group's 24% owned associate Tenaga Cable Industries Sdn Bhd ("TCI") continued to generate positive figures, contributing RM736,000 to the Group's share of profit during the year under review (2019: RM2.7 million).

In regard to the Group's current investment in Impian Bebas Sdn Bhd, an equally joint collaboration with KLCC Holdings Sdn Bhd on commercial space, the project has achieved 87.75 % completion rate towards the end of the financial year. The commercial space on Lot 91 KLCC (Sapura Permata) comprises approximately 930,000 square feet NLA and is expected to be completed in financial year 2021.

This segment also encompasses the Group's investment in its joint venture company, MTU Power Systems Sdn Bhd ("MPS"). Given new developments arising from the engineering services front which includes the services provided by MPS, the Group has outlined a stand-alone narrative on engineering services in the ensuing "Trends and Forward-Looking Prospects" section for a focused view.

MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

MRO SEGMENT

During the financial year under review, the Group's MRO business was still in its gestation period and recorded a loss before taxation of RM12.1 million. Revenue of RM1.0 million was generated, emanating from hangarage rental income.

TRENDS AND FORWARD-LOOKING PROSPECTS

PROPERTY INVESTMENT SEGMENT

Main Market	Klang Valley	
Year	2019	2020
Overall	▶	▶
Purpose-built Office	▼	▼
Shop Office	▶	▶
Retail	▶	▶

▶ Stagnant ▼ Drop

Source: CBRE | WTW Research

The diagram above shows the trend of the property market in Malaysia for the year 2019 versus 2020⁹. As illustrated, the overall property market for both years show a stagnation, with the purpose-built office experiencing drops for two consecutive years. Considering that the purpose-built office segment is the Group's core segment of focus, the Group requires immediate reaction to this trend in order to stay afloat in the market. As of this year, the retail segment has been added to the fold, since the Group's latest construction of Lot 91 KLCC (Permata Sapura) will feature retail and commercial space.

In relation to the office market, it has been more challenging during the year under review compared to the preceding five years. In tandem with the "state-of-the-art" offices, "lifestyle concept" is also another element that is increasingly gaining traction. The current trend is manifested by the behaviour of the average "working-adult" who prefers to work in offices with close-proximity to food and beverage stores as well as shopping and entertainment outlets. Simply put, offices in close proximity to shopping malls are highly favoured and sought after in line with the "work-life integration" norm. Due

to fierce competition and a relatively slow growth economy, the Group is looking into exploring the current needs and demands of the market which has also seen a drastic paradigm shift arising from the pandemic. The Group is relooking into incorporating the "new normal" to the current business model of its property portfolio, including Lot 91 KLCC (Permata Sapura). The Group will continue with its preference to engage with a single large tenant to occupy the property at Mines, instead of engaging tenants on a fragmented basis.

As the new Lot 91 KLCC (Permata Sapura) is set to be completed, the Group intends to occupy the premier office with prime tenants. As means to attract the Group's desired tenants, latest technological advancements will be incorporated into the aspects of the commercial space and premier tower. There may be potential for the biometric recognition modality to replace the use of tags for office tenants and incorporate amongst others, applications for commercial usage at the mall, health screening capable sensors and smart sensors throughout the area.

Nevertheless, the COVID-19 pandemic has deferred the original completion date to an estimated time in Q4, 2020. The deferment is contributed directly by the government imposed MCO. The Group is closely monitoring this shift in construction completion timeline, as well as the overhanging current uncertainty in the market.

AVIATION SEGMENT

The airlines industry has suffered a difficult year in 2019 as uncertainty surrounding oil prices, regulatory issues and trade wars had a significant effect on the market demand. To make matters worse, the industry is currently witnessing an unprecedented drop in passenger traffic, with passenger traffic growth in Malaysia forecasted to be between -36.2% and -38.1% Year-on-Year ("YoY") as compared to 6.6% YoY in 2019¹⁰.

With prolonged travel restrictions imposed by the Malaysian government as measures to contain the COVID-19 pandemic, the revenue-at-risk for Malaysian carriers and aerodrome operators is estimated at RM7.2 billion in 2020¹¹. The Group through Sapura Aero Sdn Bhd, will be paying close attention to any developments in this segment whilst aiming to stay resilient and continue its aviation services and operations in Subang.

⁹ Real Estate Market Outlook 2020, Williams Talhar Wong & Yeo (WTW Group)

¹⁰ Malaysian Aviation Industry Outlook, Malaysian Aviation Commission, 2020

¹¹ Malaysian Aviation Industry Outlook, Malaysian Aviation Commission, 2020

MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

MRO SEGMENT

The Group will now be pursuing the commercial market for MRO aviation at its new base in Senai airport through Sapura Technics Sdn Bhd. The mandatory approval to operate as an MRO has been obtained in February 2020 this year from the Civil Aviation Authority of Malaysia and the Group will be focused on this new venture, providing MRO services for Boeing 737 series and Airbus A320 family aircraft for the forthcoming years ahead.

The Group will be looking towards harnessing the advantages of big data to improve the MRO operations in the near future. Such efforts may include utilising real-time data received from client for the purpose of monitoring the conditions of clients' aircrafts, its due date for maintenance and the necessary parts required that may be ordered well before the MRO services are scheduled to take place.

ENGINEERING SEGMENT

The Group's recent diversification of its principal activities to include the sale and service of products, engines and parts have paved way for new ventures under the MRO & engineering services segment. This move is coupled with SRB's wholly-owned subsidiary, SRB One Sdn Bhd ("SRB One") and MTU Asia Pte Ltd forming a joint venture, namely MTU Power Systems Sdn Bhd ("MPS"). Through this joint venture, the Group will be the sole distributor of MTU's products to marine (naval and commercial), rail, construction and industrial, mining, agriculture, oil and gas as well as power generation market sectors in Malaysia. To this end, the Group will also be undertaking the sales and servicing of products and original equipment packaging solutions.

Given the support of its Joint Venture partner in MPS, the Group is optimistic of MPS' ongoing contract bids and generation of revenue going forward, although MPS is still expected to be in gestation period for the next few years.



MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

KEY RISKS AND MITIGATION

A proactive approach to risk management is firmly embedded in the heart of the Group's long-term growth strategy. The Group seeks to align its risk appetite with the overarching business strategies, whilst incorporating the risk processes within its business operations. Risk management is governed in a top down and bottom up manner with the Board setting the business strategies and appetite to manage risk, whilst Management is responsible to manage risk within set business strategy, risk framework and appetite.

Amongst the key risks faced by the Group, pressure on cash flows and reserves represents a challenging present risk as the Group approaches the completion of the development relating to Lot 91 KLCC (Permata Sapura), with its joint venture entity, Impian Bebas Sdn Bhd. Additionally, the Group has recently entered into two investments in the commercial aviation MRO and engineering services in the marine sector, both of which are still in early phase of gestation period. In view of this, increased pressure will be placed on the Group's cash reserves in the next few years.

With the world facing the COVID-19 pandemic, the Group is not exempted from the adverse economic climate, market uncertainties and the negative impact of this unprecedented global health crisis. Whilst the full economic impact brought about by the pandemic has yet to be ascertained, it is clear that businesses have taken a severe hit and thus, will need to be responsive so as to remain viable. In this regard, the Group will adopt new measures as market and regulatory developments crystallise.

Recognising the confluence of internal cash flow pressure and external headwinds brought about by an overwhelmingly weak macroeconomic environment, the Group will re-energise its strategies and build upon the store of value that it is creating over the years for future realisation. To reinforce, the Group will continue to move forward whilst continuously monitoring and proactively responding to risk and opportunities.

The Group's risk management approach is provided in detail, as encapsulated in the Statement of Risk Management and Internal Control on pages 84 to 89 of the Annual Report. The material economic, environment and social matters that impact the Group's business operations and stakeholders can be found on the Sustainability Statement on pages 36 to 67 of the Annual Report.

PROFESSIONAL



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

Leadership

- 22 Board of Directors
- 24 Board of Directors' Profile
- 31 Profiles of Senior Management



BOARD OF DIRECTORS



**DATO' SHAHRIMAN
BIN SHAMSUDDIN**
Managing Director

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

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

BOARD OF DIRECTORS



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

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

**ENCIK AHMAD JAUHARI
BIN YAHYA**
Independent
Non-Executive Director

MR. ANDREW HENG
Independent
Non-Executive Director

BOARD OF DIRECTORS' PROFILE



TAN SRI DATUK AMAR (DR.) HAMID BIN BUGO

**Chairman/ Independent Non-Executive
Director**

Malaysian, Aged 74, Male

Date of Appointment

25 August 2009

Length of Service (as at 29 May 2020)

10 years 9 months

Board Meeting Attendance in Financial Year

6/6

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

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 redesignated 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 and a board member of Institute of Integrity Malaysia.

Tan Sri Hamid was also the Founding Chairman of the Sarawak Biodiversity Centre and Sarawak Tourism Board. 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 also active in charitable activities as the Chairman of Yayasan Kemajuan Insan Sarawak and Chairman of the State Library of Sarawak and was an active member of the Lembaga Amanah Kebajikan Masjid Sarawak.

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

BOARD OF DIRECTORS' PROFILE



TAN SRI DATO'SERI SHAHRIL BIN SHAMSUDDIN

Non-Independent Non-Executive Director
Malaysian, Aged 59, Male

Date of Appointment

19 February 1990

Length of Service (as at 29 May 2020)

30 years 3 months

Board Meeting Attendance in Financial Year

5/6

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

Tan Sri 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 Shahril is also the President and Group Chief Executive Officer of Sapura Group, who manages a diversified portfolio of businesses, namely oil & gas, industrial & manufacturing, property management, aviation, defense & security and rail.

Tan Sri Shahril is a member of the Asian Executive Board of the Massachusetts Institute of Technology's ("MIT") Sloan School of Management and the Board of Governors of the Asia School of Business, a collaboration between MIT Sloan and Bank Negara Malaysia. He is also Chairman of the Malaysia-Brazil Business Council and an active participant of the World Economic Forum.

Tan Sri 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 Boards of Trustees of the UTM Endowment Fund and the Perdana Leadership Foundation.

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

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

BOARD OF DIRECTORS' PROFILE



DATO' SHAHRIMAN BIN SHAMSUDDIN

Managing Director

Malaysian, Aged 51, Male

Date of Appointment

28 July 2005

Length of Service (as at 29 May 2020)

14 years 10 months

Board Meeting Attendance in Financial Year

6/6

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' Shahrman was appointed to the Board of Sapura Resources Berhad as a Non-Independent Non-Executive Director on 28 July 2005. He was later appointed as the Managing Director of Sapura Resources Berhad on 1 March 2007.

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

Dato' Shahrman began his career with Sapura Group in 1991 and has held a number of key senior positions within the Group. As the Managing Director of Sapura Resources Berhad, he manages a diversified portfolio which includes property investment, private aviation services and commercial aviation MRO.

Dato' Shahrman 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.

BOARD OF DIRECTORS' PROFILE



DATO' FUZIAH @ FAUZIAH BINTI DATO' ISMAIL

Senior Independent Non-Executive Director
Malaysian, Aged 77, Female

Date of Appointment

25 August 2009

Length of Service (as at 29 May 2020)

10 years 9 months

Board Meeting Attendance in Financial Year

6/6

Board Committees Membership(s)

Board Audit and Risk Committee

- Member

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.

BOARD OF DIRECTORS' PROFILE



DATO' MUTHANNA BIN ABDULLAH

Independent Non-Executive Director
Malaysian, Aged 60, Male

Date of Appointment

18 December 2008

Length of service (as at 29 May 2020)

11 years 5 months

Board Meeting Attendance in Financial Year

5/6

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
- MSM Malaysia Holdings 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 is currently a Consultant in 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 and The Habitat Foundation. 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



ENCIK AHMAD JAUHARI BIN YAHYA

Independent Non-Executive Director
Malaysian, Aged 66, Male

Date of Appointment

19 January 2016

Length of Service (as at 29 May 2020)

4 years 4 months

Board Meeting Attendance in Financial Year

4/6

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. In addition to that, he has recently been appointed as Deputy Chairman of Minconsult Sdn. Bhd.

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.

BOARD OF DIRECTORS' PROFILE



Independent Non-Executive Director
Malaysian, Aged 45, Male

Date of Appointment

3 June 2019

Length of Service (as at 29 May 2020)

11 months

Board Meeting Attendance in Financial Year

3/3

Board Committees Membership(s)

Board Audit and Risk Committee

- Member

Other Directorships in Public Companies and Listed Issuers

Nil

Andrew Heng was appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 3 June 2019.

Andrew is a Chartered Accountant with the Malaysian Institute Accountants ("MIA"), a fellow member of CPA Australia, Chartered Accountant Australia New Zealand, a member of the Cambodian Institute of CPAs, a Chartered Valuer and Appraiser with the Institute of Valuers and Appraisers Singapore, a Certified Financial Planner with the Financial Planning Association of Malaysia and a Chartered Internal Auditor with The Institute of Internal Auditors Malaysia. Andrew graduated from the University of Western Australia with a Bachelor of Commerce and Bachelor of Law in 1998 and Master of Business Administration from the University of Manchester. He was also called to the Malaysian Bar in 2000.

Andrew is the Group Managing Partner of Baker Tilly Malaysia and has more than 20 years of experience in corporate restructuring, transaction advisory and corporate recovery. He is the lead partner in Malaysia for Corporate Advisory and is experienced in Mergers and Acquisitions, Reverse Take Over and Initial Public Offerings of companies, including being an Independent Valuer's/Expert Report's Role in valuation of companies and financial due diligence for application, for admission and listing on the Bursa Malaysia.

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

ADDITIONAL INFORMATION ON 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 2020.

PROFILES OF SENIOR MANAGEMENT

SHAMSUL ANUAR BIN MUSA

Chief Corporate Planning & Business Development Officer (SM1)

Malaysian, Aged 44, Male

Date of Appointment

1 March 2007

Length of Service (as at 29 May 2020)

13 years and 3 months

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 eight (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 was transferred across Sapura Group of Companies during 2010-2012 period before rejoining Sapura Resources Berhad on October 2012 as its Chief Financial Officer. While in Sapura Group, he was directly involved in the Corporate Finance team for more than RM11 billion merger exercise in 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.

Shamsul Anuar graduated from London School of Economics and Political Science, United Kingdom with Bachelor of Science in Accounting and Finance in 1998 and is a fellow of the Association of Chartered Certified Accountants ("ACCA"), United Kingdom.

He has no directorships in other public companies and listed companies. He does not have any family relationship with any other director and/or major shareholder of the Company.

KHAIRIL ANUAR BIN MUHAMAD

Head of Property Management (SM3)

Malaysian, Aged 51, Male

Date of Appointment

3 October 2011

Length of Service (as at 29 May 2020)

8 Years and 8 months

Khairil Anuar Bin Muhamad is currently the Head of Property Management. Previously, he held position as Head, Special Projects and Property Business on 01st June 2019. He joined Sapura Resources Berhad as Head of Project Management on 3rd October 2011.

Khairil Anuar has more than twenty four (24) 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 the Project Architect for Omarsham Akitek and Hasbullah Chan & Associates Architects. He held various positions while attached to KLCC Projek Sdn. Bhd. (A Project Management Company wholly owned by PETRONAS) including Assistant Project Manager, Senior Architect for Business Development Unit. He was also a Project Manager for 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 for ISKANDAR MALAYSIA.

Khairil Anuar graduated from the University of Huddersfield, England, United Kingdom with 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. Khairil Anuar is a Registered Professional Architect (A.r) with Malaysian Board of Architects ("LAM") and Project Management Professional, PMP. He is a corporate member for Malaysian Institute of Architects and was a member of Project Management Institute ("PMI").

He has no directorships in other public companies and listed companies. He does not have any family relationship with any other director and/or major shareholder of the Company.

PROFILES OF SENIOR MANAGEMENT

AMRUL ZEFLIN BIN ANIM

Accountable Manager, Sapura Technics (M1)
Malaysian, Aged 48, Male

Date of Appointment

1 November 2018

Length of Service (as at 29 May 2020)

1 year and 7 months

Amrul Zeflin Anim joined Sapura Resources Berhad as an Accountable Manager of Sapura Technics Sdn Bhd, a new subsidiary of Sapura Resources Berhad, reporting to the Managing Director on 1st November 2018.

He has nearly twenty (20) years of working experience in the Aviation industry, mainly in the Aircraft Maintenance manpower field, serving with Dilog Group of Companies since 2001 in various capacities and senior roles. Prior to the Aviation industry, he worked in Corporate Finance for Bernas Group of companies involved with restructuring and reorganisation exercises coming from his stint as Senior Consultant, Financial Advisory at Pricewaterhouse Malaysia (later PwC Malaysia) where he joined on his return from the United Kingdom.

Amrul graduated from the University of Exeter, United Kingdom with Bachelor of Accounting & Finance in 1994 and he further worked and qualified in the United Kingdom before transferred to Malaysia in 1997. His postgraduates studies include Master of Business Administration and Management from MMiM and Maastricht Business School in 2002.

He has no directorships in other public companies and listed companies. He does not have any family relationship with any other director and/or major shareholder of the Company.

BURHANUDIN BIN NOORDIN ALI

Chief Operating Officer, Aviation Business (SM2)
Malaysian, Aged 44, Male

Date of Appointment

15 May 2019

Length of Service (as at 29 May 2020)

1 year

Burhanudin Bin Noordin Ali is currently the Chief Operating Officer, Aviation Business reporting to the Managing Director.

He has more than twenty one (21) years of accumulated working experience in the Aviation, Aerospace, and Defence Industry specializing in Business Management, Operations Management, Engineering Management, Program Management and Design Engineering. Prior to joining the Company, he was the Senior Vice President Aerospace and Defence at Contraves Advanced Devices Sdn Bhd where he was responsible for the setting up of the Aerospace and Defence business division, primarily engaged in avionics manufacturing businesses for the Airbus A400M and A380 aircrafts.

From 2009 to 2011, he served as the Engineering Manager at Spirit Aerosystems Malaysia Sdn Bhd where he was responsible to manage several aerostructures design and development projects in relation to the Airbus A350 wing and fuselage as well as the Airbus A320 Sharklet. His other experiences include engineering related positions in BW Offshore Asia Sdn Bhd and Composite Technology Research Malaysia Sdn Bhd, focusing on aircraft design and development projects such as the Nimrod Maritime Reconnaissance Aircraft MRA4, EAGLE Aerial Reconnaissance Vehicle ("EAGLE ARV"), Airbus A380, and Airbus A400M.

Burhanudin graduated from University of Strathclyde, Glasgow, Scotland with a Master of Business Administration in 2014. He also holds a Bachelor of Science in Mechanical Engineering from Purdue University, West Lafayette, USA in 1998.

He has no directorships in other public companies and listed companies. He does not have any family relationship with any other director and/or major shareholder of the Company.

PROFILES OF SENIOR MANAGEMENT

MAI ELIZA BINTI MIOR MOHAMAD ZUBIR

Head, Corporate Services (SM2)

Malaysian, Aged 47, Female

Date of Appointment

13 January 2014

Length of service (as at 29 May 2020)

6 years 4 months

Mai Eliza Binti Mior Mohamad Zubir is currently the Head, Corporate Services, reporting to the Managing Director. Her main responsibility areas include Legal & Secretarial, Human Resource, Integrity, Governance & Compliance and Cost, Contract & Procurement.

She has a total working experience of more than twenty (20) years as in-house legal counsel handling legal matters and company secretarial matters for corporations of which 6 years are in Sapura Resources Berhad. Previously, she held the position as Group General Manager Legal and Corporate Services at National Aerospace & Defence Industries Sdn Bhd (holding company of Airod Sdn Bhd) for thirteen (13) years. Her experience also involves Aerospace and Defence Industry specializing in legal services for the whole NADI Group of Companies and was also responsible for the Human Resource and Administration portfolio.

She then joined Sapura Resources Berhad in January 2014 as Head of Legal and Secretarial. Her working experience is mainly in the areas of legal affairs for the SRB Group of Companies. Among the duties include legal advisory and opinion on diverse issues with the objective to maximize legal rights and minimise risks. She performs the duty as the strategic legal advisor to the Senior Management and the Board and a crucial member of the senior management team in all corporate exercise and investment proposal.

Mai Eliza graduated from University of Sheffield, United Kingdom with Bachelor of Laws (LLB)(Hons) in 1996. She also obtained Certificate of Legal Practice from University Malaya in 1997.

She has no directorships in other public companies and listed companies. She does not have any family relationship with any other director and/or major shareholder of the Company.

ADDITIONAL INFORMATION ON SENIOR MANAGEMENT

1. Conflict of Interests

None of the Senior Management of the Company has any conflict of interest with the Company.

2. Convictions for Offences

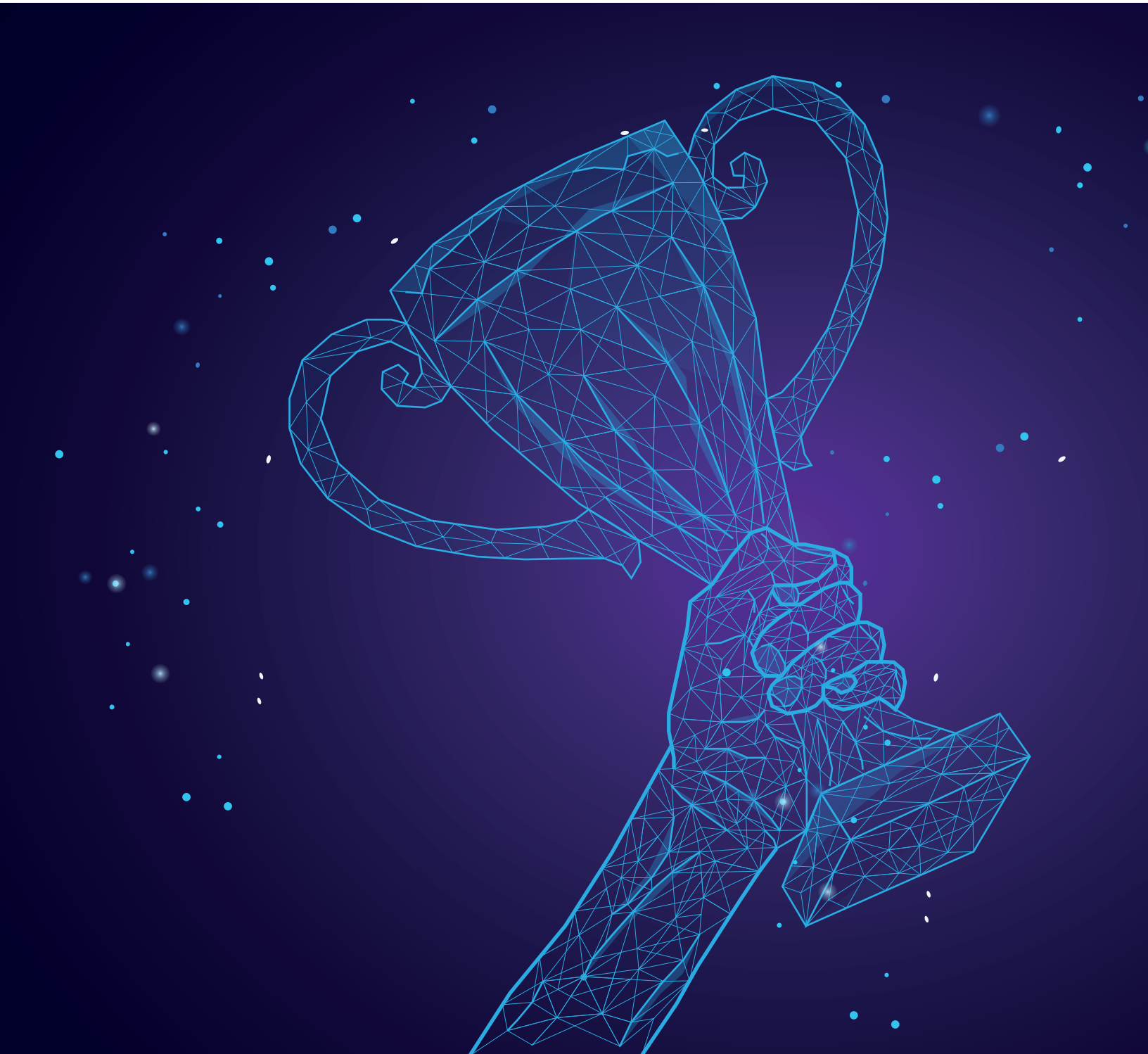
None of the Senior Management of the Company has any conviction for offences within the past five (5) years other than traffic offences (if any) or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 January 2020.

HONOURABLE



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

Sustainability Report



SUSTAINABILITY STATEMENT

INTRODUCTION

This Sustainability Statement provides an overview of Sapura Resources Berhad (“SRB”) and our selected subsidiaries (the Group) sustainability performance in relation to issues material to the Group and its stakeholders. This Statement has been prepared in accordance with the Bursa Malaysia’s Sustainability Reporting Guide (2nd Edition) (“Bursa”). We have referenced material issues with regards to the Economic, Environmental and Social (“EES”) aspects, which have been produced to provide a clear and concise account of what sustainability means to the Group, and how we ensure our business operations are sustainable while contributing to our people, local communities and the environment. We have also referred of our sustainability efforts in accordance to the United Nations’ Sustainable Development Goals (“SDGs”).

SUSTAINABILITY OBJECTIVES



Economy



Social



Environment

REPORTING PERIOD

This statement covers sustainability efforts and initiatives during the financial year from 1 February 2019 to 31 January 2020 (Financial Year End (“FYE”) 2020), unless otherwise stated. For selected performance indicators that have been historically tracked, we have included data from the past three years.

REPORTING BOUNDARIES

This Statement covers SRB and our active subsidiaries of the following business segments:



Aviation

AeroDome Sdn Bhd
Aerohandlers Sdn Bhd
Aerodome Services Sdn Bhd



Property Investments and Investment Holding

Sapura Resources Berhad



Maintenance, Repair and Overhaul (“MRO”)

Sapura Technics Sdn Bhd

For FY2020 reporting, we have expanded our reporting boundaries to include our Commercial Aircraft Maintenance, Repair and Overhaul (“MRO”) subsidiary company, Sapura Technics Sdn Bhd.

In presenting the information, this Statement is guided by matters that are material to the Group and stakeholders. These matters were identified, prioritised and validated via four-step materiality assessment. For each material matter, we provide both qualitative and quantitative data, unless otherwise specified. We also disclose targets, if applicable, that have been set and indicated initiatives taken to achieve these.

SUSTAINABILITY STATEMENT

SUSTAINABILITY APPROACH

The Group continues to prioritise our sustainability efforts across our business segments to achieve our sustainability goals. A heightened awareness within the organisation is reflected in the importance we have placed on the sustainable development of our business particularly in our material matters that shape SRB's sustainability efforts in managing the long-term value creation of our stakeholders.

SUSTAINABILITY GOVERNANCE

Our efforts towards a sustainable business is supported by our corporate governance structure with clear lines of accountability. Sustainability at SRB is governed by the Sustainability Working Committee ("SWC") with oversight from the Board of Directors ("BODs") and the Managing Director ("MD"). The SWC, comprising of Group Heads of Department ("HOD"), is chaired by the Group Chief Corporate Planning & Business Development Officer. SRB's sustainability commitment and functions are communicated throughout the Group and carried out as shown in the sustainability governance structure below.

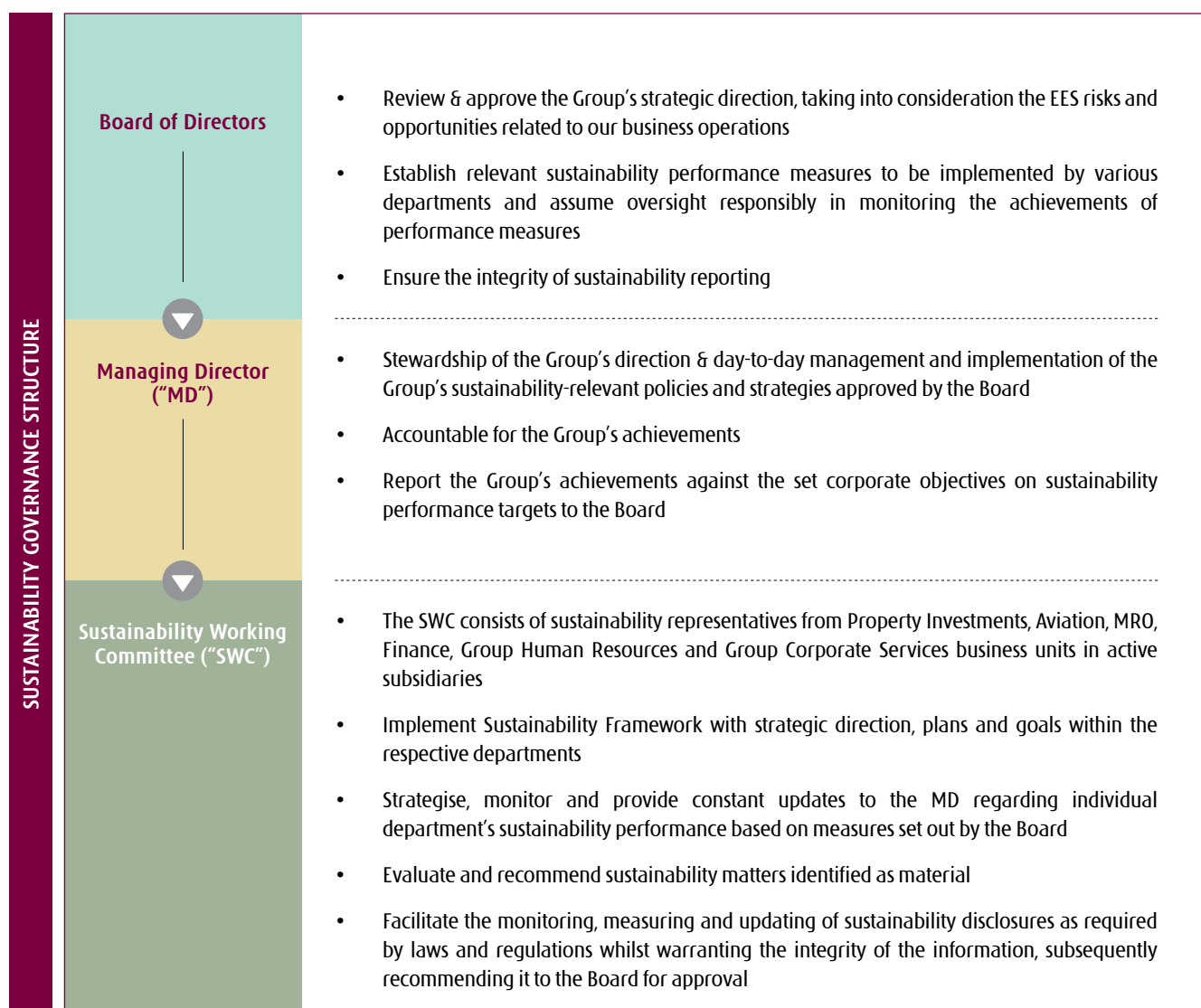


Diagram 1: SRB's Sustainability Governance Structure

SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

During the last reporting period, we undertook a structured Stakeholder Engagement and Materiality Assessment based on Bursa Malaysia Sustainability Reporting Guide to identify the material sustainability matters to our business and stakeholders. Below is the overview of our approach on Stakeholder Engagement and Materiality Assessment;

- Identification of Sustainability Matters
- Stakeholder Engagement
- Sustainability Impact Assessment

Identification of Sustainability Matters

We identified a list of sustainability risks and opportunities ("sustainability matters") by analysing both internal and external factors including global subjects associated with the industry. We have not made any change to the sustainability matters from the previous reporting period as they are deemed still relevant to our stakeholders and our business operations. For ease of reading, these sustainability matters are categorised into three (3) themes as below:

Sustainability Themes	Material Matters
Theme 1 Delivering Sustainability through Responsible Operations	Corporate Governance, Ethics and Integrity Quality Management Supply Chain Management Customer Satisfaction Business Development and Strategic Partnerships / Collaborations
Theme 2 Improving Social Wellbeing	Fair and Inclusive Workplace Development of Human Capital Occupational Safety and Health Community Development
Theme 3 Driving Environmental Sustainability	Carbon Emissions and Energy Management Water Management Waste Management

Diagram 2: List of Sustainability Matters

SUSTAINABILITY STATEMENT

Stakeholder Engagement

We place great emphasis on stakeholder values and engage them through various communication platforms for continual feedback and improvement. We believe that a well-managed stakeholder engagement will have an influence in our business decisions and operations.

