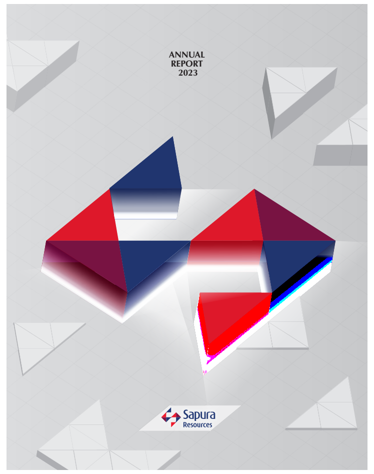
ANNUAL REPORT 2023

Sapura Resources



ANNUAL REPORT
2023

66TH
ANNUAL GENERAL MEETING

Meeting Platform
https://meeting.boardroomlimited.my

Date and Time
Tuesday, 18 July 2023
10:00 a.m.

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NOTICE OF SIXTY-SIXTH (66TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixty-Sixth ("66th") Annual General Meeting ("**AGM**") of the Company will be held on a fully virtual basis at the following date, time and venue to transact the following business:

Meeting Platform	:	*https://meeting.boardroomlimited.my*
Venue	:	To be deemed held where the Chairman of the Meeting is in Malaysia
Day and Date	:	Tuesday, 18 July 2023
Time	:	10:00 a.m.

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company together with the Directors' and Auditors' reports for the financial year ended 31 January 2023. *[Please refer to Note A]*

2. To approve the payment of Directors' fees of RM506,191.78 for the financial year ended 31 January 2023. **Ordinary Resolution 1** *[Please refer to Note B]*

3. To approve the payment of Directors' benefits payable up to an amount of RM70,000.00 from 19 July 2023 until the date of the next AGM of the Company. **Ordinary Resolution 2** *[Please refer to Note B]*

4. To re-elect Dato' Shahriman bin Shamsuddin who is retiring as a Director in accordance with Clause 116 of the Company's Constitution and being eligible, has offered himself for re-election. **Ordinary Resolution 3** *[Please refer to Note C]*

   Tan Sri Datuk Amar (Dr.) Hamid bin Bugo who retires in accordance with Clause 116 of the Company's Constitution, has expressed his intention not to seek re-election. Hence, he will retain office until the close of the 66th AGM.

5. To re-elect the following Directors who are retiring in accordance with Clause 115 of the Company's Constitution and being eligible, have offered themselves for re-election:
   (a) Dr. Yap Lang Ling; and **Ordinary Resolution 4**
   (b) Encik Reza bin Abdul Rahim **Ordinary Resolution 5**
   [Please refer to Note C]

6. To re-appoint Ernst & Young PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6** *[Please refer to Note D]*

AS SPECIAL BUSINESS

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

7. **Authority for Directors to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 and Waiver of Pre-Emptive Rights**

   "**THAT** subject always to the Companies Act 2016 ("**the Act**"), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered pursuant to Sections 75 and 76 of the Act, to allot and issue shares in the capital of 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 ("**General Mandate**"); **Ordinary Resolution 7** *[Please refer to Note E]*

   AND THAT approval be and is hereby given for the pre-emptive rights of the shareholders of the Company under Section 85 of the Act read together with Clause 14 of the Constitution, over all the new shares to be issued pursuant to and/or arising from the General Mandate ranking equally to the existing issued shares, being in proportion as nearly as the circumstances admit, to the amount of the existing shares held by the shareholders of the Company as at the date of issuance and allotment of such new shares ("**Pre-emptive Rights**"), be irrevocably and unconditionally waived ("**Waiver of Pre-emptive Rights**");

   AND THAT the Company be exempted from the obligation to offer such new shares to be issued and allotted pursuant to the General Mandate to the shareholders of the Company in accordance with the Pre-emptive Rights;

   AND THAT the Directors and/or the Company Secretaries be hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the Waiver of Pre-emptive Rights for and on behalf of the Company;

   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;

   AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company."

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

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
31 May 2023

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. Payment of Directors' Fees and Benefits Payable

Section 230(1) of the Act provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 66th AGM of the Directors' fees for the financial year ended 31 January 2023 under Ordinary Resolution 1.

Under Ordinary Resolution 2, the benefits payable to the Directors have been reviewed by the Board Nomination and Remuneration Committee ("**BNRC**") and the Board of Directors of the Company, which recognise that the benefits payable is in the best interest of the Company. The Directors' benefits comprised of meeting allowance only.

C. Re-election of Directors

Clause 116 of the Constitution of the Company states that one-third (1/3) of the Directors shall retire from office and shall be eligible for re-election at each AGM. All Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

Pursuant to Clause 116 of the Company's Constitution, both Dato' Shahriman bin Shamsuddin and Tan Sri Datuk Amar (Dr.) Hamid bin Bugo are to retire at the forthcoming 66th AGM of the Company. Dato' Shahriman bin Shamsuddin has indicated his willingness to seek re-election while Tan Sri Datuk Amar (Dr.) Hamid bin Bugo has expressed his intention not to seek re-election. Therefore, Tan Sri Datuk Amar (Dr.) Hamid bin Bugo shall retire upon the conclusion of the 66th AGM of the Company.

Clause 115 of the Constitution of the Company provides that the Directors shall have power at any time to appoint any other person to be a Director, either to fill a casual vacancy or as an addition to the existing Board. The total number of Directors shall not exceed the maximum number fixed by or in accordance with the Constitution. Any Director so appointed shall hold office until the conclusion of the next AGM and shall be eligible for re-election at the AGM.

Dr. Yap Lang Ling and Encik Reza bin Abdul Rahim who were appointed as Directors of the Company on 1 November 2022 and 6 April 2023 respectively shall retire in accordance with Clause 115 of the Constitution and being eligible, have offered themselves for re-election.

In determining the eligibility of the Directors to stand for re-election at the forthcoming 66th AGM, the BNRC has reviewed and assessed each of the retiring Directors from the annual assessment and evaluation of the Board for the financial year ended 31 January 2023 as follows:

(i) Directors' self-assessment and peer-to-peer performance evaluation;
(ii) Evaluation on the effectiveness of the Board as a whole and the Committees of the Board; and
(iii) For Independent Non-Executive Directors ("**INEDs**") only, the level of independence demonstrated by the INEDs and their ability to act in the best interest of the Company.

The Board of Directors has through the BNRC carried out the necessary assessment on the aforesaid retiring Directors and concluded that they met the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements of Bursa Securities on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors.

The profiles of the Directors standing for re-election are set out in the Directors' Profiles section of the 2023 Annual Report.

D. Re-appointment of Auditors

The Board Audit and Risk Committee ("**BARC**") have assessed the suitability and independence of the External Auditors and recommended the re-appointment of Ernst & Young PLT as External Auditors of the Company for the financial year ending 31 January 2024. The Board has in turn reviewed the recommendation of the BARC and recommended the same to be tabled to the shareholders for approval at the forthcoming 66th AGM of the Company under Ordinary Resolution 6.

E. Authority for Directors to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 and Waiver of Pre-Emptive Rights

The proposed Ordinary Resolution 7 is intended to renew the authority granted to the Directors of the Company at the Sixty-Fifth AGM of the Company held on 20 July 2022 to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company for the time being ("**General Mandate**").

As at the date of this Notice, no new shares in the Company had been issued pursuant to the General Mandate granted to the Directors at the last AGM held on 20 July 2022 which will lapse at the conclusion of the forthcoming 66th AGM.

The new General Mandate will enable the Directors to take swift action for the allotment of shares for any possible fundraising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s) and to avoid delay and cost in convening general meetings to approve such issue of shares.

Subsection 85(1) of the Act states that "Subject to the Constitution, where a company issue shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders".

It is also provided under Clause 14 of the Constitution of the Company that subject to any direction to the contrary that may be given by the Company in general meeting and subject always to the Constitution and the Act, all new shares or other securities shall, before issue, be offered to Members who at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled.

Accordingly, the Company wishes to seek approval from the shareholders of the Company to waive their Pre-emptive Rights under Section 85 of the Act read together with Clause 14 of the Constitution insofar as the exercise by the Company of the General Mandate to issue and allot new shares is concerned, for the Company to issue new shares to any person, whether it is a member or not, in such numbers or proportions as the Directors may determine under the General Mandate. As such, by approving Ordinary Resolution 7, the shareholders have and shall be deemed to have irrevocably and unconditionally waive their Pre-Emptive Rights.

NOTES:

MODE OF MEETING

1. The 66th 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. To attend the 66th AGM remotely, all members will have to register for Remote Participation and Voting Facilities via Boardroom Smart Investor Portal at *https://investor.boardroomlimited.com*.

   Please follow the steps and procedures provided in the Administrative Notes for the 66th AGM of the Company, published on the Company's website at *www.sapura-resources.com* in order to register, participate and vote remotely via the RPV Platform.

   The 66th AGM is to be deemed held where the Chairman of the Meeting is in Malaysia for the compliance with Section 327(2) of the Companies Act 2016 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 66th AGM in person on the day of the 66th AGM of the Company.

2. According to the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions and its subsequent amendments on the Conduct of General Meetings for Listed Issuers, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.

   Shareholders WILL NOT BE ALLOWED to attend the AGM in person on the day of the Meeting.

   By utilising the RPV facilities, shareholders are to remotely participate, speak (by way of posing questions to the Board via real time submission of typed texts) and cast their votes at the 66th AGM.

APPOINTMENT OF PROXY

1. In respect of deposited securities, only members whose names appear on the Record of Depositors as at 11 July 2023 (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/her shareholdings to be represented by each proxy, failing which the appointment shall be invalid.

3. A proxy may but need not 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, 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 66th 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 66th 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 duly notarised 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 16 July 2023 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 *https://investor.boardroomlimited.com* to login and deposit your proxy form electronically not less than forty-eight (48) hours before the time appointed for holding the Meeting or adjournment thereof.

   The lodging of the Proxy Form does not preclude any shareholder from participating and voting remotely at the Meeting should any shareholder subsequently wishes to do so, provided a Notice of Termination of Authority to act as Proxy is given to the Company and deposited at the office of Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than twenty-four (24) hours before the time stipulated for holding the Meeting or any 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 Main Market Listing Requirements of Bursa Securities via the RPV Platform.

7. Corporate Representatives

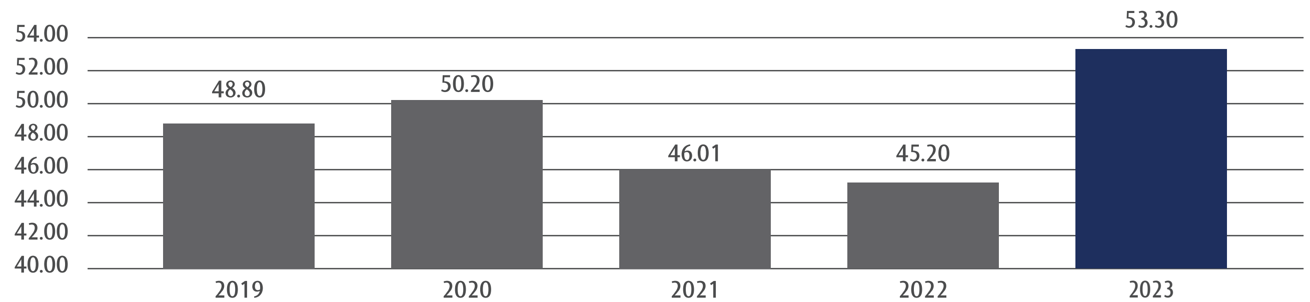
   As an alternative to the appointment of a proxy, a corporate member may appoint its corporate representative to attend the 66th AGM pursuant to Section 333 of the Companies Act 2016. For this purpose and pursuant to Section 333 (5) of the Companies Act 2016, the corporate member shall be provided a certificate 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.*

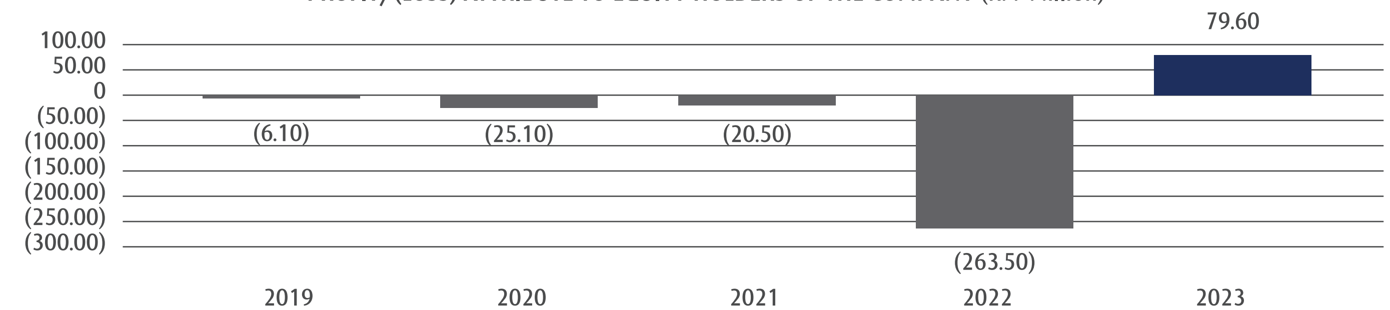
FINANCIAL HIGHLIGHTS

		31 JANUARY				
		2019	2020	2021	2022	2023
Revenue	(RM' million)	48.80	50.20	46.01	45.20	53.30
Profit/(loss) attribute to equity holders of the Company	(RM' million)	(6.10)	(25.10)	(20.50)	(263.50)	79.60
Shareholders' funds	(RM' million)	456.30	424.40	403.10	138.30	218.02
Basic/diluted earnings/(loss) per share	(sen)	(4.35)	(17.99)	(14.70)	(188.74)	57.04
Net assets per share	(sen)	3.27	3.04	2.89	0.99	1.56

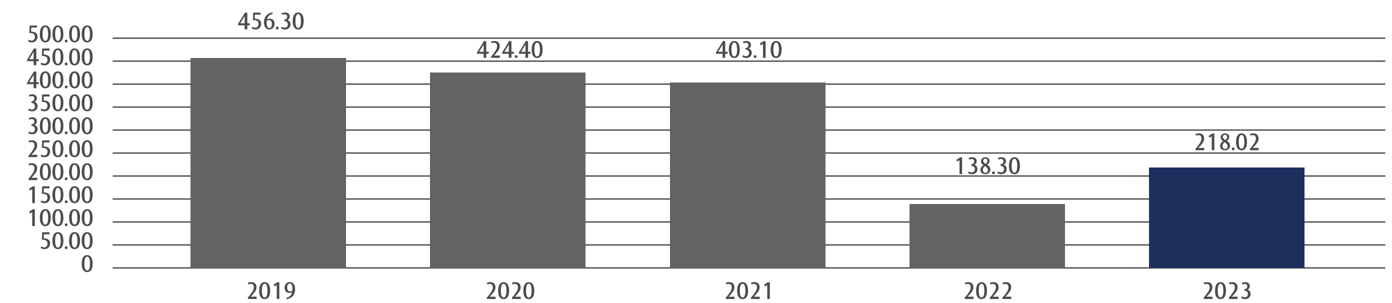
REVENUE (RM' Million)



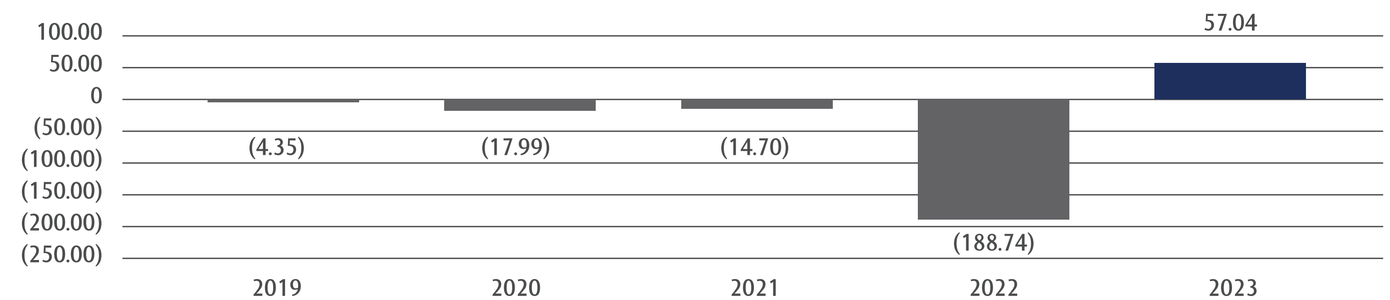
PROFIT/(LOSS) ATTRIBUTE TO EQUITY HOLDERS OF THE COMPANY (RM' Million)



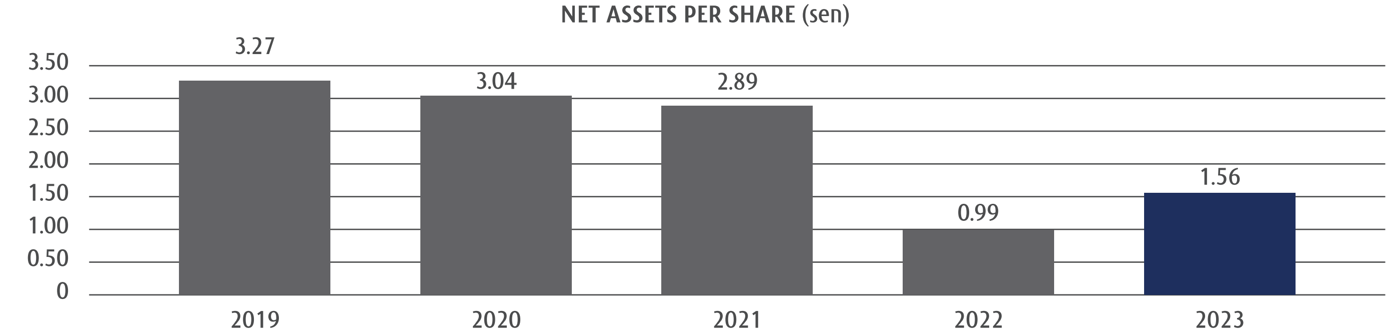
SHAREHOLDERS' FUNDS (RM' Million)



BASIC/DILUTED EARNINGS/(LOSS) PER SHARE (sen)



NET ASSETS PER SHARE (sen)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Encik Ahmad Jauhari bin Yahya
Independent Non-Executive Chairman

Dato' Shahriman bin Shamsuddin
Managing Director

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

Datuk Megat Abdul Munir bin Megat Abdullah Rafaie
(Alternate Director to Tan Sri Dato' Seri Shahril bin Shamsuddin)

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

Mr. Andrew Heng
Independent Non-Executive Director

Dr. Yap Lang Ling
Independent Non-Executive Director

Encik Reza bin Abdul Rahim
Non-Independent Non-Executive Director

BOARD AUDIT AND RISK COMMITTEE

Mr. Andrew Heng (Chairman)
Dr. Yap Lang Ling
Encik Reza bin Abdul Rahim

BOARD NOMINATION AND REMUNERATION COMMITTEE

Dr. Yap Lang Ling (Chairperson)
Mr. Andrew Heng
Encik Reza bin Abdul Rahim

INVESTOR RELATIONS

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

PRINCIPAL SOLICITOR

Skrine & Co.

PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad

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

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.
Level 10, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Fax: 603-7721 3399

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

WEBSITE

www.sapura-resources.com

COMPANY SECRETARIES

Chua Siew Chuan
(MAICSA 0777689)
SSM PC No.201908002648

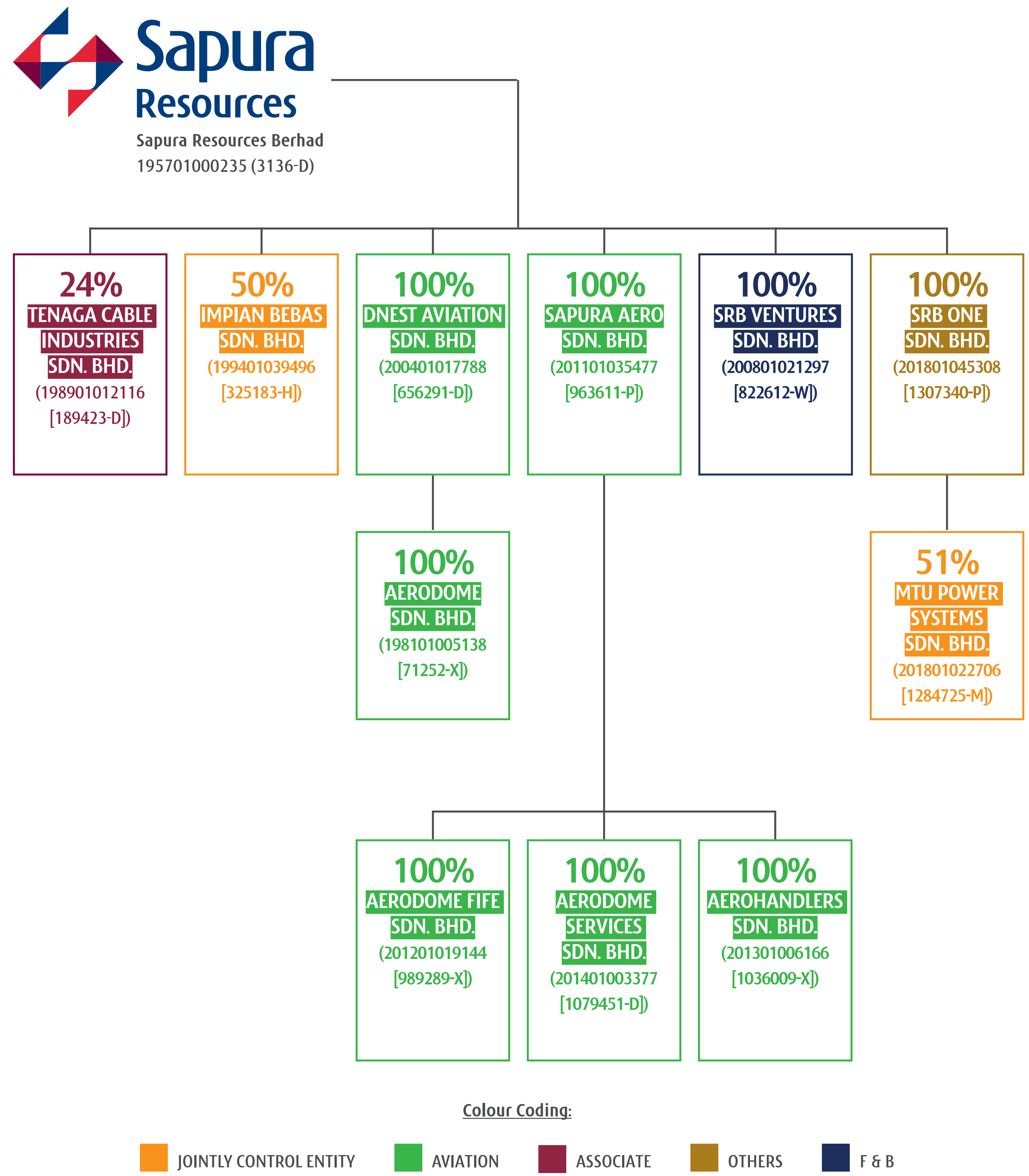
Yau Jye Yee
(MAICSA 7059233)
SSM PC No. 202008000733

STOCK EXCHANGE LISTING

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

CORPORATE STRUCTURE

(AS AT 28 APRIL 2023)



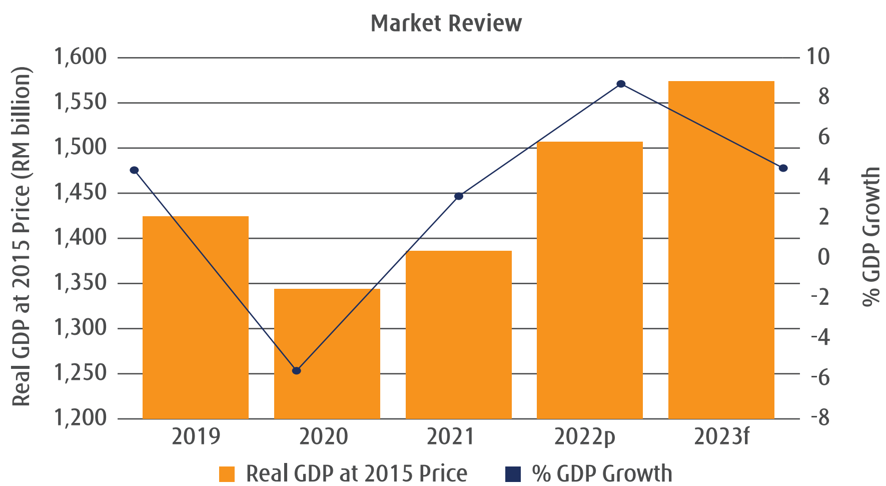
MANAGEMENT DISCUSSION AND ANALYSIS

We present the Management Discussion and Analysis Report of Sapura Resources Berhad ("the Company," "SRB", "the Group", or "We") for the financial year ended on 31 January 2023 ("FYE 2023").

Overall, FYE 2023 has been another challenging year for us. The Group continues to experience major headwinds in delivering value to our shareholders. We registered an overall profit of RM 79.6 million. However, this was driven by accounting gains arising from reversal of impairment and one-off gains from our leases amounting to RM158.2 million.

MARKET REVIEW

The Malaysian economy grew by 8.7% for the year 2022 compared to 3.1% in 2021. The higher growth rate for 2022 can be partly attributed to the lower base effect in the preceding years due to Covid-19 pandemic.



p=preliminary; f=forecast
Source: Malaysian Ministry of Finance

Year	2019	2020	2021	2022p	2023f
Real GDP at 2015 Price (RM billion)	1,424	1,344	1,386	1,507	1,574
% GDP Growth	4.4	(5.6)	3.1	8.7	4.5

p=preliminary; f=forecast
Source: Malaysian Ministry of Finance

The impact of the broader economy performance certainly had its spill over effect on the Group which is involved in property investment and private aviation services.

Property

Klang Valley's purpose-built office market in 2022 remains soft, dampened by over-supply in the market, cautious market sentiments, the advent of the gig economy and hybrid working model. This has cast downward pressure on occupancy and rental rates.

The influx of new office spaces will continue in the near future, compounded with the flexible working trend which has now become more normalised. To further exacerbate the matter, rapid adoption of technology and digitalisation has greatly reduced the need for large office spaces.

Aviation

As for the private aviation market which the Group serves, it remains a highly competitive sector serving a niche market segment – i.e., high net worth individuals and businesses who operate private and business jets. Currently, we are an integrated solution provider with services encompassing hangarage, ground handling, aircraft management, ancillary and engineering services.

The Group is competing in an already saturated marketplace with numerous service providers operating out of Subang (i.e., 17 authorised service providers). On the demand side, key challenges such as surging fuel prices, which has impacted the purchase of new jets, behavioural shift towards tele-conferencing, and significant improvement in digital capabilities which allow for virtual teams across different geographic locations, resumption of commercial aviation, and growing environmental concerns of private jet flights will continue to remain as bane to any meaningful growth on demand for private jets in Malaysia.

