



SAPURA RESOURCES BERHAD

(Company No.: 3136-D)

Interim Financial Statements for the 2nd quarter ended 31 July 2012

The Board of Directors is pleased to announce the
unaudited financial results of the Group for the 2nd quarter ended 31 July 2012

CONTENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

EXPLANATORY NOTES

SAPURA RESOURCES BERHAD - UNAUDITED FINANCIAL RESULTS Q2 FY2013

6 MONTHS PERIOD ENDED 31 JULY 2012

Sapura Resources Berhad (Company No.: 3136-D)

Unaudited Condensed Consolidated Statements of Comprehensive Income for the 2nd Quarter ended 31 July 2012

	Note	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
		31.07.2012 RM'000	31.07.2011 RM'000	31.07.2012 RM'000	31.07.2011 RM'000
Continuing operations:					
Revenue	11	5,490	5,106	10,968	9,970
Operating Expenses	4	(9,732)	(3,343)	(18,394)	(11,783)
Other income	5	1,103	592	2,097	129,514
Operating (loss)/profit		(3,139)	2,355	(5,329)	127,701
Finance costs		(19)	(143)	(59)	(479)
(Loss)/profit before tax from continuing operations		(3,158)	2,212	(5,388)	127,222
Share of result of associates		4,018	5,228	7,502	9,445
		860	7,440	2,114	136,667
Taxation		-	-	-	-
Profit from continuing operations, net of tax		860	7,440	2,114	136,667
Discontinued operations:					
(Loss)/profit from discontinued operations, net of tax	3	-	(302)	-	1,065
Profit, net of tax		860	7,138	2,114	137,732
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		860	7,138	2,114	137,732
Profit, represent total comprehensive income for the period attributable to :					
Owners of the parent		860	7,138	2,114	137,732
Non-controlling interests		-	-	-	-
		860	7,138	2,114	137,732
Earnings per share attributable to owners of the parent :					
Basic, profit from continuing operations	26	0.62	5.33	1.51	97.90
Basic, (loss)/profit from discontinued operations	26	-	(0.22)	-	0.76
Basic, profit for the period		0.62	5.11	1.51	98.66

These unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2012

SAPURA RESOURCES BERHAD - UNAUDITED FINANCIAL RESULTS Q2 FY2013

6 MONTHS PERIOD ENDED 31 JULY 2012

Sapura Resources Berhad (Company No.: 3136-D)

Unaudited Condensed Consolidated Statements of Financial Position as at 31 July 2012

	Note	31.07.2012 RM'000	31.01.2012 RM'000 (Restated)	01.02.2011 RM'000 (Restated)
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment		44,326	45,718	42,624
Investment properties		136,847	138,735	144,056
Intangible assets		-	-	-
Investments in associates		131,815	124,633	19,476
		<u>312,988</u>	<u>309,086</u>	<u>206,156</u>
CURRENT ASSETS				
Inventories		13	11	1,584
Trade and other receivables		5,875	5,214	2,747
Other current assets		374	330	358
Investment securities	21	399	405	307
Cash and cash equivalents		81,572	84,279	14,628
Assets of disposal group classified as held for sale		-	-	128,815
		<u>88,233</u>	<u>90,239</u>	<u>148,439</u>
TOTAL ASSETS		<u>401,221</u>	<u>399,325</u>	<u>354,595</u>
EQUITY AND LIABILITIES				
Equity attributable to Owners of the Parent				
Share capital		139,600	139,600	139,600
Other reserves		2,581	2,581	2,581
Retained profits		179,163	177,049	35,661
Total Equity		<u>321,344</u>	<u>319,230</u>	<u>177,842</u>
Non-current liabilities				
Deferred tax liabilities		2,040	2,040	2,934
Loan and borrowings	23	1,666	1,840	69,964
		<u>3,706</u>	<u>3,880</u>	<u>72,898</u>
Current Liabilities				
Trade and other payables		75,828	75,882	37,793
Loan and borrowings	23	343	333	13,182
Tax payable		-	-	127
Liabilities directly associated with disposal group classified as held for sale		-	-	52,753
		<u>76,171</u>	<u>76,215</u>	<u>103,855</u>
Total liabilities		<u>79,877</u>	<u>80,095</u>	<u>176,753</u>
TOTAL EQUITY AND LIABILITIES		<u>401,221</u>	<u>399,325</u>	<u>354,595</u>
NET ASSETS PER SHARE (RM)		<u>2.30</u>	<u>2.29</u>	<u>1.27</u>

These unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2012

SAPURA RESOURCES BERHAD - UNAUDITED FINANCIAL RESULTS Q2 FY2013

6 MONTHS PERIOD ENDED 31 JULY 2012

Sapura Resources Berhad (Company No.: 3136-D)

Unaudited Condensed Consolidated Statements of Changes in Equity for the period ended 31 July 2012

	Attributable to Owners of the Parent					Non-Controlling Interests	Total Equity
	<--- Non-distributable --->		<--- Distributable --->				
	Share Capital	Capital Reserve	General Reserve	Retained Profits	Subtotal		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1.2.2012 (restated)	139,600	1,481	1,100	177,049	319,230	-	319,230
Profit for the period, being total comprehensive income for the period	-	-	-	2,114	2,114	-	2,114
At 31.07.2012	139,600	1,481	1,100	179,163	321,344	-	321,344
At 1.2.2011 (restated)	139,600	1,481	1,100	35,661	177,842	-	177,842
Profit for the period, being total comprehensive income for the period	-	-	-	137,732	137,732	-	137,732
At 31.07.2011	139,600	1,481	1,100	173,393	315,574	-	315,574

These unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2012

6 MONTHS PERIOD ENDED 31 JULY 2012

Sapura Resources Berhad (Company No.: 3136-D)

Unaudited Condensed Consolidated Statements of Cash Flows for the period ended 31 July 2012

	For the 6 months period ended 31.07.2012	For the 6 months period ended 31.07.2011
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	2,114	136,667
Profit before tax from discontinued operations	-	1,663
Adjustment for:		
Non-cash items	(4,586)	(123,948)
Operating (loss)/profit before working capital changes	(2,472)	14,382
Net change in current assets	(708)	45,964
Net change in current liabilities	8	5,057
Taxes paid	-	(598)
Net cash (used in) /generated from operating activities	(3,172)	64,805
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(750)	(4,703)
Proceeds from disposal of property, plant and equipment	-	88
Net proceeds from disposal of subsidiaries	-	67,927
Dividend received	146	-
Interest received	1,342	139
Net cash generated from investing activities	738	63,451
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of borrowings	(214)	(80,547)
Interest paid	(59)	(479)
Dividend paid on ordinary shares	-	(9,789)
Net cash used in financing activities	(273)	(90,815)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,707)	37,441
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	84,279	48,449
CASH AND CASH EQUIVALENTS AT END OF PERIOD	81,572	85,890

These unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2012

6 MONTHS PERIOD ENDED 31 JULY 2012

Sapura Resources Berhad (Company No.: 3136-D)

Explanatory Notes

1 FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS")

These condensed consolidated interim financial statements, for the period ended 31 July 2012, have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Malaysia"). These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standard Board. For the periods up to and including the year ended 31 January 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

These condensed consolidated interim financial statements are for part of the Group's first MFRS annual financial statements for the financial year ending 31 January 2013. MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

These explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 January 2012.

The date of transition to the MFRS Framework is 1 February 2011. The transition from FRS to MFRS has not had material impact on the financial position, financial performance and cash flows of the Group and the Company.

2 CHANGES IN ACCOUNTING POLICIES AND APPLICATION OF MFRS 1

The audited financial statements of the Group for the financial year ended 31 January 2012 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this condensed consolidated interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 January 2012 except as discussed below:

A) Investment properties

The Group has previously adopted the transitional provisions available of the first application of MASB Approved Accounting Standards IAS16 (Revised) Property, Plant and Equipment which was effective for periods ending on or after 1 September 1998. By virtue of this transitional provision, the Group has recorded certain leasehold land and buildings at revalued amounts and had not adopted a policy of revaluation and continued to carry those leasehold land and buildings on the basis of their previous revaluations subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

At the date of transition to MFRS, the Group elected to regard the revalued amounts of leasehold land and buildings as at 31 January 2004 as deemed cost. As a result, a revaluation surplus of RM2,302,000 was transferred to retained profits on the date of transition to MFRS.