Over the year, we have identified 11 stakeholder groups, and have undergone a structured process to prioritise our key internal and external stakeholder groups based on the level of dependence and influence they have towards SRB's business operations as depicted in the Stakeholder Prioritisation Matrix below.

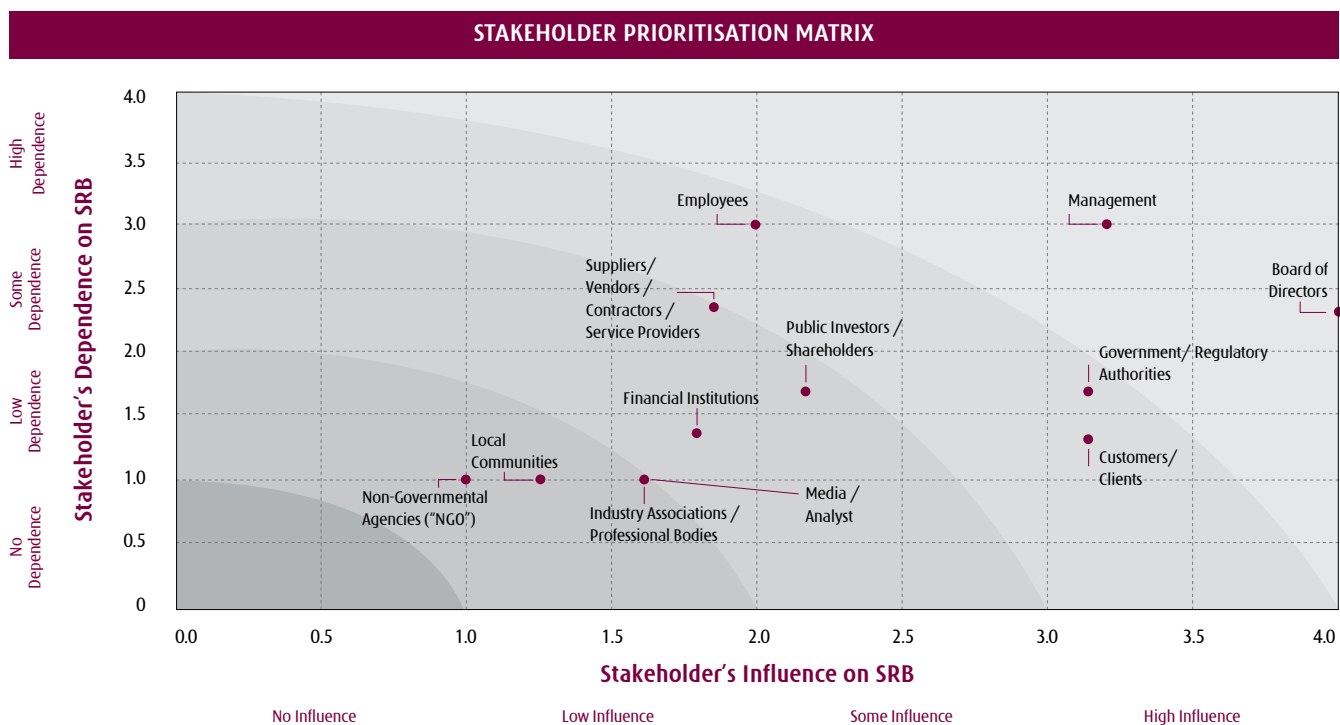


Diagram 3: Stakeholder Prioritisation Matrix

Each of the stakeholder group is important to us, and we seek to build trusted relationship and transparent communication. For this reporting period, we have extended our stakeholder engagement by including both of our internal and external stakeholders to determine the level of importance for each of our identified sustainability matters (via surveys).

No	Stakeholder Group	Mode of Engagement
1.	Board of Directors	Online survey
2.	Senior Management	Online survey
3.	Employees	Online survey
4.	Customer or Clients	Group Interview
5.	Suppliers, Vendors, Contractors or Service Providers	Group Interview

Table 1: List of Stakeholders Engaged and Mode of Engagement

SUSTAINABILITY STATEMENT

Sustainability Impact Assessment

The SWC has also reviewed our Sustainability Impact Assessment ratings from FY2019 to determine the business impact of sustainability matters to the Group. We have considered our existing risk evaluation criteria to identify the likelihood and impact of occurrence of events. The outcome of the Sustainability Impact Assessment was then analysed and this represents the business perspective (x-axis) while the survey responses represents the internal and external stakeholders' perspective (y-axis) as depicted in our Materiality Matrix below.

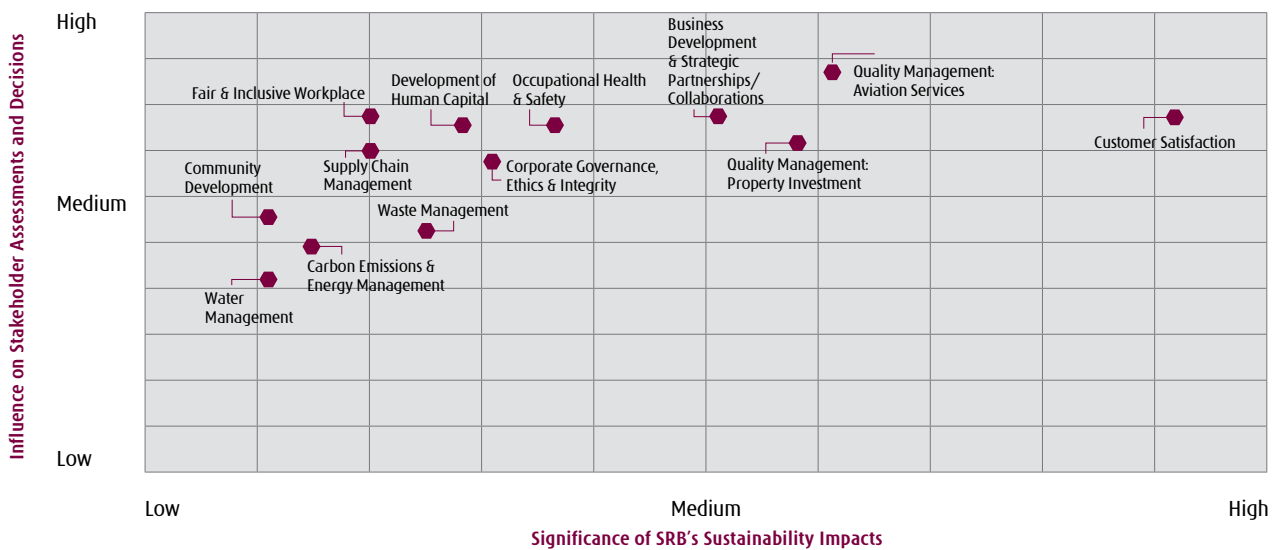


Diagram 4: Materiality Matrix

Our target is to update our materiality assessment annually and to review it on a quarterly basis.

SUSTAINABILITY STATEMENT

VALUE CREATION MODEL

The management of our material matters are strongly linked to how we utilise our various business capitals that focus on all Economic, Environmental and Social aspects to create value for our business and stakeholders.



Diagram 5: SRB's Value Creation Model

SUSTAINABILITY STATEMENT

THEME 1: DRIVING SUSTAINABILITY THROUGH RESPONSIBLE OPERATIONS

We understand that our operations have economic impact to our various stakeholders across our value chain. To ensure we grow in a sustainable and responsible manner, we collaborate closely with our stakeholders in creating value from our business operations.

QUALITY MANAGEMENT

At SRB, we place great emphasis on Quality Management for our business segments, covering property investment, aviation and Maintenance, Repair and Overhaul ("MRO"). We understand that the quality of our assets and services is the major determinant to our customers' level of satisfaction as well as to safeguard the reputation of our company.

For the MRO segment, we have our Quality Management System ("QMS") in place. Under QMS, Sapura Technics Sdn Bhd ("STSB"), quality assurance is guided strictly by the Maintenance Organisation Exposition ("MOE") and the Quality Assurance ("QA") Departmental Manual. Both MOE and QA Departmental Manuals are interrelated with other departmental manuals, all of which are audited both internally and externally on a yearly basis. Notably, STSB also has a standalone Safety and Quality Policy to ensure world-class aircraft maintenance services.

For the aviation segment, Sapura Aero Sdn Bhd ("Aero") and its subsidiaries also adopt the QMS, wherein the purpose of quality audit process implementation is to ensure that all departments comply with their Standard Operating Procedures ("SOP"). Related aviation accreditations include Civil Aviation Authority of Malaysia ("CAAM") Technical Approval, Malaysian Aviation Commission ("MAVCOM"), Ground Handling License, and International Standard for Business Aircraft Handlers ("IS-BAH") 2019 Standard. AeroHandlers Sdn Bhd ("AeroHandlers"), on the other hand, has its own Ground Handling Manual, which outlines the ground operation regulations and procedure covering flight support, ground support, ground support equipment, quality and safety procedure in the organisation.

STSB's Safety and Quality Policy

(CAAM's AN2101 and AN6501 Part-145, 145.30 Paragraph 7.2 (a) (ii), 145.65 Paragraph 7.12 (a) and 145.70 Paragraph 7.13 (a) (ii))

To ensure that Sapura Technics Sdn. Bhd. delivers the best aircraft maintenance services, Sapura Technics Sdn. Bhd. is committed, as a minimum, to the following:

1. Apply Human Factors throughout the procedures and processes within this exposition;
2. Encourage personnel to report maintenance related errors/ incidents to meet AN6501 Part-145 requirements;
3. Recognise safety as a prime consideration at all time for all the staff;
4. Recognise that compliance with procedures, quality standards and regulations is the duty of all personnel;
5. Recognise the need for all personnel to cooperate with the quality and safety auditors;
6. Ensure safety standards are not reduced by commercial imperatives;
7. Ensure good use of resources and pay attention to carry out correct maintenance at the first attempt;
8. Train all organisation staff to be aware of human factors and set a continuous training programme in this field;
9. Promote Just Culture and encourage staff to report safety concerns without fear of punitive reprisals;
10. Ensure the human and financial resources are provided for the implementation of safety management; and
11. Deliver products and services that meet the regulatory and customer requirements.

SUSTAINABILITY STATEMENT

Consistently, we have been carrying out several initiatives to improve the quality and services we provided to our customers and tenants. For the MRO segment, STSB adheres to regulation to ensure that facility is suitable, conducive and safe for the purpose of carrying out maintenance works as an Approved Maintenance Organisation.

We have undergone initiatives to upgrade and refurbish facilities and fixtures, replace or enhance our building's security and surveillance system, access system, public facilities, firefighting system and building exteriors. Some highlights on our facilities improvement's initiatives in FY2020 are as follows:

Initiatives	Description	Objectives/ Outcomes
Fire Fighting System Upgrade	<ul style="list-style-type: none"> Compliance with Certificate of Completion & Compliance ("CCC") requirements; Fire suppression system compliant with United States National Fire Protection Association (NFPA) 409 Standards; and Upgrade at hangars in Subang, in line with regulations by the Fire and Rescue Department of Malaysia. 	<ul style="list-style-type: none"> Protect health and safety of workforce; Reduce the risk of property damage; Improve ventilation in case of fire or smoke; and Fire suppression system.
Hangar Upgrading Project	<ul style="list-style-type: none"> Steel work structure instalment to strengthen the hangar; and Perform opening for wall cladding. 	<ul style="list-style-type: none"> To support and reduce the stress of the purlin; and Improve the airflow exit at the wall opening which reduced the stress on the structure.
5S Project in Hangar Facility	<ul style="list-style-type: none"> 5S implementation at Hangar 1, 2 and 3 which aims to create conducive and extra space for both hangar and office. 	<ul style="list-style-type: none"> Create more space in the hangar for aircraft parking; Standardise filing and documentation procedures; and To improve quality and safety of the workplace.
Security Surveillance Upgrade	<ul style="list-style-type: none"> The upkeep and maintenance of the closed-circuit television ("CCTV") cameras within our hangars. 	<ul style="list-style-type: none"> Strengthen security monitoring
Technical Services Management	<ul style="list-style-type: none"> Obtained certification from MAVCOM and international bodies such as IS-BAH for ground-handling services. 	<ul style="list-style-type: none"> Provide quality and standard services.
Hangar Refurbishment	<ul style="list-style-type: none"> Renovation work of hangars in Senai were carried out in order to meet technical and safety requirements of the authorities, to operate as an MRO. 	<ul style="list-style-type: none"> Obtain certification and approval from Civil Aviation Authority of Malaysia (CAAM) and subsequently from other National Aviation Authorities (NAA).

Table 2: Facilities Improvement Initiatives

SUSTAINABILITY STATEMENT

CUSTOMER SATISFACTION

It has always been our focus to deliver the best service to all our customers. We strive to foster positive customer relationship management by having a Procedure for Contract & Customer Relationship Management ("CCRM"). For our aviation segment, we have SOP for CCRM as well as SOP for Quality & Safety Survey Reporting ("QSSR"). We constantly engage with our customers to improve our service as we acknowledge that it is an absolute imperative to maintain the strong relationship and trust with our customers.

For the property investment segment, we meet quarterly and or as required to address the issue raised by customers or tenants via

feedback forms, minutes of meetings, work request and emails. Over the years, we had received constructive feedback from our stakeholders prior to the implementation of any improvement plans. Whilst for MRO segment, our Sapura Technics Sales and Marketing Team is aligning STSB operation to the established procedures to collect customer feedback and response from all points of process from aircraft MRO induction into hangar through to aircraft redelivery.

Apart from that, the aviation segment's Contract and Customer Relationship Management Department is responsible to improve customers' satisfaction by strategizing the efforts to increase the quality of services provided by our staff, as well as collaborating with the Quality and Safety Manager in safety-related matters.

Customer Engagement Platforms

We have several channels to engage with our customers for them to provide feedback and comments related to our operation:

PROPERTY MANAGEMENT AND INVESTMENT



24-hour Rapid Response hotline for Sapura@Mines

- Work Orders/ Requests are opened immediately, and are closed only upon requester/ complainant sign-off as "closed/resolved"



Regular "Tenant Landlord" meetings

- Formal and informal meetings with tenants and customers to interact and build relationships; and
- Promote open communication, hence promoting tenant satisfaction and loyalty



Customer Satisfaction Survey ("CSS")

- Gauge our service standards against customers' satisfaction

AVIATION SERVICES



Hotline for Facilities and Customer Relationship Management

- Hotline number is included in notification emails to the customer.
- Information on Facilities and Customer Relationship Management has been made available at dedicated plug points in each of our tenant's office



Notice boards with departmental information & Facility Team contact details

- Cater to queries, requests and complaints from customers



Customer Satisfaction Survey, Quality and Safety Survey Report ("QSSR")

- Determine and ascertain customer satisfaction on the quality and safety of our services and facilities; and
- Issue customer satisfaction reports to improve our services

Diagram 6: Customer Engagement Platforms

SUSTAINABILITY STATEMENT

Customers' Feedback and Satisfaction

Property Investments - Customer Feedback

In FY2019, we have received 11 feedback from our customers. The positive feedbacks were mainly due to our efforts taken to improve our services as well as maintaining and refurbishing our facilities. In FY2020, no feedback was received via our formal platform. We remain focus to improve our services and we are also prepared to take the necessary steps to respond to any concerns raised by our customers. As an improvement to encourage higher rate of feedback, Property Management has initiated online platform feedback collection via electronic forms to ease the existing tenants in providing their feedback. This is also to align with our company's effort to go paperless operation.

Prior to the reporting year, the feedback received from customers was handled by staff from several functions. We have now ensured that all communications related to customer issues will be consolidated through CCRM thus increased the feedback figure for FY2020. We had an issue in late FY2020 that is regarding to a leaking due to rusty and faulty gutters at our client office at Hangar 3. We have completed the rectification work in the first Quarter 2020 and as to date, no leaks were detected and there has been no complaints about leaks from our customers in Hangar 3.

Aviation Services-Customer Feedback

Aviation Services		
	FY2019	FY2020
Number of customer feedback received	2	10
Number of customer feedback resolved	2	9

Table 3: Customers' Feedback for Aviation Services

We have received positive feedback from our customers concerning our work process, professionalism and quality of service. Customer feedback (positive or negative) are taken seriously as it is an opportunity for us to continuously improve customer experience as well as customer retention. The data and feedback obtained from our customers will also enable us to tailor our service offerings in-line with the customer's needs and expectations.

In FY2020, our aviation segment's satisfaction rating rose about 60% from FY2019 as we have improved our customer complaints' response time. This is primarily contributed to the following factors:

Introduction of Facility Reporting Form

- Enhance reporting or complaint process from customer to Facilities Team for effective monitoring and completeness of documentation

Improvement of Customer Relationship Management Communication process and SOP

- All reporting or complaints received are addressed immediately by CRM Department.
- Immediate rectification work is conducted by the Facilities Team within stipulated time as per SOP

Diagram 7: Factors Contributed to Positive Customer Feedback

Aviation Services-Customer Satisfaction

Aviation Services

Item	FY2019	FY2020
Overall Customer Satisfaction Rating (%)	46.3	73.8

Table 4: Overall Customer Satisfaction Rating for Aviation Services

Note:

- Customer satisfaction survey is done annually through online survey.
- Criteria of survey consists of professionalism, response timeline, accuracy of information and communication.

SUSTAINABILITY STATEMENT

BUSINESS DEVELOPMENT & STRATEGIC PARTNERSHIPS / COLLABORATIONS

The current local and global economy has impacted businesses in various sectors and regions. To ensure economic long-term growth, our MRO and Engineering Services segment have invested in the following:

Maintenance, Repair and Overhaul ("MRO") or Engineering Services	
Maintenance, Repair and Overhaul ("MRO") or Engineering Services	<p>Other than investment in Sapura Technics as our Commercial Aircraft Maintenance, Repair and Overhaul ("MRO") arm, we had also made 51% equity investment in MTU Power Systems Sdn Bhd ("MPS"), a Joint Venture Company in non-aviation MRO industry that has effectively commenced its operations in end FY2020;</p> <ul style="list-style-type: none"> • MPS is a sole distributor of MTU products in Malaysia; • The formation of MPS is expected to enable SRB to be in non-aviation MRO business with potential recurring business in Malaysia and would improve SRB's association with global brands for potential future business opportunities; and • The main business of MPS is to distribute and perform MRO services on MTU products to marine (naval and commercial), rail, construction and industrial, mining, agriculture, oil and gas, and power generation market sectors. The power solutions also involve environmental friendlier engines with the advancement of technology.
Investment Management	
SRB	We review the relevance & attractiveness of existing investments to ensure capital employed are invested in assets that can generate better returns to our shareholders

Table 5: Investments to Ensure Long-Term Economic Growth

Our aviation segment represents the Asian Business Aviation Association ("AsBAA") and participated in seminars and discussions in the National Aviation Consultative Council ("NACC") in order to streamline and strategise growth of local aviation and MRO industry and deliberate on service level agreements with the Civil Aviation Authority of Malaysia. This is not only a good platform for us to highlight and resolve key issues surrounding the aviation and MRO businesses, but would also enable us to provide input on current and future policies and regulations that would affect the industry and business.

The information on our business environment and highlights for the reporting year and how we will move forward could be read further in our MD&A on page 12.

CORPORATE GOVERNANCE, ETHICS & INTEGRITY

SRB and its subsidiaries uphold high standards of corporate conduct with good corporate governance policies and practices to ensure the sustainability of the SRB as well as safeguarding the interests of our shareholders. For detailed disclosure on the application of its corporate governance policies and practices, please refer to the Corporate Governance Overview Statement on pages 70-79.

SUSTAINABILITY STATEMENT

Policies/Procedures/Code	Description
Code of Conduct and Ethics for Directors	<ul style="list-style-type: none"> Set forth the ethical and professional standards of corporate and individual behaviour expected of directors to uphold corporate integrity; and Enhance the standard of corporate governance and corporate behaviour.
Employee Code of Conduct (Section 10 of Employee Handbook)	<ul style="list-style-type: none"> Set forth the ethical conduct expected of the employees; This Code of Conduct set forth matters on conflict of interest, anti-money laundering, insider trading, harassment, abuse of power, confidentiality; and Contains our approach in managing conflict of interest, harassment, grievances, Employee Confidentiality and Protection of Confidential Business Information, abuse of power.
Whistle-Blowing Policy	<ul style="list-style-type: none"> Ensure stakeholders can raise concerns without fear of reprisals and safeguard confidentiality; Protect the whistleblower from reprisal as consequence of making a disclosure; Provide a transparent and confidential process for dealing with concerns; and Protect the long-term reputation of SRB and support SRB's values.
Anti-Bribery & Corruption Policy ("ABC Policy")	<ul style="list-style-type: none"> Adopts a zero-tolerance policy against all forms of bribery and corruption; Prohibits all Directors and employees of SRB and its subsidiaries as well as any third party, agent acting for or on behalf of SRB, or its Directors, officers and employees from directly or indirectly receiving or providing any form of gratification; The Integrity and Governance Unit ("IGU") handles complaint on breaches of ABC policy and non-compliance to governance; and Every individual is encouraged to raise concerns and speaking up when they see, or becomes aware of bribery, corruption and gratification. Complaints can be made through email to SRBethicsline@sapura.com.my.
Board Charter	Outlines 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.
Board Diversity Policy	<ul style="list-style-type: none"> Ensure a diverse and inclusive board that will leverage on differences in thoughts, perspectives, knowledge, skills, regional and industry experiences, cultural and geographical background, age, ethnicity and gender to achieve effective stewardship and management which lead to its competitive advantage; and Ensure that several aspects including but not limited to professional experience, skills and knowledge, gender, educational background, ethnicity, cultural and age are considered in designing the Board's composition.

SUSTAINABILITY STATEMENT

Policies/Procedures/Code	Description
Board Remuneration Policy	<p>Ensure that SRB maintains appropriately experienced and qualified board members, this policy is designed:</p> <ul style="list-style-type: none"> To attract and retain Directors; To motivate Directors to achieve SRB's business objectives; and To align the interest of the Company with the long-term interest of the shareholders.
Risk Management Policy and Control	<ul style="list-style-type: none"> Safeguard shareholders' investments and SRB's assets; and Mitigate primary risks that could inhibit the accomplishment of SRB's goals and objectives.
Receiving and Giving of Gifts and Contributions	<p>All employees are to comply to the following when dealing with any person or party who has any form of business or other dealings with the Group, including potential future dealings:</p> <ul style="list-style-type: none"> Not accept any payments or gifts the value of which is likely to be in excess, or any favours that might be regarded as placing the employee under some obligation to such person or party; Not allowed to request for gifts, service or bribe from suppliers or clients, regardless of its worth; and An Employee shall not use his position to his private advantage or conduct himself in such a manner as to bring his private interest into conflict with his duties in or obligations.
Anti-Money Laundering	<ul style="list-style-type: none"> Money laundering includes money used to fund terrorism, regardless of how it was obtained; Adopted a zero tolerance to all forms of fraud, bribery and corruption, including money laundering; and Employees are responsible to disclose knowledge or suspicion of money laundering to Legal Department.

Table 6: SRB's Corporate Governance Policies and Practices

The Board of Directors and Senior Management of SRB have established several committees with the involvement of key departments that are responsible to ensure good corporate governance at SRB is governed across all functions and all its subsidiaries. We also have a Subsidiaries Governance Framework which provide guidance for SRB to instill good governance to all business segments across the Group.

We understand the importance of having our employees trained on corporate governance and ethics to minimise and respond the potential of ethical breaches contrary to our policies, Code of Conducts and procedures.

Training	Number of Attendees (%) ("FY 2020")
Anti-Corruption & Bribery Awareness Training	88%
Code of Conduct Awareness Training	88%

Table 7: Group-wide Employees' Training on Corporate Governance and Ethics

SUSTAINABILITY STATEMENT

SUPPLY CHAIN MANAGEMENT

The supply chain process in general starts from needs recognition via Requisition Order from Users, selection of procurement strategy, sourcing the requests, evaluation and selection exercise, contract terms and conditions review, Issuance of Purchase Order and Letter of Offer and Acceptance to vendors, contracts and vendor management.

Our effort to have a holistic EES management in our operations includes setting an established and robust system in place to manage and monitor the performance of our suppliers. Our initiatives to ensure our supply chain is sustainable include conducting training programmes, establishment of Systems Application and Products ("SAP") system to streamline procurement management processes, and SOPs that are annually reviewed.

We have dedicated departments, namely Supply Chain Department and Cost, Contracts & Procurement Department that are responsible for conducting fair tender exercises, as well as ensuring procurement of contractors, consultants and goods are implemented in accordance with Procurement Guidelines and Procedures. For the aviation segment, the Supply Chain Department is overseeing matters including tender exercises, procurement, commercial analysis, suppliers meeting facilitation and vendor registration.

At SRB, we have policies and procedures in place for our property investment and aviation services segments to guide our operation towards achieving sustainability whilst generating long-term benefits for our stakeholders.



Property Investment

Policy/ Procedure	Description
Procurement Policy	<ul style="list-style-type: none"> Procedures in appointing and monitoring of suppliers/ vendors/ service providers; and SRB's commitment in local sourcing, green procurement, fair and transparent procurement dealings
Procurement Procedure (Letter of Award and Letter of Appointment)	<ul style="list-style-type: none"> Purchase contract which outlines specific requirements set out for the suppliers in areas such as material or product specification

SUSTAINABILITY STATEMENT



Aviation Services

Policy/ Procedure	Description
SOP and Procedure of Procurement	<ul style="list-style-type: none"> Enhancement of current Procurement Policy for the aviation business through additional Supplementary Standard Operating Procurement Procedures in order to measure performance of vendors supplying aviation related products & services; Ensuring the product & services rendered meet the Aviation & Safety standard; Enhancement of current SOPP to execute Procurement Process for Aviation related product & services; Consistency and efficiency in governing procurement activities; Transparency and visibility of all procurement activities within company; All procurement activities shall be in accordance to the Limit of Authority “(LOA)”; and Aviation business fulfils the requirement for goods / services with best value for money.
Vendor Contract Agreement	<ul style="list-style-type: none"> Outlines the terms and conditions to govern the services or products supplied to the Aviation Business



MRO

Procurement and Acceptance Policy	<ul style="list-style-type: none"> Setting out of policies in accordance with the requirements of the Civil Aviation Authority of Malaysia (CAAM) Airworthiness Notice 6501 on acceptance of aircraft components and materials
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Table 8: Supply Chain's Policies and Procedures for Property Investment and Aviation Services

Our vendors go through evaluation and monitoring processes to ensure fair evaluation of suppliers, contractors, work environment and performance safety. For both of our property investment and aviation segments, vendors are evaluated through the following criteria;



AVIATION SERVICES

- | | |
|--|--|
| <ul style="list-style-type: none"> Company Information, Certification (CAAM, EASA, ISO, OEM Distributor) and List of Major Customers; Outsourcing of Manufacturing and special processes; Training of employees Quality of delivered goods and services and Quality Control; | <ul style="list-style-type: none"> Personnel competency and availability as well as facility readiness; Tools and test equipment availability; Punctuality of delivering good and services; and Responsiveness and aftersales service. |
|--|--|

SUSTAINABILITY STATEMENT



PROPERTY INVESTMENT

- Work performed in compliance with contract terms;
- Staff professionalism;
- Customer service;
- Documentation records, receipts, invoices and computer-generated reports received in a timely manner and in compliances with contract specifications; and
- Safety management.

Diagram 8: Evaluation Criteria for Suppliers and Vendors

Prior to signing contract, we undertake a vendor pre-qualification and registration process via pre-qualification document or via Credit Reporting Agency ("Ramcredit") check where information is readily available online. Approved vendors will be registered into the Approved Vendor List ("AVL"). For Sapura Technics, vendor evaluation and approval are part of the regulators requirement and is embedded into our procedural manual. Our vendors are given time to respond to non-compliance to STSB and/or CAAM requirements. If the vendor is still unable to comply, STSB shall remove the vendor from STSB's approved vendor listing.