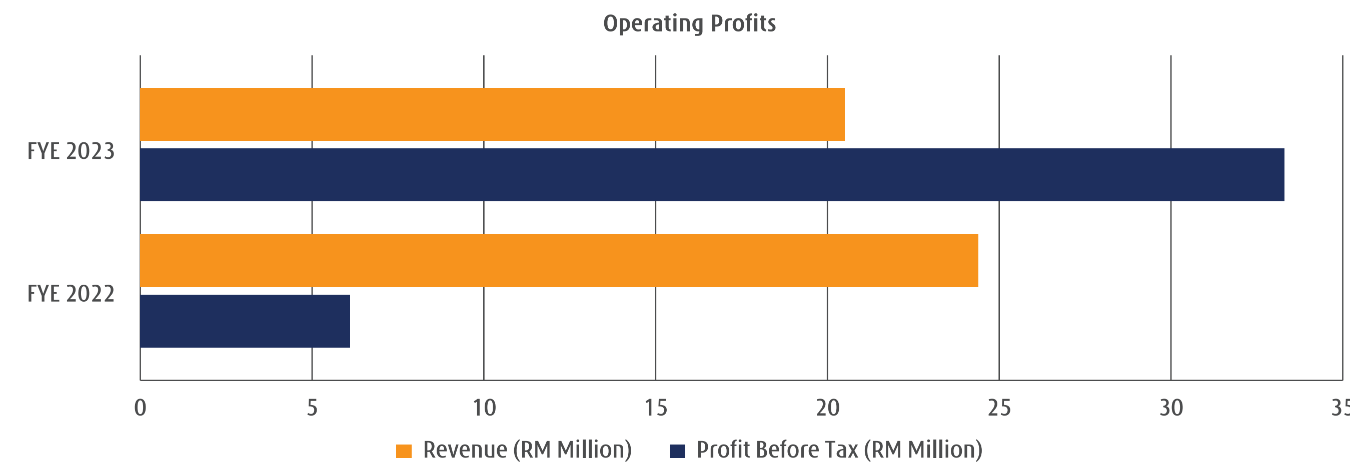
OPERATIONAL HIGHLIGHTS

Property Segment (excluding Permata Sapura)

We currently own and manage three properties under our portfolio as detailed below:

- 10-storey office building at Sapura@Mines with an office Net Lettable Area ("NLA") of approximately 260,000 square feet;
- Warehouses and offices with an NLA of 166,000 square feet at Jalan Tandang, Petaling Jaya; and
- Commercial showroom building with an NLA of 46,000 square feet at Jalan 219, Petaling Jaya.

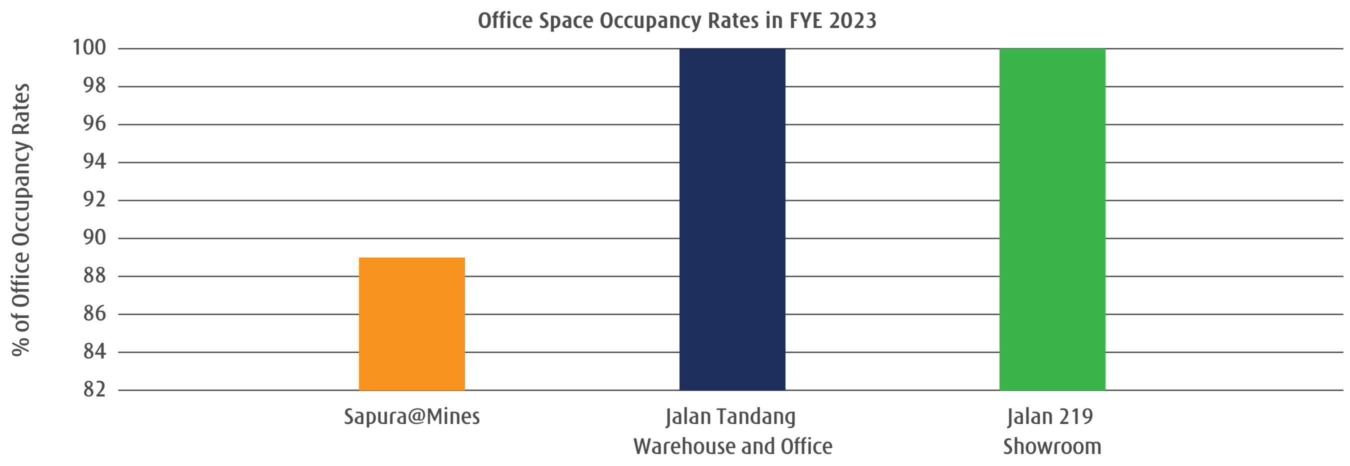
The following highlights the revenue and operating profit/loss from these properties:



Year	Revenue (RM Million)	Profit Before Tax (RM Million)
FYE 2022	24.4	6.1
FYE 2023	20.5	33.3

Overall rental revenue declined from 2022 to 2023 by RM3.9 million due to the reduction of space rented by an anchor tenant at Sapura@Mines. Profit is mainly due to the RM31.9 million one off accounting gain of a finance lease receivable in accordance with MFRS 16 from our Jalan Tandang property.

A summary of office space occupancy rates at the end of FYE 2023 is as the following:



Property	Occupancy Rate at end of FYE 2023 (%)
Sapura@Mines	89%
Jalan Tandang Warehouse and Office	100%
Jalan 219 Showroom	100%

As in previous years, Sapura@Mines continues to be the main revenue contributor for the Group, by contributing 38% of the group's overall annual revenue.

Our pivot in tapping the Small and Medium Enterprise ("SME") market through innovative product offerings such as co-working space, flexible tenancy agreements, and competitive pricing of rental has yielded positive returns in terms of improving occupancy rates vis a vis similar property in Klang valley.

However, we are aware of an emerging trend where higher preferences for green buildings have contributed to movement of occupants from older office buildings to newer and greener buildings outside of Kuala Lumpur city centre. This presents a significant challenge to Sapura@Mines and further exacerbates the property supply glut risk to the Group, as increasing number of older office spaces which are left behind, become available - in direct competition with Sapura@Mines.

Permata Sapura

Under the Group's 50-50 joint entity with KLCC (Holdings) Sdn. Bhd. ("KLCCH"), Impian Bebas Sdn. Bhd. ("IBSB"), the commercial developments known as Lot 91 KLCC (Permata Sapura) was open for business during the financial year. Permata Sapura, a 52-storey tower consisting of 42 floors of office space, convention centre, mechanical floors, retail podium and a four-storey basement car park.

The Group has in place a Master Lease Agreement ("MLA") for office space in the 52-storey Permata Sapura with a NLA of approximately 449,000 square feet of purpose-built office space with IBSB.

During the current financial year, we managed to secure sub-tenancies for 16% of the office space under this MLA. Total cost incurred for FYE 2023 was RM72.3 million (which includes RM37.8 million for finance costs for lease liabilities and RM32.2 million for depreciation for right-of-use assets) whilst revenue earned was only RM6.8 million, leading to shortfall of RM65.5 million for the current financial year. However, the losses were offset by reversal of impairment amounting to RM122.9 million, which resulted in a profit of RM57.4 million.

The Group's financial and legal exposure to obligations arising from Permata Sapura's MLA remains a key risk. Key mitigation measures include continued engagement with our joint venture partner and enhanced marketing efforts in attracting tenants to Permata Sapura.

Aviation

The private aviation services segment recorded a revenue of RM25.9 million for FYE 31 January 2023, representing a 31% increase as compared to the previous year of which revenue recorded was RM19.8 million, due to higher ground operations revenue arising from increased aircraft movements, and rental for office and hangarage.

In relation to profits, the segment recorded a loss before tax of RM1.1 million, representing a decrease in losses as compared to the previous year which recorded a loss of RM5.1 million. The lower loss before tax is attributed to, among others the one-off gain upon recognition of a finance lease receivable in accordance with MFRS 16 amounting to RM3.3 million.

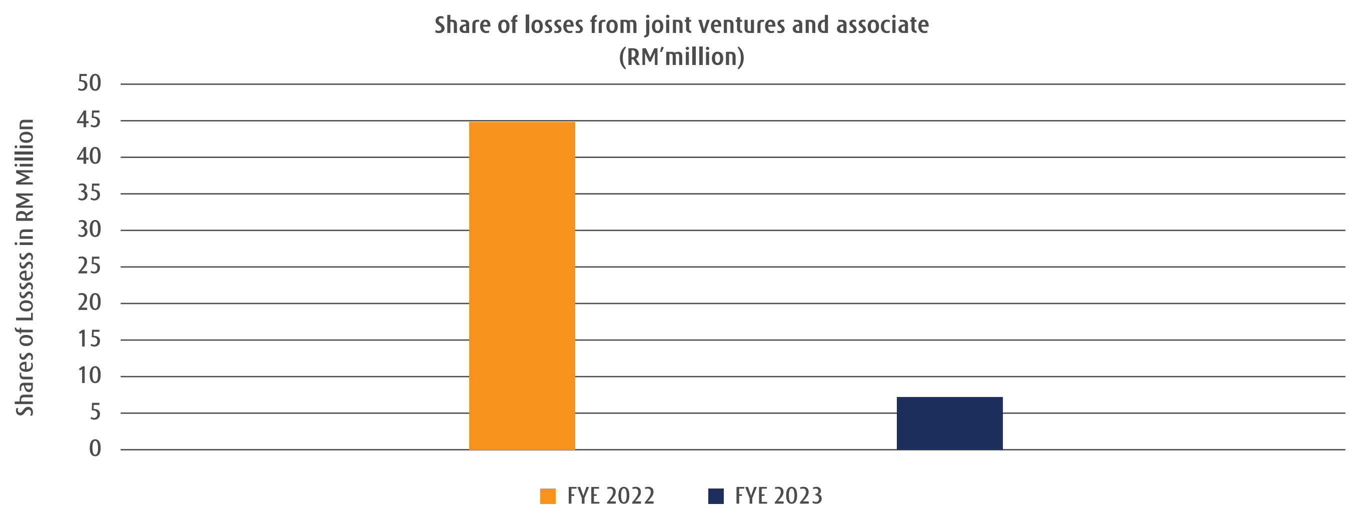
MRO

During the current financial year, we officially exited the Maintenance, Repair and Overhaul segment ("MRO") to reprioritise our efforts and resources, thus leading to gain from fixed asset disposal amounting to RM2.5 million. We received a winding-up order for our MRO business in February 2023.

Investment Holding

The investment holding segment of the Group consists of:

- 50-50% Joint Venture with KLCCH via IBSB;
- 51% equity in MTU Powers System Sdn. Bhd. ("MPS"); and
- 24% equity in Tenaga Cable Industries Sdn. Bhd. ("TCI").



Year	Share of losses from joint ventures and associate (RM'million)
FYE 2022	(44.6)
FYE 2023	(7.3)

During the financial year, share of losses from joint ventures and an associate declined from RM44.6 million to RM7.3 million. This is mainly due to the RM37.3 million decline from our share of losses from IBSB.

Our obligations arising from our joint ventures and investments remain a key risk of the group. To that end, we will continuously review our investment portfolio to ensure long-term viability, profitability, and sustainability.

FINANCIAL REVIEW

Financial Performance

Overall revenue of the Group stood at RM53.3 million for the FYE 2023, reflecting an increase of 18% as compared to the preceding year's revenue of RM45.2 million.

With regards to profit, the Group posted a profit before taxation of RM79.7 million in FYE 2023, as compared to the previous financial year where losses amounted to RM268.8 million. This is mainly due to the reversal of impairment of Permata Sapura MLA asset amounting to RM122.9 million and one-off gain upon recognition of finance lease receivables in accordance with MFRS 16 amounting to RM35.2 million.

Financial Position

Equity attributable to owners of the Group increased from RM138.3 million as of FYE2022 to RM218.02 million as of FYE 2023.

The Group's total assets had increased by RM153.2 million to RM854.1 million as of FYE 2023 mainly due to the RM77.7 million increase in investment properties valuation, RM41.8 million increase in finance lease receivables and RM39.3 million increase in investment in joint ventures. This was partially offset by net decline in short-term investments and cash and bank balances of RM8.8 million.

Similarly, the total liabilities of the Group had increased by RM73.6 million from RM562.5 million as of FYE 2022 to RM636.1 million as of FYE 2023, primarily contributed by significant increase in trade and other payables, which includes an advance from holding company amounting to RM40.0 million.

Consolidating the above, the net assets per share of the Group had improved from RM0.99 sen to RM1.56 sen, due to the increase in retained earnings.

(Note: Net assets per share is calculated based on total equity as at year-end divided by the total number of ordinary shares in issue).

The Group's current ratio, a yardstick that measures the Group's financial liquidity, had decreased from 0.65 times as of FY2022 to 0.43 times as of FY2023.

(Note: The current ratio is calculated based on the current asset over current liability as at year-end for each of the financial year).

Cash Flow

For FYE 2023, the Group reported an improved cash flow from operating activities with net increase in cash flow of RM23.7 million as compared to a negative outflow of RM0.2 million due to better collection from customers and lower payments to creditors.

Cash flow from investment activities has declined significantly from RM14.4 million to a negative outflow of RM36.3 million due to the cash call of RM40.0 million paid to a joint venture company.

With regards to financing activities, there was an increase in the net cash flows generated from a negative outflow of RM6.7 million in FYE2022 to RM23.8 million in FYE 2023, due to the financial assistance received from the holding company.

Overall, the closing cash and cash equivalents of the Group in FYE 2023 had increased by RM11.18 million as compared to RM7.5 million in FYE2022.

PROSPECTS

The Group will continue to be agile in its efforts to improve its financial position and performance.

However, our outlook for the Financial Year 2024 (FYE 2024) remains challenging and difficult as the Group continue to weather headwinds in the form of unfavourable market conditions across all its business segments.

BOARD OF DIRECTORS

ENCIK AHMAD JAUHARI BIN YAHYA
Independent Non-Executive Chairman

MR. ANDREW HENG
Independent Non-Executive Director

DATO' SHAHRIMAN BIN SHAMSUDDIN
Managing Director

DR. YAP LANG LING
Independent Non-Executive Director

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

DATUK MEGAT ABDUL MUNIR BIN MEGAT ABDULLAH RAFAIE
Alternate Director to Tan Sri Dato' Seri Shahril Bin Shamsuddin

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

ENCIK REZA BIN ABDUL RAHIM
Non-Independent Non-Executive Director

BOARD OF DIRECTORS' PROFILE

ENCIK AHMAD JAUHARI BIN YAHYA

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Age	Gender	Nationality
69	Male	Malaysian

DATE OF APPOINTMENT:
19 January 2016

LENGTH OF SERVICE:
(as at 28 April 2023):
7 years 3 months

BOARD COMMITTEES MEMBERSHIP(S):
NIL

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:
- Taliworks Corporation Berhad
  - Independent Non-Executive Director
- Cenergi SEA Berhad
  - Executive Director
- Proton Holdings Berhad
  - Non-Executive Director

BOARD MEETING ATTENDED IN FYE 2023:
13/13

Encik Ahmad Jauhari was appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 19 January 2016. On 17 August 2020, he was appointed as a member of the Board Audit and Risk Committee. On 17 September 2021, he was re-designated as the Chairman of the Board Nomination and Remuneration Committee of the Company. On 20 July 2022, he was re-designated as the Chairman of the Company. On 6 April 2023, he ceased as the Chairman of the Board Nomination and Remuneration Committee and a member of the Board Audit and Risk Committee.

He holds a Bachelor of Science (Hons) Degree in Electrical and Electronics Engineering from University of Nottingham, United Kingdom.

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 in 1993 before taking the role of Managing Director of Malakoff Berhad from 1994 till 2010.

After 2010, he 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 until December 2015.

Encik Ahmad Jauhari 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.

Encik Ahmad Jauhari also has vast and diverse working experience in various industries which includes oil and gas, media publications, engineering, power generation, gas utilities, telecommunications and IT. He is also the founder member and the former President of Penjanabebas (Association of Independent Power Producer of Malaysia).

Encik Ahmad Jauhari is an Executive Director of Cenergi SEA Berhad, an Independent Non-Executive Director of Taliworks Corporation Berhad and Non-Executive Director of Proton Holdings Berhad. He is also the Chairman of Minconsult Sdn. Bhd.

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

DATO' SHAHRIMAN BIN SHAMSUDDIN

MANAGING DIRECTOR

Age	Gender	Nationality
54	Male	Malaysian

DATE OF APPOINTMENT:
28 July 2005

LENGTH OF SERVICE:
(as at 28 April 2023):
17 years 9 months

BOARD COMMITTEES MEMBERSHIP(S):
NIL

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- Sapura Energy Berhad
  - Non-Independent Non-Executive Director

BOARD MEETING ATTENDED IN FYE 2023:
13/13

Dato' Shahriman was appointed to the Board of Sapura Resources Berhad as a Non-Independent Non-Executive Director on 28 July 2005. On 1 March 2007, he was re-designated as the Managing Director of Sapura Resources Berhad.

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

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

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

TAN SRI DATO' SERI SHAHRIL BIN SHAMSUDDIN

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Age	Gender	Nationality
62	Male	Malaysian

DATE OF APPOINTMENT:
19 February 1990

LENGTH OF SERVICE:
(as at 28 April 2023):
33 years 2 months

BOARD COMMITTEES MEMBERSHIP(S):
NIL

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- Sancy Berhad
  - Chairman
- Perdana Leadership Foundation
  - Board of Trustees

BOARD MEETING ATTENDED IN FYE 2023:
11/13

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

He is the President and Group Chief Executive Officer of Sapura Group, who manages a diversified portfolio of businesses, namely oil and gas, industrial and manufacturing, property management, aviation, defence and security and rail. On 22 March 2021, he retired as the President and Group Chief Executive Officer of Sapura Energy Berhad and had on 30 April 2021 resigned as the Non-Independent Non-Executive Director of Sapura Energy Berhad.

He 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 was appointed as Chairman of MIMOS Berhad on 18 May 2020 and he is also the Chairman of the Malaysia-Brazil Business Council. He was the recipient of the Legion d'Honneur by the Republic of France in 2007, Malaysia's Entrepreneur of the Year award by Ernst & Young in 2009 and the Man of the Year award by the Oil & Gas Year Malaysia in 2014. He was conferred an Honorary Doctorate in Technology Management by the Universiti Teknologi Malaysia ("**UTM**") in May 2013. He is also a member of the Board of Trustees of the UTM Endowment Fund and Perdana Leadership Foundation. He ceased as the Chairman of MIMOS Berhad on 17 May 2022 and was appointed as the Chairman of the Board of Sancy Berhad on 20 June 2022.

He was conferred the rank of Honorary Brigadier General of the Territorial Army by the Malaysian Armed Forces in 2014 and was honoured with the Order of Rio Branco by the Government of Brazil in 2019.

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

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

TAN SRI DATUK AMAR (DR.) HAMID BIN BUGO

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Age	Gender	Nationality
77	Male	Malaysian

DATE OF APPOINTMENT:
25 August 2009

LENGTH OF SERVICE:
(as at 28 April 2023):
13 years 8 months

BOARD COMMITTEES MEMBERSHIP(S):
NIL

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:
- Petroleum Sarawak Berhad
  - Independent Non-Executive Chairman

BOARD MEETING ATTENDED IN FYE 2023:
13/13

Tan Sri Hamid was first appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 25 August 2009 and was re-designated as a Senior Independent Non-Executive Director on 26 March 2015. On 4 March 2016, Tan Sri Hamid was then re-designated as the Chairman/Senior Independent Non-Executive Director of the Company and within the same year, he was re-designated as the Chairman/Independent Non-Executive Director on 26 April 2016. On 17 September 2021, Tan Sri Hamid ceased as the Chairman of the Board Nomination and Remuneration Committee. On 20 July 2022, Tan Sri Hamid ceased as the Chairman of the Company and was then re-designated as Non-Independent Non-Executive Director.

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.

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 Putra Malaysia. He was a member of the MACC Advisory Council and a board member of Institute of Integrity Malaysia. He was also the first Managing Director of Sarawak Information Systems Sdn. Bhd. (SAINS).

Tan Sri Hamid was also the Founding Chairman of the Sarawak Biodiversity Centre. He was actively involved in the listing of Mulu National Park as a World Heritage Site. Tan Sri Hamid is a recipient of an Excellent Award from the American Association of Conservation Biology.

Tan Sri Hamid is also active in charitable associations and organisations in Malaysia. He is 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.

MR. ANDREW HENG

INDEPENDENT NON-EXECUTIVE DIRECTOR

Age	Gender	Nationality
48	Male	Malaysian

DATE OF APPOINTMENT:
3 June 2019

LENGTH OF SERVICE:
(as at 28 April 2023):
3 years 10 months

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

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:
NIL

BOARD MEETING ATTENDED IN FYE 2023:
12/13

Andrew Heng was appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 3 June 2019. On 17 September 2021, he was re-designated as the Chairman of the Board Audit and Risk Committee. On 20 July 2022, he was appointed as a Member of the Board Nomination and Remuneration Committee.

Andrew is a Chartered Accountant with the Malaysian Institute Accountants ("MIA"), a fellow member of CPA Australia, Chartered Accountants 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 a 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 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.

DR. YAP LANG LING

INDEPENDENT NON-EXECUTIVE DIRECTOR

Age	Gender	Nationality
50	Female	Malaysian

DATE OF APPOINTMENT:
1 November 2022

LENGTH OF SERVICE:
(as at 28 April 2023):
6 months

BOARD COMMITTEES MEMBERSHIP(S):
- Board Audit and Risk Committee
  - Member
- Board Nomination and Remuneration Committee
  - Chairperson

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:
NIL

BOARD MEETING ATTENDED IN FYE 2023:
2/2

Dr. Yap Lang Ling was appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 1 November 2022. She is also a Member of Board Audit and Risk Committee and a Member of the Board Nomination and Remuneration Committee. On 6 April 2023, she was re-designated as the Chairperson of the Board Nomination and Remuneration Committee.

Dr Yap Lang Ling graduated from Universiti Sains Malaysia with a Doctorate in Service Supply Chain Management, a Masters in Human Resource Management and Bachelor of Economics (Hons) from Universiti Utara Malaysia.

Dr. Yap has various leadership experiences in MNCs across the High-Tech, Financial Services and Energy industries; including local conglomerate for the Real Estate and Healthcare industries.

She has two (2) years of strategic sourcing and procurement experience in managing outsourced business processes with global suppliers for group insurance benefits, occupational health, employee services, finance and administration in Asia and Latin America and four (4) years of manufacturing operations and systems engineering related experience for global high-paced virtual factories as well as two (2) years of quality, risk management, and infection prevention and control for group healthcare in Malaysia and Singapore.

Dr. Yap also has nineteen (19) years of human resource (HR) experience in various leadership capacities with progressively responsible experience in Pay/Stock/Benefits design and administration for manufacturing, sales and marketing, greenfield, brownfield, start-up and mergers and acquisitions in Asia, Latin America, Europe, Middle East and Africa which required strong stakeholder management skill. As a Senior Director of HR, she was responsible for the full spectrum of HR and business top strategic priorities and provided outside-in HR consultation and guidance to the senior leadership team. Areas of focus included business transformation and cultural change.

Dr. Yap has served as Independent Director for main market listed issuer in Financial Services industry, chair of Group Board Risk Committee, member of Audit Committee, and member of Nomination and Remuneration Committee.

Dr. Yap Lang Ling does not have any family relationship with the other Directors and/or major shareholders of the Company.

DATUK MEGAT ABDUL MUNIR BIN MEGAT ABDULLAH RAFAIE

ALTERNATE DIRECTOR TO TAN SRI DATO' SERI SHAHRIL BIN SHAMSUDDIN

Age	Gender	Nationality
53	Male	Malaysian

DATE OF APPOINTMENT:
29 September 2022

LENGTH OF SERVICE:
(as at 28 April 2023):
7 months

BOARD COMMITTEES MEMBERSHIP(S):
NIL

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:
- Tong Herr Resources Berhad
  - Independent Non-Executive Director
- Cypark Resources Berhad
  - Independent Non-Executive Director

BOARD MEETING ATTENDED IN FYE 2023:
N/A

Datuk Megat Abdul Munir bin Megat Abdullah Rafaie was appointed to the Board of Sapura Resources Berhad as the Alternate Director to Tan Sri Dato' Seri Shahril bin Shamsuddin on 29 September 2022.

Datuk Megat holds a Bachelor of Laws from International Islamic University Malaysia, and he was called to the Malaysian Bar in 1994.

Datuk Megat is a founding partner of the legal firm Messrs. Zain Megat & Murad and leads the Kuala Lumpur branch as well as three of the firm's practice areas, namely Litigation, Corporate Commercial and the Foundation Laws. He is not only heavily involved in corporate and general litigation, but also advises on foreign investments, mergers and acquisitions, listing and compliance requirements as well as matters related to Bursa Malaysia Securities Berhad and Securities Commission Malaysia.

Datuk Megat has been a director of a Taiwanese global multi-national company based and listed in Malaysia since 1999, namely Tong Herr Resources Berhad, and was entrusted to chair its Audited Committee since 2022. He is also currently a director of Cypark Resources Berhad.

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

ENCIK REZA BIN ABDUL RAHIM

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Age	Gender	Nationality
47	Male	Malaysian

DATE OF APPOINTMENT:
6 April 2023

LENGTH OF SERVICE:
(as at 28 April 2023):
Close to 1 month

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

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:
NIL

BOARD MEETING ATTENDED IN FYE 2023:
N/A

In 25 January 2006, Encik Reza bin Abdul Rahim was appointed to the Board of Sapura Resources Berhad as Non-Independent Non-Executive Director. He then resigned as Non-Independent Non-Executive Director on 30 January 2009.

Encik Reza bin Abdul Rahim was re-appointed to the Board of Sapura Resources Berhad as Non-Independent Non-Executive Director on 6 April 2023. He was also appointed as a Member of Board Audit and Risk Committee and a Member of the Board Nomination and Remuneration Committee on even date respectively.

Encik Reza is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. He graduated from the University of Cambridge with an MPhil in Finance and from the London School of Economics and Political Science with a BSc in Accounting and Finance (First Class Honours).

Encik Reza has over 23 years of experience in audit, financial management, corporate finance and mergers and acquisitions as well as in strategy and operations and has held various senior leadership roles within public listed and private companies with regional and global coverage. His experience spans across several industries including technology, telecommunications and energy.

Encik Reza 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 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 2023.

PROFILES OF SENIOR MANAGEMENT

MAI ELIZA BINTI MIOR MOHAMAD ZUBIR

CHIEF OPERATING OFFICER (SM1)

Age	Gender	Nationality
50	Female	Malaysian

DATE OF APPOINTMENT:
13 January 2014

LENGTH OF SERVICE:
(as at 28 April 2023):
9 years 3 months

Mai Eliza Binti Mior Mohamad Zubir was promoted as the Chief Operating Officer ("COO") of Sapura Resources Berhad in October 2022. As the COO, she is responsible in assisting the Managing Director to oversee operational administration, corporate governance and compliance and execution of Managing Director's decision.

She has an extensive track record spanning over twenty-two (22) years working experience as in-house legal counsel handling legal and company secretarial matters for corporations of which 8 years are with Sapura Resources Berhad. Previously, she held a senior management position with National Aerospace & Defence Industries Sdn. Bhd. (holding company of Airod Sdn. Bhd.) as Group General Manager for Legal and Corporate Services for thirteen (13) years.

Her experience also involves Aerospace and Defence Industry specializing in legal services for the whole NADI Group of Companies and also led the Human Resource and Administration department. In January 2014, she joined Sapura Resources Berhad as Head of Legal and Secretarial. Her main portfolio is in the areas of legal affairs for the SRB Group of Companies, which includes legal advisory and provides legal opinion on diverse issues. She also performs the role as the strategic legal advisor to the Senior Management and to the Board and a key member of the senior management team in all corporate exercise and investment proposal. In January 2020, she had been promoted as Head, Corporate Services and later in August 2020, she had been redesignated to Head of Corporate Support.

Mai Eliza holds a Bachelor of Laws (LLB)(Hons) from University of Sheffield, United Kingdom (1996). She also holds a Certificate of Legal Practice from University Malaya (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. She does not have any conflict of interest with the Company and have no convictions for any offences within the past five (5) years.

SYED HAROON OMAR ALSHATRIE

HEAD OF PROPERTY (SM1)

Age	Gender	Nationality
47	Male	Malaysian

DATE OF APPOINTMENT:
1 February 2019

LENGTH OF SERVICE:
(as at 28 April 2023):
4 years and 3 months

Syed Haroon bin Omar Alshatrie was Heading the Property portfolio of Sapura Resources Bhd. He was responsible for overseeing SRB's Special Projects, as well as property related business and support departments, such as, Marketing and Advertising, Retail F&B, Social Community and Office Space Leasing, Procurement, Integrated Technology Services as well as Contract & Commercial.