6 MONTHS PERIOD ENDED 31 JULY 2012

2 CHANGES IN ACCOUNTING POLICIES AND APPLICATION OF MFRS 1 (Cont'd.)

Reconciliation of equity as at 1 February 2011

	<u>FRS as at 01.02.2011</u>	<u>Reclassification</u>	<u>MFRS as at 01.02.2011</u>
	RM'000	RM'000	RM'000
Revaluation reserve	2,302	(2,302)	-
Retained profits	<u>33,359</u>	<u>2,302</u>	<u>35,661</u>

Reconciliation of equity as at 31 July 2011

	<u>FRS as at 31.07.2011</u>	<u>Reclassification</u>	<u>MFRS as at 31.07.2011</u>
	RM'000	RM'000	RM'000
Revaluation reserve	2,302	(2,302)	-
Retained profits	<u>171,091</u>	<u>2,302</u>	<u>173,393</u>

Reconciliation of equity as at 31 July 2012

	<u>FRS as at 31.07.2012</u>	<u>Reclassification</u>	<u>MFRS as at 31.07.2012</u>
	RM'000	RM'000	RM'000
Revaluation reserve	2,302	(2,302)	-
Retained profits	<u>176,861</u>	<u>2,302</u>	<u>179,163</u>

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and Issues Committee ("IC") Interpretation were issued but not yet effective and have not been applied by the Group:

<u>Adoption to MFRSs, Amendments to MFRSs and IC Interpretations</u>		<u>Effective for annual period beginning on or after</u>
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7	Disclosure - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

6 MONTHS PERIOD ENDED 31 JULY 2012

3 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 4 November 2010, the Company had announced that it had entered into a conditional share sale and purchase agreement ("SSPA") with Ontime Direction Sdn Bhd ("Ontime") for the proposed disposal of 1,275,001 APIIT Shares and 1,275,001 UCTI Shares representing 51% equity interest each in APIIT and UCTI ("Education Group") for a total cash consideration of RM102,000,000. The SSPA have been fully satisfied on 18 February 2011.

The results of Education Group from 1 February 2011 to 18 February 2011 have been treated as results of discontinued operations in prior year, while its results after 18 February 2011, have been equity accounted for pursuant to FRS 127 Investments in Associates and reported as part of share of results of associates in the unaudited statement of comprehensive income. Also included in the discontinued operations for the period ended 31 July 2011 were the results of the Group's Premium automotive sales and services segment which has been discontinued.

(a) Discontinued operations

Statement of comprehensive income disclosures

	<u>31.07.2012</u>	<u>31.07.2011</u>
	RM'000	RM'000
Discontinued operations:		
Revenue	-	5,732
Operating Expenses	-	(4,657)
Other income	-	588
Profit before tax	-	1,663
Taxation	-	(598)
Profit for the period	-	1,065

Note 20

Statement of cash flows disclosures

The cash flows attributable to the discontinued operations are as follows:

	<u>31.07.2012</u>	<u>31.07.2011</u>
	RM'000	RM'000
Operating	-	1,994
Investing	-	88
Net cash inflows	-	2,082

(b) Continuing operations

Statement of comprehensive income disclosures

	<u>01.02.2012</u>	<u>19.02.2011</u>
	to	To
	<u>31.07.2012</u>	<u>31.07.2011</u>
	RM'000	RM'000
Continuing operations:		
Share of results of associates	8,278	7,843

6 MONTHS PERIOD ENDED 31 JULY 2012

3 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (Cont'd.)

Gain on disposal of subsidiaries and fair value gain on revaluation of interest retained in the former subsidiaries :

		<u>18.02.2011</u>
		RM'000
Net assets of Education Group		<u>71,249</u>
Net assets of Education Group disposed (51%)		36,337
Attributable Goodwill		259
		<u>36,596</u>
Disposal proceeds		(102,000)
Gain on disposal of 51% interest	Note 5	(65,404)
Gain on revaluation of 49% interest retained	Note 5	(63,088)
Total gain recognised in profit or loss, reported as part of other income		<u>(128,492)</u>

Statement of cash flows disclosures

Net cash flows from disposal of subsidiaries:

		<u>18.02.2011</u>
		RM'000
Disposal proceeds		102,000
Cash and cash equivalents of subsidiaries disposed		(34,073)
Net cash inflow of the Group		<u>67,927</u>

4 OPERATING EXPENSES

Included in operating expenses:-

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	<u>31.07.2012</u>	<u>31.07.2011</u>	<u>31.07.2012</u>	<u>31.07.2011</u>
	RM'000	RM'000	RM'000	RM'000
Interest expense	19	143	59	479
Depreciation and amortisation	2,011	2,135	4,020	3,945
Reversal of allowances for impairment:-				
- Trade receivables	-	(634)	-	(634)
Net fair value gains on held for trading investment securities	23	(7)	6	(65)
	<u>23</u>	<u>(7)</u>	<u>6</u>	<u>(65)</u>

6 MONTHS PERIOD ENDED 31 JULY 2012

5 OTHER INCOME

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	31.07.2012	31.07.2011	31.07.2012	31.07.2011
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of 51% interest (Note 3(b))	-	-	-	65,404
Gain on revaluation of 49% interest retained (Note 3(b))	-	-	-	63,088
Interest income	679	285	1,342	424
Miscellaneous	424	307	755	598
	<u>1,103</u>	<u>592</u>	<u>2,097</u>	<u>129,514</u>

6 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 January 2012 was not qualified.

7 SEASONAL OR CYCLICAL FACTORS

The Group's performance is not significantly affected by any seasonal or cyclical fluctuations.

8 UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group.

9 CHANGES IN ESTIMATES

There were no material changes in estimates of the amounts reported in the previous financial year that have a material effect on the results of the current reporting period.

10 DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale or repayment of debt and equity securities.

11 SEGMENTAL REPORTING

Analysis of the Group's revenue and results by segment are as follows:-

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	31.07.2012	31.07.2011	31.07.2012	31.07.2011
	RM'000	RM'000	RM'000	RM'000
Revenue:				
Continuing operations:-				
Investment holding	-	-	-	13,421
Property investment	5,532	5,107	11,030	9,972
Eliminations	(42)	(1)	(62)	(13,423)
	<u>5,490</u>	<u>5,106</u>	<u>10,968</u>	<u>9,970</u>

6 MONTHS PERIOD ENDED 31 JULY 2012

11 SEGMENTAL REPORTING (Cont'd.)

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	31.07.2012	31.07.2011	31.07.2012	31.07.2011
	RM'000	RM'000	RM'000	RM'000
Revenue (cont'd.):				
Discontinued operations:-				
Education	-	-	-	5,732
	-	-	-	5,732
(Loss)/profit before tax:				
Continuing operations:-				
Investment holdings	(4,580)	761	(8,636)	139,019
Property investment	1,742	1,722	3,568	2,620
Adjustments and eliminations	(320)	(271)	(320)	(14,417)
	(3,158)	2,212	(5,388)	127,222
Share of result of associates	4,018	5,228	7,502	9,445
	860	7,440	2,114	136,667
Discontinued operations:-				
Education	-	-	-	1,367
Premium automotive sales and services	-	(302)	-	(302)
	-	(302)	-	1,065
	860	7,138	2,114	137,732

12 VALUATION OF INVESTMENT PROPERTIES

At the date of transition to MFRS, the Group elected to regard the revalued amounts of leasehold land and buildings as at 31 January 2004 as deemed cost. As a result, a revaluation surplus of RM2,302,000 was transferred to retained profits on the date of transition to MFRS (Note 2 (A)).

13 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There were no material events subsequent to end of the reporting period except for Note 22(c).

14 CHANGES IN COMPOSITION OF THE GROUP

On 13 February 2012, the Company acquired the entire issued and paid-up share capital of Teratai Pinang Sdn Bhd ("TPSB") for a total cash consideration of RM2 and subsequently, TPSB became a wholly-owned subsidiary of SRB. On 5 March 2012, TPSB changed its name to Sapura Aero Sdn Bhd. There were no other changes in the composition of the Group for the current financial period.

6 MONTHS PERIOD ENDED 31 JULY 2012

15 CONTINGENT LIABILITIES

There were no material changes in contingent liabilities of the Group since the last annual reporting date.