For the existing suppliers and vendors, we monitor their performance via a Vendor Performance Evaluation Form ("VPEF"), which includes highlights of the vendor's punctuality in delivering the goods or services, quality of delivered goods or services, vendor's completeness of documenting transaction, cooperation of vendor and their attitude towards protecting SRB's value and trademark, as well as the performance results which details out the number of suppliers evaluated and percentage or number of suppliers who have met the requirements or criteria.

Operating Segment	Year	No. of suppliers evaluated	No. of suppliers that have met requirements/ criteria	Frequency of Assessment	Assessment Method
Property Investments	FY2017	86	86	Annually	Via VPEF from respective Users
	FY2018	91	89	Annually	Via VPEF from respective Users
	FY2019	75	73	Annually	Via VPEF from respective Users
	FY2020	76	75	Annually	Via VPEF from respective Users
Aviation Services	FY2018	97	97	Annually	Via VPEF from respective Users
	FY2019	94	90	Annually	Via VPEF from respective Users
	FY2020	66	62	Annually	Via VPEF from respective Users
MRO	FY2020	35	31	Annually	Desktop & Site Audit

Table 9: Number of Suppliers Evaluated and Percentage of Suppliers Who Have Met the Requirements

1. At aviation segment, for the suppliers who failed to meet the requirements, SRB would engage these suppliers and potentially impose penalties, blacklisting, and/or termination of contract
2. At MRO, we are not permitted to purchase from vendors that failed to meet our requirements. Data is only available for FY2020 since operations only commenced in the end of FY2020.
3. At property investment segment, if a supplier does not meet the requirements set, the vendor will then be blacklisted and removed from the Company's Approved Vendor List (AVL) and/or termination of contract.

SUSTAINABILITY STATEMENT

We have improved our engagements with our suppliers. We clearly communicate our expectation from our suppliers and regularly discuss and communicate whenever necessary either via meetings, phone calls or emails. Through the communication platforms, we are able to deliver clear definition and understanding on the scope of works or services provided by client before sending out for Vendors to Quote. We always ensure that appointed vendors have certain level of competencies required in their specific area of expertise, related to the work or service awarded. On top of that, we have assigned dedicated competent person in-charge ("PIC") to monitor and manage projects apart from achieving good client-vendor relationship.

Across all our three business segments, we prioritise sourcing from competitive local suppliers wherever possible. We seek local expertise that are qualified and meet our requirements for most of the sourcing.

SRB's efforts to promote local sourcing:

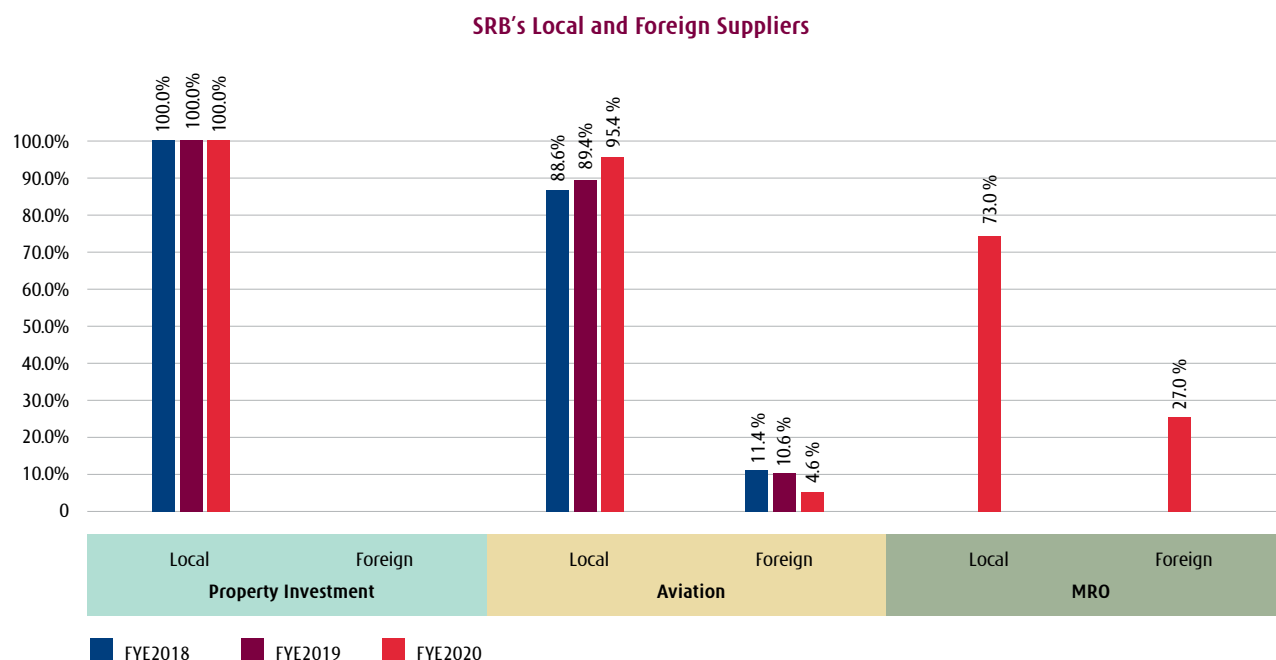
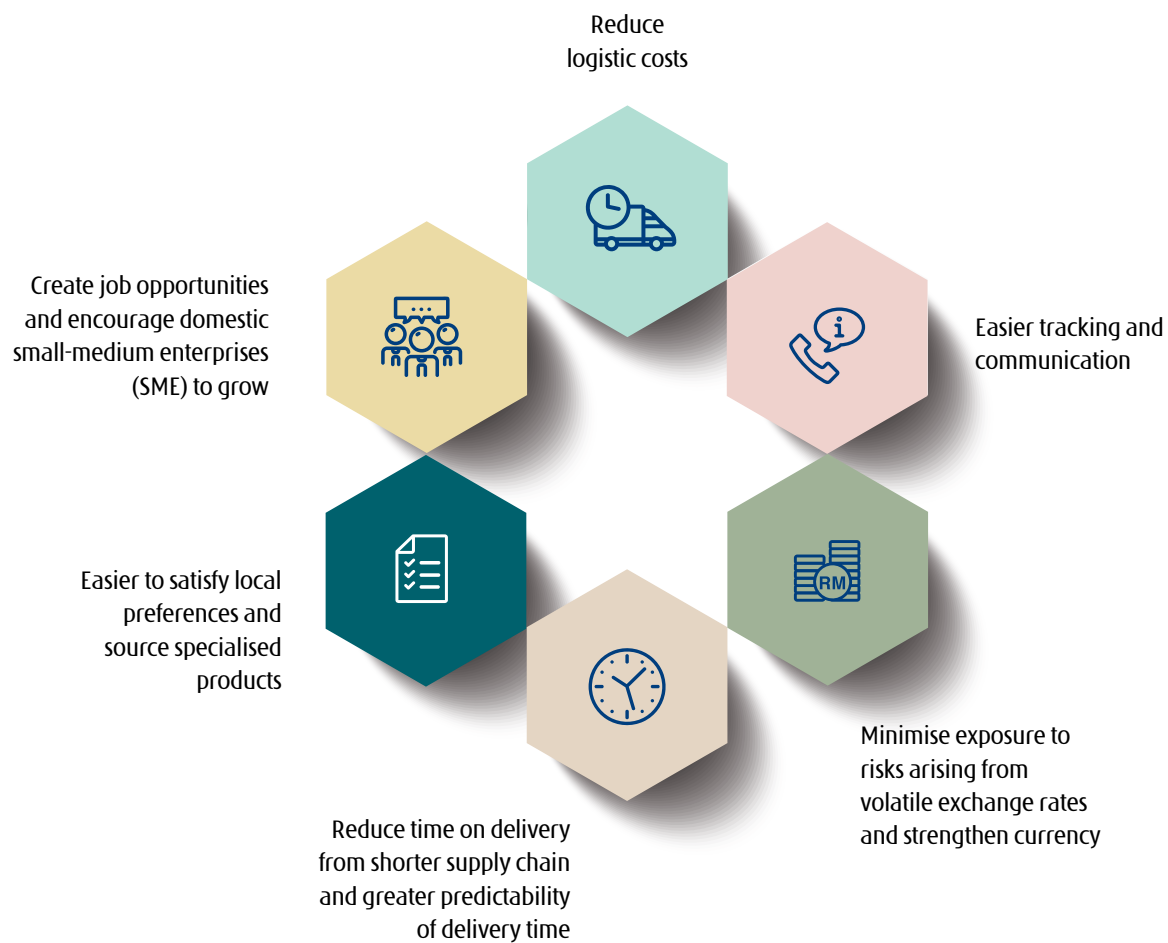


Diagram 9: Group Local & Foreign Supplier Statistics

Data for MRO is only available for FY2020 since operations only commenced in the end of FY2020.

SUSTAINABILITY STATEMENT

Positive Impact from Local Sourcing:

**Diagram 10:** Positive Impact from Local Sourcing

SUSTAINABILITY STATEMENT

THEME 2: IMPROVING SOCIAL WELLBEING

As part of the roles of a responsible organisation, we take the appropriate measures to build strong human and social capitals to support the welfare and matters that interest to our people and the surrounding community.

OCCUPATIONAL SAFETY & HEALTH

SRB does not compromise in matters related to the Occupational Health and Safety (“OSHA”) of our employees. We ensure our assets and buildings are aligned with legal requirements and standards. We always strengthen our OSHA management to protect the health, safety and well-being of our employees or any third party in our premises at all time.

Our Occupational Safety and Health Management System assists employers to understand general health and safety (“H&S”) measures along with associated risks in the workplace. It also outlines the policies and procedures in compliance with the national *Occupational Safety & Health Act 1994 and Safety & Health Committee Regulation 1996*. Other policies we abide to are the *Factory & Machinery Act 1967, the Uniform Building by Law 1984, and the Fire Service Act 1988*.

At Sapura Technics, we also adhere to industry standards and certifications to manage our employees’ H&S at our operation that include the Civil Aviation Authority Malaysia PART 145 AN6501, the Civil Aviation Authority Malaysia AN6501, and the Civil Aviation Authority Malaysia AN2101 & AG2101. Safety Management System (“SMS”) is a mandatory element of our approval. This involves compliance to CAAM’s AN2501 which cover a host of areas from approval of an SMS Manager, necessary training, safety risk management, assurance and training/communication of SMS.

On top of the Safety and Health Policy and related manuals, we also ensure the compliance of our aviation segment to the national standards, including including Annex 19 (Safety Management System) and Occupational Safety and Health Act (OSHA).

We have also established the respected committees and have appointed certified safety officers to oversee all the OSHA related matters for both our property investment and aviation segments, which also to monitor the efficiency of our Safety and Health Policy and OSHA manuals.



Occupational Safety and Health Committee

- Consists of safety officers and personnel across our operations to carry out programmes related to safety and health;
- Reviews the effectiveness of Occupational Safety and Health Committee (OSH) programmes by conducting safety inspections/ audits and carrying out investigations on accidents/ incidents that occurred at the workplace;
- Identify and resolve safety and health issues;
- Develop and monitor safe systems and procedures;
- Promote employees’ interests in safety and health awareness and issues;
- Provides progress updates on initiatives and submits regular OSH reports to Management monthly; and
- Conduct biannual Safety and Health Committee meetings.

SUSTAINABILITY STATEMENT



Certified Safety Officers

- Appointment of Safety Officer across our three business segments to advise on matters related to OSH;
- Conduct regular safety inspections.
- Tasked with enhancing general safety awareness amongst employees by providing daily briefings before commencement of work;
- Monitors and assesses hazardous and unsafe situations;
- Develop measures to assure personnel safety;
- Safety Officer maintains awareness of active and developing situations;
- Maintains a list of occupational and safety accidents and report to higher management; and
- Provide safety and healthy training to all staffs.

Key Trainings for our Safety Officers

- Certified training programme and registered with Department of Safety and Health (Green Book) and to be ready during emergencies and be familiar with the types of Personal Protective Equipment (PPE) required for specific work and
- Safety Supervisor has undergone training at NIOSH to develop skills and knowledge on the following:
 - » Conduct hazard identifications, risk assessments and risk controls;
 - » Brief on the OSH-MS;
 - » Plan OSH programmes;
 - » Interpret OSH legal requirements; and
 - » Be a competent Safety & Health Officer (upon passing examination and registration with DOSH).

Diagram 11: The Roles of Occupational Safety and Health Committee and Safety Officers

SUSTAINABILITY STATEMENT

We have conducted training programmes to educate our people to raise awareness and develop Health and Safety competencies across all levels in our organisation and received 100% participation rate as highlighted in the table below:

Name of training programme	Key areas covered in the training	Frequency of training	Employee category who are required to attend
Property Investment			
Working at Height Internal Training	To train and familiarise staff working at height procedure	Annually	Technicians/Supervisors/Engineers
	Familiarise with a proper PPE during working at height	Quarterly	Management and Technicians
Annual Fire Evacuation Drill Exercise	Fire and Rescue Department of Fire Services Act 1984	Annually	All personnel
Emergency Response Command Drill Training	Fire and Rescue Department of Fire Services Act 1984 Basic First Aider	Annually	All personnel
Aviation			
Safety Management System Awareness	<ul style="list-style-type: none"> Safety risk identification and management; Safety assurance & monitoring; and Safety promotion. 	Biennially	All personnel
Usage of Personal Protective Equipment ("PPE") and Proper Tools/Equipment	Correct procedures to apply PPE and tools/equipment	Annually	All personnel
First Aid and CPR Training	Application of first aid and practical Cardiopulmonary Resuscitation ("CPR") during an emergency	Annually	All personnel
Fire and Evacuation Drill Training	Familiarise the employees with the proper process of evacuation during a fire incident	Annually	All personnel
Airport Emergency Exercise	Emergency evacuation process at Subang airport in case of fire, bomb threat, terrorist act, and chemical spillage	As and when required	Security and operations related employees
MRO			
Health and Safety Awareness	<ul style="list-style-type: none"> Health and Safety risk identification and management; Health and Safety assurance & monitoring; and Safety promotion. 	Biennially	All personnel

Table 10: Training Programmes on Occupational Health and Safety

SUSTAINABILITY STATEMENT

We have been undertaking various initiatives to better manage our Health and Safety across our operations as summarised below:



Property Investment

- Onsite medical clinics for treatments of work-related injuries (qualified medical officer);
- Safety Officer conducts a monthly Safety awareness talk to staff;
- Initiated programme for Scheduled Waste disposal
- Revisit and comply with the (Department of Occupational Safety and Health ("DOSH");
- Implemented Risk Assessment Matrix for all high-risk tasks;
- Established a station with Respiratory Protective Equipment ("RPE") and Personal Protective Equipment ("PPE") for staff
- Imposed Chemical Handling Standard Operating Procedure ("SOP") inclusive Chemical Hazard Risk Assessment ("CHRA") with our in-house cleaners; and
- Provided a Janitor station at the washroom on each floor for cleaning chemical transfer activities.



Aviation

- Replacement and Maintenance of Fire Extinguisher and PPE at our premise
- Planning to register with DOSH under the *OSH Act 1994 (Part 15, Section 67, Schedule 1 Subsection 1 (2) No. 9)*
- Installation of fire suppression and smoke extractor system at the hangar facility.



MRO

- Installation of hangar door to meet EASA's requirement from weather hazards towards aircraft on maintenance at Sapura Technics Hangar; and
- Enhancement of fire suppression system to meet the local regulation and obtain Fire Certificate from BOMBA at Sapura Technics Hangar



Diagram 12: Key Initiatives to Manage Health and Safety Matters

SUSTAINABILITY STATEMENT

We also conduct regular monitoring and report to the management on our H&S performance. In FY2019 and FY2020, there were zero cases of fatality reported. At our property investment segment, the number of accidents has reduced from two (2) cases in FY2019 to one (1) case in FY2020.

However, our aviation segment has reported an increase of recordable incidents i.e. from 10 cases in FY2019 to 15 cases in FY2020. We have taken the appropriate measures in responding to the incidents and constantly better manage our initiatives to improve our safety and health performance.

Details for the incidents and actions taken are as follow:

PROPERTY INVESTMENT				
 Dangerous Occurrence	FY2019		FY2020	
	Number of Cases	2	Number of Cases	0
	Site	Sapura@Mines	Site	-
	Causes & Consequences	External contractors fail to comply with safety procedures that could have led to body injury or fatality	Causes & Consequences	-
	Actions Taken	Stop work immediately and commence investigation for root cause. Work resume only after safety procedure is in place	Actions Taken	-
 Medical Treatment Cases	Number of Cases	0	Number of Cases	1
	Site	-	Site	Sapura@Mines
	Causes & Consequences	-	Causes & Consequences	Minor cut at finger
	Actions Taken	-	Actions Taken	Install rubber protection to the panel and replace with new panel design

SUSTAINABILITY STATEMENT





AVIATION SERVICES				
	FY2019		FY2020	
 Dangerous Occurrence	Number of Cases	5	Number of Cases	1
	Site	Sapura Hangars	Site	Walkway
	Causes & Consequences	Lack of safety awareness practices that caused injuries from driving accidents	Causes & Consequences	Shoulder injury from falling due to walking on slippery walkway
	Actions Taken	Increase the numbers of safety training for in FY2019 to ensure that staff have better knowledge and safety awareness	Actions Taken	To extend the roof along the walkway which help to reduce the growth of the moss, thus avoid slippery condition
 Medical Treatment Cases	Number of Cases	1	Number of Cases	1
	Site	Hangar 1	Site	General Store
	Causes & Consequences	Explosion of oxygen cart gauge which cause minor bleeding	Causes & Consequences	Dislocated knee due to body imbalance on the ladder during store management work
	Actions Taken	Replace all old and expired gauges more than 3 years in service	Actions Taken	Enforce staff to utilise proper equipment during store management work
 Bodily Injury (Lost Time Injury)	Number of Cases	0	Number of Cases	1
	Site	-	Site	Hangar 1
	Causes & Consequences	-	Causes & Consequences	Staff fell while pulling the toilet cart due to oil spillage resulting in shoulder injury
	Actions Taken	-	Actions Taken	Emphasise to the Leading Hand to perform proper inspection after the customer has completed their maintenance tasks
 Others	Number of Cases	4	Number of Cases	2
	Site	Hangars & Apron	Site	Apron
	Causes & Consequences	Vehicle accidents and aircraft damage	Causes & Consequences	Accident and incident involving company vehicles within the facility
	Actions Taken	Investigate the root cause for every issue and mitigate it		Enforce the authorisation process applicability to all staff that perform any driving and towing within the premise

Table 11: Workplace Accidents and Actions Taken

SUSTAINABILITY STATEMENT

FAIR & INCLUSIVE WORKPLACE

As our greatest asset, our employees play a substantial role to drive the sustainable future of the Group. We treat everyone with respect, and we embrace the diversity of the background of our employees to create a positive working environment at SRB.

Our Employee Handbook outlines our approach to ensure fair and inclusive workplace are being managed across all management levels at SRB.

We respect the rights of our employees regarding freedom of association and the rights to be members of trade unions. All positions are filled based on requirements set by Management and is not discriminated. Candidates that are qualified to fill in new position openings within the Group are selected based on their level of professionalism and experience.

This year, we recorded 211 workforces across all our business segments. The demographic of our employees is shown below:

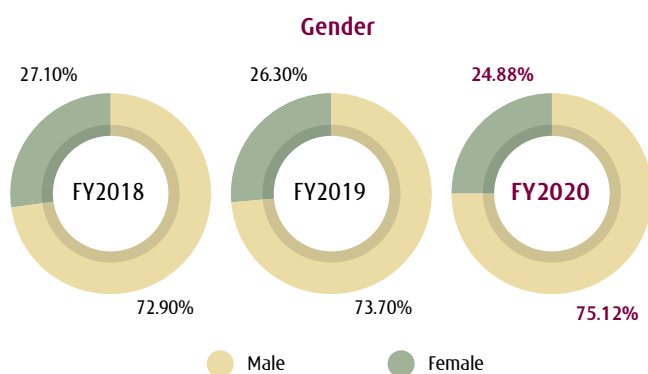


Diagram 13: Percentage of Workforce by Gender

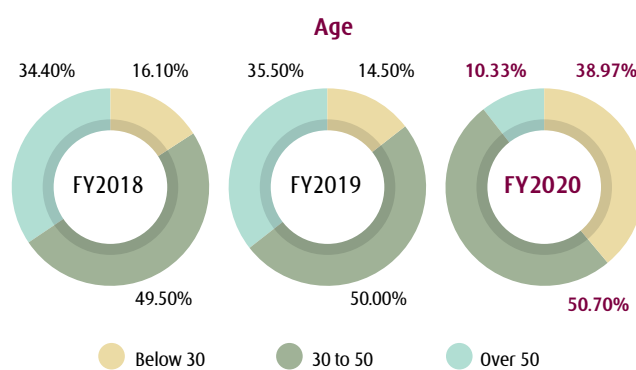


Diagram 14: Percentage of Workforce by Age Group

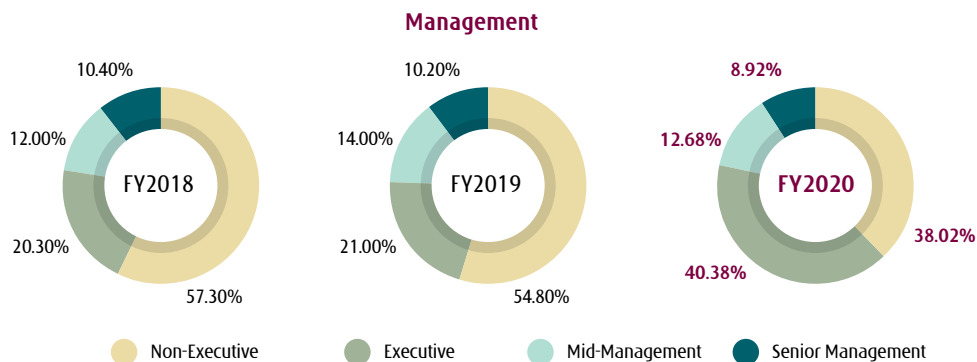


Diagram 15: Percentage of Workforce by Management Position

SUSTAINABILITY STATEMENT

We take employee welfare as our priority to promote a conducive workplace, subsequently drives the performance of our people. At SRB, we have several benefits provided to our employees, including life insurance and medical benefits as highlighted below:


 Employee Welfare and Benefits	
Life Insurance and Medical Benefits	Group Term Life & Accident that covers general health claims and hospitalisation including dependents. All SRB employees and their dependents are covered by our Third-Party Administrator ("TPA"), PMCare for outpatient General/Specialist Treatment or Inpatient Medical Benefits with coverage in accordance of job grade.
Health and Wellness	<ul style="list-style-type: none"> Sports and Recreational groups organise onsite health screening, badminton and bowling tournaments. Practice of Fatigue Risk Management Program for Aviation employees which practiced minimum rest period for staff that works late night duty to have minimum rest period of 10 hours when reporting duty prior next day.
Welfare for New Parents	<ul style="list-style-type: none"> Maternity leave = 60 days; and Paternity leave = 3 days.
Other Benefits	<ul style="list-style-type: none"> <i>Travelling Allowances comprises of Meal Allowance, Overnight Allowance, Winter Clothing Allowance, and Laundry Reimbursement.</i> <i>Mobile Phone Allowance, Transport Allowance, Parking Allowance, Shift Allowance, Staff welfare includes death/funeral support for immediate families, calamity, wedding gift, baby gift and hospitalisation fruit basket gift.</i>

Table 12: Employee Welfare and Benefits

Employee engagement is essential to ensuring smooth business operations as their feedback is important. We encourage employee engagement through various platforms and channels to manage their concerns. SRB will not tolerate harassment or discrimination of any kind including race, colour, religion, gender, sexual inclination, age, citizenship, disability & marital status.

An employee grievance can be defined as any discontent or dissatisfaction, whether expressed and whether valid or not, arising out of anything connected with the Group an employee believes or even feels is unfair, unjust and inequitable. Our grievance mechanism applies to all employees, regardless of their role or seniority. Diagram below highlights the SRB's Grievance mechanism.

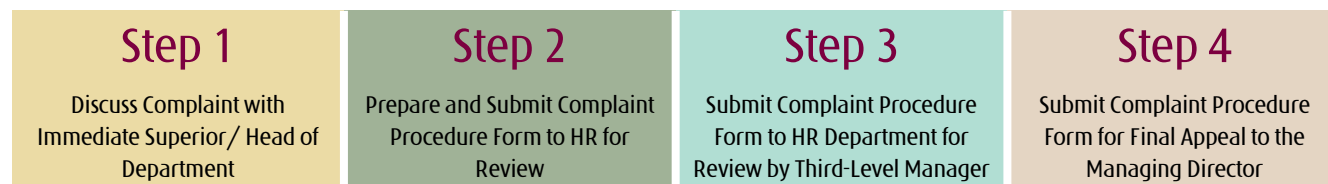


Diagram 16: SRB's Grievance Mechanism

SUSTAINABILITY STATEMENT

We ensure that we cater the best working condition to our employees and will do as much as we can to keep our workforce productive and happy to be part of our workforce.

Item	FY2018	FY2019	FY2020
Employee Attrition Rate	21.90%	14.00%	26.00%

Table 13: Employee Attrition Rate

DEVELOPMENT OF HUMAN CAPITAL

We aspire to attract and retain the best talent that are motivated in improving SRB's business performance to remain competitive in the market. We support the development of our employees and we provide them with training programmes for them to improve on their industrial knowledge, skills and proficiency that would indirectly improve our overall business operations. The management including the Head of Departments, managers and supervisors are responsible

to conduct an annual performance appraisal for all our employees as an engagement platform to evaluate their individual performance and understand their development needs. To SRB, the main objectives of the evaluation are as below:

1. Ensure constant attention to employee development
2. Engage to motivate the employees
3. Identify high potential candidates for future promotion
4. Identify underperforming candidates to enrol in development programmes (Performance Improvement Plan)
5. Develop plans for upcoming year's annual training programmes

Diagram 17: Objectives of Annual Performance Appraisal

The feedback from the engagement will be further collated by our Human Resource Department.

Technical Training	
FAA Airframe & Powerplant (A&P) Course & Exam	Personnel from the Aircraft Maintenance from the Aircraft Management Department attended the of theoretical and practical overseas training that covered areas on Airframe, Powerplant and General
Rolls Royce AE 3007A Line maintenance training	A senior manager from the Aircraft Services attended the theoretical and practical overseas training on AE 3007A particularly use on Embraer 145
Non-technical Training	
Handling Misconduct, Conducting Domestic Inquiry (DI), Manufacturing & Services Sectors Training, Taxation Training Programmes, Soft Skills	<p>The trainings were focused to develop motivation of our employees across various functions by improving their proficiency by leveraging high-quality soft skills learning content in three critical areas:</p> <ul style="list-style-type: none"> • Interpersonal skills (collaboration and teamwork for example) • Logic skills (critical thinking and decision making) • Communication skills (listening and speaking)
Regulatory Training	
Aircraft Safety Refresher, Human Factor, Safety Management System	Trainings related to Aircraft mandatory requirement for Aviation employees at Aviation Services and Aerohandlers Sdn Bhd

Table 14 – Examples of Group Employee Training Programmes & Number of Attendees for FY2020

We also support our employees who pursue their professional certification by providing reimbursement for the Professional Membership fees as well as granting 5 days of examination leave.

SUSTAINABILITY STATEMENT

COMMUNITY DEVELOPMENT

We are fully aware that our presence where we operate can deliver a meaningful impact for the local community. SRB has expanded its Corporate Social Responsibility (“CSR”) programmes as highlighted below.

SRB contributes to local communities to express the importance of active involvement by organisations in sustainable societal building. This leads to the indirect positive outcome that leans towards the social development and welfare of the community we operate in.

We host annual Ramadhan Fast-Breaking (Iftar) treats for employees and underprivileged children. The Group’s yearly tradition aims to spread the Ramadhan spirit of sharing and giving for the less-privileged members of society. In addition to hosting the dinner and supper, SRB contributed to this event by providing logistics support and event venue.

Our Hari Raya Open House is an annual event to instill the Muhibbah spirit and it is a good time for all employees, Management, clients, and children from underprivileged homes to join in the festivities. The event also fostered harmony and better understanding amongst society. It represents an epitome of good resolutions for a new beginning and a better year ahead. Management prepared goodie bags and gave duit raya to all the children who attended.

We had also granted sponsorship to Yayasan UTP for Intercultural Service by Engineering Community (i-Sec) Student Outbound Mobility Engagement. Through this sponsorship, Universiti Teknologi Petronas (UTP) students had contributed their time and effort by teaching and sharing their experience and knowledge to children and adults in rural areas. Apart from that, SRB had given sponsorship to Team Sapura Cycling Sponsorship to encourage the public to adopt a healthy and fit lifestyle. We also had provided Wheelchairs donation to “Majlis Penyerahan Bantuan Kerusi Roda Rakyat Malaysia” by donating 10 units of wheelchairs. These initiative led to indirect positive outcome that leans towards the social development and welfare of the community we operate in and promote the purpose of achieving SRB corporate branding exposure.

SUSTAINABILITY STATEMENT

THEME 3: DRIVING ENVIRONMENTAL SUSTAINABILITY

As a responsible organisation, we are aware about the rising concern regarding climate change risks and issues and its impacts towards our business operations. SRB strives to minimise our environmental footprints and impact through our efficient management of energy, water and waste of our operations, and to improve the overall environmental performance.

WASTE MANAGEMENT

SRB strictly adheres to the *Environmental Quality (Scheduled Wastes) Regulation 2005* for a sound waste management. Our aviation and MRO segments are also guided by the relevant standards such as the Civil Aviation Authority of Malaysia (“CAAM”) and practices equivalent to the European Aviation Safety Agency (“EASA”). In addition, our aviation segment abides by an Environmental Management System (“EMS”), which is a structured system or management tool to help an organisation identifying the environmental impacts resulting from business activities, and to improve the environmental performance.

At Sapura@Mines and the MRO segment strictly refers to the Waste Management System procedures to adhere to local regulations on waste management from such as waste segregation, storage and transportation.

Notably, the aviation and MRO segments have the Waste Management Standard Operating Procedure (“SOP”), a systematic approach to manage its hazardous and non-hazardous waste disposal and recycling procedures. At our aviation segment, we have placed various recycle bins within the facility to encourage recycling initiative. On a monthly basis, our Aviation Facilities Operation Team to monitor and report to the Management on our waste management practices and to promote other activities in relations to the waste management programmes.