Syed Haroon has more than fifteen (15) years of accumulated working experience in Malaysia from 2007-2022. He started his corporate career in Malaysia in 2007 with CIMB Group Berhad as a Corporate Client Manager for its Middle East, Bahrain Office. Throughout his tenure in CIMB Group, he has been in the forefront in various strategic positions, which includes Retail Business Intelligence and Analytics. In 2010, he spearheaded the CIMB's Islamic, Retail Product Distribution department focussing on the transformation of the entire CIMB Group Islamic retail distribution channels. Subsequently in 2013, he was leading CIMB Islamic Bhd's Regional Retail Strategy portfolio.

In 2016, he joined Sapura Secured Technology Group, heading the Mergers and Integration department and the Corporate Development department. The portfolios covered Malaysia and Singapore businesses involving, Strategic Operations, Strategic Engagement and Business Transformation.

Syed Haroon holds a Bachelor of Laws (LLB) (Hons) from International Islamic University Malaysia.

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. He does not have any conflict of interest with the Company and have no convictions for any offences within the past five (5) years.

Syed Haroon however has departed from his role as the Head of Property Division, effective 12 May 2023.

SHAHRUL EKRAM BIN SOFIAN @ MOKHTAR

CHIEF FINANCIAL OFFICER (SM2)

Age	Gender	Nationality
45	Male	Malaysian

DATE OF APPOINTMENT:
1 August 2022

LENGTH OF SERVICE:
(as at 28 April 2023):
9 months

Shahrul Ekram Bin Sofian @ Mokhtar is currently the Chief Financial Officer of Sapura Resources Berhad. He is responsible for overseeing the Group's Financial Management, Accounts and Reporting, Treasury, Taxation, Corporate Planning and Risk Management.

Shahrul Ekram has 21 years' experience in financial & accounting portfolio and audit. He also in the past involved in several projects and initiatives such as operations management, business, digital transformation, restructuring & business expansion and capital market. He is also knowledgeable in regulatory compliance related to IFRS, MFRS, Companies Act 2016, Securities Commission, Bursa Malaysia, and Income Tax.

Shahrul started his career in 2001 with Mahinder Singh & Co as an auditor. In Feb 2005, he joined Ernst & Young as Audit Manager - responsible to audit of financial statements and review of statutory records and presentation of the financial statements. In April 2012, he joined Permintex Group of Companies as General Manager for Group Finance where he is responsible for financial performance of the Group and the subsidiaries, cash management, process engineering, profitability improvement and managing stakeholders' expectation.

Shahrul then in July 2014 joined Progressive Impact Corporation Berhad as Group Financial Controller. In Jan 2018, he joined Agrifood Resources Holdings Sdn. Bhd. as Group Financial Controller.

In July 2018, Shahrul joined Export-Import Bank of Malaysia Berhad, he had managing three portfolios as Head of Procurement, Properties & Administration, Head of Business Management Office and Head of Finance & Treasury.

Shahrul graduated from UiTM with a Bachelor of Accountancy (Hons.) in 2001 and Master of Business Administration (MBA) in 2017. He also obtained professional qualifications from the Association of Chartered Certified Accountants (ACCA) and the Malaysian Institute of Accountants (MIA), both in 2012.

He has no directorships in other public or listed companies. He does not have any family relationship with any other director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and have no convictions for any offences within the past five (5) years.

SUSTAINABILITY STATEMENT

1. **Introduction**

This report reflects Sapura Resources Berhad and its subsidiaries ("SRB", "the Group", "we" and "us") efforts and performance in managing its material economic, environmental, social risks and opportunities.

2. **Reporting Framework**

This report has been prepared with reference to Bursa Malaysia Sustainability Reporting Guide, which serves as the foundation for the Sustainability Statement reporting framework.

3. **Reporting Scope**

This sustainability report covers the Group's property and aviation business segments for financial year end 31 January 2023 ("FYE 2023").

Unless mentioned otherwise, this report excludes associates and joint ventures. They are excluded as we do not exercise any operational control over these entities.

Where relevant, we have included data from previous years to track year on year progress and to provide additional context. This report addresses our response to 12 material sustainability matters which impacts our business and our ability to deliver value to all our stakeholders.

4. **Sustainability Governance**

The Board of Directors ("BOD") takes an active role in sustainability related matters through its Group Management Committee ("GMC"). The GMC supports the Board's oversight of the Group's sustainability objectives, policies, and strategies.

Board of Directors ("BOD")
- Review, approve and ensure integrity of sustainability reporting.

Managing Director ("MD")
- Day-to-day management, accountable for the Group's achievements and report to the Board.

Group Management Committee ("GMC")
- Monitoring and evaluating sustainability related matters.

The BOD has the ultimate responsibility and provides an oversight role for all sustainability related matters for the Group. Meanwhile, the GMC plays an integral role and acts as the key custodian of sustainability matters. GMC comprises of the Managing Director, Chief Operating Officer, Chief Financial Officer, and the Head of Business Units (Property and Aviation).

5. **Assurance Statement**

Information in this report has not been assured by our internal audit function or any other independent assurance provider.

The Board through management will reassess the necessity to obtain limited assurance on selected information disclosed in the report through engagement with key stakeholders such as lenders, investors, and customers.

6. **Materiality Assessment and Topics**

In the year under review, we have realigned FYE2022's material topics with Bursa Malaysia's Common Sustainability Matters. As part of this review, we introduced Economic Performance as a key sustainability matter.

We continuously monitor our business environment and engage with various stakeholders on an ongoing basis to ensure we have appropriately recognised and manage our material sustainability areas.

Materiality Matrix

Influence Stakeholder's Assessments and Decisions	Low	Medium	High
High			• Economic Performance • Anti-Corruption and Governance
Medium		• Health & Safety • Human Capital Development • Supply Chain Management	
Low	• Waste Management • Energy Management • Emission Management • Water Management • Diversity • Community • Data Privacy		

Significance of SRB's Sustainability Impacts

Legend

Environmental | Social | Economic

No.	Material Topic	GRI Ref	Indicators
1.	Economic Performance	201-1	Direct economic value generated and distributed
2.	Community	201-1	Total amount invested in the community where the target beneficiaries are external
			Total number of beneficiaries of the investment in communities
3.	Anti-Corruption and Governance	205-1	Percentage of employees that have received training on anti-corruption by employee category
		205-3	Confirmed incidents of corruption and action taken
4.	Supply Chain Management	204-1	Proportion of spending on local suppliers
5.	Health and Safety	403-9	Number of work-related fatalities
		403-9	Lost time incident rate
		403-5 404-1	Number of employees trained on health and safety standards
6.	Diversity	405-1	Percentage of employees by gender and age group for each employee category
		405-2	Percentage of directors by gender and age group
7.	Human Capital Development	404	Total hours of training by employee category
		401	Percentage of employees that are contractors or temporary staff
		401-1	Total number of employee turnover by employee category
		-	Number of substantiated complaints concerning human rights violations
8.	Data Privacy	418-1	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data
9.	Energy Management	302-1	Total energy consumption
10.	Emission Management	305-1	Scope 1 emissions in tonnes of CO_2e
		305-2	Scope 2 emissions in tonnes of CO_2e
11.	Water Management	303-3 303-4 303-5	Total volume of water used
12.	Waste Management	306-3 306-4 306-5	Total waste generated and a breakdown of: - (i) Total waste diverted from disposal (ii) Total waste directed to disposal

OUR PROGRESS

Economic Performance

Given the challenging environment the business is operating in, economic performance of the group remains a key concern amongst our stakeholders – employees, vendors, investors, and government.

For FYE 2023, the Group generated revenue of RM53.3 million which represents direct economic value generated. A total of RM36.8 million was distributed during our review period which consists of:

FYE 2023	RM Million
Payment to employees	21.2
Payment to providers of capital	0.4
Payment to government	0.3
Payment to vendors	14.9
Total	36.8

Quality Management and Customer Satisfaction

The Group believes that key success factor in delivering requisite economic performance lies in delivering quality services to our customer and ensuring customer satisfaction.

With respect to aviation, which is a highly statured market, we have Quality Policy and Quality Management System to reflect our emphasize on quality management and culture. Furthermore, the aviation segment is also highly regulated.

With respect to customer satisfaction, we continuously engage with our customers and tenants in order to understand and meet their needs.

Business Development and Strategic Partnership/Collaboration

Discussion on economic performance can be found in the Management Discussion and Analysis section of this Annual Report.

Community

We understand the importance of giving back to the society at large. We are cognisant of the fact the wellbeing of the community has direct consequences to our business environment which we operate in.

However, during the reporting year, we did not make any contributions to the community. We had to prioritise our resources in meeting our obligations given the challenging economic condition and environment which we were operating in.

Total amount invested and number of beneficiaries of community investment for FYE 2023, 2022 and 2021	None

We hope to activate our CSR program once we are in a more favourable financial position.

Anti-Corruption and Governance

We are aware of the broad definition of corruption, which defined by Transparency International, as the "*abuse of entrusted power for private gain*," and we adopt a zero-tolerance policy against all forms of bribery and corruption. Unchecked corruption does not only hamper our ability to deliver value to our stakeholders, but also contributes to systematic corruption that affects Malaysia's ability to be an attractive marketplace for all.

To that end, we are continuously improving our corruption risk assessment process and have established clear policies and procedures to mitigate our exposure. Compliance and adequacy of these policies and procedures are monitored and revised by the Board through management and our internal audit team. This includes:

- Board Charter and Terms of Reference for Board committee on audit, risk, remuneration and nomination;
- Anti-Bribery and Corruption Policy;
- Procurement Policy and procedures;
- Employee Handbook; and
- Risk Registers.

Further details on these key policies are available in our Statement on Risk Management and Internal Control and Corporate Governance Statement.

In strengthening our commitment on anti-bribery and corruption management, we have enhanced the position and independence of the Integrity and Governance Unit ("IGU") by:

- establishing a term of reference for the IGU which clearly documents and demonstrates its mandate in relation to anti-bribery and corruption; and
- updating the job descriptions of the IGU to capture additional responsibilities undertaken in relation to anti-bribery and corruption responsibilities.

We have also established Guidelines on Corporate Social Responsibilities, Donations and Sponsorship to guide the assessment process on potential corporate social responsibility, donation, and sponsorship activities. Based on the Guidelines established, a due diligence checklist and assessment criteria were established and incorporated to facilitate the assessment and the approval process.

Enhancement has been made to the management of gifts, hospitality and entertain ("GHE") by:

- establishing the Register of Gifts, Hospitality and Entertainment to record all GHE received and offered; and
- pre-approval process prior to offering and receiving of GHE including due diligence checklist and assessment criteria has been established and incorporated in the aforesaid Guidelines on Corporate Social Responsibilities, Donations and Sponsorship.

We have in place training/engagement programs for all employees to ensure work integrity is maintained. Percentage of employees who attended at least one formal training on our anti-corruption policies and requirements are as following:

Employee Category	No. of employees required to attend anti-corruption training for FYE 2023	No. of employees trained on anti-corruption	% for FYE 2023
Top Management	9	9	100
Managerial	37	35	98
Executive	59	55	97
Non-Executive	71	69	98

The objective of the training for all employees is to meet the T.R.U.S.T principles under the Guidelines on Adequate Procedures issued by the Prime Minister's Department of which training is one of the adequate procedures to prevent the occurrence of corrupt practices in the company.

During the onboarding of a new employee, we are committed to require the employee to attend a training on the company's Anti-Bribery and Corruption which includes Code of Conduct. They are required to sign a declaration form at the end of the training session that the Anti-Bribery and Corruption Policy has been read, understood and will be complied with.

Subsequently, we are aware of corporate liability which may arise because of bribery committed by our counterparties during their contract with us. As such, anti-bribery and anti-corruption information have been included as one of the pre-qualification processes, in which the third party is required to complete the anti-bribery declaration. In addition, a termination clause has been included in their contract that states that the contract can be terminated if the parties breach the company's ABC policy.

Number of confirmed incidents for FYE 2023, 2022, 2021	None Reported

During the year, we are pleased to report that no corruption incidents were identified or reported amongst our employees and counterparties in relation to their employment with us. However, we will continue to be vigilant in ensuring all aspects of the business are regularly assessed and monitored to mitigate this risk.

Supply Chain Management

Our Cost, Contracts & Procurement Department ("CCP") at SRB is responsible for ensuring fair tender exercises and procurement activities that follow our Procurement Policies and Procedures.

To ensure our continuous supply and to support the Malaysian economy, we continuously prioritise local suppliers, provided local suppliers meet our price, quality, performance, and ethical standards. As such, 67% of our supplies were sourced locally for the reporting year, higher compared to 2022 but lower compared to 2021.

% of Local Suppliers	FYE 2023	FYE 2022	FYE 2021
Property	98%	100%	100%
Aviation	51%	22%	60%
Overall	67%	30%	73%

We continuously evaluate our vendor performance and communicate areas of improvement to our vendors to allow them to continuously improve. We see ourselves as their business partner, given the interdependence between us and our vendors.

Health and Safety

We are committed to ensuring the safety of our employees by fostering positive safety culture, creating safe work environments, and strengthening our safety processes through continuous improvement, learning and innovation.

<u>Workplace fatalities and Loss Time Incident Rate ("LTIR")</u>

Employees' safety and health are the most essential factors in sustaining continuous growth and quality services. Strict compliance with safety standards is required in the entire process.

During this reporting year, we did not register any work-related fatalities.

Work related fatalities for FYE 2023	Nil

For Loss Time Incident Rate ("LTIR"), our LTIR for the year is 0.6. This translates to 0.6 loss time incidents for every 100 employees.

	FYE 2023
Loss Time Incident Rate (LTIR)	0.6

Health and Safety Training

We continue to adhere with relevant health and safety regulations and standards. As and when required, we conduct formal and dedicated health and safety training, which is reflected in the table below:

Number of Employees Trained on Health and Safety	FYE 2023
Property	71
Aviation	137
Total	208

We are cognisant that our aviation business exposes us to greater workplace injury/fatality risk than our property business due to its inherent nature, therefore we have established Safety Action Group ("SAG") with 11 members. During the year, they met 4 times to identify and raise safety issues to the Safety Review Board who in turn will review, analyse, and mitigate the safety concerns.

Other key measures in maintaining low LTIR and a safe working environment would be the establishment of our Emergency Response Team. As of 2022, there are a total of 10 members in the Emergency Response Team. The team's main responsibilities are to execute activities involving planned exercises and provide a coordinated response during emergencies.

Diversity

In delivering our business to our customers, we understand the importance of diversity, as it brings myriad perspectives, skills, and experiences.

Employee Diversity

Our employees are all Malaysians with the exception of one Singaporean in the senior management position. In demonstrating our commitment to diversity, we ensure appropriate levels of gender and age diversity is maintained.

Employee Category	FYE 2023		FYE 2022		FYE 2021	
	Male %	Female %	Male %	Female %	Male %	Female %
Senior Management	70	30				
Managerial	59	41				
Executive	70	30	72	28	76	24
Non-Executive	87	13				
Overall Composition	75	25				

In our reporting year, at least 30% of senior management are female. However, overall female employees have decreased from 28% in FYE 2022 to 25% in FYE 2023.

Employee Category	Age in Years (%) FYE 2023			Age in Years (%) FYE 2022			Age in Years (%) FYE 2021		
	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Senior Management	0	70	30						
Managerial	13	79	8						
Executive	41	53	6	26	59	15	33	54	13
Non-Executive	36	47	17						
Overall Composition	31	57	12						

Board Diversity

We recognise the importance of gender diversity at the decision making level as part of our commitment in delivering value to our stakeholders. At the date of this report, the diversity in age and gender for the Board are as follows:

		Directors (FYE 2023)	% for FYE 2023
Age in Years	<30	Nil	Nil
	30 – 50	3	43
	>50	4	57
	Total	7	100
Gender	Male	6	86
	Female	1	14
	Total	7	100

In FYE 2021 and FYE2022, there were no female representation in our Board. Hence, with respect to Board diversity, we were delighted to appoint Dr Yap Lang Ling in November 2022 as our female board member.

Human Capital Development

We aim to provide a safe, fair, and inclusive workplace whereby our employees can continuously grow and contribute. We recognise the development of human capital as a mission critical in ensuring the sustainability of our business.

Training and Education

For FYE 2023, the Group conducted a total of 3287 training hours. In comparison, FYE 2022 and FYE 2021 recorded total hours of 2467 and 2275, respectively.

Employee Category	FYE 2023 (Hours) SRB HQ & Property	FYE 2023 (Hours) Aviation	FYE 2022 (Hours) SRB HQ & Property	FYE 2022 (Hours) Aviation	FYE 2021 (Hours) SRB HQ & Property	FYE 2021 (Hours) Aviation
Senior Management	129	2,436	709	1,758	494	1,781
Managerial	172					
Executive	206					
Non-Executive	344					
Subtotal	851					
Total	3,287		2,467		2,275	

The type of training programmes provided to our employees includes both technical and non-technical trainings, which also covers regulatory trainings on relevant regulations to our industries. The regulatory and technical trainings for aviation segment focused on specialised areas ranging from ground support, marshalling, refuelling/de-refuelling, just to name a few.

Succession Planning

As part of our talent development and business continuity initiative, we have put in place a succession planning framework since February 2021, with the objective to identify and develop potential successors for Senior Management and Key Critical Positions. This also allows us to communicate our appreciation to our high performing employees in order to retain them.

Utilisation of Contract Staff

As part of our human capital optimisation strategy, we continue to review and maintain an appropriate mix of permanent and contract staff, to cushion the business needs of our property and aviation segment.

Employment Type	FYE 2023 (%)	FYE 2022 (%)	FYE 2021 (%)
Percentage of contract staff	47	34	20

Internship Programmes

We continuously maintain our efforts to develop young talent participating in our internship programme. We provided 33 positions for FYE 2023 as compared to 46 positions in FYE2022.

Employee Retention

SRB is committed to attracting, and developing talent, as well as providing them with assistance such as training and benefits to thrive both personally and professionally.

The following shows our employee turnover for the end of each reporting period.

Employee Category	Number of employee turnover for FYE 2023	Number of employee turnover for FYE 2022
Senior Management	4	5
Managerial	20	16
Executive	19	15
Non-Executive	12	7
Total	55	43

We continuously review our total rewards package for key employees and position which includes competitive compensation, health care, support for work-life balance and career development resources.

Employee Labour Rights

During the reporting year, we are pleased to announce that no complaints were received from any regulatory or official bodies in relation to violation of human rights of its workers.

Substantiated complaints received for FYE 2021, FYE 2022 and FYE 2023	None

Data Privacy and Security

We are pleased to announce that no complaints were received from any regulatory or official bodies in relation to breaches of customer privacy and losses of customer data.

Substantiated complaints and losses of customer data for FYE 2021, FYE 2022 and FYE 2023	None

We are committed in ensuring data confidentiality of our customers and meeting requirements of local data protection laws and regulation.

Energy Management

We are aware that energy cost will continue to rise in the immediate future as the Malaysian government continues to increase non-domestic electricity tariff and remove/reduce fuel subsidy. This is driven by factors such as the Malaysian government's net zero goal and its policy on reducing fiscal deficit from subsidy of energy cost which counters its net zero aspirations.

As property manager, we are aware of the effects of climate change on the reliability of electricity supply in powering our buildings. Therefore, we have recognised it is imperative that energy management is continuously and actively managed by the management. This includes continuous assessment on the feasibility of installing solar panels and other enhancements to improve energy efficiency and energy security for our properties and operations.

Total energy consumed by the Group, is as following:

	Energy Consumption (Gigajoule, GJ)					
	Purchased Electricity			Fuel Consumption – Vehicles (1) (2)		
FYE	Property	Aviation	Total	Property	Aviation	Total
2023	484	458	942	8	1,796	1,804
2022	391	465	856	-	-	-
2021	479	534	1,013	-	-	-

1. *Exclusion: The table above excludes the fuel consumption for Generators used by the Group.*
2. *Energy consumption data from vehicles owned by the Group is not available for 2022 and 2021 as we have not begun to track energy consumption for these years.*
3. *Energy conversion factor used for vehicles is based on fuel litre consumption derived from UK Government GHG Conversion Factors for Company Reporting 2022.*

For FYE 2023, total energy consumed was 2,745.6 GJ. 66% of our energy consumption is from vehicle fuel consumption owned by the Group, whilst the remaining is from purchased electricity. In demonstrating our commitment to optimise energy consumption, we continue to encourage employees to switch off the electricity in areas that are not in use.

Emission Management

We have yet to establish an emission management framework and program. Therefore, we do not have any target and roadmaps in achieving this. We are continuously engaging with our stakeholders and assessing feasibility in putting in place an appropriate emission management framework. However, we have begun to track our Scope 1 and Scope 2 GHG emissions for FYE 2023, which is as following:

	Emissions					
	Scope 1 - Tonne CO_2e (1)			Scope 2 - Tonne CO_2 (2)		
FYE	Property	Aviation	Total	Property	Aviation	Total
2023	0.5	34.3	34.8	79	74	153
2022	-	-	-	64	76	140
2021	-	-	-	78	87	165

1. *Scope 1 emissions are direct greenhouse gas ("GHG") emissions that occur from sources that are owned or controlled by the Group. Our data is limited to vehicles and excludes generators owned/operated by the Group. Emission Conversion factor for Scope 1 is derived from UK Government GHG Conversion Factors for Company Reporting 2022.*
2. *Scope 2 emissions are indirect GHG emissions arising from the generation of purchased electricity consumed by the Group. Emission Conversion factor for Scope 2 used is from CDM Electricity Baseline for 2017 by Malaysian Green Technology Corporation.*

Water Management

The Group's water consumption is in relation to the treated water provided by local authorities. Due to the nature of our business, our water consumption in our operations is relatively low. Thus, our water usage mostly takes place in our Group's headquarters at Sapura Mines for washroom or pantry purposes.

The Group's water consumption is equivalent to our water withdrawal, given that we have zero water discharge.

Water Consumption - Megalitres (ML)			
FYE	Property	Aviation	Total
2023	1.88	0.85	2.73
2022	1.10	0.88	1.98
2021	1.45	0.90	2.35

The increase in water consumption for FYE 2023 as compared to FYE 2022 is due to the lifting of Movement Control Order, which saw our employees returning to work in the office and increase in business activities.

Waste Management

In 2023, the Group generated a total of 47.1 tonnes of waste from our property and aviation business sectors. The following is the breakdown:

Category (tonne)	Property	Aviation	Total FYE 2023
Waste from disposal	3.7	40.0	43.7
Add: Waste diverted from disposal (1)	3.4	Nil	3.4
Total Waste Generated	7.1	40.0	47.1

1. *Waste diverted from disposal includes waste that is reused, recycled, or subject to other recovery options*

With respect to our waste management, we are guided by local laws in ensuring appropriate waste management and disposal procedures are adhered to.

Here at the Group, we are committed to practicing sustainable waste management methods through the acts of reusing, recycling, and repurposing. For FYE 2023, we managed to divert a total of 3.4 tonnes of waste.

Preparing for The Future

By implementing ESG standards into our sustainable business practices, Sapura Resources Berhad is helping to create a sustainable future. We will continue to review our sustainability practices and continuously engage our stakeholders to ensure key sustainability matters are appropriately managed.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**the Board**") of Sapura Resources Berhad ("**SRB**" or "**the Company**") is committed to ensuring 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 shareholders and investors with a summary of the corporate governance practices of the Company for the financial year ended 31 January 2023 ("**FYE2023**") as set out in the Malaysian Code on Corporate Governance ("**MCCG**") with reference to the following three (3) key principles under the leadership of the Board:

Principle A	Principle B	Principle C
Board leadership and effectiveness	**Effective audit and risk management**	**Integrity in corporate reporting and meaningful relationship with stakeholders**
• Board responsibilities • Board composition • Remuneration	• Audit committee • Risk management and internal control framework	• Engagement with stakeholders • Conduct of general meetings

This Statement is made in compliance with Paragraph 15.25 of the Main Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and it is to be read in conjunction with the Corporate Governance Report for FYE2023, which is published on 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 approving any of the Management's proposals 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-making 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 ("**MD**") is put in charge to oversee the day-to-day operations of the Group. The Board is guided by its Board Charter which outlines the duties, roles and responsibilities 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.

In order to discharge its oversight and governance roles and responsibilities, the Board has established 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 Board 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 for decision-making.

Apart from the above, the Management is also delegated 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

The roles of the Chairman of the Board and the MD of the Group are held by separate individuals and each has a clear 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 and the Group's operating units, organisational effectiveness and implementation of Board policies and decisions on a day-to-day basis.

During the year, SRB had a change in its Board leadership. Tan Sri Datuk Amar (Dr.) Hamid bin Bugo has served the Board of Directors as an Independent Non-Executive Director for a cumulative term of more than nine (9) years since 25 August 2009 and he did not seek the shareholders' approval at the Sixty-Fifth Annual General Meeting ("**65th AGM**") of the Company for the retention as an Independent Non-Executive Director. Hence, he was redesignated from Independent Non-Executive Chairman to Non-Independent Non-Executive Director which took effect upon the conclusion of the 65th AGM of the Company which was held on 20 July 2022.

In line with the above changes, Encik Ahmad Jauhari Bin Yahya ("**Encik Ahmad Jauhari**") was appointed as the new Chairman of the Board on 20 July 2022 and he has been redesignated as the Independent Non-Executive Chairman of the Company upon the conclusion of the 65th AGM of the Company in place of Tan Sri Datuk Amar (Dr.) Hamid bin Bugo.

Encik Ahmad Jauhari leads the Board by setting the tone at the top, and managing the Board's effectiveness by focusing on strategy, governance and compliance.

The MD of the Company is Dato' Shahriman bin Shamsuddin. He is responsible for the stewardship of the Group's direction and the day-to-day management of the Group. The Board together with the MD develop the corporate objectives, which include performance targets and long-term goals of the business, to be met by the MD. The MD reports to the Board and is primarily responsible for running the business and implementing the policies and strategies adopted by the Board.

For FYE2023, the Company departed from the recommendation of Practice 1.4 of the MCCG which states that the Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.

Encik Ahmad Jauhari who is the Independent Non-Executive Chairman of the Company also sits as a member of the BARC and the Chairman of BNRC of the Company.

The BNRC and the Board acknowledged that the Company has departed from the Practice 1.4 of the MCCG. Pursuant to Paragraph 15.09 of the Listing Requirements and TOR of the BNRC and the BARC, it stated that the composition of the BARC and the BNRC shall consist of not less than 3 members and all of which are non-executive directors, with a majority of whom shall be independent. Mr. Andrew Heng, an Independent Non-Executive Director is already Chairman of BARC, and Dr. Yap Lang Ling was appointed as an Independent Non-Executive Director of the Company on 1 November 2022. Therefore, considering the number of the independent directors available, Encik Ahmad Jauhari then remained as the Chairman of the BNRC and a member of BARC. The BNRC and the Board were satisfied that there was adequate check and balance during the financial year under review despite the Board Chairman is also the Chairman of BNRC and a member of BARC.

Company Secretaries

In compliance with Practice 1.5 of the MCCG, the Board members have full access to the two (2) Company Secretaries who are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016.

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.

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 prior to the Board meetings. Sufficient time has 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 FYE2023, Senior Management as well as professional advisers were invited to attend the relevant Board and Board Committees' meetings to provide additional insights and professional views, advices and explanations on specific items on the meeting agenda.

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.

Board Charter

In compliance with Practice 2.1 of the MCCG, the Company has in place a Board Charter which governs how the Company conducts its affairs and serves as a source reference and primary induction literature, providing insights to existing and prospective board members to assist the Board in the performance of their fiduciary duties as Directors of the Company.

In discharging its duties, the Board is guided by its Board Charter which outlines the duties, roles and responsibilities of the Board, Board membership guidelines, Board structures and procedures, relationship of the Board with Management, remuneration of the Board, assessment of the Board; and relationship and communication between the Board and shareholders, institutional investors, press, customers, etc.

The Board endeavours to comply at all times with the principles and practices as set out in the Board Charter. 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 Conduct and Ethics

The Board has adopted a Code of Conduct and Ethics for Directors which provides guidance to all Directors as to the ethical conduct to be complied with, 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 to maintaining a corporate culture which engenders trustworthiness, acceptable values, the spirit of social responsibility and accountability that permeate throughout the Group.