16 CAPITAL COMMITMENTS

	As at 31.07.2012	As at 31.01.2012
	RM'000	RM'000
Approved and contracted for:		
Property, plant and equipment	759	779
Approved but not contracted for:		
Property, plant and equipment	13,244	4,062
	<u>14,003</u>	<u>4,841</u>

17 REVIEW OF PERFORMANCE

A) Three (3) months results

Revenue from continuing operations for the three (3) months period under review increased to RM5.5 million from RM5.1 million (an increase of RM0.4 million or 7.8%) due to higher rental rates and occupancy.

However, profit attributable to Owners of the Parent for the three (3) months decreased to RM0.9 million from RM7.1 million mainly due to losses recorded in an associated company whose principal activity is cable manufacturing.

B) Six (6) months results

Revenue from continuing operations for the six (6) months period under review increased to RM11.0 million from RM10.0 million (an increase of RM1.0 million or 10.0%) due to higher rental rates and occupancy.

Revenue from discontinued operations in the preceding year of RM5.7 million was attributed to the Group's Education business for the period from 1 Feb to 18 Feb 2011.

Profit attributable to Owners of the Parent for the six (6) months period under review decreased to RM2.1 million from RM137.7 million mainly due to a gain arising from the disposal of the Group's 51% interest and the fair value gain on revaluation of the 49% interest retained in the Education business recorded in the preceding year as disclosed in Note 3.

18 MATERIAL CHANGES IN THE QUARTERLY RESULTS COMPARED TO THE PRECEDING QUARTER

The Group recorded a lower profit attributable to Owners of the Parent of RM0.9 million in the period under review, compared to RM1.3 million in the immediate preceding quarter mainly due to higher operational expenses.

19 PROSPECTS

Barring any unforeseen circumstances, the Board of Directors expects the Group to continue to record satisfactory results for the financial year ending 31 January 2013.

6 MONTHS PERIOD ENDED 31 JULY 2012

20 TAXATION

	6 months ended 31.07.2012	6 months ended 31.07.2011
	RM'000	RM'000
Malaysian taxation		
: continuing operations	-	-
: discontinued operations	-	(598)
	-	(598)

Note 3 (a)

21 INVESTMENT SECURITIES

There were no purchase and disposal of quoted securities during the quarter.

	As at 31.07.2012	As at 31.01.2012
	RM'000	RM'000
Investments in quoted securities as at the reporting period:		
At fair value	399	405

22 CORPORATE PROPOSALS

(a) On 19 July 2011, the Company announced that it had entered into a joint venture agreement ("JVA") with KLCC (Holdings) Sdn Bhd ("KLCCH") whereby both the Company and KLCCH ("Parties") have agreed to collaborate with each other, via a joint venture vehicle known as Impian Bebas Sdn Bhd for the following:

- (i) to construct a premier Grade A office tower ("Office Tower") together with a convention centre or exhibition hall ("Convention Centre") and a retail podium ("Retail Podium") (collectively referred to as "Commercial Buildings") on the Land; and
- (ii) Leasing of the Commercial Buildings upon the completion thereof.

On 17 August 2012, the Company announced that both Parties have mutually agreed to an extension of four (4) months commencing from 18 August 2012 for the Parties to fulfill the conditions precedent in accordance with the terms of the JVA.

(b) On 13 February 2012, the Company acquired the entire issued share capital of Teratai Pinang Sdn. Bhd. ("TPSB") for a total cash consideration of RM2. TPSB subsequently changed its name to Sapura Aero Sdn. Bhd. ("Sapura Aero") on 6 March 2012.

On 20 March 2012, the Company announced that Sapura Aero had on 19 March 2012 entered into a JVA with Air Alsie SA ("AA") for the purpose of collaboration between Sapura Aero and AA via a joint venture vehicle known as Air Alsie Asia Pacific Sdn. Bhd. ("AAAP"). All Conditions Precedent in relation to the JVA have been unconditionally fulfilled and fully satisfied as of 14 May 2012 and the subscription of 255,000 shares and 245,000 shares by Sapura Aero and AA respectively in AAAP has been effected accordingly.