Employee's Training on Environmental Management

During the year under review, SRB's aviation segment has sent out a participant to attend a training on Occupational Safety and Health (“OSH”) and Environmental Management, organised by the Malaysia's National Institute of Occupational Safety and Health (NIOSH). This training was aimed to set awareness the scope of organisational OSH & Environment (“OSHE”), risks and hazard management.



Group Initiatives for Effective Waste Management



Property Investment (Sapura@Mines)

- Paper, furnishing and fixtures recycling initiatives;
- Reduce colour printing;
- Ensure equipment oil is properly disposed by an appointed licensed contractor;
- Promote paperless communication;
- Introduce scheduled hazardous waste management; and
- Ensure all new equipment for future installation is environmental-friendly.
- Promote recycling and waste segregation programme for building general waste and keep track of waste record by monthly reporting

SUSTAINABILITY STATEMENT



AVIATION SERVICES

- Waste segregation measure is in place, by placing different bins in and around hangars, and the waste are disposed according to the waste categories;
- Positioning of spill kits at various locations to manage spillages;
- Chemicals and excess fuel will be disposed according to the applicable local environmental regulation through a licensed third-party;
- Ensure all new equipment for future installation is environmental-friendly; and
- Ensure equipment oil is properly disposed by an appointed licensed contractor.

Table 15: Key Initiatives in Waste Management

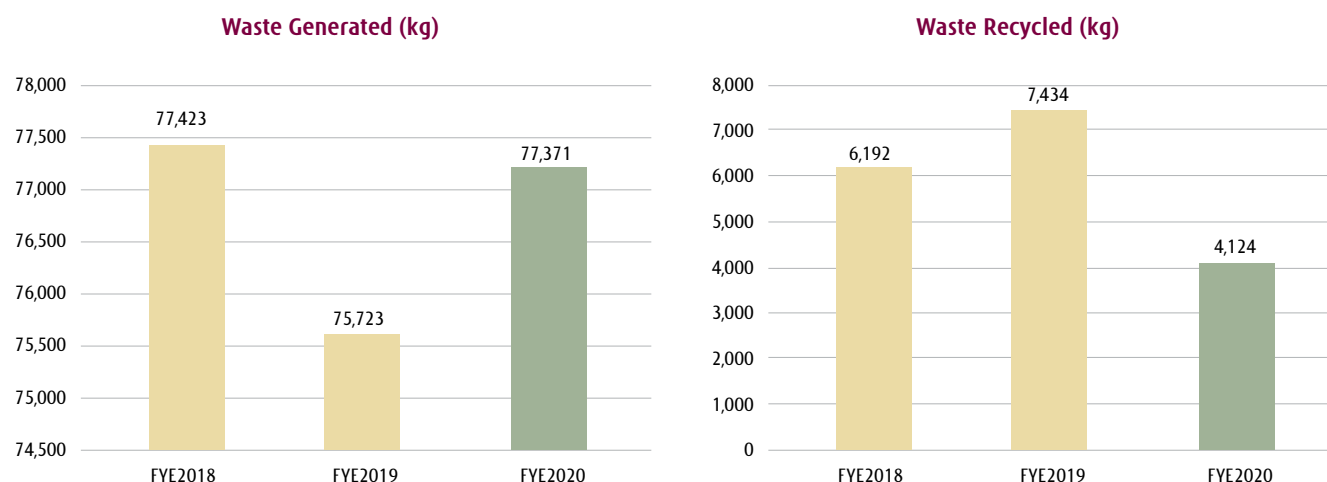


Diagram 18: Waste Generation and Recycling at Sapura@Mines

We also look into ways to reduce our waste in our supplier management. At Sapura@Mines, the SAP system for our procurement practices helps to minimise the usage of paper hence that leads to cost reduction, boost productivity, save space, make documentation and information sharing easier, better record keeping or tracking and helps to minimise our suppliers' environmental impact.

SUSTAINABILITY STATEMENT

WATER MANAGEMENT

Our water management includes planning, developing and ensuring optimal use of water while complying with regulatory requirements. Our water management initiatives include the establishment of a systematic schedule to continually manage and monitor our water consumption and leakages and we report our water consumption to management on a monthly basis.

At Sapura@Mines and our aviation segment, the Facilities and Maintenance Department carries out daily inspection of water tank, plumbing and water piping. The inspection includes updating the daily facilities checklist to monitor water leakages or to detect any defects.



Employee's Training on Environmental Management

SRB's Planned Preventive Maintenance ("PPM") team from property investment segment has undergone technical training. This training was aimed to provide the team with the necessary skills to carry out the PPM.



Group Initiatives for Effective Water Management



PROPERTY INVESTMENT (SAPURA@MINES)

- Practice PPM by monthly and conduct annual audits or as when necessary to identify and monitor leakages in the piping systems of the buildings;
- Usage of motion sensor activated tap in washrooms; and
- Usage of motion sensor urinal activated urinal flush.



AVIATION SERVICES

- Monitoring of water consumption on a monthly basis using Monthly Water Utilisation Table; and
- Daily inspections using the Daily Facilities Checklist to identify any leakage and defaults.

Table 16: Key Initiatives in Water Management

Water Consumption (m3)

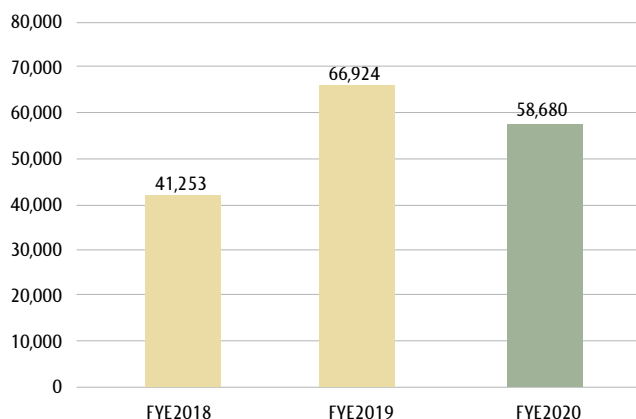


Diagram 19: Water Consumption at Sapura@Mines

SUSTAINABILITY STATEMENT

CARBON EMISSION & ENERGY MANAGEMENT

At Sapura@Mines, we continually improve our energy performance and efficiency to minimise energy wastages with corporation with our tenants. Our Facilities Management and Building Services Manager which is also a Certified Energy Manager is responsible for monitoring and analysing the rate of electricity consumption at Sapura@Mines and updating the Management on our monthly performance.

For the aviation segment, we follow Facilities Management Standard Operating Procedure ("SOP"), which outlines the standard processes in managing facilities, and includes maintaining, monitoring and also measuring energy consumption. The rate and pattern of electricity consumption at the AeroDome Hangar is monitored by Facilities & Maintenance Department, which would then submit the monthly consumption report to the Management of each Hangar.



Group Initiatives for Effective Energy Management



PROPERTY INVESTMENT (SAPURA@MINES)

- Upgrading chillers to inverter magnetic bearing to avoid the usage of fluid lubrication and reducing the start-up load
- Installation of switch timers and photocell in the indoor parking area;
- Installation of electric and hybrid vehicle charging stations at Sapura@Mines;
- Replacement of energy consuming florescence tube lighting with energy saving light emitting diodes ("LED") in the indoor parking and staircase areas;
- Usage of centralised air conditioning schedule monitoring;
- Usage of common areas lighting schedule monitoring; and
- De-lamping of all staircase and parking area to reduce the number of bulbs used.



AVIATION SERVICES

- Converting to energy saving light emitting diodes ("LED") lights in & around hangar and office facilities; and
- Installing Inverter air conditioning units for office, store or facilities with long hours of usage (Above 12 hours).

Table 17: Key Initiatives in Energy Management

Electricity Consumption (mWh)

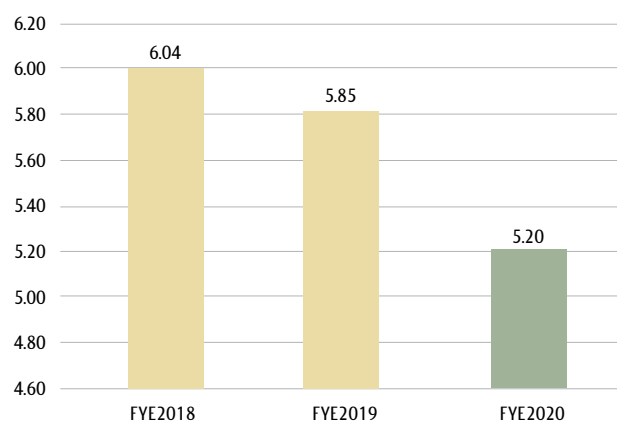
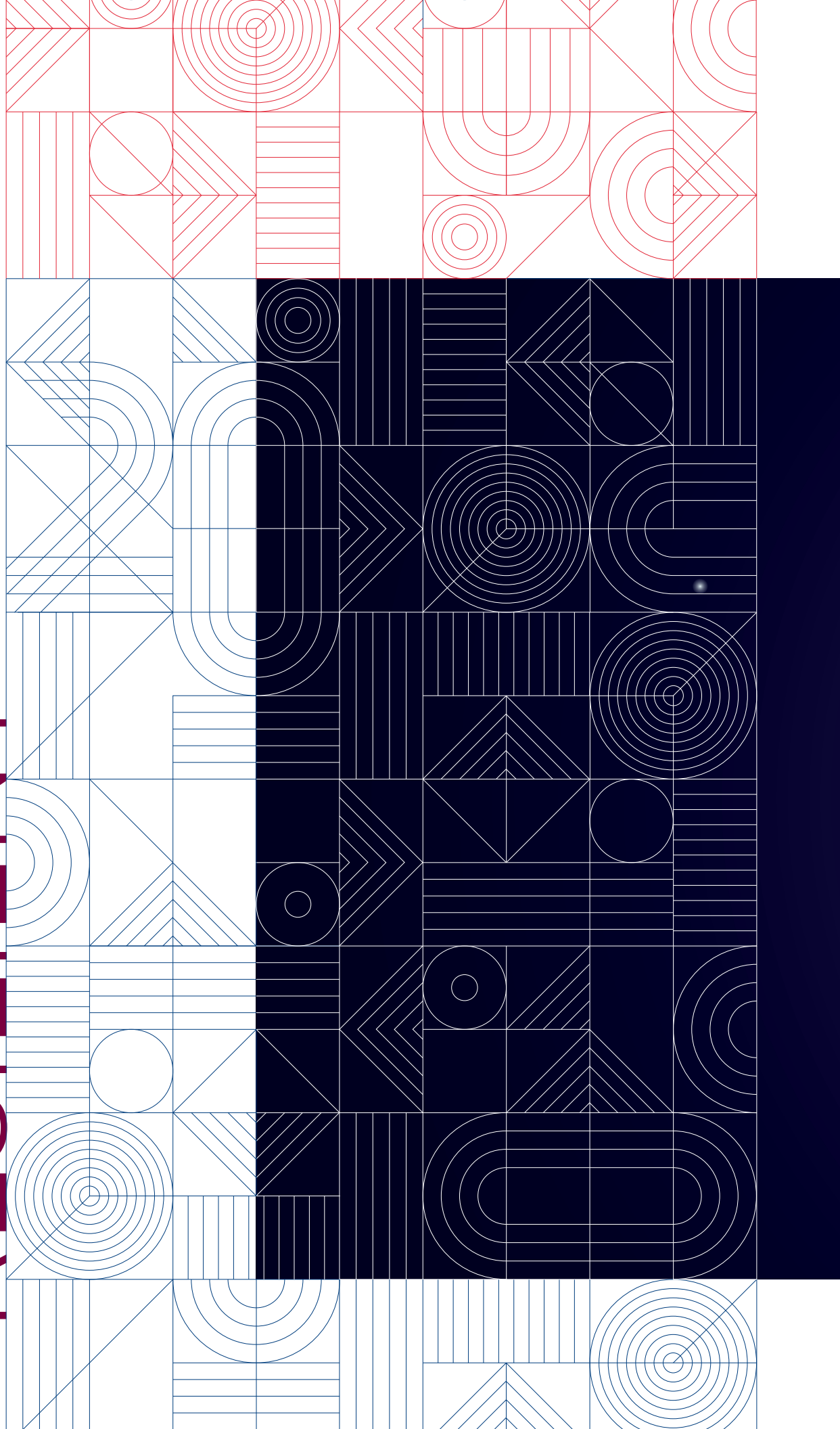


Diagram 20: Electricity Consumption at Sapura@Mines

GOING FORWARD

We acknowledge that the uncertainty in the businesses that we are in have impacted our operations and financial performance. As we are completing this report, our businesses are also experiencing unprecedented adversity due to COVID-19 pandemic crisis that would further create challenges for us to create value for our business and stakeholders. We shall remain steadfast in overcoming the challenges and to remain competitive in the market and to undertake the relevant mitigation strategy and plans to be sustainable which include our periodical exercise as per Table 5 to review the relevance & attractiveness of existing investments to ensure capital employed are invested in assets that can generate better returns to our shareholders.

RESILIENT



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

Corporate Governance

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CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Sapura Resources Berhad (“SRB” or “the Company”) 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 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 the Management.

The Board plays an important role in reviewing and guiding strategy and to 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 risk. 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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 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 Committees' 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 2020 ("FYE 2020"), the Company Secretaries have updated the Board on material changes in the company law and tabled the regulatory development at the relevant Board Meetings for the Board to keep abreast with new regulatory developments.

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 2020, 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, advices and explanations 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 Corporate Services which includes the legal services.

Board Charter

The Company has in place a Board Charter which governs how the Company conducts its affairs.

In discharging its duties, the Board is guided by its Board Charter which outlines 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.

The Board Charter is available on SRB's corporate website at www.sapura-resources.com.

Code of Ethics and Conduct

The Board has adopted a Code of Conduct and Ethics of the Company which provides guidance to all Directors and employees of the Group as to the ethical conduct to be complied to uphold the principles of honesty and integrity, to ensure a high standard of ethical and professional conduct is upheld in the performance of their duties and responsibilities. The Code of Conduct and Ethics for Directors 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 Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Whistleblowing Policy

The Board has adopted a Whistleblowing Policy to encourage all Company's stakeholders including but not limited to the employees, vendors and customers to raise genuine concerns about possible improprieties involving the Group in matters relating to financial reporting, accounting controls, compliance, improper conduct and other wrongdoings and malpractices on a confidential basis without fear of intimidation or reprisal.

The Whistleblowing Policy will be reviewed by the Board from time to time 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 his/her concerns to the designated email address: ChairmanBARCSRB@sapura.com.my or SeniorIndependentDirectorSRB@sapura.com.my

Anti-Bribery and Corruption Policy ("ABC Policy")

During the FYE 2020, the Board has adopted an ABC Policy on 28 November 2019. The ABC Policy is applicable to SRB and across all subsidiaries of SRB, all levels and all business/support units in SRB.

The purpose of the ABC Policy is:

- to set out SRB's responsibilities and responsibilities of all employees, officers and Directors to observe and uphold SRB's stance on zero-tolerance to bribery and corruption.
- to provide information and guidance on how SRB expects the employees and those working for them to conduct themselves.
- to provide guidance on how to recognise bribery and corruption and to set out the procedure on how to raise concerns on breaches of this policy, without fear of reprisal.
- to ensure that SRB has adequate procedures in place to prevent and detect bribery and corruption.
- to protect SRB against the possible penalties and repercussions resulting from acts of bribery and corruption.

SRB has formed an Integrity and Governance Unit ("IGU") which shall be primarily responsible for the implementation and administration of this ABC Policy. The IGU will be headed by the Integrity & Governance Officer ("IG Officer"). The IGU has the responsibility for monitoring the use and effectiveness of the ABC Policy and dealing with any queries on its interpretation. The IGU reports directly to the BARC. Any reports on breach of the ABC Policy can be made to the designated email address at SRBethicsline@sapura.com.my

The ABC Policy is available for viewing at the Company's corporate website at www.sapura-resources.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

II. Composition of the Board

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

Name	Designation	Length of service (as at 29 May 2020)
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	Chairman/Independent Non- Executive Director	10 years 9 months
Tan Sri Dato' Seri Shahril bin Shamsuddin	Non-Independent Non-Executive Director	30 years 3 months
Dato' Shahrman bin Shamsuddin	Managing Director	14 years 10 months
Dato' Fuziah @ Fauziah binti Dato' Ismail	Senior Independent Non- Executive Director	10 years 9 months
Dato' Muthanna bin Abdullah	Independent Non-Executive Director	11 years 5 months
Encik Ahmad Jauhari bin Yahya	Independent Non-Executive Director	4 years 4 months
Andrew Heng (appointed w.e.f. 3 June 2019)	Independent Non-Executive Director	11 months

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

Re-election of Directors

Any Director appointed during the year is required under the Company's Constitution to retire and may seek for re-election by the shareholders at the following Annual General Meeting ("AGM") immediately after their appointment. The Company's Constitution also requires that one-third of the Directors including the Managing Director to retire by rotation and seek for re-election at each AGM and that each Director shall submit himself/herself for re-election at least once in every three (3) years.

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

The Directors who are standing for re-election at the forthcoming 63rd AGM of the Company are as set forth in the Notice of the AGM contained in this Annual Report.

Tenure of Independent Director

Practice 4.2 of the MCGG 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 serve on the Board as a Non-Independent Director.

If the Board intends to retain an Independent Director beyond a

cumulative term limit of nine (9) years, it should justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after twelfth (12th) year, the Board should seek annual shareholders' approval through a two-tier voting process at a general meeting.

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 business judgement with a view to 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 on 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 AGM for the retention of two (2) Independent Non-Executive Directors ("INEDs") of the Company as follows: -

- (i) Dato' Muthanna Bin Abdullah, who will reach the twelve (12) year term limit on 18 December 2020; and
- (ii) Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo who has served on the Board for more than nine (9) years as an INED since 25 August 2009.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board through the BNRC has undertaken relevant assessments and recommended for the two (2) 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 valuable insights and advice 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 at the Board and Board

Committees' meetings. They have diligently attended all of the Meetings held for the Board and Board Committees for FYE 2020; and

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

Board Nomination and Remuneration Committee ("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 a 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 eight (8) times for FYE 2020 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	8/8	100
Dato' Muthanna bin Abdullah	Member / Independent Non- Executive Director	8/8	100
Encik Ahmad Jauhari bin Yahya	Member / Independent Non- Executive Director	7/8	87.5

For FYE 2020, the BNRC has undertaken the following activities: -

- (1) Reviewed and recommended to the Board the proposed Directors' fees in respect of the financial year ended 31 January 2019 ("FYE 2019");
- (2) Reviewed the proposed Directors' benefits payable for the period from 17 July 2019 until the next AGM of the Company and to recommend the same to the Board for recommendation to the shareholders for approval at the 62nd AGM;
- (3) Reviewed and recommended the re-election of Directors to the Board for recommendation of the same to the shareholders for approval at the 62nd AGM; and
- (4) Reviewed and recommended the retention of the Independent Non-Executive Directors to the Board for recommendation of the same to the shareholders for approval at the 62nd AGM;
- (5) 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; and each member of the BARC;
- (6) Assessed the independence of the Independent Directors;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- (7) Reviewed and recommended the contract of the MD to the Board for approval;
- (8) Reviewed and recommended the proposed appointment of a Chief Operating Officer for Aviation Business of the Company to the Board for approval;
- (9) Reviewed and recommended the revised TOR of the BNRC to the Board for approval and adoption;
- (10) Discussed, reviewed the performance of the MD and recommended the bonus payment for the FYE 2019 to the Board for approval;
- (11) Discussed and reviewed the Directors' fees for the financial year ending 31 January 2020;
- (12) Considered, reviewed and recommended the appointment of nominee directors on the board of subsidiaries, joint-controlled entity and associates of the Company to the Board for approval;
- (13) Considered and discussed on the proposed restructuring of the organisation structure of the Company and the appointments of the Head Property Business and Head Corporate Services of the Company; and
- (14) Reviewed and approved the proposed new organisation structure for adoption.

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 term of their capability, character, integrity and commitment towards the Company.

During the FYE 2020, the Board had convened a total of six (6) Board of Directors' Meetings for the purposes of deliberating on the Company's quarterly financial results and discussing important matters which demanded immediate attention and decision of the Board. 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 members of the 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 Directors at Board and/or Board Committees' Meetings. Upon review, the BNRC noted the Board members have devoted sufficient time and effort to attend the Board and/or Board Committees' meetings for FYE 2020.

The attendance record of each Director at the Board Meetings held for the financial year under review is as follows: -

Members	Designation	No. of meetings attended	%
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	Chairman / Independent Non- Executive Director	6/6	100
Dato' Shahriman bin Shamsuddin	Managing Director	6/6	100
Tan Sri Dato' Seri Shahril bin Shamsuddin ("NINED")	Non-Independent Non- Executive Director	5/6	83.3
Dato' Fuziah @ Fauziah binti Dato' Ismail	Senior Independent Non- Executive Director	6/6	100
Dato' Muthanna bin Abdullah	Independent Non- Executive Director	5/6	83.3
Encik Ahmad Jauhari bin Yahya	Independent Non- Executive Director	4/6	66.7
Mr. Andrew Heng (appointed w.e.f. 3 June 2019)	Independent Non- Executive Director	3/3	100
Mr. Peter Ho Kok Wai (resigned w.e.f. 31 May 2019)	Independent Non-Executive Director	3/3	100

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board also met on an ad-hoc basis to deliberate urgent issues and matters that required expeditious Board direction or approval. There was one (1) Special Board of Directors' Meeting held during FYE2020 out of the six (6) meetings. 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 satisfied 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 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 in various continuing education programmes as indicated in the Corporate Governance Report.

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

Upon review, the Board concluded that the Directors' trainings for the FYE2020 were adequate. In recognising the need to keep abreast with the fast-changing business and regulatory environment, the Board has encouraged its members to attend at least one (1) continuing education programmes, if possible.

III. Remuneration

The Board has established a Board Remuneration Policy to support the Group's business strategy that is long term and strategic in nature. The remuneration framework of Directors is designed based on the need to attract and retain Directors; to motivate Directors to achieve SRB's business objectives; and to align the interest of the Group with the long-term interest of

the shareholders. 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.

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 so 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 and the Company's performance.

For FYE 2020, the total Directors' fees payable to the Directors, of RM592,000.00 have been recommended to the shareholders for approval at the forthcoming AGM of the Company. The breakdown of the remuneration of each individual Directors for the FYE 2020 for the Company/ Group is disclosed in the Corporate Governance Report.

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.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Board Audit and Risk Committee ("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 comply 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 the 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 the 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 three (3) members, all of which are 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. Andrew Heng (appointed on 3 June 2019)	Member	Independent Non-Executive Director
Mr. Peter Ho Kok Wai (ceased as a member on 31 May 2019)	Member	Independent Non-Executive Director

The 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 Suitability and Independence of External Auditors

For the FYE 2020, 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 of the Company.

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

For "Suitability" of the 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 the 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 Company;
- 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Upon completion of the said assessment, the BARC was satisfied with Messrs. Ernst & Young's technical competency and audit independence during the FYE 2020.

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. The risk management and internal control function were assumed and overseen by the BARC with the assistance of 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 the BARC 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.

The Company's internal audit function is outsourced to KPMG Management and Risk Consulting Sdn. Bhd. ("KPMG") 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 or the Company's corporate website at www.sapura-resources.com.

(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 the 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 Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(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 Company adheres to its Board Charter where sufficient notice period is given to the shareholders in order for them to schedule their time to attend the Company's AGM. In view of good corporate governance practice, the Notice of the 63rd AGM will be issued at least 28 days before the AGM date.

All the members of the Board will be present to provide better opportunity for the shareholders to engage in person with each Board member. 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 62nd AGM held last year, electronic poll voting was adopted 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 2021, 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 2020, it complies substantially with the principles and practices of the MCCG.

This Statement and the Corporate Governance Report have been approved by the Board in accordance with a resolution of the Board of Directors passed on 12 June 2020.

BOARD AUDIT AND RISK COMMITTEE REPORT

The Board Audit and Risk Committee (“**BARC**”) 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 2020 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

During the financial year ended 31 January 2020, the BARC comprises three (3) members, all of whom are Independent Non-Executive Directors.

The current composition of the BARC is as follows:

Name	Designation	Directorship
Dato’ Muthanna bin Abdullah	Chairman	Independent Non-Executive Director
Dato’ Fuziah @ Fauziah binti Dato’ Ismail	Member	Senior Independent Non-Executive Director
Mr. Andrew Heng	Member	Independent Non-Executive Director

NUMBER OF BARC MEETINGS AND DETAILS OF ATTENDANCE

During the financial year ended 31 January 2020, the BARC held a total of six (6) meetings. The details of the attendance of each BARC member are as follows: -

BARC Members	Total no. of meetings attended	%
Dato’ Muthanna bin Abdullah	6/6	100
Dato’ Fuziah @ Fauziah binti Dato’ Ismail	6/6	100
Mr. Andrew Heng (Appointed on 3 June 2019)	3/3	100
Mr. Peter Ho Kok Wai (Ceased on 31 May 2019)	3/3	100

SUMMARY OF WORK OF THE BARC

The BARC is governed by its terms of reference (“**TOR**”) on its discharge of authorities, duties and responsibilities.

During the financial year ended 31 January 2020, 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 2020 before they were presented to the Board for approval for release to Bursa Securities accordingly; and

BOARD AUDIT AND RISK COMMITTEE REPORT

- (b) In its review of the unaudited quarterly financial reports and the audited year-end financial statements, the BARC has discussed with Management and the external auditors covering the following:
- changes in or implementation of accounting policies and practices;
 - any financial reporting developments in the Malaysian Financial Reporting Standards i.e., MFRS 15: Revenue from contracts with customers and MFRS 9: Financial Instruments;
 - 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 where the BARC met during the financial year ended 31 January 2020 to deliberate on financial reporting matters are as appended below: -

Date of meetings	Financial Reporting Statements Reviewed
22 March 2019	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the fourth quarter ended 31 January 2019.
2 May 2019	Audited Financial Statements for the financial year ended 31 January 2019 ("AFS").
25 June 2019	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the first quarter ended 30 April 2019.
25 September 2019	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the second quarter ended 31 July 2019.
26 November 2019	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the third quarter ended 31 October 2019.

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 by the external auditors, Messrs. Ernst & Young ("EY") covering the nature and scope of audit planned as well as the audit timeline 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.

BOARD AUDIT AND RISK COMMITTEE REPORT

- (e) Met with the external auditors without the presence of the Management on 22 March 2019 in order to provide the external auditors an avenue to unequivocally express any concerns they might have, including those relating to their ability to perform their work without any constraint 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 financial year ended 31 January 2019 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 and considered the adequacy of scope, functions, resources of the outsourced internal auditors, KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG") and that it has the necessary authority to carry out its work.
- (b) Reviewed the Internal Audit Plan and subsequent updates on the Internal Audit Plan in respect of the changes made to the plan and timeline.
- (c) Reviewed the Internal Audit Report for each cycle consisting of audit findings and observations identified during the course of internal audit, prioritised areas for improvement as well as recommended corrective actions to be taken by Management as presented by KPMG.
- (d) Approved the appointment of KPMG as the Company's external service provider to review and update the Group's Risk Management Policy and Framework.

- (e) Approved several recommendations or improvements proposed by KPMG to be put in place to strengthen the internal control of the Group i.e.-
 - Establishment of Sustainability Framework
 - Establishment of Subsidiaries Governance Framework
 - Enhancement of Risk Management Policy and Framework
- (f) Evaluated the adequacy and performance of KPMG for the financial year ended 31 January 2020 as well as their capabilities and competency to serve the Group in terms of technical competencies and manpower resources.

5) Risk Management and Internal Control

- (a) Formalised and adopted a Group Risk Management Policy and Framework to maintain a sound system of internal control.
- (b) 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 2020.
- (c) Received and reviewed quarterly reports from Management on key strategic and operational risks to ensure these were being managed effectively.
- (d) Received and reviewed the Anti-Bribery and Corruption Policy to ensure all business activities of the Group adopt a zero-tolerance policy against all forms of bribery and corruption and comply with the highest standards of ethical and conduct and integrity in line with the introduction of the Corporate Liability Provision (Section 17A of the Malaysian Anti-Corruption Commission Act 2009) which came into force on 1 June 2020.

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.

BOARD AUDIT AND RISK COMMITTEE REPORT

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

8) Others

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

- (c) Presented its Internal Audit Report for each cycle consisting of audit findings and observations identified during the course of internal audit, prioritised areas for improvement as well as corrective actions to be taken by Management in the quarterly BARC meetings.

- (d) The key audit areas were as follows:

- Key controls and procedure of café operations
- Risk management processes of the Group
- Key internal controls and procedures relating to hangarage management in Aviation segment
- Facilities Management

- (e) Presented its follow-up audit report consisting of the recommendations raised in previous cycles of internal audit carried out by KPMG.

The total cost incurred in maintaining the internal audit function for the financial year ended 31 January 2020 was RM291,976/- (2019: RM238,460/-).

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The BARC in respect of the internal audit function, is assisted by KPMG, the outsourced professional internal auditors in discharging its duties and responsibilities for the financial year ended 31 January 2020.

The primary responsibility of the internal audit function is to assist the Board to oversee that Management has in place a sound risk management, internal control and governance system 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 as well as to the relevant Heads of Department prior to tabling them at the BARC meetings.

During the financial year ended 31 January 2020, the representatives of KPMG attended the BARC meetings to report to the BARC on a quarterly basis, at a minimum, on their observations and findings of the effectiveness of the governance, risk management and internal control processes within the Group.

The internal audit work carried out by KPMG for the financial year included the following:

- (a) Developed Group Internal Audit Plan for the financial year ended 31 January 2020 and tabled to the BARC during the meeting.
- (b) Conducted audit works covering overall risk management, internal control and governance processes of the hangarage management and facilities management for the financial year ended 31 January 2020.

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, violations and deficiencies in the systems of internal control not addressed by Management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“**Board**”) of Sapura Resources Berhad (“**SRB**” or the “**Company**”) seeks to promote a risk-conscious culture and is highly committed to maintain a system of internal control and risk management in the Company and its subsidiaries (collectively referred to as the “**Group**”). To this end, the Board is pleased to present the following Statement on Risk Management and Internal Control (the “**Statement**”), which outlines the nature and scope of internal control and risk management of the Group for the financial year ended 31 January 2020.