Whistleblowing Policy

The Board has adopted a Whistleblowing Policy to encourage all of the 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 is available on the Company's corporate website at *www.sapura-resources.com*.

Any employees of the Company may file a report to any of the designated person identified in the Whistleblowing Policy through the whistleblowing reporting channels using the Whistleblowing Reporting Form. For external parties, they may file a report to the email address: *SRBethicsline@sapura.com.my*.

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

A formal ABC Policy was established and adopted on 28 November 2019. The ABC Policy is applicable to the Group and all levels and all business/support units in the Group.

The purpose of the ABC Policy is:
- to set out the Company's responsibilities and responsibilities of all employees, officers and Directors of the Group to observe and uphold the Company's stance on zero-tolerance to bribery and corruption.
- to provide information and guidance on how the Company 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.
- to ensure that the Group has adequate procedures in place to prevent and detect bribery and corruption.
- to protect the Group against the possible penalties and repercussions resulting from acts of bribery and corruption.

An Integrity and Governance Unit ("**IGU**") was formed and is primarily responsible for the implementation and administration of this ABC Policy. The TOR for IGU was approved by the BARC on 26 September 2022. The IGU is 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 the breach of the ABC Policy can be made to the designated email address at *SRBethicsline@sapura.com.my*.

The ABC Policy and the TOR for IGU are available on the Company's corporate website at *www.sapura-resources.com*.

SRB Workplace Sexual Harassment Policy ("WSH Policy")

The WSH Policy of the Company was adopted by the Board on 30 November 2022. The Company strives to create and maintain a work environment where people are treated with dignity, decency and respect through the WSH Policy.

The intention of the WSH Policy is to fulfil the requirements set forth in:
- the Code of Practice on the Prevention and Eradication of Sexual Harassment in the Workplace published by the Ministry of Human Resources of Malaysia in August 1999; and
- Part XVA (Sexual Harassment) of the Malaysian Employment Act 1955.

The WSH Policy is available on the Company's corporate website at *www.sapura-resources.com*.

II. Composition of the Board

During the FYE2023, Dato' Muthanna bin Abdullah, a Non-Independent Non-Executive Director expressed his intention not to seek re-election as a Director of the Company at the 65th AGM of the Company. Hence, he retained office until the closed of the 65th AGM and ceased as a member of the BARC and the BNRC respectively with effect from 20 July 2022.

On 29 September 2022, Datuk Megat Abdul Munir bin Megat Abdullah Rafaie was appointed as the Alternate Director to Tan Sri Dato' Seri Shahril bin Shamsuddin.

On 1 November 2022, Dr. Yap Lang Ling was appointed as an Independent Non-Executive Director of the Company.

On 6 April 2023, Encik Reza bin Abdul Rahim was appointed as a Non-Independent Non-Executive Director of the Company.

As of the latest practicable date of 19 April 2023, the Board consists of seven (7) members, which is made up of three (3) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors and one (1) Executive Director. The Board's composition and its respective length of service are as set out below:

Name	Designation	Length of service (as at 28 April 2023)
Encik Ahmad Jauhari bin Yahya	Independent Non- Executive Chairman	7 years 3 months
Tan Sri Dato' Seri Shahril bin Shamsuddin (Alternate Director: Datuk Megat Abdul Munir bin Megat Abdullah Rafaie)	Non-Independent Non-Executive Director	33 years 2 months
Dato' Shahriman bin Shamsuddin	Managing Director	17 years 9 months
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	Non-Independent Non- Executive Director	13 years 8 months
Andrew Heng	Independent Non-Executive Director	3 years 10 months
Dr. Yap Lang Ling *(Appointed on 1 November 2022)*	Independent Non-Executive Director	Close to 6 months
Encik Reza bin Abdul Rahim *(Appointed on 6 April 2023)*	Non-Independent Non-Executive Director	Close to 1 month

Tenure of Independent Director

Practice 5.3 of the MCCG 2021 states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. However, an independent director may continue to serve the Board subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as independent after a cumulative term of nine (9) years, justifications from the Board and shareholders' approval through a two-tier voting process at a general meeting are required.

The Board subscribes to an open policy on the tenure of Independent Directors 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 the Board in that capacity for more than nine (9) years, upon the prior review and relevant recommendation from the BNRC.

Based on the assessment carried out during the financial year, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company.

None of the Independent Directors has served more than nine (9) years on the Board as at the date of this Statement. The Board through the BNRC have conducted the annual assessment on the effectiveness of the Board, the Board Committees and the individual Directors of the Company for the FYE2023.

Based on the outcome of the Directors' self-assessment and peer assessment evaluation; the evaluation of the effectiveness of the Board as a whole, as well as the additional assessment of the independence of the Independent Directors, the Board is satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company.

All Independent Directors are independent of management and free from any relationship. The Board considers that its Independent Directors are able to provide an unbiased and independent and objective judgement to facilitate a balanced leadership in the Group as well as providing effective checks and balances to safeguard the interest of the minority shareholders and other stakeholders.

Board Nomination and Remuneration Committee ("BNRC")

The BNRC was established with a clearly defined TOR and comprised exclusively of three (3) non-executive directors, majority 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 three (3) times for FYE2023 and the meeting attendances are as follows:

Members	Membership/Designation	No. of meetings attended	%
Encik Ahmad Jauhari bin Yahya	Chairman *Independent Non-Executive Chairman*	3/3	100
Mr. Andrew Heng	Member *Independent Non-Executive Director*	1/3	33.3
Dr. Yap Lang Ling *(Appointed on 1 November 2022)*	Member *Independent Non-Executive Director*	1/1	100
Dato' Muthanna bin Abdullah *(Ceased on 20 July 2022)*	Member Non-Independent Non- Executive Director	2/2	100

For FYE2023, the BNRC had undertaken the following activities:

1. Reviewed and recommended to the Board the proposed Directors' fees in respect of the financial year ended 31 January 2022;
2. Reviewed the proposed Directors' benefits payable for the period from 20 July 2022 until the next AGM of the Company and to recommend the same to the Board for recommendation to the shareholders for approval at the Sixty-Fifth AGM;
3. Reviewed and recommended to the Board the re-election of Directors for the recommendation of the same to the shareholders for approval at the Sixty-Fifth AGM;
4. Reviewed and assessed the effectiveness of the Board of Directors as a whole and contribution of the BARC and BNRC; contribution and performance of each individual Director of the Company; and each member of the BARC;
5. Assessed the independence of the Independent Directors;
6. Reviewed the draft Directors' Fit and Proper Policy and recommended the same to the Board of Directors for approval and adoption;
7. Reviewed and recommended to the Board the appointment of Mr. Chong Cheok Weng as the Chief Financial Officer;
8. Reviewed and recommended to the Board the appointment of Encik Shahrul Ekram bin Sofian @ Mokhtar as the Chief Financial Officer;
9. Reviewed and recommended to the Board the appointment of Datuk Megat Abdul Munir bin Megat Abdullah Rafaie as the Alternate Director to Tan Sri Dato' Seri Shahril bin Shamsuddin;
10. Reviewed and recommended to the Board the appointment of Dr. Yap Lang Ling as the Independent Non-Executive Director of the Company;
11. Reviewed the Staff Medical Benefits and Insurance Coverage of SRB and its revision; and
12. Reviewed the Sexual Harassment Policy of SRB.

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

Formalised Directors' Fit and Proper Policy

In April 2022, the Company established the Directors' Fit and Proper Policy for the appointment and reappointment/re-election of Directors of the Company and its subsidiaries as required by Paragraph 15.01A of the Listing Requirements. This Directors' Fit and Proper Policy serves as a guide to the BNRC and the SRB Board in their review and assessment of candidates that are to be appointed to the Board of SRB and its subsidiaries as well as Directors who are seeking election or re-election. This is to ensure that each of the Directors has the character, experience, integrity, competence and time to effectively discharge his/her role as a Director of SRB and its subsidiaries.

The Directors' Fit and Proper Policy is made available on the Company's corporate website at www.sapura-resources.com.

Re-election of Directors

Any Director appointed during the year is required under the Company's Constitution to retire and may seek 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 MD to retire by rotation and to seek re-election at each AGM and that each Director shall submit himself/herself for re-election at least once every three (3) years.

Pursuant to the Directors' Fit and Proper Policy, the BNRC prior to recommending to the Board the re-election of the Directors seeking re-election, completes an evaluation of the retiring Directors. The BNRC and the Board shall assess individual Directors seeking re-election with due regard to, among others, the considerations listed in the Directors' Fit and Proper Policy by way of Fit and Proper assessment via diligence, screening and declarations from the concerned individuals. In addition thereto, the assessment shall also be performed based on a review of the Board Effectiveness Evaluation results and performance appraisal records respectively.

The Directors who are standing for re-election at the forthcoming 66th AGM of the Company are as set forth in the Notice of the AGM as contained in this Annual Report.

Recruitment Process and Annual Board Evaluation

The Directors' Fit and Proper Policy of the Company outlines the baseline criteria for the fit and proper assessment for the Board of Directors of the Company and its subsidiaries. The BNRC will assess each person for a new appointment of Directors based on the criteria set out in the Directors' Fit and Proper Policy before recommending it to the Board for approval.

During the appointment stage, the assessment shall be performed via diligence or screening such as third-party verification checks, as well as declarations from the concerned individuals.

For any new appointment of Director, the BNRC will also be taking into consideration the mix of skills, competencies, experience, integrity, time commitment and other qualities required to effectively discharge his or her role as a director.

Through Board Effectiveness Evaluation, the Directors are assessed annually and the findings are consolidated in a performance report which is analysed and tabled to the BNRC for review and endorsement by the Board. The Board were assessed on their capability, character, integrity and commitment towards the Company and any further improvements required to enhance the effectiveness of each individual Director were recognised.

Based on the results of the evaluation conducted for FYE2023, the BNRC was satisfied with the performance of the individual members of the Board.

On the appointment of key management personnel, candidates are considered by the BNRC where the focus is on their skill set, competencies, experience, integrity and other qualities, prior to recommendation for approval by the Board.

Board Diversity

Women's representation on the Board and in senior management will be considered when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aim of selecting the best candidate to support the achievement of the Company's strategic objectives. The Board Diversity Policy is available on the Company's website at *www.sapura-resources.com*.

As of the date of this Report, the current diversity in gender, ethnicity and age of the Board and the Key Senior Management of the Company are as follows:

		Directors	Key Senior Management (excluding the MD)
Race/Ethnicity	Malay	5	3
	Chinese	2	0
	Indian	0	0
Age Group	41 to 50	3	3
	51 to 60	1	0
	60 to 70	2	0
	Above 70	1	0
Gender	Male	6	2
	Female	1	1

The Board requires its members to devote sufficient time to the workings of the Board, to effectively discharge their duties as Directors of the Company, and to use their best endeavours to attend meetings.

During the FYE2023, the Board convened a total of thirteen (13) Board of Directors' Meetings to deliberate on the Group's quarterly financial results and discuss important matters which called for immediate attention and decision of the Board. During the Board of Directors' Meetings, the Board reviewed the operation and performance of the Group and other strategic issues that might affect the Group's business. The Chief Operating Officer and the Chief Financial Officer were invited to attend all 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 2023.

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

Name of Directors	Designation	No. of meetings attended	%
Encik Ahmad Jauhari bin Yahya *(Re-designated on 20 July 2022)*	Independent Non-Executive Chairman	13/13	100
Dato' Shahriman bin Shamsuddin	Managing Director	13/13	100
Tan Sri Dato' Seri Shahril bin Shamsuddin (Alternate Director: Datuk Megat Abdul Munir bin Megat Abdullah Rafaie)	Non-Independent Non-Executive Director ("**NINED**")	11/13	85
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo *(Re-designated on 20 July 2022)*	NINED	13/13	100
Mr. Andrew Heng	Independent Non-Executive Director	12/13	92
Dr. Yap Lang Ling	Independent Non-Executive Director	2/2	100
Dato' Muthanna bin Abdullah *(Retired on 20 July 2022)*	NINED	5/6	83.33

The Board also met on an ad-hoc basis to deliberate urgent issues and matters that required expeditious Board direction or approval. There were nine (9) Special Board of Directors' Meetings held during the FYE2023 out of the total thirteen (13) meetings held. 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 to make an informed decision.

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.

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. 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 save and except for Tan Sri Dato' Seri Shahril bin Shamsuddin, has participated in various continuing education or training programmes as indicated in the Corporate Governance Report.

Tan Sri Dato' Seri Shahril bin Shamsuddin was unable to attend any training during FYE2023 due to business and personal exigencies. However, Tan Sri Dato' Seri Shahril bin Shamsuddin was constantly updated with relevant reading materials and technical updates which enhances his knowledge and equipped him with the necessary skills to effectively discharge his duties as a Director of the Company.

Upon review, the Board concluded that the Directors' trainings for the FYE2023 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 programme, if possible.

III. Remuneration

A Board Remuneration Policy was established to support the Group's business strategy which is long-term and strategic in nature. The remuneration framework is designed based on the need to attract and retain Directors; motivate Directors to achieve the Group's business objectives; and 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 Group successfully. In its review, the BNRC considers various factors including the Directors' fiduciary duties, time commitments and the Company's performance.

For FYE2023, the total Directors' fees payable to the Directors, of RM506,191.78 have been recommended to the shareholders for approval at the forthcoming AGM of the Company. The breakdown of the remuneration of each individual Director for FYE2023 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 reliability and compliance with the accounting applicable financial reporting standards, accuracy, adequacy and completeness in giving the true situation of the Group's performance.

The BARC reviewed the unaudited quarterly financial reports and the year-end audited financial statements of the Company prior to the 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 Mr. Andrew Heng, who is an Independent Non-Executive Director of the Company. As at the date of this Statement, the BARC consists of three (3) members, the majority of whom are Independent Non-Executive Directors.

During the FYE 2023, Dato' Muthanna bin Abdullah, a Non-Independent Non-Executive Director who retired in accordance with Clause 116 of the Company's Constitution, had expressed his intention not to seek re-election at the Sixty-Fifth Annual General Meeting held on 20 July 2022, as such he also ceased as a member of the BARC on even date.

Subsequently, Dr. Yap Lang Ling was appointed as a member of the BARC with effect from 1 November 2022.

During the FYE 2023, the composition of the BARC is as follows:

Name	Position	Designation
Mr. Andrew Heng	Chairman	Independent Non-Executive Director
Encik Ahmad Jauhari bin Yahya	Member	Independent Non-Executive Chairman *(Redesignated on 20 July 2022)*
Dato' Muthanna Bin Abdullah *(Ceased on 20 July 2022)*	Member	Non-Independent Non-Executive Director
Dr. Yap Lang Ling *(Appointed on 1 November 2022)*	Member	Independent Non-Executive Director

Subsequently, the Board reconstituted the composition of the BARC on 6 April 2023 whereby Encik Ahmad Jauhari bin Yahya ceased to be a member of BARC while Encik Reza bin Abdul Rahim was appointed as a member of the BARC in replacement thereof.

Upon the reconstitution, the composition of the BARC is as follows:

Name	Position	Designation
Mr. Andrew Heng	Chairman	Independent Non-Executive Director
Dr. Yap Lang Ling	Member	Independent Non-Executive Director
Encik Reza bin Abdul Rahim *(Appointed on 6 April 2023)*	Member	Non-Independent Non-Executive Director

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

Practice 9.2 of the MCCG 2021 requires the BARC to have a policy that requires a former partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the BARC.

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

Assessment of Suitability and Independence of External Auditors

For the FYE2023, 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 Seven (7) years with the Company;
- The BARC receives written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and
- Tenure of the current Auditors.

Upon completion of the said assessment, the BARC was satisfied with Ernst & Young PLT's technical competency and audit independence during the FYE2023.

Risk Management and Internal Control Framework

The Board is committed to determining the Group's level of risk tolerance and to actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Group's assets. The risk management and internal control functions 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 adopted a Group's Enterprise Risk Management Policy ("**ERM**"). The ERM shall be a core management competency that incorporates a well-structured systematic process to identify business risk and lessen their impact on the Group. This involves the following core elements:
- the identification of each business risk;
- the measurement of the identified business risk;
- the control or the way the risk is managed in line with the needs of the Group's policies and strategies; and
- constant monitoring and communicating of risks associated with any activity, function or process in a way that will enable the Group to minimise losses and maximise opportunities.

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 achieving 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 are used as the main forum of dialogue for shareholders to raise any issues pertaining to the Group.

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, calling or faxing via telephone or facsimile, 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

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. To carry on the good governance practice, the Notice of the Sixty-Sixth AGM will be issued at least 28 days before the AGM date.

Due to the COVID-19 pandemic, the Company leveraged on technology to facilitate remote participation of shareholders and electronic voting for the conduct of the poll on all the resolutions. The Company's Sixty-Fifth AGM was conducted on a fully virtual basis. It was streamed live and where eligible shareholders were able to log in to remotely participate in and vote at the meeting.

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 Sixty-Fifth AGM held last year, shareholders were briefed on the voting procedures and the result of the poll was verified by the independent scrutineer, Boardroom Corporate Services Sdn. Bhd. The poll voting was conducted via electronic means and the result of the poll was displayed on the screen. The result of all the resolutions proposed at the Sixty-Fifth AGM was subsequently announced to Bursa Securities on the same day.

KEY FOCUS AREAS AND FUTURE PRIORITIES

Looking ahead to the financial year ending 2024, the Board and its respective Board committees will:

- Focus on major strategic issues to ensure sustainability and growth with a considerable proportion of Board time is focused on strategic issues, including specific strategic plans and transactions, and the Company's broader long-term direction; and
- The Board and Management shall continue with the anti-corruption awareness campaign involving education and commitment from all levels such as the signing of declaration, including employees, suppliers, subcontractors and business partners.

Conclusion

The Board is satisfied that for the FYE2023, the Company complies substantially with the principles and practices of the MCCG.

This Statement, together with the Corporate Governance Report were approved by the Board on 19 April 2023.

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, the 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 2023 ("**FYE2023**") 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

For the FYE2023, the BARC comprised three (3) members, all of whom are Independent Non-Executive Directors.

During the FYE 2023, Dato' Muthanna bin Abdullah, a Non-Independent Non-Executive Director who retired in accordance with Clause 116 of the Company's Constitution, had expressed his intention not to seek re-election at the Sixty-Fifth Annual General Meeting held on 20 July 2022, as such he also ceased as a member of the BARC on even date.

Subsequently, Dr. Yap Lang Ling was appointed as a member of the BARC with effect from 1 November 2022.

During the FYE 2023, the composition of the BARC is as follows:

Name	Position	Designation
Mr. Andrew Heng	Chairman	Independent Non-Executive Director
Encik Ahmad Jauhari bin Yahya	Member	Independent Non-Executive Chairman *(Redesignated on 20 July 2022)*
Dato' Muthanna Bin Abdullah *(Ceased on 20 July 2022)*	Member	Non-Independent Non-Executive Director
Dr. Yap Lang Ling *(Appointed on 1 November 2022)*	Member	Independent Non-Executive Director

Subsequently, on 6 April 2023, the Board reconstituted the composition of the BARC whereby Encik Ahmad Jauhari bin Yahya ceased to be a member of BARC while Encik Reza bin Abdul Rahim was appointed as a member of the BARC in replacement thereof.

Upon the reconstitution, the composition of the BARC at the latest practicable date of 19 April 2023 is as follows:

Name	Position	Designation
Mr. Andrew Heng	Chairman	Independent Non-Executive Director
Dr. Yap Lang Ling *(Appointed on 1 November 2022)*	Member	Independent Non-Executive Director
Encik Reza bin Abdul Rahim *(Appointed on 6 April 2023)*	Member	Non-Independent Non-Executive Director

NUMBER OF BARC MEETINGS AND DETAILS OF ATTENDANCE

For FYE2023, the BARC held a total of seven (7) meetings. The details of the attendance of each BARC member are as follows:

BARC Members	Total no. of meetings attended	%
Mr. Andrew Heng	7/7	100
Encik Ahmad Jauhari bin Yahya	7/7	100
Dato' Muthanna Bin Abdullah *(Ceased on 20 July 2022)*	4/5	80
Dr. Yap Lang Ling *(Appointed on 1 November 2022)*	1/1	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 FYE2023, the BARC had 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 the Group for FYE2022 before they were presented to the Board for approval and for release to Bursa Securities accordingly; and

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

- changes in or implementation of accounting policies and practices;
- any financial reporting developments in the Malaysian Financial Reporting Standards
- 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 FYE2023 to deliberate on financial reporting matters are as appended below:

Date of meetings	Financial Reporting Statements Reviewed
28 March 2022	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the fourth quarter ended 31 January 2022.
20 May 2022	Audited Financial Statements for the financial year ended 31 January 2022 ("**AFS**").
27 June 2022	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the first quarter ended 30 April 2022.
26 September 2022	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the second quarter ended 31 July 2022.
24 November 2022	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the third quarter ended 31 October 2022.

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 the 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) **Matters relating to External Audit**

(a) Reviewed the terms of engagement and the Audit Planning Memorandum by the external auditors, Ernst & Young PLT ("**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.

(e) Met with the external auditors without the presence of the Management on 28 March 2022 and 20 May 2022 in order to provide the external auditors with 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 FYE2023 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 reviewed and was satisfied with the performance and effectiveness of the external auditors and recommended to the Board their re-appointment as the external auditors of the Company for the ensuing year at the Annual General Meeting.

4) **Matters relating to Internal Audit**

(a) Reviewed and considered the adequacy of the scope, functions and 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 the internal audit, prioritised areas for improvement as well as recommended corrective actions to be taken by Management as presented by KPMG.

(d) Evaluated the adequacy and performance of KPMG for the FYE2023 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 FYE2023.

(c) Received and reviewed quarterly reports from KPMG on the Group's risk profile and the risk register for the FYE 2023 to ensure these were being managed effectively.

6) **Related Party Transactions**

(a) Reviewed the 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.

(b) Reviewed any 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.

(c) Reviewed the report on recurrent related party transactions of a revenue or trading nature entered into by the Group on a quarterly basis and to monitor the thresholds of the recurrent related party transactions to ensure compliance with the Listing Requirements of Bursa Securities.

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 them to the Board for approval.

8) **Others**

(a) Conducted a self/peer evaluation and the review of the performance of BARC as a whole to evaluate and review the BARC's overall effectiveness in discharging its duties and responsibilities.

(b) Reviewed the revised Whistleblowing Policy and recommended the same to the Board of Directors for approval and adoption.

(c) Reviewed and approved the Terms of Reference for the Integrity and Governance ("**IG**") Unit, the job description for the IG Officer and the Key Performance Indicator for the IG Officer.

(d) Reviewed the Related Party Transactions/Recurrent Related Party Transactions ("**RRPT**") Policy and recommended the same to the Board of Directors for approval and adoption.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The BARC in respect of the internal audit function, is supported by KPMG, the outsourced professional internal auditors in discharging its duties and responsibilities for the FYE2023.

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 an 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 FYE2023, 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 under review included the following:

(a) Developed the Group Internal Audit Plan for FYE2023 and tabled it to the BARC during the meeting for the BARC's approval on the proposed scope of work, timeline and fees.

(b) 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.

(c) Conducted internal audit works covering the key audited areas as follow:

- Anti-bribery and corruption management
- Fixed asset management and RRPT for SRB Group

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

The total cost incurred in maintaining the internal audit function for the financial year ended 31 January 2023 was RM130,857/- (2022: RM89,093/-).

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 that 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 maintaining a sound internal control system and risk management framework 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 2023.

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 10.2 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".

During the financial year under review, the Group had implemented various strategies to uphold effective risk management for its business. These include amongst others, targeted marketing efforts, exploring diversification opportunities, exploring fresh revenue streams and maintaining financial and operational discipline.

This Statement does not cover the Group's joint ventures and associate companies as the Board of SRB does not have full control and management over the respective companies. The Group's interests in the joint ventures and associate companies 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 acknowledges 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, integrity and operating effectiveness of the said system. Such a system covers financial, operational and compliance risks and the relevant controls designed to manage 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**") has been entrusted with the responsibility of assisting the Board in the oversight of risk management and internal controls. This includes reviewing and regularly communicating to the Board on the key risks enveloping 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 MRC**"), which 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.

MANAGEMENT'S RESPONSIBILITY

The Management team is responsible for the implementation of SRB's risk management policies and procedures and to ensure appropriate controls are in place to address identified risks within specific business and service units. In order to achieve this, the roles of the management team include identifying and evaluating risks faced within the Group's business units; designing adequate internal controls for the Group's business units; defining the job descriptions within the Management team to incorporate the control and risk management action plans within their domain of responsibility; reporting to the BARC on any material control breaches or losses in an open and timely manner; and implementing suitable action plans towards ineffective controls identified by the internal audit function.

RISK MANAGEMENT

The Board firmly believes that risk management is critical to the Group's continued business sustainability and overall value accretion. The priority of the Group remains towards upholding the sustenance of each of its business units and unlocking value through marketing efforts, potential diversification and operational efficiencies.

The Group has instituted a Risk Management Policy and Framework ("the **Policy**") which sets out the overarching approach and requirements for managing risk. 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 on a periodic basis and approved by the Board to ensure it reflects the current objectives of the Group as well as the markets in which the Group operates in.

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

Risk Identification – Risks (both internal and external) which may threaten the achievement of business objectives are identified across different categories including but not limited to strategic, reputational, regulatory, safety, financial, operational, environmental and human resources.

Risk identification focuses not only on the results of previous risk assessments, but also on any new, additional or emerging risk in the market and shall be performed on a continuous basis by each business and service unit.

Risk Assessment and Mitigation – The likelihood and impact of each risk are determined with a rating assigned for each risk based on the risk tolerance levels as set by the Board.

The risk is then reassessed after incorporating the identified key controls that are put in place to mitigate and manage the risk in order to determine the effectiveness of the controls.

The identified risks, assessments and mitigating actions are documented and updated to Group Risk Management Committee ("**GRMC**"), comprising of the Managing Director ("**MD**"), the Chief Operating Officer ("**COO**") and all Heads of Business Divisions ("**HBD**"), for approval. Thereafter, the records are maintained by the Chief Financial Officer ("**CFO**").

Risk and Internal Controls Monitoring – Monitoring and reporting of risks are conducted on a quarterly basis through the BARC by the Management team to ensure:

- accountability and ownership for the identification of risks;
- the development of appropriate controls to mitigate them; and
- achievement of full compliance with the set controls.

Reporting of risk will be conducted to cover any changes in the current status of risks identified, associated controls and mitigating plans as well as on any material control breaches or losses.

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, permeating through every facet of the Group's operations. The Board and its Committees are supported by the Group Management Committee who meets as needed throughout the year to hold discussions on business performance review and operational matters.

Board Charter

A Board Charter ensures that the Board, acting on behalf of SRB is cognizant of its fiduciary duties and responsibilities as members of the Board and the legislations and regulations affecting their conduct. In addition, the Board Charter serves as a source of reference to the Board for matters relating to Board organisation and provides guidance to the Board members in performing their duties, roles and responsibilities as Directors of SRB.

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 backgrounds, ethnicity and age in configuring the Board's composition. The recognition of cognitive diversity is premised on the need to avert 'groupthink' or 'blind spots' by leveraging on multifaceted perspectives, experience and expertise required to achieve effective stewardship and ensure that SRB's competitive advantage is preserved.

Board Remuneration Policy

A Board Remuneration Policy is established to support the Group's business strategy that is both 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 interests of the Group with the long-term interests of shareholders.

Board Committees

- **Board Audit and Risk Committee ("BARC")**
  The primary function of the BARC is to assist the Board in discharging its fiduciary duties in respect of the corporate accounting and reporting practices of SRB, reviewing 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, corporate governance and compliance, integrity, anti-bribery and corruption and other functions as the BARC considers appropriate or as authorised by the Board.

  The Board had appointed internal auditors and integrity officers, to report directly to the BARC in November 2021.