(c) On 16 August 2012, DNest Aviation Sdn. Bhd. ("DASB"), a wholly owned-subsiidiary entered into the following agreements:

- (i) DNest Aviation Services Sdn. Bhd. ("DASSB") Share Sale Agreement to acquire 2,002,600 shares of RM1.00 each ("DASSB Sale Shares") representing 85% of the total issued and paid capital of DASSB from Captain Earnest Kunasingh a/l Koilpillai and Mrs. Prema Danile a/p J. G Daniel ("DASSB's Vendors") for a cash consideration of RM28.0 million;

6 MONTHS PERIOD ENDED 31 JULY 2012

22 CORPORATE PROPOSALS (Contd.)

(c) (Contd.)

(ii) DNest Aviation Training Centre Sdn. Bhd. ("DATCSB") Share Sale Agreement to acquire 200,000 shares of RM1.00 each ("DATCSB Sale Shares") representing 100% of the total issued and paid capital of DATCSB from Captain Earnest Kunasingh a/l Koilpillai and Encik Azmi bin Ishak ("DATCSB's Vendors") for a cash consideration of RM1 ("Proposed DATCSB Acquisition"); and

(iii) Shareholders Agreement between DASSB, DASB and Captain Earnest Kunasingh a/l Koilpillai.

The above agreements have been completed on 16 August 2012.

The acquisition of DASSB and DATCSB are in substitution to the initial acquisition of business assets vide 2 Sale of Business Agreements both dated 7 July 2012 duly executed by DASB with DASSB and DACTSB respectively announced earlier. The said Sale of Business Agreements have been terminated on even date upon mutual consensus.

23 LOAN AND BORROWINGS

(a) Details of Group's borrowings are as follows:

	As at 31.07.2012	As at 31.01.2012
	RM'000	RM'000
Short term - secured	343	333
Long term - secured	1,666	1,840
Total borrowings	2,009	2,173

(b) Currency denominations

All the borrowings are denominated in Ringgit Malaysia.

24 MATERIAL LITIGATION

On 30 June 2011, the Company had announced that its land held under PT 40446 H.S. (D) 259959 Pekan Sungai Buluh, Daerah Petaling measuring approximately 86,570.55 square meters ("Subang Land") is subject to compulsory acquisition under the Land Acquisition Act 1960 ("Act") for Majlis Amanah Rakyat ("MARA") for the development of Universiti Kuala Lumpur Malaysian Institute of Aviation Technology campus ("UNIKL MIAT"). Compensation of RM63,012,404 was paid by MARA and received under protest by the Company as provided by the Act. On 1 August 2011, the Company via Form N, filed a land reference application to appeal for the amount of compensation granted ("Land Reference"). The Company has obtained a stay order resulting in the Land Reference proceeding to be stayed until the final disposal of the Judicial Review. The mention date for the Land Reference is fixed on 27 September 2012.

Concurrently, the Company also on 22 July 2011 filed an application for Judicial Review to challenge the acquisition of the Subang Land. On 13 August 2012, the Company has obtained Leave to commence Judicial Review, as well as a stay order resulting in the Land Reference proceeding to be stayed until the final disposal of the Judicial Review proper. No hearing date has been fixed for the Judicial Review proper at the moment. In this respect, the Company has not recognised any gain or loss pending the outcome of the decision of the Judicial Review.

25 DIVIDEND

The Board of Directors does not recommend any dividend for the current quarter under review.

6 MONTHS PERIOD ENDED 31 JULY 2012

26 EARNINGS PER SHARE

The earnings per share has been calculated based on the profit attributable to Owners of the Parent of RM2,114,000 divided by the number of ordinary shares in issue during the period of 139,600,000.

27 BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

	As at 31.07.2012 RM'000	As at 31.01.2012 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	65,595	70,663
- Unrealised	(2,040)	(2,040)
	<u>63,555</u>	<u>68,623</u>
Total share of retained profits from associated companies:		
- Realised	42,279	34,843
- Unrealised	6,479	6,479
	<u>48,758</u>	<u>41,322</u>
Consolidation adjustments	66,850	67,104
Retained profits as per financial statements	<u>179,163</u>	<u>177,049</u>

BY ORDER OF THE BOARD

Eulis Rachmatiah binti Iskandar Sastrawidjaja (LS 8774)

Zain Azrai bin Zainal Abidin (MIA 20859)

Company Secretaries

27 September 2012