This Statement is made pursuant to paragraph 15.26(b) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad which calls for the annual report to include a “statement about the state of risk management and internal control of the listed issuer as a group” and Practice 9.2 of the Malaysian Code on Corporate Governance (“**MCCG**”) which stipulates that “the board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework”. In preparing this Statement, guidance has been drawn from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (the “**Guidelines**”), a publication endorsed by Bursa Malaysia Securities Berhad pursuant to paragraph 15.26(b) of the MMLR of Bursa Malaysia Securities Berhad.

This Statement does not however cover the Group’s joint ventures and associate whereby risk management and internal controls are overseen by the respective governing bodies. The Group’s interests in the joint ventures and associate are served through representations on the boards of the respective companies and review of management accounts, and enquiries given that the Board is not vested with full governance control.

BOARD’S RESPONSIBILITY

The Board recognises the importance of maintaining a sound system of internal control and the proper identification and management of risks affecting the Group’s operations in order to safeguard shareholders’ investments and other stakeholders’ interests. Accordingly, the Board affirms its overall responsibility for the Group’s system of internal control and risk management, and for reviewing the adequacy and operating effectiveness of the said system. Such a system covers not only financial but also operational and compliance risks and the relevant controls designed to manage the said risks. In view of the inherent limitations in any system of risk management and internal control processes, the system can only provide reasonable, but not absolute assurance, against material misstatements, financial losses, defalcations or fraud.

The Board Audit and Risk Committee (“**BARC**”) which comprises solely of Independent Non-Executive Directors, has been entrusted with the responsibility of assisting the Board in the oversight of risk management and internal controls. This includes reviewing and communicating to the Board on the key risks faced by the Group, the impact and likelihood of such risks crystallising and Management’s readiness to manage and mitigate the risks that arise.

The BARC is supported by the outsourced Internal Audit function, KPMG Management & Risk Consulting Sdn Bhd (“**KPMG**”), which regularly reports to the BARC on the design and operating effectiveness of the internal control, risk management and governance processes and procedures. Notwithstanding the delegated responsibilities, the Board acknowledges its overall responsibility in the establishment

and oversight of the Group’s risk management and internal control system. Internal control and risk-related matters which warranted the attention of the Board were recommended by the BARC to the Board for its deliberation and approval and matters or decisions made within the BARC’s purview were escalated to the Board for its notation.

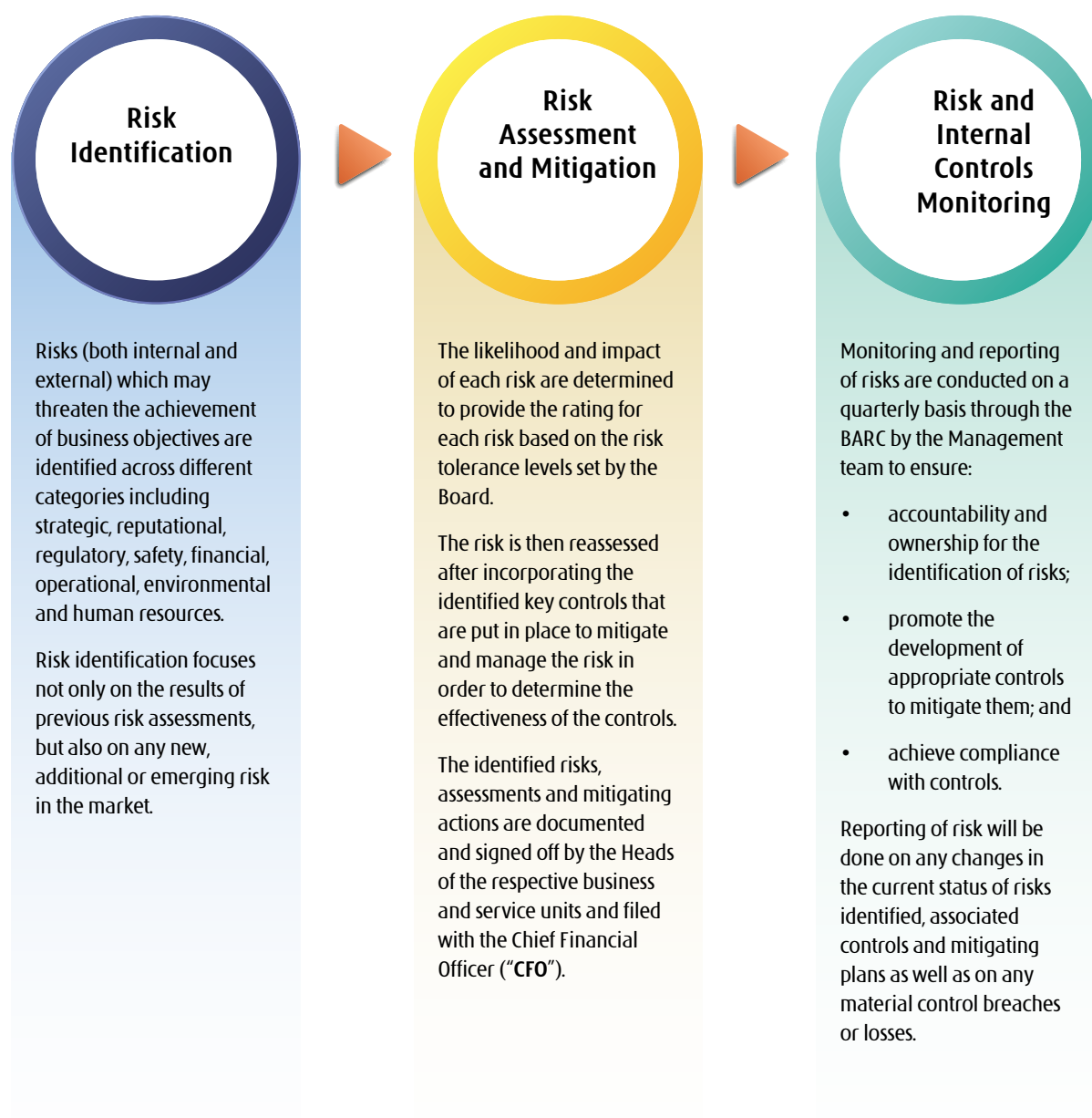
RISK MANAGEMENT

The Board firmly believes that risk management is critical to the Group’s continued business sustainability and the accretion of value creation. The Group has instituted a Risk Management Policy and Framework (“**the Policy**”) which sets out the overarching approach and requirements for managing risk at SRB. The Policy is designed to systematically identify, analyse, monitor and report key risks and the likelihood of risk occurrence as well as the magnitude of impact. The Policy is reviewed by the BARC and approved by the Board on a periodic basis to ensure it reflects the current objectives of SRB as well as the markets in which SRB operates in.

Management is accountable to the Board for the implementation of the risk management framework and in identifying the key risks such as strategic, reputational, financial, operational, environmental and regulatory risks affecting the Group. In this regard, the Management evaluates the nature and extent of those risks by putting in place mitigating action plans for effective monitoring and reporting to the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Quarterly results from the risk assessment taking into account any changes in the business processes and the market environment as well as the implementation status of corrective action plan on key risks are reported to the BARC accordingly. Salient methodical steps of the risk management framework outlining the process to identify, assess, mitigate and monitor the key business risks of SRB are shown below:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL FRAMEWORK

The Board regularly reviews the evaluation on the adequacy and operating effectiveness of the Group's internal control framework. Salient elements of the Group's internal control framework are described below:

Organisation Structure

The Group has in place an organisation structure with clearly demarcated lines of responsibilities and segregated reporting lines up to the Board and its Committees to ensure operational effectiveness and efficiency as well as independent stewardship.

Board Charter

A Board Charter serves as a source of reference to the Board for matters relating to the Board organisation and to reinforce that the Board members should act on behalf of SRB with a view of safeguarding the interests of the shareholders, customers and all other stakeholders and that the highest standards of corporate governance are applied in all their dealings on behalf of the Group.

Board Diversity Policy

A Board Diversity Policy is established to consider aspects including but not limited to professional experience, skills and knowledge, gender, educational and cultural background, ethnicity and age in configuring the Board's composition. The recognition of diversity is premised on the need to avert "blind spots" and promote multifaceted perspectives, experience and expertise required to achieve effective stewardship.

Board Remuneration Policy

A Board Remuneration Policy is established to support the Group's business strategy that is long term and strategic in nature. The remuneration framework of Directors is designed based on the need to attract and retain Directors; motivate Directors to achieve SRB's business objectives; and align the interest of the Group with the long-term interest of the shareholders.

Board Committee

- **Board of Audit and Risk Committee ("BARC")**

The primary function of the BARC is to review quarterly financial statements, interim financial announcements as well as year-end annual financial statements, internal and external audit reports, risk management and internal control, related party transactions and other functions as the BARC considers appropriate or as authorised by the Board.

- **Board of Nomination and Remuneration Committee ("BNRC")**

The BNRC, amongst others, assist the Group in new appointments of Directors and Board Committees, evaluate the effectiveness of the Board, Board Committees and each individual Director, review the objectives and goals set for the Managing Director as well as determine the level and make-up of the Managing Director's remuneration. The BNRC also review and approve the appointment of new key senior management, promotion, remuneration package and the succession planning of key senior management in C-Suite-1 positions.

Subsidiaries Governance Framework ("SG Framework")

The SG Framework, in which is applicable across all subsidiaries of SRB as well as all levels and business/ support units in SRB, sets out the corporate governance standards and practices adopted by SRB to ensure compliance with the MMLR, MCGG and Companies Act 2016. The SG Framework defines the reporting structure of all Management Committees i.e. Group Risk Management Committee ("GRMC"), Sustainability Steering Committee ("SSC") and Group Management Committee ("GMC").

Limits of Authority ("LOA")

Clearly defined limits of authority, responsibility and accountability have been established to govern the business and standard day-to-day operations, including matters requiring the Board, Board Committees, Managing Director, CFO, Head of Business Unit ("HBU") and Head of Department ("HOD") approval. The LOA determines the approving authorities and authority limits for various transactions such as assets, procurement and contract, financial, human resource, legal and other matters. Major capital expenditure, acquisition and disposal of investment interests are approved by the Board before execution. The LOA aims to safeguard the SRB and its shareholders' interests as in line with the Group's internal control practices.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Annual budgeting

A strategic planning and annual budgeting process covering forecasts for each area of business with detailed reviews at all levels of operations. The Board reviews and approves the annual budget prepared by Management.

Management reporting system

A Management reporting system is established and this calls for operations and management accounts to be prepared and reviewed periodically. The system also regulates Management to conduct Business Performance Review meetings so as to monitor the Group's financial performance and results. In addition, meetings are held at business unit to provide updates on any operational matters.

Code of Conduct and Ethics for Directors ("the Code")

The Code is established to outline fundamental guiding principles that are anchored on professional conduct. The Directors acknowledge that they must exercise judgment in applying the principles embodied in this Code to any particular situation. The Code provides guidance to the Directors to assist them in carrying out their duties and responsibilities in accordance with the standards of professional conduct expected by SRB. The Code is available on SRB's corporate website.

Code of Conduct and Ethics for Employees

The Code of Conduct for employees lays out the duties and responsibilities of employees during the continuance of the employment. All employees must support the policies, procedures and practices of the Group; conduct themselves with propriety and decorum at all times to reflect the good standing of the Group; and honor confidentiality of all Group's information that they have acquired during and after employment. The Code of Conduct for employees forms as a guide which covers a wide range of areas including conflict of interest and confidentiality. The Code of Conduct for employees is part of SRB's Employee Handbook.

Anti-Bribery and Corruption Policy ("ABC Policy")

Cognisant of the change to the regulatory architecture given the introduction of section 17A of the Malaysian Anti-Corruption Commission Act 2009 as effected vide the Malaysian Anti-Corruption Commission (Amendment) Act 2018, the Board has taken steps to direct the establishment of adequate procedures to prevent the commission of corrupt acts by persons associated to the Group

through the institution of the ABC Policy. The ABC Policy covers areas pertaining to corruption and bribery; gifts, hospitality and entertainment; facilitation payments, kick-backs, sponsorships and charitable donations; political contributions; etc. The ABC Policy is premised on a supply-chain wide perspective covering dealings with third parties such as agents, suppliers and vendors, contractors, sub-contractors, distributors, etc. Any breaches to the ABC Policy shall be treated as a serious misconduct or offence leading to disciplinary actions taken against the offender.

In order to raise awareness on ethical conduct across the Group, training sessions are carried out on an annual basis. Induction programmes for new joiners will cover the contents on the ABC Policy and the same will be carried out for newly inducted vendors and contractors. Employees and third parties enlisted by the Group are required to sign the Anti-Bribery and Corruption Policy Declaration Form as a means to express conformance to the ABC Policy. The ABC Policy is available on SRB's corporate website. Any breach of the ABC policy can be reported at SRBethicsline@sapura.com.my

Whistleblowing Policy

The Board has put in place a Whistleblowing Policy that enables the stakeholders of the Group to escalate bona fide concerns concerning unethical, unlawful or undesirable conduct via a reporting channel within the Group in an objective manner without fear of retaliatory actions. Stakeholders of the Group may report any integrity/ethical misconducts through the hotline which will be directed to the Integrity and Governance Unit ("IGU"), whereas improper/fraudulent misconducts will be reported to the Whistleblowing Committee, Chairman of the BARC and Senior Independent Non-Executive Director. The Whistleblowing Policy is available on SRB's corporate website.

Document Retention Policy

A Document Retention Policy was established to ensure complete and accurate records are maintained to support general operations and to meet contractual, legal or regulatory requirements including the Personal Data Protection Act 2010. The Policy shall be reviewed by the BARC on a periodical basis to ensure it reflects the current objectives of SRB and shall be approved by the Board.

Employee Grievance

An SOP for Employee Grievance was established to provide a platform in resolving internal disputes or complaints. Based on this policy, procedures are set up to allow employees to voice their grievances

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

or concerns in confidence. The policy enables the grievances and concerns to be addressed at the “get-go” stage.

Insurance and security safeguards

The Group has in place insurance and security safeguards over their employees and major assets whereby it is covered against any untoward events, in which is beyond the Group’s control, that could result in material losses. The insurance coverage is reviewed at specific intervals to ensure its adequacy.

INTERNAL AUDIT FUNCTION

The Board regularly reviews the evaluation on the adequacy and operating effectiveness of the Group’s internal control framework. SRB outsourced its internal audit function to KPMG to assess the adequacy and integrity of the Group’s internal control systems. The internal audit function reports directly, and provides assurance, to the BARC through the execution of internal audit work based on a risk-based internal audit plan approved by the BARC before commencement of work. In carrying out its activities, the internal audit function has unrestricted access to the relevant records, personnel and physical properties of the Group. The internal audit work is carried out based on KPMG’s Internal Audit Methodology (“KIAM”), which is closely aligned with the International Professional Practices Framework (“IPPF”) of the Institute of Internal Auditors, of which final communication of internal audit plan, processes and results of the internal audit assessment are supported by sufficient, reliable and relevant information that signifies a satisfactory conclusion of the internal audit work.

For the financial year ended 31 January 2020, the internal audit function assessed the adequacy and operating effectiveness of internal controls deployed by Management for the Group’s key operations and processes, covering the following:

In-scope company	Business process
SRB Ventures Sdn Bhd	Café Operations – Mael’s Café
Sapura Resources Berhad Sapura Aero and its subsidiaries	Risk Management
AeroDome Sdn Bhd; and AeroDome Services Sdn Bhd	Hangarage Management
Sapura Resources Berhad	Facilities Management

Following the completion of its work, the internal audit function reported directly to the BARC on improvement measures pertaining to internal controls, including a follow-up on the status of Management’s implementation of recommendations raised in previous reports. The internal audit reports were submitted to the BARC, who reviewed the observations with Management, including Management’s action plans to address the concerns raised by the internal audit function.

For more information on the Summary of work of the Internal Audit function, kindly refer to the BARC Report, as documented in pages 80 – 83 of this Annual Report.

Review by the external auditor

In accordance to paragraph 15.23 of the MMLR of Bursa Malaysia Securities Berhad, the external auditor, Ernst & Young has reviewed this Statement for inclusion in this Annual Report of the Group for the financial year ended 31 January 2020.

The review of this Statement by the external auditor was performed in accordance with the scope set out in Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report (“AAPG 3”), issued by the Malaysian Institute of Accountants in February 2018.

The external auditor reported that nothing has come to their attention that caused them to believe that the Statement intended to be included in the Annual Report of the Group was not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor was it factually inaccurate.

AAPG 3 does not require the external auditor to consider whether this Statement 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 auditor is 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, remediate the problems.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Commentary on the adequacy and effectiveness of the Group's internal control and risk management system.

For the financial year under review and up to the date of this Statement, the Board is of the view that the Group's risk management and internal control system is adequate and effective to safeguard the interests of stakeholders and the Group's assets. There were no material weaknesses or deficiencies in the system of internal control and risk management that have directly resulted in any material loss to the Group.

The Managing Director and the acting CFO have also provided assurance to the Board that the Group's risk management and internal control system, in all material aspects, are operating adequately and effectively based on the risk management and internal control framework of the Group.

This Statement is made in accordance with the resolution of the Board of Directors dated 12 June 2020.



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 2020, 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 2020 are as follows:

	Company (RM)	Group (RM)
Fees paid/payable to Messrs. Ernst & Young		
• Audit	81,500	221,600
• Non-audit		
- Tax fees	27,000	95,500
- Tax advisory services	125,000	141,220
- Assurance related services	8,500	8,500
Fees paid/payable to other auditors		
• Audit	30,000	30,000
• Non-audit	-	-
Grand Total	272,000	496,820

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 2020 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 2020.

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DIRECTORS' REPORT

Directors' report

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2020.

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 subsidiaries are described in Note 15 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
Loss for the year	(25,720)	(5,984)
Loss attributable to:		
Owners of the parent	(25,120)	(5,984)
Non-controlling interest	(600)	-
	(25,720)	(5,984)

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

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

Dividends

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

DIRECTORS' REPORT (cont'd.)

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' Shahrizan bin Shamsuddin *

Dato' Fuziah @ Dato' Fauziah binti Dato' Ismail

Dato' Muthanna bin Abdullah

Ahmad Jauhari bin Yahya

Andrew Heng (Appointed on 3 June 2019)

Peter Ho Kok Wai (Resigned on 31 May 2019)

* 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 15 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 33 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.

The total amount of insurance premium effected for any director and officer of the Group during the financial year is RM14,850.

DIRECTORS' REPORT (cont'd.)

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 1.2.2019	Acquired	Transfer	At 31.1.2020
Sapura Resources Berhad - the Company				
Direct Interest				
Tan Sri Dato’ Seri Shahril bin Shamsuddin	83,250	-	-	83,250
Dato’ Shahrman bin Shamsuddin	83,250	-	-	83,250
Indirect Interest				
Tan Sri Dato’ Seri Shahril bin Shamsuddin	72,372,772	-	-	72,372,772
Dato’ Shahrman bin Shamsuddin	72,372,772	-	-	72,372,772
Sapura Holdings Sdn. Bhd. - holding company				
Ordinary Shares				
Direct Interest				
Tan Sri Dato’ Seri Shahril bin Shamsuddin	30,147,187	-	-	30,147,187
Dato’ Shahrman bin Shamsuddin	30,147,187	-	-	30,147,187
Indirect Interest				
Tan Sri Dato’ Seri Shahril bin Shamsuddin	11,165,626	-	-	11,165,626
Dato’ Shahrman bin Shamsuddin	11,165,626	-	-	11,165,626
Preference Shares (Class “A”)				
Direct Interest				
Tan Sri Dato’ Seri Shahril bin Shamsuddin	10,000	-	-	10,000
Preference Shares (Class “B”)				
Direct Interest				
Dato’ Shahrman bin Shamsuddin	10,000	-	-	10,000

DIRECTORS' REPORT (cont'd.)

Directors' interests (cont'd.)

Tan Sri Dato' Seri Shahril bin Shamsuddin and Dato' Shahrizan 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 inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made, except as could arise from the COVID-19 pandemic, as disclosed in Note 43 to the financial statements.

DIRECTORS' REPORT (cont'd.)

Significant events

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 41 to the financial statements.

Subsequent events

Details of subsequent events are disclosed in Note 43 to the financial statements.

Auditors

The auditors, Ernst & Young PLT (converted from a conventional partnership, Ernst & Young, on 2 January 2020), 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 PLT, 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 PLT for the financial year ended 31 January 2020.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 June 2020.

Dato' Shahrizan bin Shamsuddin

Dato' Muthanna bin Abdullah

STATEMENT BY DIRECTORS

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

We, Dato' Shahrman 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 105 to 187 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 2020 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 12 June 2020.

Dato' Shahrman bin Shamsuddin

Dato' Muthanna bin Abdullah

STATUTORY DECLARATION

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

I, Ainun Mardziah binti Hashim, 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 105 to 187 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
Ainun Mardziah binti Hashim at Kuala Lumpur in the Federal
Territory on 12 June 2020.

Ainun Mardziah binti Hashim
(MIA Membership No: 24445)

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 2020 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 105 to 187.

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 2020, 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("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.

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

(Refer to Note 11 to the financial statements)

In accordance with MFRS 136 Impairment of Assets, an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. Recoverable amount is higher of fair value less cost of disposal ("FVLCD") or value in use ("VIU"). The aviation segment of the Group continuously reported losses, indicating that the carrying amount of the related property, plant and equipment may be impaired.

Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the respective cash-generating unit ("CGU") or groups of CGUs 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.

INDEPENDENT AUDITORS' REPORT (cont'd.)

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

Key audit matters (cont'd.)

(i) Impairment review of property, plant and equipment for aviation segment (cont'd.)

Recoverable amounts based on FVLCD were obtained from independent valuers appointed by management.

In determining the recoverable amount based on FVLCD, our procedures amongst others:

- We considered the objectivity, independence and expertise of the independent valuer;
- We obtained an understanding of the methodology adopted by the independent valuer in estimating the fair value of the said properties and assessed whether such methodology is consistent with those used in the industry;
- As part of our evaluations of the fair values of the said properties, we discussed the valuation with the independent valuer to obtain an understanding of the properties and related data used as input to the valuation model; and
- We tested the accuracy of data used as input to the valuation model by comparing them with available industry data.

In determining the recoverable amount based on VIU, our procedures amongst others:

- We obtained an understanding of the relevant processes and internal controls over the estimation of recoverable amounts of the CGUs;
- We assessed the robustness of management's budgeting process by comparing the actual results achieved against previously forecasted budgets;
- We reviewed the key assumptions used in determination of the VIU (such as growth rate, inflation rate, occupancy rates, rental rates, ground handling rates, transient and ancillary rates as well as the expenses related to the respective revenue streams to the agreements) by making comparisons to historical trends, contracts and available market information;
- We performed sensitivity analysis on the key inputs to understand the impact that alternative assumptions would have had on the overall carrying amount; and
- We assessed whether the rates used in discounting the future cash flows to its present value by comparing with prevailing market rates.

(ii) Impairment review of investments in subsidiaries and amounts due from subsidiaries

(a) Cost of investment in subsidiaries

(Refer to Note 15 to the financial statements)

The Company is required to perform impairment test of its investments whenever there is an indication that the investments 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.

The Company has performed impairment assessments by comparing the carrying amounts of these investment in subsidiaries against their recoverable amounts. Recoverable amount is higher of FVLCD or VIU. The audit procedures for FVLCD is discussed in the preceding paragraphs relating to impairment of property, plant and equipment for aviation segment.

In determining the recoverable amount based on VIU, our procedures amongst others:

- We obtained an understanding of the relevant processes and internal controls over the estimation of recoverable amounts of the investments;
- We reviewed the key assumptions used in determination of the VIU (such as growth rate, inflation rate, occupancy rates, rental rates, ground handling rates, transient and ancillary rates as well as the expenses related to the respective revenue streams to the agreements) by making comparisons to historical trends, contracts and available market information;

INDEPENDENT AUDITORS' REPORT (cont'd.)

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

Key audit matters (cont'd.)**(ii) Impairment review of investments in subsidiaries and amounts due from subsidiaries (cont'd.)****(a) Cost of investment in subsidiaries (cont'd.)**

In determining the recoverable amount based on VIU, our procedures amongst others: (cont'd.)

- We corroborated the current cash balances, short-term and long-term debts, discounted at an appropriate discount rate, when estimating the VIU; and
- We assessed whether the rates used in discounting the future cash flows to its present value by comparing with prevailing market rates.

(b) Amounts due from subsidiaries

(Refer to Note 19 to the financial statements)

The Company performed impairment review 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:

- We obtained an understanding of the relevant internal controls of the Company over the estimation of recoverable amounts due from subsidiaries; and
- 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.

INDEPENDENT AUDITORS' REPORT (cont'd.)

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

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 or 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.

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.

INDEPENDENT AUDITORS' REPORT (cont'd.)

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

Auditors' responsibilities for the audit of the financial statements (cont'd.)

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.

Report on other legal and regulatory requirements

In accordance with the requirement of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

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 PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
12 June 2020

Ismed Darwis Bin Bahatlar
No. 02921/04/2022 J
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 January 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	4	50,172	48,835	30,512	28,240
Operating expenses		(79,590)	(61,162)	(42,392)	(41,877)
Other income		7,141	5,368	7,148	5,847
Loss from operations		(22,277)	(6,959)	(4,732)	(7,790)
Finance costs	5	(1,691)	(146)	(214)	(138)
Share of result of an associate		736	2,666	-	-
Share of result of joint ventures		(1,797)	(622)	-	-
Loss before tax	6	(25,029)	(5,061)	(4,946)	(7,928)
Taxation	9	(691)	(1,016)	(1,038)	(945)
Loss after tax, representing total comprehensive loss for the year		(25,720)	(6,077)	(5,984)	(8,873)
Loss, representing total comprehensive loss attributable to:					
Owners of the parent		(25,120)	(6,077)	(5,984)	(8,873)
Non-controlling interest		(600)	-	-	-
		(25,720)	(6,077)	(5,984)	(8,873)
Loss per share attributable to the owners of the parent (sen):					
Basic/diluted	10	(17.99)	(4.35)		

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


STATEMENTS OF FINANCIAL POSITION

As at 31 January 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Assets					
Non-current assets					
Property, plant and equipment	11	45,990	54,933	10,014	24,455
Investment properties	12	125,523	114,740	125,523	114,740
Right-of-use assets	13	26,854	-	611	-
Intangible assets	14	-	-	-	-
Investment in subsidiaries	15	-	-	8,888	20,699
Investment in an associate	16	16,731	15,995	12,000	12,000
Investment in joint ventures	17	172,366	141,452	150,411	127,908
Trade and other receivables	19	-	-	30,147	-
		387,464	327,120	337,594	299,802
Current assets					
Inventories	18	-	13	-	-
Trade and other receivables	19	12,447	14,719	22,147	6,335
Prepayments		431	424	111	221
Tax recoverable		1,433	2,072	-	56
Other current financial assets	20	106	115	106	115
Short term investment	21	51,396	142,940	51,396	142,940
Cash and cash equivalents	22	41,119	5,296	30,746	4,102
		106,932	165,579	104,506	153,769
Total assets		494,396	492,699	442,100	453,571
Equity and liabilities					
Current liabilities					
Trade and other payables	23	16,549	22,509	10,495	13,628
Provisions	24	12,047	3,830	3,000	3,000
Loans and borrowings	25	2,762	5,761	2,700	5,700
Lease liabilities	27	5,946	-	470	-
Tax payable		122	-	122	-
		37,426	32,100	16,787	22,328
Net current assets		69,506	133,479	87,719	131,441

STATEMENTS OF FINANCIAL POSITION (cont'd.)

As at 31 January 2020



		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current liabilities					
Deferred tax liabilities	28	3,879	4,202	2,118	2,224
Loans and borrowings	25	127	116	-	-
Lease liabilities	27	28,575	-	160	-
		32,581	4,318	2,278	2,224
Total liabilities		70,007	36,418	19,065	24,552
Net assets		424,389	456,281	423,035	429,019
Equity					
Share capital	29	139,600	139,600	139,600	139,600
Other reserves	30	2,581	2,581	1,100	1,100
Retained profits	31	282,308	314,100	282,335	288,319
Equity attributable to owners of the parent		424,489	456,281	423,035	429,019
Non-controlling interest		(100)	-	-	-
Total equity		424,389	456,281	423,035	429,019
Total equity and liabilities		494,396	492,699	442,100	453,571

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 2020

	Attributable to owners of the parent					Non-controlling interest RM'000	Total equity RM'000
	Share capital (Note 29) RM'000	Non-Distributable Capital reserve (Note 30) RM'000	General reserve (Note 30) RM'000	Retained profits (Note 31) RM'000	Total RM'000		
Group							
At 1 February 2019, as previously stated	139,600	1,481	1,100	314,100	456,281	-	456,281
Effect on adoption of MFRS 16	-	-	-	(6,672)	(6,672)	-	(6,672)
At 1 February 2019, restated	139,600	1,481	1,100	307,428	449,609	-	449,609
Subscription of shares by non-controlling interest	-	-	-	-	-	500	500
Total comprehensive loss for the year	-	-	-	(25,120)	(25,120)	(600)	(25,720)
At 31 January 2020	139,600	1,481	1,100	282,308	424,489	(100)	424,389
At 1 February 2018	139,600	1,481	1,100	320,177	462,358	-	462,358
Total comprehensive loss for the year	-	-	-	(6,077)	(6,077)	-	(6,077)
At 31 January 2019	139,600	1,481	1,100	314,100	456,281	-	456,281

STATEMENTS OF CHANGES IN EQUITY (cont'd.)