- **Board Nomination and Remuneration Committee ("BNRC")**
  The BNRC, amongst others, reviews the composition of the Board and assists SRB in new appointments of Directors and Board Committees, evaluates the effectiveness of the Board, Board Committees and each individual Director, reviews the objectives and goals set for the Managing Director, determines the level and make-up of the Managing Director's remuneration, develops policies, practices and recommended proposals appropriate to facilitating the recruitment and retention of Directors and finally, ensures that members of the BNRC should have no conflicts of interest with the outcome of decisions made, having due regard to the interests of shareholders and the continuing financial and commercial health of the Group.

  BNRC also reviews the appointment of key senior management.

Subsidiaries Governance Framework ("SG Framework")

The SG Framework, 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 Companies Act 2016, MMLR, MCCG and Guidelines on the Conduct of Directors of Listed Corporations and their Subsidiaries as released by Securities Commission Malaysia in July 2020 (as revised in April 2021).

The SG Framework defines the reporting structure of all Management Committees i.e. the Group Risk Management Committee ("**GRMC**") and the Group Management Committee ("**GMC**"). The Group has restructured its sustainability oversight architecture by subsuming the Sustainability Steering Committee ("**SSC**") under the GMC to provide for greater centralisation and coordination of oversight on sustainability matters. SRB adopts a centralised approach in managing its subsidiaries with Board-reserved matters explicitly codified within the SG Framework.

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, Heads of Business Divisions ("**HBD**") and Heads 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, in line with the Group's internal control practices.

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 requires Management to conduct Business Performance Review meetings so as to monitor the Group's financial performance and results. In addition, meetings are held at each individual business unit level to provide updates on any operational matters.

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

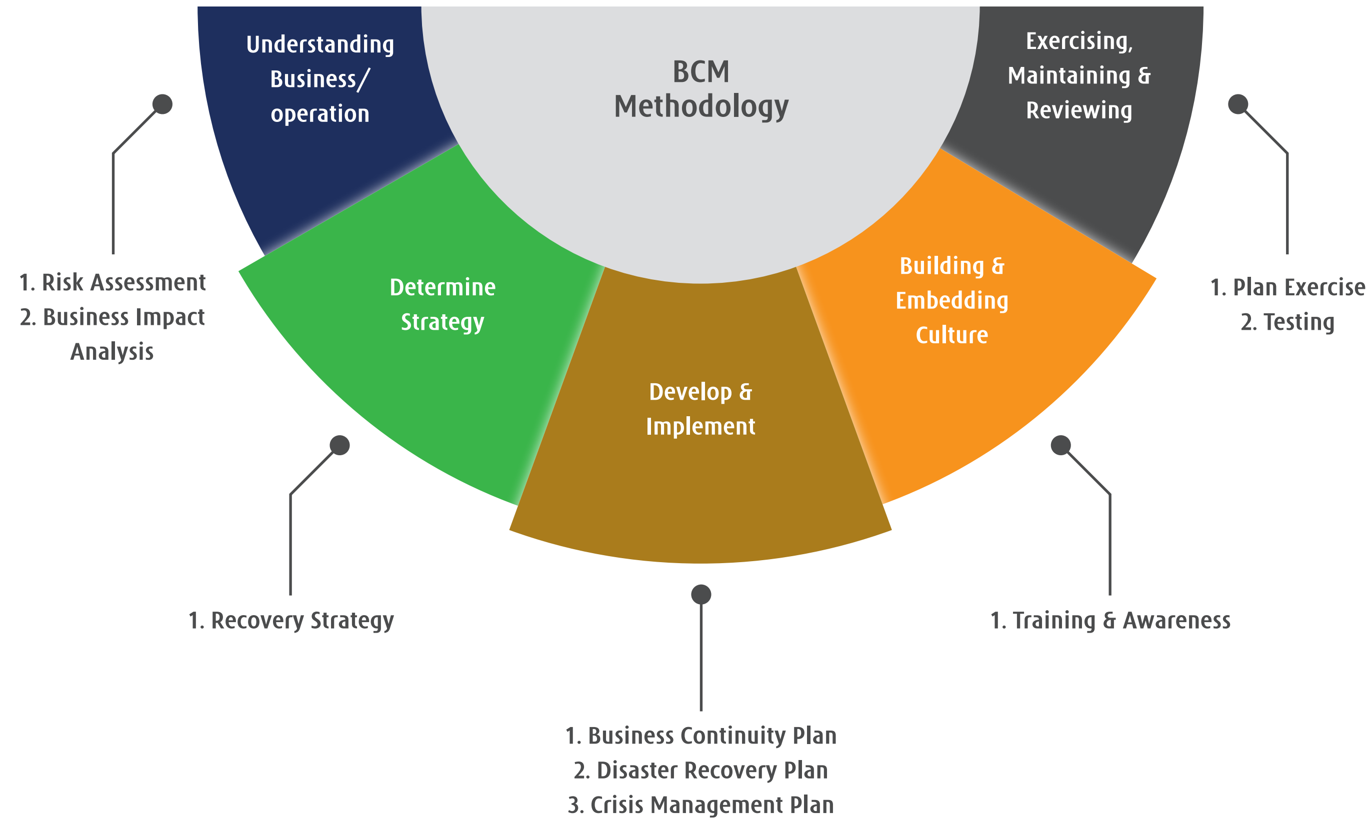
The Code is established to outline the fundamental guiding principles that are anchored on professional conduct. The Directors acknowledge that they must exercise judgment in applying the principles embodied in this Code to any particular situation. The Code provides guidance to the Directors to assist them in carrying out their duties and responsibilities in accordance with the standards of professional conduct expected by SRB. The Code incorporates adaptations from the "Code of Ethics for Company Directors" issued by Companies Commission of Malaysia and is available on SRB's corporate website at *Code of Conduct and Ethics for Directors*.

Code of Conduct and Ethics for Employees

The Code of Conduct for employees lays out the duties and responsibilities of employees in the course of their employment with the Group. 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 honour confidentiality of all the information that they have acquired during and after employment with the Group. The Code of Conduct for employees forms as a guide which covers a wide range of areas including workforce values, business integrity and data privacy. The Code of Conduct for employees is part of SRB's Employee Handbook.

Business Continuity Management Policy ("BCM Policy")

The BCM Policy seeks to guide the Group on BCM by providing a framework around which the BCM capability is designed and built. The objective of BCM is to make the Group more resilient to potential threats and allow the operations of the Group to resume or continue under adverse or abnormal conditions within a reasonable and predetermined timeframe upon the occurrence of a disruption. Specifically, the BCM Policy seeks to enable the Group to continue, recover and resume critical business functions or operations within the agreed Recovery Time Objectives (RTO). The BCM methodology includes the following:



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

Given the implementation of section 17A of the Malaysian Anti-Corruption Commission Act 2009 as effected vide the Malaysian Anti-Corruption Commission (Amendment) Act 2018, the Board undertook to exercise oversight on 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, kickbacks, 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 and distributors. Any breaches of the ABC Policy shall be treated as serious misconduct, leading to disciplinary actions taken against the offender.

The ABC Policy has been augmented with guideline covering gifts, hospitality and entertainment expenses. This Guideline was introduced to provide clarity to employees on seeking reimbursements pertaining to these expenses and provides for additional controls to prevent corruption and bribery.

In order to raise awareness on integrity matter across the Group, training sessions are carried out on a regular basis. Induction programmes for new joiners covers the contents of the ABC Policy and the same is 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 made available on SRB's corporate website at *Anti-Bribery and Corruption Policy (ABC Policy)*.

In addition, as required by paragraph 15.29(1)(c) of the MMLR of Bursa Malaysia Securities Berhad, corruption risk factors are also assessed on an annual basis as part of the Group's management of risks on an enterprise level.

Whistleblowing Policy

The Board has put in place a Whistleblowing Policy that enables the stakeholders of the Group including but not limited to the employees, vendors and customers to raise bona fide concerns regarding unethical, unlawful or undesirable conduct via a reporting channel within the Group in an objective manner without fear of intimidation or reprisal. Stakeholders of the Group may report any integrity/ethical misconducts through the reporting channels available including via email to *SRBethicsline@sapura.com.my* which will be directed to the Integrity and Governance Unit ("**IGU**").

The Whistleblowing Policy is available on SRB's corporate website at *Whistleblowing Policy*.

Workplace Sexual Harassment Policy

The Workplace Sexual Harassment Policy has been approved by the Board on 30 November 2022. The aim of the Policy is to provide guidelines to employees and the Company on the establishment of in-house policy to prevent and eradicate sexual harassment at workplace.

The Workplace Sexual Harassment Policy is available on SRB's corporate website at *SRB Workplace Sexual Harassment Policy*.

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 promulgations 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, when necessary.

Employee Grievance Policy

A Standard Operating Procedures for Employee Grievance was established to provide a platform in resolving internal disputes or complaints. Based on this policy, detailed procedures are set up to allow employees to discuss their grievances or concerns in confidence with their immediate superior or Head of Department prior to submitting a compliant procedure form for review by the Human Resources Department and third-level Manager. The policy enables the grievances and concerns to be addressed at the "get-go" stage.

Information Security Management System Policy ("ISMS Policy")

The Group had in accordance with the requirements of ISO 27001:2013, established the ISMS Policy as a commitment to upholding the principles of confidentiality and integrity as well as ensuring the availability of all physical and electronic information assets throughout the Group. The ISMS is intended to be an enabling mechanism for information sharing, electronic operations and reducing information-related risks to acceptable levels.

The ISMS Policy covers a multitude of information security aspects including policies on hardware, passwords, emails, instant messaging, internet security and antivirus.

Enterprise Risk Management Policy

The Enterprise Risk Management ("ERM") Policy was formed to promote creation and value protection within the Group. The policy lays out the Group's main ERM practices, key elements and key attributes that supports the Group in appropriately identifying and managing risks. The Group's ERM framework consists of the following seven (7) key elements which mirrors globally accepted risk management standards:

Insurance and Security Safeguards

The Group has in place insurance and security safeguards over their employees and major assets whereby adequate cover has been sought against any untoward event which is beyond the Group's control and 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 MRC 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 MRC's Internal Audit Methodology ("**KIAM**"), which is closely aligned with the International Professional Practices Framework ("**IPPF**") of the Institute of Internal Auditors ("**IIA**"), 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 2023, the internal audit function assessed the adequacy and operating effectiveness of internal controls deployed by Management for the Group's key operations and processes, and to make appropriate recommendations thereof. The following in-scope companies and key processes were covered by the internal audit function:

In-scope companies	Key processes
Sapura Resources Berhad and its relevant subsidiaries	Procurement and payment 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 page 56 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 PLT has reviewed this Statement for inclusion in this Annual Report of the Group for the financial year ended 31 January 2023.

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 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.

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, despite a challenging business and operating environment. 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 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 dated 19 April 2023.

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 to ensure 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 2023, 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 to ensure that 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 a 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. **Utilisation of Proceeds**

   There were no proceeds raised from any corporate proposals for the financial year ended 31 January 2023.

2. **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 2023 are as follows:

	Company (RM)	Group (RM)
Fees paid/payable to Ernst & Young PLT		
• Audit	176,000	291,000
• Non-audit		
- Tax fees	30,000	98,000
- Assurance related services	9,000	9,000
Fees paid/payable to other auditors		
• Audit	30,000	30,000
Grand Total	245,000	428,000

3. **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 2023 or entered into since the end of the previous financial year.

4. **Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")**

   The Company did not enter into nor seek mandate from its shareholder on any RRPT during the financial year ended 31 January 2023.

FINANCIAL STATEMENT

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2023.

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
Profit for the financial year, net of tax	79,712	82,554
Profit attributable to:		
Owners of the parent	79,622	82,554
Non-controlling interest	90	-
	79,712	82,554

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

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

Dividends

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

Directors

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

Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	
Tan Sri Dato' Seri Shahril bin Shamsuddin	
Dato' Shahriman bin Shamsuddin *	
Ahmad Jauhari bin Yahya	
Andrew Heng	
Datuk Megat Abdul Munir bin Megat Abdullah Rafaie (Alternate to Tan Sri Dato' Seri Shahril bin Shamsuddin)	(Appointed on 29 September 2022)
Dr. Yap Lang Ling	(Appointed on 1 November 2022)
Reza bin Abdul Rahim	(Appointed on 6 April 2023)
Dato' Muthanna bin Abdullah	(Resigned on 20 July 2022)

* 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 of the Company 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 RM14,000,000.

The total amount of insurance premium effected for any director and officer of the Group during the financial year is RM40,363.

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 shares			
	At 1.2.2022	Acquired	Transfer	At 31.1.2023
Sapura Resources Berhad - the Company				
Ordinary Shares				
Direct Interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	83,250	-	-	83,250
Dato' Shahriman bin Shamsuddin	83,250	-	-	83,250
Indirect Interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	72,372,772	-	-	72,372,772
Dato' Shahriman bin Shamsuddin	72,372,772	-	-	72,372,772
Sapura Holdings Sdn. Bhd. - holding company				
Ordinary Shares				
Direct Interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	30,147,187	-	-	30,147,187
Dato' Shahriman bin Shamsuddin	30,147,187	-	-	30,147,187
Indirect Interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	11,165,626	-	-	11,165,626
Dato' Shahriman bin Shamsuddin	11,165,626	-	-	11,165,626
Preference Shares (Class "A")				
Direct Interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	10,000	-	-	10,000
Preference Shares (Class "B")				
Direct Interest				
Dato' Shahriman bin Shamsuddin	10,000	-	-	10,000

Directors' interests (cont'd.)

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

Other than as disclosed above, 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 allowance for expected credit losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance for expected credit losses had been made for receivables; 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 the allowance for expected credit losses on receivables 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) 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, other than as disclosed in Note 42 to the financial statement; or

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

Other statutory information (cont'd.)

(f) In the opinion of the directors, save as disclosed in Note 2.1 to the financial statements:

(i) no material 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, other than as disclosed in the financial statements.

(g) As at 31 January 2023, the Group and the Company recorded net current liabilities of RM72.2 million and RM62.4 million respectively. The Company's strategic shareholder, on 1 May 2023, has agreed to take appropriate measures including where necessary, providing financial support to the Group and the Company over the next eighteen (18) months from 1 February 2023 to 31 July 2024 to meet its obligations as and when they fall due.

Subsequent event

Details of the subsequent event are disclosed in Note 42 to the financial statements.

Auditors

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

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

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 during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 May 2023.

Ahmad Jauhari bin Yahya

Andrew Heng

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Ahmad Jauhari bin Yahya and Andrew Heng, 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 84 to 165 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 2023 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 30 May 2023.

Ahmad Jauhari bin Yahya

Andrew Heng

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Shahrul Ekram bin Sofian @ Mokhtar, 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 84 to 165 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 Shahrul Ekram bin Sofian @ Mokhtar
at Kuala Lumpur in the Federal Territory
on 30 May 2023

Shahrul Ekram bin Sofian @ Mokhtar
(MIA membership no.: 33765)

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 2023 of the Group and of the Company, statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 84 to 165.

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 2023, 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 assessment of non-financial assets

MFRS 136 Impairment of Assets ("MFRS 136") requires an entity to 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.

The Group's market capitalisation is at RM53.0 million as at 31 January 2023 which is lower than its net assets of RM218.0 million, indicating that the carrying amounts of the non-financial assets may be impaired.

The assessment of the recoverable amount of non-financial assets require judgement in assessing whether there is an indication that the asset should be impaired or there is an indication that an impairment loss recognised in prior periods may no longer exist or may have decreased and in measuring any such impairment or reversal.

Key audit matters (cont'd.)

i. Impairment assessment of non-financial assets (cont'd.)

Recoverable amount is higher of fair value less cost of disposal ("FVLCD") or value in use ("VIU"). Recoverable amounts based on FVLCD were obtained from independent valuers appointed by management. Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the CGU and discounting them at an appropriate rate. Such estimations are highly subjective and accordingly, we consider this as an area of audit focus.

a) **Impairment/reversal of impairment assessment of investment properties**

As at 31 January 2023, the carrying amount of investment properties of the Group and the Company stood at RM492.7 million, after taking into account a reversal of impairment amounting to RM123.0 million, as disclosed in Note 12 to the financial statements.

b) **Impairment assessment of property, plant and equipment and right-of-use assets within Aviation segments**

As at 31 January 2023, the carrying amount of property, plant and equipment and right-of-use assets of the Group stood at RM33.5 million and RM5.5 million respectively as disclosed in Notes 11 and 13 to the financial statements. The continued losses of aviation segments is viewed as the indicators that the property, plant and equipment and right-of-use assets may be impaired.

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

- We obtained an understanding of the relevant processes and internal controls over the estimation of recoverable amounts of the CGU;
- We assessed the robustness of management's budgeting process by comparing the actual results achieved against previously forecasted budgets;
- We evaluated 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 related expenses) by making comparisons to historical trends, contracts and available market information;
- We performed sensitivity analysis on the key assumptions to understand the impact that alternative assumptions would have had on the overall carrying amount;
- We assessed whether the discount rates used to determine the present value of the cash flows reflect the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset; and
- We also assessed and reviewed the disclosures in the financial statements.

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

- We considered the independence, competence, capabilities and objectivity of the independent valuer;
- We obtained an understanding of the methodology adopted by the independent valuer in estimating the fair value of the 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 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;
- We tested the accuracy of data used as input to the valuation model by comparing them with available industry data; and
- We also assessed and reviewed the disclosures in the financial statements.

Key audit matters (cont'd.)

ii. *Impairment assessment of investment in a subsidiary, investment in a joint venture and amounts due from subsidiaries*

a) **Impairment assessment of investment in a subsidiary**

As at 31 January 2023, the Company's investment in DNest Aviation Sdn. Bhd. amounted RM8.2 million, as disclosed in Note 15 to financial statements. The continued losses and the depleting shareholders' funds reported by this subsidiary is viewed as indicators that the investment may be impaired.

In addressing the area of focus on impairment of investment in a subsidiary based on VIU, our procedures included amongst others, the following:

- We obtained an understanding of the relevant processes and internal controls over the estimation of recoverable amounts of the CGU;
- We assessed the robustness of management's budgeting process by comparing the actual results achieved against previously forecasted budgets;
- We evaluated the key assumptions used in determination of the VIU (such as growth rate, inflation rate, occupancy rates, rental rates, as well as the related expenses) by making comparisons to historical trends, contracts and available market information;
- We performed sensitivity analysis on the key assumptions to understand the impact that alternative assumptions would have had on the overall carrying amount;
- We assessed whether the discount rates used to determine the present value of the cash flows reflect the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset; and
- We also assessed the adequacy of the disclosures made in the financial statement.

b) **Impairment assessment of investment in a joint venture**

As at 31 January 2023, the Group and the Company's investment in Impian Bebas Sdn. Bhd. amounted to approximately RM209.4 million and RM226.5 million respectively, as disclosed in Note 17 to the financial statements. The continued losses and the depleting shareholders' funds reported by this joint venture is viewed as indicators that the investment may be impaired.

In addressing the area of focus on impairment of investment in the joint venture based on fair value, we performed amongst others, the following procedures:

- We obtained impairment assessment from the management where the recoverable amount was determined using share of net assets at fair value;
- We considered the methodology used by management to estimate the recoverable value of the investment;
- We compared the carrying value of the investment with the share of net assets at fair value of the joint venture;
- As part of our evaluation of the fair value of the net assets, we discussed the valuation with the management and independent valuer to obtain an understanding of the net assets and related data used as input to the valuation model; and
- We assessed the adequacy of the disclosures made in the financial statements.

Key audit matters (cont'd.)

ii. *Impairment assessment of investment in a subsidiary, investment in a joint venture and amounts due from subsidiaries (cont'd.)*

c) **Impairment assessment of amounts due from subsidiaries**

As at 31 January 2023, the Company has recorded net amounts due from subsidiaries of approximately RM19.4 million, as disclosed in Note 19 to the financial statements. MFRS 9 Financial Instruments requires an entity to recognise a loss allowance for expected credit losses on financial assets that are measured at amortised cost, including amounts due from subsidiaries.

In addressing the area of focus on impairment of amounts due from subsidiaries, we performed amongst others, the following procedures:

- We obtained an understanding of the relevant processes and internal controls over the estimation of the estimated future cash flows; and
- We evaluated the key assumptions applied in the determination of the amount 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.

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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.

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.

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

Ismed Darwis Bin Bahatiar
No. 02921/04/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
30 May 2023

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Revenue	4	53,287	45,171	27,995	28,155
Operating expenses		(93,491)	(72,080)	(66,415)	(87,731)
Reversal/(provision) for impairment of non-current assets		122,986	(186,211)	122,986	(191,054)
Other income		43,085	2,698	36,196	1,489
Profit/(loss) from operations		125,867	(210,422)	120,762	(249,141)
Finance costs	5	(38,850)	(13,770)	(38,208)	(13,075)
Share of result of an associate		376	112	-	-
Share of result of joint ventures		(7,653)	(44,732)	-	-
Profit/(loss) before tax	6	79,740	(268,812)	82,554	(262,216)
Taxation	9	(28)	4,044	-	2,151
Profit/(loss) after tax, representing total comprehensive income/(loss) for the year		79,712	(264,768)	82,554	(260,065)
Profit/(loss), representing total comprehensive income/(loss) for the attributable to:					
Owners of the parent		79,622	(263,485)	82,554	(260,065)
Non-controlling interest		90	(1,283)	-	-
		79,712	(264,768)	82,554	(260,065)
Profit/(loss) per share attributable to the owners of the parent (sen):					
Basic/diluted	10	57.04	(188.74)		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 JANUARY 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Assets					
Non-current assets					
Property, plant and equipment	11	33,509	28,774	11,236	4,813
Investment properties	12	492,725	415,028	492,725	415,028
Right-of-use assets	13	5,456	11,202	-	-
Investment in subsidiaries	15	-	-	8,210	8,210
Investment in an associate	16	18,222	17,846	12,000	12,000
Investment in joint ventures	17	209,445	170,098	226,464	181,002
Finance lease receivables	18	37,527	-	29,984	-
Trade and other receivables	19	4,235	3,911	21,290	20,847
		801,119	646,859	801,909	641,900
Current assets					
Finance lease receivables	18	4,314	-	1,935	-
Trade and other receivables	19	12,149	8,439	9,176	6,374
Prepayments		1,499	1,874	181	29
Inventories	20	87	-	-	-
Tax recoverable		2,233	2,173	1,212	1,212
Other current financial assets	21	16	20	16	20
Short term investment	22	-	12,943	-	12,943
Cash and bank balances	23	32,696	28,583	24,923	20,295
		52,994	54,032	37,443	40,873
Total assets		854,113	700,891	839,352	682,773
Equity and liabilities					
Current liabilities					
Trade and other payables	24	53,989	45,543	41,479	30,162
Provisions	25	9,406	12,275	-	3,000
Loans and borrowings	26	-	12,120	-	12,070
Lease liabilities	28	61,818	13,753	58,400	9,900
		125,213	83,691	99,879	55,132
Net current liabilities		(72,219)	(29,659)	(62,436)	(14,259)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Non-current liabilities					
Deferred tax liabilities	29	**26**	-	**-**	-
Loans and borrowings	26	**-**	121	**-**	-
Trade and other payables	24	**40,000**	-	**40,000**	-
Lease liabilities	28	**470,855**	478,772	**456,072**	466,794
		510,881	478,893	**496,072**	466,794
Total liabilities		**636,094**	562,584	**595,951**	521,926
Net assets		**218,019**	138,307	**243,401**	160,847
Equity					
Share capital	30	**139,600**	139,600	**139,600**	139,600
Other reserves	31	**2,581**	2,581	**1,100**	1,100
Retained profits/(accumulated losses)		**77,920**	(1,702)	**102,701**	20,147
Equity attributable to owners of the parent		**220,101**	140,479	**243,401**	160,847
Non-controlling interest		**(2,082)**	(2,172)	**-**	-
Total equity		**218,019**	138,307	**243,401**	160,847
Total equity and liabilities		**854,113**	700,891	**839,352**	682,773

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 2023

	Attributable to owners of the parent						
			Distributable				
	Share capital (Note 30) RM'000	Non-distributable capital reserve (Note 31) RM'000	General reserve (Note 31) RM'000	Retained profits/ (accumulated losses) RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Group							
At 1 February 2022	139,600	1,481	1,100	(1,702)	140,479	(2,172)	138,307
Total comprehensive income for the year	-	-	-	79,622	79,622	90	79,712
At 31 January 2023	139,600	1,481	1,100	77,920	220,101	(2,082)	218,019
At 1 February 2021	139,600	1,481	1,100	261,783	403,964	(889)	403,075
Total comprehensive loss for the year	-	-	-	(263,485)	(263,485)	(1,283)	(264,768)
At 31 January 2022	139,600	1,481	1,100	(1,702)	140,479	(2,172)	138,307

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

	← Attributable to owners of the parent			→
		← Distributable	→	
	Share capital (Note 30) RM'000	General reserve (Note 31) RM'000	Retained profits RM'000	Total equity RM'000
Company				
At 1 February 2022	139,600	1,100	20,147	160,847
Total comprehensive income for the year	-	-	82,554	82,554
At 31 January 2023	139,600	1,100	102,701	243,401
At 1 February 2021	139,600	1,100	280,212	420,912
Total comprehensive loss for the year	-	-	(260,065)	(260,065)
At 31 January 2022	139,600	1,100	20,147	160,847

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 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from operating activities				
Profit/(loss) before tax	79,740	(268,812)	82,554	(262,216)
Adjustments for:				
Interest income from subsidiary	-	-	(13)	(19)
Profits distribution from short term investment	(161)	(723)	(161)	(723)
Interest income from short term deposits	(93)	(90)	(93)	(90)
Interest income from redeemable cumulative preference shares ("RCPS")	-	-	-	(2,672)
Finance costs on borrowings	439	385	430	373
Finance cost on lease liabilities	38,411	13,385	37,778	12,702
Net unrealised foreign exchange gain	(14)	(14)	-	-
Unrealised fair value loss on held for trading investment securities	4	30	4	30
Unrealised foreign exchange loss on provision	131	303	-	-
Gain on disposal of property, plant and equipment	(2,505)	-	-	-
Gain on lease modification	(592)	(1,092)	-	-
Gain on termination of lease	-	(26)	-	-
Gain on initial recognition of lease receivable	(34,609)	-	(31,882)	-
Depreciation of investment properties	32,832	16,477	32,832	16,477
Depreciation of property, plant and equipment	7,429	9,259	4,725	3,051
Depreciation of right-of-use assets	689	4,972	-	-
Reversal of provision on indemnity	(3,000)	-	(3,000)	-
Net loss/(gain) for expected credit losses on:				
- trade receivables	276	(61)	346	13
- other receivables	(33)	877	(508)	47,802
Net (reversal)/provision for impairment losses on:				
- investment in subsidiaries	-	-	-	201
- investment in joint ventures	-	-	1,538	18,009
- property, plant and equipment	-	12,943	-	-
- investment properties	(122,986)	172,844	(122,986)	172,844
- right-of-use assets	-	424	-	-
Share of result of an associate	(376)	(112)	-	-
Share of result of joint ventures	7,653	44,732	-	-
Operating profit before working capital changes	3,235	5,701	1,564	5,782
Increase in inventories	(87)	-	-	-
Increase in trade and other receivables and prepayment	(11,206)	(12,796)	(14,020)	(15,815)
Increase in trade and other payables	31,598	7,687	34,444	292
Cash generated from/(used in) operating activities	23,540	592	21,988	(9,741)
Taxes refunded/(paid)	190	(785)	-	(762)
Net cash generated from/(used in) operating activities	23,730	(193)	21,988	(10,503)

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment and investment properties	(12,184)	(12,138)	(11,148)	(10,227)
Net withdrawal from short term investment	13,104	55,302	13,104	55,302
Cash call paid to a joint venture	(40,000)	(29,600)	(40,000)	(29,600)
Proceeds from disposal of property, plant and equipment	2,525	-	-	-
Interest income received from short term deposit deposits	93	90	93	90
Profits distribution from money market instruments	161	723	161	723
Net cash (used in)/generated from investing activities	(36,301)	14,377	(37,790)	16,288
Cash flows from financing activities				
Net repayment of hire-purchase	(171)	(95)	-	-
Net (repayment)/withdrawal of short term borrowings	(5,000)	5,000	(5,000)	5,000
Net (repayment)/withdrawal of bank overdrafts	(7,070)	4,638	(7,070)	4,638
Financial assistance from holding company	40,000	-	40,000	-
Repayment of lease liabilities	(3,566)	(15,828)	-	(9,607)
Interest paid	(439)	(385)	(430)	(373)
Net cash generated from/(used in) financing activities	23,754	(6,670)	27,500	(342)
Net increase in cash and cash equivalents	11,183	7,514	11,698	5,443
Cash and cash equivalents at beginning of the year	21,513	13,999	13,225	7,782
Cash and cash equivalents at end of year	32,696	21,513	24,923	13,225
Cash and cash equivalents				
Cash in hand and banks (Note 23)	32,696	18,583	24,923	10,295
Short-term deposits (Note 23)	-	10,000	-	10,000
Bank overdrafts (Note 26)	-	(7,070)	-	(7,070)
	32,696	21,513	24,923	13,225

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

NOTES TO THE FINANCIAL
STATEMENTS 31 JANUARY 2023

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.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 May 2023.