For the year ended 31 January 2020

	<---Attributable to owners of the parent----->			
	<-----Distributable----->			
	Share capital (Note 29) RM'000	General reserve (Note 30) RM'000	Retained profits (Note 31) RM'000	Total equity RM'000
Company				
At 1 February 2019	139,600	1,100	288,319	429,019
Total comprehensive loss for the year	-	-	(5,984)	(5,984)
At 31 January 2020	139,600	1,100	282,335	423,035
At 1 February 2018	139,600	1,100	297,192	437,892
Total comprehensive loss for the year	-	-	(8,873)	(8,873)
At 31 January 2019	139,600	1,100	288,319	429,019

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 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Operating activities				
Loss before tax	(25,029)	(5,061)	(4,946)	(7,928)
Adjustments for:				
Interest income	-	-	(98)	(797)
Profits distribution from short term investment	(6,632)	(4,638)	(6,632)	(4,638)
Interest income from short term deposits	(257)	-	(257)	-
Profits distribution from money market instrument	(33)	-	(33)	-
Dividend income	(2)	-	(2)	-
Interest income from redeemable cumulative preference shares ("RCPS")	-	-	(666)	-
Finance costs	187	146	182	138
Finance cost on lease liabilities	1,504	-	32	-
Unrealised foreign exchange (gain)/loss	(4)	255	-	-
Unrealised fair value loss on held for trading investment securities	9	88	9	88
Reversal of impairment on investment in a joint venture company	-	(7)	-	-
Gain on disposal of property, plant and equipment	(69)	(139)	(36)	(139)
Depreciation of investment properties	3,142	3,160	3,142	3,160
Depreciation of property, plant and equipment	8,694	6,439	5,532	3,394
Depreciation of right-of-use assets	5,542	-	306	-
Provision for claim	8,217	830	-	-
Reversal for impairment of:				
trade receivables	(272)	(676)	(26)	(56)
amount due from subsidiaries	-	-	(3,933)	-
other receivables	(34)	-	-	-
Impairment loss on:				
trade receivables	773	1,107	7	54
investment in subsidiaries	-	-	11,811	2,972
amount due from subsidiaries	-	-	1,991	9,196
amount due from a joint venture company	1,363	142	255	-
property, plant and equipment	2,270	-	-	-
Share of result of an associate	(736)	(2,666)	-	-
Share of result of joint ventures	1,797	622	-	-
Operating profit/ (loss) before working capital changes	430	(398)	6,638	5,444
Inventories	13	5	-	-
Trade and other receivables and prepayments	436	(6,128)	(22,846)	(14,290)
Trade and other payables	(5,356)	(425)	(3,032)	(479)
Cash used in operations	(4,477)	(6,946)	(19,240)	(9,325)
Taxes paid	(253)	(1,389)	(966)	(719)
Net cash used in operating activities	(4,730)	(8,335)	(20,206)	(10,044)

STATEMENTS OF CASH FLOWS (cont'd.)

For the year ended 31 January 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Investing activities				
Purchase of property, plant and equipment	(15,867)	(16,149)	(5,016)	(12,120)
Additional investment in quoted shares	-	(81)	-	(81)
Additional investment in a joint venture	(32,711)	(2,600)	(22,503)	(2,600)
Net withdrawal from short term investment	91,544	17,408	91,544	17,408
Proceeds from disposal of property, plant and equipment	82	145	36	143
Proceeds from disposal of a joint venture	-	464	-	-
Profits distribution received from short term investment	6,632	4,638	6,632	4,638
Interest income received from short term deposits	257	-	257	-
Profits distribution received from money market instruments	33	-	33	-
Dividend received	2	-	2	-
Net cash generated from investing activities	49,972	3,825	70,985	7,388
Financing activities				
Subscription of RCPS	-	-	(21,300)	-
Interest received from RCPS	-	-	666	-
Net withdrawal/(repayment) of hire-purchase	12	(150)	-	(61)
Net (repayments)/withdrawal of other short term borrowings	(3,000)	5,700	(3,000)	5,700
Repayment of lease liabilities	(6,744)	-	(319)	-
Interest paid	(187)	(146)	(182)	(138)
Proceeds from subscription of shares by non-controlling interest	500	-	-	-
Net cash (used in)/generated from financing activities	(9,419)	5,404	(24,135)	5,501
Net increase in cash and cash equivalents	35,823	894	26,644	2,845
Cash and cash equivalents at the beginning of year	5,296	4,402	4,102	1,257
Cash and cash equivalents at end of year (Note 22)	41,119	5,296	30,746	4,102

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

NOTES TO THE FINANCIAL STATEMENTS

31 January 2020

1. Corporate information

Sapura Resources Berhad ("the Company") is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The registered office of the Company is located at Sapura @ Mines, No. 7, Jalan Tasik, The Mines Resort City, 43300, Seri Kembangan, Selangor Darul Ehsan.

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

The principal activities of the Company are investment holding and property investment. The principal activities of the subsidiaries are disclosed in Note 15.

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 ("IFRS") 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 2019, 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 2019, 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 2019.

Description	Effective for annual period beginning on or after
MFRS 16 : Leases	1 January 2019
Amendments to MFRS 3 Business Combinations (Annual Improvements 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 11 Joint Arrangements (Annual Improvements 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 112 Income Taxes (Annual Improvements 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 123 Borrowing Costs (Annual Improvements 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 128 Investment in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

2. Summary of significant accounting policies (cont'd.)**2.2 Changes in accounting policies and effects arising from adoption of new and revised MFRSs (cont'd.)**

The adoption of the above Amendments to MFRS and IC Interpretation did not have any significant financial impact to the Group and the Company except as mentioned below:

(i) MFRS 16 Leases

MFRS 16 replacing 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.

The Group have elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

As allowed by the transitional provision of MFRS 16, the Group have elected the modified retrospective approach with no restatement of comparative and cumulative adjustments resulting from the initial application of MFRS 16 are recognised in retained earnings and reserves as at 1 February 2019, as disclosed below:

	Group RM'000
Operating lease commitment as at 31 January 2019 as disclosed in the financial statements	36,293
Discounting effects of MFRS 16 Leases	(3,716)
Lease liabilities discounted using incremental borrowing rate as at 1 February 2019	32,577

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

2. Summary of significant accounting policies (cont'd.)**2.2 Changes in accounting policies and effects arising from adoption of new and revised MFRSs (cont'd.)****(i) MFRS 16 *Leases* (cont'd.)**

	Impact of adoption of MFRS 16 to the opening balance as at 1 February 2019
Increase in right-of-use assets	25,213
Decrease in retained earnings	6,672
Increase in lease liabilities	(32,577)
Decrease in other payables	692

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 2020

Amendments to MFRS 3	Business Combinations (Definition of Business)
Amendments to MFRS 7 and MFRS 9	Financial Instruments (Interest Rate Benchmark Reform)
Amendments to MFRS 101	Presentation of Financial Statements (Definiton of Material)
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (Definiton of Material)

Effective for annual periods beginning on or after 1 June 2020

Amendments to MFRS 16	Leases (COVID-19 Related Rent Concessions)
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Effective for annual periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts
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Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
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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
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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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

2. Summary of significant accounting policies (cont'd.)

2.4 Subsidiary and Basis of Consolidation

(i) Subsidiary

Subsidiaries are entities controlled by the Company.

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

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

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its 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 Transactions with non-controlling interests

Non-controlling interest at the reporting period, being the portion of the net assets of the subsidiaries attributable to equity interest that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statements of financial position and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

2.6 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

2. Summary of significant accounting policies (cont'd.)

2.6 Foreign currency (cont'd.)

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

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

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

(c) Foreign operations

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

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

2.7 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

2. Summary of significant accounting policies (cont'd.)**2.7 Property, plant and equipment (cont'd.)**

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% - 33%
Motor vehicles	20%
Renovation	10% - 20%
Work-in-progress	Not depreciated until available for use

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 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 2.7 up to the date of change in use.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

2. Summary of significant accounting policies (cont'd.)**2.9 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 2.6.

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

(b) Other intangible assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

2. Summary of significant accounting policies (cont'd.)

2.10 Impairment of non-financial assets

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

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

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

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

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

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

2.11 Investments in associates and joint ventures

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

2. Summary of significant accounting policies (cont'd.)

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

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

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

After application of the equity method, the Group applies MFRS 9 *Financial Instruments* to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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

2.12 Financial assets

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

(a) Recognition and initial measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15, are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place ("regular way trades") are recognised on the trade date, that is the date that the Group or the Company commits to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

2. Summary of significant accounting policies (cont'd.)**2.12 Financial assets (cont'd.)****(b) Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in three categories:

- (i) Financial assets at amortised cost (debt instruments)
- (ii) Financial assets at fair value through OCI (debt instruments)
- (iii) Financial assets at fair value through profit or loss

Financial assets at amortised cost

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- (i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments and short term investments which the Group and the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- (i) The rights to receive cash flows from the asset have expired; or

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

2. Summary of significant accounting policies (cont'd.)**2.12 Financial assets (cont'd.)****(c) Derecognition (cont'd.)**

(ii) The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- The Group and the Company have transferred substantially all the risks and rewards of the asset, or
- The Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company would be required to repay.

2.13 Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company applies a simplified approach in calculating ECLs. Therefore, the Group and the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

2. Summary of significant accounting policies (cont'd.)

2.14 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.

2.15 Inventories

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

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

2.16 Provisions

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

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

2.17 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(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 are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

2. Summary of significant accounting policies (cont'd.)**2.17 Financial liabilities (cont'd.)****(a) Financial liabilities at fair value through profit or loss (cont'd.)**

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(b) Loans and borrowings

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. Borrowings are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.18 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.19 Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

2. Summary of significant accounting policies (cont'd.)

2.19 Borrowing costs (cont'd.)

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.

2.20 Employee benefits

(i) Short-term benefits

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

(ii) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.21 Leases

Current financial year

(a) Definition of a lease

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For a contract that contains a lease component and non-lease components, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand alone prices.

(b) Recognition and initial measurement

As lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective entities' incremental borrowing rate is used. Generally, the Group entities use their incremental borrowing rate as the discount rate.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options in determining the lease term.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

2. Summary of significant accounting policies (cont'd.)**2.21 Leases (cont'd.)****Current financial year (cont'd.)****(b) Recognition and initial measurement (cont'd.)****As lessee (cont'd.)**

Right-of-use assets and lease liabilities are presented separately in the statement of financial position.

As a lessor

When the Group act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

(c) Subsequent measurement**As lessee**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The useful lives of right-of-use assets are as follows:

Hangar spaces	4 - 20 years
Office and warehouse spaces	2 - 3 years
Equipments	2 years

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

The Group will reassess whether it is reasonably certain to exercise the extension option if there is a significant change in circumstances within its control.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

2. Summary of significant accounting policies (cont'd.)**2.21 Leases (cont'd.)****(c) Subsequent measurement (cont'd.)****As a lessor**

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9 Financial Instruments (Note 2.12).

Previous financial year**(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. 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

2. Summary of significant accounting policies (cont'd.)**2.22 Revenue from contracts with customers**

MFRS 15 establishes a five-step model that will apply to revenue arising from contracts with customers.

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.

The Group 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.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Revenue from investment properties, other than rental income

Revenue from investment properties, other than rental income includes parking, utilities and maintenance services. The performance obligation is satisfied upon services being rendered to the customers.

(b) Grounds operations

The performance obligation is satisfied at a point of time when the services are rendered.

(c) Aircraft management

The performance obligation is satisfied at a point of time when the services are rendered.

(d) Management fees

The performance obligation is satisfied over time upon services being rendered to the customers.

(e) Sale of goods

The performance obligation is satisfied upon the delivery of goods to the customers.

2.23 Income taxes**(a) Current tax**

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

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

(b) Deferred tax

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

2. Summary of significant accounting policies (cont'd.)**2.23 Income taxes (cont'd.)****(b) Deferred tax (cont'd.)**

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

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

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 40, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

2. Summary of significant accounting policies (cont'd.)**2.25 Share capital and share issuance expenses**

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

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

2.26 Fair value measurements

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

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

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

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

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

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

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

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

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

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

The Group determines the policies and procedures for investment properties.

External valuers are involved for valuation of significant assets, such as properties and 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

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

In the process of applying the Group and the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

(a) Significant judgements and assumptions in relation to leases

The Group and the Company assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Management consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group and the Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Management first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

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 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 determined based on the higher of fair value less cost to sell method or value-in-use method.

Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows and also to determine the appropriate discount rate to calculate the present value of those cash flows.

In establishing the recoverable amount that is based on fair value less costs to sell, the Group engaged independent external valuers to assess the fair value of the property, plant and equipment, adjusted for the condition of the specific assets.

The impairment of property, plant and equipment as at the reporting date is disclosed in Note 11.

(b) Impairment of investment in subsidiaries

The management determines whether the carrying amount of its investments are impaired at reporting date. This involves measuring the recoverable amounts which includes fair value less costs to sell and valuation techniques. Valuation techniques include amongst others, discounted cash flows analysis and in some cases, based on current market indicators and estimates that provide reasonable approximations to the detailed computation.

The carrying amounts of investment in subsidiaries as at the reporting date are disclosed in Note 15.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

3. Significant accounting judgements and estimates (cont'd.)

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

(c) Impairment of amount due from subsidiaries

The Company uses simplified approach to calculate expected credit losses ("ECL") for amount due from subsidiaries. The provision rates are based on various subsidiaries' historical observed default rates.

The Company will consider and assess the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of subsidiaries' actual default in the future. The information about the ECLs on the Company's amount due from subsidiaries is disclosed in Note 19.

4. Revenue

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Type of goods or services				
Revenue from investment properties, other than rental income	2,943	3,057	2,954	3,087
Grounds operations	9,378	10,100	-	-
Aircraft management	3,727	2,421	-	-
Management fees	-	-	3,208	3,152
Sale of goods	260	761	-	-
Total revenue from contracts with customers	16,308	16,339	6,162	6,239
Rental income from investment properties	23,682	22,001	23,682	22,001
Rental of hangar and offices	10,180	10,495	-	-
Dividend income	2	-	2	-
Interest income from redeemable cumulative preference shares	-	-	666	-
Total revenue from other sources	33,864	32,496	24,350	22,001
	50,172	48,835	30,512	28,240

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

4. Revenue (cont'd.)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Geographical markets				
Malaysia	13,370	11,257	6,162	6,239
Outside Malaysia	2,938	5,082	-	-
Total revenue from contracts with customers	16,308	16,339	6,162	6,239
Total revenue from other sources	33,864	32,496	24,350	22,001
	50,172	48,835	30,512	28,240
Timing of revenue recognition				
At a point of time	16,308	16,339	2,954	3,087
Over time	-	-	3,208	3,152
Total revenue from contracts with customers	16,308	16,339	6,162	6,239
Total revenue from other sources	33,864	32,496	24,350	22,001
	50,172	48,835	30,512	28,240

Information on the performance obligations are disclosed in Note 2.22.

The Company recognised management fees over time upon services being rendered to subsidiaries.

There are no unfulfilled performance obligations as at year end.

5. Finance costs

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Finance cost on:				
Overdrafts	18	9	18	9
Revolving credits	164	128	164	128
Hire-purchase	5	9	-	1
Lease liabilities (Note 27)	1,504	-	32	-
	1,691	146	214	138

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

6. Loss before tax

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Employee benefits expense (Note 7)	26,147	22,476	12,733	12,672
Non-executive directors' remuneration - excluding benefits-in-kind (Note 8)	575	572	575	572
Direct operating expense arising from investment properties	5,024	5,468	5,024	5,468
Auditors' remuneration:				
- Statutory audit				
Auditor of the Group & the Company	222	224	82	80
Other auditors	30	74	30	74
- Other services				
Tax fees	96	83	27	26
Tax advisory services	141	61	125	35
Assurance related services	9	46	9	16
Depreciation of:				
- property, plant and equipment (Note 11)	8,694	6,439	5,532	3,394
- investment properties (Note 12)	3,142	3,160	3,142	3,160
- right-of-use assets (Note 13)	5,542	-	306	-
Impairment loss on:				
- property, plant and equipment (Note 11)	2,270	-	-	-
- trade receivables (Note 19(a))	773	1,107	7	54
- investment in subsidiaries (Note 15)	-	-	11,811	2,972

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

6. Loss before tax (cont'd.)

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Impairment loss on:				
- amount due from subsidiaries (Note 19(b))	-	-	1,991	9,196
- amount due from a joint venture (Note 19(b))	1,363	142	255	-
Net unrealised foreign exchange (gain)/loss	(4)	255	-	-
Net realised foreign exchange loss	22	26	-	-
Rental expenses of low value and short term leases				
- Premises and hangar	736	6,571	267	690
- Equipment	76	236	25	30
Corporate service fee payable to holding company	237	221	237	221
Unrealised fair value loss on held for trading investment securities	9	88	9	88
Provision for claim (Note 24)	8,217	830	-	-
Reversal of allowances for impairment of trade receivables (Note 19(a))	(272)	(676)	(26)	(56)
Reversal of allowances for impairment of amount due from subsidiaries (Note 19(a))	-	-	(3,933)	-
Reversal of allowances for impairment of other receivables (Note 19(b))	(34)	-	-	-
Interest income	-	-	(98)	(797)
Profits distribution from short term investment	(6,632)	(4,638)	(6,632)	(4,638)
Profits distribution from money market instruments	(33)	-	(33)	-
Interests income from short term deposits	(257)	-	(257)	-
Reversal of impairment on investment in a joint venture company	-	(7)	-	-
Gain on disposal of property, plant and equipment	(69)	(139)	(36)	(139)
Dividend income	(2)	-	(2)	-
Interest income from redeemable cumulative preference shares	-	-	(666)	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

7. Employee benefits expense

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages and salaries	19,050	18,013	10,233	10,315
Social security contributions	167	141	57	50
Contributions to defined contribution plan	2,149	2,026	1,097	1,100
Other benefits	4,781	2,296	1,346	1,207
	26,147	22,476	12,733	12,672

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration, excluding benefits-in-kind amounting to RM2,382,000 (2019: RM2,383,000) as disclosed in Note 8.

8. Directors' remuneration

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors of the Company				
Executive:				
Fees	59	59	59	59
Salaries and other emoluments	2,323	2,324	2,323	2,324
Benefits-in-kind	7	7	7	7
	2,389	2,390	2,389	2,390
Non-Executive:				
Fees	533	533	533	533
Other emoluments	42	39	42	39
Benefits-in-kind	2	-	2	-
	577	572	577	572
	2,966	2,962	2,966	2,962
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration, excluding benefits-in-kind	2,382	2,383	2,382	2,383
Total non-executive directors' remuneration, excluding benefits-in-kind	575	572	575	572
Total directors' remuneration excluding benefits-in-kind	2,957	2,955	2,957	2,955

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

8. Directors' remuneration (cont'd.)

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

	Number of Directors	
	2020	2019
Executive:		
RM2,350,001 - RM2,400,000	1	1
Non-executive:		
Below RM100,000	5	4
RM100,001 - RM150,000	2	2

9. Taxation

Major components of income tax expense

The major components of income tax expense for the years ended 31 January 2020 and 2019 are:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	1,226	1,152	1,224	1,152
(Over)/underprovision in prior years	(212)	366	(80)	(57)
	1,014	1,518	1,144	1,095
Deferred income tax (Note 28):				
Origination and reversal of temporary difference	191	143	538	599
Overprovision in prior years	(514)	(89)	(644)	(193)
	(323)	54	(106)	406
Real property gain tax				
Overprovision in prior years	-	(556)	-	(556)
Income tax expense	691	1,016	1,038	945

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

9. Taxation (cont'd.)

Domestic current income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the year.

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

	2020 RM'000	2019 RM'000
Group		
Loss before tax	(25,029)	(5,061)
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	(6,007)	(1,215)
Income not subject to tax	(1,579)	(1,113)
Non-deductible expenses	5,184	2,590
Share of result of associates and joint ventures	255	(490)
Deferred tax assets not recognised during the year	3,564	1,523
(Over)/underprovision of income tax in prior years	(212)	366
Overprovision of deferred tax in prior years	(514)	(89)
Overprovision of real property gain tax in prior years	-	(556)
Income tax expense	691	1,016
Company		
Loss before tax	(4,946)	(7,928)
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	(1,187)	(1,903)
Income not subject to tax	(1,752)	(1,113)
Non-deductible expenses	4,701	4,767
Overprovision of income tax in prior years	(80)	(57)
Overprovision of deferred tax in prior years	(644)	(193)
Overprovision of real property gain tax in prior years	-	(556)
Income tax expense	1,038	945

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

10. Loss per share

(a) Basic:

Basic loss per share amounts are calculated by dividing loss 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.

	2020	2019
Loss attributable to owners of the parent (RM'000)	(25,120)	(6,077)
Weighted average number of ordinary shares in issue ('000)	139,600	139,600
Basic loss per share (sen)	(17.99)	(4.35)

(b) Diluted:

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

11. Property, plant and equipment

Group	Hangars RM'000	Office equipment, renovation, furniture and fittings RM'000	Motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
At 31 January 2020					
Cost					
At 1 February 2019	40,325	63,462	2,903	17,953	124,643
Additions	-	13,325	217	2,417	15,959
Reclassifications	-	8,457	-	(8,457)	-
Transfer to investment properties (Note 12)	-	(33,374)	-	-	(33,374)
Disposals	-	(129)	(1,158)	-	(1,287)
At 31 January 2020	40,325	51,741	1,962	11,913	105,941
Accumulated depreciation and impairment					
At 1 February 2019	22,334	44,789	2,587	-	69,710
Depreciation charge (Note 6)	1,324	7,193	177	-	8,694
Impairment loss charge (Note 6)	-	23	-	2,247	2,270
Transfer to investment properties (Note 12)	-	(19,449)	-	-	(19,449)
Disposals	-	(116)	(1,158)	-	(1,274)
At 31 January 2020	23,658	32,440	1,606	2,247	59,951
Net carrying amount	16,667	19,301	356	9,666	45,990

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

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

Group	Hangars RM'000	Office equipment, renovation, furniture and fittings RM'000	Motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
At 31 January 2019					
Cost					
At 1 February 2018	40,325	54,388	3,432	10,881	109,026
Additions	-	3,065	-	13,084	16,149
Reclassifications	-	6,012	-	(6,012)	-
Disposals	-	(3)	(529)	-	(532)
At 31 January 2019	40,325	63,462	2,903	17,953	124,643
Accumulated depreciation and impairment					
At 1 February 2018	21,010	40,020	2,767	-	63,797
Depreciation charge (Note 6)	1,324	4,770	345	-	6,439
Disposals	-	(1)	(525)	-	(526)
At 31 January 2019	22,334	44,789	2,587	-	69,710
Net carrying amount	17,991	18,673	316	17,953	54,933

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

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

Company	Office equipment, renovation, furniture and fittings RM'000	Motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
At 31 January 2020				
Cost				
At 1 February 2019	53,225	1,156	8,461	62,842
Additions	4,750	-	266	5,016
Reclassifications	8,457	-	(8,457)	-
Transfer to investment properties (Note 12)	(33,374)	-	-	(33,374)
Disposal	-	(1,092)	-	(1,092)
At 31 January 2020	33,058	64	270	33,392
Accumulated depreciation				
At 1 February 2019	37,231	1,156	-	38,387
Depreciation charge (Note 6)	5,532	-	-	5,532
Disposals	-	(1,092)	-	(1,092)
Transfer to investment properties (Note 12)	(19,449)	-	-	(19,449)
At 31 January 2020	23,314	64	-	23,378
Net carrying amount	9,744	-	270	10,014
At 31 January 2019				
Cost				
At 1 February 2018	44,571	1,685	4,995	51,251
Additions	2,642	-	9,478	12,120
Reclassifications	6,012	-	(6,012)	-
Disposal	-	(529)	-	(529)
At 31 January 2019	53,225	1,156	8,461	62,842
Accumulated depreciation				
At 1 February 2018	33,905	1,613	-	35,518
Depreciation charge (Note 6)	3,326	68	-	3,394
Disposal	-	(525)	-	(525)
At 31 January 2019	37,231	1,156	-	38,387
Net carrying amount	15,994	-	8,461	24,455

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

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

- (a) During the financial year, the Group acquired property, plant and equipment ("PPE") at aggregate costs of RM15,959,000 (2019: RM16,149,000) of which RM91,700 (2019: RM Nil) were acquired by means of hire purchase arrangements, and the Company acquired property, plant and equipment at aggregate costs of RM5,016,000 (2019: RM12,120,000) of which RM Nil (2019: RM Nil) were acquired by means of hire purchase arrangements.

The net carrying amounts of motor vehicles held under hire purchase arrangements of the Group and the Company are RM228,000 (2019: RM208,000) and RM Nil (2019: RM Nil) 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Office equipment, renovation, furniture and fittings	20,120	36,542	16,571	33,897
Motor vehicles	1,427	1,908	64	1,156

- (c) Impairment losses

Accumulated impairment is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Hangars	7,495	7,495	-	-
Work-in-progress	2,270	-	-	-
	9,765	7,495	-	-

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. Included in the total impairment is an impairment loss of RM9.765 million (2019: RM7.495 million) on hangars and work-in-progress where the recoverable amount is determined based on higher of fair value less cost to sell method and value-in-use 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 RM26,775,000 (2019: RM27,363,000). No additional impairment loss recorded for the year ended 31 January 2020 (2019: RM Nil). 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.

The Group estimated the recoverable amount of the work in progress based on value-in-use. In determining the value-in-use of the asset, the future cash flows were discounted at a rate of 11%. Based on the impairment test performed, additional impairment loss of RM2.27 million (2019: Nil) was recorded for the year ended 31 January 2020.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

12. Investment properties

Group/Company	Leasehold land RM'000	Buildings RM'000	Total RM'000
At 31 January 2020			
Cost			
At 1 February 2019	55,541	137,083	192,624
Transfer from property, plant and equipment (Note 11)*	-	33,374	33,374
At 31 January 2020	55,541	170,457	225,998
Accumulated depreciation			
At 1 February 2019	20,797	57,087	77,884
Depreciation charge (Note 6)	532	2,610	3,142
Transfer from property, plant and equipment (Note 11)*	-	19,449	19,449
At 31 January 2020	21,329	79,146	100,475
Net carrying amount	34,212	57,937	125,523

* The Group and the Company performed the transfer during the year as certain assets from property, plant and equipment that meets the definition of investment properties.

At 31 January 2019**Cost**

At 1 February 2019	55,541	137,083	192,624
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Accumulated depreciation

At 1 February 2018	20,265	54,459	74,724
Depreciation charge (Note 6)	532	2,628	3,160
At 31 January 2019	20,797	57,087	77,884

Net carrying amount	34,744	79,996	114,740
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The investment properties were valued on 31 January 2020 by Rahim & Co., and KGV International Property Consultants (M) Sdn. Bhd., independent professional valuers. The total market value of the investment properties is RM204,855,000 (2019: RM211,295,000) using the comparison and investment methods.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

12. Investment properties (cont'd.)

Investment property	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sapura @ Mines, No 7, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan. - land	Comparison method	<p>(a) A 16-storey office building with 4-storey basement car parks with 83-years leasehold interest located at Shah Alam was transacted on 24 October 2017 for RM43,500,000.</p> <p>(b) A 32-storey office building with 4 levels of elevated car park with 98-years leasehold interest located at Petaling Jaya was transacted on 23 February 2017 for RM347,000,000.</p> <p>(c) A freehold 5-storey office building with 2 mezzanine floors and 3 levels of basement car park located at Kuala Lumpur was transacted on 8 June 2018 for RM120,000,000.</p>	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	<p>(a) Rental of office buildings located within Seri Kembangan ranges from RM3.50 to RM5.00 per square feet.</p> <p>(b) Net yield from comparable buildings ranges from 5.40% to 5.97%.</p>	<p>- rental per square feet were higher / (lower)</p> <p>- net yield were lower / (higher)</p>
Lot 5, Jalan 219, Lebuhraya Persekutuan, 46100 Petaling Jaya, Selangor Darul Ehsan. - land & building	Comparison method	<p>(a) A detached factory with double-storey office at Lot No 74, Jalan 51/203, Section 51, Petaling Jaya, with a land area of approximately 51,727 square feet was transacted on 3 July 2018 for RM10,200,000.</p> <p>(b) A detached factory with three-storey office at Lot No 20, Jalan 225, Section 51, Petaling Jaya, with a land area of approximately 44,635 square feet was transacted on 13 June 2018 for RM19,500,000.</p>	- Transacted price were higher / (lower)

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

12. Investment properties (cont'd.)

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 (cont'd.)	Comparison method	<p>(c) A detached factory with double-storey office at No 13, Jalan 51/204A, Section 51, Petaling Jaya, with a land area of approximately 96,104 square feet was transacted on 27 August 2019 for RM24,000,000.</p> <p>(d) A detached factory with double-storey office at No 22, Jalan 223, Section 51A, Petaling Jaya, with a land area of approximately 105,314 square feet was transacted on 26 June 2019 for RM40,000,000.</p>	The estimated fair value would increase / (decrease) if (cont'd.): - Transacted price were higher / (lower)
Lot No 10 and PT No 10A, Jalan Tandang Seksyen 28, 46050 Petaling Jaya, Selangor Darul Ehsan. - land & building	Comparison method	<p>(a) A detached factory with double-storey office at Lot No 74, Jalan 51/203, Section 51, Petaling Jaya, with a land area of approximately 51,727 square feet was transacted on 3 July 2018 for RM10,200,000.</p> <p>(b) A detached factory with three-storey office at Lot No 20, Jalan 225, Section 51, Petaling Jaya, with a land area of approximately 44,635 square feet was transacted on 13 June 2018 for RM19,500,000.</p> <p>(c) A detached factory with double-storey office at No 13, Jalan 51/204A, Section 51, Petaling Jaya, with a land area of approximately 96,104 square feet was transacted on 27 August 2019 for RM24,000,000.</p> <p>(d) A detached factory with double-storey office at No 22, Jalan 223, Section 51A, Petaling Jaya, with a land area of approximately 105,314 square feet was transacted on 26 June 2019 for RM40,000,000.</p>	- Transacted price were higher / (lower)

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

12. Investment properties (cont'd.)Comparison method

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

Investment method

Entails 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. Right-of-use assets

The Group has lease contracts for various items of hangar spaces, office spaces, warehouse spaces and equipments used in its operations. Leases of hangar, office and warehouse spaces generally have lease terms between 2 to 20 years while other equipments generally have lease terms between 2 and 3 years. The Group's obligations under its lease are secured by the lessor's title to the leased assets.

The Group also has certain leases of office equipments with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Upon the adoption of MFRS 16, the Group has resulted in a decrease in retained profits of RM6.67 million as at 1 February 2019.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	2020			
	Hangar spaces RM'000	Office and warehouse spaces RM'000	Equipments RM'000	Total RM'000
Group				
Cost				
At 1 February 2019, as restated	42,766	-	346	43,112
Additions	5,682	1,168	333	7,183
At 31 January 2020	48,448	1,168	679	50,295
Accumulated depreciation				
At 1 February 2019, as restated	17,705	-	194	17,899
Depreciation charge	5,015	362	165	5,542
At 31 January 2020	22,720	362	359	23,441
Net carrying amount	25,728	806	320	26,854

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

13. Right-of-use assets (cont'd.)

	2020	
	Office spaces RM'000	Total RM'000
Company		
Cost		
At 1 February 2019, as restated	-	-
Additions	917	917
At 31 January 2020	917	917
Accumulated depreciation		
At 1 February 2019, as restated	-	-
Depreciation charge	306	306
At 31 January 2020	306	306
Net carrying amount	611	611

The Group and the Company have lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's and the Company's business needs. Management exercises judgement in determining whether these extension options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	2020	
	Group RM'000	Company RM'000
Extension option expected not to be exercised:		
Within five years	33,021	-
More than five years	24,328	-
Total	57,349	-

Operating lease commitments - 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 3 years. Most leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

13. Right-of-use assets (cont'd.)**Operating lease commitments - as lessor (cont'd.)**

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Future minimum lease receivables:				
Not later than 1 year	29,718	20,639	23,748	14,825
Later than 1 year and not later than 3 years	20,469	2,445	19,367	703
	50,187	23,084	43,115	15,528

14. Intangible assets - Goodwill

	2020 RM'000	2019 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	
	2020 RM'000	2019 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).

15. Investment in subsidiaries

	Company	
	2020 RM'000	2019 RM'000
Unquoted shares in Malaysia, at cost	88,891	88,891
Less: Accumulated impairment losses	(80,003)	(68,192)
	8,888	20,699

Movement in accumulated impairment losses are as follows:

	Company	
	2020 RM'000	2019 RM'000
At the beginning of year	68,192	9,501
Charge for the year (Note 6)	11,811	2,972
Reclassification from amount due from subsidiaries (Note 19(b))	-	55,719
At the end of year	80,003	68,192

As at 31 January 2020, certain subsidiaries have reported continuing operating losses and depleting shareholder funds. These are indicators that the investment in these subsidiaries may be impaired. This resulted in impairment losses on its investment in subsidiaries of RM11.81 million (2019: RM2.97 million) during the year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

15. Investment in subsidiaries (cont'd.)

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

				Proportion of interest	
			Country of incorporation	2020 %	2019 %
Name of subsidiaries	Name of Directors	Principal activities			
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)	Investment holding.	Malaysia	100	100
Sapura Aero Sdn. Bhd.	Dato’ Wan Shahrudin bin Wan Mahmood Shamsul Anuar bin Musa	Investment holding.	Malaysia	100	100
Mercu Sapura Sdn. Bhd.	Shamsul Anuar bin Musa Rosenah binti Mohd Hassan (Resigned on 28 May 2019) Burhanudin bin Noordin Ali (Appointed on 28 May 2019) Mai Eliza binti Mior Mohamad Zubir (Alternate Director to Shamsul Anuar bin Musa)	Carry out property development transactions and investment holding.	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
SRB One Sdn. Bhd.	Dato’ Shahriman bin Shamsuddin Dato’ Wan Shahrudin bin Wan Mahmood Shamsul Anuar bin Musa	Investment holding.	Malaysia	100	100
Held by DNest Aviation Sdn. Bhd.					
AeroDome Sdn. Bhd.	Dato’ Shahriman bin Shamsuddin Dato’ Wan Shahrudin bin Wan Mahmood	Hangarage and other aviation related services.	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

15. Investment in subsidiaries (cont'd.)

Details of the subsidiaries, all of which are incorporated in Malaysia and audited by Ernst & Young Malaysia, other than those indicated are as follows: (cont'd.)

				Proportion of interest	
			Country of incorporation	2020 %	2019 %
Name of subsidiaries	Name of Directors	Principal activities			
Held by Sapura Aero Sdn. Bhd.					
Aerohandlers Sdn. Bhd.	Dato’ Shahrman bin Shamsuddin Dato’ Wan Shahrudin 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’ Shahrman bin Shamsuddin Dato’ Wan Shahrudin bin Wan Mahmood Shamsul Anuar bin Musa Mai Eliza binti Mior Mohamad Zubir (Alternate Director to Shamsul Anuar bin Musa)	Hangarage, ground handling and other aviation related services.	Malaysia	100	100
Aeromanager Sdn. Bhd.#	Dato’ Wan Shahrudin bin Wan Mahmood Shamsul Anuar bin Musa Mai Eliza binti Mior Mohamad Zubir (Alternate Director to Shamsul Anuar bin Musa)	Aircraft management services and other aviation related services.	Malaysia	100	100
Aerodome Fife Sdn. Bhd.	Dato’ Shahrman 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

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

15. Investment in subsidiaries (cont'd.)

Details of the subsidiaries, all of which are incorporated in Malaysia and audited by Ernst & Young Malaysia, other than those indicated are as follows: (cont'd.)

Name of subsidiaries	Name of Directors	Principal activities	Country of incorporation	Proportion of interest	
				2020 %	2019 %
Held by Sapura Aero Sdn. Bhd. (cont'd.)					
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
Held by Mercu Sapura Sdn. Bhd.					
Sapura Technics Sdn. Bhd. *	Dato' Shahrman bin Shamsuddin Dato' Brig Gen (Rtd) Anim bin Harun Shamsul Anuar bin Musa Burhanudin bin Noordin Ali	Carry out the provision of maintenance, repair and overhaul (MRO) services for aircraft and the related services.	Malaysia	95	100

@ Subsidiary is audited by other than Ernst & Young Malaysia and was struck-off during the year

Ceased operations during the year

* During the year, the Company subscribed for RM21,300,000 Redeemable Cumulative Preference Shares from its subsidiary, Sapura Technics Sdn. Bhd.. Additional information is disclosed in Note 41.

Non-controlling interests ("NCI")

	2020 RM'000	2019 RM'000
Sapura Technics Sdn. Bhd.		
NCI percentage of ownership interest and voting		
Carrying amount of NCI	(100)	-
Loss allocated to NCI	(600)	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

15. Investment in subsidiaries (cont'd.)

Non-controlling interests ("NCI") (cont'd.)

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

	2020 RM'000	2019 RM'000
Summarised statement of profit or loss:		
Revenue	995	-
Loss for the year, representing total comprehensive loss	(12,138)	-
Summarised statement of financial position:		
Non-current assets	18,773	-
Current assets	11,808	-
Non-current liabilities	(29,535)	-
Current liabilities	(3,046)	-
Net liabilities	(2,000)	-

16. Investment in an associate

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unquoted shares at cost	12,000	12,000	12,000	12,000
Share of post-acquisition reserves	4,731	3,995	-	-
	16,731	15,995	12,000	12,000

Details of the associate is as follows:

Name of associates	Country of incorporation	Principal activities	Proportion of interest	
			2020 %	2019 %
Held by the Company				
Tenaga Cable Industries Sdn. Bhd.*	Malaysia	Manufacture and distribution of power and general cables, aluminium rods, other electronic and electric wires, cables and related activities.	24	24

The Group exercises significant influence by virtue of its ability to participate in the financial and operating policy decisions of the associate by way of representation on their respective boards of directors.

* Company is audited by firms of auditors other than Ernst & Young.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

16. Investment in an associate (cont'd.)

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

	2020 RM'000	2019 RM'000
Dividends received	-	-
Current assets	95,085	131,461
Non-current assets	63,815	64,826
Total assets	158,900	196,287
Current liabilities	87,955	123,487
Non-current liabilities	1,234	6,154
Total liabilities	89,189	129,641
Results:		
Revenue	291,436	424,903
Profit for the year representing total comprehensive income for the year	3,067	11,108
Group's share of profit for the year	736	2,666
Reconciliation of net carrying amount		
Group's share of net assets	16,731	15,995

17. Investment in joint ventures

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unquoted shares at cost:				
In Malaysia	161,119	128,408	150,411	127,908
Share of post-acquisition reserves	11,247	13,044	-	-
	172,366	141,452	150,411	127,908

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

17. Investment in joint ventures (cont'd.)

The joint arrangements are structured via separate entities and provide the Group with the rights to the net assets of the entities under the arrangements. Therefore, these entities are classified as joint ventures of the Group. Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Principal activities	Proportion of interest	
			2020 %	2019 %
Held by Sapura Resources Berhad				
Impian Bebas Sdn. Bhd.	Malaysia	Property investment.	50	50
Held by Sapura Aero Sdn. Bhd.				
Invation Aero Sdn. Bhd.	Malaysia	Sale of rotary wing and fixed wing aircraft; supply and provision of maintenance, repair and overhaul services in relation to aircraft and helicopters; and provision of programs such as leasing of aircraft and helicopters.	50	50
Held by SRB One Sdn. Bhd.				
MTU Power Systems Sdn. Bhd. *	Malaysia	Provision of engineering services, repair and maintenance of industrial machinery and equipment, wholesales of industrial machinery and equipment and supplies.	51	-

* Acquired during the year. Additional information is disclosed in Note 41.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

17. Investment in joint ventures (cont'd.)

The Group regards Impian Bebas Sdn. Bhd. ("IBSB") and MTU Power Systems Sdn. Bhd. ("MPS") as a material joint ventures. The summarised financial information of the joint venture, not adjusted for the proportion of the ownership interest held by the Group, is as follows:

	IBSB		MPS	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current assets	18,875	20,209	16,128	-
Non-current assets	1,208,931	502,527	3,554	-
Total assets	1,227,806	522,736	19,682	-
Current liabilities	110,446	39,901	1,697	-
Non-current liabilities	789,274	199,921	1,666	-
Total liabilities	899,720	239,822	3,363	-
Results:				
Revenue	-	-	2,069	-
Depreciation and amortisation	-	-	(360)	-
Profit/(loss) for the year representing total comprehensive income/(loss) for the year	176	(411)	(3,697)	-
Group's share of profit/(loss) for the year	88	(206)	(1,885)	-
Group's share of net assets:				
Cost of investment	150,411	127,908	10,208	-
Bargain purchase gain	14,292	14,292	-	-
Share of results	(660)	(748)	(1,885)	-
	164,043	141,452	8,323	-

Aggregate information of joint ventures that are not individually material:

	2020 RM'000	2019 RM'000
Share of loss after tax, representing share of total comprehensive loss	-	(417)

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

18. Inventories

	Group	
	2020 RM'000	2019 RM'000
At cost		
Food and beverages	-	13

During the year, the amount of inventories recognised as an expense in operating expenses of the Group was RM131,000 (2019: RM378,000).

19. Trade and other receivables

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current assets				
Other receivables				
Redeemable cumulative preference shares from a subsidiary	-	-	21,300	-
Amounts due from subsidiaries	-	-	8,847	-
	-	-	30,147	-
Current assets				
Trade receivables				
Third parties	4,887	5,620	226	731
Amount due from related companies	662	3,825	662	3,822
Amount due from directors' related companies	359	292	-	-
	5,908	9,737	888	4,553
Less: Impairment				
Third parties	(1,241)	(1,020)	(37)	(59)
Amount due from related companies	(5)	(6)	(5)	(5)
Total allowance for impairment	(1,246)	(1,026)	(42)	(64)
Trade receivables, net	4,662	8,711	846	4,489

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

19. Trade and other receivables (cont'd.)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other receivables				
Amounts due from:				
Subsidiaries	-	-	26,781	10,238
Joint venture companies	1,505	1,275	255	23
Related company	18	16	-	-
	1,523	1,291	27,036	10,261
Deposits	6,582	2,640	253	348
Sundry receivables	1,192	2,260	2,106	1,018
	9,297	6,191	29,395	11,627
Less: Impairment				
Amount due from subsidiaries	-	-	(7,832)	(9,774)
Amount due from a joint venture company	(1,505)	(142)	(255)	-
Sundry receivables	(7)	(41)	(7)	(7)
Total allowance for impairment	(1,512)	(183)	(8,094)	(9,781)
Other receivables, net	7,785	6,008	21,301	1,846
Total current trade and other receivables	12,447	14,719	22,147	6,335
Total trade and other receivables	12,447	14,719	52,294	6,335
Total trade and other receivables	12,447	14,719	52,294	6,335
Add: Cash and cash equivalents (Note 22)	41,119	5,296	30,746	4,102
Total financial assets at amortised cost	53,566	20,015	83,040	10,437

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

19. Trade and other receivables (cont'd.)**(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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Neither past due nor impaired	3,354	4,152	616	1,895
1 to 30 days past due not impaired	248	2,498	193	1,552
31 to 60 days past due not impaired	596	1,261	29	915
61 to 90 days past due not impaired	22	348	3	127
More than 90 days past due not impaired	442	452	5	-
	1,308	4,559	230	2,594
Impaired	1,246	1,026	42	64
	5,908	9,737	888	4,553

Receivables that are impaired

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Individually impaired:				
Trade receivables - nominal amounts	1,246	1,026	42	64
Less: Allowance for expected credit losses	(1,246)	(1,026)	(42)	(64)
	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

19. Trade and other receivables (cont'd.)**(a) Trade receivables (cont'd.)**Receivables that are impaired (cont'd.)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Movement in allowance accounts:				
At the beginning of year	1,026	654	64	119
Charge for the year (Note 6)	773	1,107	7	54
Bad debts written off	(281)	(59)	(3)	(53)
Reversal of impairment losses (Note 6)	(272)	(676)	(26)	(56)
At the end of year	1,246	1,026	42	64

(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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Individually impaired:				
Amount due from subsidiaries	-	-	7,832	9,774
Amount due from a joint venture company	1,505	142	255	-
Other receivables - nominal value	7	41	7	7
Less: Impairment	(1,512)	(183)	(8,094)	(9,781)
	-	-	-	-
Movement in allowance accounts:				
At the beginning of year	183	41	9,781	56,304
Charge for the year (Note 6)	1,363	142	2,246	9,196
Reversal of impairment losses (Note 6)	(34)	-	(3,933)	-
Reclassification (Note 15)	-	-	-	(55,719)
At the end of year	1,512	183	8,094	9,781

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

19. Trade and other receivables (cont'd.)**(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 subsidiaries

Amounts due from subsidiaries arose under normal course of business.

The amounts are unsecured, non-interest bearing and with no fixed terms of repayment, except for an amount of RM2 million (2019: RM20 million) is unsecured, with interest rates ranging from 4.81% to 5.06% (2019: 4.71% to 5.05%) per annum.

(f) 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.

(g) Redeemable cumulative preference shares from a subsidiary

Redeemable cumulative preference shares ("RCPS") is subscribed by the Company to a subsidiary. The terms of the RCPS are as follows:

- (i) The holders of the RCPS are entitled to a fixed cumulative coupon at the rate of 9% per annum;
- (ii) The RCPS does not carry any right to vote at any general meeting of the Company;
- (iii) The RCPS are not convertible to ordinary shares of the Company; and
- (iv) The RCPS is liable to be redeemed at the fixed redemption dates.

(h) Credit risk

As at the reporting date, the Group has a significant concentration of credit risk in the form of outstanding balances due from 3 (2019: 1) debtors representing 35% (2019: 43%) of the total net receivables.

20. Other current financial assets

	Group/Company	
	2020	2019
	RM'000	RM'000
Held for trading investments		
Quoted equity shares	106	115
Add: Short term investments (Note 21)	51,396	142,940
Total financial assets at fair value through profit or loss	51,502	143,055

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

21. Short term investment

	Group/Company	
	2020 RM'000	2019 RM'000
Islamic money market instruments	51,396	142,940
Total short term investment	51,396	142,940

Short term investment represents investment in Maybank Dana Nabeel, that invest in islamic money market instruments.

Reconciliation of net movement of short term investment is as follows:

	Group/Company	
	2020 RM'000	2019 RM'000
Balance as at 1 February 2019/2018	142,940	160,348
Withdrawal	(98,176)	(22,046)
Profits received during the year (Note 6)	6,632	4,638
Balance as at 31 January 2020/2019	51,396	142,940

22. Cash and cash equivalents

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash in hand and banks	11,119	5,296	746	4,102
Short-term deposits	30,000	-	30,000	-
	41,119	5,296	30,746	4,102

Cash at banks earn interest at floating rates based on daily bank deposit rates. The weighted average effective interest rates applicable to the short-term deposits with licensed banks of the Group and the Company is 2.95% per annum with a maturity of 90 days.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

23. Trade and other payables

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade payables				
Third parties	1,373	2,312	101	1,249
Amount due to directors' related company	603	1,067	-	-
	1,976	3,379	101	1,249
Other payables				
Amounts due to:				
Holding company	37	36	37	36
Related companies	300	1,055	196	91
	337	1,091	233	127
Deposits	7,998	8,160	6,213	6,222
Accruals	4,055	6,898	2,959	4,703
Other payables	2,183	2,981	989	1,327
	14,573	19,130	10,394	12,379
Total trade and other payables	16,549	22,509	10,495	13,628
Total trade and other payables	16,549	22,509	10,495	13,628
Add: Loans and borrowings (Note 25)	2,889	5,877	2,700	5,700
Add: Lease liabilities (Note 27)	34,521	-	630	-
Total loans and borrowings	53,959	28,386	13,825	19,328

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 (2019: 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 (2019: 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

Amount due to holding company arose in normal course of business.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

24. Provisions

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Provisions				
At the beginning of year	3,830	3,000	3,000	3,000
Current year provision (Note 6)	8,217	830	-	-
At the end of year	12,047	3,830	3,000	3,000

As part of the disposal of associates in prior year, SRB has provided indemnity to APIIT Sdn. Bhd. ("APIIT") and Ilmu Education Group Sdn. Bhd. ("ILMU") against any losses and damages incurred as a direct result of any ruling by the Sri Lanka Tax Authority for the appeal filed by APIIT Lanka on the payment of Value Added Tax for an amount up to RM3 million and for period of 6 years until 24th August, 2022.

During the previous year, the Group has made a provision in relation to claim from the insurer of a previous customer.

During the current financial year, the Group has made a provision in relation to a claim from a previous customer, among others, claiming for compensation for the loss of market value of an aircraft due to the same event as mentioned within the preceding paragraph. Further information as disclosed in Note 42.

25. Loans and borrowings

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current				
Secured:				
Hire-purchase (Note 26)	62	61	-	-
Unsecured:				
Revolving credits	2,700	5,700	2,700	5,700
	2,762	5,761	2,700	5,700
Non-current				
Secured:				
Hire-purchase (Note 26)	127	116	-	-
Total loans and borrowings				
Revolving credits	2,700	5,700	2,700	5,700
Hire-purchase (Note 26)	189	177	-	-
	2,889	5,877	2,700	5,700

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

25. Loans and borrowings (cont'd.)

The remaining maturities of the loans and borrowings as at 31 January 2020 are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
On demand or within 1 year	2,762	5,761	2,700	5,700
More than 1 year and less than 2 years	65	55	-	-
More than 2 years and less than 5 years	62	61	-	-
	2,889	5,877	2,700	5,700

Hire-purchase obligations are secured by a charge over the leased assets (Note 11).

Reconciliation of net movement of loans and borrowings is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Balance as at 1 February 2019/2018	5,877	327	5,700	61
Withdrawal of revolving credits	600	12,600	600	12,600
Repayment of revolving credits	(3,600)	(6,900)	(3,600)	(6,900)
Net withdrawal of short term borrowings	(3,000)	5,700	(3,000)	5,700
Withdrawal of hire-purchase	92	-	-	-
Repayment of hire-purchase	(80)	(150)	-	(61)
Net withdrawal/(repayment) of hire-purchase	12	(150)	-	(61)
Total changes from financing cash flows	(2,988)	5,550	(3,000)	5,639
Balance as at 31 January 2020/2019	2,889	5,877	2,700	5,700

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

26. Hire-purchase

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Minimum lease payments:				
Not later than 1 year	71	66	-	-
Later than 1 year but not later than 2 years	71	59	-	-
Later than 2 years but not later than 5 years	67	63	-	-
Total minimum lease payments	209	188	-	-
Less: Amounts representing finance charges	(20)	(11)	-	-
Present value of minimum lease payments	189	177	-	-
Present value of payments:				
Not later than 1 year	62	61	-	-
Later than 1 year but not later than 2 years	65	55	-	-
Later than 2 years but not later than 5 years	62	61	-	-
Later than 5 years	-	-	-	-
Present value of minimum lease payments	189	177	-	-
Less: Amount due within 12 months (Note 25)	(62)	(61)	-	-
Amount due after 12 months (Note 25)	127	116	-	-

The hire-purchase of the Group and the Company attract interest rate during the year varying between 1.88% to 3.5% (2019: 1.88% to 4.25%) and Nil (2019: Nil) per annum respectively.

27. Lease liabilities**Group as a lessee**

The Group has lease contracts for various items of hangar, office and warehouse spaces and other equipments used in its operations. Leases of hangar, office and warehouse spaces generally have lease terms between 2 and 20 years, while other equipments generally have lease terms between 2 and 3 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of equipments with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Details of the carrying amounts of right-of-use assets recognised and the movements during the year are disclosed in Note 13 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

27. Lease liabilities (cont'd.)**Group as a lessee (cont'd.)**

The carrying amounts of lease liabilities recognised and the reconciliation of net movement of lease liabilities is as follows:

	Group 2020 RM'000	Company 2019 RM'000
Secured:		
At 1 February 2019, as previously stated	-	-
Effect on adoption of MFRS 16	32,577	-
At 1 February 2019, restated	32,577	-
Additions	7,184	917
Finance cost (Note 5)	1,504	32
Payments	(6,744)	(319)
At 31 January 2020	34,521	630
Current	5,946	470
Non-current	28,575	160
	34,521	630

The remaining maturities of the lease liabilities as at 31 January 2020 are as follows:

	Group 2020 RM'000	Company 2019 RM'000
On demand or within 1 year	5,946	470
More than 1 year and less than 2 years	6,147	160
More than 2 years and less than 5 years	14,354	-
More than 5 years	8,074	-
	34,521	630

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

27. Lease liabilities (cont'd.)**Group as a lessee (cont'd.)**

The followings are the amounts recognised in profit or loss:

	Group 2020 RM'000	Company 2019 RM'000
Depreciation on right-of-use assets	165	5,542
Finance cost on lease liabilities	1,504	32
Expense relating to short-term leases (Note 6)	736	690
Expense relating to leases of low-value assets (Note 6)	76	30
Total amount recognised in profit or loss	2,481	6,294

Total cash outflows for leases comprising of payment of lease liabilities and interest paid in relation to lease liabilities, short term leases and low value leases for Group and Company amounting to RM8,140,000 and RM1,039,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

28. Deferred tax liabilities

	Liabilities		Assets		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Group						
Accelerated capital allowances	4,554	4,783	-	-	4,554	4,783
Tax losses and unabsorbed capital allowances	-	-	(539)	(287)	(539)	(287)
Provisions and lease liabilities	-	-	(121)	(279)	(121)	(279)
Trade receivables	-	-	(15)	(15)	(15)	(15)
Tax liabilities/(assets)	4,554	4,783	(675)	(581)	3,879	4,202
Set-off of tax	(675)	(581)	675	581	-	-
Net tax liabilities/(assets)	3,879	4,202	-	-	3,879	4,202
Company						
Accelerated capital allowances	2,521	2,751	-	-	2,521	2,751
Tax losses and unabsorbed capital allowances	-	-	(318)	(277)	(318)	(277)
Provisions and lease liabilities	-	-	(70)	(235)	(70)	(235)
Trade receivables	-	-	(15)	(15)	(15)	(15)
Tax liabilities/(assets)	2,521	2,751	(403)	(527)	2,118	2,224
Set-off of tax	(403)	(527)	403	527	-	-
Net tax liabilities/(assets)	2,118	2,224	-	-	2,118	2,224

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

28. Deferred tax liabilities (cont'd.)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At the beginning of year	4,202	4,148	2,224	1,818
Recognised in profit or loss (Note 9)	(323)	54	(106)	406
Deferred tax liabilities	3,879	4,202	2,118	2,224

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

Deferred tax assets of the Group:

	Tax losses and unabsorbed capital allowances RM'000	Provisions and lease liabilities RM'000	Trade receivables RM'000	Total RM'000
At 31 January 2018	(240)	(311)	(29)	(580)
Recognised in profit or loss	(47)	32	14	(1)
At 31 January 2019	(287)	(279)	(15)	(581)
Recognised in profit or loss	(252)	158	-	(94)
At 31 January 2020	(539)	(121)	(15)	(675)

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM'000	Total RM'000
At 1 February 2018	4,728	4,728
Recognised in profit or loss	55	55
At 31 January 2019	4,783	4,783
Recognised in profit or loss	(229)	(229)
At 31 January 2020	4,554	4,554

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

28. Deferred tax liabilities (cont'd.)

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

Deferred tax assets of the Company:

	Tax losses and unabsorbed capital allowances RM'000	Provisions and lease liabilities RM'000	Trade receivables RM'000	Total RM'000
At 31 January 2018	(240)	(238)	(29)	(507)
Recognised in profit or loss	(37)	3	14	(20)
At 31 January 2019	(277)	(235)	(15)	(527)
Recognised in profit or loss	(41)	165	-	124
At 31 January 2020	(318)	(70)	(15)	(403)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000	Total RM'000
At 31 January 2018	2,325	2,325
Recognised in profit or loss	426	426
At 31 January 2019	2,751	2,751
Recognised in profit or loss	(230)	(230)
At 31 January 2020	2,521	2,521

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

	Group	
	2020 RM'000	2019 RM'000
Unused tax losses	44,611	30,163
Unabsorbed capital allowances	2,781	2,221
Others	873	1,029
	48,265	33,413

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

28. Deferred tax liabilities (cont'd.)

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.

29. Share capital

	No. of Shares		Group/Company Amount	
	2020 Unit'000	2019 Unit'000	2020 RM'000	2019 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.

30. Other reserves

	2020 RM'000	2019 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

31. Retained profits

As at 31 January 2020, the Company may distribute the entire balance of the retained profits under the single tier system.

32. Dividends

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

33. Related party disclosures

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(Income)/Expense				
Holding company				
Corporate service fee	237	221	237	221
Subsidiaries				
Rental expense	-	-	70	70
Recoverability of electricity	-	-	(10)	(31)
Electricity	-	-	13	13
Interest income	-	-	(98)	(797)
Purchase of goods	-	-	6	21
Related companies				
Sapura Energy Berhad				
Rental income	(16,118)	(12,154)	(16,118)	(12,154)
Revenue from investment properties, other than rental income	(2,081)	(1,714)	(2,081)	(1,714)
Sapura Technology Sdn. Bhd. and its subsidiaries				
Rental income	(318)	(318)	(318)	(318)
Revenue from investment properties, other than rental income	(25)	(25)	(25)	(25)
Sapura Secured Technologies Sdn. Bhd. and its subsidiaries				
Information technology outsourcing services	657	729	501	421

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

33. Related party disclosures (cont'd.)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors' related companies				
Rental income	(16)	(9)	(16)	(9)
Rental of hangar and office	(3,624)	(3,548)	-	-
Ground handling and other aviation related services	(2,098)	(1,089)	-	-
Directors' related firm				
Legal fees	-	26	-	-

34. 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short-term employee benefit	5,976	5,297	5,116	4,781

35. Capital commitments

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipments	5,905	9,026	4,270	5,137
Approved but not contracted for:				
Property, plant and equipments	3,870	4,322	3,511	3,414
Investment in a subsidiary	-	24,300	-	24,300
Investment in joint venture	94,926	90,134	59,684	82,184
	104,701	127,782	67,465	115,035

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

36. Contingent liabilities

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unsecured guarantees given to third parties in respect of utility facilities granted to the Company	540	560	540	560

37. 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 RM106,000 (2019: RM115,000) 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 RM51,396,000 (2019: RM142,940,000) 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 2 fair value hierarchy which is based on indirectly observable 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 2020:					
Hire-purchase	26	189	188	-	-
Financial liabilities					
At 31 January 2019:					
Hire-purchase	26	177	170	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

37. Fair value of financial instruments (cont'd.)

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

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

38. Financial risk management objectives and policies

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

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

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

(a) Credit risk

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

Exposure to credit risk

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

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the business segment of its trade receivables on an ongoing basis. As at the reporting date, the Group has a significant concentration of credit risk in the form of outstanding balances due from 3 (2019: 1) debtors representing 35% (2019: 43%) of the total net receivables.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19. Investment in unit trust and investment securities that are neither past due nor impaired are entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

(b) Liquidity risk

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

38. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities

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

	2020			
	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	16,549	-	-	16,549
Loans and borrowings	2,771	138	-	2,909
Lease liabilities	7,007	22,802	9,497	39,306
Total undiscounted financial liabilities	26,327	22,940	9,497	58,764
Company				
Financial liabilities:				
Trade and other payables	10,495	-	-	10,495
Loans and borrowings	2,700	-	-	2,700
Lease liabilities	478	160	-	638
Total undiscounted financial liabilities	13,673	160	-	13,833

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

38. Financial risk management objectives and policies (cont'd.)**(b) Liquidity risk (cont'd.)**Analysis of financial instruments by remaining contractual maturities (cont'd.)

	2019		
	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Group			
Financial liabilities:			
Trade and other payables	22,509	-	22,509
Loans and borrowings	5,766	122	5,888
Total undiscounted financial liabilities	28,275	122	28,397
Company			
Financial liabilities:			
Trade and other payables	13,628	-	13,628
Loans and borrowings	5,700	-	5,700
Total undiscounted financial liabilities	19,328	-	19,328

(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 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

38. Financial risk management objectives and policies (cont'd.)**(d) Market risk (cont'd.)**

At the reporting date, the exposure to listed equity securities and investment in fund at fair value was RM106,000 (2019: RM115,000) and RM51,396,000 (2019: RM142,940,000) 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 RM10,600 (2019: RM11,500) and RM5,139,600 (2019: RM14,294,000) respectively on the profit or loss of the Group.

39. 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 2020 and 2019.