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 at 31 January 2023, the Group and the Company's current liabilities exceeded its current assets by RM72.2 million and RM62.4 million respectively.

As disclosed in Note 42, the Company's strategic shareholder, on 1 May 2023 has agreed to take appropriate measures including where necessary, providing financial support to the Group and the Company over the next eighteen (18) months from 1 February 2023 to 31 July 2024 to meet its obligations as and when they fall due.

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

2.2 Changes in accounting policies

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year except as follows:

On 1 February 2022, the Group and the Company adopted the following new and amended MFRSs:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 116: Property, Plant and Equipment (Proceeds before Intended Use)	1 January 2022
Amendments to MFRS 137: Onerous Contracts (Cost of Fulfilling a Contract)	1 January 2022
Amendments to MFRS 3: Business Combinations (Reference to the Conceptual Framework)	1 January 2022
Annual Improvements to MFRS Standards 2018-2020 Cycle - MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Subsidiary as a first-time adopter)	1 January 2022
Annual Improvements to MFRS Standards 2018-2020 Cycle - MFRS 9 Financial Instruments (Fees in the10 percent' Test for Derecognition of Financial Liabilities)	1 January 2022
Annual Improvements to MFRS Standards 2018-2020 Cycle - MFRS 16 Leases	1 January 2022
Annual Improvements to MFRS Standards 2018-2020 Cycle - MFRS 141 Agriculture (Taxation in Fair Value Measurements)	1 January 2022

Adoption of the above amended standards did not have material effect on the financial performance or position of the Group and of the Company.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

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

2.3 Standards issued but not yet effective (cont'd.)

Description	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 - Comparative Information)	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements (Disclosure of Accounting Policies)	1 January 2023
Amendments to MFRS 112: Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)	1 January 2023
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements (Non-current Liabilities with Covenants)	1 January 2024
Amendments to MFRS 16: Leases (Lease Liability in a Sale and Leaseback)	1 January 2024
Amendments to MFRS 10 and MFRS 128: Investments in Associates and Joint Venture (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	Deferred

The adoption of the above standards and interpretations are not expected to have material impact on the financial statements in the period of application.

2.4 Subsidiary and Basis of Consolidation

(i) Subsidiary

Subsidiaries are entities controlled by the Company.

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

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.

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

2.4 Subsidiary and Basis of Consolidation (cont'd.)

(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.

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 and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

2.7 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 and right-of-use assets 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.

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.

(b) Other intangible assets

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

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

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

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

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

2.10 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.

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. 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.

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

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

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

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

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

After application of the equity method, the Group applies MFRS 9 *Financial Instruments* ("MFRS 9") 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 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.

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

2.12 Financial assets (cont'd.)

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. (cont'd.)

(a) **Recognition and initial measurement (cont'd.)**

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 *Revenue from Contract with Customers* ("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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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 commit to purchase or sell the asset.

(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

<u>Financial assets at amortised cost</u>

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.

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

2.12 Financial assets (cont'd.)

(b) **Subsequent measurement (cont'd.)**

<u>Financial assets at amortised cost (cont'd.)</u>

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.

The Group's and Company's financial assets at amortised cost includes trade and other receivables and cash and cash equivalents.

<u>Financial assets at fair value through profit or loss</u>

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

(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.

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

2.12 Financial assets (cont'd.)

(c) **Derecognition (cont'd.)**

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 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- month (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, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group and the Company consider 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 and the Company are 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.

2.14 Cash and cash equivalents

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

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

2.15 Provisions

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

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

2.16 Financial liabilities

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, provisions, loans and borrowings and lease liabilities.

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.

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.

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

2.16 Financial liabilities (cont'd.)

Subsequent measurement (cont'd.)

(b) **Amortised cost (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 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 have 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.

2.17 Financial guarantee contracts

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

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

2.18 Borrowing costs

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

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

2.18 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.

2.19 Employee benefits

(i) Short-term benefits

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

(ii) Defined contribution plans

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

2.20 Leases

(a) 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 and the Company exclude 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.

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

2.20 Leases (cont'd.)

(b) **Recognition and initial measurement (cont'd.)**

As lessee (cont'd.)

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

The Group and the Company have 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 and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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

As a lessor

When the Group and the Company 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 and the Company make 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 and the Company are 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 and the Company apply the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group and the Company applies MFRS 15 Revenue from Contracts with Customers to allocate the consideration in the contract based on the stand-alone selling price.

The Group recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the 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.

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

2.20 **Leases (cont'd.)**

(c) **Subsequent measurement (cont'd.)**

As lessee (cont'd.)

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	1 - 10 years
Office and warehouse spaces	2 - 3 years
Equipment	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 and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

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

When the lease liability is remeasured as described in the above paragraph, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

When there is lease modification due to increase in the scope of lease by adding the right-to-use one or more underlying assets, the Group and the Company assess whether the lease modification shall be accounted for as a separate lease or similar to reassessment of lease liability. The Group and the Company account for lease modification as a separate lease when the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments.

When there is lease modification due to decrease in scope, the Group and the Company decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease. The corresponding gain or loss shall be recognised in profit or loss. Lease liabilities are remeasured for all other lease modifications with corresponding adjustments to the right-of-use asset.

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 (Note 2.13).

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

2.21 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 and the Company recognise 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 Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The sales are mainly on credit terms of 30 days.

(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.

2.22 Income taxes

(a) **Current tax**

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

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

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

2.22 Income taxes (cont'd.)

(b) **Deferred tax**

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

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

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

– where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax 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. **Summary of significant accounting policies (cont'd.)**

2.23 Segment reporting

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

2.24 Share capital and share issuance expenses

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

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

2.25 Fair value measurements

The Group and the Company measure 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 and the Company.

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 and the Company use 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.

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

2.25 Fair value measurements (cont'd.)

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 and the Company determine 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 and the Company determine 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 and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.26 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilute potential ordinary shares, which comprise convertible notes and share options granted to employees.

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 assess 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, investment properties and right-of-use assets**

The Group and the Company review the carrying amounts of the non-financial assets at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company shall estimate the recoverable amount of CGU or groups of CGU. The recoverable amount is measured at the higher of fair value less costs of disposal ("FVLCD") or value in use ("VIU").

Where assessment of the recoverable amount of CGU or groups of CGU is determined on the basis of FVLCD, the Group and the Company had amongst others, based the FVLCD on valuations by independent professional valuers. The valuation methods used in determining the valuations are the investment method, residual method and comparison method.

In estimating the recoverable amount using VIU, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

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

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

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. (cont'd.)

(a) **Impairment of property, plant and equipment, investment properties and right-of-use assets (cont'd.)**

The estimation of the recoverable amounts involves significant judgement and estimations. While the Group and the Company believe that the assumptions are appropriate and reasonable, changes in the assumptions may materially affect the assessment of recoverable amounts.

The accumulated impairment of property, plant and equipment, investment properties and right-of-use assets as at the reporting date is disclosed in Note 11, 12 and 13 respectively.

(b) **Impairment of investment in subsidiaries and investment in joint ventures**

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 and investment in joint ventures as at the reporting date are disclosed in Note 15 and 17 respectively.

(c) **Impairment of trade and other receivables including amount due from subsidiaries**

The Group and the Company use simplified approach to calculate ECL for trade and other receivables including amount due from subsidiaries. The provision rates are based on various historical observed default rates.

The Group and 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 Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of receivables' actual default in the future. The information about the ECLs on the Group's and the Company's trade and other receivables are disclosed in Note 19.

4. Revenue

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Type of goods or services				
Revenue from investment properties, other than rental income	1,976	2,243	1,976	2,243
Grounds operations	10,932	4,188	-	-
Aircraft management	8,382	7,010	-	-
Sale of food and beverages	835	20	-	-
Management fees	-	-	652	593
Total revenue from contracts with customers	22,125	13,461	2,628	2,836
Rental income from investment properties	24,320	22,647	24,320	22,647
Rental of hangar and offices	5,327	9,063	-	-
Finance income on lease receivables	1,515	-	1,047	-
Interest income from redeemable cumulative preference shares	-	-	-	2,672
Total revenue from other sources	31,162	31,710	25,367	25,319
	53,287	45,171	27,995	28,155
Geographical markets				
Malaysia	18,062	13,076	2,628	2,836
Outside Malaysia	4,063	385	-	-
Total revenue from contracts with customers	22,125	13,461	2,628	2,836
Total revenue from other sources	31,162	31,710	25,367	25,319
	53,287	45,171	27,995	28,155
Timing of revenue recognition				
At a point of time	22,125	13,461	1,976	2,243
Over time	-	-	652	593
Total revenue from contracts with customers	22,125	13,461	2,628	2,836
Total revenue from other sources	31,162	31,710	25,367	25,319
	53,287	45,171	27,995	28,155

Information on the performance obligations are disclosed in Note 2.21.

There are no unfulfilled performance obligations as at year end.

5. Finance costs

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Interest expense on: Overdrafts	320	288	320	288
Revolving credits	110	85	110	85
Hire-purchase	9	12	-	-
Lease liabilities (Note 28)	38,411	13,385	37,778	12,702
	38,850	13,770	38,208	13,075

6. Profit/(loss) before tax

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

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Employee benefits expense (Note 7)	21,180	20,142	14,084	13,159
Non-executive directors' remuneration - excluding benefits-in-kind (Note 8)	488	521	488	521
Direct operating expense arising from investment properties	5,005	3,763	5,005	3,763
Fees for statutory audits:				
- Ernst & Young PLT	291	269	176	157
- Other auditors	30	30	30	30
Fees for non-audit services				
- Ernst & Young PLT	9	9	9	9
- Ernst & Young Tax Consultants Sdn. Bhd.	98	97	30	61
Depreciation of:				
- property, plant and equipment (Note 11)	7,429	9,259	4,725	3,051
- investment properties (Note 12)	32,832	16,477	32,832	16,477
- right-of-use assets (Note 13)	689	4,972	-	-
Net loss/(reversal) for expected credit losses on:				
- trade receivables (Note 19(a))	276	(61)	346	13
- other receivables (Note 19(b))	(33)	877	(508)	47,802
Net (reversal)/provision for impairment losses on:				
- property, plant and equipment (Note 11)	-	12,943	-	-
- investment properties (Note 12)	(122,986)	172,844	(122,986)	172,844
- right-of-use asset (Note 13)	-	424	-	-

6. **Profit/(loss) before tax** (cont'd.)

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net (reversal)/provision for impairment losses on: (cont'd.)				
- investment in subsidiaries (Note 15)	-	-	-	201
- investment in joint venture (Note 17)	-	-	1,538	18,009
Reversal of provision for indemnity	(3,000)	-	(3,000)	-
Net unrealised foreign exchange gain	(14)	(14)	-	-
Net realised foreign exchange (gain)/loss	(2)	40	-	-
Rental expenses of low value and short term leases (Note 28)*				
- Premises and hangar	-	-	-	76
- Equipment	100	69	62	18
Corporate service fee payable to holding company	214	244	214	244
Unrealised fair value loss on held for trading investment securities	4	30	4	30
Unrealised foreign exchange loss on provision (Note 25)	131	303	-	-
Interest income from subsidiary	-	-	(13)	(19)
Profits distribution from short term investment (Note 22)	(161)	(723)	(161)	(723)
Interests income from short term deposits	(93)	(90)	(93)	(90)
Gain on disposal of property, plant and equipment	(2,505)	-	-	-
Gain on lease modification	(592)	(1,092)	-	-
Gain on termination of lease	-	(26)	-	-
Gain on initial recognition of lease receivable	(34,609)	-	(31,882)	-

* As allowed under MFRS 16, the Group and the Company had elected not to recognise right-of-use assets and lease liabilities in relation to short term lease.

7. **Employee benefits expense**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Wages and salaries	16,542	16,145	11,067	10,609
Social security contributions	138	137	69	60
Contributions to defined contribution plan	1,834	1,971	1,262	1,210
Other benefits	2,666	1,889	1,686	1,280
	21,180	20,142	14,084	13,159

Wages and salaries of the Group are after deducting Government assistance in the form of wage subsidy amounting to Nil (2022: RM314,700).

Included in employee benefits expense of the Group and of the Company are executive director remuneration, excluding benefits-in-kind amounting to RM2,237,000 (2022: RM2,237,000) as disclosed in Note 8.

8. **Directors' remuneration**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors of the Company				
Executive:				
Fees	59	59	59	59
Salaries and other emoluments	2,178	2,178	2,178	2,178
Benefits-in-kind	29	7	29	7
	2,266	2,244	2,266	2,244
Non-Executive:				
Fees	447	473	447	473
Other emoluments	41	48	41	48
	488	521	488	521
Total	2,754	2,765	2,754	2,765
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration	2,237	2,237	2,237	2,237
Total non-executive directors' remuneration	488	521	488	521
Total directors' remuneration	2,725	2,758	2,725	2,758

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	
	2023	2022
Executive:		
RM2,200,001 - RM2,250,000	1	1
Non-executive:		
Below RM100,000	4	4
RM100,001 - RM150,000	2	1

9. **Taxation**

Major components of income tax expense/(credit)

The major components of income tax expense/(credit) for the years ended 31 January 2023 and 2022 are:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	2	-	-	-
Overprovision in prior years	-	(280)	-	(198)
	2	(280)	-	(198)
Deferred tax (Note 29):				
Origination and reversal of temporary differences	(158)	(2,187)	-	(1,905)
Under/(over) provision in prior years	184	(1,577)	-	(48)
	26	(3,764)	-	(1,953)
Income tax expense/(credit)	28	(4,044)	-	(2,151)

Domestic income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the year.

9. **Taxation (cont'd.)**

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

	2023 RM'000	2022 RM'000
Group		
Profit/(loss) before tax	79,740	(268,812)
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	19,138	(64,515)
Income not subject to tax	(22,926)	(774)
Non-deductible expenses	1,863	49,266
Share of result of associates and joint ventures	1,746	10,709
Utilisation of previously unrecognised tax losses	(61)	-
Deferred tax assets not recognised during the year	84	3,127
Overprovision of income tax in prior years	-	(280)
Under/(over) provision of deferred tax in prior years	184	(1,577)
Income tax expense/(credit)	28	(4,044)
Company		
Profit/(loss) before tax	82,554	(262,216)
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	19,813	(62,932)
Income not subject to tax	(20,838)	(779)
Non-deductible expenses	1,025	61,804
Overprovision of income tax in prior years	-	(197)
Overprovision of deferred tax in prior years	-	(47)
Income tax expense/(credit)	-	(2,151)

10. **Profit/(loss) per share**

(a) **Basic:**

Basic profit/(loss) per share amounts are calculated by dividing profit/(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.

	2023	2022
Profit/(loss) attributable to owners of the parent (RM'000)	79,622	(263,485)
Weighted average number of ordinary shares is issue ('000)	139,600	139,600
Basic, profit/(loss) per share (sen)	57.04	(188.74)

(b) **Diluted:**

The Group does not have any potential dilutive ordinary shares. Accordingly, the diluted profit/(loss) per share equals the basic profit/(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 2023					
Cost					
At 1 February 2022	50,698	62,098	2,562	3,817	119,175
Additions	-	12,034	2	148	12,184
Transfer	-	45	-	(45)	-
Disposals	-	(1,577)	-	(1,525)	(3,102)
At 31 January 2023	50,698	72,600	2,564	2,395	128,257
Accumulated depreciation and impairment					
At 1 February 2022	27,574	56,854	2,215	3,758	90,401
Depreciation charge for the year (Note 6)	1,324	5,971	134	-	7,429
Disposals	-	(1,567)	-	(1,515)	(3,082)
At 31 January 2023	28,898	61,258	2,349	2,243	94,748
Net carrying amount	21,800	11,342	215	152	33,509
At 31 January 2022					
Cost					
At 1 February 2021	50,416	59,984	2,454	4,042	116,896
Additions	282	1,844	108	45	2,279
Transfer	-	270	-	(270)	-
At 31 January 2022	50,698	62,098	2,562	3,817	119,175
Accumulated depreciation and impairment					
At 1 February 2021	25,290	38,859	1,803	2,247	68,199
Depreciation charge for the year (Note 6)	2,284	6,764	211	-	9,259
Provision for impairment (Note 6)	-	11,231	201	1,511	12,943
At 31 January 2022	27,574	56,854	2,215	3,758	90,401
Net carrying amount	23,124	5,244	347	59	28,774

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

	Office equipment, renovation, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Company			
At 31 January 2023			
Cost			
At 1 February 2022	34,255	64	34,319
Additions	11,146	2	11,148
At 31 January 2023	45,401	66	45,467
Accumulated depreciation			
At 1 February 2022	29,442	64	29,506
Depreciation charge for the year (Note 6)	4,725	-	4,725
At 31 January 2023	34,167	64	34,231
Net carrying amount	11,234	2	11,236

	Office equipment, renovation, furniture and fittings RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Company				
At 31 January 2022				
Cost				
At 1 February 2021	33,617	64	270	33,951
Additions	368	-	-	368
Transfer	270	-	(270)	-
At 31 January 2022	34,255	64	-	34,319
Accumulated depreciation				
At 1 February 2021	26,391	64	-	26,455
Depreciation charge for the year (Note 6)	3,051	-	-	3,051
At 31 January 2022	29,442	64	-	29,506
Net carrying amount	4,813	-	-	4,813

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

(a) The net carrying amounts of motor vehicles held under hire purchase arrangements of the Group is Nil (2022: RM195,000).

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

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Office equipment, renovation, furniture and fittings	29,408	27,524	20,778	18,963
Motor vehicles	1,562	1,562	64	64

(c) Included in the Group's accumulated depreciation and impairment of property, plant and equipment are impairment losses carried forward of RM21.2 million (2022: RM22.7 million) as follows:

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Hangars	7,495	7,495	-	-
Work-in-progress	2,243	3,758	-	-
Motor vehicles	201	201	-	-
Office equipment, renovation, furniture and fittings	11,231	11,231	-	-
	21,170	22,685	-	-

In prior year, the continuous COVID-19 has impacted the Group's performance during the year, in particular the MRO segment which has been determined as one cash-generating unit. The Group made the decision to exit the MRO business under Sapura Technics Sdn. Bhd. ("STSB"), accordingly, the Group carried out impairment assessment of their property, plant and equipment and right-of-use asset ("said properties") for the MRO segment.

The Group's recoverable amounts of the said properties under MRO segment are approximately RM240,000 based on fair value less cost of disposal. Impairment loss of RM12,943,000 was recognised under PPE in prior year. The fair value measurement is categorised as Level 3 fair value as defined in Note 2.25.

12. Investment properties

	Leasehold land RM'000	Buildings and renovation RM'000	Total RM'000
Group/Company			
At 31 January 2023			
Cost			
At 1 February 2022	55,541	655,067	710,608
Transfer to finance lease	(248)	(12,209)	(12,457)
At 31 January 2023	55,293	642,858	698,151
Accumulated depreciation and impairment			
At 1 February 2022	22,393	273,187	295,580
Depreciation charge for the year (Note 6)	532	32,300	32,832
Reversal of impairment (Note 6)	-	(122,986)	(122,986)
At 31 January 2023	22,925	182,501	205,426
Net carrying amount	32,616	460,357	492,725
Group/Company			
At 31 January 2022			
Cost			
At 1 February 2021	55,541	171,609	227,150
Additions	-	483,458	483,458
At 31 January 2022	55,541	655,067	710,608
Accumulated depreciation and impairment			
At 1 February 2021	21,861	84,398	106,259
Depreciation charge for the year (Note 6)	532	15,945	16,477
Provision for impairment (Note 6)	-	172,844	172,844
At 31 January 2022	22,393	273,187	295,580
Net carrying amount	33,148	381,880	415,028

The investment properties were valued on 31 January 2023 by KGV International Property Consultants (M) Sdn. Bhd. and Raine & Horne International Zaki + Partners Sdn. Bhd., independent professional valuer. The total market value of the investment properties is RM530,400,900 (2022: RM488,586,000) using the comparison and investment methods.

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

12. **Investment properties (cont'd.)**

Investment property	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
			The estimated fair value would increase/(decrease) if:
Sapura @ Mines, No 7, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan. **- land & building**	Comparison method	a) A 4-storey office building with a level of sub basement car park located at Cyberjaya was transacted on 19 April 2021 for RM29,000,000. b) A 5-storey office block with 2-levels of basement car park located at Cyberjaya was transacted on 12 November 2020 for RM45,000,000. c) A 4-storey office building with a level of sub basement car park located at Shah Alam was transacted on 5 January 2022 for RM27,750,000.	- Transacted price were higher/(lower)
Sapura @ Mines, No 7, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan. **- building**	Investment method	a) Rental of similar office buildings located within Klang Valley ranges from RM4.00 to RM5.50 per square feet. b) Net yield from comparable buildings ranges from 5.71% to 8.43%. c) 30% allowance for void to account for vacancy period in between tenancies, rentfree period and risk of uncertainty.	- rental per square feet were higher/(lower) - net yield were lower/(higher) - void rate were lower/(higher)
Lot 5, Jalan 219, Lebuhraya Persekutuan, 46100 Petaling Jaya, Selangor Darul Ehsan. **- land & building**	Comparison method	a) A detached factory with two-storey office at Lot No PT 9, Town of Petaling Jaya, with a land area of approximately 75,359 square feet was transacted on 15 June 2022 for RM29,999,990. b) A detached factory with 2/3-storey office at Lot No. 21, Town of Petaling Jaya, with a land area of approximately 43,559 square feet was transacted on 1 April 2022 for RM19,000,000.	- Transacted price were higher/(lower)

12. **Investment properties (cont'd.)**

Investment property	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
			The estimated fair value would increase/(decrease) if (cont'd.):
Lot 5, Jalan 219, Lebuhraya Persekutuan, 46100 Petaling Jaya, Selangor Darul Ehsan. **- land & building (cont'd.)**	Comparison method	c) A detached factory with three-storey office at Lot No. PT 9A, Town of Petaling Jaya, with a land area of approximately 65,338 square feet was transacted on 1 April 2021 for RM20,000,000. d) Two units of single-storey detached factories at Lot No 40, Town of Petaling Jaya, with a land area of approximately 41,681 square feet was transacted on 11 March 2021 for RM15,000,000.	- Transacted price were higher/(lower)
Lot No 10, Jalan Tandang Seksyen 28, 46050 Petaling Jaya, Selangor Darul Ehsan. **- land & building**	Comparison method	a) A detached factory with three-storey office at Lot No. 407, Town of Petaling Jaya, with a land area of approximately 42,903 square feet was transacted on 8 April 2022 for RM12,500,000. b) A detached factory with three-storey office at Lot No. PT 9A, Town of Petaling Jaya, with a land area of approximately 65,338 square feet was transacted on 1 April 2021 for RM20,000,000. c) Two units of single-storey detached factories at Lot No 40, Town of Petaling Jaya, with a land area of approximately 41,681 square feet was transacted on 11 March 2021 for RM15,000,000. d) A detached factory with three-storey office at Lot No. 409, Town of Petaling Jaya, with a land area of approximately 62,132 square feet was transacted on 22 December 2020 for RM15,000,000.	- Transacted price were higher/(lower)

12. **Investment properties (cont'd.)**

Investment property	Valuation technique	**Significant unobservable inputs**	Inter-relationship between significant unobservable inputs and fair value measurement
Permata Sapura Kuala Lumpur City Centre, Jalan Kia Peng, 50450 Kuala Lumpur. - 70% of office building through Master Lease Agreement	Investment method	a) Rental of similar office buildings located within Kuala Lumpur City Centre ranges from RM7.50 to RM16.30 per square feet.	The estimated fair value would increase/(decrease) if (cont'd.): - rental per square feet were higher/(lower)
		b) Void rate of similar office buildings located within Kuala Lumpur City Centre ranges from 2.5% - 15.0% to account for vacancy period in between tenancies, rent-free period and risk of uncertainty.	- void rate were lower/(higher)

The Group has performed a review of the recoverable amount on the investment properties using FVLCD. Consequently, the Group has recognised a reversal of impairment loss on the investment properties amounting to RM122,986,000 during the financial year following the higher rental rates secured and improved economic conditions.

Included in the Group's accumulated depreciation and impairment of investment properties are impairment losses carried forward of RM49,857,752 (2022: RM172,843,752).

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, office, warehouse spaces and other equipment used in its operations. Leases of hangar, office and warehouse spaces generally have lease terms between 2 and 20 years, while other equipment generally have lease terms between 2 and 3 years.

The Group also has certain leases of office equipment 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.

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

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

Group	**Hangar spaces RM'000**	**Office and warehouse spaces RM'000**	**Equipment RM'000**	**Total RM'000**
At 31 January 2023				
Cost				
At 1 February 2022	42,479	59	679	43,217
Additions	5,447	-	526	5,973
Modification	(78)	-	-	(78)
Transfer to finance lease	(29,618)	-	-	29,618
At 31 January 2023	18,230	59	1,205	19,494
Accumulated depreciation and impairment				
At 1 February 2022	31,332	59	624	32,015
Depreciation charge (Note 6)	581	-	108	689
Transfer to finance lease	(18,666)	-	-	(18,666)
At 31 January 2023	13,247	59	732	14,038
Net carrying amount	4,983	-	473	5,456
At 31 January 2022				
Cost				
At 1 February 2021	56,519	251	679	57,449
Additions	5,735	-	-	5,735
Termination	(1,913)	(192)	-	(2,105)
Modification	(17,862)	-	-	(17,862)
At 31 January 2022	42,479	59	679	43,217
Accumulated depreciation and impairment				
At 1 February 2021	27,609	149	513	28,271
Depreciation charge (Note 6)	4,844	17	111	4,972
Termination	(1,545)	(107)	-	(1,652)
Provision for impairment (Note 6)	424	-	-	424
At 31 January 2022	31,332	59	624	32,015
Net carrying amount	11,147	-	55	11,202

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

Included in the Group's accumulated depreciation and impairment of right-of-use assets are impairment losses carried forward of RM424,000 (2022: RM424,000).

The Group has 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 business needs. Management exercises judgement in determining whether these extension options are reasonably certain to be exercised.

Operating lease commitments - as lessor

The Group has 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.

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Future minimum lease receivables:				
Not later than 1 year	8,363	14,015	4,162	9,813
Later than 1 year and not later than 5 years	2,758	16,562	1,175	14,978
	11,121	30,577	5,337	24,791

14. **Intangible assets - Goodwill**

	2023	2022
	RM'000	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 is allocated to the Group's CGUs identified according to the business segments on premium automotive.

15. **Investment in subsidiaries**

	Company	
	2023	2022
	RM'000	RM'000
Unquoted shares in Malaysia, at cost	88,891	88,891
Less: Accumulated impairment losses	(80,681)	(80,681)
	8,210	8,210

Movement in accumulated impairment losses are as follows:

	Company	
	2023	2022
	RM'000	RM'000
At the beginning of year	80,681	80,480
Charge for the year (Note 6)	-	201
At the end of year	80,681	80,681

In the previous financial year, one of the subsidiary has reported continuing operating losses and/or depleting shareholder's funds. These are indicators that the investment in these subsidiaries may be impaired. This resulted in impairment losses on its investment in subsidiaries of RM201,000 in previous financial year based on fair value less costs to sell of the underlying net assets. The fair value measurement is categorised as Level 3 fair value as defined in Note 2.25.

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

Name of subsidiaries	Name of Directors	Principal activities	Country of incorporation	Proportion of interest 2023 %	Proportion of interest 2022 %
Held by the Company					
SRB Ventures Sdn. Bhd.	Mai Eliza binti Mior Mohamad Zubir Syed Haroon bin Omar Alshatrie (Resigned wef 12 May 2023) Shahrul Ekram Bin Sofian@Mokhtar (Appointed wef 11 May 2023)	Sale of food and beverages.	Malaysia	100	100
DNest Aviation Sdn. Bhd.	Mai Eliza binti Mior Mohamad Zubir Shahrul Ekram Bin Sofian@Mokhtar (Appointed wef 3 October 2022) Burhanudin Bin Noordin Ali (Resigned wef 4 October 2022) Ivan Oh Boon Wee (Resigned wef 31 May 2022)	Investment holding.	Malaysia	100	100

15. Investment in subsidiaries (cont'd.)

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

Name of subsidiaries	Name of Directors	Principal activities	Country of incorporation	Proportion of interest 2023 %	Proportion of interest 2022 %
Held by the Company (cont'd.)					
Sapura Aero Sdn. Bhd.	Dato' Wan Shaharuddin bin Wan Mahmood Shahrul Ekram Bin Sofian@Mokhtar (Appointed wef 3 October 2022) Burhanudin bin Noordin Ali (Resigned wef 4 October 2022)	Investment holding.	Malaysia	100	100
Mercu Sapura Sdn. Bhd.	Amilia Binti Sabtu (Appointed wef 10 June 2022) Shahrul Ekram Bin Sofian@Mokhtar (Appointed wef 3 October 2022) Wan Haslan bin Wan Hassan (Resigned wef 10 June 2022) Burhanudin bin Noordin Ali (Resigned wef 4 October 2022)	Carry out property development transactions and investment holding.	Malaysia	100	100
Sapura Auto Sdn. Bhd.	Mai Eliza binti Mior Mohamad Zubir Shahrul Ekram Bin Sofian@Mokhtar (Appointed wef 11 May 2023) Ivan Oh Boon Wee (Resigned wef 31 May 2022) Syed Haroon Bin Omar Alshatrie (Resigned wef 12 May 2023)	Sale of vehicles, provision of aftersales services & repair, sale of spare parts & accessories & provision of motor-related services. The Company has ceased its operations with effect from 28 August 2010.	Malaysia	100	100
SRB One Sdn. Bhd.	Dato' Shahriman bin Shamsuddin Dato' Wan Shaharuddin bin Wan Mahmood	Investment holding.	Malaysia	100	100
Held by DNest Aviation Sdn. Bhd.					
AeroDome Sdn. Bhd.	Dato' Shahriman bin Shamsuddin Dato' Wan Shaharuddin bin Wan Mahmood	Hangarage and other aviation related services.	Malaysia	100	100

15. Investment in subsidiaries (cont'd.)

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

Name of subsidiaries	Name of Directors	Principal activities	Country of incorporation	Proportion of interest 2023 %	Proportion of interest 2022 %
Held by Sapura Aero Sdn. Bhd.					
Aerohandlers Sdn. Bhd.	Dato' Shahriman bin Shamsuddin Dato' Wan Shaharuddin bin Wan Mahmood Shahrul Ekram Bin Sofian@Mokhtar (Appointed wef 3 October 2022) Burhanudin bin Noordin Ali (Resigned wef 4 October 2022)	Carry out transactions of aviation related business activities.	Malaysia	100	100
Aerodome Services Sdn. Bhd.	Dato' Shahriman bin Shamsuddin Dato' Wan Shaharuddin bin Wan Mahmood	Hangarage, ground handling and other aviation related business activities.	Malaysia	100	100
Aeromanager Sdn. Bhd.	Dato' Wan Shaharuddin bin Wan Mahmood Shahrul Ekram Bin Sofian@Mokhtar (Appointed wef 3 October 2022) Burhanudin bin Noordin Ali (Resigned wef 4 October 2022)	Provide chartering services and act as brokerage for aircraft. The Company has ceased its operations with effect from 1 June 2019.	Malaysia	100	100
Aerodome Fife Sdn. Bhd.	Dato' Shahriman bin Shamsuddin Shahrul Ekram Bin Sofian@Mokhtar (Appointed wef 3 October 2022) Burhanudin bin Noordin Ali (Resigned wef 4 October 2022)	To 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
Held by Mercu Sapura Sdn. Bhd.					
Sapura Technics Sdn. Bhd.	Dato' Shahriman bin Shamsuddin Syed Haroon bin Omar Al-Shatrie Dato' Brig Gen (Rtd) Anim bin Harun (Resigned wef 14 November 2022) Burhanudin bin Noordin Ali (Resigned wef 4 October 2022)	Carry out the provision of maintenance, repair and overhaul MRO) services for aircraft and the related services. The company ceased its operation on 16 March 2022 and commenced the liquidation on 20 February 2023.^	Malaysia	95	95

^ Further details are disclosed in Note 41 to the financial statements.

15. **Investment in subsidiaries (cont'd.)**

Non-controlling interests ("NCI")

	2023 RM'000	2022 RM'000
Sapura Technics Sdn. Bhd.		
NCI percentage of ownership interest and voting	5%	5%
Carrying amount of NCI	(2,082)	(2,172)
Profit/(loss) allocated to NCI	90	(1,283)

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

Summarised statement of profit or loss:

	2023 RM'000	2022 RM'000
Revenue	85	509
Profit/(loss) for the year, representing total comprehensive income/(loss)	1,800	(25,650)

Summarised statement of financial position:

	2023 RM'000	2022 RM'000
Current assets	1,926	2,884
Current liabilities	(43,566)	(46,324)
Net liabilities	(41,640)	(43,440)

16. **Investment in an associate**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted shares at cost	12,000	12,000	12,000	12,000
Share of post-acquisition reserves	6,222	5,846	-	-
	18,222	17,846	12,000	12,000

Details of the associate is as follows:

Name of associates	Country of incorporation	Principal activities	2023 %	2022 %
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 PLT.

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

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

	2023 RM'000	2022 RM'000
Current assets	153,168	135,218
Non-current assets	48,474	53,859
Total assets	201,642	189,077
Current liabilities	124,202	113,505
Non-current liabilities	1,515	1,214
Total liabilities	125,717	114,719
Total net assets	75,925	74,358
Results:		
Revenue	376,289	320,028
Profit for the year representing total comprehensive income for the year	1,567	466
Group's share of profit for the year	376	112
Reconciliation of net carrying amount		
Group's share of net assets	18,222	17,846

17. **Investment in joint ventures**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted shares at cost:				
In Malaysia	245,011	205,011	220,011	180,011
Unpaid cash call	26,000	19,000	26,000	19,000
Share of post-acquisition reserves	(61,566)	(53,913)	-	-
Less: Accumulated impairment losses	-	-	(19,547)	(18,009)
	209,445	170,098	226,464	181,002

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

The movement of the provision for impairment losses are as follows:

	Company 2023 RM'000	2022 RM'000
At 1 February 2022/2021	(18,009)	-
Charged during the year (Note 6)	(1,538)	(18,009)
At 31 January	(19,547)	(18,009)

Unpaid cash call relates to amount owing to joint venture which eventually will be converted into share capital of the joint venture once payment is made. This is arising from the obligation under the Joint Venture Agreement ("JVA").

As at 31 January 2023, Impian Bebas Sdn. Bhd. has reported continuing operating losses and depleting shareholders' funds. These are indicator that the investment may be impaired. The Company has performed an impairment assessment and this resulted in impairment loss of RM1,538,179 (2022: RM18,008,554) based on share of fair value less costs to sell of the underlying net assets. The fair value measurement is categorised as Level 3 fair value as defined in Note 2.25.

The joint arrangements are structured via separate entities and provided 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	2023 %	2022 %
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	51

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

(a) Impian Bebas Sdn. Bhd.

Impian Bebas Sdn. Bhd. ("IBSB") is a joint venture company between the Company and KLCC (Holdings) Sdn. Bhd. ("KLCCH") to construct an office tower together with a convention centre and a retail podium. The Company has the following commitments towards the joint venture company:

(i) **Shareholder's advances**

The Company is required to contribute as shareholders' advances in proportion of its equity stake in the joint venture company as and when required. Included in the carrying amount of investment in IBSB is unpaid cash calls of RM26,000,000 (2022: RM19,000,000).

(ii) **Master Lease Agreement ("MLA")**

Pursuant to the Company's joint venture agreement with KLCCH, the Company has guaranteed and underwritten the lease of 70% of the net lettable area of the office tower for 15 years based on predetermined rates (the "MLA"). In addition, the Company has issued a Letter of Undertaking to IBSB's financiers to guarantee and underwrite the MLA and not to vary or amend any terms of the joint venture agreement which may in any way adversely affect the interests of the financiers.

The Company had initiated a negotiation together with its joint venture partner, KLCCH, through IBSB, with all the financial institutions ("IBSB's lenders") to amend the terms of the MLA and to restructure the terms of the borrowings obtained by IBSB. On 30 June 2021, IBSB's Lenders have agreed, amongst others, to revise the predetermined rate of the MLA and deferred the 1st repayment of the principal amount to 29 January 2024.

Consequently, the Company has executed the revised MLA on 30 August 2021 with IBSB in accordance with the commitments of the joint venture agreement with KLCCH.

(b) MTU Power Systems Sdn. Bhd.

MTU Power Systems Sdn. Bhd. ("MPS") is a joint venture company between the subsidiary of the Company, SRB One Sdn. Bhd. and MTU Asia Pte. Ltd. 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 from time to time.

Pursuant to the Subscription and Joint Venture Agreement, the Group has the commitment to subscribe a total of 25,000,000 Class B shares at the total subscription of RM25,000,000. As at 31 January 2023, the Group had subscribed 10,208,164 Class B shares for a cash consideration of RM10,208,164 (2022: RM10,208,164).

The Company has extended a bank guarantee to MPS for projects secured amounting to RM2.7 million (2022: Nil).

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

The Group regards IBSB and MPS as material joint ventures. The summarised financial information of the joint ventures, not adjusted for the proportion of the ownership interest held by the Group, is as follows:

	IBSB		MPS	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current assets	89,048	49,287	64,512	10,697
Non-current assets	1,350,299	1,359,415	6,964	9,420
Total assets	1,439,347	1,408,702	71,476	20,117
Current liabilities	75,112	90,587	72,939	15,193
Non-current liabilities	997,345	1,020,941	-	-
Total liabilities	1,072,457	1,111,528	72,939	15,193
Total net assets	366,890	297,174	(1,463)	4,924
Results:				
Revenue	97,035	31,830	18,356	34,320
Depreciation and amortisation	(27,625)	(23,912)	(3,065)	(3,151)
Loss for the year representing total comprehensive loss for the year	(10,283)	(85,970)	(6,387)	(3,425)
Group's share of loss for the year	(5,142)	(42,985)	(2,511)	(1,747)
Group's share of net assets:				
Cost of investment	220,011	180,011	10,208	10,208
Bargain purchase gain	14,292	14,292	-	-
Share of results	(50,858)	(45,716)	(10,208)	(7,697)
	183,445	148,587	-	2,511
Unpaid cash call	26,000	19,000	-	-
	209,445	167,587	-	2,511

The Group has discontinued the recognition of its share of losses of MPS because the share of losses of the joint venture has exceeded the Group's interest in the joint venture. As at the reporting date, the Group's cumulative unrecognised share of losses in the joint venture amounted to RM746,000 (2022: Nil), which exceeded the Group's interest in the joint venture.

18. **Finance lease receivables**

During the year, the Group and the Company have commenced a long term lease of investment property and right-of-use assets which meet the requirement of finance lease. Accordingly, the investment property and right-of use assets have been de-recognised upon recognition of finance lease receivables. The Group and the Company have also recognised a gain on initial recognition of lease receivables amounting to RM34,609,438 and RM31,881,550 respectively as included in other income.

Finance lease receivables represent lease rental and interest receivable due from customers in relation to the lease of investment property and hangar by the Group and the Company.

Finance lease receivables are presented in the statement of financial position as follow:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current	4,314	-	1,935	-
Non-current	37,527	-	29,984	-
	41,841	-	31,919	-

Movement of finance lease receivables are as follow:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At the beginning of year	-	-	-	-
Initial recognition	46,363	-	32,682	-
Finance income on lease receivables (Note 3)	1,515	-	1,047	-
Payment received	(6,037)	-	(1,810)	-
At the end of year	41,841	-	31,919	-

The maturity analysis of lease receivables, including undiscounted lease payment to be received after the reporting date.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Within one year	7,063	-	4,343	-
After one year but not more than five years	26,276	-	18,446	-
More than five years	23,152	-	23,152	-
Total undiscounted lease payments	56,491	-	45,941	-
Unearned interest income	(14,650)	-	(14,022)	-
Net investment in lease	41,841	-	31,919	-

18. Finance lease receivables (cont'd.)

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Within one year	4,314	-	1,935	-
After one year but not more than five years	18,144	-	10,601	-
More than five years	19,383	-	19,383	-
	41,841	-	31,919	-
Analysed as:				
Due within 12 months	4,314	-	1,935	-
Due after 12 months	37,527	-	29,984	-
	41,841	-	31,919	-

The effective interest rate of the Group's and the Company's finance lease receivables are between 3.6% to 7.8% (2022: Nil).

19. Trade and other receivables

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Non-current assets				
Other receivables				
Redeemable cumulative preference shares from a subsidiary	-	-	29,600	29,600
Amounts due from subsidiaries	-	-	17,055	16,936
Deposits	4,235	3,911	4,235	3,911
	4,235	3,911	50,890	50,447
Less: Allowance for expected credit losses				
Redeemable cumulative preference shares from a subsidiary	-	-	(29,600)	(29,600)
Other receivables, net	4,235	3,911	21,290	20,847
Current assets				
Trade receivables				
Third parties	5,763	3,994	377	760
Amount due from related companies	2,219	4,025	2,186	4,025
Amount due from directors' related companies	181	265	-	-
Total billed receivables	8,163	8,284	2,563	4,785
Accrued rental income	1,314	429	1,314	429
Total trade receivables	9,477	8,713	3,877	5,214

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

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Current assets (cont'd.)				
Trade receivables (cont'd.)				
Less: Allowance for expected credit losses				
Third parties	(1,342)	(1,708)	(51)	(51)
Amount due from related companies	(350)	(4)	(350)	(4)
	(1,692)	(1,712)	(401)	(55)
Trade receivables, net	7,785	7,001	3,476	5,159
Other receivables				
Amounts due from:				
Subsidiaries	-	-	59,058	57,803
Joint venture companies	3,233	1,850	1,983	600
	3,233	1,850	61,041	58,403
Deposits	3,731	2,283	1,381	64
Sundry receivables	101	39	36	14
	7,065	4,172	62,458	58,481
Less: Allowance for expected credit losses				
Amount due from subsidiaries	-	-	(56,757)	(56,666)
Amount due from a joint venture company	(1,850)	(1,850)	(1)	(600)
Deposits	(851)	(884)	-	-
	(2,701)	(2,734)	(56,758)	(57,266)
Other receivables, net	4,364	1,438	5,700	1,215
Total current trade and other receivables	12,149	8,439	9,176	6,374
Total trade and other receivables	16,384	12,350	30,466	27,221
Financial asset				
Total trade and other receivables	16,384	12,350	30,466	27,221
Add: Cash and bank balances (Note 23)	32,696	28,583	24,923	20,295
Add: Finance lease receivable (Note 18)	41,841	-	31,919	-
Total financial assets at amortised cost	90,921	40,933	87,308	47,516

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 the Company's trade receivables for the financial year are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Neither past due nor impaired	2,810	1,156	-	-
1 to 30 days past due not impaired	694	2,557	301	2,064
31 to 60 days past due not impaired	581	411	-	316
61 to 90 days past due not impaired	678	1,398	153	1,368
More than 90 days past due not impaired	1,708	1,050	1,708	982
	3,661	5,416	2,162	4,730
Impaired	1,692	1,712	401	55
	8,163	8,284	2,563	4,785

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Individually impaired:				
Trade receivables - nominal amounts	1,692	1,712	401	55
Less: Allowance for expected credit losses	(1,692)	(1,712)	(401)	(55)
	-	-	-	-

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

(a) Trade receivables (cont'd)

Movement in allowance for expected credit loses:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At the beginning of year	1,712	1,773	55	42
Charge during the year (Note 6)	276	(61)	346	13
Bad debts written off	(296)	-	-	-
At the end of year	1,692	1,712	401	55

(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 for expected credit loses used to record the impairment are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Individually impaired:				
Amount due from subsidiaries	-	-	56,757	56,666
Amount due from a joint venture company	1,850	1,850	1	600
Deposits	851	884	-	-
Redeemable cumulative preference shares	-	-	29,600	29,600
Less: Allowance for expected credit losses	(2,701)	(2,734)	(86,358)	(86,866)
	-	-	-	-

Movement in allowance for expected credit loses:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At the beginning of year	2,734	1,857	57,266	9,464
(Reversal)/charge during the year (Note 6)	(33)	877	(508)	47,802
At the end of year	2,701	2,734	56,758	57,266

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 are unsecured, non-interest bearing, are repayable upon demand and 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 are repayable upon demand, except for an amount of RM204,000 (2022: RM366,000) which bears interest ranging from 3.43% to 3.96% (2022: 2.80% to 3.27%) 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.

20. **Inventories**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At cost				
Consumables	87	-	-	-

The cost of inventories recognised as an expense during the financial year of the Group amounted to RM292,000 (2022: Nil).

21. **Other current financial assets**

	Group/Company	
	2023 RM'000	2022 RM'000
Held for trading investments		
Quoted equity shares	16	20
Add: Short term investment (Note 22)	-	12,943
Total financial assets at fair value through profit or loss	16	12,963

22. **Short term investment**

	Group/Company	
	2023 RM'000	2022 RM'000
Islamic money market instruments	-	12,943

Short term investment represents investment in Islamic money market instruments.

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

	2023 RM'000	2022 RM'000
Balance as at 1 February	12,943	67,522
Net withdrawal	(13,104)	(55,302)
Profits received during the year (Note 6)	161	723
Balance as at 31 January	-	12,943

23. Cash and bank balances

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Cash in hand and banks	32,696	18,583	24,923	10,295
Short-term deposits	-	10,000	-	10,000
Total cash and bank balances	32,696	28,583	24,923	20,295
Less: Bank overdraft	-	(7,070)	-	(7,070)
Cash and cash equivalents	32,696	21,513	24,923	13,225

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 1.85% (2022: 1.85%) per annum with a maturity of 90 days (2022: 90 days).

24. Trade and other payables

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Non-current liabilities				
Other payables Holding company	40,000	-	40,000	-
Current liabilities				
Trade payables Third parties	5,200	3,785	601	121
Other payables Amounts due to:				
Holding company	9	19	9	19
Related companies	1,794	245	1,782	212
	1,803	264	1,791	231
Deposits	9,744	9,150	8,099	7,502
Accruals	5,081	4,426	3,489	2,622
Other payables	6,161	8,918	1,499	686
Cash call obligation to a joint venture company	26,000	19,000	26,000	19,000
Total current trade and other payables	53,989	45,543	41,479	30,162
Total trade and other payables	93,989	45,543	81,479	30,162
Total trade and other payables	93,989	45,543	81,479	30,162
Add: Loans and borrowings (Note 26)	-	12,241	-	12,070
Add: Lease liabilities (Note 28)	532,673	492,525	514,472	476,694
Total financial liabilities at amortised cost	626,662	550,309	595,951	518,926

24. Trade and other payables (cont'd.)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 (2022: 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 (2022: 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

Included in amount due to holding company is financial assistance granted to the Group and the Company amounting to RM40 million which shall be repaid in six years time. The amount is non-interest bearing and secured via certain investment properties of the Group and Company.

(e) Cash call obligation to a joint venture company

Cash calls due to a joint venture company represents an amount outstanding for cash call obligations to IBSB in accordance with the requirement of the Joint Venture Agreement between SRB and KLCCH as disclosed at Note 17.

25. Provisions

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Provisions				
At the beginning of year	12,275	11,972	3,000	3,000
Reversal of provision (Note 6)	(3,000)	-	(3,000)	-
Exchange difference (Note 6)	131	303	-	-
At the end of year	9,406	12,275	-	3,000

As part of the disposal of associates in prior years, 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 24 August, 2022. Upon the expiry of indemnity, SRB has reversed the provision during the year.

The Group has also 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. Further information as disclosed in Note 41.

26. Loans and borrowings

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current				
Secured:				
Hire-purchase (Note 27)	-	50	-	-
Unsecured:				
Revolving credits	-	5,000	-	5,000
Bank overdrafts	-	7,070	-	7,070
	-	12,120	-	12,070
Non-current				
Secured:				
Hire-purchase (Note 27)	-	121	-	-
Total loans and borrowings				
Hire-purchase (Note 27)	-	171	-	-
Revolving credits	-	5,000	-	5,000
Bank overdrafts	-	7,070	-	7,070
	-	12,241	-	12,070

The revolving credits obtained by the Company in prior year bear interest of 3.41%.

The remaining maturities of the loans and borrowings as at 31 January 2023 are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
On demand or within 1 year	-	12,120	-	12,070
More than 1 year and less than 2 years	-	48	-	-
More than 2 years and less than 5 years	-	73	-	-
	-	12,241	-	12,070

26. Loans and borrowings (cont'd.)

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Balance as at 1 February	12,241	2,698	12,070	2,432
Withdrawal of revolving credits	-	5,000	-	5,000
Repayment of revolving credits	(5,000)	-	(5,000)	-
Net (repayment)/withdrawal of short term borrowings	(5,000)	5,000	(5,000)	5,000
Withdrawal of bank overdrafts	-	4,638	-	4,638
Repayment of bank overdrafts	(7,070)	-	(7,070)	-
Net (repayment)/withdrawal of bank overdrafts	(7,070)	4,638	(7,070)	4,638
Repayment of hire-purchase	(171)	(95)	-	-
Total changes from financing cash flows	(12,241)	9,543	(12,070)	9,638
Balance as at 31 January	-	12,241	-	12,070

27. Hire-purchase

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Minimum lease payments: Not later than 1 year	-	58	-	-
Later than 1 year but not later than 2 years	-	53	-	-
Later than 2 years but not later than 5 years		75	-	-
Total minimum lease payments	-	186	-	-
Less: Amounts representing finance charges	-	(15)	-	-
Present value of minimum lease payments	-	171	-	-

27. **Hire-purchase (cont'd.)**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Present value of payments:				
Not later than 1 year	-	50	-	-
Later than 1 year but not later than 2 years	-	48	-	-
Later than 2 years but not later than 5 years	-	73	-	-
Present value of minimum lease payments	-	171	-	-
Less: Amount due within 12 months (Note 26)	-	(50)	-	-
Amount due after 12 months (Note 26)	-	121	-	-

28. **Lease liabilities**

Group as a lessee

The Group has lease contracts for various items of hangar, office, warehouse spaces and other equipment used in its operations. Leases of hangar, office and warehouse spaces generally have lease terms between 2 and 10 years, while other equipment 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 equipment 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 investment properties and right-of-use assets recognised and the movements during the year are disclosed in Note 12 and Note 13 respectively to the financial statements.

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 February	492,525	35,067	476,694	-
Additions	5,973	479,334	-	473,599
Finance cost (Note 5)	38,411	13,385	37,778	12,702
Payments	(3,566)	(15,828)	-	(9,607)
Termination	-	(479)	-	-
Modification	(670)	(18,954)	-	-
At 31 January	532,673	492,525	514,472	476,694
Current	61,818	13,753	58,400	9,900
Non-current	470,855	478,772	456,072	466,794
	532,673	492,525	514,472	476,694

28. **Lease liabilities (cont'd.)**

Group as a lessee (cont'd.)

The remaining maturities of the lease liabilities are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
On demand or within 1 year	61,818	13,753	58,400	9,900
More than 1 year and less than 2 years	14,311	14,311	10,722	10,722
More than 2 years and less than 5 years	51,664	51,664	49,097	49,097
More than 5 years	404,880	412,797	396,253	406,975
	532,673	492,525	514,472	476,694

The following are the amounts recognised in profit or loss:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Depreciation on right-of-use assets (Note 13)	689	4,972	-	-
Finance cost on lease liabilities (Note 5)	38,411	13,385	37,778	12,702
Expense relating to short-term leases (Note 6)	-	-	-	76
Expense relating to leases of low-value assets (Note 6)	100	69	62	18
Gain on lease modification (Note 6)	(592)	(1,092)	-	-
Gain on termination of lease (Note 6)	-	(26)	-	-
Total amount recognised in profit or loss	38,608	17,308	37,840	12,796

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 RM3,666,000 (2022: RM15,897,000) and RM62,000 (2022: RM9,701,000) respectively.

29. Deferred tax liabilities

	Liabilities		Assets		Net	
	2023	2022	2023	2022	2023	2022
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accelerated capital allowances	5,525	3,707	-	-	5,525	3,707
Tax losses and unabsorbed capital allowances	-	-	(2,108)	(1,737)	(2,108)	(1,737)
Provisions and lease liabilities	-	-	(3,334)	(1,909)	(3,334)	(1,909)
Trade receivables	-	-	(57)	(61)	(57)	(61)
Tax liabilities/(assets)	5,525	3,707	(5,499)	(3,707)	26	-
Set-off of tax	(5,499)	(3,707)	5,499	3,707	-	-
Net tax liabilities	26	-	-	-	26	-
Company						
Accelerated capital allowances	4,686	2,872	-	-	4,686	2,872
Tax losses and unabsorbed capital allowances	-	-	(1,336)	(1,049)	(1,336)	(1,049)
Provisions and lease liabilities	-	-	(3,335)	(1,808)	(3,335)	(1,808)
Trade receivables	-	-	(15)	(15)	(15)	(15)
Tax liabilities/(assets)	4,686	2,872	(4,686)	(2,872)	-	-
Set-off of tax	(4,686)	(2,872)	4,686	2,872	-	-
Net tax liabilities	-	-	-	-	-	-

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At the beginning of year	-	3,764	-	1,953
Recognised in profit or loss (Note 9)	26	(3,764)	-	(1,953)
Deferred tax liabilities	26	-	-	-

29. Deferred tax liabilities (cont'd.)

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

Deferred tax assets of the Group:

	Tax losses and unabsorbed capital allowances RM'000	Provisions and lease liabilities RM'000	Trade receivables RM'000	Total RM'000
At 31 January 2021	(380)	(210)	(13)	(603)
Recognised in profit or loss	(1,357)	(1,699)	(48)	(3,104)
At 31 January 2022	(1,737)	(1,909)	(61)	(3,707)
Recognised in profit or loss	(371)	(1,425)	4	(1,792)
At 31 January 2023	(2,108)	(3,334)	(57)	(5,499)

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM'000	Total RM'000
At 31 January 2021	4,367	4,367
Recognised in profit or loss	(660)	(660)
At 31 January 2022	3,707	3,707
Recognised in profit or loss	1,818	1,818
At 31 January 2023	5,525	5,525

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 2021	(380)	(128)	(13)	(521)
Recognised in profit or loss	(669)	(1,680)	(2)	(2,351)
At 31 January 2022	(1,049)	(1,808)	(15)	(2,872)
Recognised in profit or loss	(287)	(1,527)	-	(1,814)
At 31 January 2023	(1,336)	(3,335)	(15)	(4,686)

29. Deferred tax liabilities (cont'd.)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000	Total RM'000
At 31 January 2021	2,474	2,474
Recognised in profit or loss	398	398
At 31 January 2022	2,872	2,872
Recognised in profit or loss	1,814	1,814
At 31 January 2023	4,686	4,686

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

	Group	
	2023 RM'000	2022 RM'000
Unused tax losses	60,621	60,874
Unabsorbed capital allowances	6,932	6,631
Others	5,266	5,218
	72,819	72,723

The unabsorbed capital allowances of the Group are available for offsetting against future taxable profits of the respective entities within the Group and the Company, subject to no substantial change in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

In accordance with the Ministry of Finance via Finance Bill 2021, the unused tax losses are available for utilisation in the next ten years, with effect from year assessment 2019, for which, any excess at the end of the tenth year will be disregarded. Deferred tax assets have not been recognised in respect of the above items due to history of losses of the Group and the Company and it is not probable that future taxable profits will be available against which they may be utilised.