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	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loans and borrowings	25	2,889	5,877	2,700	5,700
Lease liabilities	27	34,521	-	630	-
Trade and other payables	23	16,549	22,509	10,495	13,628
Less: Cash and cash equivalents	22	(41,119)	(5,296)	(30,746)	(4,102)
Less: Short term investment	21	(51,396)	(142,940)	(51,396)	(142,940)
Net debt		(38,556)	(119,850)	(68,317)	(127,714)
Equity attributable to the owners of the parent		424,489	456,281	423,035	429,019
Less: Non-distributable reserves	30	(1,481)	(1,481)	-	-
Total capital		423,008	454,800	423,035	429,019
Capital and net debt		423,008	454,800	423,035	429,019
Gearing ratio		0%	0%	0%	0%

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

40. Segment information

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

- (i) Investment holding - equity investment, including group-level corporate services and business development functions.
- (ii) Property investment - rental of investment properties.
- (iii) Aviation - Provision of hangarage services, ground handling, aircraft management, engineering services and other aviation related services.
- (iv) Maintenance, repair and overhaul ("MRO") - provision of MRO services for aircraft and the 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

40. Segment information (cont'd.)

At 31 January 2020		Investment holdings RM'000	Property investments RM'000	Aviation RM'000	MRO RM'000	Adjustments and eliminations RM'000	Note	Per consolidated financial statements RM'000
Revenue:								
External customers	2	26,885		22,290	995	-		50,172
Inter-segment	3,875	6		669	-	(4,550)	A	-
Total revenue	3,877	26,891		22,959	995	(4,550)	B	50,172
Results:								
Interest income	98		-	-	-	(98)		-
Profits distribution for short term investment	6,665		-	-	-	-		6,665
Profits distribution from money market instruments	257		-	-	-	-		257
Net fair value loss on held for trading investment securities	(9)		-	-	-	-		(9)
Depreciation of investment properties	-		(3,142)	-	-	-		(3,142)
Depreciation of property, plant and equipment	(837)		(5,040)	(2,775)	(42)	-		(8,694)
Depreciation of right-of-use assets	(306)		-	(2,860)	(2,376)	-		(5,542)
Share of results of an associates	736		-	-	-	-		736
Share of results of joint venture	(1,797)		-	-	-	-		(1,797)
Other non-cash (expenses)/ income	(5,526)		50	(10,614)	(387)	4,199	C	(12,278)
Segment (loss)/ profit before tax	(16,708)		10,092	(15,156)	(12,139)	8,882		(25,029)
Assets:								
Investment in associates	16,731		-	-	-	-		16,731
Investment in joint venture	172,366		-	-	-	-		172,366
Additions to non-current assets	1,225		4,707	2,703	14,507	-	D	23,142
Segment assets	288,562		173,024	85,463	30,581	(83,234)	E	494,396
Segment liabilities	24,412		15,380	91,857	32,963	(94,605)	F	70,007

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

40. Segment information (cont'd.)

At 31 January 2019	Investment holdings RM'000	Property investments RM'000	Aviation RM'000	MRO RM'000	Adjustments and eliminations RM'000	Note	Per consolidated financial statements RM'000
Revenue:							
External customers	-	25,818	23,017	-	-		48,835
Inter-segment	3,152	21	85	-	(3,258)	A	-
Total revenue	3,152	25,839	23,102	-	(3,258)	B	48,835
Results:							
Interest income	797	-	-	-	(797)		-
Profits distribution for short term investment	4,638	-	-	-	-		4,638
Net fair value loss on held for trading investment securities	(88)	-	-	-	-		(88)
Depreciation of investment properties	-	(3,160)	-	-	-		(3,160)
Depreciation of property, plant and equipment	(488)	(2,931)	(3,020)	-	-		(6,439)
Share of results of an associates	2,666	-	-	-	-		2,666
Share of results of joint venture	(622)	-	-	-	-		(622)
Other non-cash (expenses)/ income	(12,162)	10	(1,526)	-	12,159	C	(1,519)
Segment (loss)/ profit before tax	(16,671)	10,173	(10,743)	-	12,180		(5,061)
Assets:							
Investment in associates	15,995	-	-	-	-		15,995
Investment in joint venture	141,452	-	172,366	-	-		313,818
Additions to non-current assets	79	12,078	3,992	-	-	D	16,149
Segment assets	300,335	162,496	72,117	-	(42,249)	E	492,699
Segment liabilities	5,213	20,642	56,019	-	(45,456)	F	36,418

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

40. Segment information (cont'd.)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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

A Inter-segment revenues are eliminated on consolidation.

B Included in the property investment segment is one major customer contributing to RM18.2 million (2019: RM13.9 million) representing 36% (2019: 28%) of the total Group's revenue. Detailed information can be referred to Note 33.

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

	Note	2020 RM'000	2019 RM'000
Provision for claim	6	8,217	830
Impairment loss on trade receivables	6	773	1,107
Impairment loss on amount due from a joint venture company	6	1,363	142
Impairment loss on property, plant and equipment	6	2,270	-
Reversal of allowances for impairment of trade receivables	6	(272)	(676)
Unrealised foreign exchange (gain)/loss	6	(4)	255
Gain on disposal of property, plant and equipment	6	(69)	(139)
		12,278	1,519

D Additions to non-current assets consist of:

	2020 RM'000	2019 RM'000
Property, plant and equipment	15,959	16,149
Right-of-use asset	7,183	-
	23,142	16,149

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

40. Segment information (cont'd.)

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

	2020 RM'000	2019 RM'000
Inter-segment assets	(83,234)	(42,249)

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

	2020 RM'000	2019 RM'000
Inter-segment liabilities	(94,605)	(45,456)

41. Significant events

Acquisition of MTU Power Systems Sdn. Bhd.

On 15 May 2019, the Group announced that, the Group, through SRB One Sdn. Bhd. ("SRB One") as well as MTU Asia Pte. Ltd. ("MTU") and MTU Power Systems Sdn. Bhd. ("MPS") had entered into a conditional subscription and joint venture agreement dated 15 May 2019, in order for MPS to undertake the sale and service of "original equipment packaging solutions" in marine, rail, construction and industrial, mining, agriculture, oil and gas, and power generation market sectors in Malaysia and such other businesses as may be mutually agreed between SRB One and MTU from time to time.

On 23 May 2019, the Company announced that pursuant to the terms of the joint venture agreement, SRB One and MTU have on 23 May 2019 subscribed for the following number of ordinary shares ("Initial Subscription Shares") at an issue price of RM1.00 each fully paid in MPS, being the joint venture entity, by way of cash subscription at the following consideration:-

Party	Class of Ordinary Shares	Number of ordinary shares subscribed in MPS on 23 May 2019	Consideration (RM)	Total number of Ordinary Shares held in the MPS upon Initial Subscription Shares	Percentage of shareholding in the MPS
SRB One	Class B	1,248,979	1,248,979	1,248,979	51%
MTU	Class A	1,000,000	1,000,000	1,200,000	49%
Total		2,248,979	2,248,979	2,448,979	100%

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

41. Significant events (cont'd.)**Acquisition of MTU Power Systems Sdn. Bhd. (cont'd.)**

With the completion of the Initial Subscription Shares, SRB holds 51% indirect equity interest in MPS via SRB One.

On 10 July 2019, the Company announced that pursuant to the terms of the joint venture agreement, the SRB One Shareholder's Loan was capitalised on 10 July 2019 with the allotment and issuance of 8,959,185 new Class B Shares to SRB One at an issue price of RM1.00 per share.

In addition, on the same day, MTU has also subscribed for 8,607,844 new Class A Shares for a cash consideration of RM8,607,844.

With the completion of the Subsequent Subscriptions, SRB One holds 10,208,164 Class B Shares and MTU holds 9,807,844 Class A Shares, representing 51% and 49% equity interest in MPS respectively.

Additional shares subscribed in Sapura Technics Sdn. Bhd.

On 29 October 2018, Mercu Sapura Sdn. Bhd. ("MSSB"), a wholly-owned subsidiary of the Company has entered into a shareholder agreement with Dilog Training & Services Sdn. Bhd. ("DTSSB") to undertake the business of provision of maintenance, repair and overhaul services for commercial aircraft.

On 18 March 2019, the Group, through MSSB with DTSSB have subscribed for the following number of ordinary shares at an issue price of RM1.00 each fully paid in Sapura Technics Sdn. Bhd. ("STSB") by way of cash subscription at the following consideration:

Party	Number of ordinary shares subscribed in the STSB on 18 March 2019	Consideration (RM)	Total number of Ordinary Shares held in the STSB upon subscription	Percentage of shareholdings in the STSB
MSSB	9,499,999	9,499,999	9,500,000	95%
DTSSB	500,000	500,000	500,000	5%
Total	9,999,999	9,999,999	10,000,000	100%

With the completion of the share subscription, STSB shall cease to be an indirect wholly-owned subsidiary of the Company and shall become an indirect 95%-owned subsidiary of the Company via MSSB.

42. Material litigation

Aerodome Sdn. Bhd. ("Aerodome"), a 100%-owned subsidiary of DNest Aviation Sdn. Bhd. ("DNest"), which in turn is a wholly-owned subsidiary of Sapura Resources Berhad ("the Company") had on 9 January 2020 received a Writ of Summons dated 5 January 2020 together with a Statement of Claim dated 3 January 2020 filed by (1) TVPX ARS INC. (2) Best Perfection Holdings Limited and (3) Pan Asia Property Management Sdn. Bhd. ("Plaintiffs") through its solicitor Messrs. Song & Partners, acting on behalf of the Plaintiffs while the Defendants are (1) Aerodome Sdn. Bhd. and (2) Execujet MRO Services Sdn. Bhd. (formerly known as Execujet Malaysia Sdn. Bhd.).

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

42. Material litigation (cont'd.)

The 2nd Plaintiff is claiming from Aerodome for the following :-

- (a) Compensation or damages or indemnity in the sum of USD2,010,000.00 for the loss of market value of the Aircraft due to the Aircraft Damage and resulting damage history;
- (b) Interest at the rate of 5% per annum on the aforesaid sum from 2 November 2015 till the date of judgment;
- (c) Costs;
- (d) Interest at the rate of 5% per annum on the aforesaid sums from the date of judgment till full satisfaction; and
- (e) Such further, ancillary or other relief as the Court may deem fit.

Details of the default or circumstances leading to the filing of the Writ and Statement of Claim against the Defendants

Aerodome has signed an Aircraft Management and Maintenance Agreement dated 6 July 2012 ("AMMA") between Pan Asia Property Management Sdn. Bhd. ("Pan-Asia"). Whilst the Aircraft was being defueled at the Aerodome Hangar by Execujet or its agent or contractor, the tail of the Aircraft tipped downwards and struck the raised concrete of the apron at Aerodome Hangar ("Incident"). Due to the incident, the Aircraft sustained damage to the aft lower fuselage in its access door area, including to, inter alia, its lower frame and skin at fuselage FS731, aft equipment bay door, LH EQPT bay door frame and RH EQPT bay door frame ("Aircraft Damage").

The Plaintiffs claimed that Aerodome is in breach of the express and implied terms of the AMMA made between Pan-Asia and Aerodome, of which Aerodome failed to:

- (a) exercise due care and diligence in the performance of the services required by Aerodome;
- (b) take any or any reasonable care of the Aircraft;
- (c) obtain in advance the written approval of Pan-Asia for such party or parties to perform the checking or work including the defueling process ("the Work")
- (d) impose or implement any adequate method of work to ensure that the defueling process would be carried out without incident or damage to the Aircraft;
- (e) ensure that Execujet or any sub-contractor involved in the Work delivers their work and services in conformity with accepted standards and practices;
- (f) ensure that a proper, reasonable or appropriate guarantee, bond, insurance, warranty, indemnity or other form of protection be given in favour of Pan-Asia by Execujet or any subcontractor involved in the Work; and
- (g) supervise and direct Execujet and/or Execujet's contractor (if any) during the Work.

The Plaintiffs are claiming that as a result of the Aircraft Damage and the resulting damage history, the Aircraft had depreciated in its fair market value by approximately USD2,010,000.00 as at or about 28 April 2016 notwithstanding the repair works that had been carried out.

NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 January 2020

43. Subsequent events

On 11 March 2020, the World Health Organisation (WHO) declared Covid-19 a worldwide pandemic. With widespread concerns about the ongoing Covid-19 pandemic, the government of Malaysia had declared a Movement Control Order ("MCO") from 18 March 2020. The MCO encompasses restriction of movement and assembly nationwide, and closure of all government and private premises except those involved in essential services. Subsequently, the Group resumed its operations in May 2020, in line with the announcement by the government that most businesses were allowed to resume operations, following the implementation of the recent phase of the conditional MCO ("CMCO"), which remains in place up to 9 June 2020.

The Group has concluded that the effect of the Covid-19 pandemic is a non-adjusting subsequent event as at 31 January 2020. Currently, the Covid-19 and the MCO had led to delay in our Lot 91 KLCC development undertaken via our joint-venture company, Impian Bebas Sdn. Bhd. as well as reduction in aircraft movements in our Aviation segment in Subang. The Covid-19 pandemic, if prolonged, may adversely impact the market outlook and operating conditions of the various business segments of the Group. The results and financial position of the Group subsequent to year end are expected to be impacted by various factors, including the following:

- (i) The softening demand and outlook of the property investment segments which may impact the revenues from rental income for the investment properties of the Group;
- (ii) The re-assessment of the carrying amounts of certain assets of the Group including investment properties. The fair values of the assets are derived based on certain key assumptions of the market conditions prevailing as at 31 January 2020. Any changes to these key assumptions and market conditions subsequent to year end would impact the subsequent fair values of these assets; and
- (iii) Reduction in air travel demand would likely lead to slowdown in demand for MRO services out of our Senai hangars.

However, the estimate of the financial impact cannot be reasonably determined at this juncture. The Group is taking the necessary steps to mitigate the risks arising from the Covid-19 pandemic, including the prudent management of its cash flows from its operating, investing and financing activities.

44. Authorisation of financial statements for issue

The financial statements for the year ended 31 January 2020 were authorised for issue in accordance with a resolution of the directors on 12 June 2020.

PARTICULARS OF PROPERTIES

As at 31 January 2020

Address	Description/ Existing Use	Land Area (in square meter)	Lease Expiry Date	Approximate Age of Building (years)	Net Book Value (RM'000)/ Date of Acquisition/ (Revaluation)
L.O. No. 10 Jalan Tandang Seksyen 28 46050 Petaling Jaya Selangor Darul Ehsan	Warehouse, office and store	49,927	20.06.2033	30 - 59	330/ 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	43	2,647/ 06.05.1988
Lot 5, Jalan 219 Lebuhraya Persekutuan 46100 Petaling Jaya Selangor Darul Ehsan	Commercial Building	4,047	16.03.2068	38	1,985/ 13.09.1988
No. 7, Jalan Tasik The Mines Resort City 43300 Seri Kembangan Selangor Darul Ehsan	Office Building	22,379	20.03.2091	21	120,561/ 16.12.1999

ANALYSIS OF SHAREHOLDINGS

As at 29 May 2020

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	:	5,666

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
Less than 100	458	8.08	5,744	0.00
100 - 1,000	2,265	39.98	1,951,081	1.40
1,001 - 10,000	2,256	39.82	9,246,353	6.62
10,001 - 100,000	583	10.29	18,196,550	13.86
100,001 to less than 5%	103	1.82	40,346,000	28.90
5% and above of issued shares	1	0.02	69,854,272	50.04
Total	5,666	100.00	139,600,000	100.00

DIRECTORS' SHAREHOLDINGS AS AT 29 MAY 2020

Name of Directors	Direct Interest	%	Deemed Interest	%
Tan Sri Dato' Seri Shahril bin Shamsuddin	83,250	0.06	72,372,772*	51.84
Dato' Shahrman bin Shamsuddin	83,250	0.06	72,372,772*	51.84
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	-	-	-	-
Dato' Fuziah @ Fauziah binti Dato' Ismail	-	-	-	-
Dato' Muthanna bin Abdullah	-	-	-	-
Ahmad Jauhari bin Yahya	-	-	-	-
Andrew Heng (appointed w.e.f. 3 June 2019)	-	-	-	-
Peter Ho Kok Wai (resigned w.e.f. 31 May 2019)	-	-	-	-

* 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").

ANALYSIS OF SHAREHOLDINGS

As at 29 May 2020

SUBSTANTIAL SHAREHOLDERS AS AT 29 MAY 2020

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

⁽¹⁾ Deemed interested by virtue of the direct interests of Sapura Capital Sdn Bhd and Indera Permai Sdn Bhd in the Company pursuant to Section 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 29 MAY 2020

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)	4,720,400	3.38
3	Lim Boon Liat	2,571,500	1.84
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	1,309,400	0.94
7	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Sapura Capital Sdn Bhd (PB)	1,098,500	0.79
8	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Parmjit Singh A/L Meva Singh (PBCL-0G0032)	1,000,000	0.72
9	Leong Hon Wah	900,000	0.64
10	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chow Soon Fong (E-MLB/JPP)	810,000	0.58
11	Yow Wang Yip	750,000	0.54
12	Tan Seow Cheng	741,000	0.53
13	Lam Pun Ying	727,100	0.52

ANALYSIS OF SHAREHOLDINGS

As at 29 May 2020

THIRTY (30) LARGEST SHAREHOLDERS BASED ON RECORD OF DEPOSITORS AS AT 29 MAY 2020 (cont'd.)

No.	Name of Shareholders	No. of Shares	%
14	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tam Seng @ Tam Seng Sen (E-PTS)	712,000	0.51
15	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chow Soon Meng (E-MLB/JPP)	700,000	0.50
16	Lee Kim Seng	655,000	0.47
17	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiaw Lik Chiat	619,500	0.44
18	Huang Phang Lye	607,500	0.44
19	Choo Shiow Charn	600,000	0.43
20	Ang Hong Mai	544,900	0.39
21	Tan Yee Kong	536,000	0.38
22	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Leong Chin Chye (472268)	500,000	0.36
23	Yong Siew Yoon	480,000	0.34
24	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	475,400	0.34
25	Eu Soon Keat	430,000	0.31
26	Peh Sew Chong	430,000	0.31
27	Life Enterprise Sdn Bhd	412,100	0.30
28	Tan Yee Seng	410,000	0.29
29	Yong Yee Mooi	400,000	0.29
30	Chua Kok Yong	390,000	0.28

ADMINISTRATIVE DETAILS FOR SHAREHOLDERS/ PROXIES ATTENDING THE SIXTY-THIRD ANNUAL GENERAL MEETING (“63rd AGM”)

DATE, TIME AND VENUE OF AGM

Date	:	Monday, 27 July 2020
Time	:	10:00 a.m.
Meeting Platform	:	https://web.lumiagm.com (Remote Participation and Voting Platform)
Broadcast Venue	:	Meeting Room 1 and 2, Level 9, Sapura@Mines, No. 7, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan

A. Fully Virtual 63rd AGM

In support of the Government of Malaysia’s ongoing efforts to contain the spread of the Coronavirus and the Government’s advice of social distancing and not having mass gatherings, the Company would like to leverage on technology advancement by conducting **the 63rd AGM on a fully virtual basis through electronic live streaming and online remote voting.**

The only venue involved is the broadcast venue and in compliance with Section 327(2) of the Companies Act 2016 (“CA2016”) the Chairman shall be present at the main venue of the AGM. As the Company is allowed under Section 327(1) of CA 2016, to convene general meeting at more than one venue using any technology or method that enables the shareholders of the Company to participate and exercise their rights to speak and vote at the general meeting, **no shareholder** from the public should be physically present nor admitted at the broadcast venue on the day of the AGM of the Company.

The Company will be using “Boardroom’s LUMI AGM Solution” which is available on the designated link at <http://web.lumiagm.com> or you may download the free “Lumi AGM” app from the Apple App Store or Google Play Store.

You can view and download the digital version of the following documents from our Company’s corporate website at <http://www.sapura-resources.com> or at Bursa Malaysia’s official website at <https://www.bursamalaysia.com>:

- a. Annual Report 2020 (“AR2020”)
- b. Corporate Governance Report 2020

However, should you require a printed copy of the AR2020, you may submit your request by completing the Requisition Form and returning it to our Share Registrar, Boardroom Share Registrars Sdn. Bhd. (“Share Registrar” or “Boardroom”), by mail or fax.

Alternatively, you may also make your request through telephone/email to our Share Registrar at the number/email address given below.

Should you require any assistance on the above, kindly contact our Share Registrar at +603-7890 4700 or email at bsr.helpdesk@boardroomlimited.com

B. Entitlement to Participate the AGM

In respect of deposited securities, only members whose names appear on the Record of Depositors on 20 July 2020 (General Meeting Record of Depositors) shall be eligible to participate the meeting or appoint proxy(ies) to participate on his/her behalf.

C. Remote Participation and Electronic Voting

Shareholders are encouraged to go online, participate and vote at the Virtual AGM via remote participation. Please follow the steps listed in Note G below on how to request for login ID and password.

D. Form(s) of Proxy

If you are unable to attend the Virtual AGM, you are encouraged to appoint a proxy or the Chairman of the Meeting as your proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

Please ensure that the original form is deposited at our Share Registrar’s office **not less than forty eight (48) hours** before the time appointed for holding the meeting. Details of our Share Registrar’s office can be found in the enquiry section of this document.

Alternatively, you may deposit your proxy form(s) by electronic means through the smart investor portal at <https://boardroomlimited.my> by logging in and selecting “E-PROXY LODGEMENT”.

E. Revocation of Proxy

If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in the meeting yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy **forty eight (48) hours** before the meeting.

ADMINISTRATIVE DETAILS FOR SHAREHOLDERS/PROXIES ATTENDING THE SIXTY-THIRD ANNUAL GENERAL MEETING (“63rd AGM”)

F. Voting Procedure

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the AGM will be conducted by poll. Poll administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

G. STEPS FOR REGISTRATION FOR REMOTE PARTICIPATION AND ELECTRONIC VOTING

Procedure	Action
Before the day of the AGM	
1. Register Online with Boardroom Smart Investor Portal	<p><i>[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register. You may proceed to Step 2.]</i></p> <ol style="list-style-type: none"> Access website https://boardroomlimited.my Click <<Login>> and click <<Register>> to sign up as a user. Complete registration and upload softcopy of MyKAD (front and back) or Passport. Please enter a valid email address. Your registration will be verified and approved within one (1) business day and an email notification will be provided.
2. Submit request for remote participation	Registration for remote access will be opened on 29 June 2020 (Date of Notice of AGM). Please note that the closing time to submit your request is at 10.00 a.m. on 25 July 2020 (48 hours before the commencement of the AGM).

Individual Members

- Log in to <https://boardroomlimited.my>
- Select “Hybrid/Virtual Meeting” from main menu and select the correct Corporate Event “**SAPURA RESOURCES BERHAD SIXTY-THIRD (63rd) VIRTUAL ANNUAL GENERAL MEETING**”.
- Read and agree to the terms & condition and thereafter submit your request.
- Enter your CDS Account.

Corporate Shareholders

- Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy to submit the request.
- Please provide a copy of Corporate Representative’s MyKad (Front and Back) or Passport as well as his/her email address.

Authorised Nominee and Exempt Authorised Nominee

- Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Form of Proxy to submit the request.
- Please provide a copy of Corporate Representative’s MyKad (Front and Back) or Passport as well as his/her email address.

ADMINISTRATIVE DETAILS FOR SHAREHOLDERS/PROXIES ATTENDING THE SIXTY-THIRD ANNUAL GENERAL MEETING ("63rd AGM")

G. STEPS FOR REGISTRATION FOR REMOTE PARTICIPATION AND ELECTRONIC VOTING (cont'd.)

Procedure	Action
Before the day of the AGM	
3. Email notification	<ol style="list-style-type: none"> You will receive notification(s) from Boardroom that your request(s) has been received and is/are being verified. Upon system verification against the General Meeting Record of Depositories as at 20 July 2020, you will receive an email from Boardroom either approving or rejecting your registration for remote participation together with your remote access user ID and password.
On the day of the AGM	
4. Login to Meeting Platform	<p>Please note that the quality of the connectivity to the Meeting Platform for live webcast as well as for online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.</p> <ol style="list-style-type: none"> The Meeting Platform will be open for login one (1) hour before the commencement of the AGM at 9.00 a.m. on 27 July 2020. The Meeting Platform can be accessed via one of the following: <ul style="list-style-type: none"> Download the free Lumi AGM application from Apple App Store or Google Play Store; Scan the QR Code provided in the email notification; Navigate to the website at https://web.lumiagm.com/ Insert the Meeting ID and sign in with the user ID and password provided to you via the email notification in Step 3.
5. Participate	<p><i>[Note: Questions submitted online will be moderated before being sent to the Chairman to avoid repetition. All question and messages will be presented with the full name and identity of the participant raising the question.]</i></p> <ol style="list-style-type: none"> If you would like to view the live webcast, select the broadcast icon. If you would like to ask a question during the AGM, select the messaging icon. Type your message within the chat box, once completed click the send button.
6. Voting	<ol style="list-style-type: none"> Once voting has been opened, the polling icon will appear with the resolutions and your voting choices. To vote simply select your voting direction from the options provided. A confirmation message will appear to show your vote has been received. To change your vote, simply select another voting direction. If you wish to cancel your vote, please press "Cancel".
7. End of Participation	Upon the announcement by the Chairman on the closure of the AGM, the live webcast will end and the Messaging window will be disabled.

ADMINISTRATIVE DETAILS FOR SHAREHOLDERS/PROXIES ATTENDING THE SIXTY-THIRD ANNUAL GENERAL MEETING (“63rd AGM”)

H. No Distribution Door Gifts

For the upcoming AGM, there will be no distribution of door gifts for Members/Proxies who participate in the AGM.

I. No Recording or Photography

No recording or photography of the AGM proceedings is allowed without the prior written permission of the Company.

J. Enquiry

If you have any enquiries prior to the AGM, please contact the following during office hours from Monday to Friday (8.30 a.m. to 5.30. p.m.):

SHARE REGISTRAR,

Boardroom Share Registrars Sdn. Bhd.

11th Floor, Menara Symphony

No. 5 Jalan Prof. Khoo Khay Kim

Seksyen 13, 46200 Petaling Jaya

Selangor Darul Ehsan.

General Line : 603-7890 4700

Fax Number : 603-7890 4670

Email : bsr.helpdesk@boardroomlimited.com

K. Personal Data Policy

By registering for the remote participation and electronic voting meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

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Proxy Form

Total number of Proxy(ies) appointed		
Proportion of holdings to be represented by each proxy	Proxy 1 %	Proxy 2 %
Total 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-Third ("63rd AGM") of the Company will be conducted fully virtual at the broadcast venue at Meeting Room 1 and 2, Level 9, Sapura@Mines, No. 7, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan on Monday, 27 July 2020 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 Tan Sri Datuk Amar (Dr.) Hamid bin Bugo		
Ordinary Resolution 2	Payment of Directors' fees of RM592,000.00		
Ordinary Resolution 3	Payment of Directors' benefits payable up to an amount of RM53,510.00		
Ordinary Resolution 4	Re-appointment of Messrs. Ernst & Young as Auditors of the Company		
Special Business:			
Ordinary Resolution 5	Retention of Dato' Muthanna bin Abdullah as an Independent Non-Executive Director		
Ordinary Resolution 6	Retention of Tan Sri Datuk Amar (Dr.) Hamid bin Bugo as an Independent Non-Executive Director		
Ordinary Resolution 7	Authority for Directors to allot and 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 _____ 2020

* Strike out whichever not applicable

Notes:

Mode of Meeting and Venue

- The 63rd AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting by shareholders and proxies via the Remote Participation and Voting ("RPV") Platform. Please follow the steps and procedures provided in the Administrative Notes for the 63rd AGM of the Company in order to register, participate and vote remotely via the RPV Platform.
- The broadcast venue of the 63rd AGM is the main venue which is strictly for the purpose of compliance with the Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue of the meeting and in accordance with Clause 77 of the Company's Constitution which allows a general meeting to be held at more than one (1) venue, using any technology or method that enables the members of the Company to participate and to exercise the members' right to speak and vote at the general meeting. Shareholders/proxy(ies) will not be allowed to attend the 63rd AGM in person at the broadcast venue on the day of the 63rd AGM of the Company.

Mode of Meeting and Venue

- In respect of deposited securities, only members whose names appear on the Record of Depositors as at 20 July 2020 (General Meeting Record of Depositors) shall be entitled to participate, speak and vote at this Meeting.
- A member of the Company who is entitled to participate and vote at the Meeting, shall be entitled to appoint more than one (1) proxy to participate, speak and vote in his stead. Where a member appoints more than one (1) proxy in relation to a meeting, the member shall specify the proportion of his/her shareholdings to be represented by each proxy, failing which the appointment shall be invalid.
- A proxy may but need not to be a member of the Company and a member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate and vote at the Meeting shall have the same rights as the member to participate, speak and vote at the Meeting.
As guided by the Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers that was issued on 18 April 2020 (latest version updated on 24 June 2020), the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, the primary mode of communication by shareholders for the 63rd AGM is via text messaging facilities provided under the RPV Platform. In the event of any technical glitch in the primary mode of communication, all other reasonable modes of communication are acceptable for the 63rd AGM.
- The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
- Where a member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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 instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. of 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the Meeting, i.e. not later than 25 July 2020 at 10:00 a.m. or adjournment thereof.
Alternatively, the form of proxy can be deposited electronically through the Share Registrar's website, Boardroom Smart Investor Online Portal at www.boardroomlimited.my to login and deposit your proxy form electronically not less than forty-eight (48) hours before the time appointed for holding the Meeting, i.e. not later than 25 July 2020 at 10:00 a.m. or adjournment thereof.
All resolutions set out in the Notice of the Meeting are to be voted by poll voting as per paragraph 8.29A(1) of the MMLR of Bursa Securities via the RPV Platform.
- Corporate Representative**
As an alternative to the appointment of a proxy, a corporate member may appoint its corporate representative to attend the 63rd AGM pursuant to Section 333 of the Companies Act 2016. For this purpose and pursuant to Section 333 (5) of the Companies Act 2016, the corporate member shall provide a certificate under its common seal as prima facie evidence of the appointment of the corporate representative.

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 29 June 2020.

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Sapura Resources Berhad 195701000235 (3136-D)
Proxy Form



The Share Registrar
Boardroom Share Registrars Sdn. Bhd. [196001000110 (3775-X)]
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya,
Selangor Darul Ehsan

Sapura Resources Berhad (3136-D)
Sapura@Mines, No. 7, Jalan Tasik
The Mines Resort City, 43300 Seri Kembangan
Selangor Darul Ehsan, Malaysia

Tel: +603 8949 7000 Fax: +603 8949 7046

www.sapura-resources.com