30. Share capital

	No. of Shares		Group/Company Amount	
	2023 Unit'000	2022 Unit'000	2023 RM'000	2022 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.

31. Other reserves

Group	2023 RM'000	2022 RM'000
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 associate.

(b) **General reserve**

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

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(Income)/Expense				
Holding company				
Corporate service fee	214	244	214	244
Subsidiaries				
Management fee	-	-	(652)	(999)
Recoverability of electricity	-	-	17	14
Interest income	-	-	(13)	(19)
Joint venture				
Impian Bebas Sdn. Bhd.				
Lease payment including service charge	-	9,607	-	9,607
Related companies				
Sapura Energy Berhad				
Rental income	(12,907)	(15,700)	(12,907)	(15,700)
Revenue from investment properties, other than rental income	(1,521)	(1,898)	(1,521)	(1,898)
Sapura Technology Sdn. Bhd. and its subsidiaries				
Rental income	(248)	(318)	(248)	(318)
Revenue from investment properties, other than rental income	(25)	(25)	(25)	(25)
Sapura Secured Technologies Sdn. Bhd. and its subsidiaries				
Rental income	(5,653)	(103)	(5,653)	(103)
Information technology outsourcing services	627	654	473	465
Directors' related companies				
Rental of hangar and office	(3,906)	(3,584)	-	-
Ground handling and other aviation related services	(1,372)	(1,359)	-	-

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short-term employee benefit	4,460	4,806	4,026	4,168

35. **Capital commitments**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Capital expenditure Approved and contracted for:				
Property, plant and equipment	378	810	353	260
Approved but not contracted for:				
Property, plant and equipment	10,242	9,167	9,317	5,226
Share of capital commitment in joint venture	25,326	65,326	25,326	65,326
	35,946	75,303	34,996	70,812

36. **Financial guarantee**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unsecured guarantees given to third parties in respect of utility facilities granted to the Company	540	540	540	540

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 and lease liabilities 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).

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

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 (cont'd.):

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 RM16,000 (2022: RM20,000) 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 Nil (2022: RM12,943,000) 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	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financial liabilities					
At 31 January 2023:					
Hire-purchase	27	-	-	-	-
Financial liabilities					
At 31 January 2022:					
Hire-purchase	27	171	176	-	-

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 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.

38. **Financial risk management objectives and policies (cont'd.)**

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.

<u>Exposure to credit risk</u>

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

<u>Credit risk concentration profile</u>

The Group determines concentrations of credit risk by monitoring the business segment of its trade receivables on an ongoing basis. As at the reporting date, the Group has a significant concentration of credit risk in the form of outstanding balances due from 1 (2022: 1) debtor representing 27% (2022: 39%) of the total net receivables.

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

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 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 cashflows for operation and future investment.

The Group and the Company have received letters from strategic shareholder whom has expressed its willingness to take the appropriate measures including where necessary, providing financial assistance to the Group and the Company to meet their liabilities as and when they fall due.

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.

2023	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	93,989	-	-	93,989
Lease liabilities	61,818	65,975	404,880	532,673
Total undiscounted financial liabilities	155,807	65,975	404,880	626,662
Company				
Financial liabilities:				
Trade and other payables	81,479	-	-	81,479
Lease liabilities	58,400	59,819	396,253	514,472
Total undiscounted financial liabilities	139,879	59,819	396,253	595,951

2022	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	45,543	-	-	45,543
Loans and borrowings	12,128	128	-	12,256
Lease liabilities	36,824	193,324	542,494	772,642
Total undiscounted financial liabilities	94,495	193,452	542,494	830,441
Company				
Financial liabilities:				
Trade and other payables	30,162	-	-	30,162
Loans and borrowings	12,070	-	-	12,070
Lease liabilities	9,900	59,819	406,975	476,694
Total undiscounted financial liabilities	52,132	59,819	406,975	518,926

38. Financial risk management objectives and policies (cont'd.)

(c) 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.

At the reporting date, the exposure to listed equity securities and investment in fund at fair value was RM16,000 (2022: RM20,000) and Nil (2022: RM12,943,000) 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 RM1,600 (2022: RM2,000) and Nil (2022: RM1,294,300) 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 2023 and 2022.

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

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Loans and borrowings	26	-	12,241	-	12,070
Lease liabilities	28	532,673	492,525	514,472	476,694
Trade and other payables	24	93,989	45,543	81,479	30,162
Less: Cash and bank balances	23	(32,696)	(28,583)	(24,923)	(20,295)
Less: Short term investment	22	-	(12,943)	-	(12,943)
Net debt		593,966	508,783	571,028	485,688
Equity attributable to the owners of the parent		220,101	140,479	243,401	160,847
Less: Non-distributable reserves	31	(1,481)	(1,481)	-	-
Total capital		218,620	138,998	243,401	160,847
Capital and net debt		812,586	647,781	814,429	646,535
Gearing ratio		73%	79%	70%	75%

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) Business Aviation - Provision of hangarage services, ground handling, aircraft management, engineering services and other aviation related services.

(iv) MRO - provision of MRO services for commercial 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. 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.

40. Segment information (cont'd.)

At 31 January 2023	Investment holdings RM'000	Property investment RM'000	Aviation RM'000	MRO RM'000	Adjustments and eliminations RM'000	Note	consolidated financial statements RM'000
Revenue:							
External customers	-	27,343	25,859	85	-		53,287
Inter-segment	652	-	-	-	(652)	A	-
Total revenue	652	27,343	25,859	85	(652)	B	53,287
Results:							
Interest income from subsidiary	13	-	-	-	-		13
Profits distribution for short term investment	161	-	-	-	-		161
Interests income from short term deposits	93	-	-	-	-		93
Depreciation of investment properties	-	(32,832)	-	-	-		(32,832)
Depreciation of property, plant and equipment	-	(4,725)	(2,629)	(75)	-		(7,429)
Depreciation of right-of-use assets	-	-	(697)	-	-		(697)
Share of results of an associate	376	-	-	-	-		376
Share of results of joint venture	(7,653)	-	-	-	-		(7,653)
Other non-cash (expenses)/income	-	122,986	199	2,505	-	C	125,690
Segment (loss)/profit before tax	(35,277)	121,392	(1,149)	1,834	(7,060)		79,740
Assets:							
Investment in associates	18,222	-	-	-	-		18,222
Investment in joint venture	209,445	-	-	-	-		209,445
Additions to non-current assets	-	11,148	1,036	-	-	D	12,184
Segment assets	274,096	524,373	73,686	1,926	(19,968)	E	854,113
Segment liabilities	51,326	595,951	35,027	43,897	(90,107)	F	636,094

40. Segment information (cont'd.)

At 31 January 2022	Investment holdings RM'000	Property investment RM'000	Aviation RM'000	MRO RM'000	Adjustments and eliminations RM'000	Note	consolidated financial statements RM'000
Revenue:							
External customers	-	24,908	19,754	509	-		45,171
Inter-segment	3,265	-	91	-	(3,356)	A	-
Total revenue	3,265	24,908	19,845	509	(3,356)	B	45,171
Results:							
Interest income from subsidiary	19	-	-	-	(19)		-
Profits distribution for short term investment	723	-	-	-	-		723
Interests income from short term deposits	90	-	-	-	-		90
Net fair value loss on held for trading investment securities	(30)	-	-	-	-		(30)
Depreciation of investment properties	-	(16,477)	-	-	-		(16,477)
Depreciation of property, plant and equipment	-	(3,051)	(2,712)	(3,496)	-		(9,259)
Depreciation of right-of-use-assets	-	-	(2,716)	(2,256)	-		(4,972)
Share of results of an associate	112	-	-	-	-		112
Share of results of joint venture	(44,732)	-	-	-	-		(44,732)
Other non-cash (expenses)/income	-	(172,853)	(111)	(11,933)	-	C	(184,897)
Segment loss before tax	(114,917)	(191,919)	(5,118)	(25,650)	68,792		(268,812)
Assets:							
Investment in associates	17,846	-	-	-	-		17,846
Investment in joint venture	170,098	-	-	-	-		170,098
Additions to non-current assets	-	483,826	477	1,434	-	D	485,737
Segment assets	244,652	457,850	46,920	2,518	(51,049)	E	700,891
Segment liabilities	36,711	506,093	30,762	46,324	(57,306)	F	562,584

40. Segment information (cont'd.)

Note 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 RM14.4 million (2022: RM17.6 million) representing 28% (2022: 39%) 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	2023 RM'000	2022 RM'000
Unrealised foreign exchange loss on provision	6	131	303
Net allowance for expected credit losses on trade receivables	6	276	(61)
Impairment loss on property, plant and equipment	6	-	12,943
Net (reversal)/provision on impairment of investment properties	6	(122,986)	172,844
Net unrealised foreign exchange gain	6	(14)	(14)
Gain on disposal of property, plant and equipment	6	(2,505)	-
Gain on termination and modification of leases	6	(592)	(1,118)
		(125,690)	184,897

D Additions to non-current assets consist of:

	2023 RM'000	2022 RM'000
Investment properties	-	483,458
Property, plant and equipment	12,184	2,279
	12,184	485,737

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

	2023 RM'000	2022 RM'000
Inter-segment assets	(19,968)	(51,049)

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

	2023 RM'000	2022 RM'000
Inter-segment liabilities	(90,107)	(57,306)

41. Material litigation

(i) Aerodome Sdn. Bhd.

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.).

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") with 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.

Both suits were being transferred to another Shah Alam High Court which will be presided by another judge. Therefore, all the trial dates and case management dates that were fixed previously were now vacated. On 22 April 2022, AeroDome had been informed by the Court that the hearing has been reschedule to 25 May 2022. On 25 May 2022, the Court had heard the oral submission of the parties, and reserved judgement to be delivered on 12 July 2022. On 12 July 2022, the Judge dismissed Execujet's application with no order as to cost as the Judge is of the view that the issue raised in the striking out applications ought to be ventilated by way of a full trial in January 2024.

41. Material litigation (cont'd.)

(i) Aerodome Sdn. Bhd. (cont'd.)

Details of the default or circumstances leading to the filing of the Writ and Statement of Claim against the Defendants (cont'd.)

Then, the Court fixed the following pre-trial directions:

(a) AeroDome to file the third-party Statement of Claim against Execujet within 14 days from 12 July 2022 (the same has been filed by Aerodome's solicitor on 26 July 2022);
(b) parties to file any additional documents and/or expert report on or before 8 June 2023;
(c) parties may file rebuttal export report on or before 8 September 2023. In the event there is any need for a further rebuttal report, the filing date would be determined in a case management (to be fixed tentatively around end of October 2023);
(d) parties to file issues to be tried on or before 8 September 2023;
(e) parties to file and exchange witness statements on or before 8 December 2023; and
(f) the following trial dates are maintained:
   – 8 to 12 January 2024;
   – 22 to 24 January 2024; and
   – 29 to 31 January 2024.

In relation to Aerodome's Third-Party Proceedings, Execujet has filed its defence against Aerodome's Third-Party Statement of Claim on 10 August 2022 while Aerodome has filed its reply to the defence ("Reply") on 25 August 2022.

Upon filing of the Reply, pleadings in the third party action are closed. In the usual course of proceedings, a third party action will be heard and be disposed after the Aerodome's liability in the main action has been determined.

The next case management for the main action has been fixed on 9 June 2023.

(ii) Winding up petitions

Dilog Training & Services Sdn. Bhd. vs Sapura Technics Sdn. Bhd. - Shah Alam High Court

(a) Winding up petition date - 24 November 2022
(b) Case hearing dates - 20 February 2023

42. Subsequent event

(i) The Company's strategic shareholder, on 1 May 2023, has agreed to take appropriate measures including where necessary, providing financial support to the Group and the Company over the next eighteen (18) months from 1 February 2023 to 31 July 2024 to meet its obligations as and when they fall due. The Group and the Company has drawn down RM99.0 million from strategic shareholder to repay its outstanding obligations.
(ii) On 20 February 2023, the Court has ordered Sapura Technics Sdn. Bhd., a wholly owned subsidiary of the Company to be wound up under Sections 465(1)(c) and (e) read with Section 466 (1)(c) and 465(h) of the Companies Act 2016. Subsequently, the Company is under the purview and control of the liquidator.

43. Authorisation of financial statements for issue

The financial statements for the year ended 31 January 2023 were authorised for issue in accordance with a resolution of the directors on 30 May 2023.

PARTICULARS OF PROPERTIES
AS AT 31 JANUARY 2023

Address	Description/ Existing Use	Land Area (in square metre)	Lease Expiry Date	Approximate Age of Building (years)	Net Book Value (RM'000)/Date of Acquisition/ (Revaluation)
Lot No. 10 Jalan Tandang Seksyen 28 46050 Petaling Jaya Selangor Darul Ehsan	Warehouse, office and store	49,927	20.06.2033	33 – 62	243/ 06.05.1988
P.T. No. 10A Jalan Tandang Seksyen 28 46050 Petaling Jaya Selangor Darul Ehsan	Warehouse, office and store	5,681	03.01.2057	46	2,420/ 06.05.1988
Lot 5, Jalan 219 Lebuhraya Persekutuan 46100 Petaling Jaya Selangor Darul Ehsan	Commercial Building	4,047	16.03.2068	41	1,767/ 13.09.1988
No. 7, Jalan Tasik The Mines Resort City 43300 Seri Kembangan Selangor Darul Ehsan	Office Building	22,379	20.03.2091	24	105,995/ 16.12.1999
Permata Sapura Lot 91, Jalan Kia Peng 50450 Kuala Lumpur	Office Building	41,708	30.09.2036	2	267,468/ 01.10.2021

ANALYSIS OF SHAREHOLDINGS
AS AT 28 APRIL 2023

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 : 5,321

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
Less than 100	508	9.55	5,241	0.00
100 - 1,000	2,127	39.97	1,795,295	1.29
1,001 - 10,000	2,015	37.87	8,095,742	5.80
10,001 - 100,000	555	10.43	17,871,550	12.80
100,001 to less than 5%	115	2.16	41,977,900	30.07
5% and above of issued shares	1	0.02	69,854,272	50.04
Total	5,321	100.00	139,600,000	100.00

DIRECTORS' SHAREHOLDINGS AS AT 28 APRIL 2023

Name of Directors	Direct Interest	%	Deemed Interest	%
Tan Sri Dato' Seri Shahril bin Shamsuddin	83,250	0.06	72,372,772*	51.84
Dato' Shahriman bin Shamsuddin	83,250	0.06	72,372,772*	51.84
Ahmad Jauhari bin Yahya	-	-	-	-
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	-	-	-	-
Andrew Heng	-	-	-	-
Dr. Yap Lang Ling	-	-	-	-
Reza Bin Abdul Rahim	-	-	-	-
Datuk Megat Abdul Munir Bin Megat Abdullah Rafaie (Alternate Director to Tan Sri Dato' Seri Shahril bin Shamsuddin)	-	-	-	-

- Deemed interested by virtue of his direct and indirect interests in Sapura Holdings Sdn. Bhd. and its wholly-owned subsidiaries, namely Sapura Capital Sdn. Bhd. and Indera Permai Sdn. Bhd. (as the case may be) pursuant to Section 8 of the Companies Act 2016 ("**the Act**").

SUBSTANTIAL SHAREHOLDERS AS AT 28 APRIL 2023

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' Shahriman bin Shamsuddin	83,250	0.06	72,372,772 (2)	51.84
Brothers Capital Sdn. Bhd.	-	-	72,372,772 (3)	51.84

(1) Deemed interested by virtue of the direct interests of Sapura Capital Sdn. Bhd. and Indera Permai Sdn. Bhd. in the Company pursuant to Section 8 of the Act.

(2) Deemed interested by virtue of his direct and indirect interests in Sapura Holdings Sdn. Bhd. and its wholly-owned subsidiaries, namely Sapura Capital Sdn. Bhd. and Indera Permai Sdn. Bhd. (as the case may be) pursuant to Section 8 of the Act.

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

THIRTY (30) LARGEST SHAREHOLDERS BASED ON RECORD OF DEPOSITORS AS AT 28 APRIL 2023

No.	Name of Shareholders	No. of Shares	%
1.	Sapura Holdings Sdn. Bhd.	69,854,272	50.04
2.	Lim Boon Liat	2,571,500	1.84
3.	Choot Ewe Hin	2,034,500	1.46
4.	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt AN for DBS Bank Ltd (SFS)	1,532,700	1.10
5.	Ng Hoon Ho	1,478,700	1.06
6.	ABB Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Sapura Holdings Sdn. Bhd. (1119019194)	1,390,000	1.00
7.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Sapura Capital Sdn. Bhd. (PB)	1,098,500	0.79
8.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tam Seng @ Tam Seng Sen (E-PTS)	1,095,000	0.78
9.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Parmjit Singh A/L Meva Singh (PB)	1,000,000	0.72
10.	Leong Hon Wah	900,000	0.64
11.	Tan Boon Leong	885,200	0.63
12.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chow Soon Fong (E-MLB/JPP)	810,000	0.58
13.	Tan Yee Kong	806,000	0.58
14.	Yow Wang Yip	750,000	0.54
15.	Tan Seow Cheng	741,000	0.53
16.	Lam Pun Ying	727,100	0.52
17.	Huang Phang Lye	721,900	0.52
18.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chow Soon Meng (E-MLB/JPP)	700,000	0.50
19.	Lee Kim Seng	655,000	0.47
20.	Ahmad Ridwan Bin Abdullah	650,000	0.47
21.	Tan Yee Seng	599,700	0.43
22.	Low Ah Soi @ Low Cheong Meng	496,000	0.36
23.	Mary Anne Woon Lai Kheng	493,600	0.35
24.	Yong Siew Yoon	480,000	0.34
25.	Peh Sew Chong	430,000	0.31
26.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Too Boon Siong	429,400	0.31
27.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	421,400	0.30
28.	Life Enterprise Sdn. Bhd.	412,100	0.30
29.	Maybank Nominees (Tempatan) Sdn. Bhd. Too Boon Siong	411,500	0.29
30.	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chiaw Lik Chiat	400,000	0.29

ADMINISTRATIVE DETAILS FOR SHAREHOLDERS/PROXIES ATTENDING THE SIXTY-SIXTH ANNUAL GENERAL MEETING ("66TH AGM")

DATE, TIME AND VENUE OF AGM

Date :	Time :	Mode of Communication :
Tuesday, 18 July 2023	10:00 a.m.	1. Shareholders may pose questions during live streaming using the messaging window facility to submit questions during the meeting. The messaging window facility will be opened one (1) hour before the AGM which is from 9:00 a.m. on Tuesday, 18 July 2023.
Meeting Platform : https://meeting.boardroomlimited.my		2. Shareholders may submit questions in advance on the AGM resolutions and Annual Report 2023 commencing from 31 May 2023 and in any event no later than 10:00 a.m, 16 July 2023 via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com using the same user ID and password provided in Step 2 below, and select "SUBMIT QUESTION" to pose questions ("Pre-AGM Meeting Questions").

A. Fully Virtual 66th 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 66th AGM on a fully virtual basis through electronic live streaming and online remote voting.**

The 66th AGM is to be deemed held where the Chairman of the Meeting is in Malaysia for the compliance with Section 327(2) of the Companies Act 2016 ("**CA2016**"). 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 and proxies from the public should be physically present on the day of the AGM of the Company.

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 Berhad's official website at *https://www.bursamalaysia.com*.

a. Annual Report 2023 ("AR2023")
b. Corporate Governance Report 2023

However, should you require a printed copy of the AR2023, 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 *bsr.helpdesk@boardroomlimited.com*

B. Entitlement to Participate in the AGM

In respect of deposited securities, only members whose names appear on the Record of Depositors on 11 July 2023 (General Meeting Record of Depositors) shall be eligible to participate in 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 Fully 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 in accordance with the notes and instructions printed therein.

Please ensure that the Form of proxy 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 Form(s) of proxy by electronic means through the smart investor portal at *https://investor.boardroomlimited.com/* 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 twenty-four (24) hours before the meeting.

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 result 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	*[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register. You may proceed to Step 2.]* a. Access website *https://investor.boardroomlimited.com/* b. Click **<<Login>>** and click **<<Register>>** to sign up as a user. c. Complete registration and upload softcopy of MyKAD (front and back) or Passport. d. Please enter a valid email address. e. 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 **31 May 2023** (Date of Notice of AGM). Please note that the closing time to submit your request is at **10am on 16 July 2023** (48 hours before the commencement of the AGM). **Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee** **Via BSIP** a. Log in to *https://investor.boardroomlimited.com* using your user ID and password from Step 1 above. b. Read and accept the General Terms and Conditions by clicking "**Next**". c. Enter your CDS Account number of securities held and attach a copy of the authorisation letter (for corporate representative). d. Enter the corporate representative's details or select your proxy - either the Chairman of the meeting or individual named proxy(ies) and enter the required particulars of your proxy(ies). e. Indicate your voting instruction - "**FOR**" or "**AGAINST**" otherwise your proxy will decide your vote. f. Review and confirm your proxy appointment and click "**Apply**". g. Download or print the eProxy form as acknowledgement.

G. STEPS FOR REGISTRATION FOR REMOTE PARTICIPATION AND ELECTRONIC VOTING

Procedure	Action
Before the day of the AGM	
2. Submit request for remote participation (cont'd)	**Individual Members** a. Log in to *https://investor.boardroomlimited.com/* b. Select "Hybrid/Virtual Meeting" from main menu and select the correct Corporate Event "**SAPURA RESOURCES BERHAD SIXTY-SIXTH (66th) VIRTUAL ANNUAL GENERAL MEETING**". c. Read and agree to the terms & condition and thereafter submit your request. d. Enter your CDS Account. **Corporate Shareholders** a. 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. b. 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** a. 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. b. Please provide a copy of Corporate Representative's MyKad (Front and Back) or Passport as well as his/her email address.
3 Email notification	a. You will receive notification(s) from Boardroom that your request(s) has been received and is/are being verified. b. Upon system verification against the General Meeting Record of Depositories as at 11 July 2023, 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	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. a. The Meeting Platform will be open for login one (1) hour before the commencement of the AGM at 9am on 18 July 2023. b. The Meeting Platform can be accessed via one of the following: - c. Scan the QR Code provided in the email notification; Navigate to the website at *https://meeting.boardroomlimited.my* d. Insert the Meeting ID and sign in with the user ID and password provided to you via the email notification in Step 3.

G. STEPS FOR REGISTRATION FOR REMOTE PARTICIPATION AND ELECTRONIC VOTING

Procedure	Action
On the day of the AGM	
5. Participate	*[Note: Questions submitted online will be moderated before being sent to the Chairman to avoid repetition. All questions and messages will be presented with the full name and identity of the participant raising the question.]* a. If you would like to view the live webcast, select the broadcast icon. b. If you would like to ask a question during the AGM, select the messaging icon. c. Type your message within the chat box, once completed click the send button.
On the day of the AGM	
6. Voting	a. Once voting has been opened, the polling icon will appear with the resolutions and your voting choices. b. To vote simply select your voting direction from the options provided. A confirmation message will appear to show your vote has been received. c. To change your vote, simply select another voting direction. d. 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.

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.):

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.

FORM OF PROXY

Sapura Resources

Sapura Resources Berhad
[195701000235 (3136-D)]
(Incorporated in Malaysia)

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

I/We ______________________________ (NRIC/Passport/Company No.) ____________________
(FULL NAME IN CAPITAL LETTERS)

of ____
(FULL ADDRESS & TEL NUMBER)

being a Member/Members of SAPURA RESOURCES BERHAD hereby appoint ______________________________

______________________________ (NRIC/Passport No.) ____________________
(FULL NAME IN CAPITAL LETTERS)

of ____
(FULL ADDRESS & EMAIL)

and/or failing him/her, ______________________________ (NRIC/Passport No.) ____________________
(FULL NAME IN CAPITAL LETTERS)

of ____
(FULL ADDRESS & EMAIL)

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-Sixth Annual General Meeting ("66th AGM") of Sapura Resources Berhad will be held on a fully virtual basis hosted on the website at *https://meeting.boardroomlimited.my* provided by Boardroom Share Registrars Sdn. Bhd. in Malaysia on Tuesday, 18 July 2023 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	Payment of Directors' fees of RM506,191.78.		
Ordinary Resolution 2	Payment of Directors' benefits payable up to an amount of RM70,000.00.		
Ordinary Resolution 3	Re-election of Dato' Shahriman bin Shamsuddin pursuant to Clause 116 of the Company's Constitution.		
Ordinary Resolution 4	Re-election of Dr. Yap Lang Ling pursuant to Clause 115 of the Company's Constitution.		
Ordinary Resolution 5	Re-election of Encik Reza bin Abdul Rahim pursuant to Clause 115 of the Company's Constitution.		
Ordinary Resolution 6	Re-appointment of Ernst & Young PLT as Auditors of the Company.		
Special Business:			
Ordinary Resolution 7	Authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 and Waiver of Pre-Emptive Rights.		

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
** Strike out whichever is not applicable*

Dated this __________ day of ____________ 2023

Notes:

Mode of Meeting

1. The 66th 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. To attend the 66th AGM remotely, all members will have to register for Remote Participation and Voting Facilities via Boardroom Smart Investor Portal at *https://investor.boardroomlimited.com/*.

   Please follow the steps and procedures provided in the Administrative Notes for the 66th AGM of the Company, published on the Company's website at *www.sapura-resources.com* in order to register, participate and vote remotely via the RPV Platform.

   The 66th AGM is to be deemed held where the Chairman of the Meeting is in Malaysia for the compliance with Section 327(2) of the Companies Act 2016 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 66th AGM in person on the day of the 66th AGM of the Company.

2. According to the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions and its subsequent amendments on the Conduct of General Meetings for Listed Issuers, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.

   Shareholders WILL NOT BE ALLOWED to attend the AGM in person on the day of the Meeting.

   By utilising the RPV facilities, shareholders are to remotely participate, speak (by way of posing questions to the Board via real time submission of typed texts) and cast their votes at the 66th AGM.

Appointment of Proxy

1. In respect of deposited securities, only members whose names appear on the Record of Depositors as at 11 July 2023 (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/her shareholdings to be represented by each proxy, failing which the appointment shall be invalid.
3. A proxy may but need not 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, 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 66th 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 66th 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 duly notarised 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, or adjournment thereof.

   Alternatively, the form of proxy can be deposited electronically through the Share Registrar's website, Boardroom Smart Investor Online Portal at *https://investor.boardroomlimited.com* to login and deposit your proxy form electronically not less than forty-eight (48) hours before the time appointed for holding the Meeting or adjournment thereof.

   The lodging of the Proxy Form does not preclude any shareholder from participating and voting remotely at the Meeting should any shareholder subsequently wishes to do so, provided a Notice of Termination of Authority to act as Proxy is given to the Company and deposited at the office of Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than twenty-four (24) hours before the time stipulated for holding the Meeting or any 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 Representatives

   As an alternative to the appointment of a proxy, a corporate member may appoint its corporate representative to attend the 66th 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 be provided 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 31 May 2023.

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STAMP

THE SHARE REGISTRAR
Boardroom Share Registrars Sdn. Bhd. [199601006647 (378993-D)]
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya,
Selangor Darul Ehsan

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